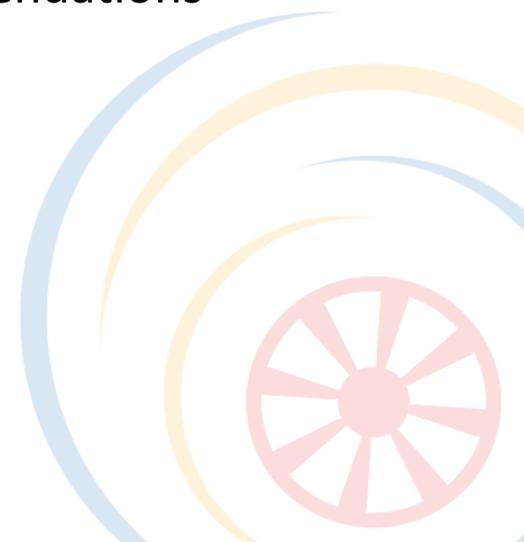


Day 2 Agenda

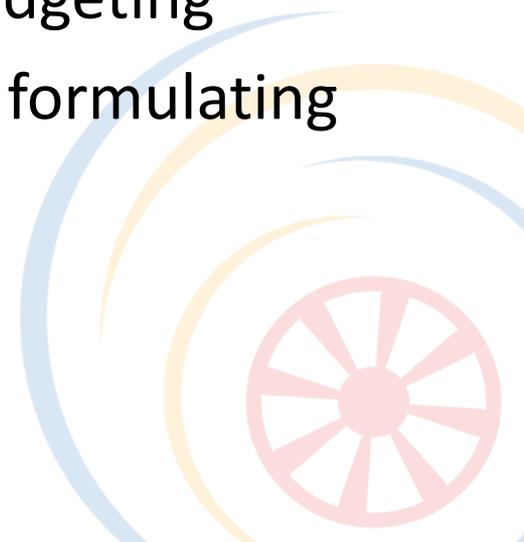
Day 2: Budgeting Methodologies

- Session 5: Budgeting methodologies and solid funding proposal
- Session 6: Budgeting methodologies
- Session 7: Results of group work
- Session 8: Closing remarks, conclusions and recommendations



Session 5: Budgeting Methodologies and solid funding proposals

- Budgeting methodologies
- Budgeting for Roma integration
- Public budgeting: Line item vs. program budgeting
- Program budgeting for Roma integration – formulating funding proposals



Budgeting Methodologies - general

- A ***technique*** used to calculate costs of a project/***strategy***, or public ***budget*** expenditures
- General approaches in budgeting projects/ strategies:
 - Top-down
 - Analogue
 - Expert judgment
 - Bottom-up
 - A combination of the above



Budgeting Methodologies - general

Incremental budgeting

- Current period is the base, adjusted for increases
- Simple and easy, but less efficient

Zero-based budgeting

- Zero is the base, the rest must be justified
- Expensive, but removes inefficiencies

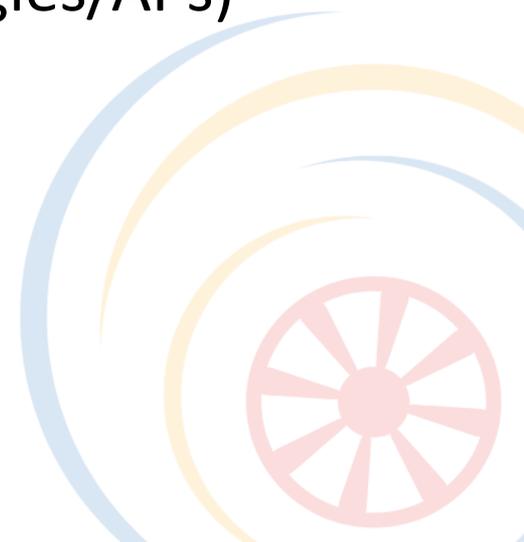
In **public sector**, a combination of the two is commonly used



Budgeting for Roma integration

Roma integration is supported through budget:

- **Mainstream** measures (Roma benefiting from mainstream public services in different sectors)
- **Targeted** measures (designed to provide targeted support to Roma; as specified in strategies/APs)



Budgeting for Roma integration

Costs of Roma integration include **both**, but costs of targeted measures are typically calculated:

- This provides clear information on additional outlays required from governments and donors
- Costs of mainstream measures benefiting Roma are difficult to estimate



Public budgeting methodologies

Conventional approach: line item budgeting

Budget planned based on inputs –
resource requirements

Funding allocated by economic line
items (salaries, costs of materials and
services, capital investment)

No information about strategic focus or
expected results of public spending



Modern approach: result-based budgeting

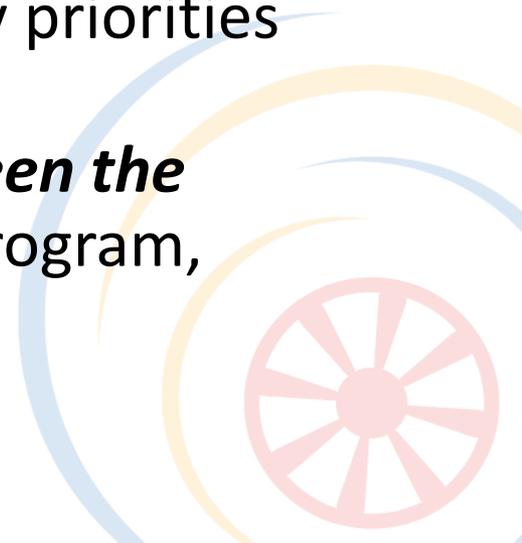
Budget planned based on outputs –
results of activities

Funding allocated for results that
correspond to government's strategic
priorities, but also by line-item

Budget tells about government's
strategic priorities and results to be
achieved with funds spent

Program Budgeting

= a form of result-based budgeting:

- All government expenditures are allocated by ***program*** and by ***economic line item*** within programs
 - ***Program*** is a set of activities that have common operational objective(s) aligned with policy priorities
 - Result-based budgeting – direct ***link between the funding*** and ***results*** to be achieved from program, aligned with policy priorities
- 

Program Budgeting

Program budgeting supports key principles of effective budgeting

Fiscal discipline

- fiscal and economic accountability

Promoting strategic priorities

- allocating scarce resources to policy priorities

Achieving results

- efficient and effective spending, value for money

Program Budgeting

Key elements for program budgeting:

- What does the institution want to achieve in long term?
 - **Strategic goal(s)** aligned with priorities
- What does the institution do to achieve this?
 - **Programs** and their operational (program) **objectives**
 - **Activities** within specific programs
- What is this based on?
 - Relevant **legislation** and strategic framework

Program Budgeting

- **Key elements** for program budgeting (continued):
 - What results will be achieved?
 - Quantitative **performance indicators** and their targets
 - How much will this cost?
 - **Costs** of program / financial and human resources
 - Who is **responsible** for implementation and results?
 - Program manager

Program budgeting for Roma integration

Program budgeting as a tool for *Roma sensitive budgeting*:

- For *mainstream* measures, by integrating Roma sensitive elements (objectives, indicators, results) into mainstream programs, whenever possible
- For *targeted* measures, by creating targeted funding proposals for implementation of specific measures from Strategies/APs



Program budgeting for Roma integration

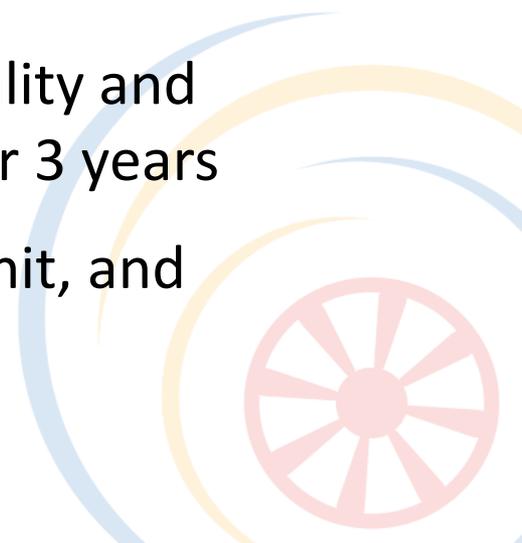
Key elements of *solid funding proposal* in program format:

- **Program** – particular measure(s) from the Roma Strategy/Action Plan
- **Strategic goal** – program’s strategic goal matching strategic goal(s) from Roma Strategy or other relevant strategic documents
- **Operational objectives** - program’s specific objectives (SMART) contributing to achieving the stated strategic goal(s)
- **Activities** – detailed actions to be taken to meet the operational objectives



Program budgeting for Roma integration

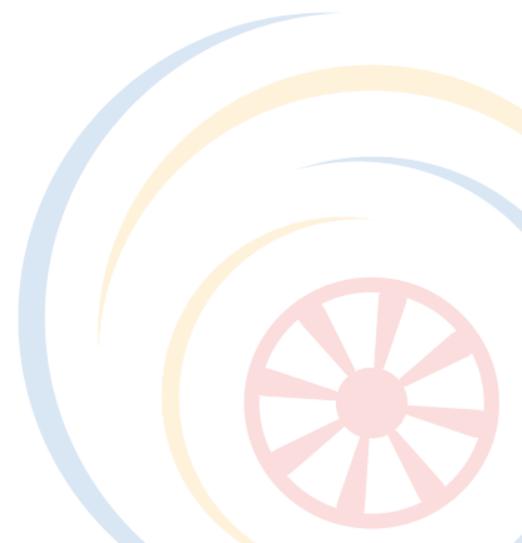
Key elements of *solid funding proposal* in program format (continued):

- **Legislative basis** – relevant international and national strategies, laws and by-laws
 - **Results** – quantifiable performance indicators to measure progress and the degree to which the goals are met, and their targets for 3 years
 - **Costs** – based on resource requirements (quality and quantity) and their unit costs, by line item, for 3 years
 - **Responsibility** – institution(s), organization unit, and responsible person
- 

Program budgeting for Roma integration

Additionally, to highlight:

- ***Synergies*** with other Roma integration programs/activities or mainstream measures
- ***Contribution*** to better implementation of institution's core activities
- Potential donor ***co-funding*** opportunities



Program budgeting for Roma integration – example*

Program Name: *Program for education, additional qualifications, (re)qualification of Roma registered as unemployed at Employment agencies*

Strategic goal(s):	To improve the employability and employment of Roma
Program objectives:	To increase self-employment of Roma population
Responsibility:	MHRR, Sector for human rights, Assistant Minister
Legislative basis:	<ul style="list-style-type: none"> • Action Plan for Addressing Roma Issues in the Fields of Employment, Housing and Health Care 2017-2020 • Relevant national law and by laws...
Activities	<ul style="list-style-type: none"> • Develop program for self-employment subsidies • Announce and implement the public call • Award subsidies • Monitor employment of Roma who received subsidies

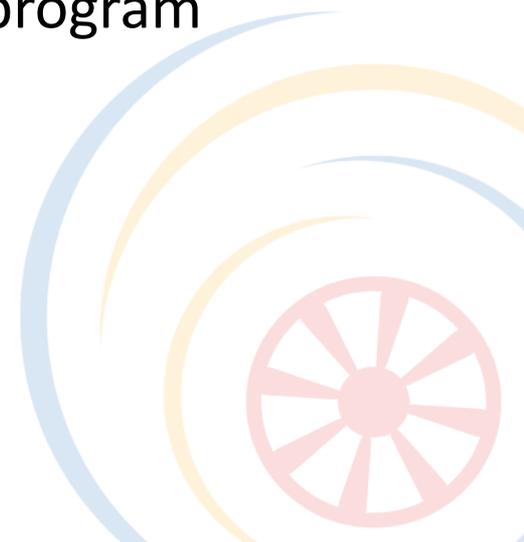
Program budgeting for Roma integration – an example*

Performance indicators						
Type of indicator		2016 Actual	2017 Plan	2018 Request	2019 Request	2020 Request
Output	No. of applications processed	100	100	300	300	200
	No. of Roma who received the subsidies	50	50	150	150	100
Outcome	% of Roma who started own business as result of subsidy	20%	40%	40%	40%	50%
	Reduction of Roma unemployment resulting from the program	2%	2%	2%	3%	3%
Costs						
Salaries & operating costs		10000	10000	30000	30000	20000
Capital investment		-	-	-	-	-
Total:		10000	10000	30000	30000	20000
No. of staff engaged		3	3	3	3	3

*All information is fictional and provided only for illustrative purposes

Program budgeting for Roma integration – Challenges in practice

- Programs defined vertically, within institutions – no comprehensive information on government-level budget support
- Unclear institutional responsibilities and avoiding responsibilities
- Inadequate capacities of institutions to apply program budgeting



Program budgeting for Roma integration – Challenges in practice

- Difficulties in defining quantifiable and reliable performance indicators that institutions can be accountable for
- Lack of formal incentive – budgets are still adopted only by line item, although also produced in program format
- Lack of systems for monitoring actual costs by program



Program budgeting formally introduced, but not fully functional - allocation decisions, including for Roma integration, are generally not based on results and strategic priorities

Q & A

- Has program budgeting been introduced in your country? How is it functioning?
 - Do you produce funding requests for Roma integration measures in a similar program format? If not, which one do you use?
 - Is it difficult? What do you find the most difficult to define? Why?
 - Does a well formulated proposal help getting the funds needed, or this doesn't really matter? If not, why?
- 