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STRENGTHENING THE ACCOUNTABILITY AND TRANSPARENCY OF THE LEGISLATIVE PROCESS IN THE WEST BANK AND GAZA PROJECT (*BAYAN*)

THE ROLES OF PALESTINIAN CIVIL SOCIETY ORGANIZATIONS IN THE
LEGISLATIVE PROCESS

BUDGET ANALYSIS GAZA TRAINING REPORT

April 2008

This document was produced for review by the United States Agency for International Development. It was prepared by the BAYAN team of DAI Washington.

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Executive Summary

The BAYAN project organized and conducted a training course for the purpose of developing the public budget analysis capabilities of Palestinian Civil Society Organizations (CSOs) in the Gaza Strip. The course took place at the Grand Palace Hotel in Gaza City March 16-19, 2008.

The training course targeted 13 CSO key staff members representing 5 partner CSOs from the Gaza Strip. These CSOs included the Palestinian Center for Democracy and Conflict Resolution, Palestinian Commission for Human Development, Civitas Institute, Human Development Association and Palestinian Friendship Center for Development. The course provided specialized and in-depth information, insights and knowledge in public budget analysis to equip participants with the skills and tools necessary to oversee governmental performance by linking PA budget allocations and actual expenses to people's needs and priorities. The course was delivered by a short-term Local Budget Expert, Mr. Shareef Kishawi, with direct support from Bayan Gaza manager, Mr. Nael Younis. The expert utilized the training material, specialized budget analysis toolkit and user manual developed and used during the January 2008 West Bank budget analysis training.

Over the duration of the course, special emphasis was placed on equipping participants with skills and tools needed to analyze the PA budget and link the budget to PA Ministry policies and CSO advocacy initiatives. Information was presented and participants were given exercises and case studies to provide them practical experience and to increase their skills. More specifically, the course covered the following topics:

- General information on budgets, including international best practices.
- Analysis of revenues and expenditures and linking them to policies of PA Ministries.
- Explanation of the budget cycle and an overview of the role of CSOs at all stages and levels of the budget process.
- Comparison of budget allocations to actual performance.
- Review of the PA budget within the over-all national and policy perspectives.
- Review of the PA budget growth and performance over time.
- Various considerations for budget-related advocacy activities.

At the end of the course, all participants were able to understand and analyze the budget, understand the variances and deviations of the budget and its reasons and effects, assess the performance of the Palestinian Government, link government officers speeches with budget, and finally to provide proper advocacy support by using financial figures.

Introduction

The BAYAN project is designed to strengthen the accountability and transparency of the legislative process in the West Bank and Gaza. The project is a three-year, approximately six million dollars project, which began October 1, 2005. The specific goals of this project are to: strengthen the accountability and transparency of the legislative process; strengthen the broader legislative community; and, implement a small grants program to support civil society in supporting the above activities.

The project strives to strengthen the capacity of concerned civil society organizations (CSOs) to conduct and engage in advocacy-related activities to influence policy-makers and ensure that legislative and policy making processes are transparent, accountable, and reflect the interest and concerns of civil society.

The objective of this assignment was to build on the results achieved under previous efforts of BAYAN team where partner CSOs specifically requested assistance in developing their capabilities in reading and analyzing historical financial information as well as budgeted financial information of the Palestinian Governments, and to use this knowledge as part of their advocacy and oversight activities. As a result, BAYAN recruited a local budget analysis expert who worked closely with Bayan staff to deliver the training. The main objective of the assignment was to provide practical training to partner CSOs in the Gaza Strip in the following areas (see Annex 1):

- Understanding international accounting standards governing the process of collecting, summarizing, and communicating government financial information.
- Identifying sources of historical and budgeted financial information of the Palestinian National Authority (PNA) and areas to improve its financial reporting system.
- Understanding the law governing the process of compiling and approving the budget, and needed areas of improvement in this law.
- Identifying the steps of compiling and approving budgets according to best international practices.
- Using the budget analysis tool and the related user's manual to enter the historical financial information and budgets.
- Using the budget analysis tool in assessing consecutive Palestinian governments' performance over the last 5 years and PA future plans and linking it with government published policies.
- Assessing and analyzing the differences between government plans and actual performance.
- Identifying the role of CSOs in the different phases of compiling and approving update.

Training Workshop Description

The material used in this training program was based upon materials developed and used during the West Bank budget analysis training conducted in January 2008, including the following:

- Power point presentation covering the 4 days.
- Excel based budget analysis tool with input and output to enable easy entry of financial information and quick analysis results. This tool is supported by its user manual.
- Actual financial information and budgets obtained from Ministry of Finance website for the last 5 years in addition examples of other countries in the region.
- Official Government speeches.
- Budgeting law.
- Case studies and examples based on the information mentioned above.

The workshop was conducted over four days as follows:

First Day - March 16, 2008

The first part of day 1 was focused on presenting and discussing the International Public Sector Accounting Standards (IPSAS) and its related reporting and financial system.

The second part included detailed explanation of the difference between the accrual and cash basis and their importance in public sector accounting records and the 5 main categories of financial information in Governments. These are income, expenses, assets, liabilities and net assets. It also included the reports resulting from the accounting system used in the public sector including statements of activities, statements of financial position, cash flow statements, and notes to the Financial Statements.

During this day the participant discussion was focused on the importance of the accrual basis and its resulting reports. All of the participants will recommend their CSO's to start advocating toward accrual basis application.

Second Day – March 17, 2008

The first part of day 2 was about the budget analysis tool, its user manual, and how to apply real

cases to this tool. Participants were asked to fill in the tool by using 2005 financial information obtained from the official sources of consecutive Palestinian governments (Ministry of Finance website).

Participants worked on this task in 4 groups (3 to 4 participants in each group) using laptops.

After entering the information into the tool, day 2 was concluded by assessing the performance of the government based on the entered information by interpreting the analysis results.

Groups members were changed every assignment for more interaction and discussion. At the end of every group work, each group nominated a member to present the result of group work. Group members added any missing information by the presenter, and then the floor was open for other groups to discuss and ask questions.

Third Day – March 18, 2008

Day 3 started with the effect of the integrity and transparency on the budget preparation, and then the budget cycle. The trainer placed special emphasis on the best practices of budget preparation, declaration monitoring, and rule of the three main branches of government, the executive, legislature and judiciary.

Case studies were used frequently with emphasis on comparison with the budgets of countries in the region. Participants were able to recognize the reflection of country's social and economic life over the budget.

Using the same groups mechanism as the second day, groups came with real examples that might affect the integrity and transparency of the budget. Participants showed high interest comparing Palestine with other countries in the region and emphasizing that the government should work harder to reach higher standards.

Fourth Day (Last) – March 19, 2008

Best practice of the Ministry of Finance website issue which started on day 3 was completed at the beginning of this day.

During this day, a detailed explanation was conducted about budget variances and deviations, negative and positive variances, and reasons for variances. Participants used the 2005 budget as a tool to analyze and interpret the variances.

A comprehensive case study of the Ministry of Education was used to compare single ministry budget items and comparison with 2004 budget numbers from the same Ministry.

Day 4 was concluded by explaining and discussing the rule of the CSO's toward the budget cycle and the advocacy required at every stage of this cycle.

Participants demonstrated high interest in the Ministry of Education example as the first time they

have received such information in such detail. As a result of this day's case study CSO's, are committed to collecting updated information about other ministries as per their different specializations.

Observations and Reflections from Participants

Observations and learning points were raised throughout this training workshop by the participants and should be helpful for any future workshops. Those points were captured through the evaluation form completed at the end of each day by participants and then evaluated by trainer and BAYAN team and thru observation and interaction with participants.

Below is summary of participant feedback:

- Iyad Krunz – PCHD, “After this training course, it is easy for me now to analyze budgets and financial statements and to provide financial information to the beneficiaries in my organization to enable them provide advocacy based on this information.
- Maher Issa – Civitas, “The training workshop provides us with a useful tool that we can use in the future to analyze budgets. The government should follow the accrual basis in accounting for budget not the cash basis for more transparency and comprehensiveness. We request to increase the number of workshops related to public sector transparency and accountability, and to invite more participants, even those not from the civil society organizations.
- Abdelmonem Tahrawi – PCDCR, “The training course is excellent and the trainer followed an excellent method that relies on the exchange of experiences among participants. I can now link issues we work on as CSOs with numbers and budgets, this will open a new horizon for us.
- Dina Al Ankar – PCDCR, “This is the first time I received topics like this, I was very interested to attend this training. We should provide advocacy on publishing financial information in a proper way.
- Nihal Thabet – PFCD, “This is a very useful training course to know about the budget items classification and the deviations. We should push the government to work on accrual basis.
- Fatema Al Shurafa – Civitas, “I have acquired professional experience and skills through this course which develop my vision in our organization. We will reconsider our advocacy efforts to be based on the financial information.
- Rakan Hamdan – HAD, “The training material was very useful especially the real budget documents distributed to trainees”

Conclusions and Recommendations

The accounting system used by the Palestinian National Authority should be changed from cash basis to accrual basis as stated in the International Public Sector Accounting Standard. This will allow for better reporting and details that will lead to high transparency and integrity. It is almost impossible to talk about accountability and transparency without considering financial management and financial information.

The following are specific recommendations for all parties involved in this training program:

Recommendations to USAID:

- Assist the Palestinian government, through its projects, to adopt international standards which will lead to reliable financial system.
- Assist the Palestinian government, through its projects, to focus on research to provide analysis based on PNA financial information.
- Extend BAYAN project to repeat this course and initialize other related courses in Gaza and West Bank, and to spread awareness and advice on these issues.

Recommendations to BAYAN Project:

- Repeat these training programs for other Civil Society Organizations to enhance their advocacy initiatives.
- Initiate new program to follow up with the results of these workshops with CSOs and helping these CSOs to capture any problems in implementing advocacy work.
- Issue publications and updates about the training subject and spread it among the CSO's

Recommendations to CSOs:

- Expand CSO staffs' capacities and specializations to catch all technical fields in providing advocacy, especially the financial skills.
- Organize conferences or workshops with other CSO's to discuss and follow up with the PA budget issues.
- Continue using the tool provided by BAYAN project for any updated financial information to enable follow-up with future advocacy.
- Perform a specific and direct advocacy on step by step basis according to the priority and importance of each item in the budget.

Annex 1 – Training Agenda

	First session		Second session		Third session		Fourth session	Conclusion
First Day	-Participants resignation - Introduction - Public sector international accounting standards		- Financial information		- exercise/ Financial information items		- Financial statements	- Conclusion/ evaluation
Second Day	-Exercise/ PA performance during 2003 with actual numbers		-Exercise/ PA performance during 2004 with actual numbers		-Exercise/ PA performance during 2005 with actual numbers		-Exercise/ PA performance during 2006 with actual numbers	- Conclusion/ evaluation
Third Day	-Exercise/ PA performance during 2005.	Coffee Break	-Government Budgets, Transparency, and Integrity. - Exercise/Draft budget for 2005	Lunch Break	- Budgeting cycle	Coffee Break	-Israeli's budget for 2004-case study	- Conclusion/ evaluation
Fourth Day	-Budget deviations - Budget analysis		- case study- PA budget for 2005 - case study- Comparing 2005 budget against the government speech		- Case study- Comparing actual numbers with projected budget for 2005		- case study- PA policies- Palestinian Ministry of Education' expenditures in 2004 -The role of CSOs in preparing, approving, and implementing the budget.	- Conclusion/ evaluation

Annex 2 – List of Participants

S/R	Organization	Name of trainee	Titles
1.	Palestinian Center for Democracy and Conflict Resolution (PCDCR)	Abed ElMonem Ramadan Mohammed Tahrawy	Project Coordinator
		Ahmad Omar Jelani Al Mughrabi	Legal Counselor
		Dina Mohammed Ali Al_Ankar	Project Coordinator
2.	Palestinian Commission for Human Development (PCHD)	Ahmad Fathi Ahmad Barakat	Project Facilitator
		Said Jehad Said Rajab	Project Coordinator
		Iyad Hussein Ahmed Al Krunz	Executive manager
		Suzan Jomaa Mohammed AL-Bayya	Project coordinator
3.	Civitas	Maher Mahmoud Abdel Fattah Issa	Project Manager
		Fatma Amean Mohammed AlShurafa	Projects Coordinator
4.	Human Developmental Association(HAD)	Amar Suliman Ahmed Khashan	Purchasing manager
		Rakan Sobhi Mohammed Hamdan	Coordinator
5.	Palestinian Friendship Center for Development (PFCD)	Nihal Mohammed Farouk Thabet	Coordinator
		Nisreen Sobhi Mohammed Helles	Project coordinator