

PEMPAL BCOP's WORK ON LINKING STRATEGIC PLANNING AND PROGRAM AND PERFORMANCE BUDGETING (PPB)

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Presentation overview



- I. PPB in PEMPAL countries and their interest in this topic
- II. The key general advice from BCOP's discussions on this topic so far
- III. BCOP's current work on a knowledge product – planned content

PPB in PEMPAL countries



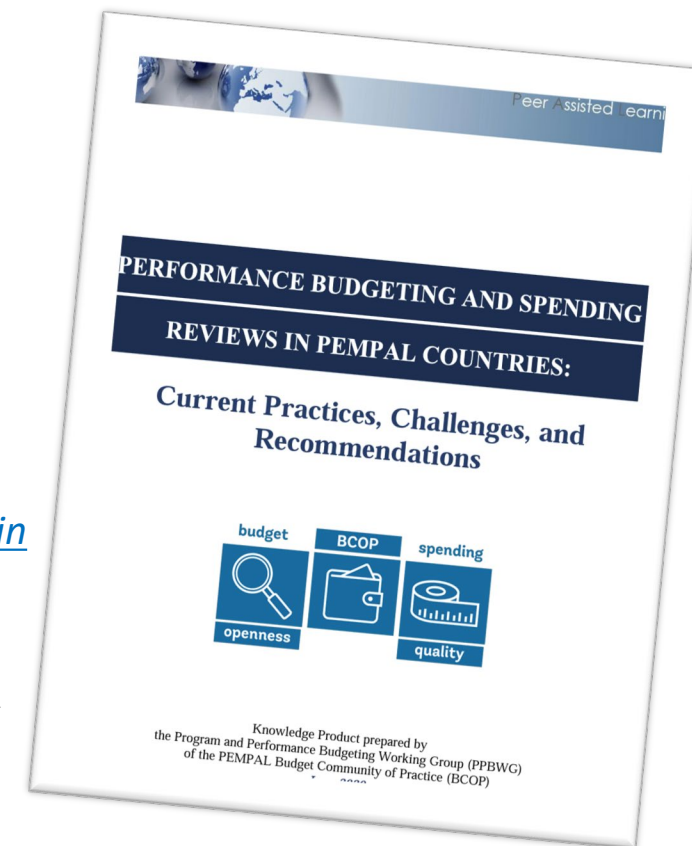
- **Almost all PEMPAL countries implement some form of PPB**; in most cases with a uniform coverage of frameworks applicable to all ministries and agencies (progress from previous “pilot” or partial coverage)
- **Most frequently PEMPAL countries still describe their practices as a presentational approach**, compared to the more advanced performance-informed approach in OECD countries; however, in many countries there is progress
- **PPB is still largely MoF-centric in most PEMPAL countries**, role of line ministries increasing but still weaker than in OECD countries; role of Legislature and Supreme Audit still very limited; more frequent role of Chief Executive and/or Ministry of Planning/Development in targeting performance indicators compared to OECD countries
- **Trend in decreasing volume of performance indicators** (while increasing quality) **and improving the scope of programs**
- **Cross-cutting indicators used much less** than in OECD countries
- **Use of performance information continues to increase** in many PEMPAL countries, including by program managers, ministers/senior civil servants, and civil society/media; **use in budget negotiations is increasing** somewhat
- **Many PEMPAL countries have been undertaking or planning budget planning measures/reforms that are related to PPB**

PEMPAL countries' interest in the topic



4

- PPB has been consistently chosen as **one of the top priority topics by member countries**.
- BCOP's Program and Performance Budgeting Working Group (PPBWG) is operating since FY16 and comprises 17 member countries.
- Initial PBB efforts in many of the PEMPAL countries **were insufficiently connected to strategic planning**, partly due to weak and/or unstandardized strategic planning
- PPBWG has had some discussions on the linkages between PPB and strategic planning, including in BCOP' knowledge product (KP) [*Performance Budgeting and Spending Reviews in PEMPAL Countries: Practices, Challenges, and Recommendations*](#) (2020)
- In June 2023, a virtual PPBWG workshop on this topic took place, and it informed the work on a PPBWG knowledge product that is currently being developed.



General advice for PEMPAL countries was provided in the 2020 KP



Rationale and objectives of performance budgeting

1

Make it clear & strong-rooted

Clear and wide PPB frameworks with strong legislative basis and additional guidelines; ensuring adequate objectives and uses for decision-making clear to all

2

Joint ownership

PPB reforms championed not only by the MF and civil service, but rather by political leadership more widely, across branches

Alignment of expenditure with the strategic goals and priorities

3

Connect more directly to strategic planning

Clear and strong connection with strategic planning, consider strategic document template to include PIs connected to PPB

4

Capture cross-cutting objectives and initiatives

Additional attention to government-wide objectives, avoiding parallel processes of initiatives for priority budgeting (e.g. SDGs, green, gender, well-being)

5

Decompose high level objectives

Use theory of change and logframe tools and map against institutional set-up to trickle to flow to programs; linking to both strategic planning and institution-level planning.

General advice for PEMPAL countries was provided in the 2020 KP (2)



- ❑ Budget programs and performance indicators should be linked to the government's strategic planning documents and be directly connected to the processes of internal institutional work planning.
- ❑ Careful considerations are needed to design and monitor cross-cutting performance indicators to which multiple ministries and line agencies contribute. Any initiative related to priority budgeting for select high-level government priorities (e.g., gender, climate, SDGs) should ensure integration within PPB
- ❑ Highest-level cross-cutting strategic policy objectives should be decomposed into lower-level objectives to flow through budget programs:
 - The starting point may be to determine a theory of change/causal chain based on policy priorities.
 - There should be indicators associated with each level of expected results, from highest level outcomes, through intermediate level outcomes, to outputs.
 - This policy causal chain should then be mapped against the institutional framework.

Illustrative possible design of an interlinked strategic policy planning and budget planning

LEVEL OF EXPECTED RESULTS/PROGRAM STRUCTURE	EXPLANATION OF EXPECTED RESULT LEVEL	LEVEL OF PERFORMANCE INDICATORS	
NATIONAL PRIORITY	Main long-term social goal, which can be connected to a government mandate or to a national development strategy if it exists. Multiple sectoral priorities can contribute to one national priority, depending on how detailed national priorities are.	Highest long-term impact indicators to which policies/programs contribute (could be Key National Indicators – KNIs)	Government-level Strategic Planning
SECTORAL PRIORITY	Key aggregate high-level result/strategic objective to which all main programs within the relevant sector contribute. Defined in sectoral strategies/sectoral development plans. Multiple general budget programs can contribute to one sectoral priority and one or more sectoral priorities can contribute to one national priority. <i>Can be connected to one of ten broad objectives of the first-level of COFOG functional classification, as well as to the seventeen Sustainable Development Goals (SDGs) – alternatively, the SDG connection can be made at the national priority level, depending on how detailed national priorities are, in which case SDG targets would be connected to this level.</i>	Highest-level outcome indicators at sectoral level to which policies/programs contribute (KNIs could also be at this level, depending on how detailed national priorities are)	Sectoral Strategic Policy Planning
GENERAL BUDGET PROGRAM	Highest outcome to which multiple individual programs contribute. One or more general budget programs can contribute to one sectoral priority. Can also be called main program or government program or general program. It is a grouping of government activities in relation to a set of higher-level policy objectives, which can be cross-institutional. <i>Can be connected to 69 areas within the second level COFOG functional classification, as well as to one of 169 SDG targets.</i>	Intermediate to high outcome indicators to which higher-level output indicators contribute, but which can be affected by other factors outside of control of implementing institutions	Budget Planning
PROGRAM	Outcome from a grouping of government activities in relation to a specific set of policy objectives, at the level of an institution/agency/Ministry. Multiple subprograms/activities can contribute to one general budget program and one or more programs can contribute to one general budget program.	Lower-level outcome indicators that are under control of implementing institutions to a great extent and/or higher-level output indicators	
SUBPROGRAM	Activities to use resources to achieve results at program level. Can also be called activity. One or more subprograms/activities can contribute to one program.	Lower-level output indicators and process indicators that are under full control of implementing institutions	Institution-level Planning and Management
INPUT	Resources for implementation of activities	Input indicators	

IMPORTANT Do not get bogged down by the terminology and definition of high-intermediate-low outcomes and outputs: for different types of public services there will be different possible levels, use this overall logic but practice common sense

Key general takeaways for designing PPB system



- Adequate strategic planning (at both the government-wide/sector level and at the institutional level) linked with PPB has now been recognized as the key success factor in PPB reform.
- *PPB is aspirational, it is how budgeting truly should be (i.e. public resources allocated for delivering results), but it is one of the most complicated reforms and cannot be championed only by the MF – political will is essential, as well as ownership by the line ministries and the legislature. PPB is complicated as it reaches beyond just a technical budgeting reform; if done properly, it affects overall ways in how the public sector functions.*
- There is **no one-size-fits-all design for PPB and the ways in which it should be connected to strategic planning**. Each country is advised to carefully consider the global advice through the lens of its own unique historical, institutional, administrative, and political context and specificities and to implement the reforms in a step-by-step approach.
- **Simplicity in the design of PPB and the linkages to strategic planning fosters accountability and transparency** – the design should be practical and implementable in order to be truly usable and useful, rather than a tick-a-box burden.
- *PPB is a journey, not a destination!* The purpose of PPB is a performance-oriented culture, constant learning and problem-solving, and course correction. It is about constant improvement, not rewards and penalties.
- There have been recent efforts to improve the PPB system in several PEMPAL countries, including the focus on linkages with the strategic planning (e.g., Bulgaria, Georgia, and Bosnia and Herzegovina).

BCOP's current work on a knowledge product – planned content



- Given that linkages between strategic planning and PBB are highly dependent on each country's specificities and that there is no one ideal example of a fully successful integration of the two processes, the **KP will provide a high-level aspirational perspective.**
- The KP:
 - i. will focus on the **ways in which the two separate worlds of strategic planning and budgeting can be brought into closer alignment.**
 - ii. will discuss **ideal conditions needed for successful alignment of planning and budgeting**, including institutional arrangements and alignment of practical tools such as the budget calendar, classification systems, and management processes.
 - iii. may also include an **illustrative roadmap and examples of steps** that countries have taken to improve alignment.
 - iv. will also look at aligning public investment planning, as well as relevant PEFA scores
 - v. include good practice examples of specific elements from PEMPAL and non-PEMPAL countries.
- **We welcome any feedback or suggestions you may have for the KP development!**

THANK YOU!

