

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

08 November 2018, Rome, Italy



INSTITUTIONAL STRUCTURE OVERVIEW

- Ministry of Human and Minority Rights;
- Ministry of Finance;
- Ministry of Internal Affairs;
- Ministry of Education;
- Ministry of Culture;
- Ministry of Labor and Social Welfare;
- Ministry of Health;
- Ministry of Sustainable Development and Tourism;
- Employment Institution of Montenegro;
- Directorate for Refugee Care;
- Association of Municipalities;
- Office for Combating Trafficking in Human Beings
- Roma Council;
- State Statistical Office;
- Center for Preservation and Development of the Cultures of National Minorities in Montenegro;
- Center for Vocational Education;
- Red Cross of Montenegro;
- Fund for the Protection and Realization of Minority Rights of Montenegro;
- Non-governmental organizations;
- Parliamentarians
- Media

OVERVIEW OF THE BUDGET CYCLE

1) How to Implement?

The budget calendar:

- Ministry of Finance issues expert guidance on preparation of capital budget of budget users (January)
- Spending units that have proposals for capital projects submit the request for budget funds for these projects to the Ministry of Finance (March 15)
- Ministry of Finance issues expert guidance on preparation of budget for next year (Budget Circular) (May)
- Submission of the budget requests of the first line spending units (July 31)
- Draft-Budget sent to the Government (October)
- Draft-Budget sent to the Parliament (November 15)
- Parliamentary debate
- Budget adoption (December 31)
- Final Account of the Budget submitted to the Government (June 1)
- Final Account of the Budget submitted to the Parliament (September 30)
- Audit Report on the Final Account submitted to the Parliament (October 15)

The programme classification, it is not (and cannot be) the basis for discussion and negotiations, since it is not fully adopted and implemented. Budget programmes/subprogrammes are not linked to any specific objectives or targets, and no progress indicators are attached to them.

Roma relevant issues are recognized in the strategic documents and action plans, primarily in the Strategy for Social Inclusion of Roma, which defines key areas of intervention (housing, education, health care, employment, etc.).

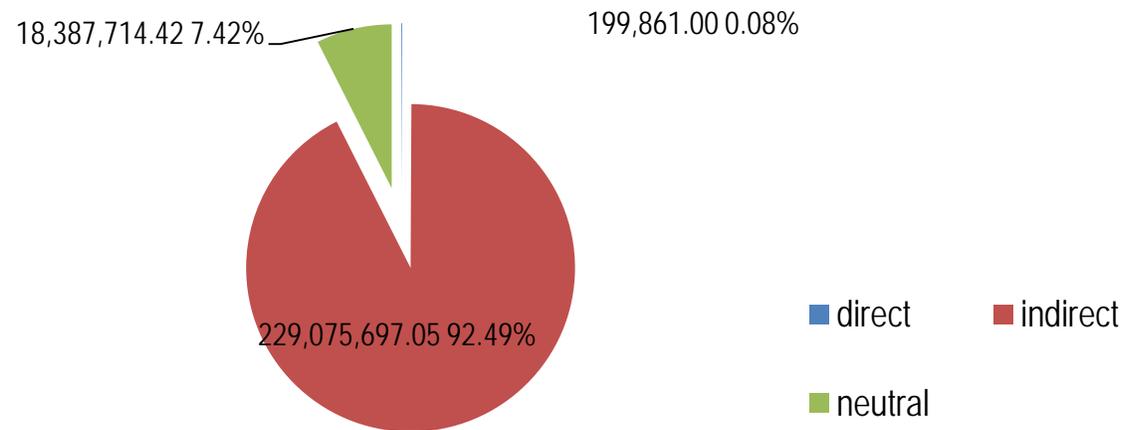
Also, Roma relevant issues are indirectly recognized in the sectorial strategic documents and action plans, where Roma are targeted as vulnerable group.

2. STEPS IN ROMA RESPONSIBLE BUDGETING

2.1. To what extent is a given expenditure relevant for Roma responsible budgeting?

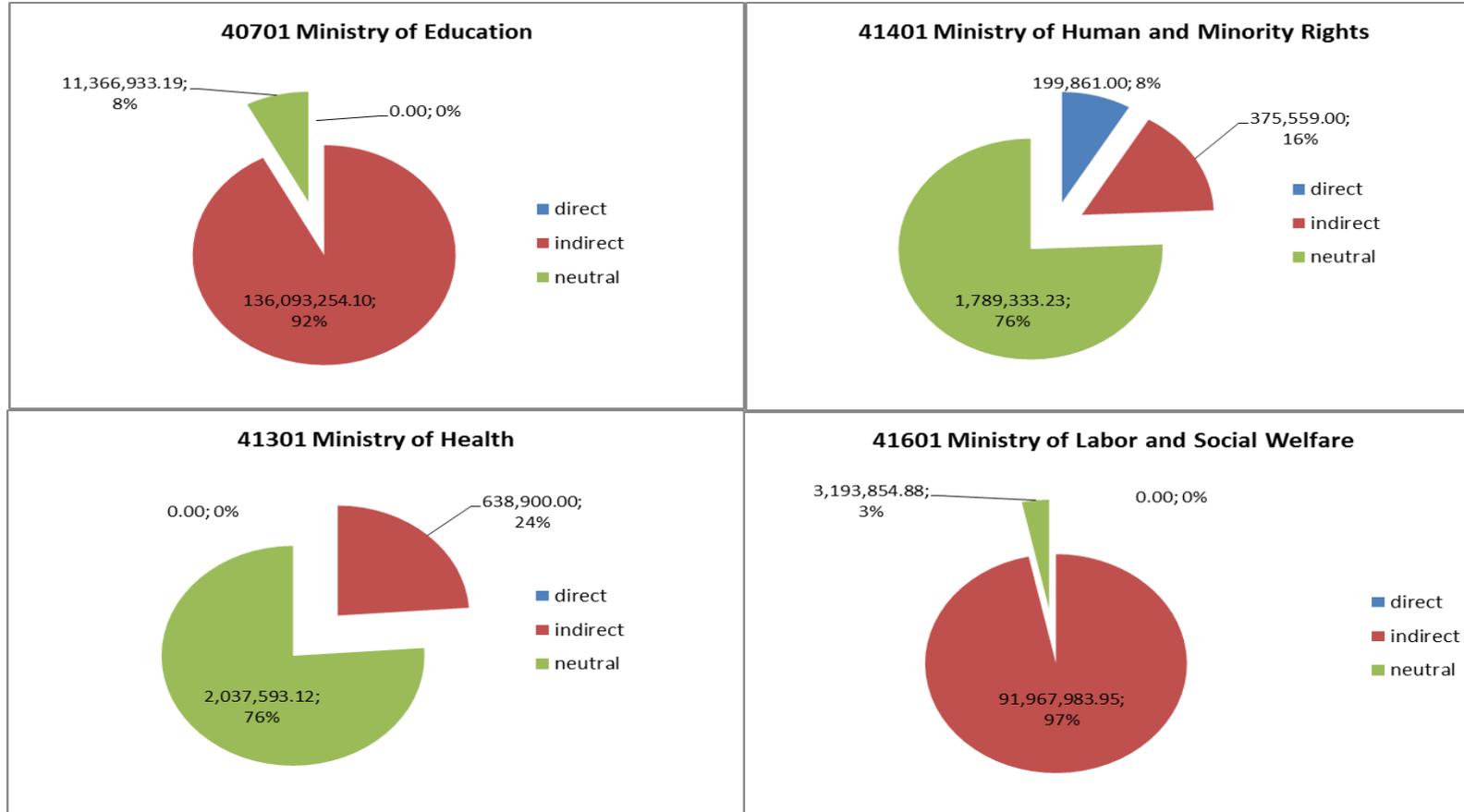
- Given the weaknesses of the programme budgeting in Montenegro it is almost impossible to determine the purpose and objectives of the line ministries services and activities
- Based on conducted interviews with appointed civil servants, and publicly available strategic/budgetary documents, some reclassification of the budgetary allocations is done, from the point of view of their importance for Roma integrations in the economy.
- In terms of the **total Budget of Montenegro**, directly linked budget allocations for Roma integrations represent only 0.01%, indirectly linked allocations are 12.57%, whereas neutral are 1.01%.

TOTAL (% of **total budget of the 4 line ministries**), Roma responsible



Budget allocations of Roma responsible relevance

- The analysis is done on a budget programme level, without taking into consideration the economic classification of the expenditures in each programme



2.2. How does the objective of “Roma integration” impact expenditures?

There is **no evident vertical connection to the strategic objectives** set in the Strategy

There are **missing target values and measurable indicators** for each level of the structure

The absence of disaggregated statistical data is serious obstacle for detailed and realistic analysis and proper budget planning.

There are two major problems that prevent substantial analysis with regards to step 2.2.

1. Besides the main relevant Ministries, there are many other institutions in each of the 4 sectors (first and second line budget users, local self-governments, funds, public enterprises, etc.) which budget allocations are practically impossible to determine. Most of the work of those institutions is purely administrative and it is very difficult to extract the budget allocations required for the analysis.
2. In addition, the relevant Ministries sometimes finance projects and activities which are not strictly part of their competences.

2.2. How does the objective of “Roma integration” impact expenditures? (cont...)

- Briefly: (1) the total budget allocations for each of the relevant sectors could not be determined and (2) the budget allocations related to Roma in each of the relevant sectors could not be determined. This limits the possibility to calculate ratio of expenditure on Roma (at least not in a sufficiently systematic manner).
- Considering the situation as explained above, a potential solution to perform calculation is provided below:

Table 1

Priority area	Allocated budget in the AP for 2017 (EUR)	Notes
1) Housing	11.782.322	Donations
2) Education	278.000	Out of which 15.000 donations
3) Healthcare	12.500	
4) Employment	96.000	
5) Legal status	14.000	Out of which 12.000 donations

2.2. How does the objective of “Roma integration” impact expenditures? (cont...)

- In order to avoid the problem with the activities which are not within the scope of the relevant ministries (but are included in their budget allocations), and in the same time to make a connection to part 2.1, it is better to take into the consideration the sum of the direct and indirect budget allocations – group 1 and group 2 (table 2)

Table 2

Competent institution	1) Total budget for 2017 (EUR)	2) G1+G2 (direct + indirect budget items) (EUR)
1) Ministry of Labor and Social Welfare	128.923.650	125.785.912
2) Ministry of Education	146.519.417	136.181.127
3) Ministry of Health	2.028.572	816.533
4) Employment Agency	23.045.993	23.045.993
5) Ministry of Human and Minority Rights	1.142.577	624.018

2.2. How does the objective of “Roma integration” impact expenditures? (cont...)

- This way it was possible calculate the percent (%) of the planned budget allocations for Roma (in the priority areas) in relation to the budget allocations planned in the budgets of the relevant institutions (ministries). These percentages are presented in table 3 (in bold)

Table 3

Priority area	% of 1) total competent institution budget	% of 2) G1+G2
1) Housing	9.1%	9.4%
2) Education	0.2%	0.2%
3) Healthcare	0.6%	1.5%
4) Employment	0.4%	0.4%
5) Legal status	1.2%	2.2%

2.3. How does the current distribution affects Roma integration?

In order to be able to determine the degree to which the Roma integration objectives have been achieved and to measure impact, **two main pre-conditions** should be fulfilled:

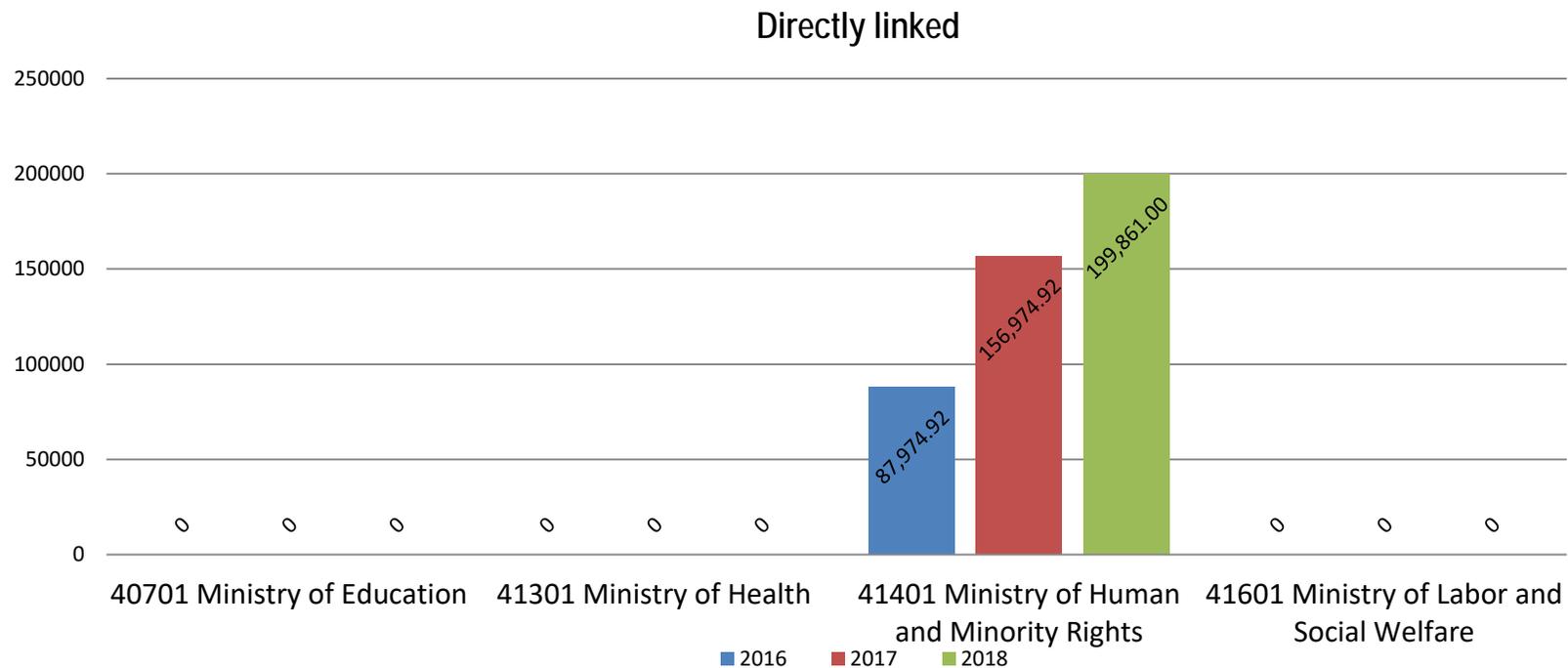
- 1) Introducing clearly defined and well-structured Roma integration objectives, realistic targets, defined timeframe, and budget allocations planned;
- 2) Introducing SMART (specific, measurable, achievable, relevant, time-bound) indicators and producing reliable disaggregated statistical data.

Weaknesses currently observed which limit the needed assessments are:

- Objectives are not well-structured, should be contributing to a unique higher goal;
- At some levels objectives are not established, or inappropriate objectives are set;
- No clear timeframe defined (unclear if it is for that particular year or for the whole period);
- Often targets set are unrealistic, and sometimes targets are not set at all;
- Imprecise source of funding (planned budgets do not correspond to the adopted budget allocations of the competent institutions);
- Inappropriate progress indicators;
- Lack of disaggregated statistical data.

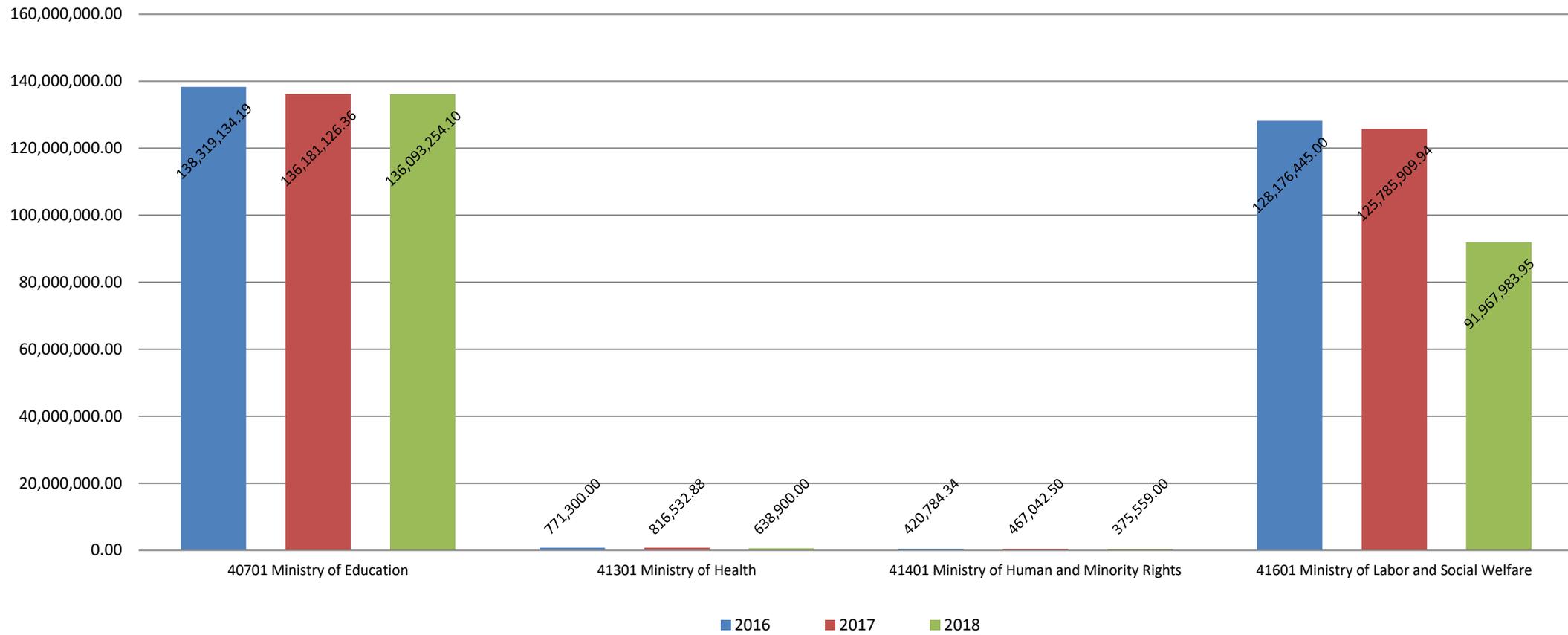
2.4. Are Roma integration outputs (status quo) of budget implementation in line with Roma integration strategy objectives (in current year)?

- Expenditures directly linked to Roma integration are only represented in the Budget of the Ministry of Human and Minority Rights, whereas the Ministry of Education and the Ministry of Labor and Social Welfare give the highest amounts of indirect and neutral allocations.

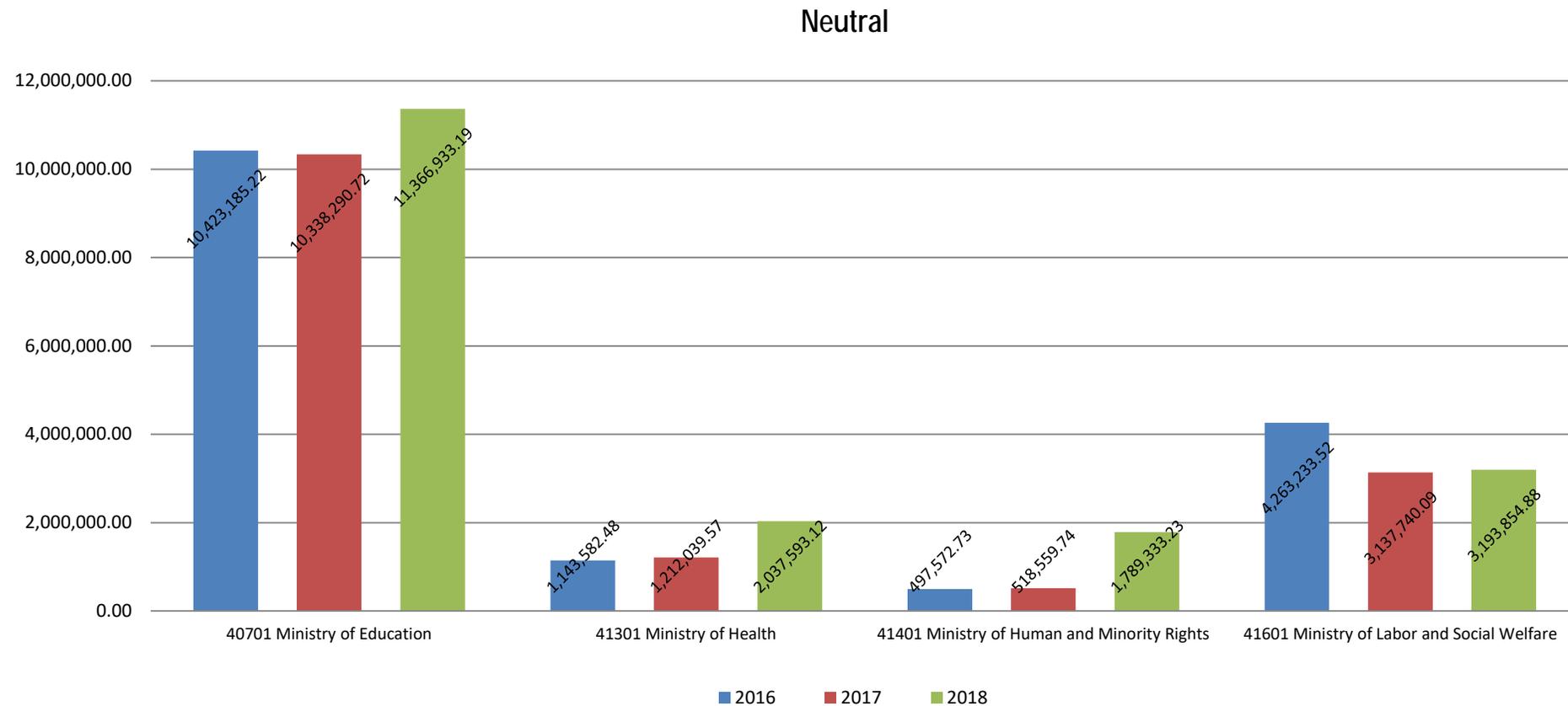


2.4. Are Roma integration outputs (status quo) of budget implementation in line with Roma integration strategy objectives (in current year)? (cont ...)

Indirectly linked



2.4. Are Roma integration outputs (status quo) of budget implementation in line with Roma integration strategy objectives (in current year)? (cont ...)



2.5. What actions should be taken in response to the impact analysis to foster Roma integration in the next budget cycle?

Short-term recommendations (1-3 years)

- 1) Strengthening the cooperation and coordination between the competent institutions
- 2) Strengthening the cooperation and coordination between the national and local competent authorities
- 3) Increasing the quality of the preparation of strategic documents and action plans
- 4) Increasing the number of Roma civil servants in the competent institutions in charge of creating and implementing policies related to Roma integrations
- 5) Amending and supplementing of the Budget Circular.

Budget Circular can be amended next year, stating that **the list of Roma integration related budget initiatives, with precisely specified budgets and sources (budget programmes and line items)**, shall be provided by the budget users as accompanying document to their budget requests.

Roma integration can be seriously enhanced by focusing to strengthen the following relations:

- Ministry of Human and Minority Rights Policy (coordinator and key stakeholder) → Line ministries
- Ministry of Finance → Line ministries
- Ministry of Human and Minority Rights → Ministry of Finance

- 6) Efficient use of the favorable environment

2.5. What actions should be taken in response to the impact analysis to foster Roma integration in the next budget cycle? (cont...)

1) *Strengthening the role of the Ministry of Finance*

The Ministry of Finance must always have reliable information on what projects and for which purposes allocated budgets of the spending units are spent.

2) *Linking the strategic and planning documents with the national budget and improvement of the "Programme Budgeting"*

- In this regards improvement of the programme classification of the budget is needed by introducing vertical structure of programmes and sub-programmes, overcoming the institutional approach (programme classification should not be dependent of the organizational or economic classification).

- All strategic documents and action plans should be revised and modified in line with programme classification of the budget.

- Public Finance Management Reform Programme 2016 – 2020 covers wide scope of areas including medium term and annual resource planning, budget execution, accounting and reporting, public financial internal control and external security.

- Currently there is no information of the progress made, or the results achieved, even though at least half of the activities should have been implemented by now.

3) *Strengthening of the monitoring and reporting processes*

It is necessary to establish clear division of the responsibilities between key stakeholders (who publishes which report, where and on what basis would the reports be published, etc.)

State Statistical Office and all other data collectors should adapt and provide disaggregated data by nationality, gender, age, region, etc.