

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

08 November 2018, Rome, Italy



INSTITUTIONAL STRUCTURE OVERVIEW

- Ministry of Labor and Social Policy (Unit for Implementation of the Strategy and the Decade of Roma Inclusion)
- Minister without portfolio responsible for Implementation of the Strategy for Roma (National Roma Focal Point)
- Ministry of Finance (Budget and Funds Department)
- National Coordination Body for Implementation of the Strategy for Roma (Inter-ministerial coordinating body)
- Ministry of Education
- Ministry of Health
- Ministry of Transport and Communications
- Ministry of Local Self-Government
- Employment Agency
- Agency for Community Rights Realization
- Regulatory Commission for Housing
- State Statistical Office
- Parliamentarians,
- Non-government organizations,
- Researchers and academics,
- Media

OVERVIEW OF THE BUDGET CYCLE

1) HOW TO IMPLEMENT?

The budget process has 9 stages:

- Adoption of the strategic priorities of the Government (April 15)
- Adoption of the Fiscal Strategy (May 31)
- Distribution of the Budget Circular (June 15)
- Submission of the budget requests (September 1)
- Draft-Budget sent to the Government (November 1)
- Draft-Budget sent to the Parliament (November 15)
- Parliamentary debate
- Budget adoption (December 31)
- Submission of the Final Account to the Parliament (June 30)

Programme for public financial management reform - planned preparation of the new Budget Law (by the end of 2018). Unfortunately, **the work on the new Budget law did not start so far.**

2. STEPS IN ROMA RESPONSIBLE BUDGETING

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

1) Budgetary sub-programmes directly linked to Roma integration (**group 1 expenditures – directly linked to Roma integration**) :

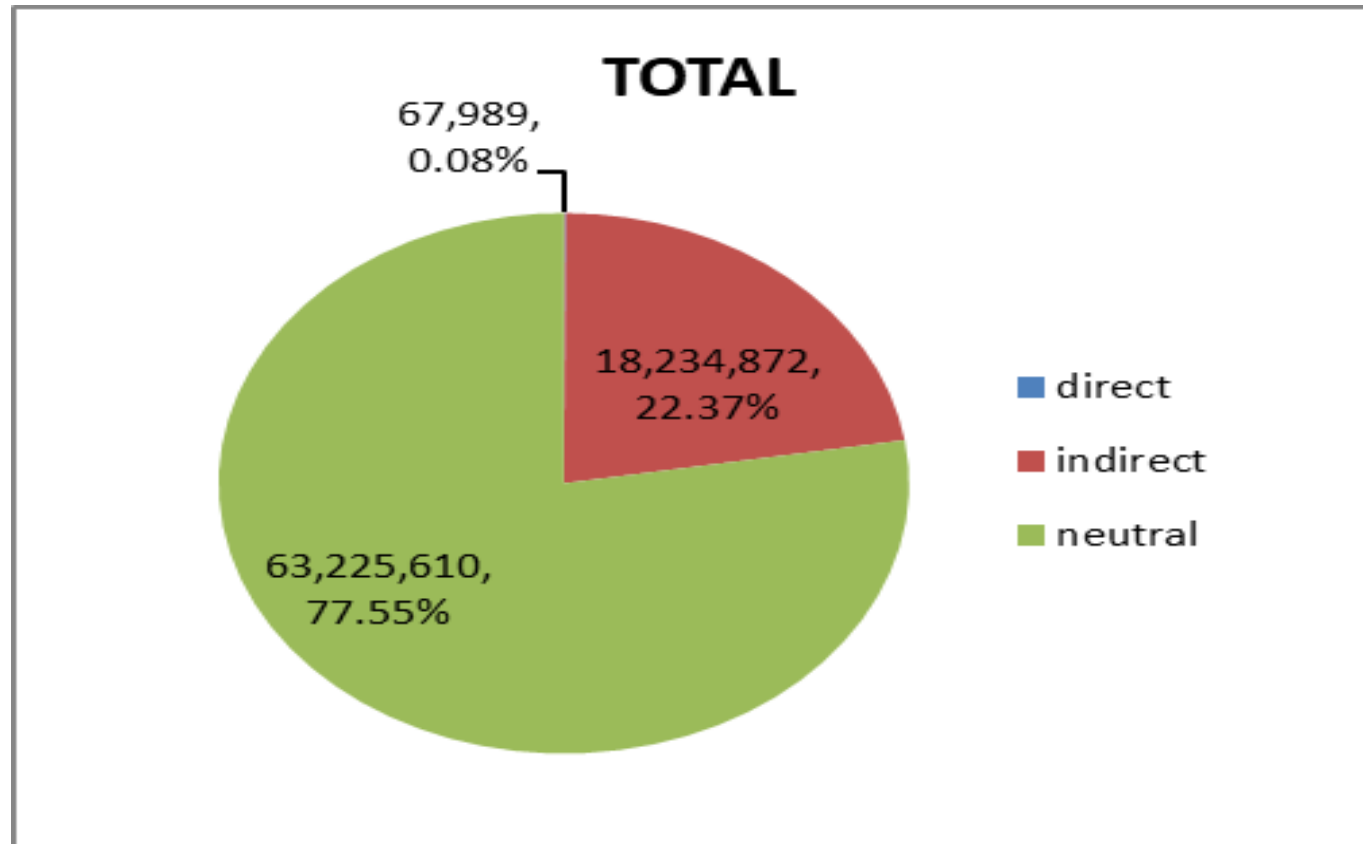
- **“Supporting the implementation of the Decade and the Strategy for Roma”** - direct output of the implementation of the Roma Decade (present in several budget users relevant for the priority areas)
- **“Support of Roma secondary education”** (Ministry of Education and Science)

2) Although many budget users allocate money in their budgets for this specific ethnic group, due to weaknesses in the programme classification, these allocations cannot be efficiently identified (**group 2 expenditures - indirectly linked to Roma integration**).

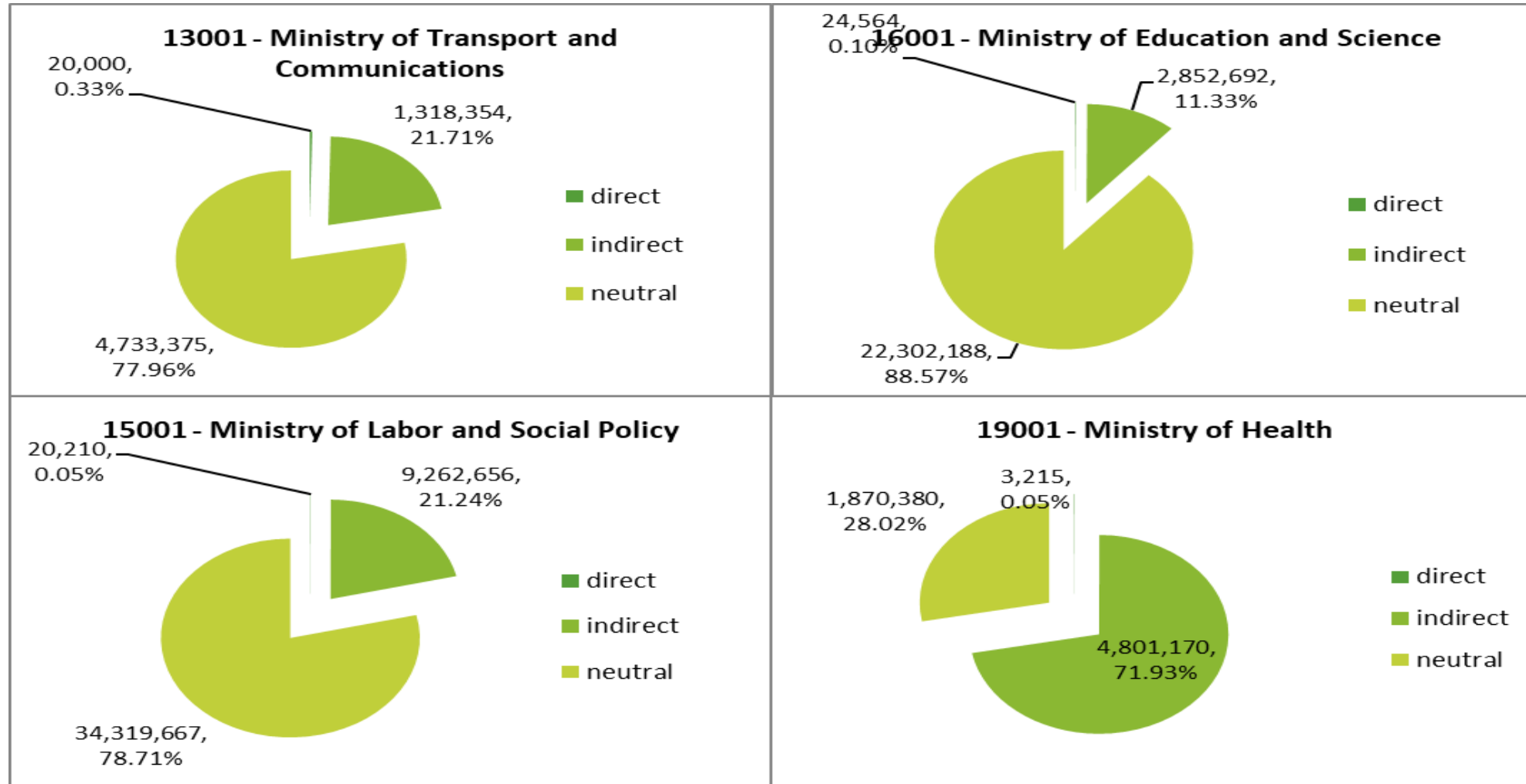
3) For the same reason, **group 3 - neutral expenditures** affect Roma population directly or indirectly.

Given **total budget of The Former Yugoslav Republic of Macedonia**, directly linked budget allocations of the 4 line ministries are around 0.3%, indirectly linked budget allocations are 8.61%.

Budget allocations (% of **total budget of the 4 line ministries**), Roma responsible relevance



Budget allocations of Roma responsible relevance



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

Two major problems that prevent substantial analysis in relation to step 2.2.

- 1) Besides the main relevant Ministries (**Labor and Social Policy, Transport and Communications, Education, Health**), 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 (the budget refers only to the central budget and the funds), and in addition 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) The relevant Ministries 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 the 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:
 - The total budgets planned in the national action plans, for the period of 5 years, to be averaged on annual level by dividing the relevant amount to 5 years (table 1).

Table 1

Priority area	Total budget in the AP (2016 – 2020) (MKD)	Yearly (divided by 5) (MKD)
Housing	498.422.000	99.684.400
Education	610.155.154	122.031.030
Employment	78.393.534	15.678.707
Healthcare	47.960.000	9.592.000

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

- These annual amounts to be correlated with the official approved budgets of each of the relevant institutions covering the appropriate sector of interest (presented in table 2)
- 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 (last column in table 2)

Table 2

Competent institution in the priority area	1) Total budget for 2018 (MKD)	2) Directly + Indirectly linked allocations (G1+G2) (MKD)
Ministry of Transport and Communications	6.071.729.000	1.338.354.000
Ministry of Education	25.179.444.000	2.877.256.000
Ministry of Labor and Social Policy	43.602.533.000	9.282.866.000
Ministry of Health	6.674.765.000	4.804.385.000

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

- This way it was possible to 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 line ministries. The percentages are presented in table 3 (**in bold**)

Table 3

Priority area	% of 1 (total budget)	% of 2 (G1+G2)
Housing	1.6%	7.4%
Education	0.5%	4.2%
Employment	0.04%	0.2%
Healthcare	0.1%	0.2%

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:

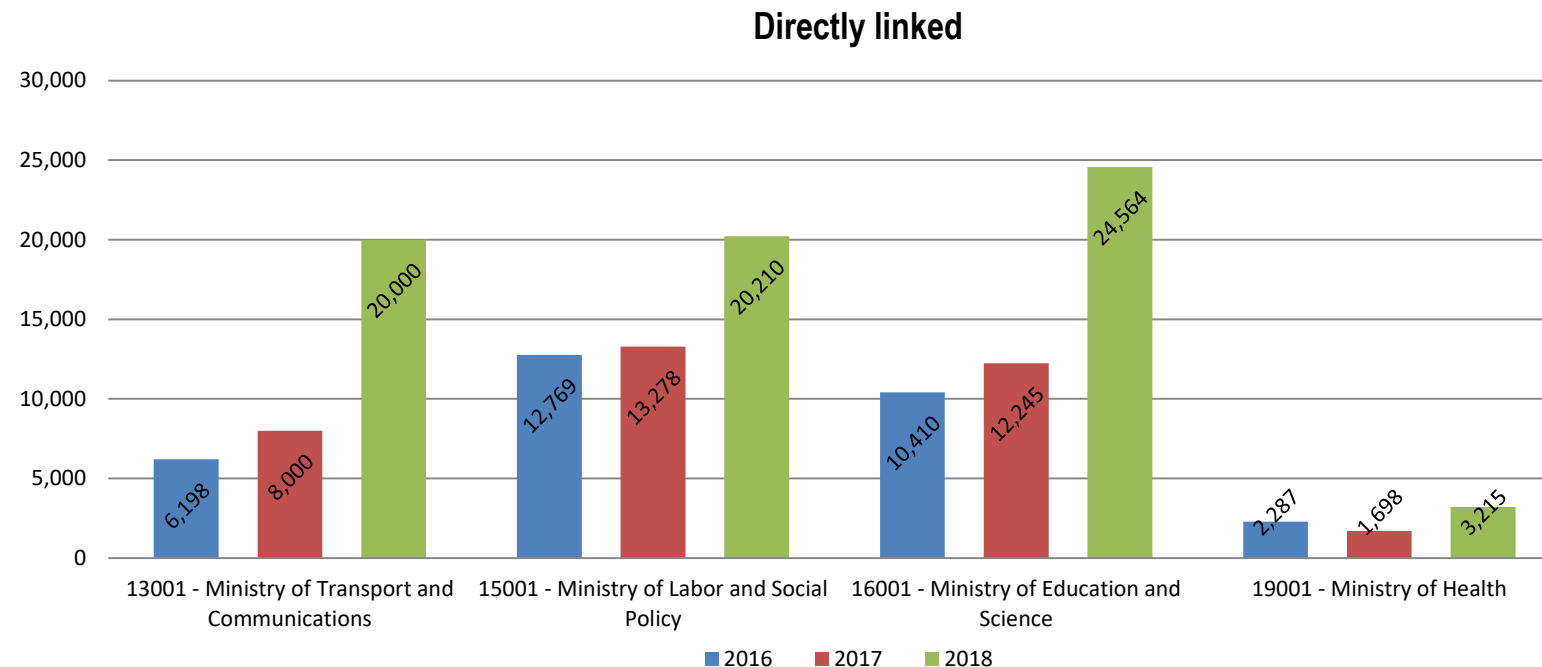
- 1) Introducing clearly defined and well-structured Roma integration objectives, realistic targets, defined timeframe, and budget allocations planned;
- 2) Introducing SMART (specific, measurable, achievable, relevant, time-bound) indicators and producing reliable disaggregated statistical data.

Weaknesses currently observed which limit the needed assessments are:

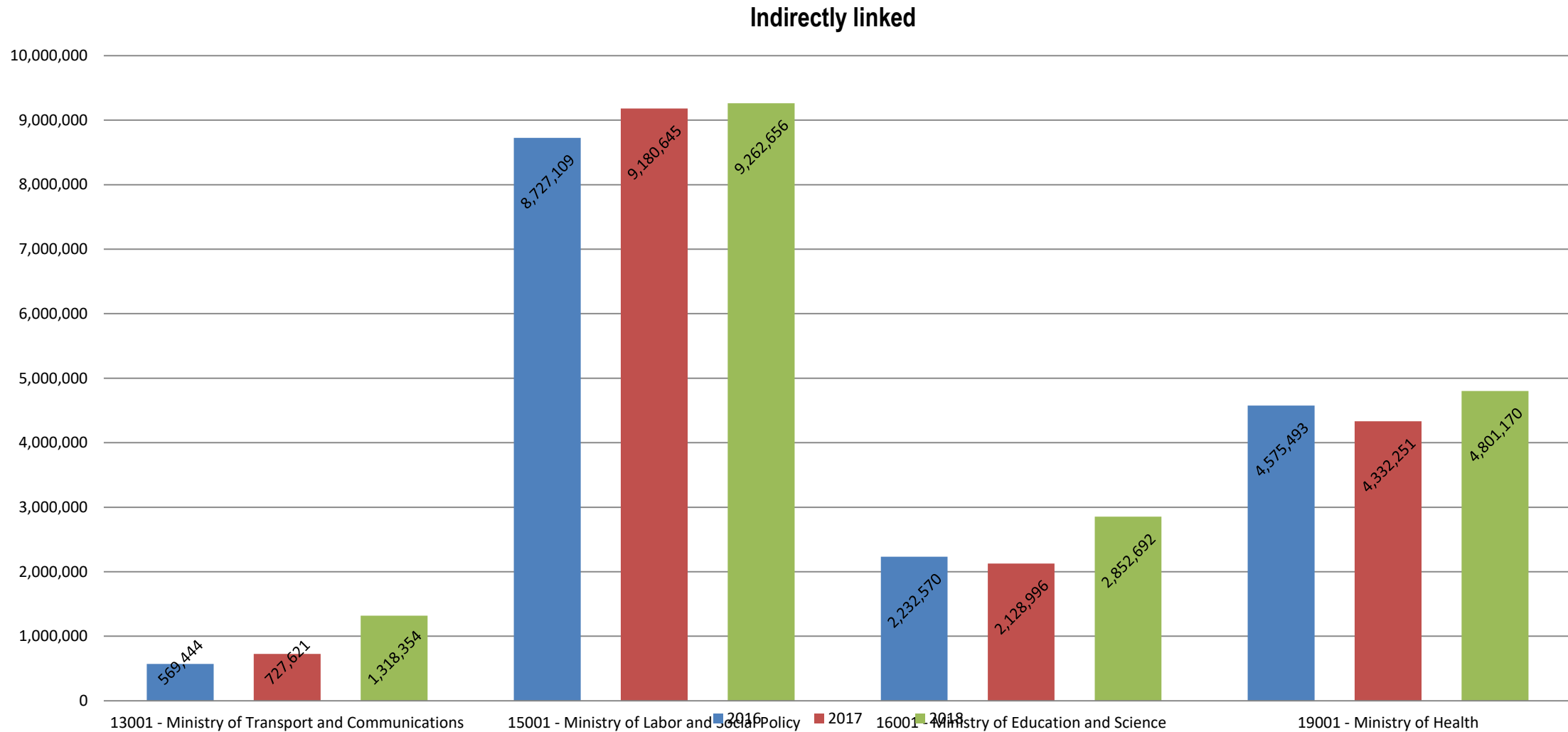
- Objectives are not well-structured, should be contributing to a unique higher goal;
- At some levels objectives are not established, or inappropriate objectives are set;
- No clear timeframe defined (unclear if it is for that particular year or for the whole period);
- Often targets set are unrealistic, 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)?

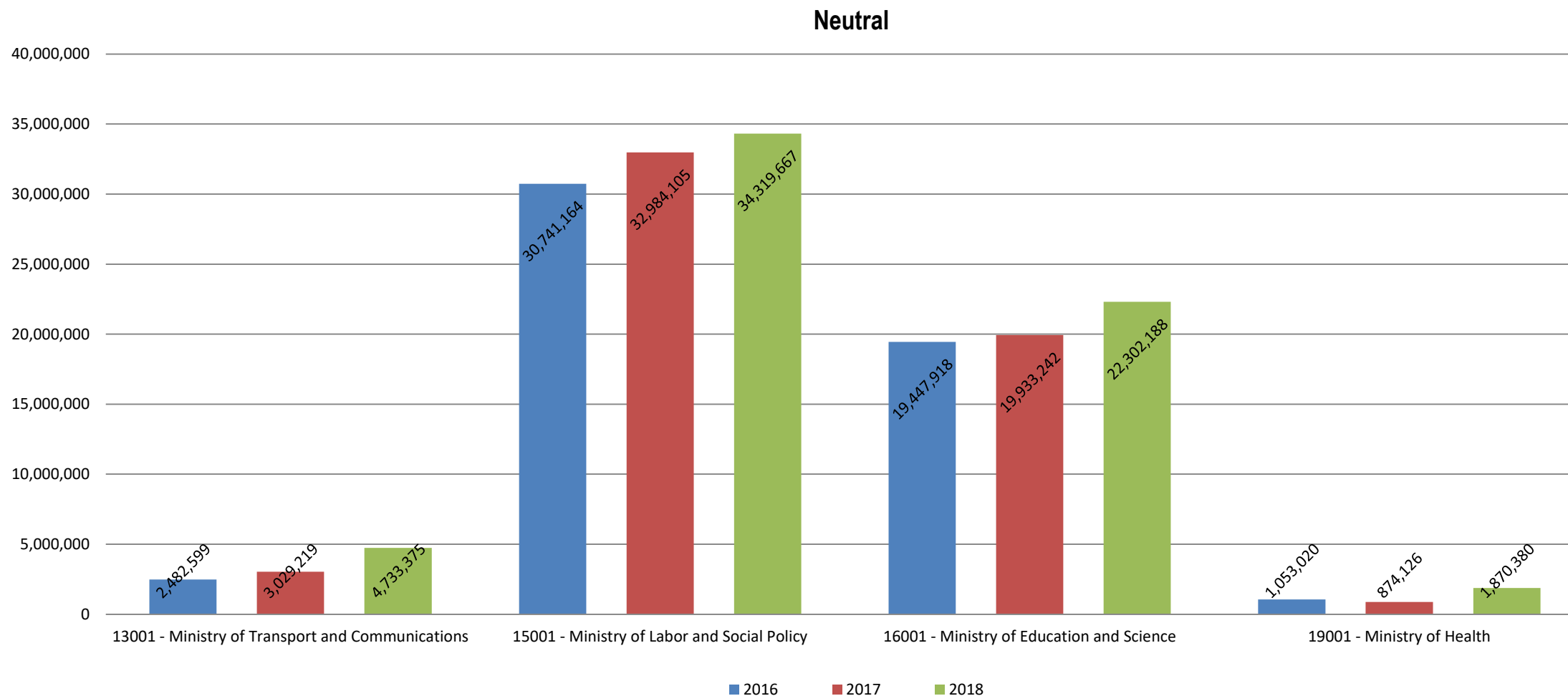
- The dynamics of all three types of expenditures (directly linked, indirectly linked and neutral to Roma integration objective), broken down by budget, is presented in the following illustrations. It is important to emphasize that the amounts for 2016 and 2017 are taken from the **Final Account of the Budget of The Former Yugoslav Republic of Macedonia**, while the data source of the allocations for 2018 is the **Budget for 2018**.



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



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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) Improving the inter-ministerial coordination and specifying the competencies of each relevant institution
- 2) Better coordination and cooperation between the competent institutions and greater involvement of the local self- governments
- 3) Increasing the quality of the preparation of strategic documents and action plans
- 4) Increasing the number of Roma civil servants in the institutions in charge of creating and implementing policies related to Roma integrations
- 5) Amending and supplementing of the Budget Circular, following the principle of already implemented gender budgeting in the economy.

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.

It will have to focus on strengthening the following relations:

- Ministry of Labor and Social Policy (coordinator and key stakeholder) or governmental body led by the Minister without portfolio in charge of the implementation of the Strategy for improving the situation of Roma → Line ministries
- Ministry of Finance → Line ministries
- Ministry of Labor and Social Policy or governmental body led by the Minister without portfolio in charge of the implementation of the Strategy for improving the situation of Roma → Ministry of Finance

- 6) Efficient use of the favorable socio-economic environment, advantages and opportunities

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

Long-term recommendations (3-5 years)

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

- Along with the Roma integrations coordination body, the Ministry of Finance should be the carrier of the activities, especially in the part of their financing and financial realization

2) *Full implementation of the concept of “Programme Budgeting”*

- The competent institutions, in cooperation with the Ministry of Finance, define a clear structure of objectives, outcomes, outputs and expected results, and link them with relevant, measurable and reliable quantitative targets and indicators, so that in a clear and unambiguous manner will show the level of achievement.

3) *Strengthening of the monitoring and reporting processes*

The Ministry of Finance, in cooperation with other competent institutions, needs to develop mechanism for systematic monitoring of the implementation of the budget funds related to Roma integration measures and policies and impact assessments.

In addition, competent institutions and State Statistical Office shall improve and adapt their data collection process, in a way that disaggregated statistical data could be produced, by nationality, gender, age, etc.