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Group 1
Albania
Armenia
Bosnia and Herzegovina
Croatia
Montenegro
Romania
Serbia

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## Summary of Outcomes for Question 1: Spending Reviews

1. We first spent time to explain what is meant by spending reviews, as opposed to less detailed analyses undertaken by the MF.
2. None of our countries actually implemented spending reviews so far.
3. Croatia is currently undergoing in-depth spending review in five targeted areas (health, subsidies, tax expenditure, agencies, and wage bill) which will be implemented by committees made out of members from the MF, from the relevant line ministry and external experts, while Albania is planning the spending review in the area of utility costs.
4. However, even though countries did not implement full-blown spending reviews yet, all countries improved their analyses of the expenditure out of need to identify savings in future budgets and in budget rebalances if needed.

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## Summary of Outcomes for Question 1: Spending Reviews

5. Most often the measures were identified within regular annual budget adoption procedures and imposed within Government-adopted ceilings.
6. In most countries this process of expenditure analyses was led by the MF, but efforts were made to increase cooperation with the budget users.
7. Typically, budgets users are hesitant to propose savings at first, but after MF establishes its credibility and budget users realize that otherwise savings will be imposed on them by the MF/Parliament, budget users actually start to cooperate better and identify savings on their own.
8. In several countries, some spending areas were protected from savings (social benefits, capital expenditures).

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## Summary of Outcomes for Question 1: Spending Reviews

9. In most countries (except for Albania), performance indicators were not used as the basis for the decisions on fiscal consolidation measures. However, most countries plan to focus more on performance information to help identify the efficiency savings areas in the future.
10. In addition, for several countries, savings from large structural reforms (e.g. health) are identified with the assistance from the international organizations, such as the World Bank.
11. In addition to planned increased focus on using performance indicators, future plans include better connection of strategic planning and budgeting. This will facilitate better prioritization, which should contribute to increased (efficiency) savings.

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## Summary of Outcomes for Question 2: Success Factors for FC

1. Success factors for SR are hard to define, since the SR are done out of savings necessity and the effects would be successful only if the citizens are not deprived of government services as the result of necessary savings.
2. Clear strategic objectives linked to budgeting process need to exist to guide objectives of the spending reviews.
3. Enough time needs to be devoted to spending reviews, it needs to be approached as the efficiency and effectiveness improvement tool rather than fast savings tool.
4. Mentality of our countries is also a problem, since citizens are used to large government spending. This complicates the fiscal consolidation greatly. Thus, communication strategy of the government is a necessity. It is important that Government clearly and credibly communicates with the citizens and with the markets.
5. For our countries, due to their size and large inter-dependence on external environment, another complicating factor is that even if the Government implements the right measures, improvements may not happen.
6. **Political will and credibility is a necessity!**

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**Thank you**