



SUCCESS STORIES

PROGRAM AND PERFORMANCE BUDGETING

HISTORY OF DISCUSSIONS

Program and performance budgeting reforms were first raised by PEMPAL Budget COP members in 2012 in Slovenia, and subsequent meetings were held in 2013 and 2014 in Albania and Turkey respectively with reforms reviewed after each annual budget cycle. Up to 21 countries met in these meetings given the priority given by member countries to these reforms.

Countries have received advice on performance and program budgeting reforms from experts from World Bank, IMF, OECD and GIZ.

Initially it was necessary to clarify the different terminology used for such reforms and how they were understood and applied in the network languages of English, Russian and Bosnian-Croatian-Serbian. During the discussions, select technical documents were translated to provide reference materials of the latest trends and results to assist countries with their reforms. Experts from the World Bank, IMF, and OECD also attended all meetings to provide the latest in international thinking. Countries identified as having advanced reforms were also invited to outline their approaches with PEMPAL members also sharing their progress.¹ Discussions started with the basics and evolved through to monitoring and evaluation instruments. The status of reforms and different challenges were identified through survey instruments conducted before each meeting, and more formal survey instruments provided by the OECD, to facilitate benchmarking and meeting discussions.

¹ At the three annual meetings, the following countries reforms were presented. 2012 meeting: France, Australia, Slovenia, Poland and PEMPAL members Kazakhstan, Russian Federation, Armenia, Croatia and Bosnia and Herzegovina. For 2013 meeting: Estonia, Austria, Ireland and Sweden and PEMPAL members Russian Federation, Croatia. For the 2014 meeting: Netherlands and South Korea and PEMPAL members Turkey and Russian Federation.

15 member countries have shared their reform progress and have benchmarked performance and program budgeting practices with up to 33 OECD member countries, through joint work with OECD and World Bank.

Up until 2015, the reforms were being addressed by these annual face-to-face meetings with countries reporting back on reform progress after each full budget cycle, combined with several study visits focusing on aspects of the reforms. However, members decided that as reforms progressed they required more support. It was acknowledged that such reforms are a long and ongoing process and even countries which are considered leaders and long-term practitioners are continually refining and improving their performance framework.

So in 2016, a working group was formed, led by the Russian Federation and member countries on the BCOP Executive Committee, who could meet more regularly largely through videoconference to facilitate further progress. The key objective of the Working Group is to identify main trends observed in PEMPAL countries

in introducing program budgeting and expenditure reviews so that efficient approaches to the adoption of such practices can be subsequently developed. The first task of this group was to collect baseline data to ensure current status of reforms could be captured and the group also wanted to benchmark its progress against OECD countries and gain access to the latest international trends, and good practices. Thus, most of the 15 PEMPAL member countries who volunteered to participate in the group completed the OECD Performance Budgeting Survey in the first half of 2016, including meeting in June in Slovenia for a joint workshop with OECD to share challenges and issues related to completing the survey, and to discuss the preliminary results for OECD countries. This also gave members an opportunity to participate in the annual OECD Senior Budget Officers meeting of the Central, Eastern and South Eastern Europe (CESEE) region, which was also being held shortly after. BCOP has a partnership with this network to enable it to share its progress with Ministries of Finance in a broader region than that covered in PEMPAL.

Discussions between 13 countries at meeting in France, 23 November 2016



HOW DID PEMPAL CONTRIBUTE TO RESULTS?

Before the first meeting back in 2012, most countries reported they had implemented elements of program budgeting including defining and identifying programs, formulating program objectives, allocating expenditures between programs, and selecting performance information. However, the quality of performance information was generally poor, and in many cases not systematically monitored, and was not relevant for budgetary decision-making.

Some countries also faced lack of commitment and capacity of line ministries and budget users; including experiencing difficulty in choosing appropriate performance measures for some sectors; and how best to ensure programs are linked to strategic priorities and national strategies, and how monitoring and evaluation tools can ensure use of indicators improves performance. These challenges were met through various initiatives such as translating a glossary of terms and research materials to clearly define terms and concepts; examining global experiences in designing budget programs and performance measures including examining country cases on how to link programs to strategic priorities and national strategies.

WHAT ARE THE CHALLENGES?



Source: Presentation by World Bank Resource Team on 'Status of Reforms: Results of Pre-meeting Survey of PEMPAL Countries' delivered 27 March 2012 at first meeting of 18 countries in Slovenia.

Through discussions with World Bank, IMF and OECD and between countries that were at various stages of reforms, participants reported that they gained a good understanding that simply generating performance information is not sufficient to influence budget decisions.

Systematic expenditure reviews need to be implemented to evaluate the impact of programs on beneficiaries and citizens. Such comprehensive reviews which evaluate the effectiveness of major government spending programs can help provide evidence for expenditure rationalization and program improvements.

However, the evaluation function is not well developed across most of the PEMPAL region and that is why it has been included as part of the focus of a new Working Group which was established in 2016 to continue the work of these reforms in more depth.

Countries from different language backgrounds have shared progress and information through expert translation support of discussions, advice, and resources.

CONTACTS



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