



SURVEY ON BUDGET INSTITUTIONS

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Content

- i. Objectives and advice on completing the survey
- ii. Survey on budget practices and procedures
 - Budget formulation
 - Specific subjects
 - Approval
 - Execution
- iii. Online “Checkbox” tool
- iv. Data quality control



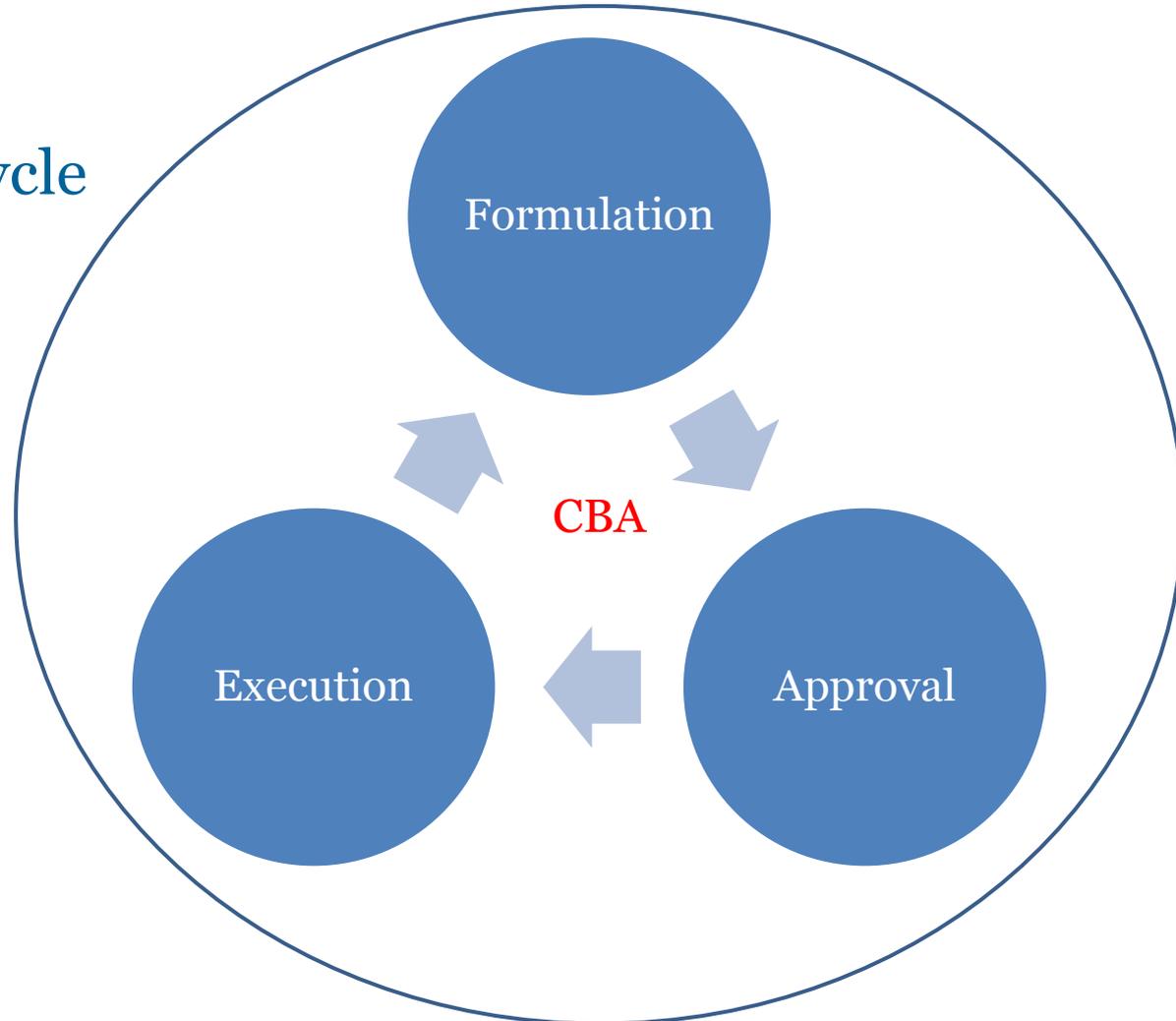
Objectives and background of the Survey on Budget Institutions

- To create an international and comparative database which allows:
 - budget practices to be analysed over time
 - budget practices to be linked to outcomes
 - countries to be compared and best practices identified
- Inputs for reports by Senior Budget Officials meetings
- Two previous surveys in 2003 and 2007; survey updated 2012/2013
- OECD countries + Eastern Europe/Central Asia + LAC + Africa + MENA



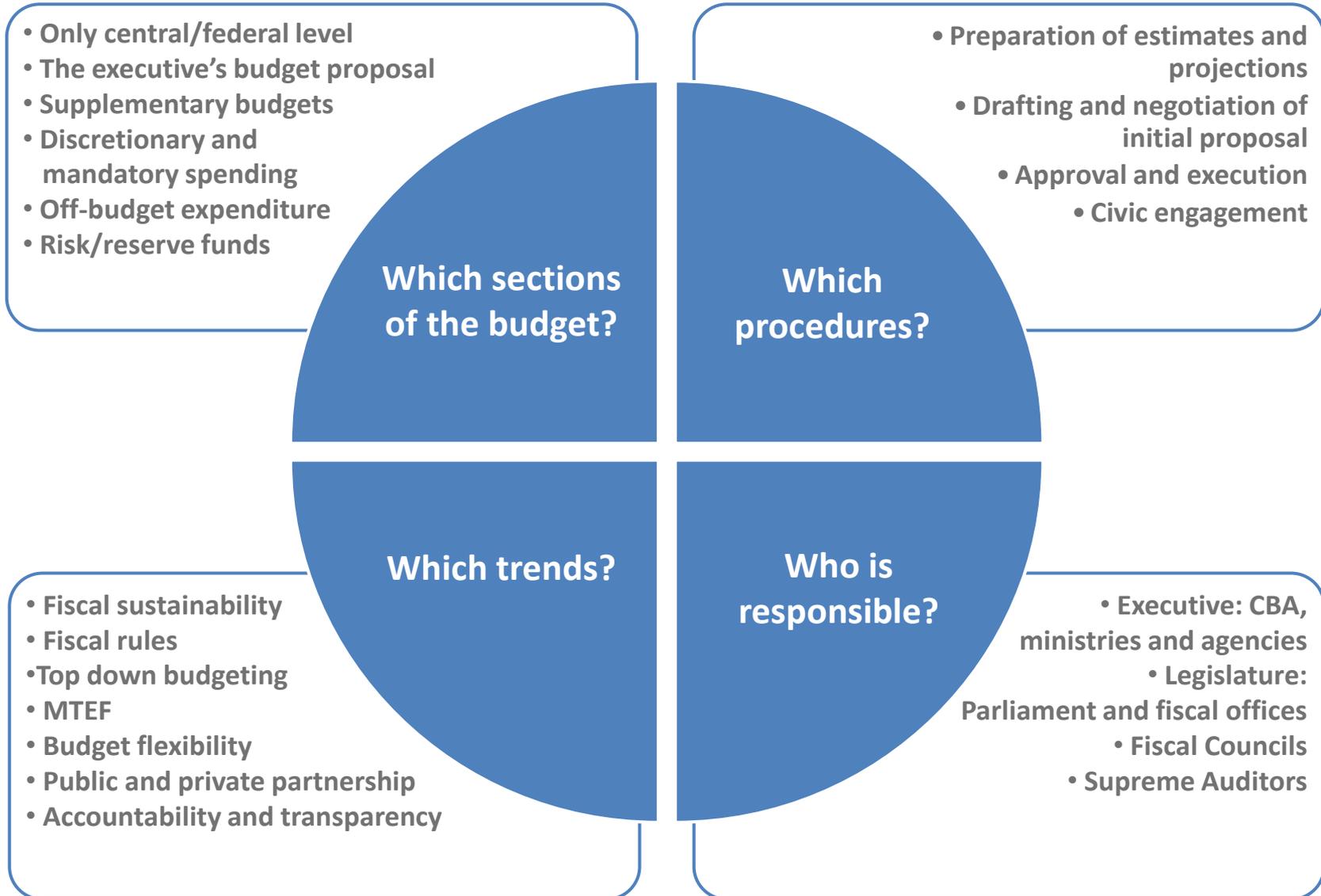
Structure and sections of the Survey on Budget Institutions

Budget cycle





Areas of analysis in the survey





Guidance

- Do I have to start from scratch?
- Do I have to fill out the surveys myself?
- The situation in my country is not covered by the survey...
- The situation in my country is undergoing transformation...
- Whom can I contact if I have any queries?



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BUDGET FORMULATION



General information from the Central Budget Authority (CBA) and on the budget process

General information from the CBA

- Position within the government
 - Cases where the CBA's responsibilities are shared
- Role of the director
- Functions of the CBA
- Number of employees
 - Staff vs. full-time equivalent



General information on the budget process

- Legal bases for the budget process (components, guidelines, requirements, functions)
- Primary vs. Secondary legislation
- Timeframe for the budget cycle



Estimates and projections

- Macroeconomic estimates of economic growth, unemployment, interest rates, etc.
- Long-term fiscal projections focusing on growing elderly population, requirements of health services, public debt and contingent liabilities, public sectors role in the economy, etc.
 - a) Which actors are primarily responsible for developing?
 - b) How often are they updated?
 - c) What timeframe do they cover?
 - d) Which factors are considered/included in the long-term projections?
 - e) Are they required as basis for the budget process?
 - f) To what extent does the budget take into account risks/shocks to entitlement spending?



Fiscal rules

Fiscal rules in place

Type of rules

- Expenditure (nominal, real, growth, expenditure/GDP)
- Revenue (restrictions on revenue allocation, taxes/GDP)
- Budget balance (deficit/surplus, nominal, cyclically-adjusted balance)
- Debt (nominal, debt/GDP)
- Other

Features of the rules

- Legal bases (international treaty and/or primary vs. secondary legislation)
- Permanent vs temporary
- Non-compliance and enforcement procedures
- Character of the target



Standard for EU Budget Balance Rules

Item	A specific budget balance as a % of GDP	A specific budget balance as a % of GDP in structural terms
Legal basis (Q21b)	Please, select a relevant legal basis. If a national legal basis as well as international treaty, please select the national one as an answer.	
Character of target (Q21c)	Target as minimum condition	Target for particular level
Temporary or Permanent (Q21d)	Permanent	Permanent
Numerical target (Q21e)	3% of GDP	Please specify (number and year)
Non-compliance measures (Q21f)	f. Other : be subject to the excessive deficit procedure (EDP) of the SGP.	<i>Euro area countries:</i> a. There is an automatic correction mechanism f. Other : quasi-automatic sanctions <i>Non-Euro countries:</i> Please specify (option a-f)
Escape clause (Q21g)	Yes: related to “severe economic downturn for the euro area or the Union as a whole”.	Yes: an unusual event outside the control of the country or periods of severe economic downturn for the euro area or the Union as a whole.



Standard for EU Debt Rules

Item	The rule establishes a ceiling for the Gov't (or a subsector) debt in level or as a % of GDP
Legal basis (Q22b)	Please, select a relevant legal basis. If a national legal basis as well as international treaty, please select the national one as an answer.
Character of target (Q22c)	Target as minimum condition
Temporary or Permanent (Q22d)	Permanent
Numerical target (Q22e)	60% of GDP
Non-compliance measures (Q22f)	f. Other : be subject to the excessive deficit procedure (EDP) of the SGP.
Escape clause (Q22g)	Yes: related to “severe economic downturn for the euro area or the Union as a whole”.



Medium-Term Expenditure Framework (MTEF)

A framework which **incorporates a medium-term fiscal and budgetary policy**, by linking a system of aggregate fiscal forecasts to a disciplined process, which keeps track of ministries' detailed **medium-term budget estimates**, reflecting **current government policies**.

Descriptive estimates vs prescriptive ceilings.



Medium-term Expenditure Framework (MTEF)

MTEF in place

Features

- Legal bases (types of laws or legal instruments)
- Thresholds (expenditure ceilings/organisational)
- Timeframe for the ceilings
- How often are they revised?

Procedures

- Approval
- Composition/mandatory spending
- Monitoring



Tour de table

- Does the government do long-term fiscal projections?
- How can this be scored according to the questionnaire?



Tour de table

- Does the government have fiscal rules which set limits for fiscal policy?
- What kind of rules exist?
- How can these be scored according to the questionnaire?



Tour de table

- Does your government have a medium-term expenditure framework?
- How many years does it cover?
- How frequently is revised?
- Is it revised during the MTEF period?
- How can this be scored according to the questionnaire?



BUDGET FORMULATION

- Specific subjects



The annual budget negotiations

- What information does the CBA Budget Circular contain?
- Are ceilings presented to the ministries before their initial requests?
- How are budget disputes resolved?



Off-budget expenditure

Extra-budgetary funds

- Extra-budgetary funds are **special government resources**, which **do not form part of the budget** and are **funded through revenue from sources earmarked for specific purposes**, along with other sources, such as the general taxation fund. They do not necessarily reflect the market value of the services funded through the revenues.



Off-budget expenditure

Contingent liabilities:

- Liabilities whose impact on the budget depends on future **events which may or may not take place**. The most common examples include government loans guarantees, government insurance programmes and claims against the government.



Off-budget expenditure

Tax expenditures:

- A transfer of public resources that is achieved by reducing tax obligations with respect to a benchmark tax, rather than by a direct expenditure. May take a number of different forms:
 - exemptions: amounts excluded from the tax base;
 - allowances: amounts deducted from the benchmark to arrive at the tax base;
 - credits: amounts deducted from tax liability;
 - rate relief: a reduced rate of tax applied to a class of taxpayer or taxable transactions;
 - tax deferral: a relief that takes the form of a delay in paying tax



Public-Private Partnerships (PPP)

An agreement between the government and one or more private partners (which may include the operators and the financiers) according to which the private partners deliver the service in such a manner that the service delivery objectives of the government are aligned with the profit objectives of the private partners and where the effectiveness of the alignment depends on a sufficient transfer of risk to the private partners.



Public-Private Partnerships (PPP)

- How PPPs are managed
- Approval for projects
- Types of analysis carried out
- Comparison with traditional infrastructure projects (TIPs)



Budgetary transparency

- Documentation sent to the legislature
- How specific is the budget?
 - New policies
 - Assets and liabilities, transfers, etc.
- Availability of information
- Communication channels
- Entities involved in and type of consultations



Availability of information

- Central government information portals
 - Spending.gov
 - Transparency portal
 - CBA website
- Decentralised portals
 - Individual ministries
- Others: supreme fiscal bodies, parliamentary offices, etc.



Tour de table

- Does the government have extra-budgetary funds, contingent liabilities and tax expenditures to be notified in the response?
- Are PPP in use, and how is the PPP administered?
- How do your country handle budget transparency issues?
- How can these factors be scored according to the questionnaire?



BUDGET APPROVAL



Budget approval

- Role of parliament in approving the budget
 - a) Influence of each of the Chambers
 - b) How that influence brought to bear
 - c) Existence of a budget research unit attached to the Parliament
 - d) Voting practices
 - e) Power to amend the budget
- Level of detail in the document submitted
- Procedures for situations where the budget is not approved by the start of the fiscal year



Definitions

Independent Fiscal Institution:

- An independent body, funded with public resources, reporting to the executive or legislature, that provides non-partisan monitoring and analysis and, in some cases, issues recommendations on policy and fiscal performance.
- Forward-looking diagnosis (*ex ante*)
- In contrast to the *ex post* analyses provided by the Supreme Audit Institutions (SAIs)



Support available to the legislature on the budget and related issues

- Budget allocation
- Autonomy to request reports
- Types of report and their availability



Tour de table

- How is the Legislature involved in the budget approval process?
- What types of support are available to parliament/parliamentarians for specialised information/advice on the budget and related issues?
- Do your country have an Independent Fiscal Institution?
- What types of reports and analysis are produced by the organization?
- How can these factors be scored according to the questionnaire?



BUDGET EXECUTION



Budget execution

- In-year flexibility
 - Lump-sums (sub-limits)
 - No. of line item appropriations
 - Reallocations (thresholds)
 - Increase/ cut expenditure (thresholds)
- Over year-ends
 - Carry-over (thresholds)
 - Borrow from future appropriations
- Supplementary budgets
- Reserve funds

Approval procedures

- Executive/CBA
- Legislature
- Ex-ante/ex-post

Types of expenditure

- Mandatory spending
- Discretionary spending
- Operating expenditure
- Investment spending



Definitions

Mandatory spending

- Public expenditure that is governed by formulas or criteria set forth in authorising legislation, rather than by periodic appropriations alone. Includes certain kinds of entitlement spending in many OECD countries.

Discretionary spending

- Public spending that is determined on the basis of annual or other periodical allocations, as opposed to formulas or criteria that are based on legislation.

Operational spending

- Public spending that is determined on the basis of annual or other periodical allocations, directed to finance government operations (organisations).



Supplementary budgets

- Number of supplementary budgets
- Main reasons for a supplementary budget, e.g.
 - Changed economic forecasts (estimates)
 - Emergency needs
 - New policies
 - Etc



Reserve funds

- Total size of reserve funds
- Why the reserve funds were necessary, e.g.
 - General unforeseen expenditures
 - New policies
 - Changed economic forecasts (estimates)
 - Etc



Tour de table

- Which elements of budget flexibility does your country practice?
- How can it be scored according to the questionnaire?



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Completing the surveys



BETTER POLICIES FOR BETTER LIVES
OECD 2012 LAC GaGSurvey on Performance Budgeting

Page 7 of 23

* P10d. Dado que respondió que "no existe una unidad específica" a la P10a, por favor especifique como se dividen estas responsabilidades (en caso de que ocurra) al interior o hacia afuera de la APC:

* P11a. ¿La APC cuenta con un marco de presupuesto por resultados estándar, que se aplique de manera uniforme en todas las organizaciones del gobierno central? (p. ej., mecanismos comunes de elaboración de reportes, directrices, plantillas comunes para proporcionar información sobre desempeño, etc.).

Indique todas las opciones que correspondan

- a. Sí, se aplica en todos los ministerios y organismos del gobierno central.
- b. Sí, pero se aplica únicamente en los ministerios.
- c. Sí, existe un marco, pero su aplicación es opcional para los ministerios y los organismos de gobierno.
- d. No, los ministerios sectoriales y los organismos de gobierno poseen sus propios marcos de presupuesto por resultados.

Q11b. Por favor provea comentarios adicionales a P11a, en caso de ser relevante:

<< Volver Siguiente >>



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Data quality control

- Data “cleaning” after the survey deadline
 - Comparison with responses in the 2007 survey
 - Comparison with the IMF fiscal rules database
 - Control on internal consistency
 - Etc



THANK YOU

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