

Spending Reviews in Austria

Current Status and Lessons learned

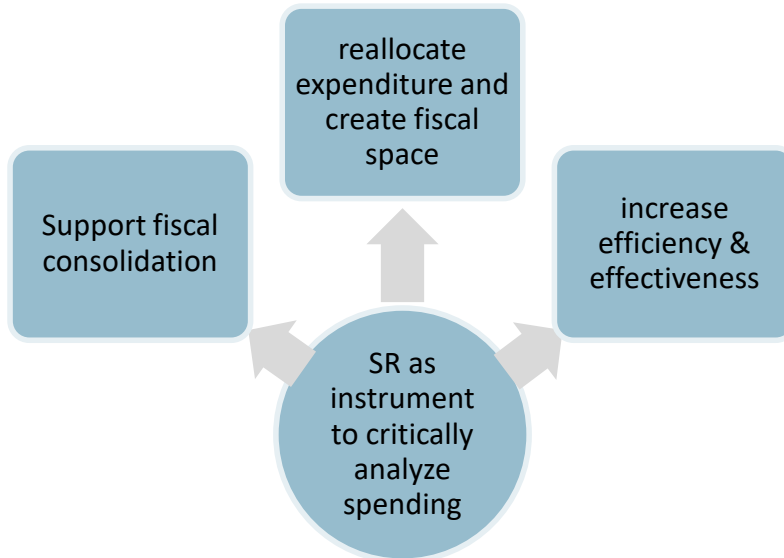
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What are Spending Reviews (SR)?

Spending Reviews are structured budget analyses that are primarily used to identify saving potentials but can also serve to improve efficiency and effectiveness in the public administration.



Spending Reviews analyze in depth budgetary problems and serve as a base for fact based decision making

Background and context: Comprehensive budget reforms in AT

- Let's go back in time!



2009
+
2013



Introduction of a
comprehensive
**two stage budget
reform!**

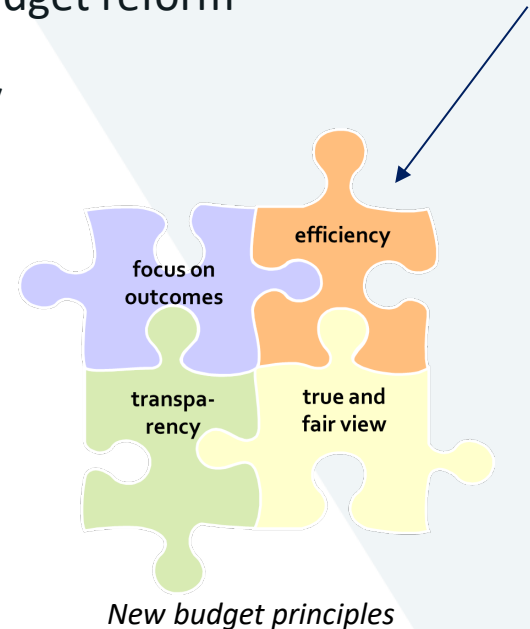


Enacted through a unanimous decision in parliament



But what about Spending Reviews?

- Spending reviews were NOT part of the comprehensive budget reform
- BUT: SR support the new budget principles → efficiency
- 2014: Working Group on SR established
- Strong support of the Minister of Finance



SR Regulatory Framework in AT

- Currently no institutional framework for SR in place, no binding law or connection to the budget process
 - Ad-hoc assignment of SR projects through the Minister of Finance
 - 6 SR Projects in the course of the Austrian Recovery & Resilience Plan
- Draft guidelines for conducting SR in development:



- Inclusion of SR in the annual budget process
- SR as instrument for public consolidation
- SR as ad hoc instrument for saving potential as well as efficiency & effectiveness improvements

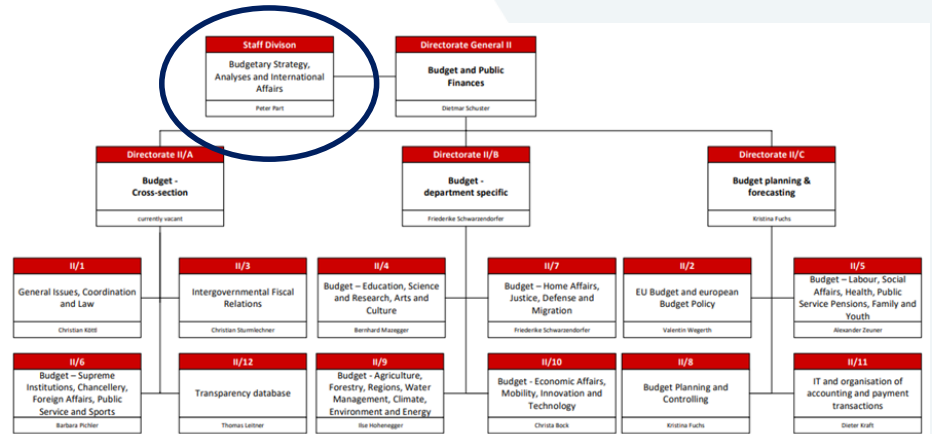
Institutional Setup & Project Structure



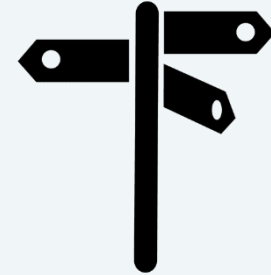
Institutional Setup & Project Structure

The Role of the MoF (DG Budget and Public Finance)

- Before 2022: explicit SR Unit (established in Mai 2017, 4 FTE)
- Now SR responsibility included in DG Budget Staff Division, with same tasks:
 - Coordination of SR projects, project controlling, project documentation
 - Support of the steering committee, the project manager and teams
 - Final editing of SR reports
 - Further development of methodologies (drafting guidelines etc.)



Selection of SR Topics



- Topics concerning the **public sector**: ministry-specific, interministerial, comprising all three government levels
 - Political challenges ahead and need for action
 - Sustainable solutions for problems are required
 - Cost drivers are expected
 - High potential for improving efficiency and effectiveness or discovering obsolete expenditures is assumed
 - Cost savings and creation of fiscal space are likely
- **Proposals and recommendations** from various institutions (Fiscal Council, Parliamentary Budget Office, Court of Audit, EC, OECD etc.) are taken into account

Selection of SR Topics: Lessons learned

- Establishment of **political commitment** and obligation towards the topic (e.g. as anchor in the RRP)
- Focus on **current „hot topics“**, e.g. climate and digitalisation
- Increased scope with greater focus on governance issues (e.g. establishment of green budgeting through SR)
- Recommendations and further SR projects can become part of the next government's programme



Project Assignment (Terms of Reference)



- A detailed and **thorough project assignment is key!**
- Outlines responsibilities, milestones and topics of analyses
- Crucial to involve relevant stakeholders informally while drafting the assignment
- A good project assignment takes time! Sometimes almost as long as the carrying out of the actual SR
- It's a good way to get everyone on board and discuss details on the topic before everything is set in stone
- Timing:
 - Once the general topic has been agreed upon
 - Before the work on the SR starts

Project Assignment (Terms of Reference) – Template (1/2)

<u>Category:</u> PROJECT ASSIGNMENT	
<u>Project Start:</u>	<u>Project End:</u>
<u>Starting Situation:</u>	
<u>Strategy Connection (Strategy/Program/Performance Objectives):</u> • •	
<u>Project Goals:</u> • •	<u>Not-Goals:</u> • •
<u>Main Tasks (Phases):</u> <ul style="list-style-type: none"> • Analysis <u>current state</u> <ul style="list-style-type: none"> ◦ ◦ • <u>Concept & planning</u> <ul style="list-style-type: none"> ◦ ◦ • Implementation <ul style="list-style-type: none"> ◦ ◦ • Roll Out <ul style="list-style-type: none"> ◦ ◦ 	
<u>Project Costs:</u> •	

<u>Project Contractor:</u>
<u>Steering Committee:</u> <u>Chair:</u> • <u>Voting Members:</u> • • • <u>Non-voting Members:</u> • •
<u>Project Manager:</u>
<u>Project Team:</u> • •
<u>Connection to other projects:</u> •
<u>Relevant Project Environment:</u> • •
<u>Attachments:</u> • Project Milestones
Project Manager
Project Contractor
<u>Version:</u>
<u>Date:</u>



Project Assignment (Terms of Reference): Lessons learned

- Establishment of political commitment and obligation (by stating roles and responsibilities, **signed by project contractor & Minister of Finance**)
- Setting of **binding timelines** and due dates
- Establishment of **clear responsibilities** (ministries and units involved and on which level; e.g. steering committee, project lead, project management)
- **Clear definition of tasks and (non)-objectives** of the SR are important for
 - Structured approach during the project
 - Precise focus on main tasks, avoiding extension of the content and scope of the SR
 - Monitoring the progress of the SR project on a regular basis
- Preparation of project assignment is very time-consuming, but important ‘investment’ for the further course of the project

The process of writing SR Reports – Lessons learned



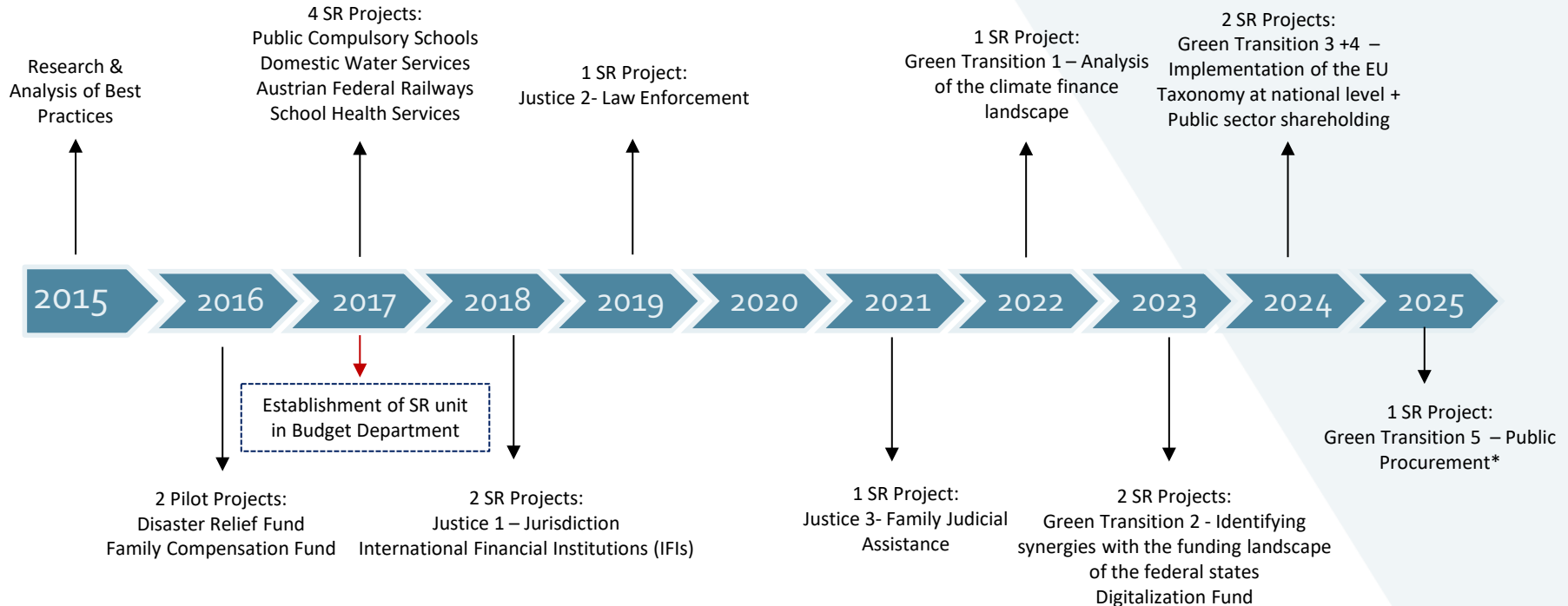
- Report of the project team (~ 100 pages), approved by the steering committee, submitted to political level for decision
- **Executive summary** and **table of recommendations** essential to improve readability and highlight key messages (translation in English)
- High coordination effort when topic is complex and various stakeholders are involved
- **Standardized structure** for reports and coordination activities of the MoF support uniform quality of reports
- **Publication of reports** and **milestones** on the MoF website
- **Public monitoring of recommendations**, e.g in Budget reports

Thank you for your attention!

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Annex: Additional Information on Spending Reviews

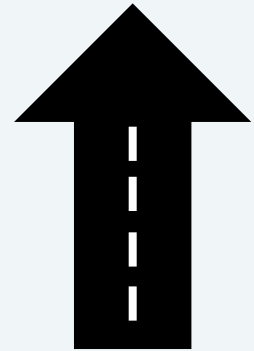
History of SR in Austria



*Projects still ongoing

SR in Austria – Current Overview

- Currently 6 SR projects included in the Austrian Resilience & Recovery Plan
 - 5 projects already finished and publically availavble, 1 project currently ongoing
 - All SRs are or will be available on the MoF website (SR sub-site was established ¹⁾)
- Publication of 2 past projects in the course of the federal finance act negotiations



1) [Spending Reviews \(bmf.gv.at\)](https://www.bmf.gv.at)

SR RRP Milestones (146-151)

Green Transition

Climate and energy policy support and incentive landscape

Digital Transition

SR 1:

Analysis of the climate and energy policy support and incentive landscape

Q3/2022



SR 2:

Identification of synergies with the funding landscape of the federal states

Q2/2023



SR 3:

Implementation of the EU taxonomy at national level

Q4/2024



SR 4:

Public-sector shareholding

Q2/2025



SR 5:

Sustainability of Public Procurement

Q4/2025



SR 6:

Further advancement of digitalization in public administration

Q3/2023



Example: SR on the Green Transition

State Owned Enterprises

- Information on all published spending reviews (german only): [Spending Reviews](#)
- Executive Summary in English: <https://www.bmf.gv.at/dam/jcr:fd110b1a-7a21-4dd3-b638-c09377ca2fbe/Spending%20Review%20Modul%204%20Bericht.pdf>