

PROGRAM AND PERFORMANCE BUDGETING (PPB): Preliminary 2024 Survey Results for PEMPAL Countries

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Presentation Overview



- I. Survey Background Information and Process**
- II. Preliminary Key Aggregate Survey Results**
 - Implementation of PPB Practices
 - Program Structure and Link to Performance
 - PPB Types and Legal Basis
 - Objectives
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- III. Next Steps for Preparation of a PPBWG KP with Survey Results**

Background Information on the PPB Survey



- BCOP's Program and Performance Budgeting WG (PPBWG) facilitates the participation of PEMPAL countries in the PPB surveys based on the survey for OECD countries, which BCOP's long-standing cooperation with the OECD (including the OECD's Working Party for Performance and Results)
- This is the third round of PPB survey for PEMPAL countries since 2016 (an additional survey on spending reviews was conducted in 2020, based on the OECD Spending Reviews Survey)
- Participation in the Survey contributes to the BCOP/PPBWG's objectives by:
 1. providing data on the status of program and performance budgeting reforms in PEMPAL countries
 2. allowing for PEMPAL countries to track their progress over time
 3. allowing for regional (among PEMPAL countries) and international benchmarking (with OECD countries)
 4. expanding internationally comparable data on budgeting practices in PEMPAL countries

Survey Process



- The results of the previous round of performance budgeting survey conducted by PEMPAL BCOP in 2019 for PEMPAL countries benchmarked to the results of the OECD countries, can be found in the BCOP knowledge product [Performance Budgeting and Spending Reviews in PEMPAL Countries: Practices, Challenges, and Recommendations](#).
- The 2024 survey of OECD countries was initiated in 2023, and the OECD is still in the process of finalizing the Survey process and report.
- The survey for PEMPAL countries was launched in March 2024, after adjustments and translations, noting that PPBWG adjusts and extends the OECD questionnaire and glossary to take into account the specificities of PEMPAL countries while retaining the comparability with the OECD survey results
- So far, 14 PEMPAL countries have responded to the 2024 PPB Survey, noting that [we invite the remaining countries to fill out the survey](#) (and the countries that responded have time to edit their responses if needed), as it will be open until end-April
- Survey results are based on countries' self-assessment



Survey Results Included in this Presentation



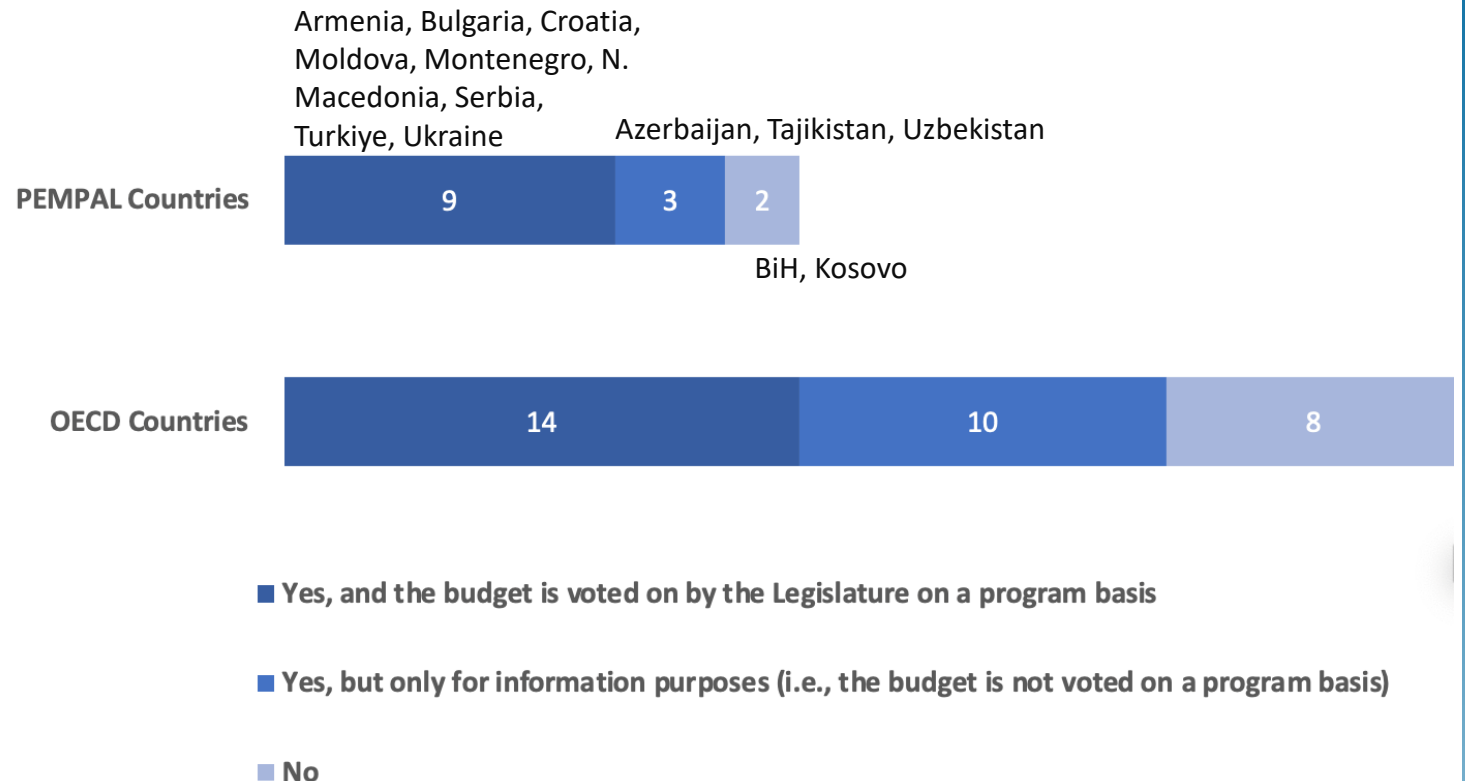
2016 Survey	2019 Survey	2024 Survey
Armenia	Armenia	Armenia Azerbaijan
Belarus	Belarus	
Bosnia and Herzegovina	Bosnia and Herzegovina	Bosnia and Herzegovina
Bulgaria	Bulgaria	Bulgaria
Croatia	Croatia	Croatia
Georgia	Georgia	
	Kazakhstan	
Kosovo	Kosovo	Kosovo
Kyrgyzstan	Kyrgyzstan	
Moldova	Moldova	Moldova Montenegro
		North Macedonia (survey not fully completed)
Russia	Russia	
Serbia	Serbia	Serbia
Ukraine	Ukraine	Ukraine
		Tajikistan
		Türkiye
Uzbekistan	Uzbekistan	Uzbekistan

- Preliminary results of the 2024 PPB Survey presented here include the 14 PEMPAL countries that have responded to the Survey so far
- Reference to OECD practices/trends in this presentation are based on the OECD's presentation of aggregate preliminary results from the February 2024 meeting of the OECD Working Party for Performance and Results

Program Budgeting Practices

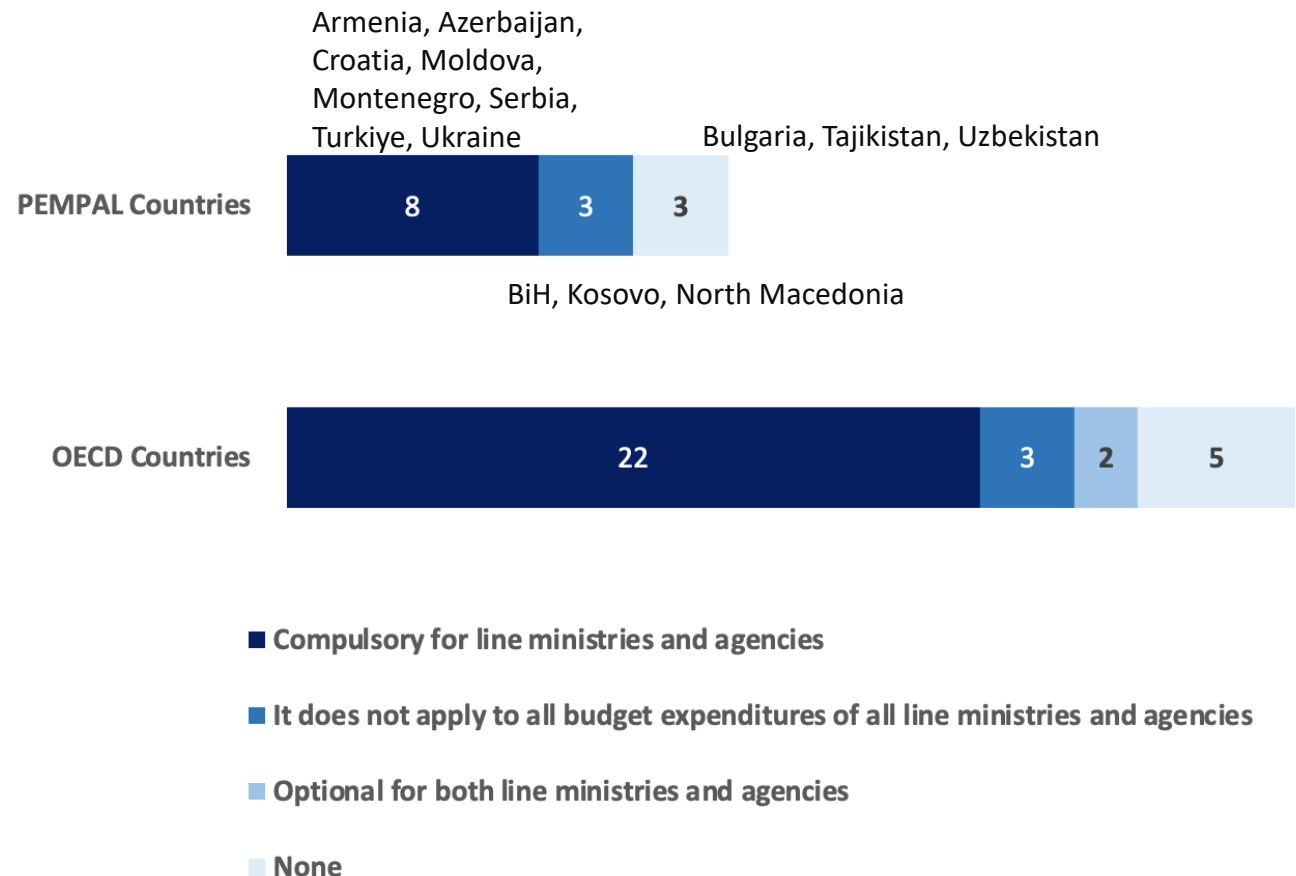


- 12 out of 14 PEMPAL countries have program budgeting, and for 9 of those countries, the budget is adopted in the program format. This is a larger share compared to the OECD countries.
- It is OECD's recommended good practice to have performance information linked to the program budgeting structure, as this helps align public spending with the priorities of the government, and increases transparency, and accountability.



Performance Budgeting Practices

- **11 out of 14 PEMPAL countries have performance aspects to budgeting**, compared to 85% of OECD countries.
- **For 8 PEMPAL countries, it is compulsory for all expenditures and budget users.** This compares to 85% of OECD countries have performance budgeting; it is mostly compulsory for all budget users, which is the recommended good practice.



Program Structure and Links to Performance



- For 75% of OECD countries, performance objectives are set at the program level, in line with good practices
- For most of the PEMPAL countries who responded to the survey and have program budgeting, performance objectives are also set at the program level; for some, additionally, there are objectives at the additional levels
- Most PEMPAL countries still have quite fragmented program structure, noting that countries who have implemented/improved their PPB systems more recently simplify their structures

COUNTRY	PROGRAM BUDGETING STRUCTURE	LINKAGE OF PERFORMANCE OBJECTIVES TO PROGRAM STRUCTURE
Croatia	23 main programs; 169 programs, and 1747 subprograms/activities	at the program level
Montenegro	12 main programs, 105 programs, 224 subprograms, and 563 activities	at the program level
North Macedonia	12 Government programs, 132 programs, 350 subprograms	
Serbia	108 programs, 586 subprograms, and 397 projects	at the program level; at additional program structure level
Azerbaijan	25 programs, 51 subprograms, and 163 programs (NOTE: this is for 16% of budget expenditure in total)	at the program level
Bulgaria	56 policy areas, 21 functional areas, 1 area, and 196 budget programs. In addition, 4 functional areas and 8 programs for the National Assembly, and of 5 functional areas and 8 programs for the judiciary.	at the program level; at additional program structure level
Armenia	168 Programs, 857 activities	at the program level
Moldova	41 budget programs, 210 subprograms, and 551 activities	at additional program structure level, and not at the program level
Turkiye	68 programme, 265 sub-programme, 1024 activities.	at the program level
Uzbekistan	/ (expected to start in 2025)	not linked to the budget structure
BiH	/ (expected to start in 2025)	
Kosovo	/	
Tajikistan	/	
Ukraine	495 budget programs, with additional actions/measures for each program	at the program level; at additional program structure level

Types of PPB and Legal Basis



Presentational Approach. Performance information (regardless if it is linked to program structure or given without program structure) is presented with budgeting documents or other government documents but is included as background information for the purposes of accountability and dialogue with legislators and citizens on public policy issues and government direction. Performance information does not play a significant role in decision-making on allocations nor is it intended to do so.

Performance-Informed Approach. Performance information plays a role in spending decisions however, resources are related either to proposed future performance or to performance results in an indirect manner. There is no automatic linkage between performance and funding levels. The weight given to performance information depends on particular circumstances.

Managerial Performance Approach. Using the system of performance information developed in the context of the budget process primarily as a tool of performance management and accountability at an organizational and management level, rather than primarily as a tool of resource allocation.

Direct performance budgeting. There are explicit links between budget allocations to units of performance. Funding is directly based on results achieved. Appropriations can thus be based on a formula/contract with specific performance or activity indicators.

- **All of the PEMPAL countries who responded to the survey characterize their PPB as performance-informed PPB;** except Armenia which reports a presentational approach, and Azerbaijan which reports a managerial approach. However, given other survey responses, it seems likely that there may have been a miscategorization for some countries; this will be clarified in data cleaning.
- Most of the OECD countries characterize their approach as performance-informed.
- **The legal basis for PPB in PEMPAL countries has strengthened over time.** 11 out of 12 PEMPAL countries that implement PPB have the legal basis in the organic budget law, and in most cases also additional guidelines. Azerbaijan's basis is in a Presidential Decree.

PPB Objectives



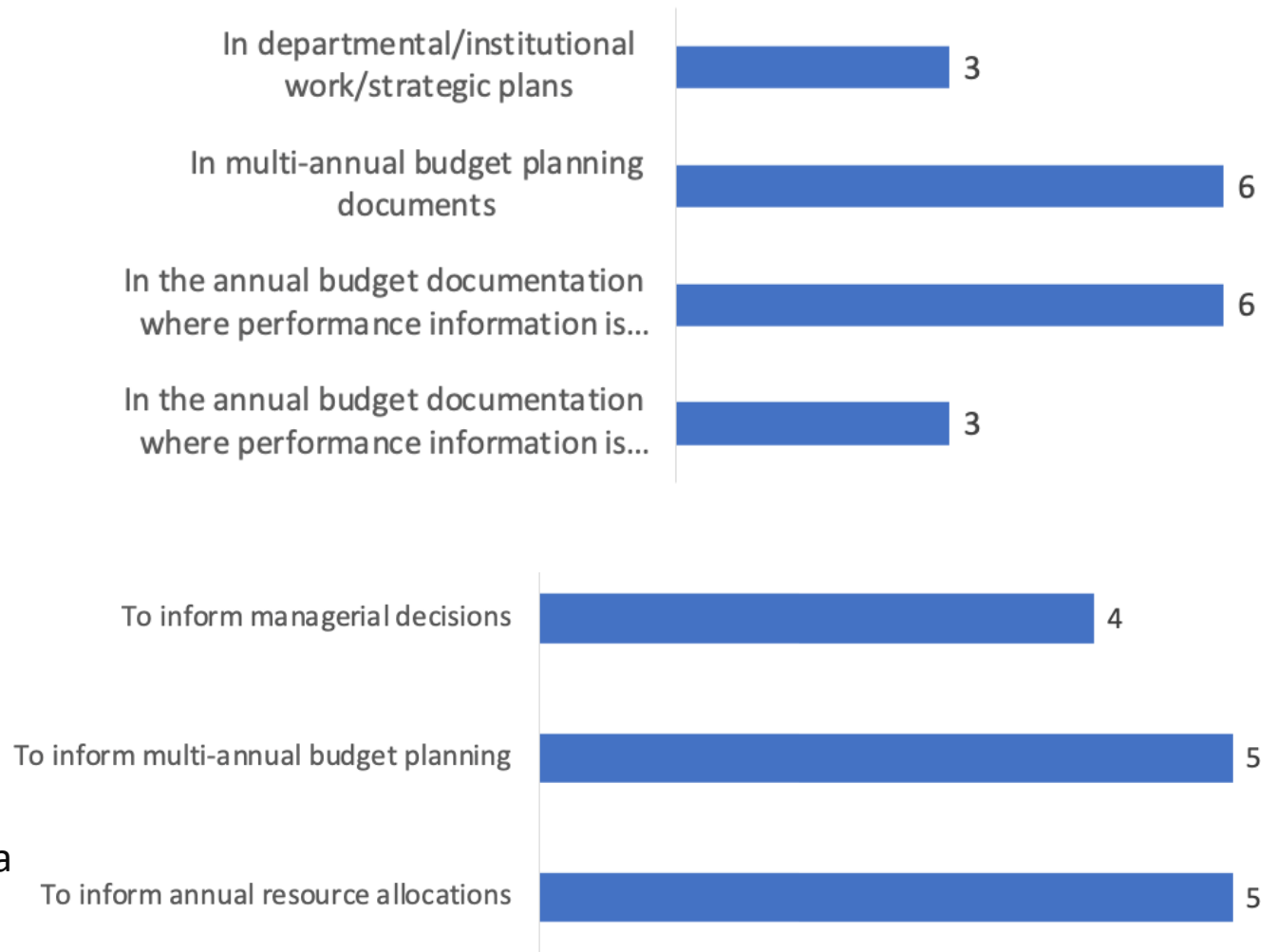
- The four top PPB objectives are same to those in OECD countries; however, **PEMPAL countries' top expectation is accountability**, which is ranked 4th by the OECD countries



Usage of Performance Information



- **Performance information is mostly presented in the budget annex.** The top suggestion on how to improve usage by both OECD and PEMPAL countries is to improve the way performance information is presented.
- **This information has started being used to inform resource allocation in 5 PEMPAL countries.**
- **Effective engagement of the parliament, parliament budget offices, and sectoral committees can improve,** especially in PEMPAL countries. Only a few PEMPAL countries report Parliament discussions, while Parliament has a greater role in OECD countries.
- **The reported number of indicators varies greatly,** from 200 to 5000+, however, further data cleaning is required.



PPB Challenges



TOP CHALLENGES IN PEMPAL COUNTRIES	TOP CHALLENGES IN OECD COUNTRIES
Lack of resources (e.g., time, staff)	Lack of impact on budget decisions
Lack of impact on budget decisions	Lack of training for staff with regards to performance information
Poor quality performance information/data	Lack of culture of performance in the public sector
Information overload (i.e. too much information is presented)	Information overload (i.e. too much information is presented)
Lack of framework to measure the impact of performance budgeting	Not a high priority for the government and/or parliament
Lack of training for staff with regards to performance information	Lack of relevant knowledge or technical expertise
Lack of culture of performance in the public sector	Poor quality performance information/data
Unsuitable information and communications technology (ICT)	Lack of performance information/data

- **Challenges are similar to those in the OECD countries**, noting that the challenges associated with the earlier stages of PPB implementation are perceived as higher by the PEMPAL countries.
- Compared to 2016 and 2019, PEMPAL countries are more aware of challenges related to impact on budget decisions and quality of performance information.

Next Steps



- ❖ **We kindly ask the remaining countries** (Albania, Georgia, Kazakhstan, Kyrgyz R., and Romania) **to fill out the survey by the end of April**. If you need us to resend the survey link and information or have any questions, please reach out to us in this meeting or via email (ncarsimamovicvuk@worldbank.org)
- ❖ If any of the countries that already responded to the survey would like to edit their results, please do so and inform us by email (ncarsimamovicvuk@worldbank.org).
- ❖ **Once the survey data collection is complete, the BCOP Resource Team will complete the more detailed survey data analysis and may reach out to survey respondents in case of any questions/inconsistencies in survey responses** (in May)
- ❖ **BCOP Resource Team and PPBWG leadership will then prepare a short knowledge product with PPB survey results**, to show trends in PEMPAL countries over the years and compare to the current practices in the OECD countries, upon the completion and publication of the results of the OECD Survey.

THANK YOU!

