

3RD MEETING OF THE WORKING GROUP FOR DEVELOPING REGIONAL STANDARDS FOR ROMA RESPONSIBLE BUDGETING

:: MEETING NOTES ::

The third meeting of the Working Group for Developing Regional Standards for Roma Responsible Budgeting was held in Rome, Italy on 08 November 2018.

The draft Agenda of the meeting was adopted without changes and is attached to this document (Annex 2). The expert presentations are also annexed to this document (Annex 3)

The early draft of the Guidelines for Roma Responsible Budgeting (previously referred to as Manual on Minimum Standards for Roma Responsible Budgeting) was shared with the participants in advance of the meeting. Main objective of the meeting was to agree on the content and format of the sent version of Guidelines for Roma Responsible Budgeting (the Guidelines) and to discuss practical possibilities for introducing Roma responsible budgeting in participating economies.

The Meeting Notes document includes overview of experts' presentations and respective government's reflections on it, followed by explanation of a proposed 5 step approach to Roma responsible budgeting. The final part of the document is dedicated to the main conclusions of the meeting.

Economy-experts Main Findings:

Albania

The total and expenditure per policy area for Roma integration varies from year to year. The planned vs. spent expenditure rate has almost doubled from 2016 to 2017. The absolute expenditure has significantly increased from 2016 to 2017 (as reported in the 2017 Monitoring report), pointing to the increased interest to foster Roma integration. Albanian representative confirmed that budgetary variations in the two years compared are the result of stronger prioritization by relevant ministries.

It is challenging to identify budget allocations for Roma integration as budget programmes do not separately present expenditure for Roma integration policies.

The budgeting practice remains strongly influenced by limited budget ceilings set by the Ministry of Finance and Economy (MoFE). The line ministries need to fit within these limits. General issue is that strategies, such as the Roma Integration Strategy, are not well integrated within the programme budget. Examples shown in the expert presentation pointed to the lack of connection between objectives of the Roma Integration Strategy and the budget programmes for relevant policy areas. The process should improve to allow that planned policies, including the Roma integration policy, are better reflected within the budgeted limits.

Albania implements programme budgeting format whose implementation continuously improves. Government institutions have been continuously introducing new budget programmes in recent years. Likewise, the introduction of key performance indicators (KPIs) has started. Such trend provides an opportunity to introduce Roma responsible budgeting in



the programme budget format while also being an exercise in programme budgeting for the institutions.

Speaking specifically on the Roma integration issue, none of the budget programmes and budget products is specifically designed for Roma integration. Nevertheless, a number of budget programmes directly contributes to Roma integration and some directly refer to Roma (as part of wider population covered within the programme). Furthermore, a number of budget products refers to Roma and sets objectives related to Roma integration. It is still not possible to follow related expenditure and achievement of the set objectives within these products. This is due to the fact that disaggregation at the lowest level lacks, the targets and planned expenditure per-unit are general (relate to the overall population covered by the products).

Hence, Roma responsible budgeting exercise should start by introducing KPIs (in budgets) in line with the objectives of Roma integration within a certain policy area. The first step should be to introduce the KPIs in the budget products already referring to Roma. An additional solution would be to start introducing budget products specifically designed for Roma integration. The objectives and targets at policy level are known and can be extracted from the Roma Integration Strategy and relevant sector strategies. The next step can be to define specific budget products which would include Roma integration targets and expenditure. This proposal is in line with the strategic planning logic according to which the key priorities of any strategy need to be articulated within the budget framework.

The introduction of budget programmes specific for Roma is not likely at this point as their number is limited and it is more difficult to introduce new programmes.

A promising practice in Albania is that the ministry in charge of a certain horizontal policy matter (such as gender or environment) participates in budget hearing meetings between the MoFE and other ministries to infer how they complied with the horizontal policy requirements. Similar practice can be introduced for Roma integration policies where the Ministry of Health and Social Protection would participate in relevant budget hearings and lobby for Roma integration.

Expert recommendations:

- MoFE should introduce key mandatory criteria in the Medium Term Budget Preparation Guideline by requesting from line ministries to define relevant KPIs during budget preparation. Furthermore, the MoFE should advocate for Roma responsible budgeting and reporting;
- Line ministries should introduce budget segregation within their budget programmes. This should be performed by setting up relevant sub-programmes, budget products, KPIs, etc;
- Establish system for data collection and data segregation to help with defining performance indicators;
- Train and build capacities of officials to apply, implement, monitor and report Roma responsible budgeting across sectoral policies and across budget programmes;
- Improve the process of budget preparation by demanding mandatory consultation with civil society, citizens, and Roma rights advocates.

Bosnia and Herzegovina

Programme budgeting is officially in force in the economy, but in reality the budgeting process more closely follows the traditional line-item budget preparation and execution. The





budgets are not adopted by programme classification. The capacities of civil servants to produce solid and adequately budgeted funding proposals based on the programme budgeting methodology are insufficient. The monitoring of achieved results is not implemented.

In relation to Roma integration, the Ministry of Human Rights and Refugees (MHRR) channels resources to lower level institutions. The MHRR does not have the mandate to follow budget and policy implementation at lower governance levels. The Roma Integration Strategy and Action Plan are not directly linked to the budgeting process. The fact that annual funds reach policy implementing bodies late in the fiscal year has led to gaps in the reporting process. Thus, budget users report on their activities with one or two years lag. The budget and policy impact assessment is not implemented.

Stronger legal basis would support guaranteeing and allocating budget resources in line with the strategic priorities for Roma integration.

Expert recommendations:

- The Law on Rights of National Minorities in Bosnia and Herzegovina should be amended so that it specifically states that budget resources can be awarded to specific minority group when high degree of social exclusion and inequalities are noted. The 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 of Bosnia and Herzegovina regulates conditions for assigning, controlling, implementing and returning misused budget funds. The Law should be amended to clearly define coordinating roles between central government and all other lower government levels related to budget implementation and monitoring.

*Kosovo**

The budgetary allocations per thematic priorities were disproportional and varied from 2016 to 2017. The total expenditure for Roma integration has lowered in the same period. The average expenditure rate (comparing budget spent and budget planned) within the Roma integration Action Plan remained stable and above 95%. The expenditure per line ministry expressed as portion of their total expenditure is very low (often below 1%). The number of relevant budget programmes contributing to Roma integration within a single ministry varies. It is the lowest in healthcare where only 1.67% of all budget programmes explicitly contribute to Roma integration. Strong dependence on donor funding is an issue, whereas only 16.1% of the total budget planned for Roma integration is obtained from the government.

General issue is that strategies, such as the Roma Integration Strategy, are not well integrated within the budget. The thematic priorities are well developed into outcomes, outputs and objectives within the Roma integration Action Plan, but the budget does not reflect this disaggregation.

None of the budget programmes is specifically designed for Roma. Yet it was possible to identify budget programmes that directly or indirectly contribute to Roma integration. The budget programmes are disaggregated into sub-programmes. Considering the relatively high number of sub-programmes it should be possible to start introducing sub-programmes specifically for Roma integration. The field of housing has the potential for piloting Roma responsible budgeting as relatively high expenditure for Roma integration was already

* 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.





established within certain sub-programmes. Introducing new sub-programmes is considered as more realistic than introducing new budget programmes at this point.

Expert recommendations:

- The Ministry of Finance (MoF) should introduce a clause on Roma integration in the Budget Circular requesting from line ministries to address Roma integration in their budgets. The clause should be supported with the relevant legal provisions or the Government decision. The MoF should also strongly argue for Roma responsible budgeting and reporting in the budget hearings;
- Line ministries should initiate budget segregation within their budget programmes. The initial phase should be setting up sub-programmes, later to be followed by introducing relevant KPIs;
- Establish system for data collection and data segregation to help with defining performance indicators;
- Train and build capacities of officials to apply, implement, monitor and report Roma responsible budgeting across sectoral policies and across budget programmes;
- Improve the process of budget preparation by demanding mandatory consultation with civil society, citizens, and Roma rights advocates.

The Government representative noted that Kosovo* institutions are increasingly involved with Roma integration through the central government budget while donor funding is becoming more focused on return and reintegration.

Montenegro

There is no evident vertical connection in the budget to the strategic objectives set in the Strategy. The target values and measurable indicators for each level of the structure are also missing.

Based on conducted interviews with line ministries' representatives, and publicly available strategic/budgetary documents, some reclassification of the budgetary allocations was performed. Directly linked budget allocations for Roma integration represent only 0.01%, while indirectly linked allocations are estimated at 12.57% of the total budget of Montenegro. The expenditure on direct allocations has been increasing since 2016, while the expenditure on indirect allocations is decreasing in all thematic priorities.

Expert Recommendations:

- Improve quality of strategic documents and action plans;
- Amend the Budget Circular by introducing the obligation for budget users to submit the list of Roma integration budget initiatives as accompanying document to their budget requests. The list should contain precise information on expenditure and sources (budget programmes and line items).

Serbia

The budget regulation does not mandate targets towards any specific group. The System Budget Law does not contain specific reference to Roma.

Expert recommendations:





- Medium-term Budget Programme Guidelines need to be improved and amended to include Roma responsible budgeting principle and connect it with the decisions on allocation of funds (following the existing Gender responsible budgeting practice);
- The line ministries need to increase their capacities to pursue Roma responsible approach to budgeting;
- The MoF should demand for Roma responsible budgeting and reporting as part of programme budgeting (starting with thematic priorities);
- Coordination among relevant institutions involved in policy and budget preparation should be further improved;
- Improve the process of budget preparation by demanding mandatory consultation with civil society, citizens, and Roma rights advocates during budget preparation, both in ministries and the Assembly.

The Government representative added that KPIs have been introduced in Serbian budget in recent years. Based on existing practices Roma integration KPIs should be developed and introduced in the budget.

According to the representative, another window of opportunity for initiating Roma responsible budgeting exists within IPA and donor projects. The existing practice is that line ministries introduce specific budget lines for co-funding of IPA and donor projects. The Government can consider introducing Roma integration KPIs in existing budget elements specifically designed for Roma integration co-funded projects.

The Former Yugoslav Republic of Macedonia

Two budget sub-programmes are directly linked to Roma integration. Additional budget programmes and sub-programmes contribute to Roma integration, but due to weaknesses in programme classification and the lack of disaggregated data it is not possible to precisely extract information on relevant expenditure from the budgets. The information on expenditure from the monitoring reports points out to a continuous increase since 2016. Nevertheless, established expenditure is only a small percentage of the total expenditure of line ministries.

Expert recommendations:

- Improve inter-ministerial coordination and specify competencies of each relevant institution. The relation of the Ministry of Labor and Social Policy and the Minister without portfolio with the MoF, but also that of the aforementioned institutions and line ministries needs strengthening.
- Strengthen the role of the Ministry of Finance. The Ministry should carry Roma integration activities related to their financing and financial realization.
- Increase the quality of strategic documents and action plans. The documents should incorporate clearly defined and well-structured Roma integration objectives, realistic targets, defined timeframe, planned budget allocations, as well as SMART indicators.
- Amend and supplement the Budget Circular following the principle of already introduced gender budgeting. Budget Circular should stipulate the obligation for budget users to provide a list of Roma integration budget initiatives as an accompanying document to their budget requests. The list should specify relevant expenditures and their sources (budget programmes and line items).
- Strengthen the monitoring and reporting process. Most of the required information about beneficiaries and expenditure is not available. The Ministry of Finance (in cooperation with other competent institutions) needs to develop a mechanism for systematic monitoring of implementation of budget funds and impact assessments. In





addition, the State Statistical Office and competent institutions should adapt the data collection process so to produce disaggregated statistical data.

Understanding the 5 step approach to Roma responsible budgeting:

The Team Leader budget expert presentation clarified the five steps proposed in the Guidelines document. The steps were presented from a practical point of view for easier understanding. The five steps are summarized below:

Step 1: Categorization of budget items by their relevance for Roma Integration

The budget items need to be analysed for their potential links with Roma integration. The established link can be direct, indirect or considered neutral. Directly linked budget items are those that explicitly refer to Roma. Indirectly linked budget items do not explicitly refer to Roma but are relevant for all individuals falling within the beneficiary criteria. As long as Roma individuals fulfil beneficiary criteria these budget items are relevant for Roma integration. The third group of budget items cannot be put in connection with the Roma integration goals are marked as neutral.

Initial categorization of budget items raises attention about their (potential) links with the Roma integration goal and whether the link can be strengthened by implementing the remaining four steps.

Step 2: Analysing link between the Roma integration goal and the budgetary and general policy goals

After performing categorization of budget expenditure in step 1 it is necessary to choose the budget items which will be subjected to deeper analysis. In performing step 2 it is required to examine explanations of the chosen budget items and extract their expenditure and goals. After budget items are analysed it is possible to compare how their definition fits with the Roma integration policy goals.

The examples from the region show that the Roma integration policy tree is broken down to outcomes, outputs, indicators etc. Nevertheless, similar breakdown is not mirrored to the same extent in budgets. Budgets tend to exclude Roma integration outputs and indicators or do not include them sufficiently enough. The aim is to establish links between budgetary commitments and policy objectives of Roma integration which would allow to extract relevant expenditures effortlessly.

Being able to break down information on expenditure has numerous advantages, which include: more flexibility to report versus internal government and international obligations; an opportunity to collect precise information on expenditure for different services and different target groups (allowing for better planning); allowing for increased institutional accountability towards expenditure.

Step 3: Analysing impact that budget expenditure (direct and indirect) has on Roma integration

Step 3 aims to establish impact that current expenditures have on Roma integration and if the expenditures are well targeted and sufficient. The mainstream strategies (and their objectives) should also be analysed to infer how they can contribute to Roma integration.





When implementing this step it is necessary to involve representatives of line ministries. Line ministry representatives should provide in-depth information about budget expenditure and make necessary calculations and/or assessments. The analysis should provide information about: situation in the field and reasons behind it, disaggregation of expenditure according to its purpose, problems and obstacles observed, and finally the potential solutions.

The aim is also to calculate costs required to reach relevant policy objectives. Establishing costs of any policy gives information about the time needed to meet the set targets and the potential need to increase, relocate and/or re-target expenditure.

Different sources of information can be used to make necessary calculations. Considering the observed gaps in the budgeting process official data and statistics might not be available in the initial phases of Roma responsible budgeting. When official information is not available it is advisable to use existing assessments. Usually it is possible to extract early information from different reports and analyses performed by various stakeholders.

Step 4: Comparing budget expenditure on Roma integration with the Roma integration strategy objectives (in current year)

Step 4 should point to emerging trends of expenditure for Roma integration - if the expenditure is increasing or decreasing, and why. Potential reasons are numerous and can be related to budget preparation and adoption, absorption capacities, policy definition, government prioritization of the issue, implementing capacities, etc.

Understanding the reasons which impact changes in expenditure is important as it points to the relevant factor that needs to be accounted for to better promote Roma integration through the budget.

Step 5: Deciding on actions which need to be taken to advance Roma Responsible Budgeting (and Roma integration)

The necessary actions for furthering Roma integration through the budget are decided based on the analysis in 4 previous steps.

It is most feasible to make a list of necessary interventions (such as piloting Roma responsible budget programmes, the NRCP becoming involved in line ministries budget negotiations, etc). The desired interventions should be annually defined. At the end of each year it is possible to reflect on their achievement and further action needed. The interventions need to be economy-specific because of observed differences in economies.

The initial expert suggestion was to pilot a smaller number of budget sub-programmes (or programmes) according to the 5 step approach to be followed by developing economy-specific guidelines and recommendations based on the findings of the pilot exercise.

Final Conclusions of the Meeting:





- The final version of the Guidelines prepared as a result of work in 2018 will be a single standardized regional document. The document will not include economy-specific examples. The document should be as short as possible, more clearly elaborated, give practical instructions how to apply the 5 steps, and give information about needed mechanisms of cooperation. The budget terminology should be further clarified for line ministries' users.
- The revised version of the Guidelines document will be sent to the Working Group for comments and editorial issues in the next 2 weeks.
- The Guidelines needs to be discussed with other institutions included in Roma integration and programme budgeting, as noted by governments' representatives. Remaining institutions should provide insight and information whether they find the document useful and applicable. The Ministry of Finance as the key institution for planning and prioritizing the budget should also be consulted.
- The degree to which Roma integration directly connects to budgets of the Western Balkans economies varies. Adding to this, the progress in application of programme budgeting methodology also differs significantly. Considering the situation as it is, the need for more economy-specific approach in the following phases of Roma responsible budgeting initiative was reconfirmed.
- The responsiveness of all institutions which were required to provide essential information was not at the same level, resulting in different level of analysis produced. This affected the quality of reports for objective reasons with some being more in-depth than others.
- The line ministries staff needs training on planning budgets for Roma integration and defining Roma integration criteria in budgets.
- The next phase of Roma responsible budgeting should consist of on-the-spot support in economies to provide expert guidance and on-the-job training during budget preparation. At least two budget programmes should be piloted in each economy using the 5 step approach. Pilot programmes should be introduced in cooperation with institutions that are keen to support Roma responsible budgeting and that are strong supporter of Roma integration. The RI2020 will try to support piloting of Roma responsible budget programmes in interested economies, as previously discussed in the meeting in Bucharest. After successful piloting in a limited number of budget programmes the approach should be brought to the remaining (relevant) budget programmes.
- The piloting is also considered an adequate approach to receive additional inputs from implementing institutions and increase their ownership. It should result in in-depth understand of the budgeting process and provide economy-specific examples at the end of the budget year. Once defined, the economy-specific examples will be integrated in the economy-specific versions of the Guidelines.
- Updated version of the Guidelines document should be developed after piloted support in economies during at least one budget cycle. The result should be economy-specific





versions of the Guidelines. The economy-specific versions of the document should additionally include and explain the following:

- economy-specific examples of the 5 step approach;
- how results of social inclusion monitoring reflect on programme budgets;
- training needs and education requirements for government staff to apply Roma responsible budgeting;
- proposals for legislative changes;
- legal and procedural mechanisms for uninterrupted institutional coordination and cooperation in the process of introducing and implementing programme and Roma responsible budgeting. The mechanisms should decrease the vulnerability of the process (especially to unexpected short and medium term political influences).

