



Group 3 - Country
Armenia
Belarus
Kyrgyz Republic
Moldova
Russian Federation
Tajikistan
Ukraine



## Conclusions on question 1

### (Review of consolidation tools, expenditure review)

- Different approaches to performance evaluation are applied. => **It is necessary to adopt a comprehensive performance evaluation with use of budget tools, programs, projects and types of expenditures**
- Performance evaluation is mainly done by main budget holders, supported by the Ministry of Finance and other controlling agencies. => **Unification of approaches to performance evaluation applied as part of public internal and external financial control**
- Expenditure review, as a rule, is integrated in the budget process and is considered in redistribution of resources. => **It is necessary to improve quality and regularity of interaction between executive and legislative authorities on issues of performance evaluation and decision-making in the budget process**

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## Conclusions on question 1

### (Review of consolidation tools, expenditure review)

- In some countries, cost-efficiency analysis is carried out under programs in compliance with the approved methodologies. => **Further improvement and development of these practices are required.**
- Expenditure reviews undertaken by the controlling agencies can be a mechanism of independent performance evaluation. => **It makes sense to involve external controlling agencies in ex-ante expenditure reviews**
- Ex-post expenditure reviews dominate in most countries. => **It is necessary to formalize procedures for justification of effectiveness of expenditures at the stage of budget decision-making.**
- Overall, normative procedures are dominated by formal approach to development of financial and economic rationale. => **what is needed, it is to improve evaluation of the regulatory impact of decisions**

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## Success factors of fiscal consolidation

**Factors of financial consolidation depend on the extent and duration of deficit (public debt)**

**In the short run:**

- Policy-making on reserve funds
- Credit rating and public debt level
- Flexibility of expenditures (availability of a fiscal “room” )

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## Success factors of fiscal consolidation

**In the long run they depend on political will to make unpopular fiscal decisions (higher taxes, reduced expenditures)**

**For revenues:**

The level of tax burden and fairness of tax system;  
Availability of tax incentives;

**For expenditures:**

Percentage of long-term expenditures (to what extent it is “contracted”)

Development of financial and economic institutions (banking sector, PPP, intellectual property)

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**Thank you!**