



“Budgeting for Roma Integration Policies”

Regional Policy Workshop

Skopje, 20-21 March 2017



Workshop Outline

Day 1: Linking Policies with Budget

- Session 1: Budget Basics
- Session 2: Linking Policies with Budget
- Session 3: Linking Policies with Budget in Practice
- Session 4: Results of group work

Day 2: Budgeting Methodologies

- Session 5: Budgeting methodologies and solid funding proposals
- Session 6: Budgeting methodologies
- Session 7: Results of group work
- Session 8: Conclusions and recommendations

Session 1: Budget Basics

Budget basics

Stakeholders (and their roles) and process
(prioritization, agenda setting, key decision-making points)



Budget definition

Conventional approach - Budget as financial plan of revenues and expenditures

- Classifications of expenditures:
 - Organizational (by budget user/institution)
 - Line item (by category of expenditures)
 - Functional (by functional area/sector)
 - Program (by program)

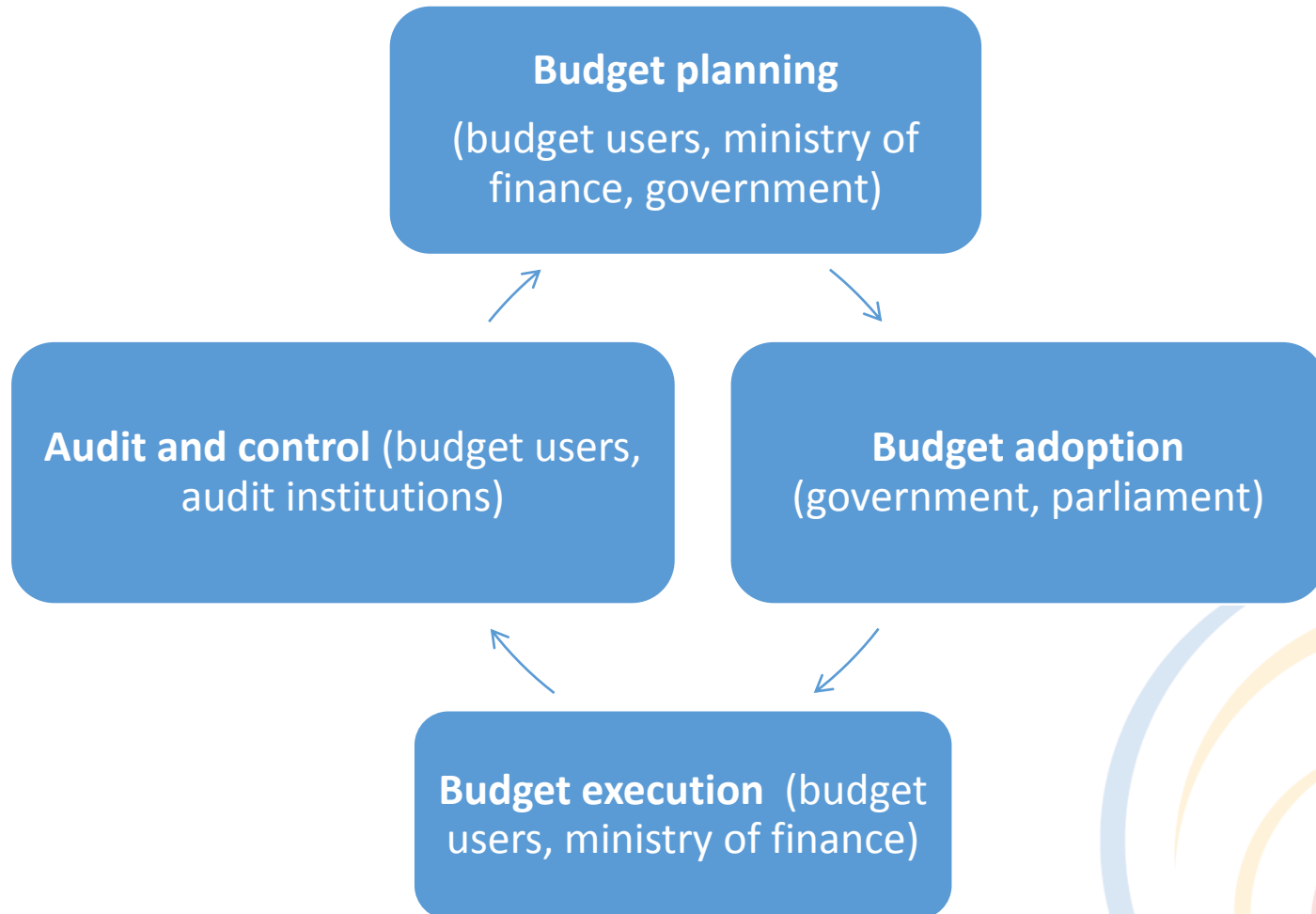
Contemporary approach - budget is also:

- Government's instrument for policy development and implementation
- Indicator of government's spending results - value for money
- Economic management tool

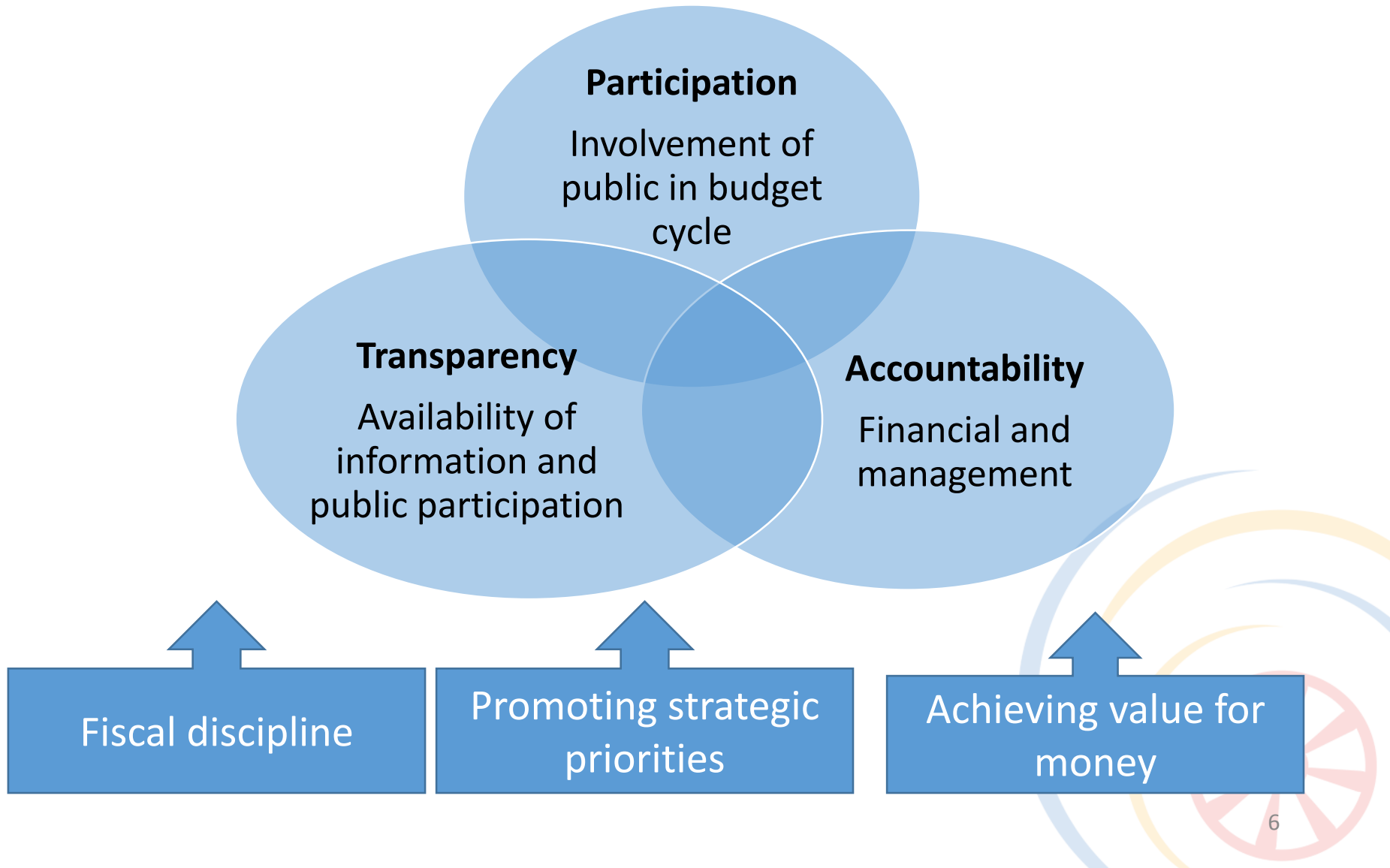


Wrong budgetary decisions result in inefficient and ineffective public spending, fiscal instability, and poor economic development

Annual budget cycle



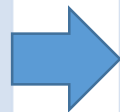
Principles of good budgeting



Challenges and budget reforms

Key challenges

- Lack of quality strategic documents
- Planning for one-year period, based on previous execution
- Line-item budgeting – focus on inputs
- No information on results of public spending
- Poor participation and transparency
- Poor fiscal discipline



Budget reforms

- **Mid-term vs. annual planning**
 - Formalized budget calendar
 - Spending within the available resources
 - Allocation based on policy priorities
 - More efficient and effective spending
 - Increased transparency and accountability
 - Increased predictability of financing
- **Program vs. line item budgeting**
 - Expenditures also classified by programs
 - Results-based – linking priorities, budget allocations and results

Regulatory Framework - International

- **New Europe 2020 *priorities (EU)*:**
 - Smart growth
 - Sustainable development
 - Inclusive development
- **EC Communication (2011) - An EU Framework for National Roma Integration Strategies up to 2020:**

“When developing national Roma integration strategies, Member States shouldallocate a sufficient funding from national budgets , which will be complemented, where appropriate, by international and EU funding.”

- ***Roma integration as a conditionality issue for the EU***

Regulatory Framework - National

- Organic budget law
- Annual budgets
- Budget procedures
- Other relevant legal framework for funds allocation
- Specific Frameworks for financing Roma Strategies



Budget Classifications

COFOG – Functional Classification

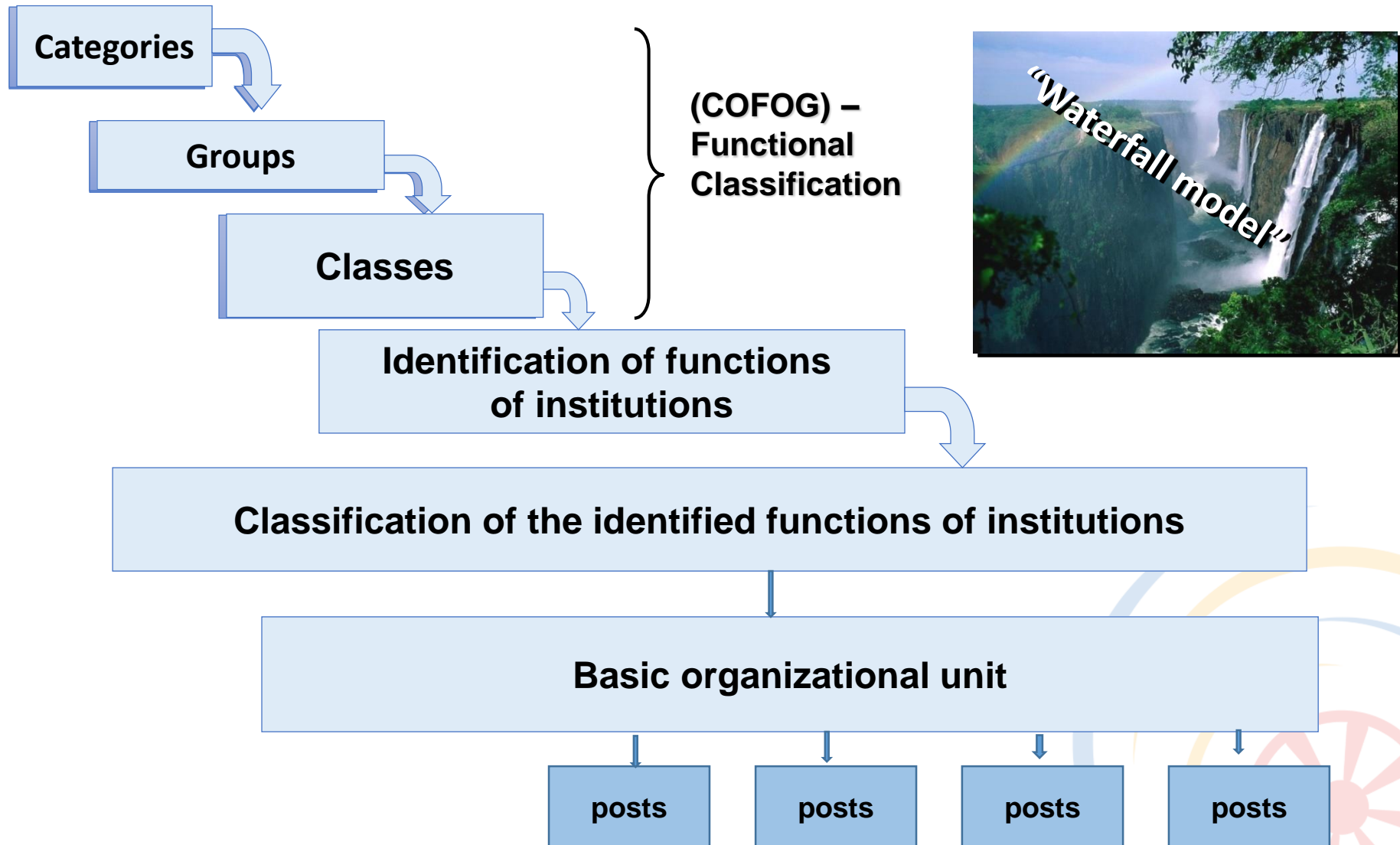
1. General Public Services	6. Housing and community amenities
2. Defense	7. Health
3. Public order and safety	8. Recreation, culture and religion
4. Economic affairs	9. Education
5. Environmental protection	10. Social Protection

Expenditures within each of the 10 functions are also shown by economic line item

GFS – Economic Classification

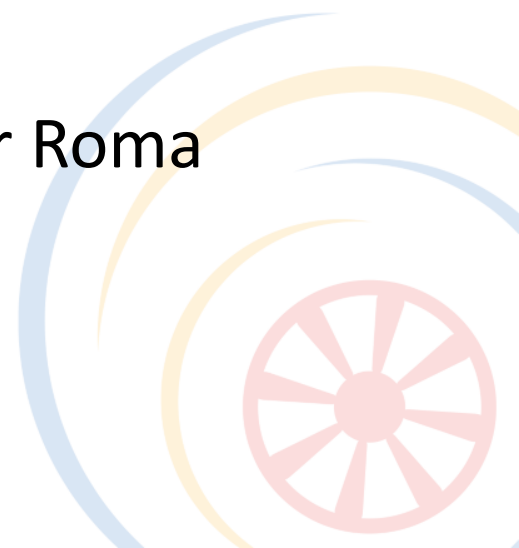
Salaries	Capital investment
Materials and services	Capital transfers
Social benefits	Net financial assets
Subventions	Interest

COFOG Classification



Q & A

- Has fiscal discipline improved as a result of budget reforms in your country?
- In your opinion, is budget planning a repetitive task, or is it evidence based?
- What is the key budget reform priority at this point?
- How can we link this with budgeting for Roma Integration?



Prioritization and Decision Making




Limited budget
resources

The diagram consists of a large, light blue arrow pointing to the right. Inside this arrow are three blue rounded rectangular boxes. The first box on the left contains the text 'Limited budget resources'. The middle box contains the text 'Priorities'. The third box on the right contains the text 'Most efficient/ effective programs'. The arrow's tail is on the left, and its head points towards the right edge of the slide.

Priorities

Most efficient/
effective
programs



In the bottom right corner of the slide, there is a decorative graphic. It features several concentric circles in shades of yellow and blue. Overlaid on these circles is a red wheel with multiple spokes, similar to a traditional wooden wheel.

Why Prioritize

- As an instrument for socio-economic governance - What are the pillars for mid-term government priorities? Are they consistent? If not, what happens then?
- Transparency and accountability – What results are achieved?
- Limited funds!



Q & A

- How does the Government set its priorities and how they serve as an input for budgetary process?
- Why do we need a cost-benefit analysis?



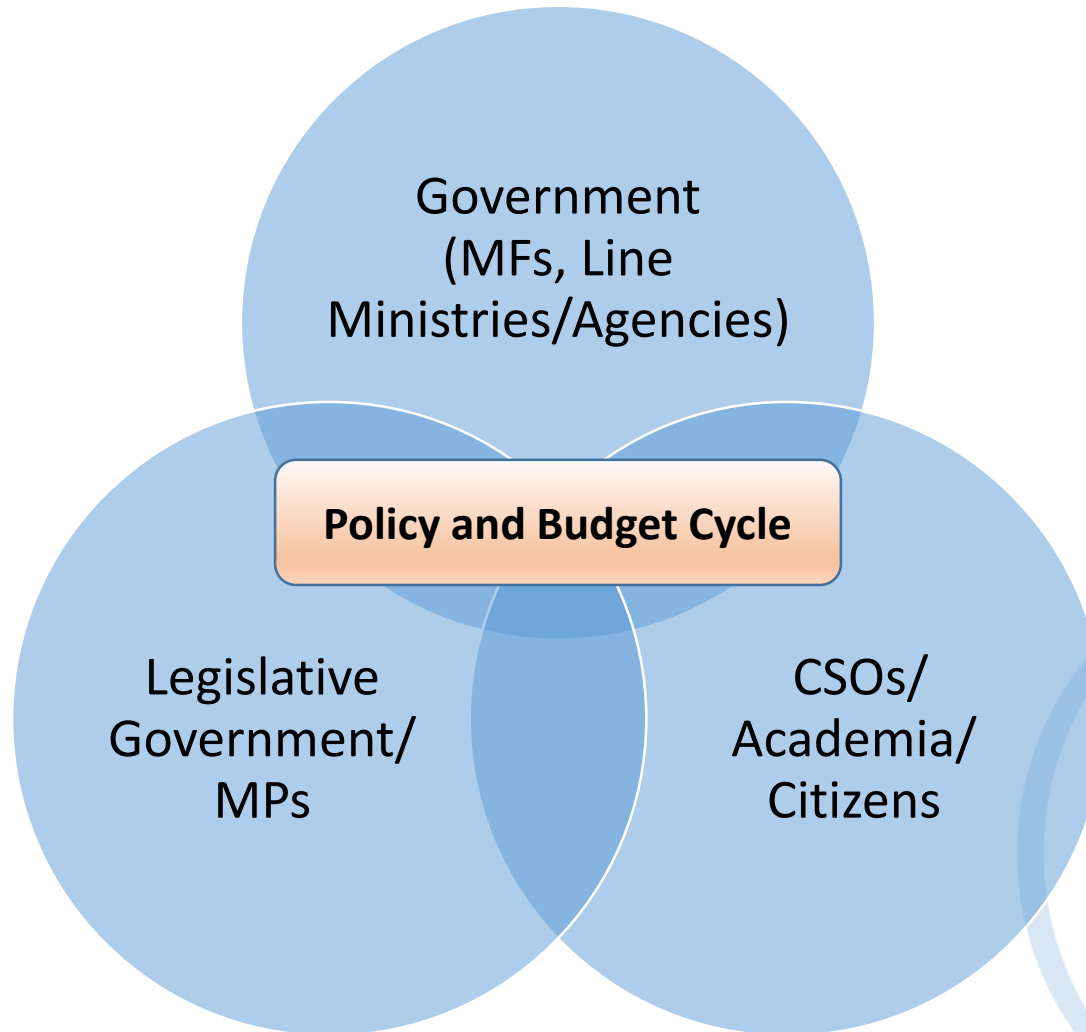
Q & A

- Please read this paragraph and discuss:

*Limited budget resources require Governments to **continually review the priority and performance** of their programmes and services to ensure that, not only the right programmes and services are being funded, but that these programmes and services are operating efficiently and effectively and provide country taxpayers the best possible ‘value for money’.*



Stakeholders in the budgeting process



Stakeholders' role in the budgeting process

- **Government**

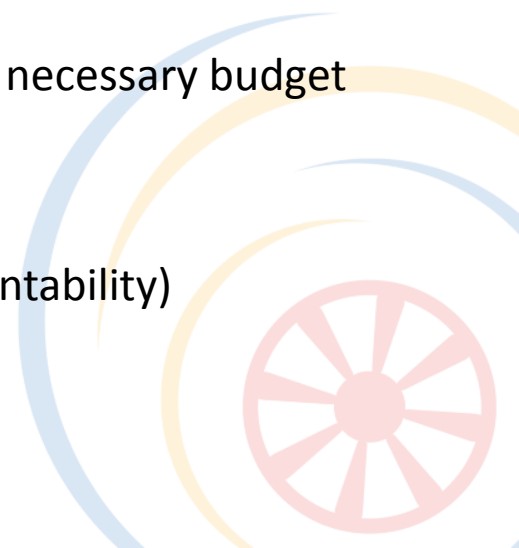
- ✓ Ensures that its strategies and policies are translated into the most effective and efficient programs providing the best possible value for money
 - Ministries of Finance or other relevant ministry: Lead the process providing technical support; based on the analysis, providing recommendations for possible high priority spending proposals and potential savings options to the Government
 - Line Ministries and other Budget Users: Providing the necessary budget information through priority budget programs

- **MPs**

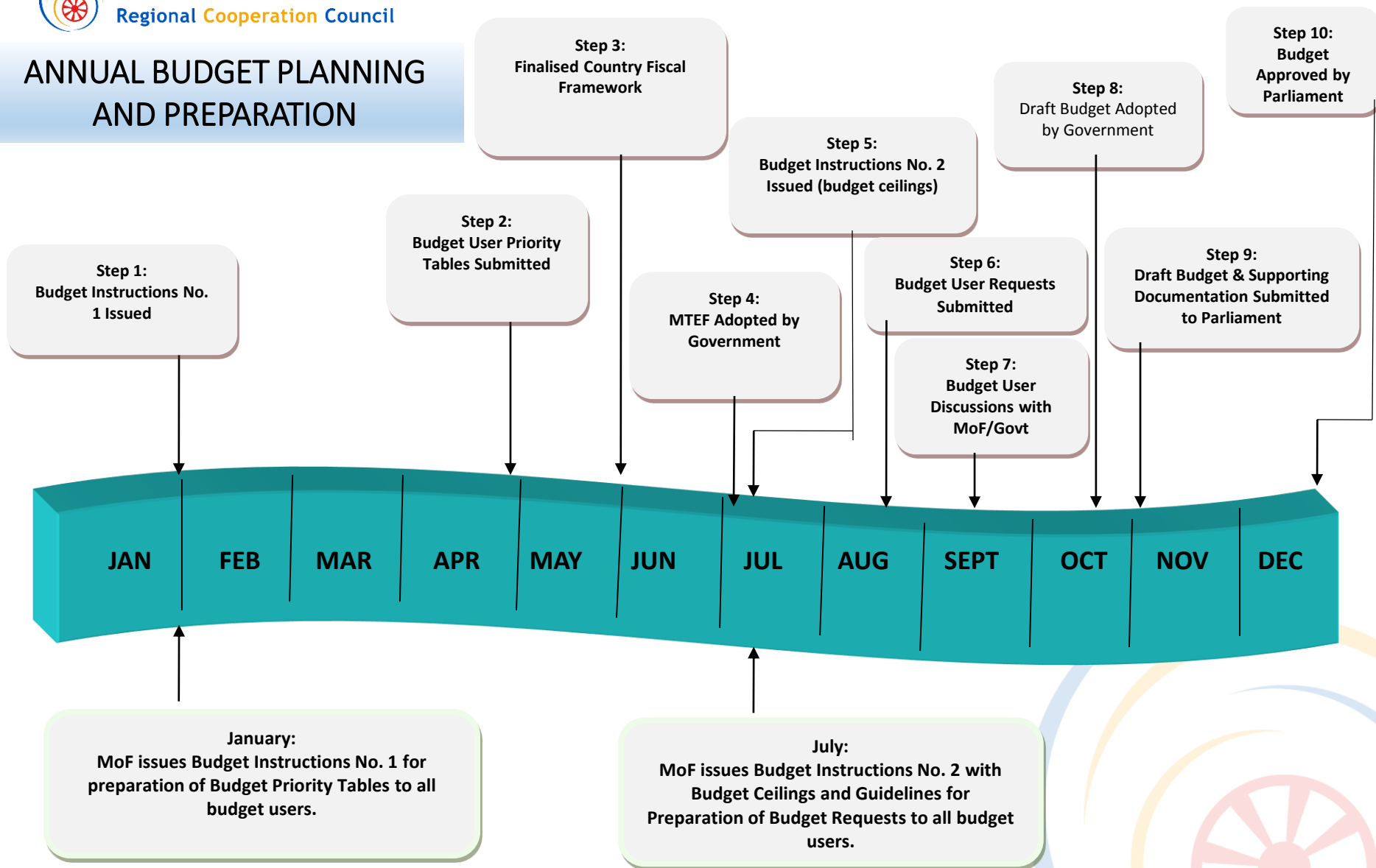
- ✓ Strengthening budget scrutiny (transparency and accountability)

- **CSOs**

- ✓ Raising public awareness and advocacy
- ✓ Improving budget analysis



ANNUAL BUDGET PLANNING AND PREPARATION



Q & A

- Describe the budgetary process/budget calendar within your country? Which are the key decision-making points?
- Which are the stakeholders participating actively in the budget cycle in your country? Are there any missing?



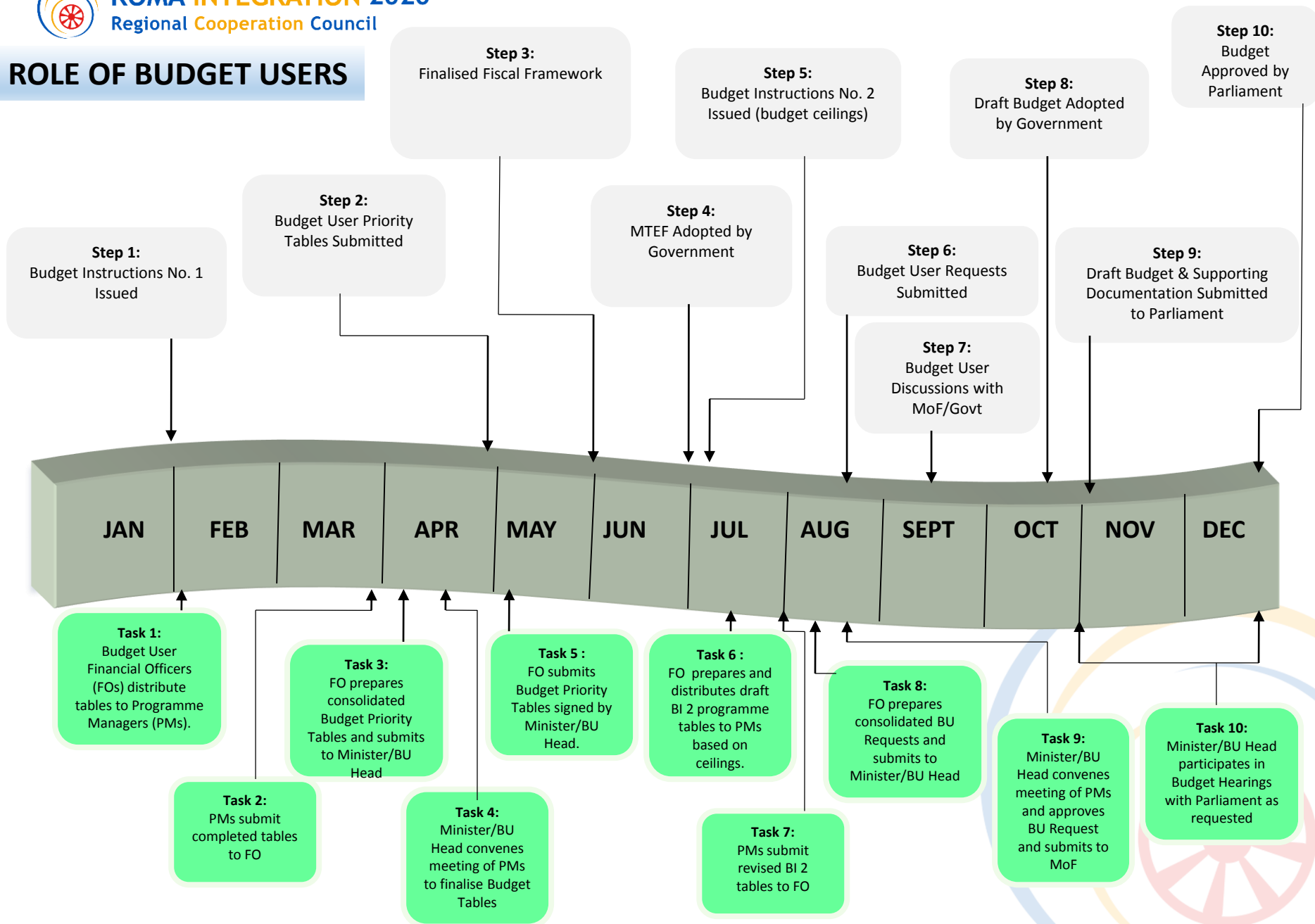
For Discussion

Please read this sentence and discuss:

Effective medium-term budget planning process requires the commitment and discipline of all stakeholders involved in the budget process.

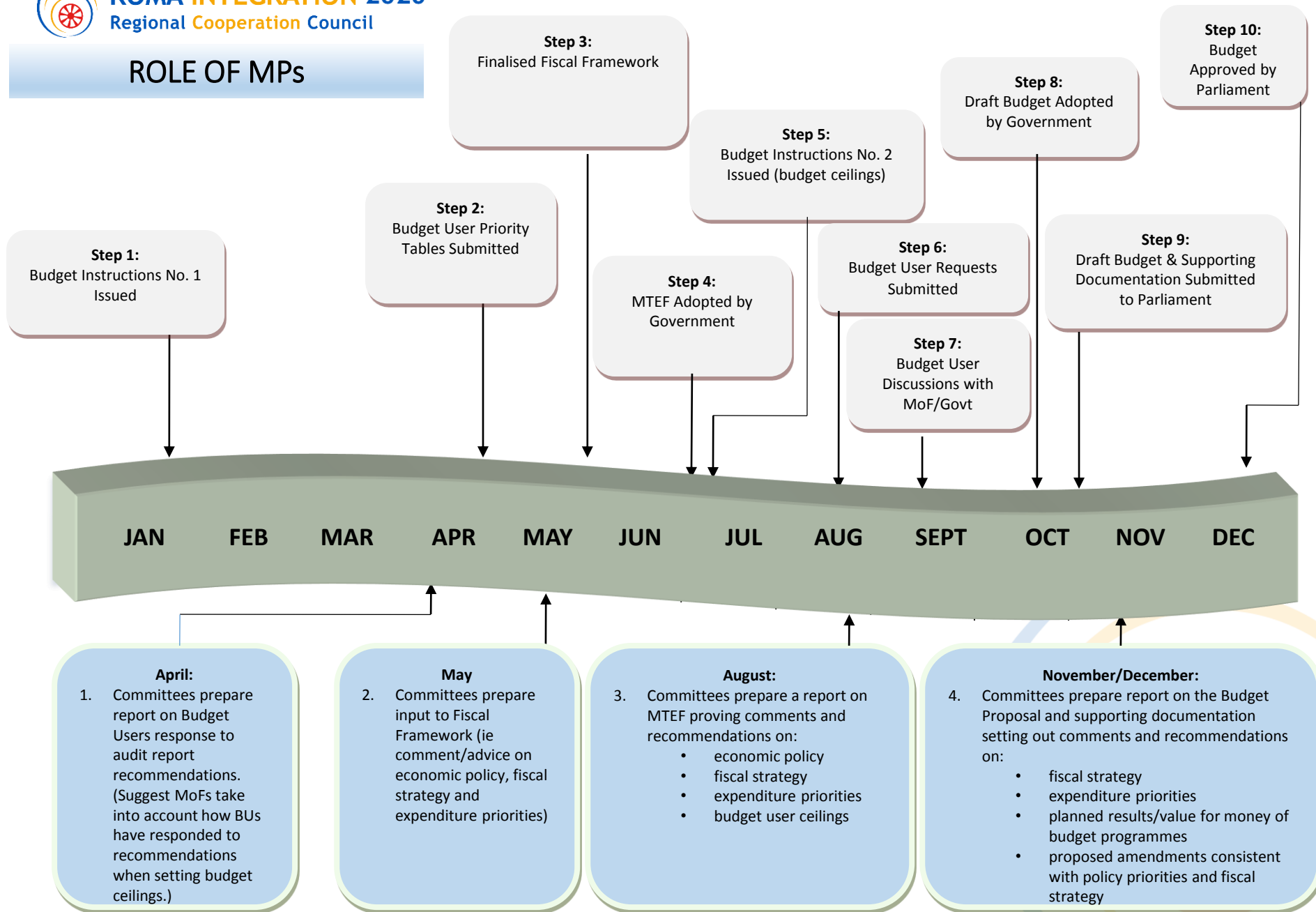


ROLE OF BUDGET USERS

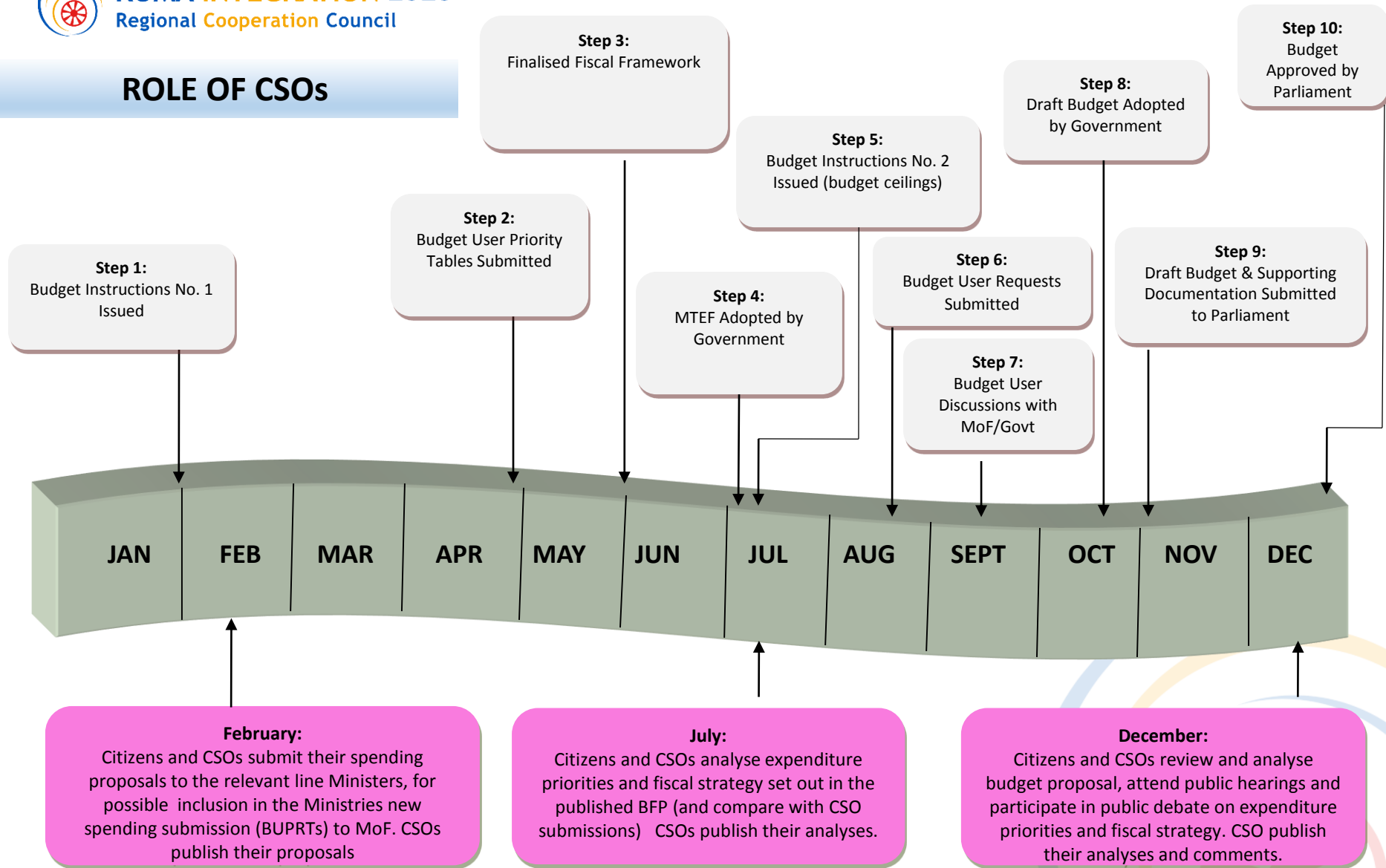




ROLE OF MPs



ROLE OF CSOs



Challenges from the practice

- **Governments**

- Action Plans missing or incomplete, and thus it is difficult to link with budget requests
- Timelines are not synchronized – adoption of APs/measures vs. budget planning cycle

- **MPs**

- Budgets not reviewed/adopted in program format – difficult to analyze and measure
- MPs not involved in systemic manner when it comes to budget cycle – ad hoc involvement, politicized

- **CSOs**

- Limited capacities related to budget process/cycle - poor advocacy
- Lack of understanding of how to integrate priorities within public institutions/budgets



Q & A

*Programme Budget Documents are a means for Budget Users to **present their budgets in programme format i.e. in terms of from those resources**. It defines resources allocated to each programme and the expected results to be achieved by Ministers, Government, Parliament and the public, measuring the performance of the programme in terms of efficiency and effectiveness and whether a programme is providing 'value for money'. Does this reflect the reality?*

MPs - why do they need to be involved in the budgetary process throughout the whole year? How do you interpret: **Parliament has a critical role** in strengthening fiscal transparency and accountability.

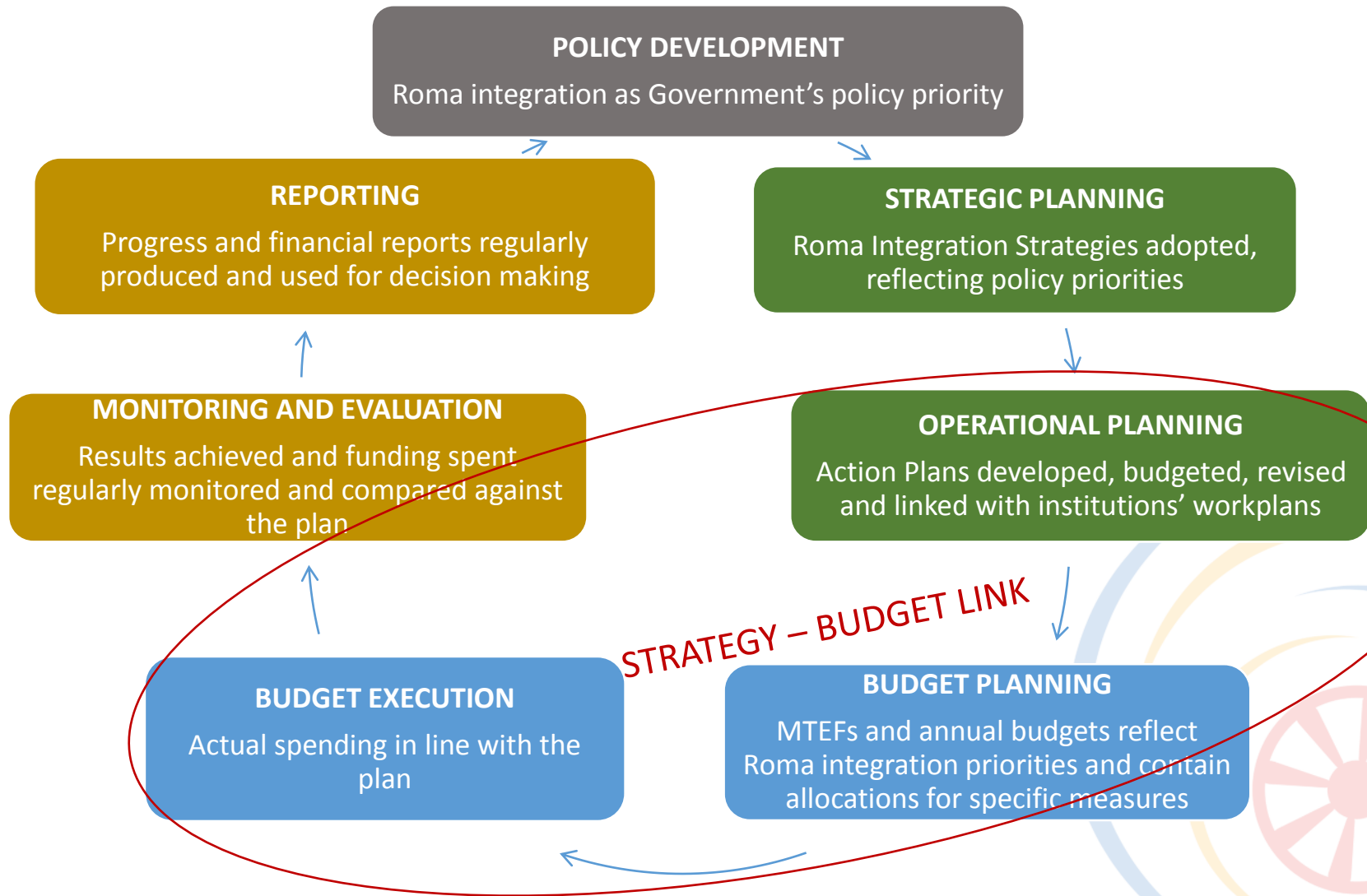
CSOs - Engagement of civil society in government budgeting processes leads to **better informed decisions, more transparency** in government budgeting, **greater accountability** for public spending, and most importantly, **more effective, efficient and equitable government programmes and services**. Is this the case in your country? Are CSOs capacitated to take on this role?

Session 2: Linking Policies with Budget – Roma Integration

- Budget as Government's Key Policy Instrument in Roma Integration Policies
- *Key Point on Budget Control: Spending Control, Monitoring and Evaluation*



Policy development, strategic planning and budgeting cycle: How it works?



Good practices and key challenges

Availability of high quality strategic and operational documents

Good Practices	Key Challenges in Practice
National Roma Integration Strategies reflecting policy priorities and EU requirements <i>timely adopted</i>	<ul style="list-style-type: none">• Strategies not adopted or adopted with delays• Strategies not adequately reflecting policy priorities
High quality Action Plans (APs) for strategies' implementation <i>timely adopted</i> and <i>adequately budgeted</i>	<ul style="list-style-type: none">• APs not produced, or produced with delay• Activities/measures inadequately defined• Financial framework not defined or poorly defined• No prioritization mechanism in place
APs regularly and timely <i>revised</i>	<ul style="list-style-type: none">• APs outdated or revised with delay

Good practices and key challenges

Synchronization of work planning and budget planning processes

Good Practices	Key Challenges in Practice
APs produced and revised timely in relation to <i>institutions' work planning</i>	<ul style="list-style-type: none"> • APs adopted or revised after the institutions' work plans are produced
APs produced and revised timely in <i>annual budget cycle</i> (before budget requests are submitted to MoF)	<ul style="list-style-type: none"> • APs produced/revised after mid-term and annual budget requests are due, and therefore not included in budgets
<i>High quality funding requests</i> produced by relevant institutions, submitted and approved by MoFs	<ul style="list-style-type: none"> • Poor quality of funding requests • Good quality requests, but not supported by institutions' heads • Good quality requests submitted to MoFs, but not approved
APs produced and revised timely to be used as an input for programming of <i>donor assistance</i>	<ul style="list-style-type: none"> • APs available after donor assistance is defined • Donor assistance not tailored to AP support • Wasted funding opportunities

Good practices and key challenges

Synchronization of planning and budget documents

Good Practices	Key Challenges in Practice
APs used as input in institutions' work planning and <i>reflected in mid-term and annual work plans</i>	<ul style="list-style-type: none">• Workplans of relevant institutions (all or some of them) don't reflect AP measures
<i>MTEFs</i> reflect Roma Integration as one of <i>strategic priorities</i> and provide indicative multiannual funding	<ul style="list-style-type: none">• No information on Roma integration priorities provided in narrative or financial terms
<i>Annual budgets</i> reflect MTEFs and contain <i>allocations</i> for implementation of specific measures from APs	<ul style="list-style-type: none">• Funding for implementation of APs not provided in budgets, or not clearly indicated as targeted measures• Budgets not aligned with MTEFs

Causes?

- Lack of political will?
- (Insufficient) capacities of relevant stakeholders?
- (Unclear) stakeholders' roles and responsibilities?
- (Poor) quality of budget management system?
- (Lack of) funding available in budgets?
- Combination



Q & A

- **Which are the key challenges in your countries? Please give examples.**
- **What is the most difficult/challenging part in the process and why:**
 - Timely produce a well-costed Action plan?
 - Ensure that measures are included in work plans of all relevant institutions?
 - Produce high quality funding requests?
 - Ensure that institutions' heads will put forward these requests to MoFs?
 - Ensure MoFs support?
- **How do we address/solve the situation and how RCC RI 2020 can help:**
 - How to ensure political support?
 - What specific capacity development is needed?

What is Budget Control/Monitoring?

- **Budget monitoring = continual or periodical monitoring of budget implementation, in order to assess the success (or lack of) of specific intervention (program/activity), anticipate key challenges, and proactively design necessary improvement.**



Budget monitoring is a key mechanism for addressing policy shortcomings and formulating corrective measures

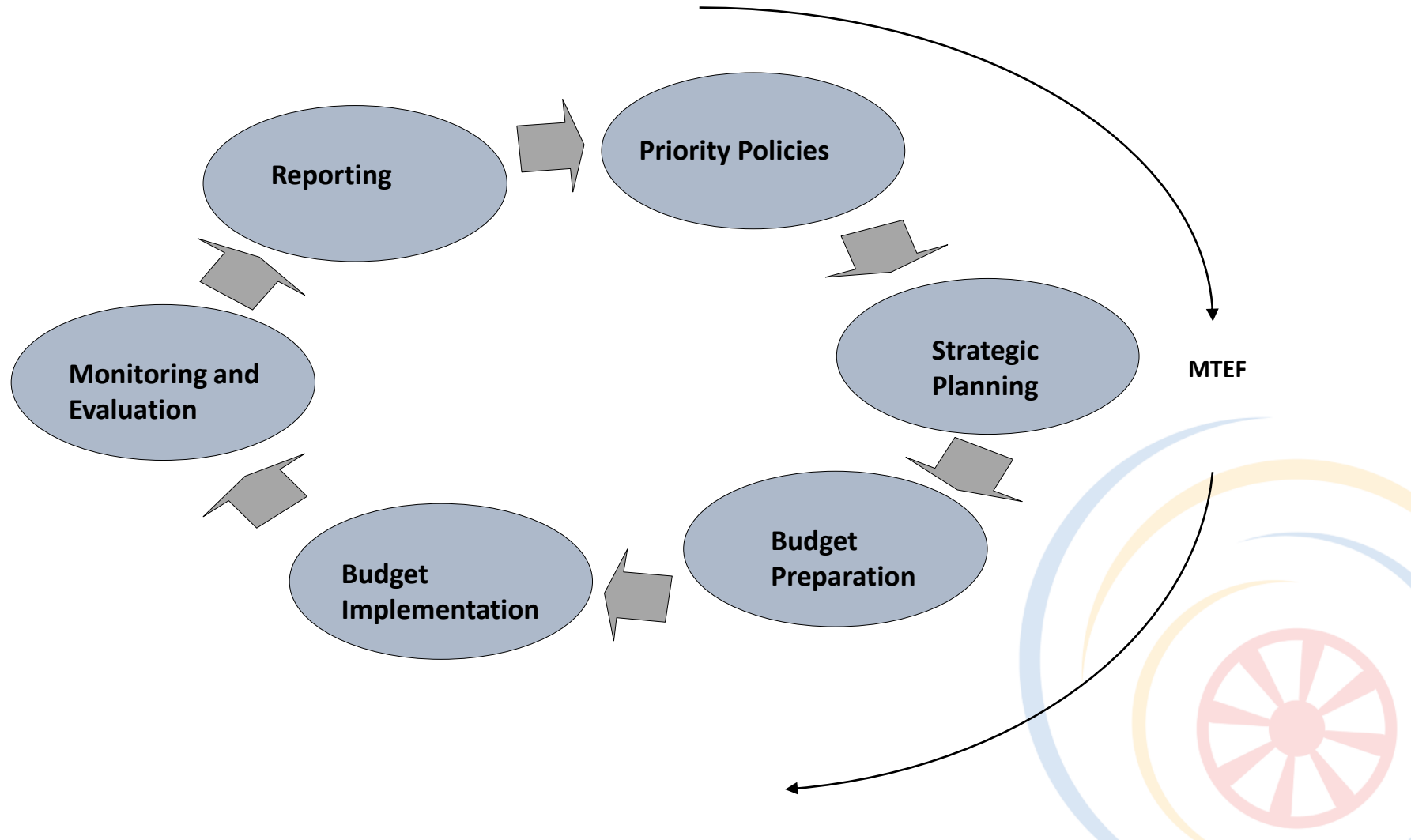


Budget Monitoring vs. Evaluation?

- What is the difference between monitoring and evaluation?



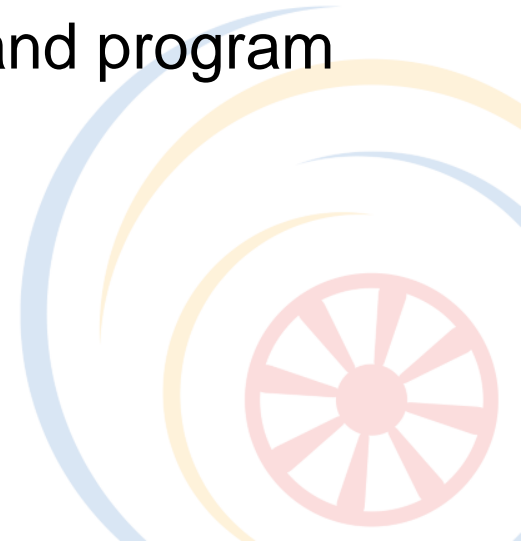
M&E Within the Policy and Budget Process



Budget Monitoring and Evaluation Goals

Budget M&E objectives:

- Efficiency and effectiveness
- Accountability for results
- ‘Value for money’
- Identifying challenges in the process of implementation and supporting policy and program adjustments



Preconditions for budget M&E

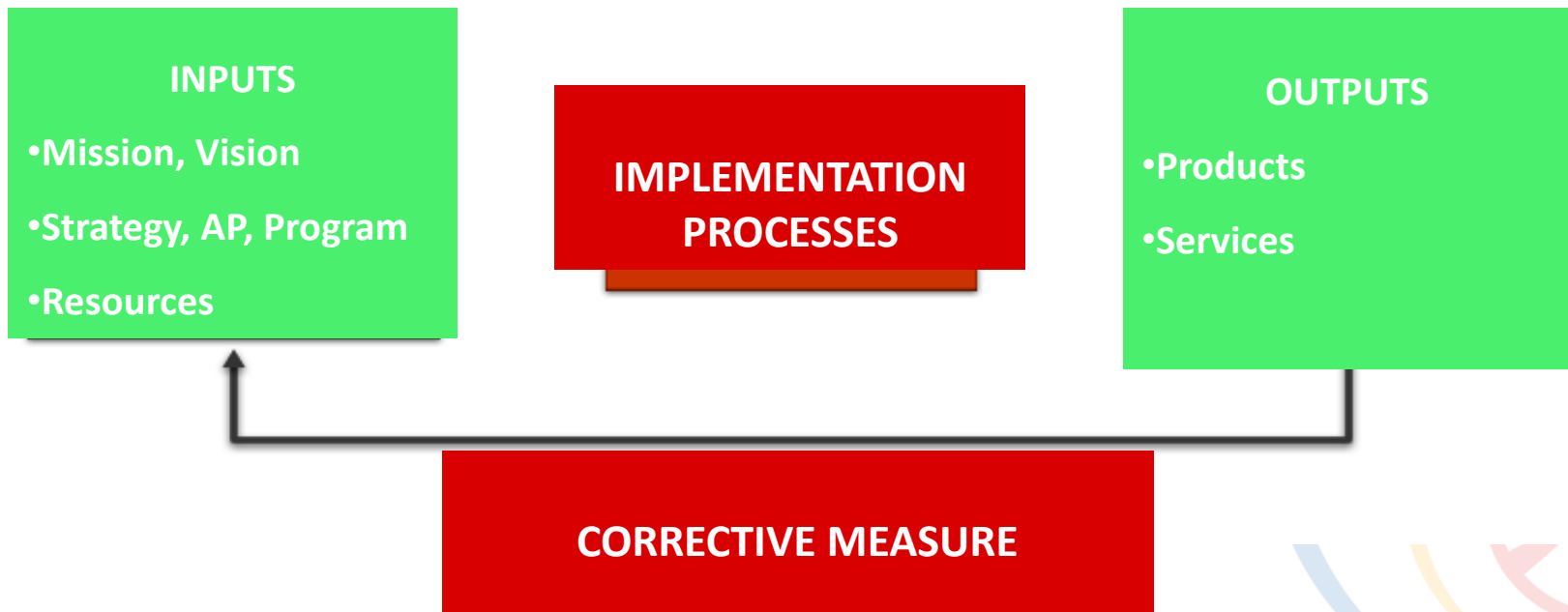
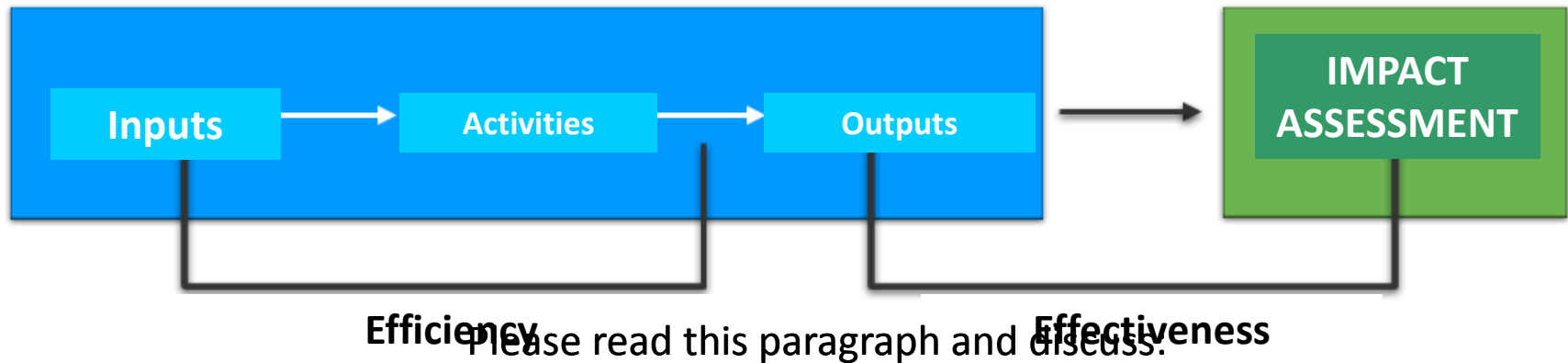
- Access to budget information
- Citizen friendly budgets
- Adequate capacities to understand budgets – structure, key results, and how are they measured/OVIs

Key aspects:

- Relevance: Is it aligned with current priorities?
- Effectiveness: Strategic goals and target beneficiaries?
- Efficiency: Value for money?
- Impact Assessment: Is there an impact?



Budget M&E: Policy Corrective Measure



Challenges from the practice

- Problems in monitoring methodologies
 - What are the actual costs related to Roma integration – targeted versus budget mainstream costs?
 - Lack of consolidation – one ministry in charge, but in reality, many institutions are implementing partners and share responsibilities
 - Lack of consistency in M&E methodologies – data not comparable over time
- Lack of capacities in identifying, monitoring and evaluating OVIs – visible across all policy frameworks, and certainly within budget funding proposals

Q & A: Monitoring Roma Integration Objectives

Inputs

- Are resources needed for implementation of activities available on time and in the right quantity and quality?
- Are policy priorities/strategies/APs clear and well defined?

Activities

- Are activities being implemented on schedule and within the approved budget?
- Are activities leading to the expected outputs?

Outputs

- Are the outputs leading to the expected outcomes?
- How are beneficiaries feeling about the work?

Outcomes

- Measuring changes at outcome/impact level requires a longer time frame – is this acknowledged within the policy and budget cycle?