

REPORT

Regional Workshop “Budgeting for Roma Integration Policies”

Skopje, 20-21 March 2017

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1. Summary

The Regional Cooperation Council Roma Integration 2020 Action Team organized a two day regional workshop on “*Budgeting for Roma Integration Policies*” on 20 and 21 March 2017 in Skopje. The workshop brought together around 60 governmental officials from Albania, Bosnia and Herzegovina, Kosovo¹, Montenegro, the Former Yugoslav Republic of Macedonia, and Serbia working in the respective line ministries in charge of the five policy priorities (education, employment, health, housing, civil registration) and budget, including the ministry of finance and the National Roma Contact Points. The workshop was also attended by a wide range of representatives of Roma civil society organizations.

The workshop’s objective was to effectively assist the participating economies to integrate measures from the existing national Roma integration strategies into the domestic budget by linking Roma integration policies with the public budgets. It explored the relationship between planning and budgeting, as well as the relevant decision making processes. In particular, the workshop focused on how to ensure that the key objectives and priorities of the National Roma Integration Strategies and related relevant strategies are budgeted for and achieved.

Prior to attending the workshop, participants were expected to inform themselves on the allocated and spent budgets on Roma integration over the period of the past 3 years and the main challenges encountered in order to be able to share practices from their respective economies.

The workshop’s agenda was structured around two main themes:

- Linking Roma integration policies with budgets, focusing on processes for Roma integration budgeting; and
- Budgeting methodologies, focusing on methodological tools used for producing solid funding proposals for Roma integration.

The same methodological approach was applied for each of the two themes, consisting of three main parts:

- i) **Theoretical presentation** of the topics including expert knowledge, best practices and challenges faced in practice;
- ii) **Panel discussions** guided through focus questions - using a participatory approach, participants’ were able to share experiences, and discuss the challenges, identifying general recommendations for improvement concerning the linking of policies with budgets and preparing budget proposals for Roma integration; and

¹ 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.

- iii) **Country based group exercises** conducted through six parallel workshops - participants were tasked to work on a given country-specific case study from the relevant National Roma Integration Strategy / Action Plan. As such, the workshop addressed the budget planning cycle, ensuring that the policy and strategic priorities related to Roma integration are adequately reflected in mid-term and annual governments' budgets, including the relevant decision making processes and prioritization.

This report presents an overview of the presentations and discussions that took place during the workshop. It also provides a regional overview of the main challenges faced when budgeting for Roma integration policies, as well as country specific recommendations and next steps to be undertaken in the forthcoming period.

2. Background

The Roma Integration 2020 project is implemented by the RCC Roma Action Team, covering the Western Balkan region and Turkey. The project aims to ensure that the national governments integrate Roma specific policy measures into mainstream socio-economic policies and into the national budget planning and service delivery processes. For this purpose, it is working very closely with the participating economies and the designated National Roma Contact Points in providing technical and expert support to the overall implementation of the National Roma Integration Strategies and Action Plans. Its activities are implemented at national and regional level.

The regional workshops organized with the RI2020 project aim to ensure that there is a regional platform for exchange of good and bad practices for Roma integration, as well as establish common approaches and regional standards when implementing measures, programs and actions targeting Roma.

The first regional workshop within the RI2020 project was organized in Vienna, on 09-10 December 2016 focusing on the topic of ***Monitoring and Reporting on Roma Integration Policies***. This workshop aimed to equip government officials with the necessary skills to collect data, use monitoring indicators and report on the implementation of policies and programs relevant to Roma. It also provided for an opportunity for various stakeholders to share best practices on monitoring, reporting and data collection.

The second regional workshop focused on the topic of ***Budgeting for Roma Integration Policies***. The purpose of this workshop was to contribute to increasing the understanding and building the capacities and skills of relevant government officials in budgeting for Roma integration policies. The workshop's main objective was to effectively assist the governments to integrate measures from the existing national Roma integration strategies into the domestic budget. As such, the workshop focused on detailing the relationship between planning and

budgeting to ensure that the policy and strategic priorities related to Roma integration are adequately reflected in mid-term and annual governments' budgets; and different approaches to budgeting for Roma integration, including mainstream and targeted measures and different budgeting methodologies.

For the purpose of designing and delivering the regional workshop content, materials and agenda, the RI2020 Action Team selected an international team of four experts on budgeting.

The preparation process of the workshop involved close consultations and a meeting between the experts' team and the RI2020 Action Team. All workshop materials, including the detailed agenda, power point presentations, guidelines and instructions for exercises (case studies), and final exercises were prepared in close cooperation with and approved by the RI2020 Action Team. The workshop materials were designed to meet its specific objectives related to building capacities of government officials for better budgeting of Roma integration policies.

The exercises, two case studies for each participating economy, were developed to encourage the participants to apply the theoretical knowledge gained during the presentations. These case studies were produced per each economy using real examples from the respective Roma Integration Strategies/Action Plans.

Specifically, with the first case study the participants did a SWOT analysis of the budgeting process for a particular measure from the Roma Integration Strategy/Action plan in the area of employment. This enabled them to identify specific strengths and weaknesses inherent to the budgeting process, as well as external opportunities that should be used for better budgeting and threats that should be mitigated. This ultimately led to defining country-specific challenges and recommendations for improving the budgeting for Roma Integration.

The second case study required participants to produce a high-quality funding proposal based on the selected employment measure by using the program budgeting methodology. In both cases, participants presented their findings at plenary sessions, which enabled for sharing practices and discussions among participating economies.

The workshop materials are provided as annexes to this report in separate documents.

3. Workshop Delivery

The two-day workshop took place from 20 to 21 March, 2017 in Skopje. The experts delivered presentations and facilitated group discussions and exercises. The representatives of RI2020 Project Team provided support through facilitation of group exercises and reflections on the presentations of the results of the group work, as well as throughout the workshop discussions.

The workshop was attended by approximately 60 participants from the six participating economies: Albania, Bosnia and Herzegovina, Kosovo*, the former Yugoslav Republic of

Macedonia, Montenegro, and Serbia (the delegation from Turkey excused itself). The participants represented different stakeholders, all playing important roles at various stages of the policy making and budgeting processes for Roma integration.

Representatives of line ministries and agencies are responsible for planning for Roma integration policies and ensuring that relevant Roma integration measures are included in the responsible institutions' mid-term and annual work plans, as well as in their mid-term and annual budget requests submitted to the ministries of finance. Representatives of ministries of finance are responsible for providing general budget guidelines to responsible institutions, analyzing their budget requests and making funding allocation proposals for the government. Finally, CSOs actively participate throughout the budgeting cycle by advocating for specific funding proposals and monitoring their implementation during the execution stage, as well as serving as fundraising and acting as implementing partners.

The participants formed a highly heterogeneous group in terms of knowledge and capacities – from the participants with sound knowledge of budget management, but limited knowledge of Roma integration policies, and those with good knowledge of Roma integration policies, but weak capacities when it comes to linking policies with budget and the actual process of budget cycle. The workshop agenda was therefore adjusted to account for these differences by ensuring sufficient information regarding budget cycle, and how Roma integration policies are implemented within this process.

The workshop was opened by Mr. Orhan Usein, RCC RI2020 Action Team Leader, who welcomed the participants and presented the experts. Mr. Usein emphasized that policies and budgets were the areas in which the governments begin to translate their commitments to Roma into practical steps towards integration and equality, although they often fail to ensure that public services respond to Roma needs and priorities.

The agenda was structured around two main themes: linking Roma integration policies with budgets, focusing on processes for Roma integration budgeting; and budgeting methodologies, focusing on methodological tools used for producing solid funding proposals for Roma integration.

The same methodological approach was applied for each of the two themes, consisting of three main parts

- *theoretical presentation* of the relevant topics, highlighting best practices and challenges faced in practice;
- *panel group discussion* guided through focus questions, to ensure sharing of experiences , and discussing the challenges; and
- *group exercise* conducted through six parallel workshops divided by delegations from different economies, where the participants of each group were tasked to work on a given case study from their Roma National Integration Strategy / Action Plan. This enabled the

participants to apply newly acquired knowledge and skills, as well as identify specific challenges and recommendations for improvement.

Upon completing the group work, each group presented the results of group exercise, enabling exchange of experiences and reflection on the practical implementation of the knowledge gained, and provided for relevant assessment by the Roma Integration 2020 Action Team that may be used for its upcoming activities.

Given that its focus was on building the participants' capacities and skills for more effective Roma integration budgeting, the workshop was highly interactive, with elaborative participants' involvement throughout all workshop sessions.

Specific topics presented and discussed within each of the two themes are summarized below.

Day 1 - Linking Roma integration policies with budgets

The focus of the first day was on the processes relevant to Roma integration budgeting, including the budget process as a whole and the link between strategic planning and budgeting for Roma integration. Specifically, the following topics were addressed:

Budget Basics

Budget definition and purpose – financial plan of revenues and expenditures (traditional budget concept) and government's instrument for policy development and implementation (contemporary budget concept); key stages of annual budget cycle (planning and preparation, adoption, execution, monitoring and evaluation and control and audit); key characteristics and principles of effective budgeting (promoting overall fiscal discipline, promoting strategic priorities and achieving value for money); overview of ongoing budget reforms implemented in the participating economies for improved fiscal discipline (including introduction of mid-term planning approach and result-based budgeting methodologies), budget effectiveness and efficiencies; budget classifications (expenditure classifications by economic line item, by function, by program and by institution); and relevant international and national regulatory framework.

In particular, the following issues were raised and discussed:

- Improvement of fiscal discipline in the participating economies as a result of budget reforms that have been undertaken towards introduction of mid-term planning and result-based budgeting methodologies;
- The extent to which the budget planning and preparation process is evidence-based, rather than a repetitive process based on previous years' execution data;

- The key priorities in the area of public finance management and budget reforms in the participating economies; and
- Importance and impact of ongoing budget reforms for Roma integration.

Prioritization and decision making process leading to allocation of limited resources to government priorities and most efficient programs; key stakeholders in the budget process, including government and budget users, parliament members and CSOs; annual budget calendar and roles of these stakeholders in particular stages of the process.

The following issues were raised and discussed:

- The way in which governments set their priorities and how these priorities are used as an input in the process of budget planning and preparation;
- The level to which cost-benefit analysis are required to determine relative cost effectiveness or particular funding alternatives;
- The level to which governments continually review the priority and performance of their programmes and services to ensure that, not only adequate programmes and services are being funded, but that these programmes and services are operating efficiently and effectively and provide taxpayers the best possible ‘value for money’;
- The key decision-making points in budgetary processes/annual budget calendars of individual economies;
- The key stakeholders participating actively in the budget cycle in participating economies, and the requirements for stronger participation;
- Importance of the commitment and discipline of all stakeholders involved in the budget process for the process effectiveness;
- The role of Members of the Parliaments (MPs) in the budgetary process throughout the year and the critical role they have in strengthening fiscal transparency and accountability;
- The role of the CSOs in the budgetary process throughout the year and the critical role they have for making informed decisions, transparency in government budgeting, accountability for public spending, and most importantly, more effective, efficient and equitable government programmes and services.

The budget as a government's key policy instrument in Roma integration policies - overview and key stages of the policy-budget cycle; process of operationalization of Roma integration policies and strategies and their link with mid-term and annual national budgets; requirements for a solid strategy-budget link (availability of high quality strategic and operational documents; synchronization of budget planning and work planning processes and documents); good practices and key problems in practice.

In particular, the following issues were raised and discussed:

- The key challenges in the process of budgeting for Roma integration in participating economies, such as:
 - Developing high-quality Roma integration strategies and action plans in a timely manner, ensuring that these documents contain a solid financial framework with adequately costed activities and finding sources defined. In practice, strategic documents are often produced with delay, activities or measures are inadequately, while financial framework for implementation of strategic documents is either not defined at all, or is poorly defined. Ensuring that the measures/activities from strategic documents are included in mid-term and annual work plans of the institutions responsible for implementation. In practice, mid-term institution's work plans often do not address Roma integration. There are also situations when more institutions are responsible for a particular activity, and they tend to avoid this responsibility, resulting in implementation failures.
 - Development of high-quality funding proposals for the ministries of finance, that are aligned with the relevant strategic documents and based on the budgeting methodologies required by Ministries of Finance, such as result-based or program budgeting. Due to lack of capacities, the quality of funding proposals is often poor, resulting in their rejection by the Ministry of Finance.
 - Ensuring that these funding proposals are actually submitted to the Ministries of Finance by the responsible institutions' managers. Even though good quality proposals are sometimes produced, the institutions' management fails to submit them to Ministry of Finance, for various reasons.
 - Ensuring that Ministries of Finance allocate funding based on these funding proposals.
- The underlying reasons of the key challenges in the process of budgeting for Roma integration in participating economies, such as:
 - Lack of political will or political readiness to support Roma integration;
 - Insufficient capacities of relevant stakeholders, including primarily civil servants, to set up a sustainable financial framework for strategies and action plans, starting

from their costing, producing good funding proposals for specific projects, and their financial monitoring and evaluation;

- Unclear roles and responsibilities of the stakeholders and institutions, which often result from complicated institutional arrangements and lack of formal incentives;
- Poor quality of budget management system, reflected in the lack of fully functional result-based budgeting that indicates ineffective and inefficient government spending, not fully aligned with policy priorities.
- The ways in which these challenges can be solved and in particular, the way in which RCC Roma Integration 2020 Action Team can assist in this process:
 - Ensuring political support for Roma integration policies to be translated into budget commitments;
 - Providing specific assistance in order to further develop capacities of relevant stakeholders for more effective Roma integration budgeting.
- Key Points on Budget Control
 - Budget monitoring as a mechanism for addressing policy shortcomings and formulating corrective measures;
 - Monitoring and evaluation as part of the policy-budget cycle;
 - Goals and preconditions for sound monitoring and evaluation.

In particular, the following issues relevant for specific phases of budget management process were discussed:

- Process inputs, in the form of well-defined policy priorities reflected in strategies and action plans and sufficient and adequate resources for implementation of activities;
- Implementation of planned activities in line with the planned schedule and approved budget, and the level to which the activities lead to delivering the expected outputs;
- The level to which the outputs of activities are leading to achieving expected outcomes and the extent to which the beneficiaries are satisfied with these outcomes;
- The extent to which the changes are measured at the outcome/impact level over a longer time period, and to which the findings are used in the next policy and budget cycle.

As part of the group exercise for day 1, participants were divided by economies and groups were asked to analyze the process of budgeting for a particular activity/measure extracted from the corresponding National Roma Integration Strategy/Action Plan in the area of employment. The result from the exercise was to identify specific process challenges and recommendations for improvement.

Participants were asked to analyze the formulation of the given measure/activity for its quality and relevance, the major stages of the budget cycle, including planning for the measure in the relevant institutions' work plans, budgeting for the measure in the relevant institutions' mid-term and annual budgets, and monitoring and evaluating its execution for the subsequent decision making. Discussing an actual measure and the process of its planning through the lenses of the budgeting process guided with adequate questions, participants were able to identify strengths and weaknesses inherent to this process and external threats and opportunities relevant for the process. The outputs of the exercise were SWOT (strengths-weakness-threats-opportunities) analysis of the budgeting for Roma integration for individual participating economies.

The presentation of these SWOT analyses by the participants revealed some typical challenges and problems, as well as recommendations for improvement. These are explained in details in the following section of this report. In some cases, however, the SWOT analysis did not focus on the process of budgeting for Roma integration, but rather on specific Roma integration policy challenges. For example, participants discussed appropriateness or relevance of specific measures and potential alternative policy options, rather than how these measures are translated into budgets in their specific setting.

Day 2 - Linking Roma integration policies with budgets

The focus of the second day was on budgeting methodologies that are used as a tool for Roma sensitive budgeting and producing solid funding proposals for mainstream and targeted Roma integration measures.

The linkage between Day 1 and Day 2 was addressed – emphasizing that Day 1 focused on process that link policies with budgets, while Day 2 focuses on specific budgeting methodologies and building solid Roma integration funding proposals.

The key recap points focused on the objectives of Day 1 – looking into the budget planning process how can it be used to link Roma integration policies with budgets. The participants were reminded on the key challenges and processes to be taken into consideration:

- The need for desegregated data in order to have an actual number of beneficiaries for whom the funds are spent;
- An adequate policy framework in budgeting to provide for legal basis for funding proposals;
- Consistent monitoring and evaluation framework to enable budget execution control;
- Public Finance Management reforms for achieving results-based budgeting and providing budget plan that allocates majority of resources for the benefit of the final beneficiaries;
- The EU accession process which provides for IPA funding that matches public budget.

Specifically, during the Day 2, the following topics were addressed:

- ***Budgeting methodologies in general*** - types of budgeting methodologies used for costing of strategies/projects and public budgets.

Several general approaches or methodologies for budgeting or costing of projects or strategies, each applicable to a specific situation, were explained, including top-down costing, analogue costing, expert judgment costing, and bottom-up costing as the typical methodology used in costing of Actions Plan. In public budgeting, there are two broad methodological approaches – incremental and zero-based budgeting.

Incremental budgeting is the traditional budgeting method whereby the budget is prepared by taking the current period's budget or actuals as a base. This base is then adjusted for cost increases, such as staff or salary increases, inflation, new projects etc.

With zero-based budgeting, the planning base is zero, and anything above the zero must be justified. No reference is made to the prior period's budget or actuals. This methodology tends to achieve an optimal allocation of resources by forcing managers to justify every activity.

- ***Budgeting for Roma integration*** - targeted and mainstream measures for Roma integration; costs and government budgeting for targeted and mainstream measures.

Mainstream measures are resulting from the governments' mainstream policies. These are projects and activities designed to provide services and benefits to entire population or a population at certain geographic area, or to a specific target group such as youth, women, and unemployed. Although these measures are not designed to support Roma in particular, Roma will benefit from them, because they are part of the population or the target group. For example, a youth employment program is opened to Roma, reconstructed public road or better public services at municipalities will be used by Roma etc.

Targeted measures are resulting from Roma integration policies. These initiatives are designed to provide targeted support to Roma population, and they should be based on Roma national strategies and Action Plans. Targeted measures are used when mainstream measures are not sufficient to achieve the desired results. For example, Roma self-employment program, or building houses for Roma are targeted measures.

- ***Public budgeting methodologies*** – traditional line-item budgeting vs. modern result-based budgeting; key elements and benefits of program budgeting as a form of result-based budgeting; using program budgeting as a methodological tool for Roma sensitive budgeting for mainstream and targeted measures; formulating sound funding proposals in program budget format.

Conventional approach to budgeting is based on line item budgeting, where budget is planned based on **inputs**, or resources required for implementation of government activities, while the funding for these resources is allocated by economic line items.

Modern approach to budgeting is based on results, where budget is planned based on **outputs**, specifically, the results anticipated to be achieved through implementation of activities. In budget documents, funding is allocated to these results, and they should correspond to government's strategic and policy priorities. In addition, funding is also allocated by line item.

Program budgeting is a form of **result based budgeting**. With this methodology all government expenditures are allocated by program and also by economic line item within each program. Program is defined as a set of activities that have common operational objective(s). These objectives should be aligned with government's priorities. In practice, programs can be defined **vertically** (within institutions, for example, Sector for Human Rights of the Ministry can be a separate program, within which there can be sub-programs, one of them being Roma integration) and **horizontally**, across several institutions (for example Roma integration program at the government level would include all Roma integration activities undertaken by all institutions, with subprograms matching specific areas, such as housing, health, education etc.). Program budgeting establishes a direct link between the funding allocated to a program and results to be achieved within it, and enables making allocation decisions based on results.

The following discussion points were raised following the presentation of the above topics:

- The extent to which the program budgeting methodology has been introduced and is actually applied in particular economies, and typical challenges with its general application;
- The extent to which the relevant institutions produce funding requests for Roma integration measures in this or a similar format;
- The challenges in application of program budgeting for Roma integration;
- The extent to which a well formulated budget proposal helps in obtaining the funds needed from the government budget.

One of the key challenges recognized by the participants was the fact that budget programs are typically defined vertically, within individual institutions/budget users. Since programs are not defined horizontally across all relevant institutions responsible for a particular set of activities (such as Roma integration), it is difficult to obtain comprehensive information on government support for a particular area.

In addition, institutional responsibilities for various Roma integration activities and programs are often unclear in terms of their formulation in the policy papers, as well as their formulation within budget user requests, resulting in the institutions' tendency to avoid their responsibilities.

Given that budgets are produced both by economic line item and by program, but typically adopted only by economic line item, there is also a lack of formal incentive for application of this methodology.

Finally, there are no comprehensive systems, including software solutions, for monitoring of actual costs by program. As a result, actual costs are typically monitored only by line item. Which recommendation comes out of this?

Throughout the discussion, participants indicated lack of capacities of civil servants within the institutions for application of program budgeting methodology and producing high quality funding proposals. The difficulties are particularly related to defining objectively verifiable and quantifiable performance indicators to measure progress, outcome and impact that the institutions can be accountable for. It is necessary to improve capacities of all stakeholders in relation to understanding the budgetary process, and producing specific funding proposals in line with national budgeting methodology.

Another area requiring general support is proper costing of different programs in lack of formal governments' guidelines. Capacities need to be improved in relation to understanding and conducting costing methodologies in order to make strategies and action plans more realistic. As a result of these challenges, it was recognized by the participants that program budgeting methodology is still not fully functional, although it was formally introduced by the Ministries of Finance several years ago. Since the funding allocation decisions, including those for Roma integration, are generally based on results and strategic priorities, the problem is that such priorities are not well formulated. For example, "*including more Roma in preschool education*" is a strategic priority, but does not say much on how to budget it.

As part of the group exercise for day 2, participants were asked to analyze the key elements of the Roma integration activity/measure analyzed in the first exercise, as defined in the relevant National Roma Integration Strategy/Action Plan. They were tasked to redefine these key elements (goals, indicators, funding needed, legislative basis) by addressing shortcomings and provide recommendations for improvements. As a result of this, the groups have, to a varying degree, managed to identify specific shortfalls and improvements for particular elements of the selected measures. This involves improvements to objectives, indicators and unit or total costs.

4. Conclusions and Recommendations

Key conclusions and recommendations from the workshop are summarized in following subsections.

4.1. General Assessment of Workshop Results

Overall, the workshop was well received by the participants. The average score received for all the evaluation questions was 4.05 (with 1 being highly dissatisfied, and 5 being highly satisfied). Based on the feedback received during the workshop, as well as through the evaluations, participants highly appreciated the presentations, and the dynamics between the plenary session and work within small (country-based) groups. This was further elaborated through recommendations provided by the participants, highlighting the need for more working groups, as well as more focused discussion on national budgeting processes and funding in general.

In terms of logistics, the workshop was well organized, including adequate translation and necessary facilities for the group work.

Key challenges related to workshop delivery:

- Heterogeneous participants group with big variations in baseline budget/public finance management knowledge as well as Roma policy integration knowledge;
- The two-day workshop provided limited time to cover all the topics – discussions took longer time than planned, and case studies/exercises presentations resulted in vibrant group discussions with limited timeframe.
- Different participants' backgrounds resulted in discussions that were not always the focus of the session.

4.2. Roma Integration Budgeting Challenges and Recommendations

4.2.1 Overall Challenges and Recommendations

Below is the summary of overall challenges and recommendations related to linking Roma integration policies with budgets and creation of solid funding proposals. These challenges are generally shared by the majority of participants. The recommendations outlined below should therefore be used as a general guideline for future assistance provided to the participating economies.

Key Challenges:

- The costs for implementing the Roma Strategies need to be elaborated more carefully – including costs for mainstreamed and targeted measures.

- It is necessary to understand and define Roma integration targets and objectively verifiable indicators (OVIs) within existing documents (including strategies/action plans).
- Collection of Roma segregated statistics needs to be improved in order to support evidence-based decision making and budget preparation processes.
- There is lack of constructive communication between key institutions in budgeting process – including Ministry of Finance, Budget Users/Line ministries responsible for implementation of Roma integration goals, MPs and CSOs. The same applies for communication between the organizational units in charge of Roma integration policies and budget/finance units within the responsible institutions.
- Poor horizontal coordination and structured information sharing among institutions responsible for Roma integration policies (including executive government, development organizations and CSOs).
- Lack of resource allocation for financing Roma integration policies from existing national governments' budgets.
- Inadequate capacities related to evidence-based prioritization, and lack of established prioritization mechanisms at government level to ensure Roma integration policy priorities are recognized and budget secured.
- Program or results-based budgeting as a process that allocates resources to specified objectives and/or results is still in the process of implementation in some of the participating economies.

Key Recommendations:

- Capacities related to conducting budget analysis for Roma integration policies need to be improved in order to ensure that analysis is conducted in order to ensure necessary resource distributions and planning for the implementation of Roma integration policies. Training/capacity building initiative needs to encapsulate all stakeholders within the budget preparation process – namely executive government including line ministries and Ministries of Finance, CSOs, and Members of Parliament (although they were not involved in this workshop, MPs are necessary stakeholders within the budget planning process). The process needs to be supported through practical examples from existing Roma integration strategies/action plans, and its application within the national budget planning process/concrete steps.
- Capacities of governments related to defining and applying costing methodologies in order to measure strategy costs and 'value for money' needs to be improved.

- Capacities of all budget process stakeholders related to understanding and implementing program budgeting is one of the key requirements for prioritization and effective budgeting for Roma integration policies. Capacities need to be improved for identification of qualitative/quantitative Roma integration objectively verifiable indicators, providing a clear link with government policy and strategies on Roma integration into country social and economic programs.
- Cooperation between public institutions dealing with Roma integration policies and CSOs that work on Roma integration initiatives should be improved – both nationally and regionally.

4.2.2. Challenges and recommendations per participating economy

These challenges and recommendations are related to linking Roma integration policies with the budget processes of each participating economy. Below are the key challenges and recommendations per economy identified through the group work.

Albania

Roma integration is being recognized as one of the government's priorities, which is reflected in continuous and, in some cases, increased budget allocations for the implementation of the Action Plan. Implementation of program budgeting along with existence of specific government regulations for costing of some programs sets a good basis for result-based Roma integration budgeting (for example in the area of housing). Responsible institutions closely cooperate both horizontally and vertically on the Action Plan implementation. CSOs actively participate in policy-budget cycle, while convincing proposals generally receive positive response from government and parliament.

Challenges:

- Some elements of the Action Plan are not at the satisfactory quality level to be used as a good basis for producing solid funding proposals. Specifically, there are non-alignments between operational goals and activities on one side and strategic goals on another, some of the activities are not measurable, most of the indicators are related to outputs rather than outcomes and results, while financial projections are often not realistic.
- Line ministries are responsible for allocation of total budget ceiling set by the Ministry of Finance to individual programs within their area of responsibility. Roma integration is usually not recognized as a specific program, and no funding is allocated for this area. There is also a lack of awareness of the Roma Action Plan among the civil servants in the relevant institutions.

- Although the available statistics provide some baseline data, a comprehensive database on vulnerable groups, including Roma and Egyptians, is not in place. This greatly affects planning, implementation and monitoring and evaluation processes.
- The budget support for Roma integration is mainly provided through mainstream measures, and there is lack of mechanisms for targeted support. As a result, monitoring and financial reporting is challenging.
- The lack of formal governmental guidelines and regulations affects planning of some cost categories.
- For some programs, especially in the area of housing, complex administrative and procurement procedures slow down the implementation process, which results in underspending of approved budget funds and reductions of budget in the subsequent years.

Recommendations:

- Improve the quality of the existing and future Action Plans by defining adequate operational objectives aligned with the strategic goals; clear and realistic activities; verifiable quantitative indicators of outcome/result; as well as well-justified and realistic cost estimates.
- Establish better link between the Roma Action Plan and the government's budget by ensuring that the relevant Roma integration measures are included in the work plans and mid-term and annual budget requests of relevant institutions and submitted to the Ministry of Finance within the deadlines set by the annual budget calendar.
- Improve collaboration between the institutions and organizational units responsible for planning support to vulnerable groups and institutions and organizational units responsible for budget planning and management.
- The RCC Roma Action Team should provide hands-on assistance to relevant institutions responsible for planning Roma integration measures in producing solid funding proposals, as specifically requested by the group.

Bosnia and Herzegovina

Bosnia and Herzegovina finalized the Action Plan for Roma for 2017-2020 and is currently waiting for the adoption procedure. The Action Plan covers three priority areas: employment, housing and health care, and is based on the factual situation of Roma in Bosnia and Herzegovina. The Action Plan will be implemented by the responsible line ministry – Ministry of Human Rights and Refugees, in line with annual and mid-term budget planning process.

Challenges:

- Due to lack of political support, the Action Plan for 2017-2020 has not been adopted by the state-level government, although it was submitted for government's approval in December 2016.
- Given the inter-sectoral nature of the Action Plan, challenges are faced in relation to integrated budget planning, and monitoring of achieved results.
- Policy documents are not synched with budget planning process (i.e. MTEF budget planning process), making it difficult to ensure timely implementation.
- Program budgeting is still not fully functional and budgets are not adopted by program classification. The state-level government is currently working on amendments to the existing organic budget law, to ensure that budgets are also adopted by programs, which should also be aligned with those in the institutions' work plans. Application of program budgeting should enable evidence-based budgeting for Roma integration.
- There are insufficient capacities of civil servants within the institutions for producing solid and adequately budgeted funding proposals based on the program budgeting methodology.

Recommendations:

- Improve capacities related to linking Roma integration policies with national program budget process – improve capacities of all stakeholders involved in the budget process.
- Improve coordination between the line ministries responsible for implementation of Roma Action Plan and Ministry of Finance – coordination during the budget negotiation process in order to ensure Roma budget.
- Improve coordination between the organizational units in charge of planning and budgeting for Roma integration policies and units within the line ministries, in order to maximize national budget contribution and donor support to implementation of Roma integration policies, and ensure national budget contribution which is required for withdrawal of EU funds.
- Improve inter-sectoral cooperation in order to ensure the parts of Action Plan for Roma are part of line ministries operational framework, forming part of their budget user requests.
- Establish functional monitoring and evaluation framework that looks at not only outputs but impacts of interventions, in order to re-define and adjust policy planning and budgeting cycle.

- The RCC Roma Action Team should provide assistance to the relevant line ministries and other institutions in strengthening their capacities for producing solid funding proposals in line with the program budget methodology

Kosovo*

Kosovo* is developing a strategic framework for Roma integration as reflected in the draft Strategy for inclusion of Roma and Ashkali communities in Kosovo society 2016-2020 and the accompanying Action Plan. The activities in this document are budgeted, indicating the funds needed and the funding sources (government and donors). This document will be used as a basis for line ministries in planning their mid-term and annual budget requests. The budget preparation process is highly participatory with strong involvement of NGOs, and the lobbying power of Roma and Ashkali Members of Parliament and Deputy Ministers.

Challenges:

- Lack of mechanisms for adequate prioritization of activities from the Action Plan within the line ministries and Ministry of Finance, as the most relevant institutions for Roma budgeting. This is especially important given the limited funding available.
- Although the Action Plan is fully budgeted, in some cases the budgeted unit costs are too low or too high, resulting in an unrealistic budget planning.
- Some indicators in the Action Plan are not fully verifiable, and some targets are not realistic.
- Implementation of some activities (for example in the area of employment) is hampered because of inadequate planning with regards to the conditions of Roma (criteria for benefiting from the measures are above the glass-ceiling for Roma).
- Available budget funds are insufficient to cover all the requirements of the Action Plan, and the need for stronger involvement of donors has been identified.

Recommendations:

- Improve the quality of the Action Plans by revising the relevant performance indicators and their target in order to make the verifiable and realistic; as well as by revising unit costs based on comprehensive qualitative and quantitative assessment of resource requirements and their prices.
- Establish adequate prioritization mechanisms within the line ministries and Ministry of Finance to ensure that the limited funding available is used in the most effective and

efficient way. This should include definition of formal prioritization criteria and setting up of prioritization process that involves all relevant stakeholders.

- The RCC Roma Action Team should provide assistance to the relevant line ministries in strengthening their capacities for producing solid funding proposals to be used as a basis for obtaining budget funds and attracting donor funding, especially IPA. Availability of donor funding will be critical given the high requirements of the Action Plan and limited budget funds.

The Former Yugoslav Republic of Macedonia

The government adopted the Roma Strategy for the period 2014-2020.

Challenges:

- Lack of coordination between institutions responsible for implementation of Roma integration policies through budgets, including lack of capacities related to producing solid Roma integration funding proposals.
- The Roma population is very much present when it comes to intervention planning, but its needs to be ensured through the whole budget cycle, including through different stakeholders from public and civil sector.
- Lack of incorporation of priorities in the mainstream plans of responsible institutions in order to link them with the annual and mid-term expenditure framework and budget planning process.

Recommendations:

- Roma CSO need to improve their capacities related to understanding the budgetary process, and its linkage to the Roma integration policies with budgets in order to ensure adequate implementation.
- While significant progress has been made in ensuring desegregated data, further analytics and data collection is needed especially in the area of employment and self-employment. This needs to be conducted in cooperation with Employment Agency.
- Public-private dialogue needs to be opened up and explored as one of the Roma integration models – with specific focus on social entrepreneurship.
- Capacities need to be improved by providing targeted technical assistance related to development of priority Action Plans, creating the basis for policy linkages with budgets.

Montenegro

Montenegro possesses good quality and realistic strategic documents for Roma integration, fully aligned with other country's relevant sector strategies (such as the employment sector strategy). The government regularly allocates funding for Roma integration mainstream and targeted measures, in line with the plan. Significant results have been achieved, in particular in the area of employment. Involvement of CSOs in policy-budget cycle is also on relatively high level. There is a good coordination with the municipal level government.

Challenges:

- Government budget planning horizon and the action plan planning horizon do not match. The Roma Action Plan is produced for one-year period, and therefore does not create a solid basis for producing three-year budget estimates. This in particular affects implementation of measures for which multi-annual allocations are required.
- Lack of comprehensive statistical data on target groups of Roma beneficiaries, which hampers the monitoring and evaluation process.
- Lack of competent and capable service providers for particular activities result in incomplete implementation and failure to achieve the stated results. This also often leads to budget underspending and poor absorption of funds.
- Some measures from the Action Plan cannot be implemented due to lack of appropriate mechanisms and systems in place, as well as administrative barriers.

Recommendations:

- Improve the quality of the existing and future Action Plans by defining adequate quantitative performance indicators as a key element for producing solid funding proposals; as well as by ensuring that the Action Plan contains realistic and implementable measures.
- Adopt action plans for at least two-year in order to link with the government's mid-term budgeting. Such action plans should include multi-annual financial projections, with detailed amounts for the first year and framework projections for the subsequent years.
- Establish functional mechanisms for collecting and processing of statistical data on Roma beneficiaries with the relevant institutions at both central and local government level.
- The RCC Roma Action Team should provide expert support to the relevant institutions in the process of budget planning and preparation, including consultations with CSOs.

Serbia

The national Strategy on social inclusion of Roma 2016-2025 is operationalized through adoption and implementation of biannual action plans. Line ministries and relevant agencies submit mid-term and annual budget requests based on the action plans.

Challenges:

- Weak horizontal coordination between the line ministries and other relevant institutions negatively affects the budget planning process (as priorities are not clearly linked with budgets, and coordination is missing when it comes to implementation set-ups), as well as financial monitoring and evaluation of results.
- Weak coordination between the organizational units in charge of Rom integration policies and units in charge of EU integration within the line ministries results in missed funding opportunities and underutilization of available donor funds, including primarily the EU IPA funds.
- Inadequate local legislative framework reflected through lack of legal obligation for the ministry of finance and government to allocate funds for Roma integration on the basis of the Action Plan.
- Slow implementation process, which among others results in underutilization of approved budget funds, leading to reductions of budget allocations for the subsequent years.

Recommendations:

- Improve coordination between the organizational units in charge of planning and budgeting for Roma integration policies and units in charge of EU integration within the line ministries, in order to maximize EU and other donor support to implementation of Roma integration policies, and ensure national budget contribution which is required for withdrawal of EU funds.
- Identify and implement adequate legal framework to ensure that Action Plans are adequately budgeted for. This may include potential changes and amendments to the Law on Budget System of the Republic of Serbia.
- Establish functional monitoring and evaluation mechanisms to ensure smooth implementation of activities and budget execution in line with the approved allocations, including allowing for no-cost-extension of the implementation.
- The RCC Roma Action Team should assist the relevant line ministries and other institutions in strengthening their capacities for producing solid funding proposals in line with the program budget methodology. These proposals should also be used as a basis for

obtaining donor funding, especially IPA. Availability of donor funding will be critical given the high requirements of the Action Plan and limited budget funds.

4.3. Final Observations

Based on the overall observations, the workshop was successful and met its general and specific goals. The wrap up of the key conclusions was provided in the concluding session. It was reiterated that some of the participating economies have challenges with the legal framework. Similar is the situation with the availability of disaggregated data.

Participants agreed that linking Roma policies and budgets happens in the line ministries, and this is where decisions are made on the usage of funds. Additionally, the annual budgets should be linked to the medium term budgets, while it is essential to bring together financial and programmatic staff when costing and budgeting. Furthermore, leadership in the budgeting process is an issue, since there are numerous stakeholders in the public budgeting process and each has its role. Finally, the importance of timely budgeting was underlined as well as the importance of prioritizing, which are essential to the successful implementation of the Roma strategies and sustainable integration process.

Participants have recognized the importance of the broader context, i.e. EU accession process, EU policies and legal frameworks as relevant to the budgeting for Roma integration and external funding opportunities.

The RCC Roma Action Team is recommended to provide general and specific assistance in line with recommendations provided in the section above. The explicit requests for the follow-up in country training were provided by Albania, Bosnia and Herzegovina, Montenegro and Serbia, as detailed above.