



REPUBLIKA SLOVENIJA
SLUŽBA VLADE REPUBLIKE
SLOVENIJE ZA RAZVOJ IN
EVROPSKE ZADEVE

Programming, monitoring and evaluation system – example of Slovenia

Katja Lautar

A budget should reflect the values and priorities of our nation and its people.

Mary Landrieu



Budget is an „agreement“ (Schick, 2011).

Wildavsky, 1964:

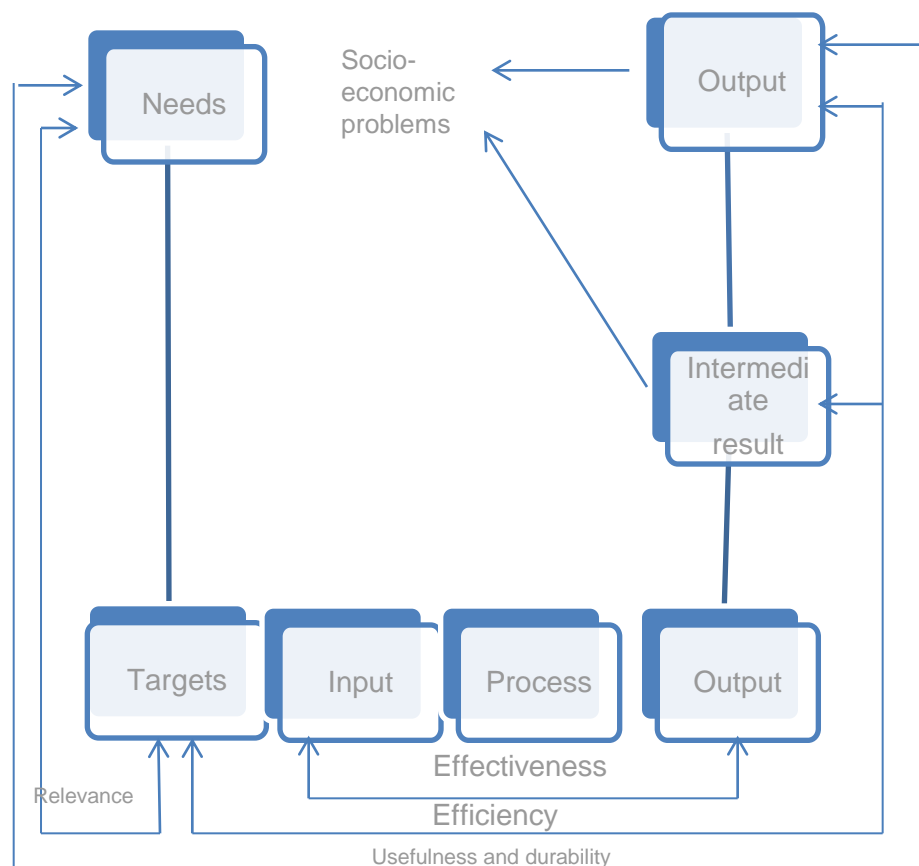
„Congress and the President promise to supply funds under specified conditions, and the agencies agree to spend them in ways that have been agreed upon. The budget imposes a set of mutual obligations and controls upon the contracting parties... A budget thus becomes a web of social as well as legal relationships in which commitments are made by all the parties, and where sanctions may be invoked (though not necessarily), equally by all.“

Programme budgeting is the budgeting system that, contrary to conventional budgeting, describes and gives the detailed costs of every activity or programme that is to be carried out in a budget. Objectives, outputs and expected results are described fully as are their necessary resource costs, for example, raw materials, equipment and staff. The sum of all activities or programmes constitute the Programme Budget. Thus, when looking at a Programme Budget, one can easily find out what precisely will be carried out, at what cost and with what expected results in considerable detail.
(*Wikipedia*)

Development of programme budgeting in the world and Slovenia

- ...the manner of planning public expenses with a view to allocate public funds to various public services, depending on their efficiency and effectiveness.
- Much more important than gathering information is adequate budgetary planning, preparation and execution of the budget, i.e. using that information for management, decision-making.
- No standards exist, nor a uniform definition; the leading countries have set up their programme budgets in their own ways.

Graph 1: Manner of programme budget execution





Performance budgeting, performance-based budgeting, results-based budgeting, managing for results, outcome budgeting or priority budgeting

- Common feature - information on achieved results is collected and used.
- OECD (2007) The purpose of the reform is to improve efficiency, enhance controls, in some cases increase the flexibility of management, all in view of ensuring better public services.
- There is no a uniform model of introducing the programme budget, the states have to set up a system that is tailored to their needs,
- the whole process of government planning and reporting is important,
- information on achieved results has to be integrated in the budget process,
- the government system that provides a link between results and sources is not optimal; however there is little excuse for bad performance,
- information on results requires qualitative data on achievements, results as well as effects, impacts,
- the entire data collection process has to be separate from the ministries, it has to be independent and if possible, external experts need to be involved,
- political as well as administrative support for the project is crucial,
- adequate capacity of the Ministry of Finance and other line ministries is vital,
- it is important to develop incentives for motivation of young civil servants, in order to change their conduct and practice.

In view of the manner, purpose and use of the programme budget, the OECD countries can be grouped in v 3 categories (2007):

- »Presentation« budgets;
- Budgets based on information on achieved results, indirectly linking the achievements and means;
- Indirect programme budgets providing direct link between objectives, results and means.

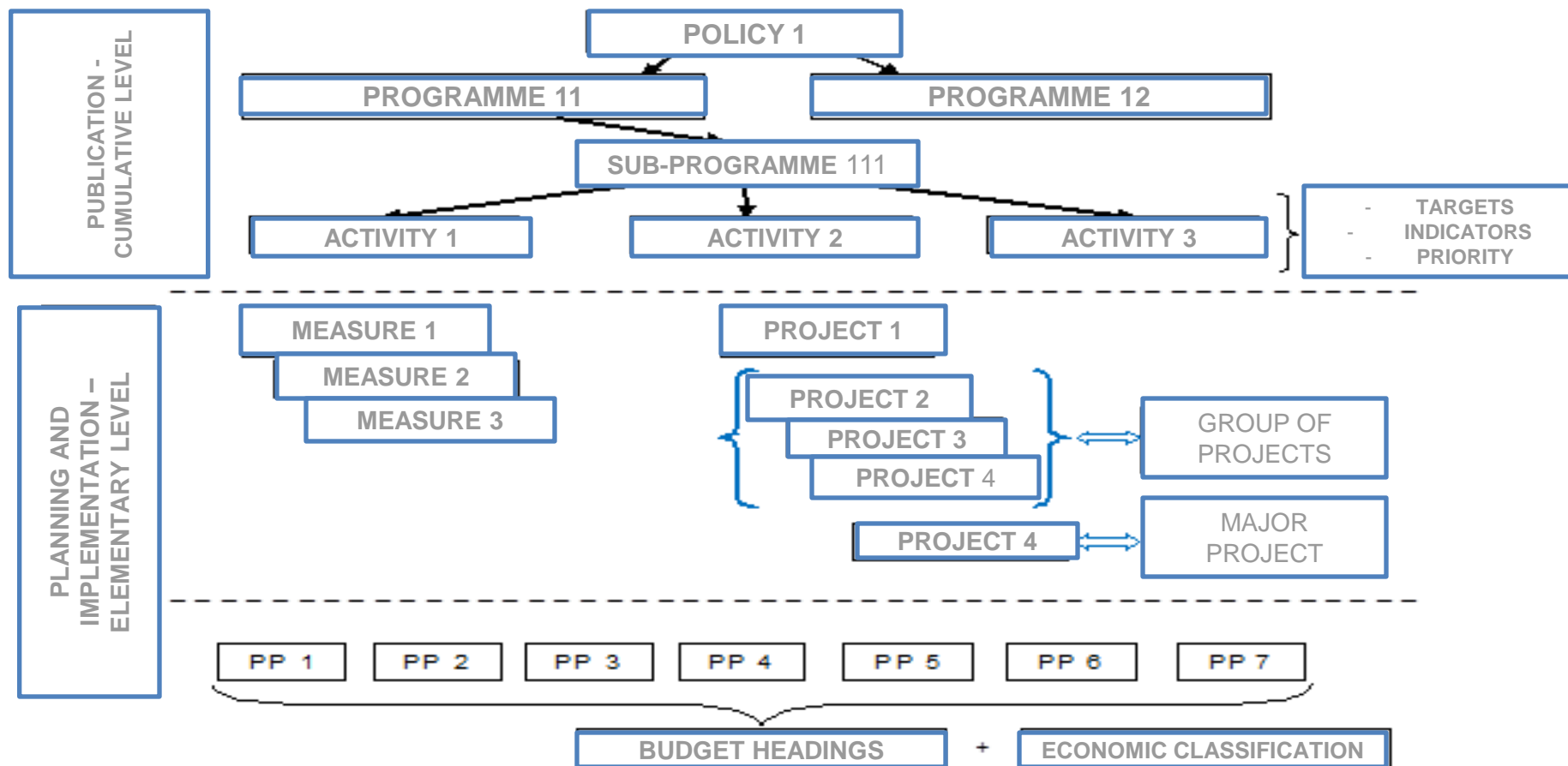


Budgetary planning and changes in budget preparation

- *Public Finance Act,*
- *Decree on Development Planning Documents and Procedures for the Preparation of the National Budget,*
- *the National Assembly's Rules of Procedure.*
- Working groups on development planning and programme budget preparation → two-level preparation



Graph: Program classification





MEASURE

• is a set of several different, yet mutually coordinated acts pursuing objectives that are defined within the framework of a common purpose (policy) which can be evaluated and phased over time as well as linked to a target group. Actions, included in the measure, constitute a certain, complete programme entity, such as: preparation of framework legislation, implementing regulations and the like, preparation and implementation of projects, (ensuring) the implementation of statutory duties or a regular functioning of bodies and related costs.

PROJECT

• is an economically indivisible group of activities performing a precisely defined (technical-technological) function and having clearly specified objectives on the basis of which it is possible to determine whether the project meets the predefined criteria. The project has a predefined duration, which is limited by the date of the beginning and the end. The project is a set of activities with a specific purpose, where various means (resources: financial, material, human, time and other resources) are used in order to achieve the established objectives or benefits.

GROUP OF PROJECTS

• consists of several projects of the same type; the objectives are defined within the framework of a common purpose (policy) and will be implemented within a specified period.

MAJOR PROJECT

• can be a project which consists of a series of works or services intended for the independent implementation of an inseparable task of a precisely defined economic or technical nature, with clearly defined objectives and whose estimated value exceeds EUR 25 million.

Graph: Hierarchy of targets, a new structure

POLICY

1st level of programme classification

• PROGRAMME

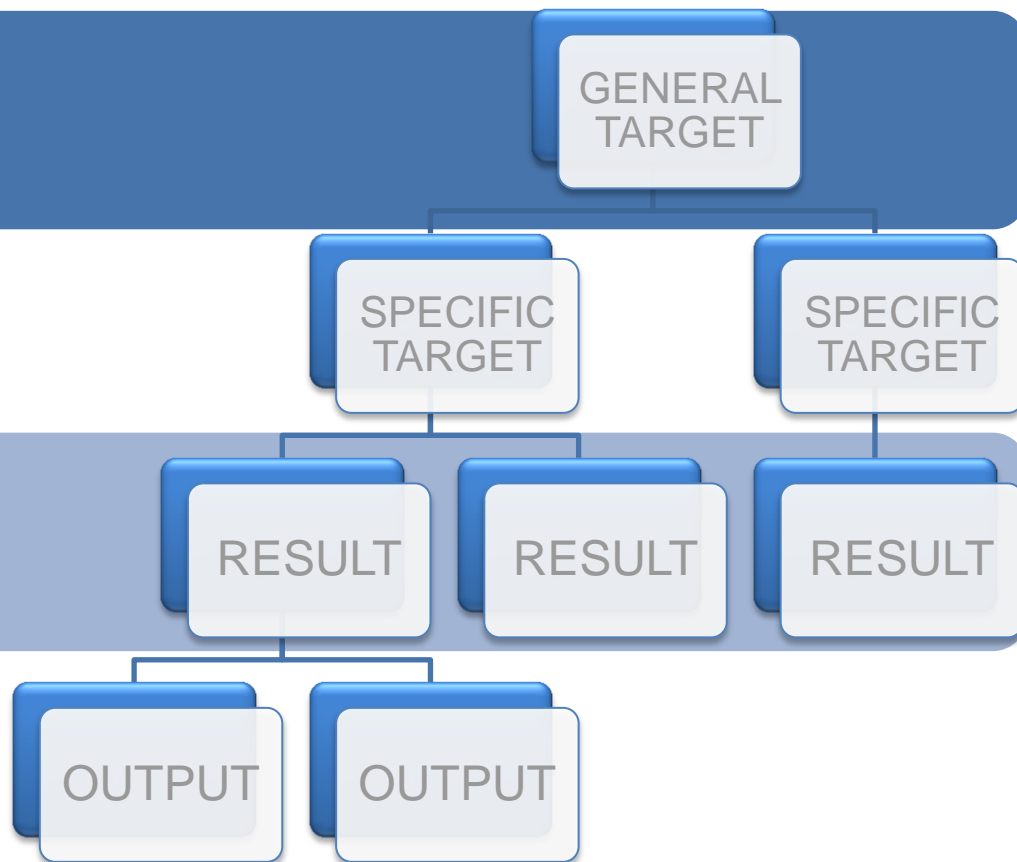
• 2nd level of programme classification

SUB-PROGRAMME

3rd level of programme classification

• MEASURE, GROUP OF PROJECTS, MAJOR PROJECT

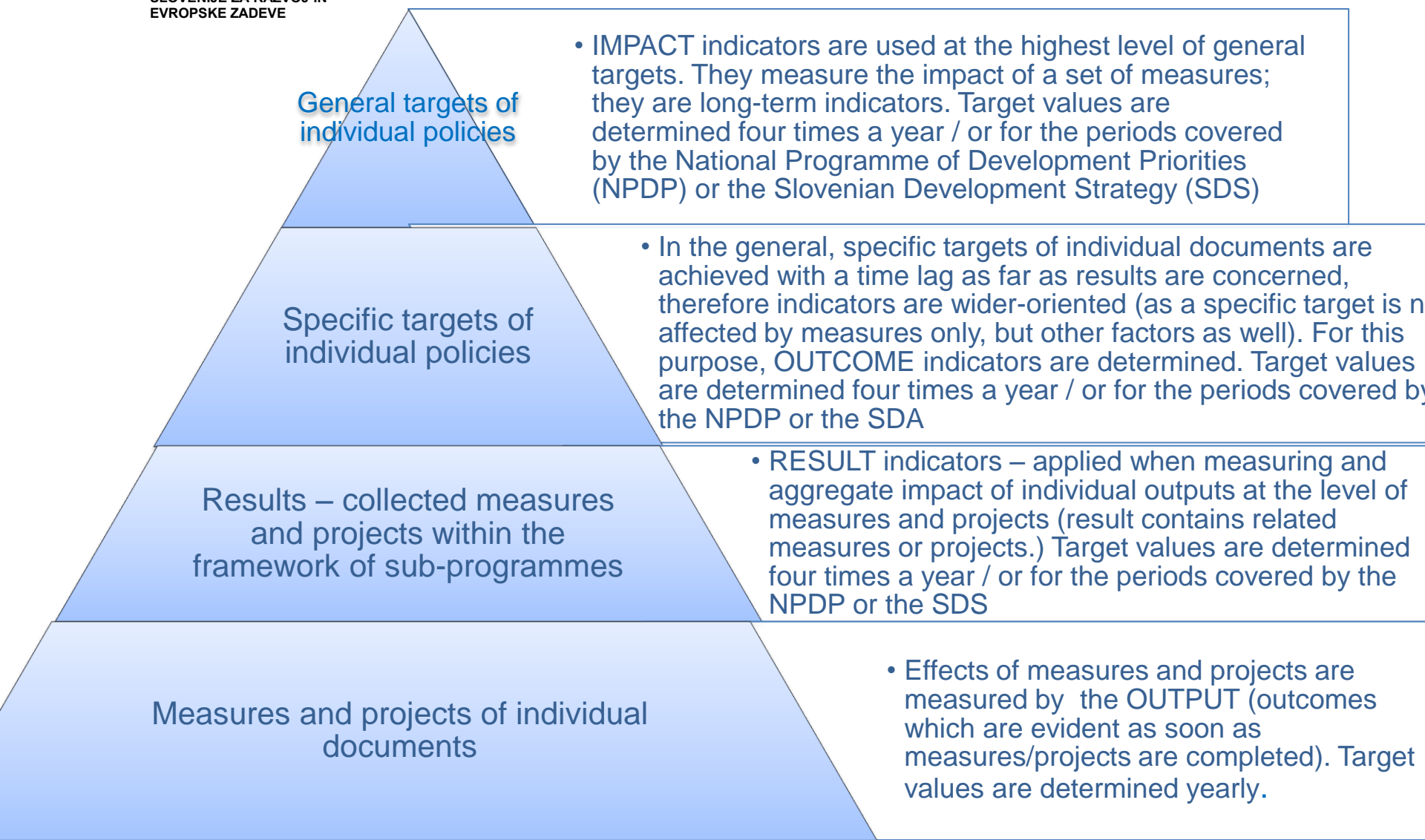
• 5th level of programme classification



Source: Ministry of Finance and Government Office for Development and European Affairs



Graph: Hierarchy of targets and indicators



Policy of Encouraging Entrepreneurship and Competitiveness:

sub-programme Tourism



REPUBLIKA SLOVENIJA
SLUŽBA VLADE REPUBLIKE
SLOVENIJE ZA RAZVOJ IN
EVROPSKE ZADEVE

- Industry which enhances the regional development, increases the economic value of natural and cultural heritage and facilitates the improvement of social welfare.
- The world's 4th largest export industry.
- International tourist arrivals were up to EUR 935 million in 2010 (by almost 7% compared to 2009); in 2010, international tourism generated EUR 693 billion (5% increase compared to 2009); the contribution of tourism to GDP (direct impacts) worldwide is estimated at 5%; tourism employs 6-7% of the world's population (World Tourism Organization).
- At its session held on 11 May 2010, the Slovenian Government identified tourism as one of the most important economic/strategic sectors.
- WTTC estimates that the total impact of tourism contributes to 12% of Slovenian GDP.
- During the last five years (2005-2011) the income generated by the exports of travel services increased by 33%, tourist arrivals by 26% and overnight stays by 18%.
- In 2009, jobs in catering and tourism increased for 1,200.
- At the same time tourism is a significant export industry, which represents more than 40% of service exports in Slovenia's balance of payments (Bank of Slovenia).
- According to the World Competitiveness Yearbook Results 2011, published by the Swiss Institute for Management Development (IMD), as regards the share of income generated by tourism in the GDP, Slovenia ranked highly - 10th place among 59 states (Slovenia's total score: 51st place).



Practical demonstration of measuring objectives and results

e.g. in »Tourism« sub-programme

Explanation of the budget on the case of a programme, prior to the introduction of changes:

Graph: Utilization of funds (realization) for the »Tourism« sub-programme, broken-down by years

Obrazložitev finančnega načrta

Leto 2010

1403 - Promocija Slovenije, razvoj turizma in gostinstva

Opis glavnega programa

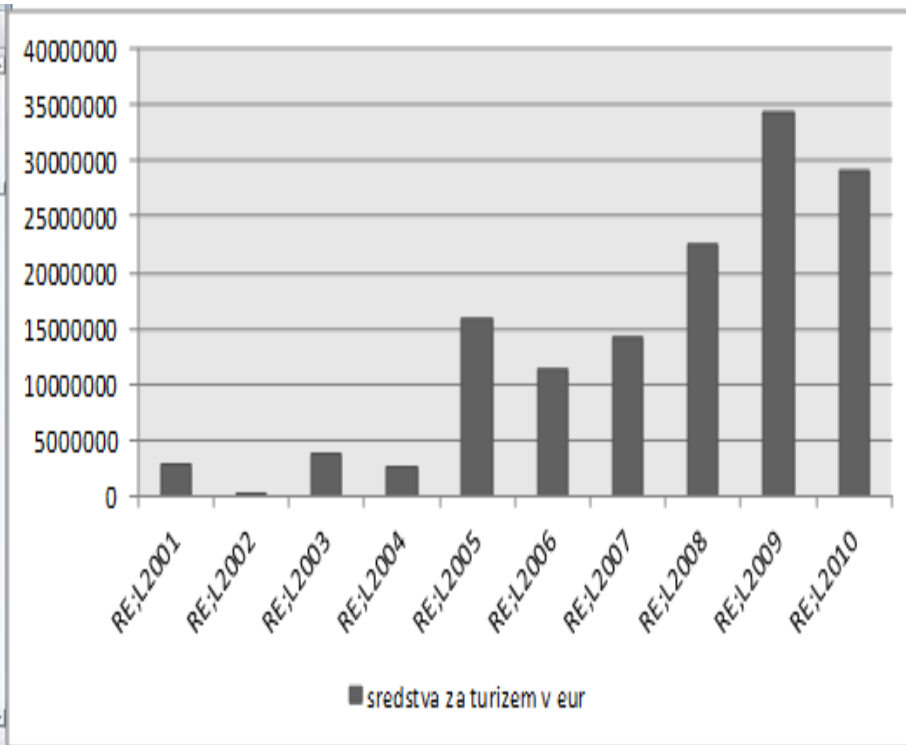
Turizem povezuje številne gospodarske dejavnosti in zaradi svojega izjemnega multiplikativnega učinka predstavlja ta dejavnost v zadnjih desetletjih ključni sektor v svetovnem gospodarstvu in pomeni vir gospodarskega razvoja za večino držav.

Po podatkih Svetovnega potovalnega sveta (WTTC) turizem v letu 2009 predstavlja 9,4 % delež v BDP svetovnega gospodarstva. V dejavnostih povezanih s turizmom je v letu 2009 v svetu zaposlenih 219.810.000 oseb. V slovenskem gospodarstvu je turizem ena najbolj perspektivnih in najuspešnejših dejavnosti s pomembnimi multiplikativnimi učinki na mnoge druge dejavnosti. Po strokovnih ocenah ustvarja približno 12 % bruto domačega proizvoda Slovenije (po podatkih WTTC).

V letu 2008 je Slovenijo obiskalo skupno 2.766.194 turistov (kar je 3 % več kot v letu 2007), ki so ustvarili 8.411.688 nočitev (od tega je bilo 57,6 % tujih nočitev). (Glede na leto 2007 je bilo v letu 2008 2 % več turističnih nočitev). V zadnjih nekaj letih beležimo v Sloveniji konstantno rast turističnega obiska in nočitev. V času od leta 2005 – 2008 je število turistov, ki prenočijo v Sloveniji naraslo za 15,5 %, število prenočitev pa se je v tem obdobju povečalo za 11 %. V letu 2008 so prilivi iz naslova potovanja znašali 1,93 milijarde EUR, kar je 16 % več kot v letu 2007. V času od 2005 do 2008 se je priliv iz naslova potovanja nerezidentov (tujcev, ki obiščejo Slovenijo) povečal za 33 %.

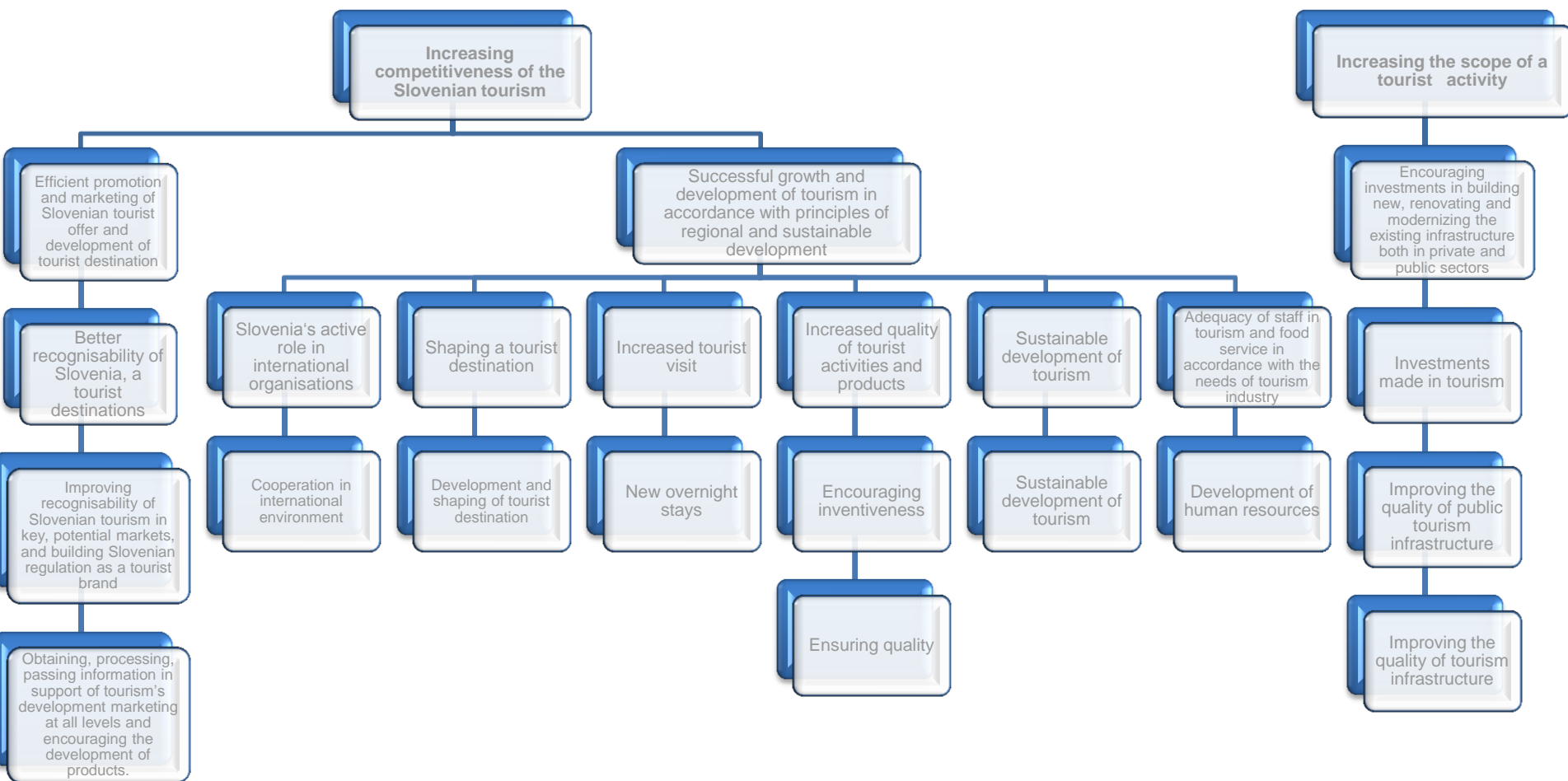
Turizem je tudi zelo pomembna izvozna dejavnost, ki v plačilni bilanci Slovenije predstavlja dobrih 40 % izvoza storitev. Uspešen razvoj turizma in povečanje števila turistov ter prilivov iz naslova turizma je odraz pravilno zastavljene in vodene turistične politike ter izvajanja ukrepov zastavljenih v Razvojnem načrtu in usmeritvah slovenskega turizma.

V zadnjem času (v obdobju 2004 - 2009) se je v slovenskem turizmu veliko investiralo in zaposlovalo. Nadpovprečno uspešno smo na področju turizma tudi črpal sredstva Evropskih strukturnih skladov (ESRR), s čimer je bilo realiziranih 112 novih investicij, ustvarjenih 7.774 novih turističnih ležišč in odprtih 1.789 novih delovnih mest. Skupna izraba v obdobju od leta 2003 do 2008 na področju turizma znaša 81 %.





Graph: Current hierarchy of the »Tourism« sub-programme objectives



Graph: Proposal for modernization of programme budget at the level of “tourism” sub-programme, together with indicators

Increasing the competitiveness
of the Slovenian tourism by
increasing the scope of tourist
activities

Improving the competitiveness of the
Slovenian tourism - WEF from 35 to 31,
The number of guests from z 2,7 million
to 3 million

Income generated by
the exports of travel
services rose from
EUR 1.8 billion to
EUR 2.95 billion

Growth and
development of tourism
by encouraging
investments in building
ne, and renovating and
modernizing the
existing infrastructure

Efficient promotion and
marketing of Slovenian
tourist offer and
development of tourist
destinations

The number of tourist
brands, which have been
approved in the country and
abroad, from 15 to 20

Quantity of new
accommodation,
capacities, No. Of
new overnight
stays

Increased tourist visits

Shaping a tourist
destination

Better recognizability of
Slovenia as a tourist
destination

Increased quality of
tourist activities and
products

No. Of
promotions,
projects,
supported tourist
destinations

New overnight stays

Development and
shaping of tourist
destinations,
development of
products

Improving
recogniability of
Slovenia as a tourist
brand

Encouraging
inventiveness

Quantity of
supported tourist
projects, quantity
of supported
public/private
investments

Quantity of
supported tourist
projects, quantity
of supported
public/private
investments

Investments made to
improve the public and
private infrastructure

Ensuring quality and
development of
human resources



Budget is an „agreement“...

- *A fiscal agreement whereby the taxpayers need to be aware of the risks they are undertaking and have a clear understanding of how to pursue the sustainability of public finance (in fact, the fiscal framework is »advice« on how to achieve the long-term sustainability of public finance).*
- *A social agreement, where the citizens have to be made aware of the problem of ageing population, increasing costs, as well as the fact that the commitments, which have been made in the past, are not permanent (changes in pension legislation, long-term care). It is important to address problems in a wider context (in a synchronized manner) with development planning, preparation of a medium-term framework in accordance with fiscal rules and preparation of the budget and adequate structural and institutional changes.*
- *An agreement on the implementation in accordance with the objectives, where a difference between the macro and micro levels needs to be made and targets have to be adequately defined.*

Machiavelli: „ ...all cruel measures need to be made at the beginning...”

»Programme budget«:

- (1) is a new way of thinking about public planning;
- (2) is not a theoretical construction only, but also an actual manner of drawing up the budget;
- (3) is referred to by various names, the literature makes a difference between outcome budgeting and performance budgeting;
- (4) has an actual impact on decisions regarding the allocation of funds to competitive state users – agencies, ministries and programmes, therefore it is worth conducting further theoretical research;
- (5) represents a victory of a theory over (budget) processes up to the point where impacts/benefits and their corresponding costs define how an X amount of funds should be allocated to A and B activities.

- Changes in monitoring and implementation, as well as a bureaucratic apparatus?

