

## Note on the MTBF in Education Workshops under 'My School' Initiative

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*Citizen participation in the budget process is a key component in ensuring transparency of public spending in the education field. The extent to which schools are ready to accept another stakeholder in the budget process, the main challenges of budget preparation in schools and how the responsibilities are assigned in the budget process were the topics discussed at the workshops organized by Expert Group under 'My School' Initiative, attended by heads of institutions involved in the project, representatives of parents' associations.*

The workshops aimed at promoting the participation of stakeholders in preparing the budget for education, namely at the phase of Middle -Term Budgetary Framework development. This phase is extremely important for the budget process, especially because new policies may be introduced and the budget projections can be aligned to sectoral and governmental objectives at this stage.

The workshops was divided in two parts.

1. Budget elaboration in education. Dialogue among the stakeholders on the budget process
2. Participatory budgeting in school. The Big money in education

The first part introduced briefly the budget process in Moldova, with emphasis on MTBF in Moldova, the main features of education, challenges for all management levels (Ministry, District Council, school). It focused on program-based budgeting of education spending and the challenges encountered by the system against the background of austerity and budget instability. The participants came up with proposals and comments on the current concept of education financing, the financial autonomy of schools, optimization of the national schools network and the education sector in general.

The second part of the workshop focused on how pupils and parents can be involved in the budget preparation process, especially in the optimal distribution of expenses by different priorities for school budgets. The participants' main demands target the need to broaden the current framework of school autonomy, better inform about the budget process in education, train the main budget spenders and involved stakeholders and define involvement and budget participation in schools. Establishment of new cooperation and communication platforms, or the revitalization of the existing ones,

would have a double effect: inform about the best practices and exchange experience among managers of various educational institutions, and involve the community in solving the school's issues.

The discussions highlighted the following findings:

- The fragmented financial autonomy of institutions' managers raises concerns not only with regards to the implementation of medium-term projects, but also to needs assessment. In this respect, the current framework does not create sufficient incentives for institutions and staff performance. This can be solved by initiating a participatory process with authorities and representatives of all education levels long before budgets formulation starts.
- Identification of school's priorities and needs is one of the weak links in budget planning. Due to the lack of a clear picture of how a school should look like in the country and what main services it should provide, besides education, the District Divisions for Education have to take a series of decisions arbitrarily. Thus, the needs related to ensuring child nutrition, transportation, children's safety, technical and support staff are constantly undermined.
- The budget instability in the past two years also influenced the spending patterns of school budgets. Thus, schools are unable to implement the planned programs, especially those related to the establishment of new services, due to the delayed allocation of financial resources. Worse, although a number beneficiaries successfully started participatory budgeting projects, a series of decisions that have been taken in this context could not be implemented due to the lack of money.

### **PARTICIPATORY BUDGETING AT MTBF PHASE**

At the elaboration (drafting) phase, MTBF presents the medium-term macroeconomic forecast and sets the expenditure framework for Government policies implementation. Its main purpose is to establish a framework of realistic expectations for all stakeholders involved in the budget process. It also provides a base for the policy decisions to be taken by the Executive. The Education Sector Expenditure Strategy is the key document developed and discussed as part of MTBF.

This phase is important primarily because it informs the participants about the institutional framework underpinning the preparation of educational institutions' budgets. Thus the responsibilities and persons in charge are identified; in other words, who and how should ensure the link between schools (educational institutions) and its surroundings. This is even more important, as it allows determining clearly who decides how to allocate money for projects in the education system, as a whole, and at the educational institution level, in particular. It is important to provide beneficiaries with information about funding sources and their destination, if different. Last but not least,

it is important that beneficiaries know the existing opportunities to get involved at all phases of the budget process.

### ***What is participation?***

Participation involves financial decisions, in particular on the most sensitive subjects (inclusive education, education community moderator, etc.). It is important to understand that budget participation, as a process, can be different both in terms of its tasks and objectives and of the involvement of each stakeholder. For example, pupils' participation in the budget process at the national level will be representative, via the parents and pupils associations, while at school level the participation of everyone is very simple because of the relatively limited number of participants.

This is why it is necessary to respond to three questions before speaking about organising the participation in the budget process.

1. Who can participate?
2. What funds will be discussed?
3. Where will the process take place?

Depending on the answers to these three questions, participation in the preparation of education budgets differs. District divisions for education and managers of educational institutions are responsible for information at the local level. Pupils and parents associations, other interest groups, civil society organizations, entrepreneurs are the main beneficiaries. The Ministry of Finance, as the key stakeholder in determining the budget transparency framework, and the Ministry of Education, as the main player responsible for policy development at country level, are responsible for information at the national level.

The second part implied an informed discussion about the projects. Namely at this phase, the technical staff from district directorates (then from MoE and MoF in the sector working groups within MTBF) need to provide clear explanations about the best way to spend public money.

How policy priorities are identified, the optimal allocation of resources to different education sectors, the link between the promoted reforms and the budget allocations, but also between the sector's performance and money spent on education are the main issues at this phase. At the same time, beneficiaries do not participate at this phase because the sector working group is formed only from representatives of the Ministry of Education. Participation of citizens and school principals is limited to an entrepreneurs association and a civil society organization whose main mission is to protect the rights of pupils in the country.

The lack of any mechanisms for interaction (questionnaires, direct interviews, a website to place requests) and feedback (a page to collect requests and provide responses) affects primarily the quality of draft budgets. The presence of only specialized directorates does not ensure a good understanding of the problems encountered by the primary budget spenders. Although there are a number of issues with priorities and needs identification, the working groups do not discuss these subjects. Thus, the Ministry needs to develop and publish, in addition to technical instructions of budget documents, a series of annual instructions to solve the issues identified during budget execution.

The issue of participation at this phase can be solved once the regulation on the establishment of these groups is amended in a way to ensure that the participation of pupils, parents and managers of the institutions is not determined at the discretion of the deputy minister, but is mandatory by law. This would limit the decisions on resource allocation according to political criteria, would enhance transparency, and would increase the participants' liability.

At the district level, the participation process should focus on providing discussion platforms for the key local stakeholders. Unfortunately, participants have a limited access at this level, too. The justification that participants find it difficult to understand the budget documents does not stand because it is the district directorates' responsibility to explain the justification of some or other budget decisions to the relevant stakeholders. The claim that the society is not interested in budget-related issues is also worthless, as the participants in the workshops, most of whom were managers of institutions, reiterated their lack of access during the process.

### ***How should we organize participation in schools?***

The participatory budgeting in schools comes to inform the key stakeholders in the process (teachers, pupils, parents, community) about the decisions on the allocation of money for the educational process and its organization and to justify the decisions on funds spending. On the other hand, the participatory budgeting process provides an opportunity for parents, pupils, community to choose the development priorities of the institution and to become a contributor to the improvement of the education process. So, how should we organize the participation?

A number of local and regional projects have elaborated the participatory budgeting subject during the recent years, mainly as a result of a series of projects implemented with the help of foreign donors or thanks to the skills of the managers from the designated institutions. The Ministry of Education failed to develop a budget participation policy at the national (see above the issue of lack of participation platforms at ministerial level) and local level. The ongoing training programs for managers of institutions do not provide any information on the financial management of the

educational institutions or on ways of representing the beneficiaries' interest during the allocation of money.

Thus, the whole process can be divided into several distinct phases. The design of the participation concept envisages establishing clearly the parameters for participation: how the budget process takes place, its phases, who it refers to, who takes the decisions, and the justification of these decisions. For instance, building a new sport field or increasing the promotion rate of high school students.

The next step involves the stakeholders' participation. Each institution must develop its own method of interacting with beneficiaries depending on the issue the institution wants to solve. For example, if the purpose is to inform the public about decisions taken or about changes in policies, resources, or programs, then informing the public and maintaining transparency about decisions may be sufficient<sup>1</sup>. In this case, the design of stakeholder engagement should aim to reach a large number of people, including specifically identified target audiences; use diverse modes and venues of communication; and seek to ascertain whether the public is, in fact, more aware of the issues and is satisfied with the feedback.

If there are difficult decisions, especially in terms of budget austerity, another approach is needed: making decisions in such a manner that stakeholders do not feel left out (for example, avoid rushing the decision-making process or delegating it to small, elite, or exclusive groups); emphasizing procedural fairness to enhance acceptance of decisions even among those with a different preferred outcome; encouraging broad participation, especially of key stakeholders; engaging in shared generation of knowledge and joint problem solving; using conflict management and negotiation techniques, including consensus-building approaches that aim for win-win solutions.

Generation of ideas comes after participation, but this phase should meet several preconditions for a quality process: simulate budget exercises (this can be done during civic education classes, identify leaders and create platforms where they could interact, and attract community leaders when preparing the budget).

Decision-making is the most difficult phase. Decisions can only take place in a controlled, inclusive, informed environment, according to a clear timetable and on a clear platform, even we are speaking about a general or a tripartite meeting (management, parents, pupils).

'Learning' phase means that given that budgetary decisions involve compromises and some parts will not be satisfied with the decisions, it is imperative that participants have a chance to provide feedback during and after the decision making process. Like the

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<sup>1</sup> [http://gfoa.org/sites/default/files/PK12\\_1E.pdf](http://gfoa.org/sites/default/files/PK12_1E.pdf)

involvement phase, there should be a series of ways to provide a feedback. Nonetheless, the feedback methods should be structured in order to provide useful information.

**Conclusion:** Unfortunately, the information process both locally and nationally is defective, being limited to publishing the key document prepared at this phase. Public authorities involved in this process generally perceive the budget transparency as redundant and unnecessary, and violate the main legal provisions most of the times. There is no practice to consult the institutions' budgets with the key beneficiaries, except for the working group of the MTBF, and the discussions during the workshop showed that this process is perfunctory even at the level of educational institutions, particularly at the local level.

At the institutions level, many opinions were expressed about increasing the transparency of spending, because there are many issues related to the use of money for children's nutrition and teachers salaries. Thus, a legal, procedural and institutional solution needs to be found, so that this phenomenon contributes to the development of schools, instead of creating conflicts and different confrontations. At the same time, there is a great interest from behalf of beneficiaries and their training during this workshop helped them better understand how they can contribute to enhance the authorities' liability.

The key policy recommendations to solve the issues mentioned are the following:

- Establish formal and inclusive participation mechanisms at the national level, by involving the representatives of associations of parents, pupils and principals in the working groups in charge of for preparing the budget for education.
- Formulate an umbrella policy of budget participation at the school level. This can be done by developing national guidelines for participation that would describe clearly the framework in which the participation will take place, aligning them to the best practices, as well as by reporting annually on the progress made. Although we recognize that some schools will not implement the participatory process, they should clearly describe, in the annual progress reports, the cause, the challenges encountered and possible solutions.
- It is important to understand that solving the issue of participatory budget is directly linked to the enhancement of the legal framework for participation. Thus, the Education Code states that participation cannot take place in the absence of a Council, approved on the basis of a model Regulation. The approval of this Regulation is delayed for the second consecutive year. We recommend its urgent review, update and approval.