

A Contemporary Approach to Public Expenditure Management

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BANK
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First Printing May 1998

Second Printing April 1999

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Foreword

In the last ten to fifteen years, a wave of change in the management of public budgets has swept through developed countries and has begun to engulf many developing countries as well. Much of this impetus was brought about by dismal macroeconomic performance as reflected in sustained structural budget deficits and ballooning national debt. From New Zealand to the United States, developed countries embarked on a massive effort of “government reengineering” to restore discipline in the budget process and to better target dwindling budgetary resources towards higher priority uses. The resounding success of New Zealand and the more modest achievements of other developed countries have stimulated a renewed interest among developing country governments in public management reforms and more specifically on budget

reforms. With their budgets under siege and their economies sagging, many developing countries have begun to seek innovative ways of using the national budget more effectively to promote socio-economic development and to experiment with variants of the successful reforms in developed countries. Even the highly successful East Asian economies have begun to focus very ardently at reforming their budgetary systems as they now confront the most serious economic crisis in thirty years, a shock that has put a serious dent on their public budgets.

In order to encapsulate and disseminate the wealth of knowledge embodied in these reforms, the Economic Development Institute of the World Bank has developed a course on Budgeting Processes and the Analysis and Management of Public Expenditures. Prof. Allen Schick has

prepared this manuscript to serve as the main text for the course. A number of colleagues provided invaluable assistance in shaping the material. Sanjay Pradhan and Malcolm Holmes were particularly helpful in providing (sometimes) stinging but useful comments and suggestions.

I have had the great pleasure and privilege of working closely with Prof. Schick in molding the substance and charting the direction of the course and the manuscript. It is my hope that both will provide public officials, scholars, and practitioners around the world useful guidance in their efforts to study, develop, and/or implement much needed reforms in the public sector.

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