

Book Review

**GOVERNMENT BUDGETING AND EXPENDITURE
MANAGEMENT: PRINCIPLES AND INTERNATIONAL
PRACTICE, BY SALVATORE SCHIAVO-CAMPO, NEW YORK,
NY: ROUTLEDGE. 2017.**

Clay G. Wescott

This tour de force romps through the international diversity of budgeting practices from revenue raising: "Taxes are the price we pay for civilized society" (Oliver Wendell Holmes), fiscal policy, and on to budget preparation, approval, execution, control, and political accountability. Schiavo-Campo makes clear distinctions between what works and does not work in high-income, middle income and low-income countries. A general principle is that more advanced forms of performance budgeting and other systems requiring high-level technical skills may succeed in the former, but are highly risky elsewhere. On the other hand, high-income countries may still have loose and incoherent budgets such as Greece, Italy, and the US, while middle-income countries such as Costa Rica, Bhutan, and Botswana manage their public finances well.

Resisting the "technocratic delusions" common to many budget reformers in low and middle-income countries he makes the case that the challenges faced by governments involve doing things governments and their partners do not fully understand, with many contextual unknowns, different interests, and multiple transactions that enhance risk. Facing these challenges requires addressing a range of motivational problems, allowing solutions to emerge through trial and error, and seeking authorization for teamwork with highly varied functional roles and skill sets. Governance conditions may vary even within countries based on the interests of rulers in deploying different degrees of limited governing resources. At each step along the way, the author presents country-based evidence of what has worked, what has not worked, and what lessons should be drawn from these experiences for guiding future reforms.

Some analysts seek models of best practice, identifying deficits against the model, defining these deficits as the problem, and then seek to solve the problem by adopting the best practices. Schiavo Campo's response is: "When you hear 'best practice,' run." Instead, his methodology starts with the way institutions actually work, including their flaws, and then builds on their actual strengths to achieve whatever outcomes are possible. Some

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call this approach "good enough governance", where states achieve the minimal conditions of governance to keep order within their borders and allow economic development to occur, adopting basic public financial management principles, rules and systems that enable the provision of basic public services, while allowing key supporters to extract the resources they require to continue supporting the regime in power. Systems can be improved based on constantly challenging ideas and opinions on what works best through experiments, monitoring and evaluation, building on evidence and evolving through a learning process that is incremental, gradual, serendipitous, and unabated (Krasner 2015; Grindle 2007; Thomas 2015).

Schiavo Campo questions the value of reform paradigms such as the platform approach, where a set of linked measures, once completed, can become a platform for the next higher level of linked measures. He gives the example of a World Bank project in Cambodia that loaded 250 specific actions in platform one. This proved too much for a low capacity setting; key actions were not implemented, and the project was a disappointment (p. 299). On closer analysis, a key reason for the failure of the effort was that a financial management information system (FMIS) that was central to the reforms was not implemented due to five years of failed procurement. A follow on project built on this experience, taking a phased approach. The FMIS design started initially with payments and receipts transactions at Treasury offices, before rolling out other modules and going into other organizational units. These and other design changes allowed for a successful procurement of an FMIS.

In addition, clear and well-articulated objectives facilitated the conceptualization and implementation of a coherent, plausible theory of change. Although the initial key outcome measures were overly broad, the clarity of the objectives facilitated the project team's flexible adjustment of the results framework's details. As a result, achievements were trackable, demonstrable, and clearly linked to intended outcomes. The reform process was put at risk by middle-level managers whose divergent perspectives and competing interests could have significantly impeded implementation. A combination of committed Government leadership and Bank change management interventions created an environment that respected and engaged all key stakeholders, acknowledging their concerns and providing them with pathways to identify and inhabit their roles in the new system. Thus, over a longer timeline, the Government and its partners learned from experience, and achieved much more as a result (IEG, 2018).

Overall, PFM reform results can improve with careful selectivity, sequencing, realism, and the understanding that "progress moves in ellipses, fits and starts, slippages and occasional reversals." Take risks and make mistakes, but don't repeat the same mistakes. Provide incentives to staff involved in reforms, and ensure systematic feedback from key stakeholders (p. 300).

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