Budget Offices and Line Ministries

Brian Finn

Senior Policy Analyst, Public Management and Budgeting Division, OECD

2 October 2025

Changing relationship between the budget office and line ministries

Budget Office

- Traditionally, kept a close eye on detailed line items
- Centered on compliance and control
- Now, focused on the overall direction of the budget and on how resources are used.

More flexibility for delivering results within a disciplined fiscal framework

Greater accountability for results

Line Ministry

- Traditionally, input focused and little autonomy in budget planning and execution
- Now, take on a more proactive role in public financial management

Drivers of this change – Fiscal pressures

- Fiscal policy is constrained by high debt levels, ageing populations, and rising demand for public services
- Fiscal space is now more limited
- Line ministries have less room to negotiate for additional funds
- How can existing resources be used in a better way?

Budget Offices have become more focused on ensuring that **total spending stays within limits**, while trying to **guide choices** about how that spending is used

The effective use of resources depends on the ability of line ministries to take on these responsibilities, provided they are **supported** and have the necessary **capacity**

Drivers of this change – Budgetary reforms

Top-down budgeting

- Reinforces the Budget Office's role in maintaining aggregate control
- Places more responsibility on line ministries to plan, prioritise, and reallocate within their envelopes

Multi-year frameworks

- A more stable basis for planning; shifting the focus away from annual budget negotiations toward longer-term trade-offs

Performance and programme budgeting

- Rely on the ability of line ministries to define clear goals, measure progress, and adjust spending based on performance, rather than focusing on incremental adjustments to the budget

Spending reviews

- Rather than only reviewing new proposals, spending reviews provide a structured way to examine existing programmes, identify savings, and free up resources

Drivers of this change – Transparency and data-driven budgeting

- Growing demand for greater transparency:
  - Citizens, parliaments, and oversight institutions increasingly seek **clearer and more credible explanations of what governments are spending**, and what they are achieving.
  - New digital tools are put in place to track budgets, monitor implementation, and **report on results in a more accessible and timely way**
- Budget Offices and line ministries **need to have the skills to interpret and analyse data**, understand risks, and make informed decisions.
- **Effective cooperation** with line ministries is essential, not only to ensure transparency, but also to fully leverage the potential of data systems for better budget management.

Evolving role of the Budget Office

- In practice, this shift requires budget offices to move beyond a traditional control-focused role and **develop stronger coordination capabilities,** with specific focus on:
  - Being **forward-looking** and policy-oriented
  - Enforcing **expenditure ceilings** and identifying early warning signals
  - Understanding the details of the budget while maintaining **sectoral knowledge** to assess proposals critically
  - Engaging **effectively with finance functions** in line ministries and supporting informed dialogue

Acting as a credible partner throughout the budget cycle

Evolving role of Line Ministries

- Greater autonomy has come with **greater responsibility** for line ministries
- Line ministries are expected to:
  - Set clear spending priorities aligned with policy goals
  - Plan and execute budgets within defined ceilings and timeframes
  - Explore options for reallocating existing funds to meet new spending pressures
  - Ensure value for money across their portfolios

Having a strong finance function in line ministries is crucial

Strengthening the relationship

- Success increasingly depends on **how well budget offices and line ministries work together,** not just on introducing new rules or tools.
- Deliberate efforts are needed to build **new ways of working**
- This includes:
  - **Strengthened expertise** within both the Budget Office and line ministries to manage resources.
  - **Effective interaction** between Budget Offices and line ministries throughout the budget cycle.
  - **Active participation** of line ministries in the design and implementation of reforms.

Key takeaways

- **Strengthen the finance functions in each line ministry:**
  - The single institutional point of contact with the Budget Office and co-ordinate all budget-related activity
- **Invest in skills and systems across government:**
  - Strengthening internal finance teams in line ministries and at the same time, Budget Offices must continue to build their own capacity to engage with ministries as partners
- **Enhance digital infrastructure and data use:**
  - Invest in integrated IT systems that allow real-time monitoring of spending, and support reporting practices
- **Foster a culture of trust and shared accountability:**
  - In practice, ministries and Budget Offices often pursue different priorities, but building a constructive relationship is essential through early engagement, consistent follow-up, and openness to adjust based on experience.
- **Strengthen top-down budgeting and medium-term planning:**
  - Setting ceilings early in the process helps reduce time spent on negotiation and encourages internal prioritisation. When paired with multi-year frameworks, it supports better alignment between policy ambitions and fiscal realities

OECD
BETTER POLICIES FOR BETTER LIVES

Thank you

Brian.Finn@oecd.org