

2ND MEETING OF THE WORKING GROUP FOR DEVELOPING REGIONAL STANDARDS FOR ROMA RESPONSIBLE BUDGETING

:: MEETING NOTES ::

The second meeting of the *Working Group for Developing Regional Standards for Roma Responsible Budgeting* was held in Bucharest, Romania on 03 July 2018. The main objectives of the meeting were to evaluate the current status of the Working Group activities, discuss preliminary conclusions and agree on topics and future tasks of the Working Group members.

The draft Agenda of the meeting was adopted without changes and is attached to this document (Annex 2).

Each expert presented his findings on the economy-specific and common challenges, including potential areas where the intervention could introduce Roma responsible budgeting.

Mr Rezart Xhelo, the Working Group expert working with Albania and Kosovo* explained that legislative mechanisms related to Roma integration exists in both economies, giving opportunities for budget interventions. His presentation focused on the institutional and policy framework, budget cycle and challenges identified. All presentations are annexed to this document (Annex 3).

In relation to the *budget cycle* in Albania Mr Xhelo explained the crucial steps where Roma responsible budgeting can be introduced:

- 28 February, when budget instruction and ceilings are defined;
- 30 of April and 10 July – 31 August, phases of the Medium Term Budget Programme (MTBP) preparation;
- December, when the public budget is approved by the Parliament.

Budget instructions, documents defining the budget preparation process, are as follows:

- Ministry of Finance and Economy Instruction “on the Standard Budget Preparation Guidelines”.
- Ministry of Finance and Economy Instruction “on the Standard Procedures of Monitoring of Local Government MTBP”
- Ministry of Finance and Economy Annual Instruction “On the preparation of the MTBP”.

In relation to the *budget cycle* in Kosovo* the crucial steps where Roma responsible budgeting can be introduced are:

- 15 May, when budget circulars are issued by the Ministry of Finance. Budget circulars provide information on the process and budget ceilings to budget users.

* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.



- 15 June – 31 October, when budget proposals are prepared by line ministries and other institutions.
- December, when the public budget is submitted to the Parliament and adopted.

Budget instructions, documents defining the budget preparation process, where interventions can be made are:

- March, Instruction on Budget, issued by the Ministry of Finance;
- 15 May, Budget Circulars are issued, providing for performance indicators for budget programmes.

Mr Faruk Hujic, the Working Group expert working with Bosnia and Herzegovina and Serbia presented the situation in Bosnia and Herzegovina. Mr Hujic provided overall set-up in Serbia, but due to the lack of data provided by the government of Serbia, detailed situation analysis was not presented.

The presentation on **Bosnia and Herzegovina** depicted overall framework for budgeting, including potential Roma budgeting interventions. The problems with vertical institutional coordination were noted. The Ministry of Human Rights and Refugees channels resources to the lower level institutions but cannot follow the budget and policy implementation – and this is especially visible when there is an impact analysis that links back to policy/strategy measures. While programme budgeting is officially implemented, in reality the budgeting process follows more closely the traditional line-item budget preparation and execution. The Roma Integration Strategy and Action Plan are not directly linked to the budgeting process and there is the need for a stronger legal basis that would support guaranteeing and allocating budget resources in line with strategic priorities for Roma questions. There is also a gap in the reporting process as annual funds reach policy implementing bodies late in the fiscal year. Thus, budget users always report on their activities with one or two years lag. The budget and policy impact assessment is not implemented.

Proposing legislative solutions, Mr Hujic suggested amending:

- The *Law on Rights of National Minorities*, in order to specifically state that budget resources can be awarded to a specific minority group facing high degree of social exclusion and inequalities. This Law would then be referenced by the Ministry of Human Rights and Refugees when requiring budget funds within its budget user requests.
- The *State Aid Law* regulating conditions for assigning, controlling, implementing and returning misused budget funds. The amendment would improve vertical coordination among institutions by clearly defining coordinating roles between the national government and other lower government levels in budget implementation and monitoring.

This would then be referenced in Roma sensitive budgeting cycle driven by the Ministry of Human Rights and Refugees:

- April – Ministry of Finance and Treasury issues Budget Instructions no 1 and Budget users propose their initial budget requests (programs), based on laws, bylaws, strategies, action plans etc. (legal backing for each proposed program intervention);





- June – Budget Framework Paper is created (1+2), where Roma related programs should be included;
- July – Ministry of Finance and Treasury issues Budget Instructions no 1 with specific limits and strategic priorities as per adopted Budget Framework Paper, and Budget users propose their refined budget requests (programs), based on laws, bylaws, strategies, action plans etc. (legal backing for each proposed program intervention);
- November/December – process of adoption by the Government and Parliamentary Assembly.

Mr Sasho Kjosev, the Working Group expert working with Montenegro and the Former Yugoslav Republic of Macedonia presented the findings for his assigned economies.

The key documents and processes where interventions could introduce Roma responsible budgeting in Montenegro are:

- Fiscal Strategy, adopted by the Government.
- Fiscal policy guidelines, adopted annually for a period of three years.
- Regulations for the preparation of the program budget, issued by the Government.
- Instructions for the preparation of the budget.
- Budget requests and priority setting process, spending units set their priorities which are reflected in their budget requests.

Key areas of possible intervention in **The Former Yugoslav Republic of Macedonia** are:

- Strategic priorities of the Government which are then transposed into strategic plans of budget users and their budget requests.
- Multiple budget programmes of line ministries for implementing Roma integration policies, such as the ones of the Ministry of Culture, Ministry of Labor, Ministry of Education, Ministry of Health, Ministry of Transport, and Agency of Employment.

The presentations of all experts identified what is lacking when speaking about Roma responsible budgeting. An overview of the **common challenges** identified by all experts, which are generally interconnected and considered applicable to all participating economies¹, is presented below:

1. No specific budget programmes/sub-programmes specifically addressing Roma integration exist. The Working Groups will focus their work on connecting Roma responsible budgeting with currently existing programmes and sub-programmes.

2. Priorities at the level of Roma integration strategies and Action Plans are not brought to the level of governmental and budgetary priorities. Roma Integration Strategies and Action Plans lack connections with the budget planning process both in official procedures and in practice. A common situation in the enlargement region is the general lack of information and the lack of coherent approach related to: a) the costing of the Action Plan; b) allocating funds for the Action Plan implementation annually and in the mid-term.

¹ To which extent are the findings applicable to Serbia is to be confirmed after further meetings with governmental representatives.





3. Unsatisfactory horizontal coordination of line ministries and the Ministry of Finance in order to align Action Plans with the public budgeting process and budget implementation, but also during the monitoring and reporting process.

4. Unsatisfactory vertical coordination during budget implementation at levels lower than the ministerial.

5. General underspending for Roma integration policies combined with the limited opportunities to extract public allocations for Roma integration, especially through mainstream budget programmes.

6. No specific reference to Roma responsible budgeting in the Budget instructions.

7. Focal points in relevant ministries, including the personnel working on Roma integration, are limited in numbers, and have limited training and skills for coping with the tasks.

8. General lack of information on spending on Roma integration and lack of ethnically desegregated data in all phases of the budgeting process. This heavily affects impact assessment, which is generally not implemented, further leading to the lack of evidence based policy-making and policy-costing.

9. Insufficient opportunities for the consultative process - Roma and other interested parties are generally not involved in the budget planning process.

The Working Group decided to focus their actions on what is possible and to adopt a phased approach in introducing Roma responsible budgeting. As noted by Mr Usein, the working group will be testing the approach developed in following budget cycles, and will introduce trainings of relevant personnel in all economies from 2019.

The working group agreed that the focus needs to be on examining realistic possibilities to introduce more funding for Roma. On the same note, it was reiterated that the Group needs to focus on mainstream policies, how they affect Roma, to which extent are they taking into account the situation of Roma, and how can Roma be considered in these policies.

The working group agreed that the approach should involve:

1. Introducing Roma responsible budgeting at the policy level.

Such an approach can be achieved by referring to Roma integration in objectives of general socio-economic policies, budget programmes, and in budget instructions/circulars.

2. Piloting Roma responsible budgeting in a limited number of budget programmes/budget lines.

The experts will connect five mainstream budget lines with the goals of the Roma Integration Strategies in five thematic priorities. At least one indicator (or proxy/sub-indicator contributing to the overall indicator) should be developed per budget line. Each indicator needs to be coupled with relevant outputs/activities and outcomes.





It might prove easier to promote this in policies which are more relevant for EU integration and in policies where gender responsible budgeting is already introduced.

3. Introducing the obligation of the line ministries responsible for the five thematic priorities to include the National Roma Contact Point and inter-ministerial body in budget negotiations with the Ministry of Finance in order to assess policies' impact on Roma and negotiate for covering Roma by these policies.

4. Introducing mechanisms for consultations with relevant stakeholders and with the Roma community representatives.

5. Advocating for Roma responsible budgeting and for promoting Roma integration in policies at the top management and technical level.

6. Introducing a mechanism for avoiding internal budget cuts of funds aimed at Roma integration.

7. Capacity building of relevant personnel.

To involve both the Ministry of Finance staff as ‘budget gatekeepers’, as well as budget users at all levels (depending on the domain and their role within budgeting process). Raising awareness and increasing capacities is crucial for proper implementation and sustainability.

8. Strengthening budget monitoring and reporting mechanisms by stronger involvement of State Statistical Offices and Ministries of Finance.

In relation to monitoring expenditure, possibilities for following expenditure on Roma integration through institutional and economic expenditure, should be assessed². The experts will assess opportunities for performing such monitoring in the next set of meetings, especially with the State Statistical Offices.

Lastly, Ms Katja Lautar presented the research approach for preparing materials for the deliverables. The special focus in the following set of field meetings of experts will be to:

1. Identify parts of budget instructions/circulars where interventions can be made and propose solutions.

2. Identify programme, sub-programme, or budget lines relevant for each thematic priority and propose ways to link them with Roma integration strategies - throughout the whole budget process.

The presentation of Ms Lautar provided additional details about how can this be achieved (details included in Annex 3). In short, the approach calls for identifying budget lines with the potential to contribute to Roma integration; analysing who are current beneficiaries, how Roma can benefit from relevant expenditures and how can this be monitored; and streamlining budget and policy indicators with that of Roma integration strategies and action plans.

² Following expenditure through the functional classification is unlikely at this point.





3. Identify whether IPA funds are integrated or separated from public budgets and how and where can Roma responsible budgeting be introduced in IPA funding.

4. Identify possibilities for assessing impact of budget (proposals) on Roma during budget planning phase.

The possibilities of introducing the budget proposals' Roma impact assessment through governmental decisions and/or changes to Rules of Procedures of inter-ministerial bodies were stipulated in the meeting.

The Working Group further agreed on the following points:

- During the next set of meetings, the NRCs should ensure that the experts meet with the budget analysts of line ministries and the Ministry of Finance dealing with Roma integration. Other meetings are also welcome and should be bilaterally discussed;
- The NRCs should ensure that experts meet with the representatives of Statistical Offices;
- The third Working Group meeting will take place only after the draft deliverables are prepared, which might lead to its postponement;
- The experts will assess the potential for intervention in central level budget instructions issued to the local level. In case when budget lines are funded by the central level with more than 50% of the total funding, Roma responsible budgeting could be introduced.
- The RI2020 will seek a way to ensure that training certificates are provided by Public Administration Academies for Roma responsible budgeting trainings which will be delivered in 2019.

The RI2020 Action Team thanked all the participants for their cooperation and concluded the meeting.

