

OECD-PEMPAL Survey of Budget Practices & Procedures

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Presentation to PEMPAL BCoP Plenary Meeting

6 March 2014

Developments & Priorities in budgeting

- from annual to **medium-term** budgeting
- Heightened focus on management of **fiscal risks**
- Budgeting **across levels of government**
- from inputs to outputs, **performance** and impacts
- from MoF to **independent institutions**
- Greater engagement of **parliament** and **citizens**
- Budgeting as an instrument of **public governance**

OECD Public Governance framework



OECD Budget Practices & Procedures Survey

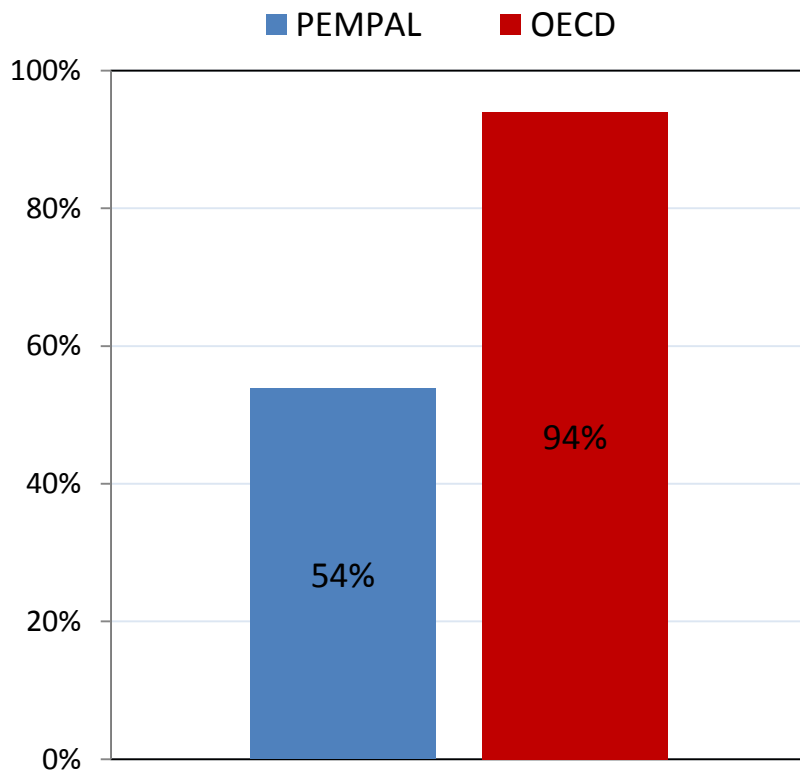
- Covers key aspects of public budgeting
- Standard questions / topics for all OECD countries
 - Fiscal sustainability / fiscal rules
 - MTEF
 - Capital budgeting
 - Budget flexibility
 - Budget transparency
 - Independent fiscal institutions

PEMPAL Budget Practices & Procedures Survey

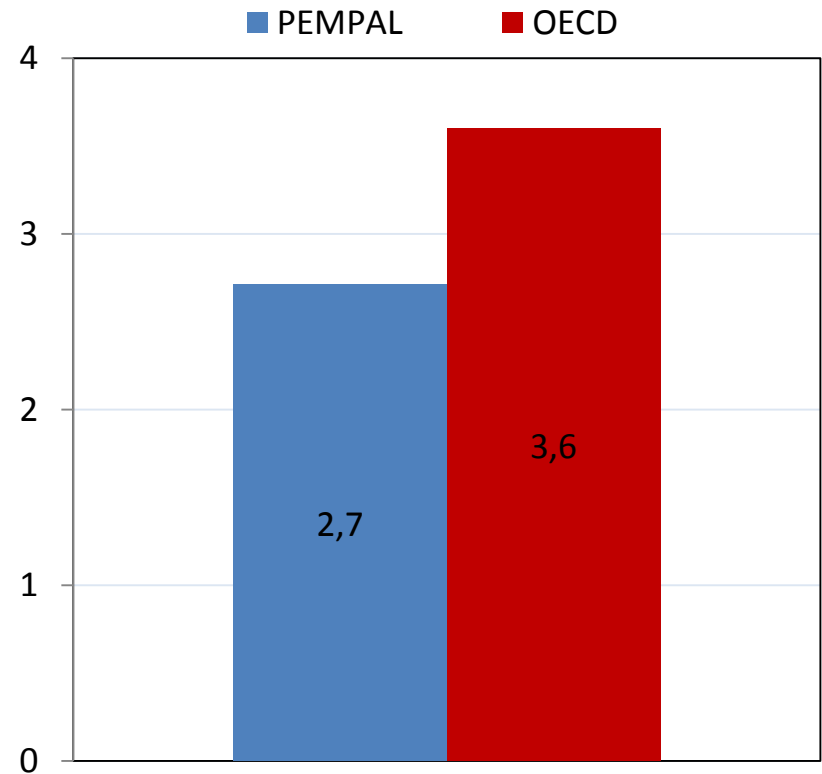
- 13 PEMPAL BCOP countries participated in the survey in 2013
 - Albania, Azerbaijan, Belarus, Bosnia and Herzegovina, Croatia, Kyrgyz Republic, Macedonia, Montenegro, Russia, Serbia, Tajikistan, Turkey, Uzbekistan
- Workshop at Riga (OECD-PEMPAL, 26th June 2013)
 - Presentation of preliminary results of OECD Budget Survey
 - Q&A sessions on Survey Questionnaires
 - Logistics of the survey participation (entering the data and data cleaning etc)
- Answering the on-line questionnaire (PEMPAL, ~Oct 2013)
- Data quality control (OECD-PEMPAL, ~Dec 2013)
 - Comparison with IMF data and 2007 survey results
 - Check internal consistency among the answers
- Analyzing the data and drafting the survey results (~Feb 2014)

Fiscal rules

Percentage of countries using fiscal rules

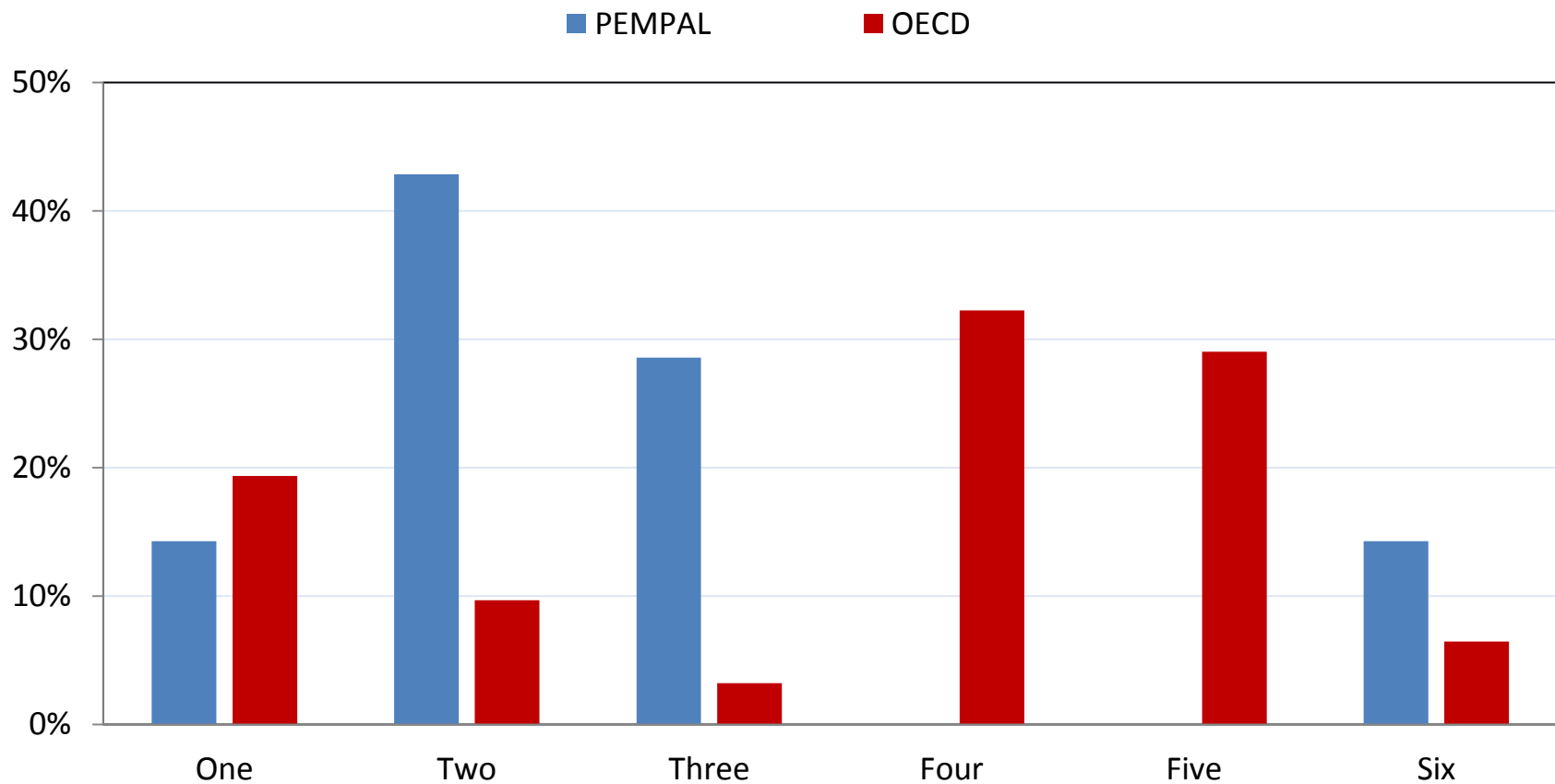


Average number of fiscal rules when applied

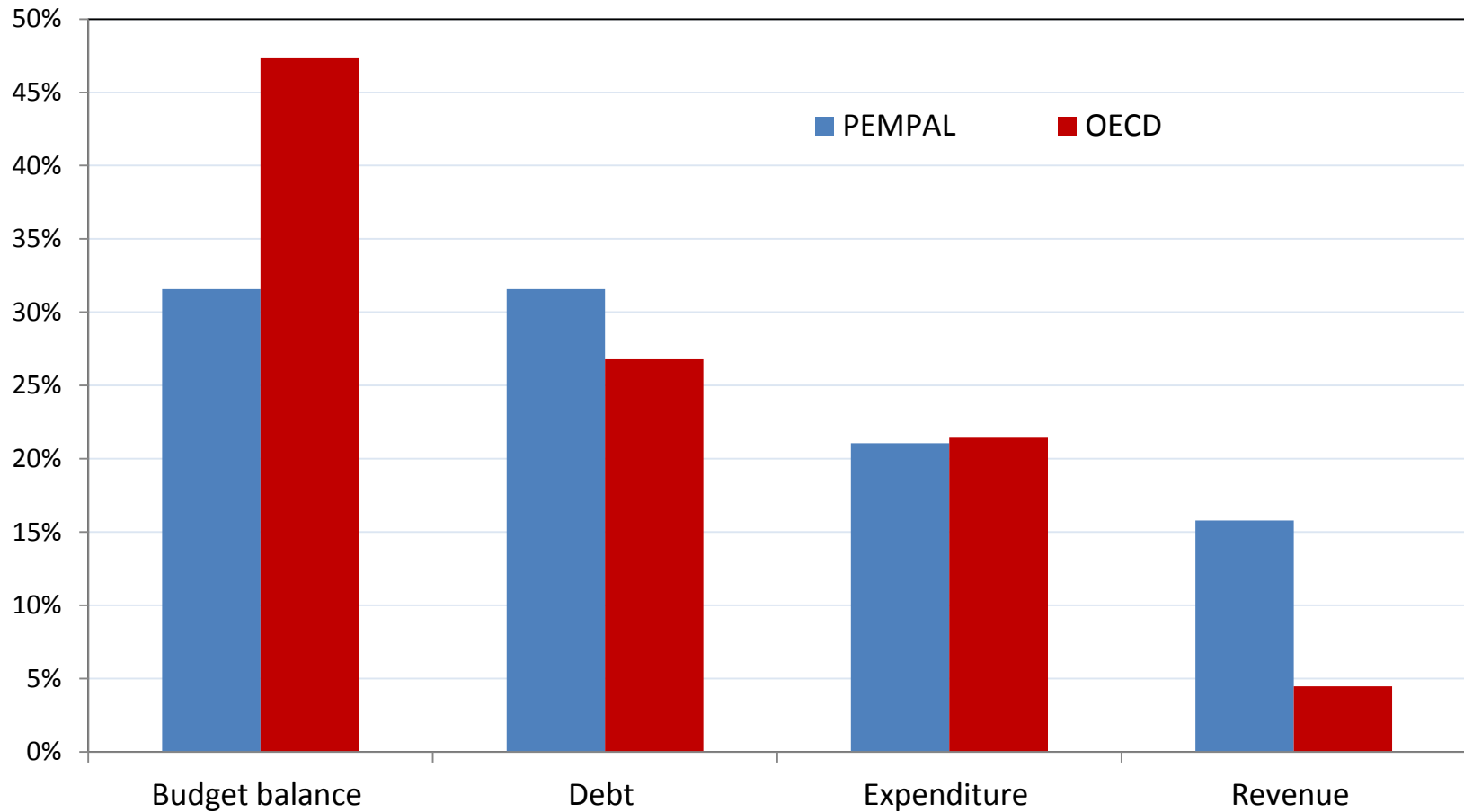


Number of fiscal rules

% of countries using fiscal rules according to number of rules applied

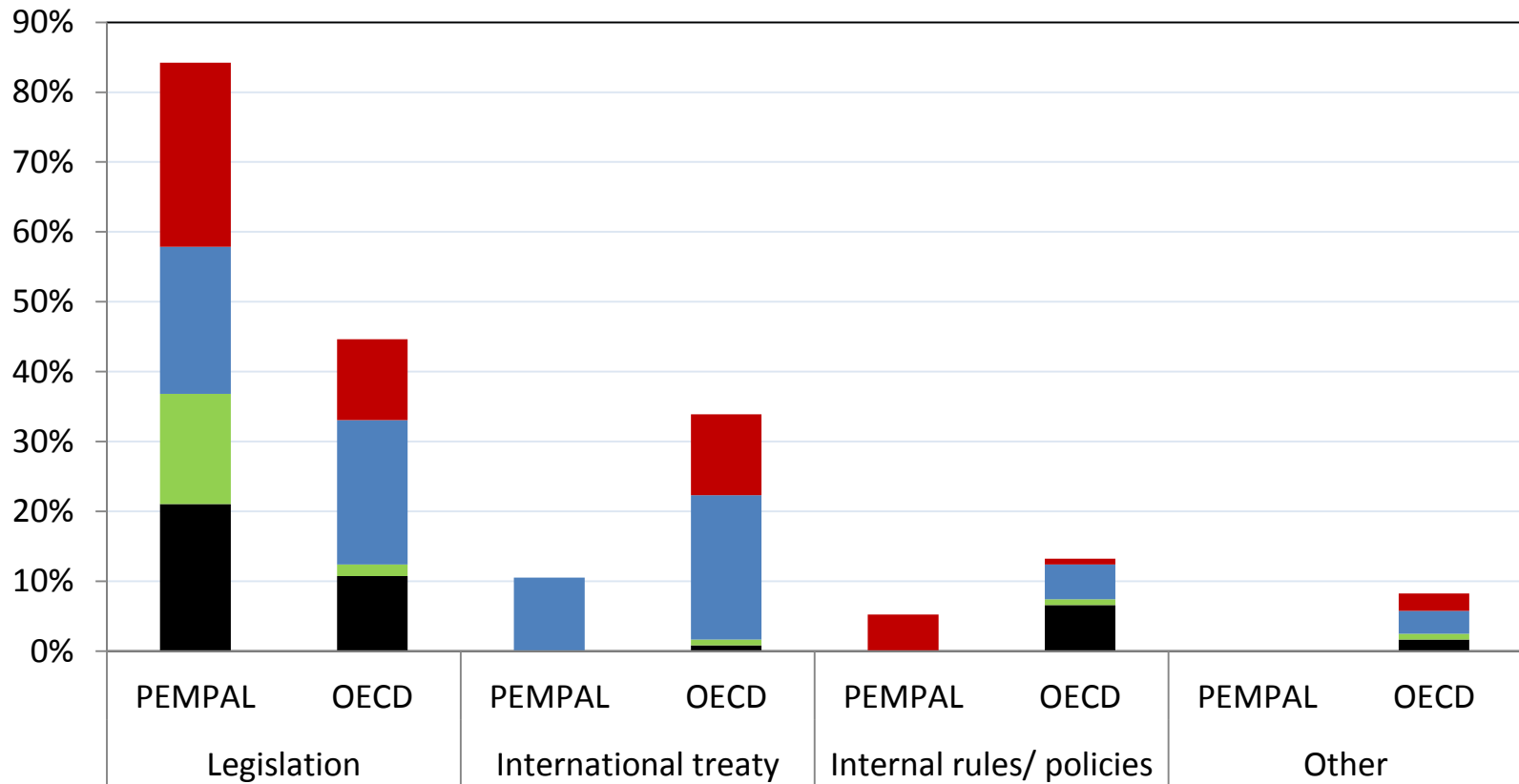


Types of fiscal rules applied



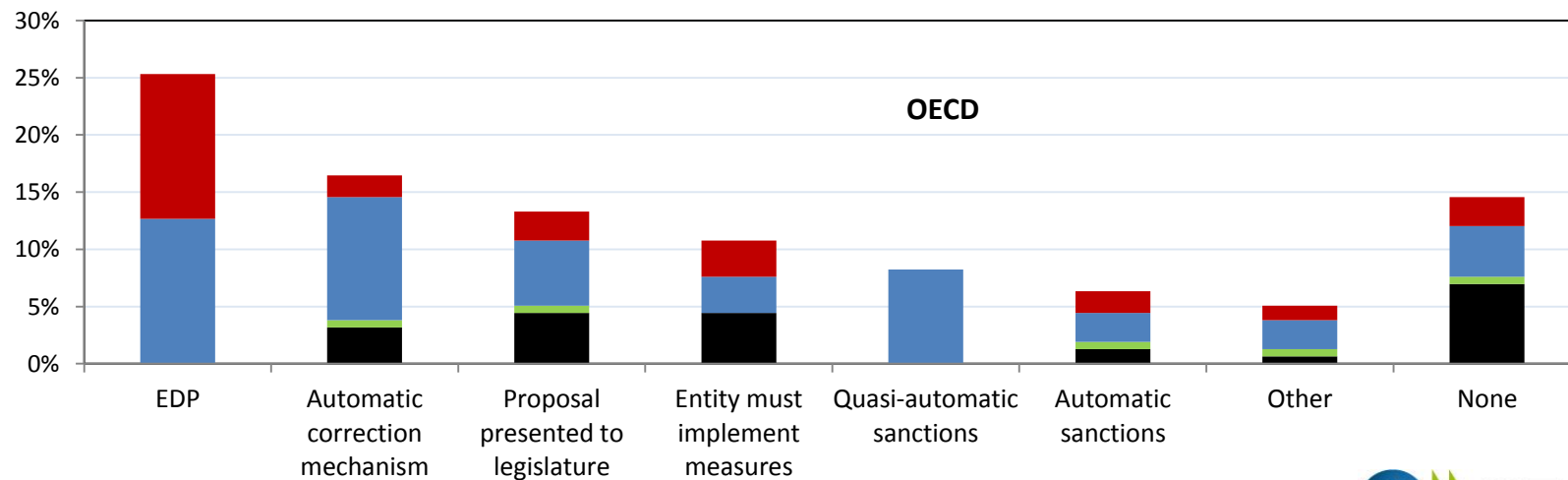
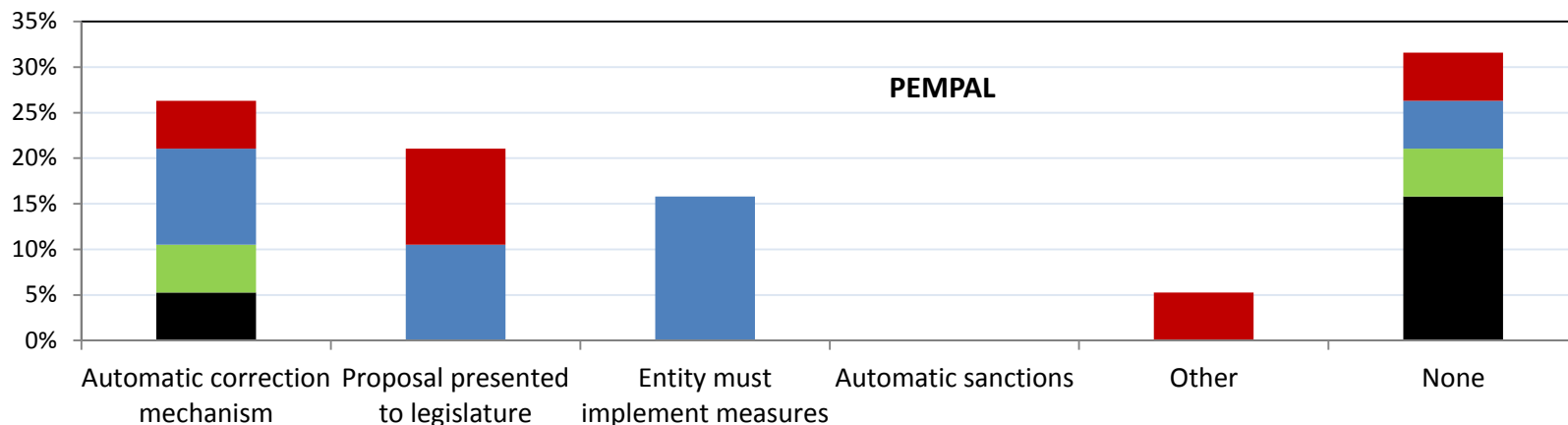
Legal basis for fiscal rules

Expenditure rules
 Revenue rules
 Budget balance rules
 Debt rules



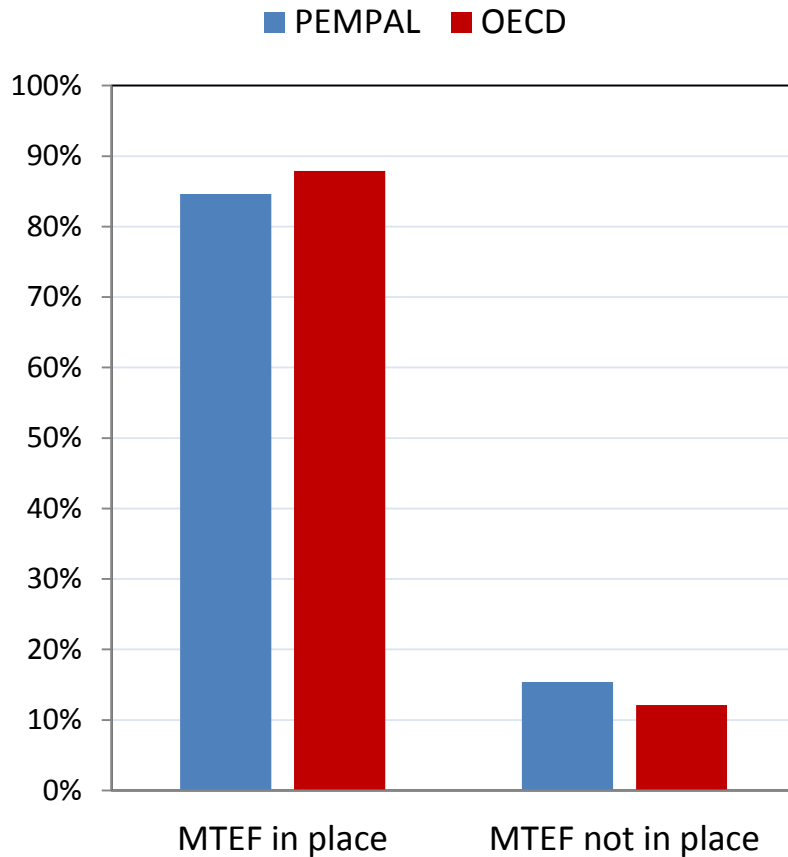
Enforcement mechanism

Expenditure rules
 Revenue rules
 Budget balance rules
 Debt rules

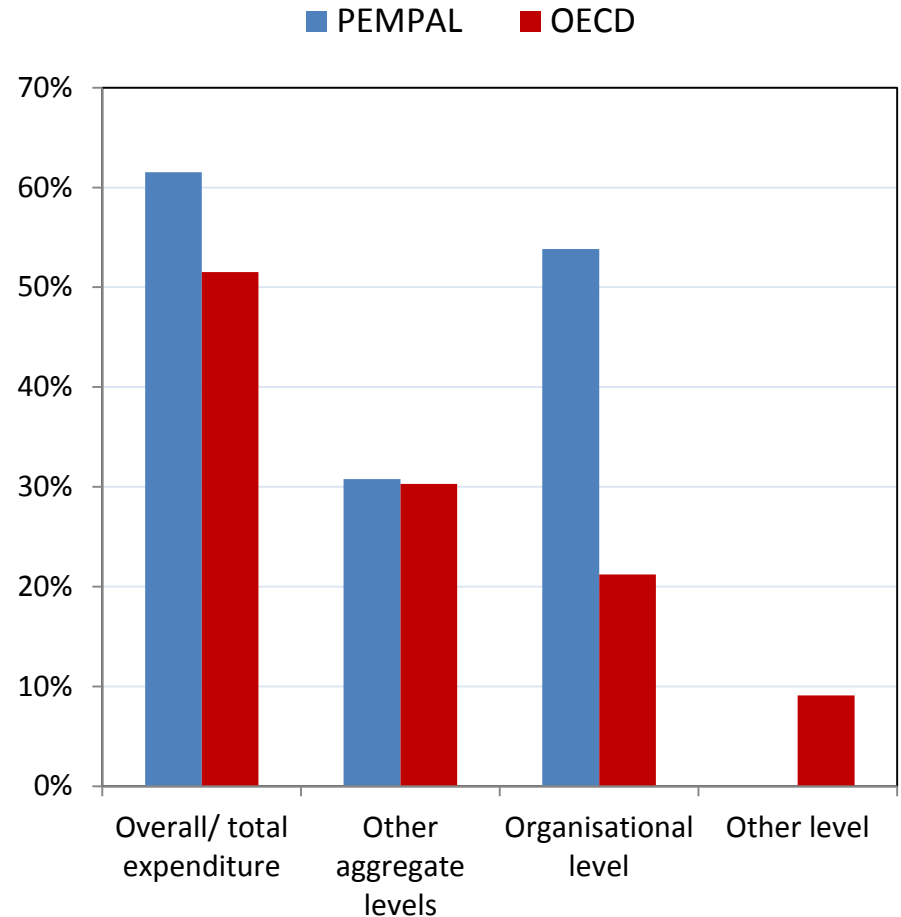


Medium-term Expenditure Framework (MTEF)

% of countries with MTEF in place

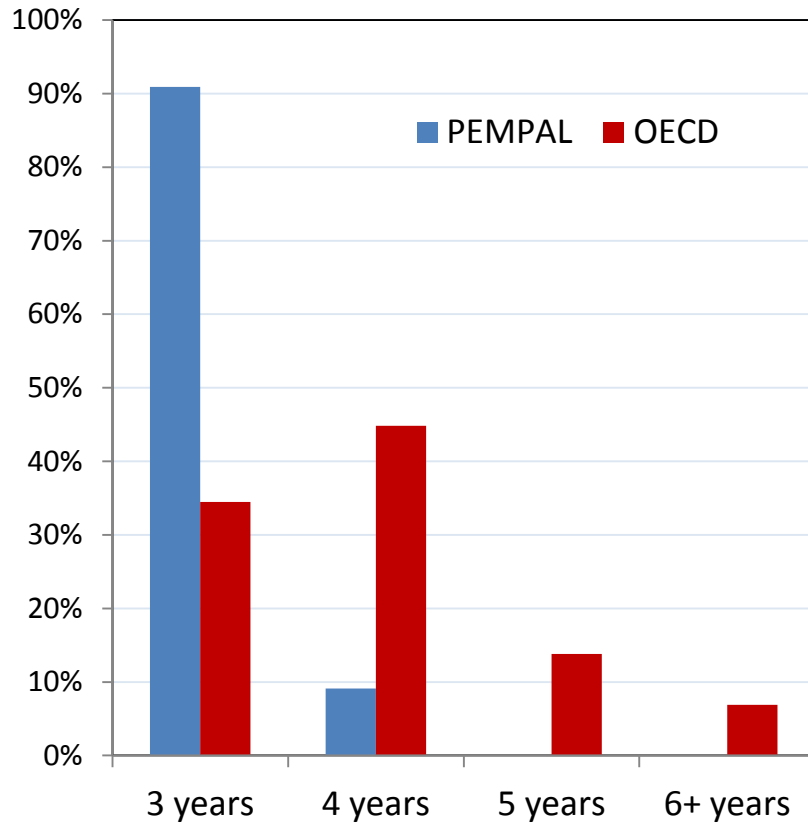


Levels of ceilings of MTEF

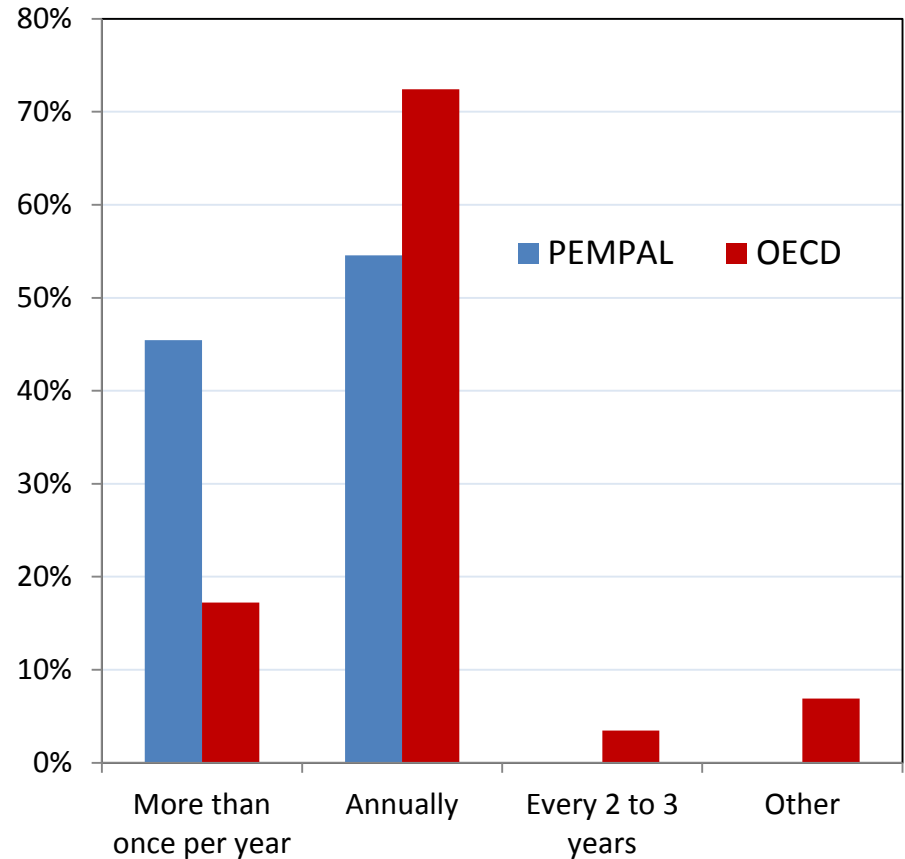


Length and Revision of MTEF Ceilings

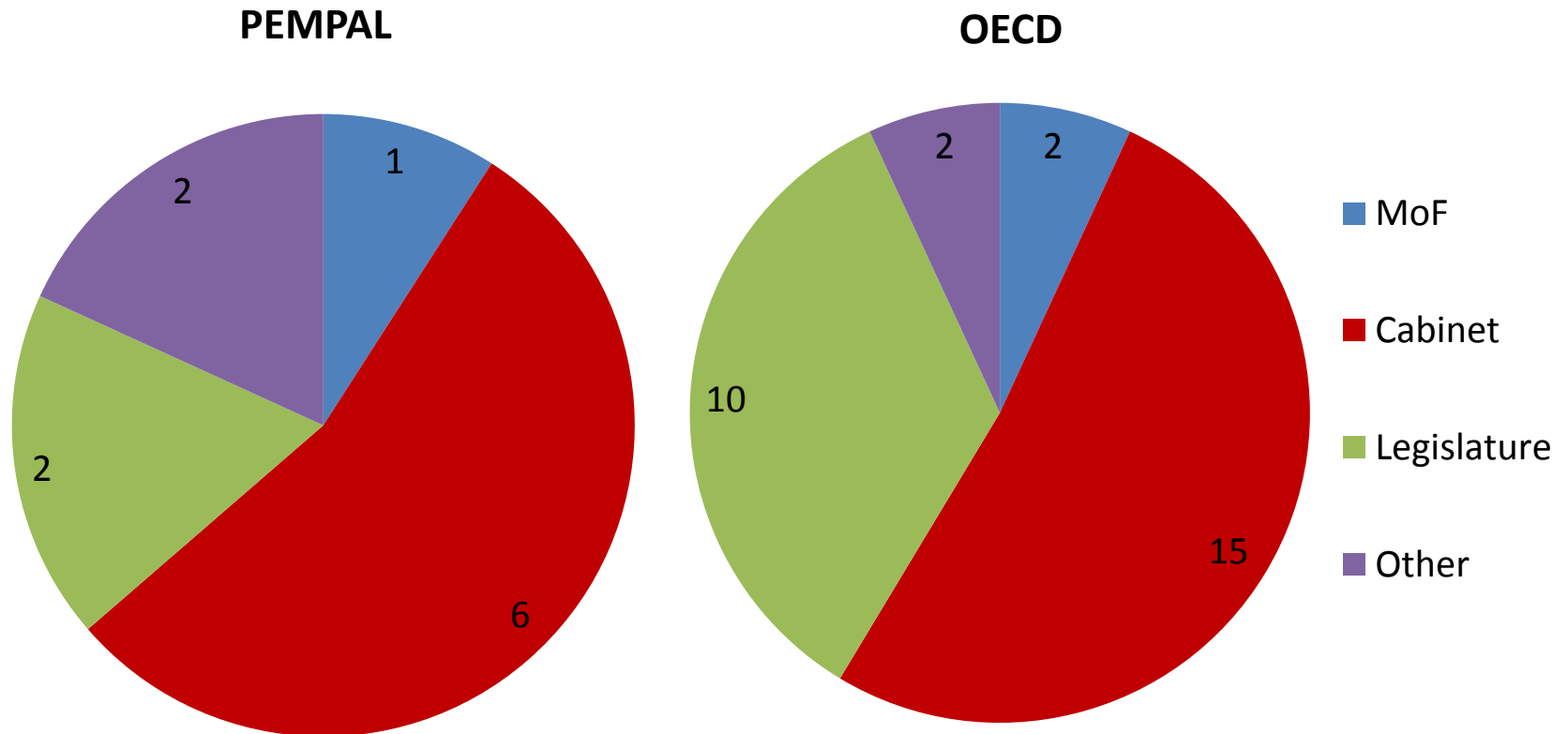
Length of ceilings



Frequency of revision of ceilings



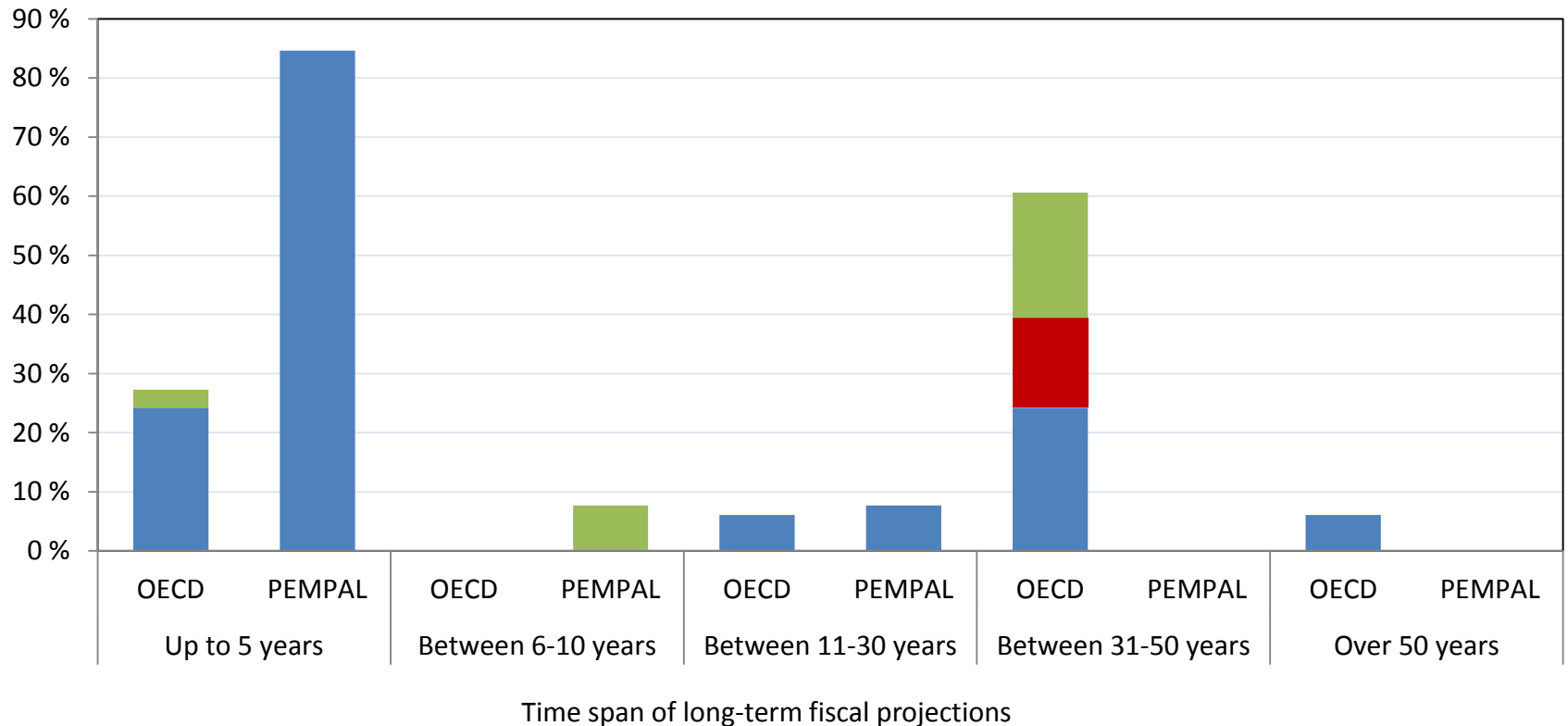
Who approves the MTEF?



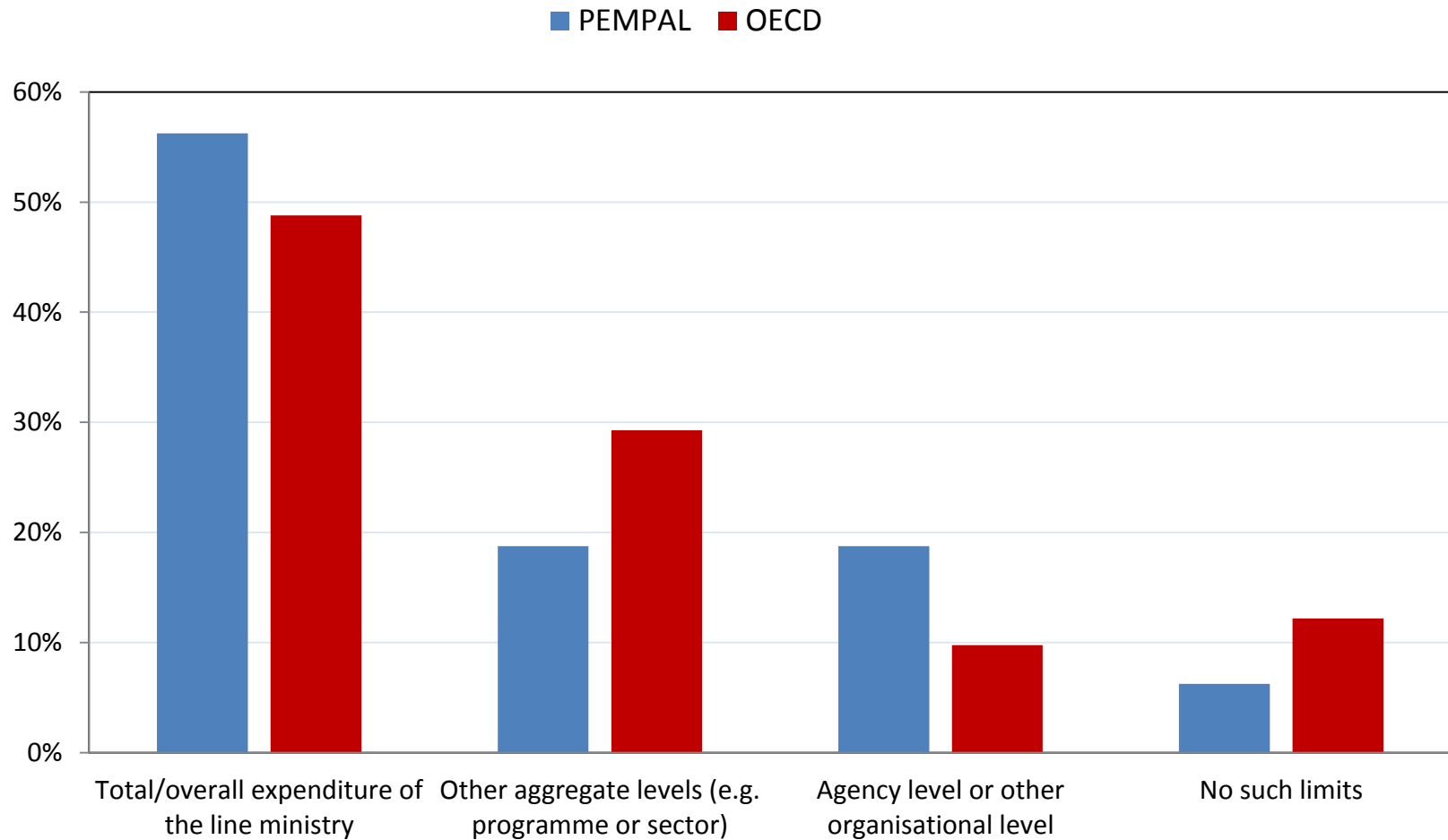
Long-term fiscal projections

Time span and revision frequency of long-term fiscal projections

Revision frequency ■ Every year ■ Every three years ■ Other intervals ■ Not applicable

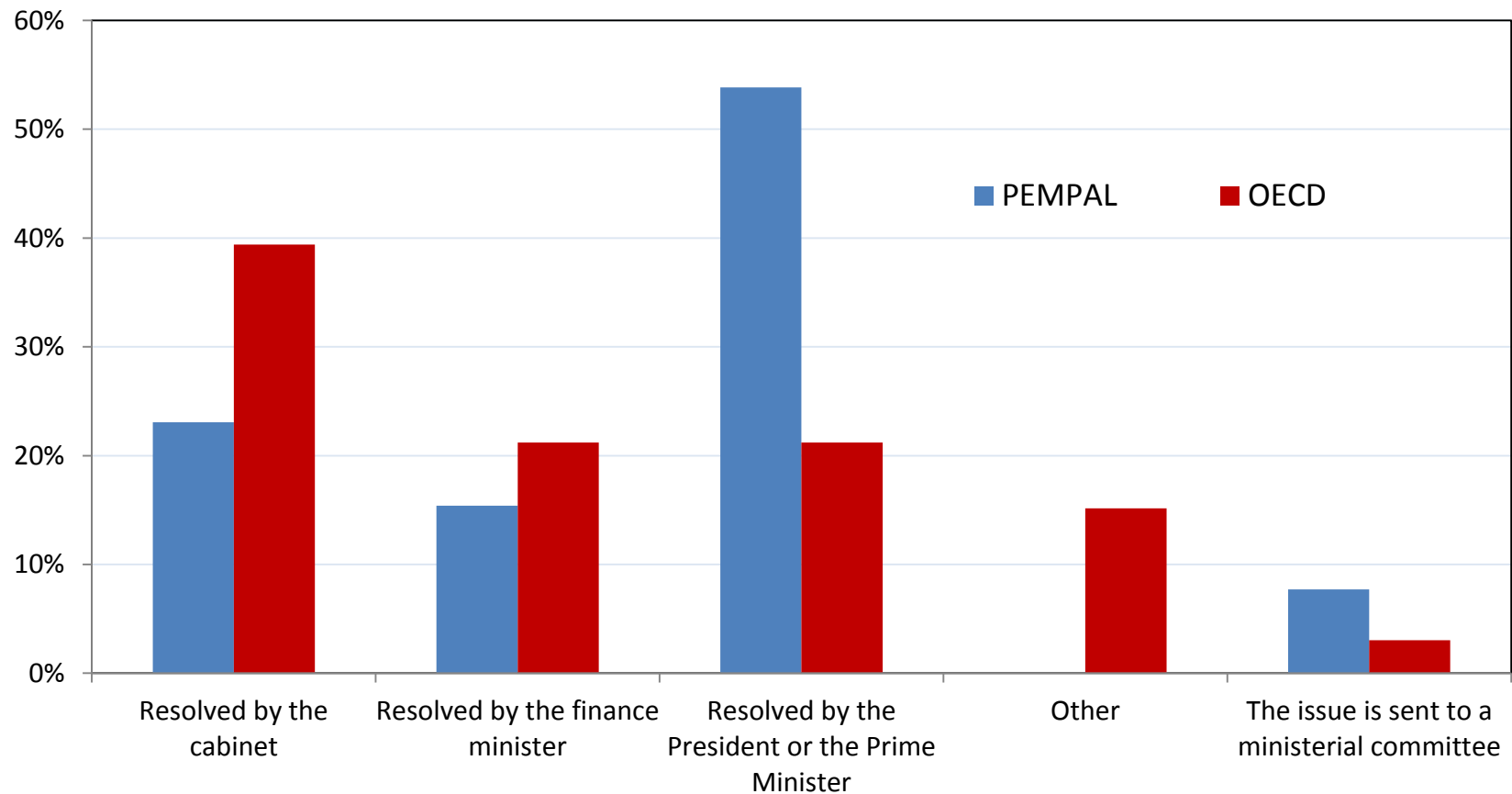


Ceilings on the line ministries' initial request



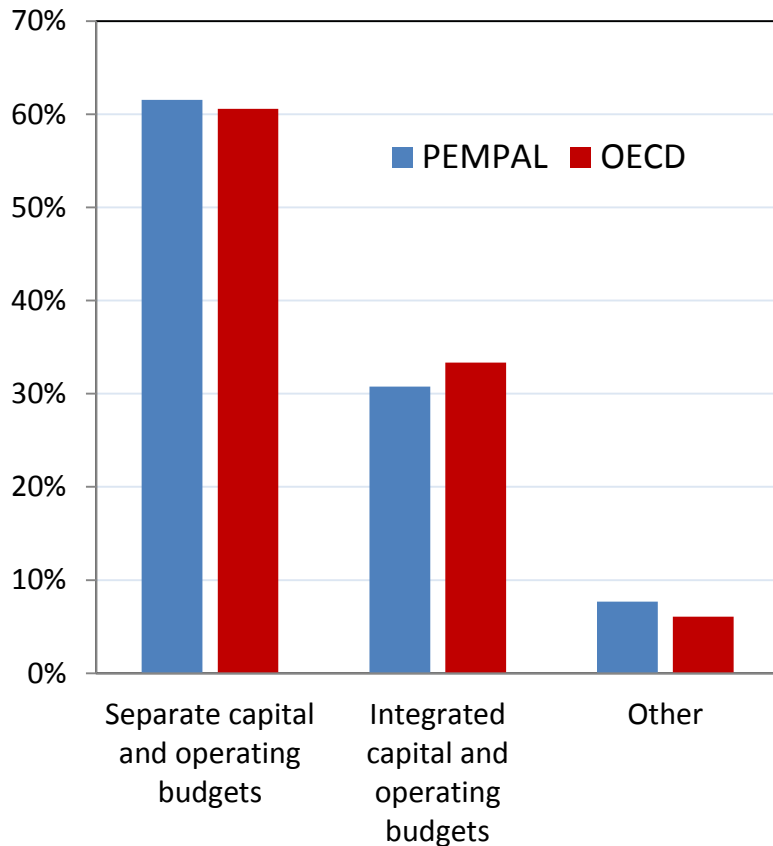
Budgetary settlement

Resolution of disputes between ministries in the budget formulation

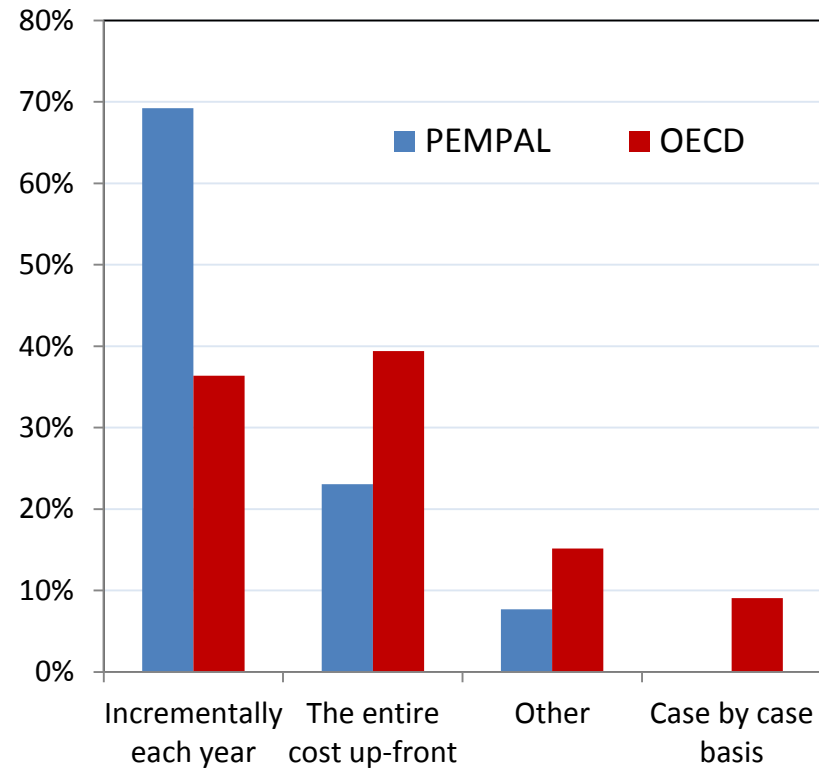


Capital budgeting

Capital budgets in central governments

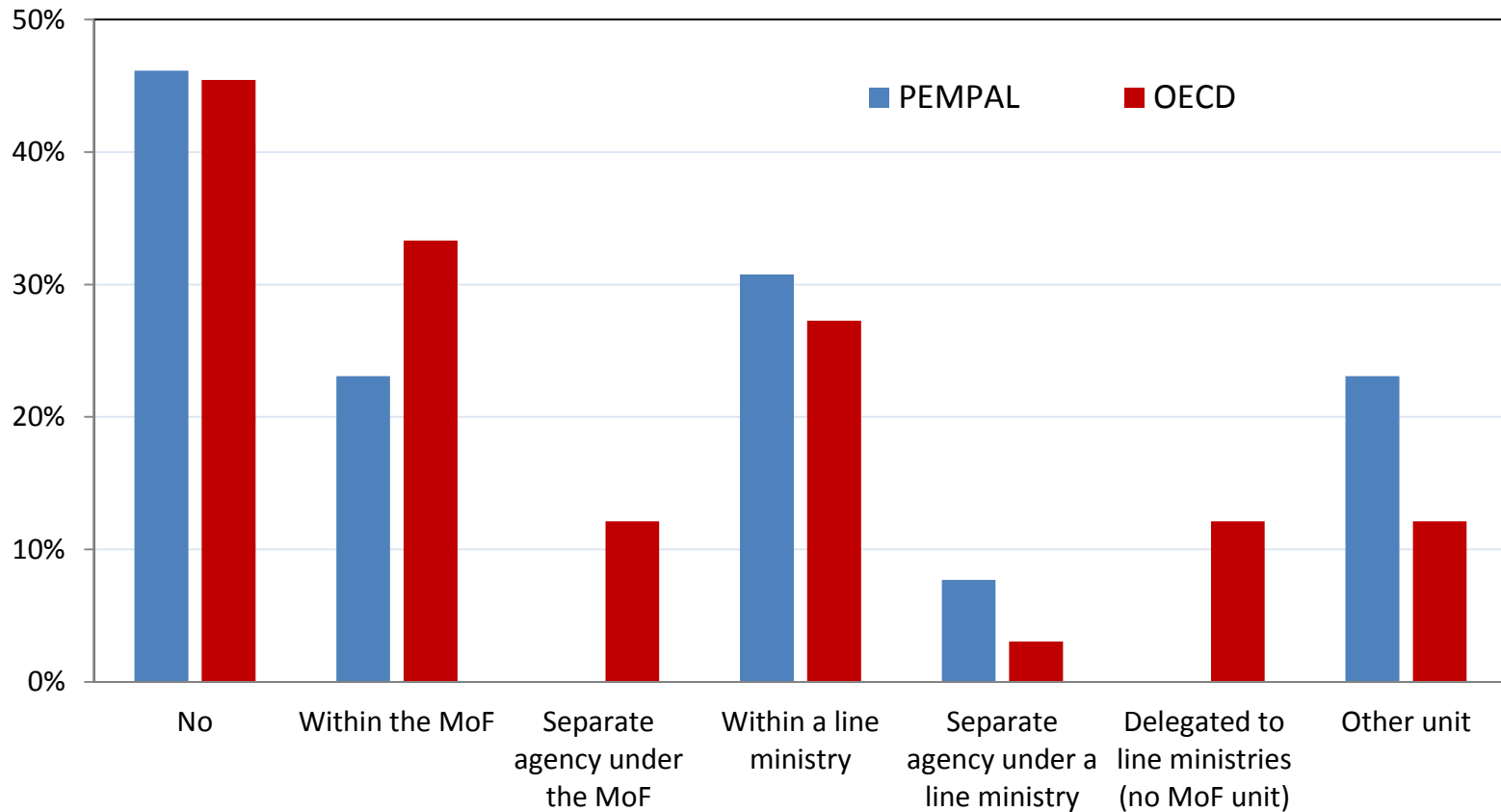


Funding of multi-year capital projects



PPP Units

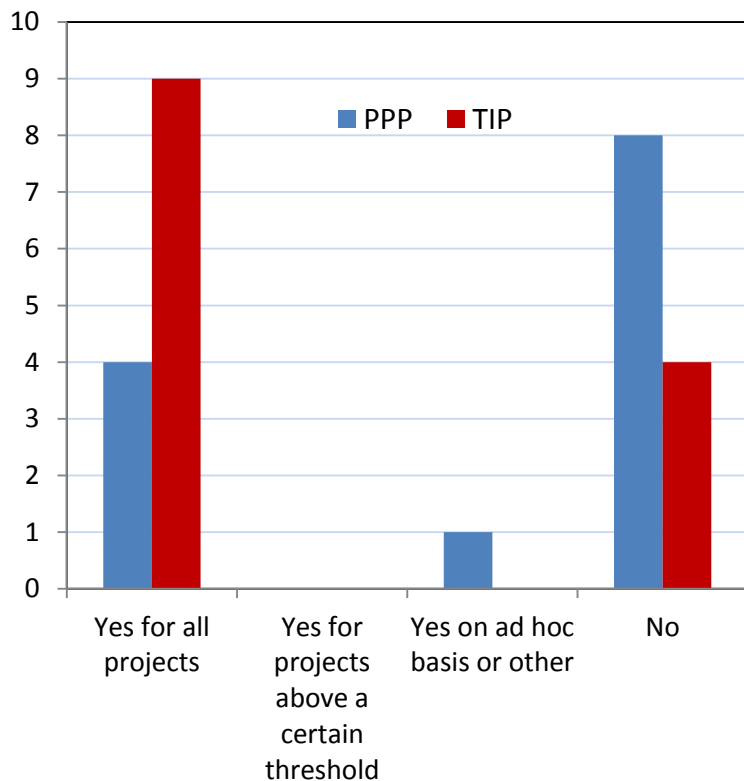
PPP units in central governments



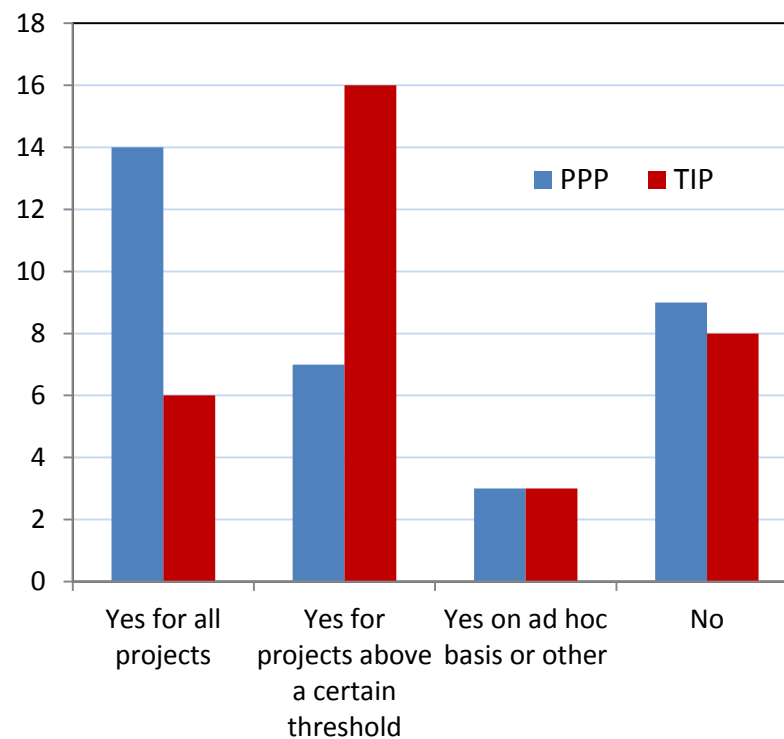
CBA approval in capital projects

Is CBA required to approve capital projects in line ministries?

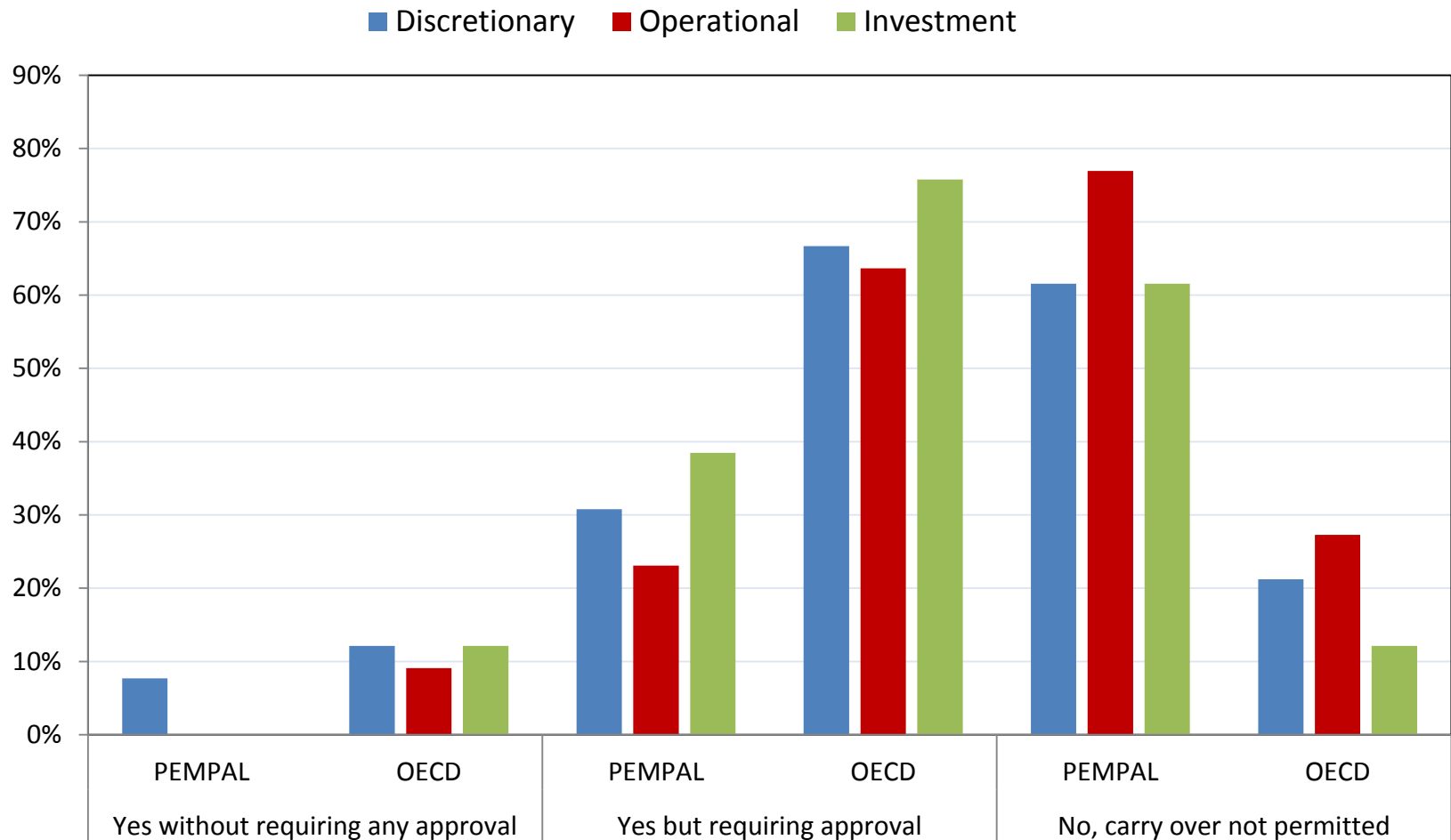
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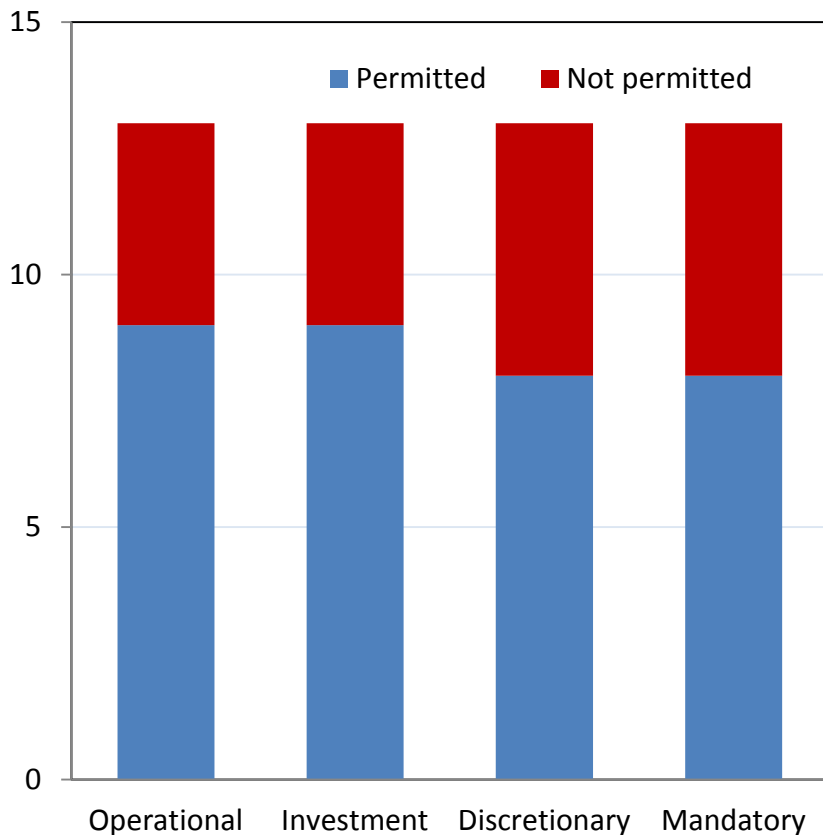
Carry-over of expenditure from year to year



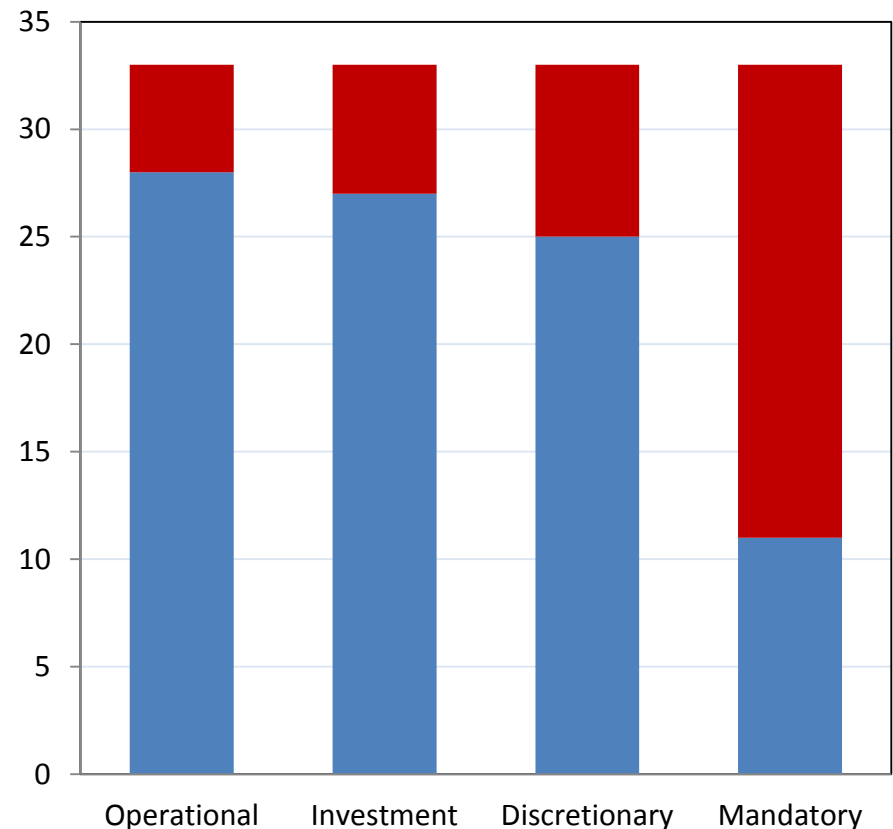
Executive's cut of spending

Executive's cut of spending after the budget has been approved by the legislative

PEMPAL



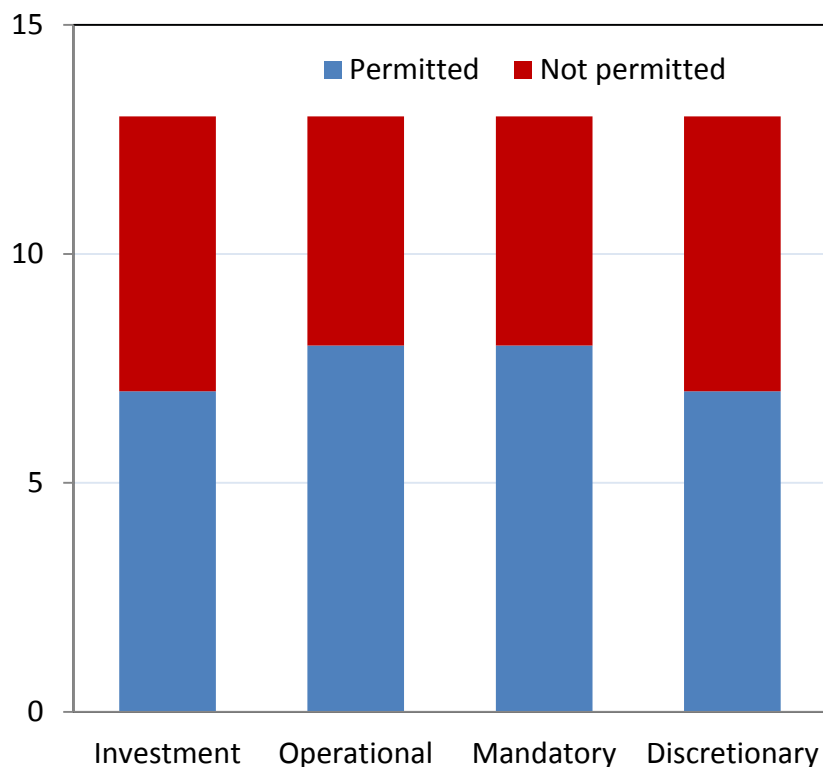
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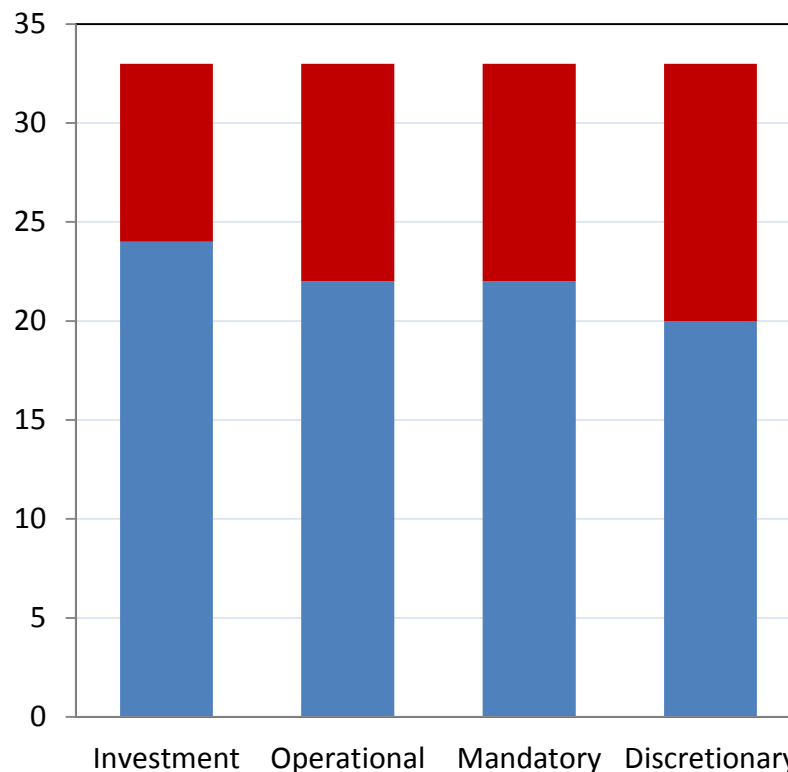
Executive's increase of spending

Executive's increase of spending after the budget has been approved by the legislative

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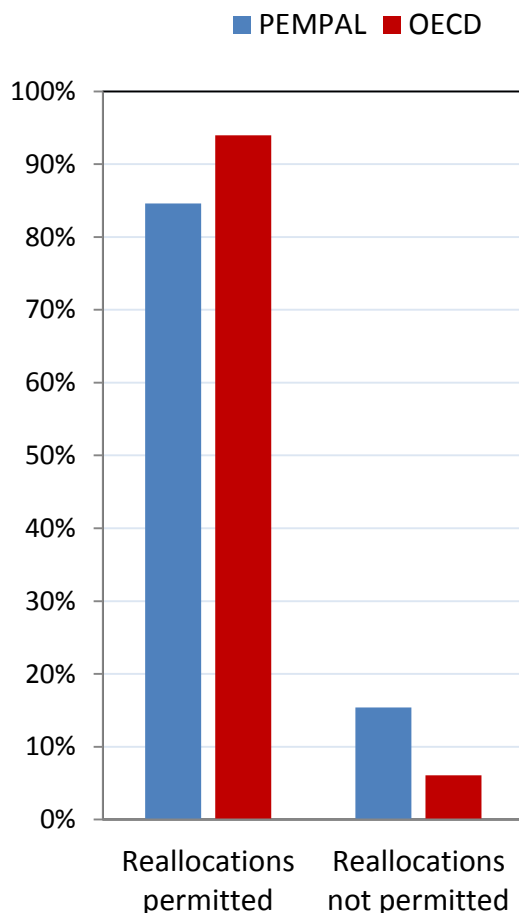


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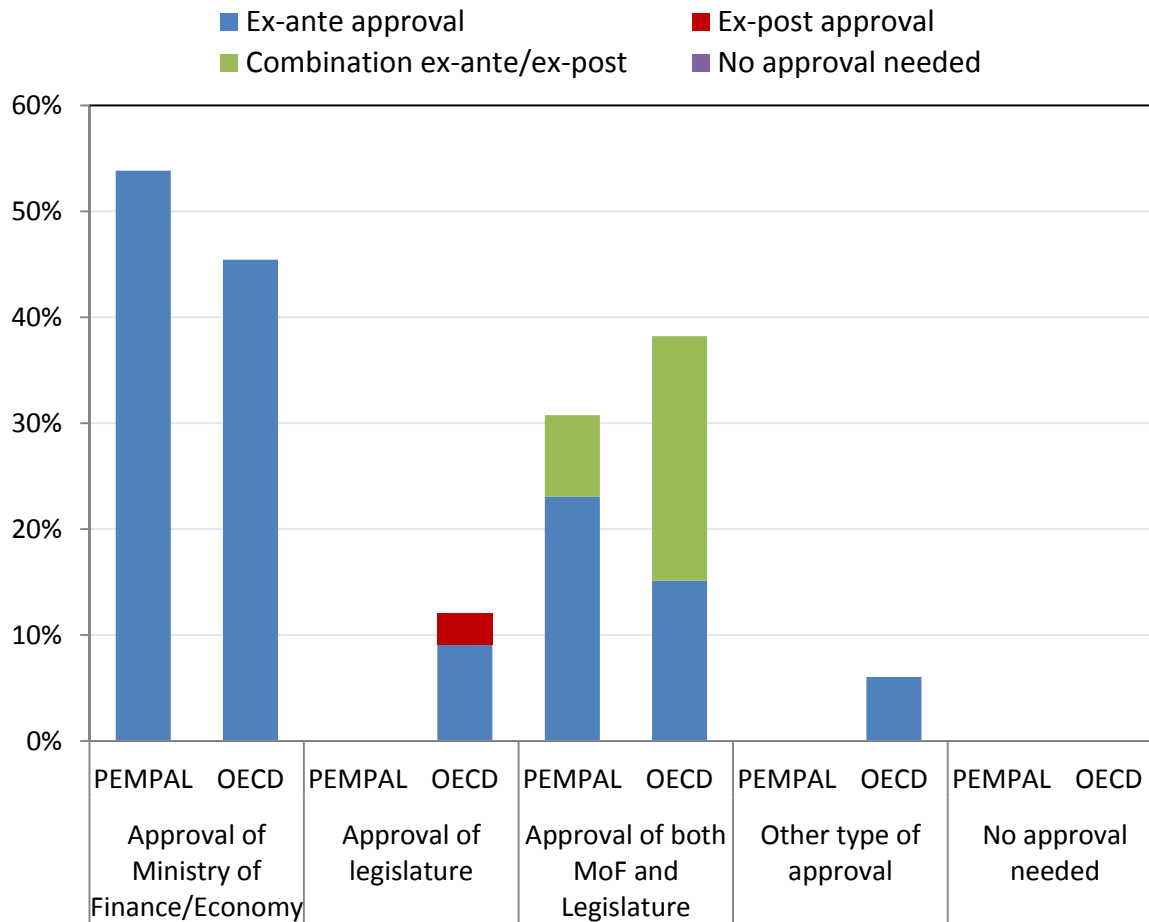


Reallocation of funds

Reallocation regimes

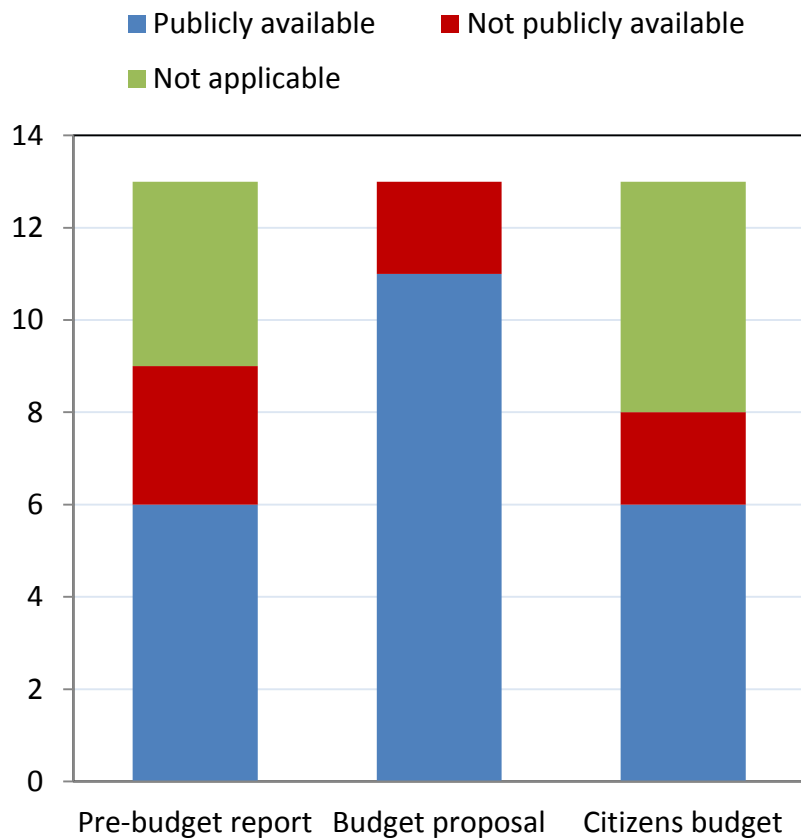


Types of approval of reallocations

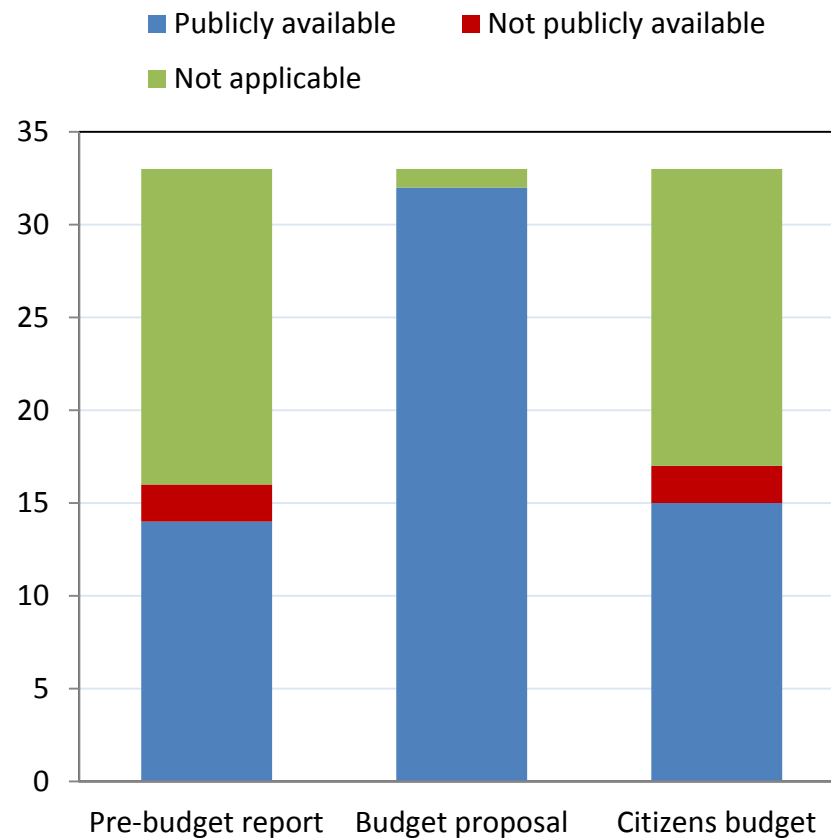


Publicly available budget documents

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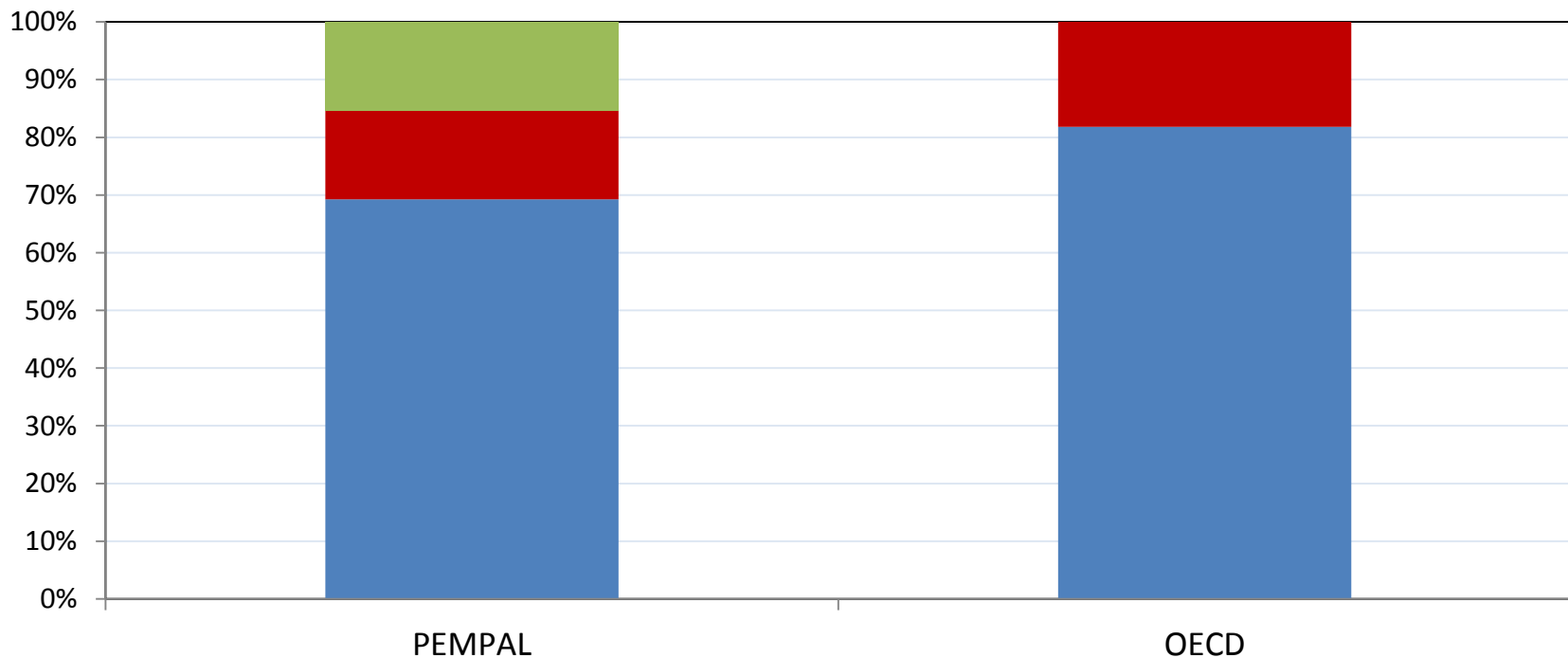
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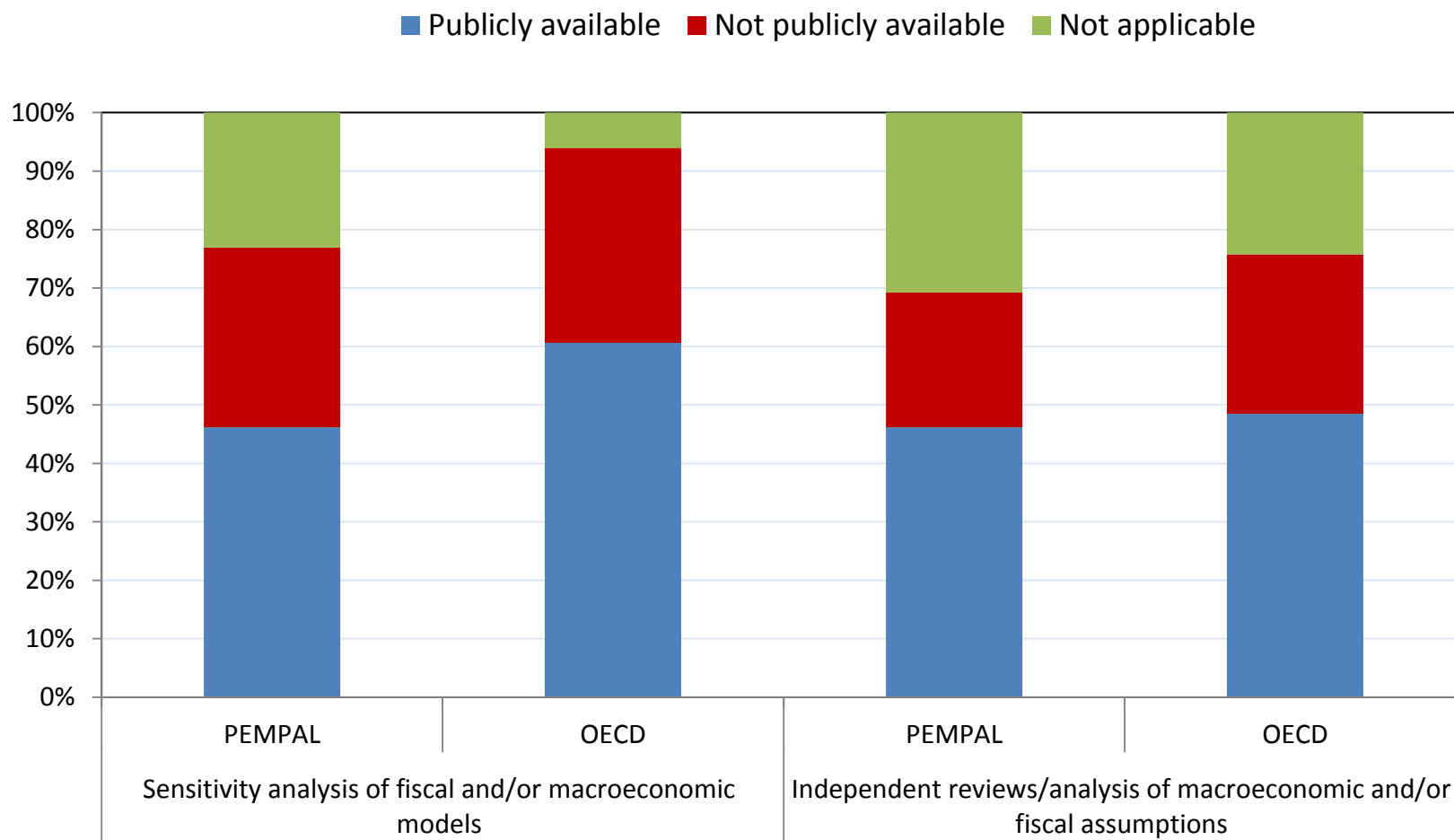
Disclosure of economic assumptions

Are the economic assumptions underlying the budget and the methodology used to establish them published/publicly available?

■ Publicly available ■ Not publicly available ■ Not applicable

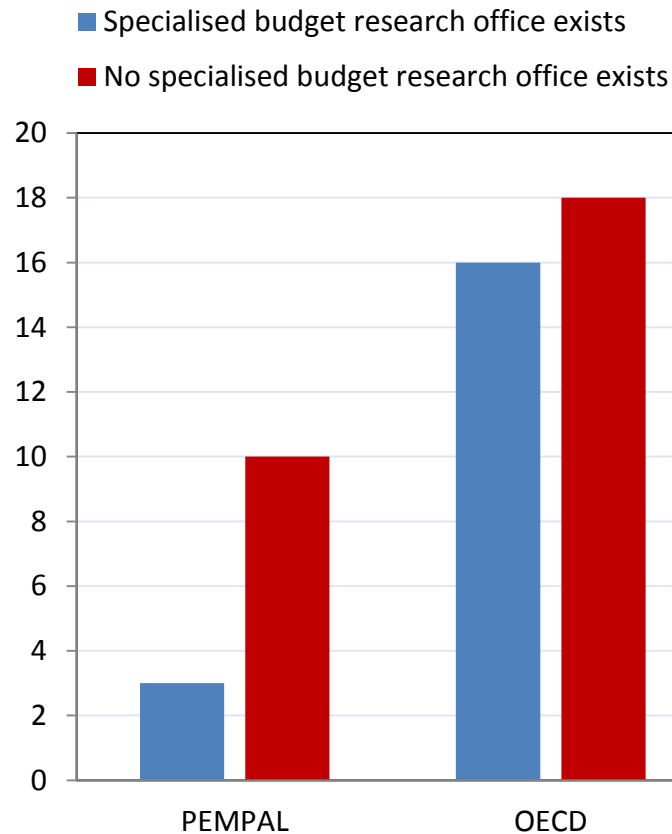


Availability of sensitivity analysis and assumptions

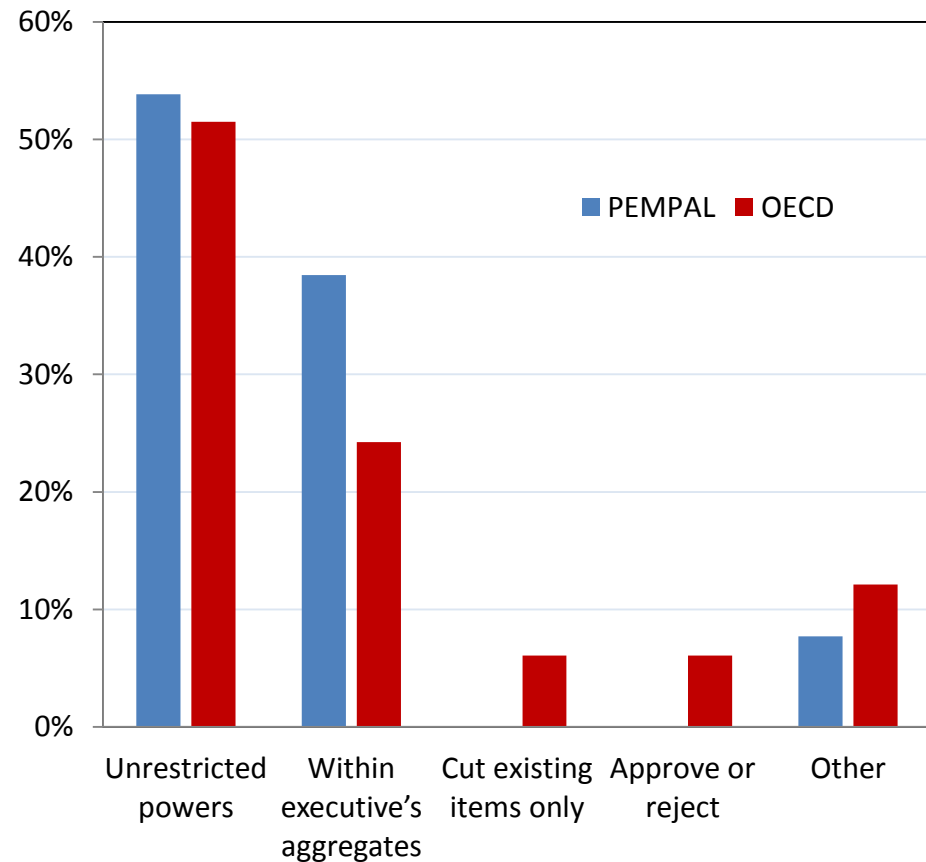


Legislative engagement in budget

Existence of a specialized budget research office attached to the legislature

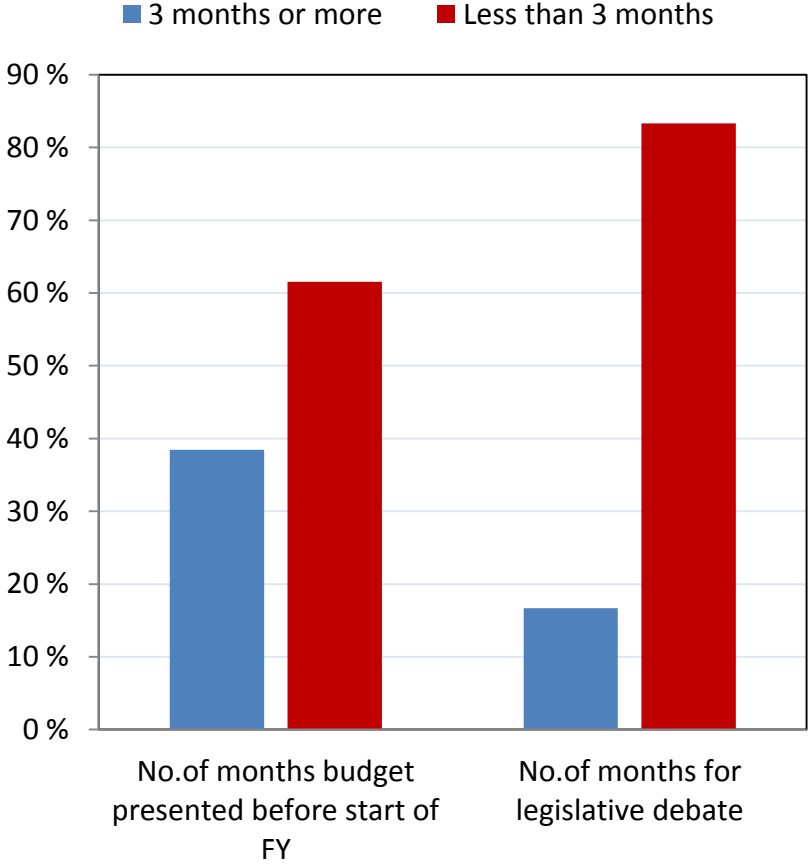


Legislative amendment power

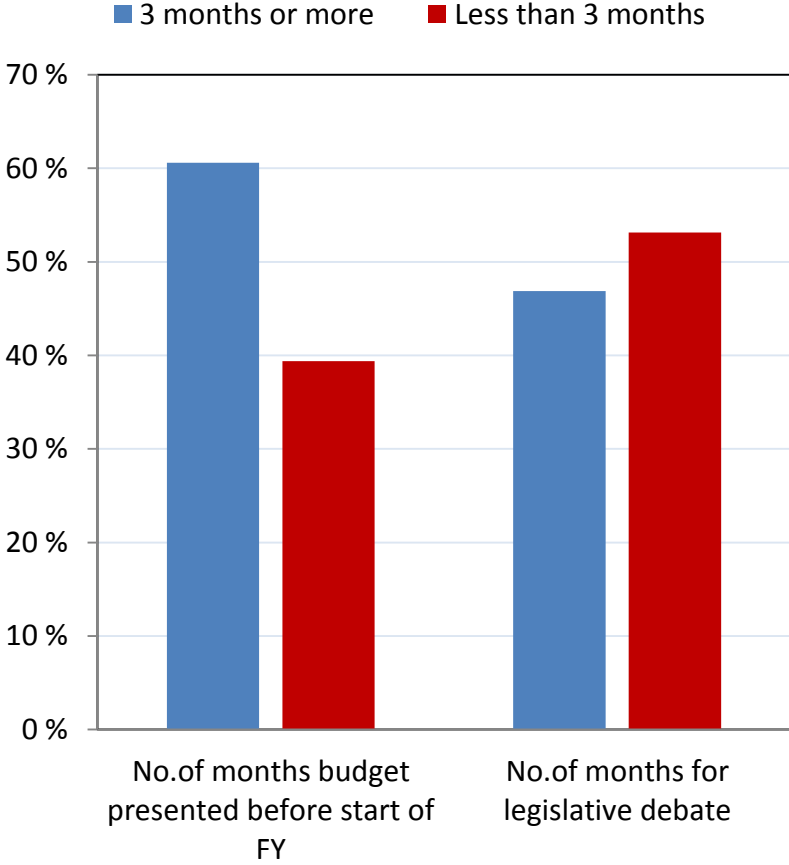


Budget presentation and legislative debate

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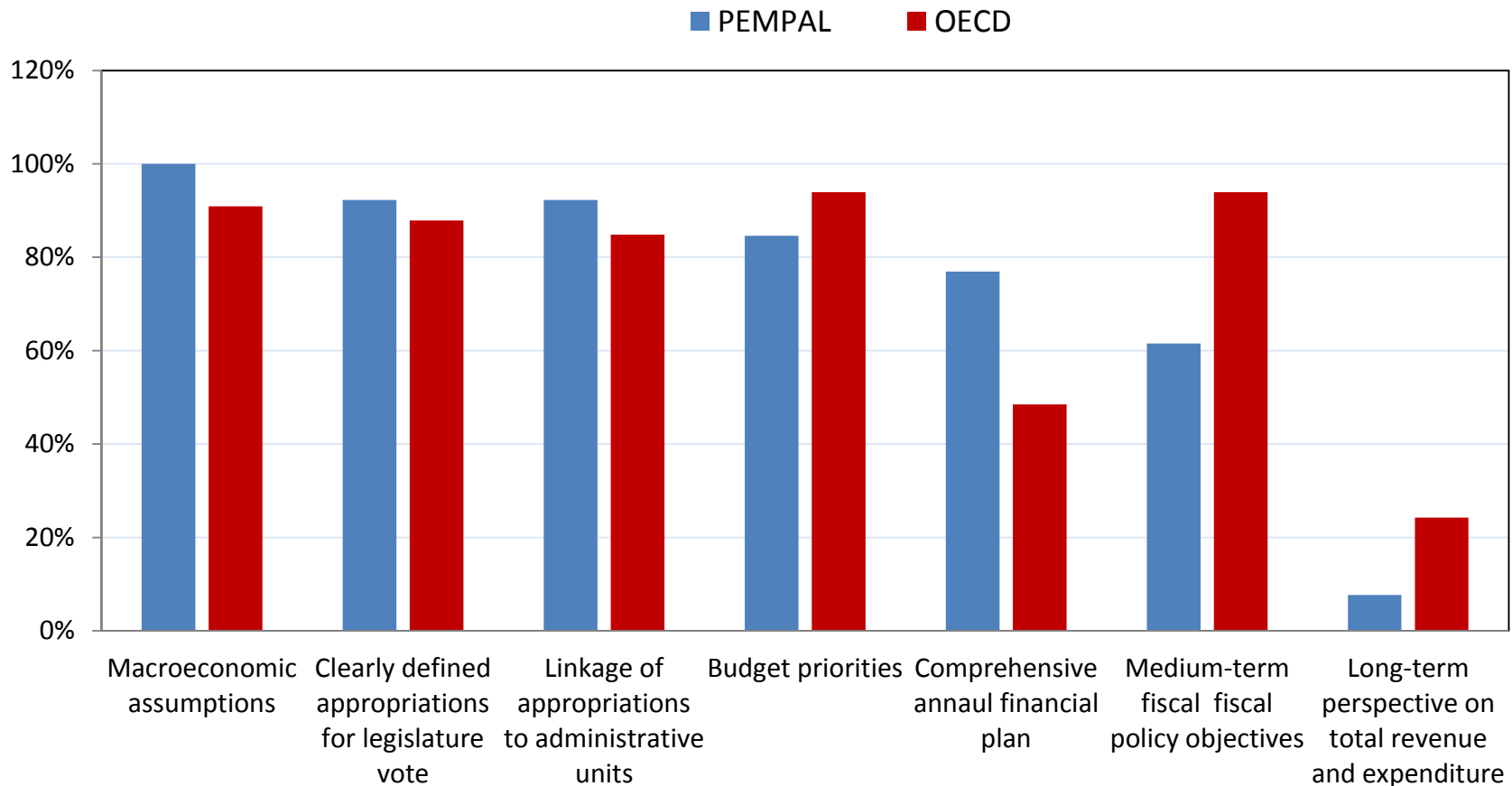


OECD



Budgetary elements presented to legislature

Elements included in the budget document presented to the legislature



Key findings (summary) : Fiscal rules & MTEF

- **More than half adopted fiscal rules**, but still less than OECD
 - **2~3 fiscal rules** are adopted in general (OECD : 4~5 rules)
 - Four types of rules are almost **evenly adopted** (OECD : BB & Debt)
 - Legal basis : mostly **Legislation** (OECD : Int'l treaty & legislation)
 - **No enforcement mechanism** : more than 30% (OECD : 14%)
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- **MTEF in place** in more than 80% (= OECD)
 - Level of ceilings : **Overall** (= OECD) & **Organizational level** (≠ OECD)
 - Length of ceilings : mostly **3yrs** (OECD : 3 or 4 yrs)
 - How often are ceilings revised? : **once or twice a year** (OECD : annually)
 - Long-term fiscal projections : mostly **up to 5yrs** (OECD : 31~50 yrs)

Key findings (summary)

: Capital budgeting/Flexibility/Transparency

- **Separate** Capital & Operating budgets (= OECD)
 - Funded mostly **incrementally** (OECD : incrementally & up-front)
 - Mostly **No PPP units** (= OECD) or **Within a line ministry** (\neq OECD)
 - Without CBA approval in PPP (\neq OECD), With CBA approval in TIP (= OECD)
-
- Carry-over : mostly **not permitted** (\neq OECD) and need approval
 - Cut/Increase of Spending : **permitted in more than half** (= OECD)
 - Reallocation of funds : **permitted in more than 80%** (= OECD)
-
- Available budget documents varies (= OECD)
 - IFI existence : **only 3 countries** (OECD : 18 countries)
 - Legislative debate period : **less than 3 months** (OECD \geq 3 months)

draft Principles of Good Budgetary Governance

