

When to use which calculation?



THE
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BUDGET
PROJECT

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Question 1

Is Education or Compensation of Employees getting its fair share of the budget?

Calculation

1. Percentage of total budget by Ministry (Education/Total Budget, for e.g., education is 20 percent of the total budget).
2. Percentage of total budget by program (Economic classification/Program budget, for e.g., salaries are 90 percent of the total primary education program budget).
3. Change in Percentage points in Education budget or Compensation of Employees (for e.g., in 1990 the education budget was 20 percent of the total budget and it has increased to 25 percent of the total budget in 2000, i.e. an increase of 5 percentage points).

Presentation format

Pie chart and/or Bar Graphs.

Question 2

How much more or less is Health or Goods and Services getting this year?

Calculation

1. Percentage changes overtime (for e.g., health has gone up from 10 percent of total budget in 1990 to 15 percent of total budget in 2000).
2. Average annual rate of change (for e.g., the health budget has be steadily declining over the past 5 years and the average annual rate of decline in the health budget is 2.34 percent).

Presentation format

Line Graphs.

Question 3

Is the government spending enough on housing?

Calculation

1. Real change in share of housing in total budget (for e.g., after adjusting for inflation the housing budget has fallen by more than 15 percent over the past five years).

2. Real Per Capita Change (for e.g., after adjusting for inflation the real per capita housing budget has declined from \$1000 in 1995 to \$500 in 2000, i.e. by 50 percent).

Presentation format

Line Graphs.

Question 4

Could the government spend more on social services?

Calculation

1. Social services as a share of the GDP (for e.g., social services in Chaoso constitute only seven percent of the GDP in 2000. In sharp contrast to Chaoso, the ratio of social services to GDP in Bedlamistan is 10 percent).
2. Percentage of new or additional revenue allocated to social services (for e.g., of the total additional tax revenues of \$10 million raised in Chaoso in 2005 only \$1 million – ten percent of total new revenues – is allocated to social services).
3. Size of Deficit as a share of GDP (for e.g., the government's budgetary deficit currently stands at 6 percent of the GDP. If the deficit was increased to seven percent of the GDP, the government could invest an additional \$15 million in social services).
4. Change in Deficit as a share of GDP (for e.g., the government is reducing its budgetary deficit by curtailing spending in social services. As a result, the GDP/Deficit ratio has declined sharply from 20 percent in 2000 to five percent in 2006).

Presentation format

Line Graphs and Pie Chart.

Question 5

Is the government spending enough on roads in my city?

Calculation

Spending on roads in my city as a share of the total road budget (for e.g., the budget for roads in Mumbai is only 3 percent of the total budget for roads in Maharashtra).

Presentation format

Pie chart or Bar Graphs.

Question 6

How much of the health budget was actually spent?

Calculation

Actual health expenditure as a share of Budgeted health expenditure (for e.g., in 2000 the government only spent 65 percent – or less than two-thirds – of the health budget of \$25 million)

Presentation format

Bar Graphs and Line Graphs.

Question 7

Is the government raising enough in taxation revenues?

Calculation

Tax revenues/GDP compared with international standards or historical standards (for e.g., tax revenues constitute less than 10 percent of the GDP in 2005. In sharp contrast to the situation in 2005, tax revenues constituted 15 percent of the GDP in 2000).

Presentation format

Line Graphs.

Question 8

Is the government borrowing enough?

Calculation

1. Deficit/GDP compared with historical standards and international standards (for e.g., the Deficit/GDP ratio in 2006 stands at 8 percent, which is significantly lesser than other countries in the region in which the Deficit/GDP ratio is well over 10 percent).
2. Total Debt/GDP compared with historical and international standards (for e.g., in the past decade the government has repaid its debt at a rapid rate and this has resulted in debt being at the lowest point in the country's history).

Presentation format

Line Graphs.