



BMF

FEDERAL MINISTRY
OF FINANCE

Implementing a Budget Reform – Design, Stakeholders and Training

The case of Austria

Sandra Kaiser

10th Annual Meeting of CESEE Senior Budget Officials

27 June 2014, The Hague

- **Design of a reform**
 - **Organisational measures**
 - **Timeline**
- **Getting Stakeholders on Board**
 - **Motivating key actors**
- **Training**
 - **Communication**

How to design a reform?

General remarks

- **Learning from others**
- **Keep it digestible**
- **Minimize complexity**
- **Training**
- **Look for alliances**
- **Create win-win-situations**
- **Align interests**

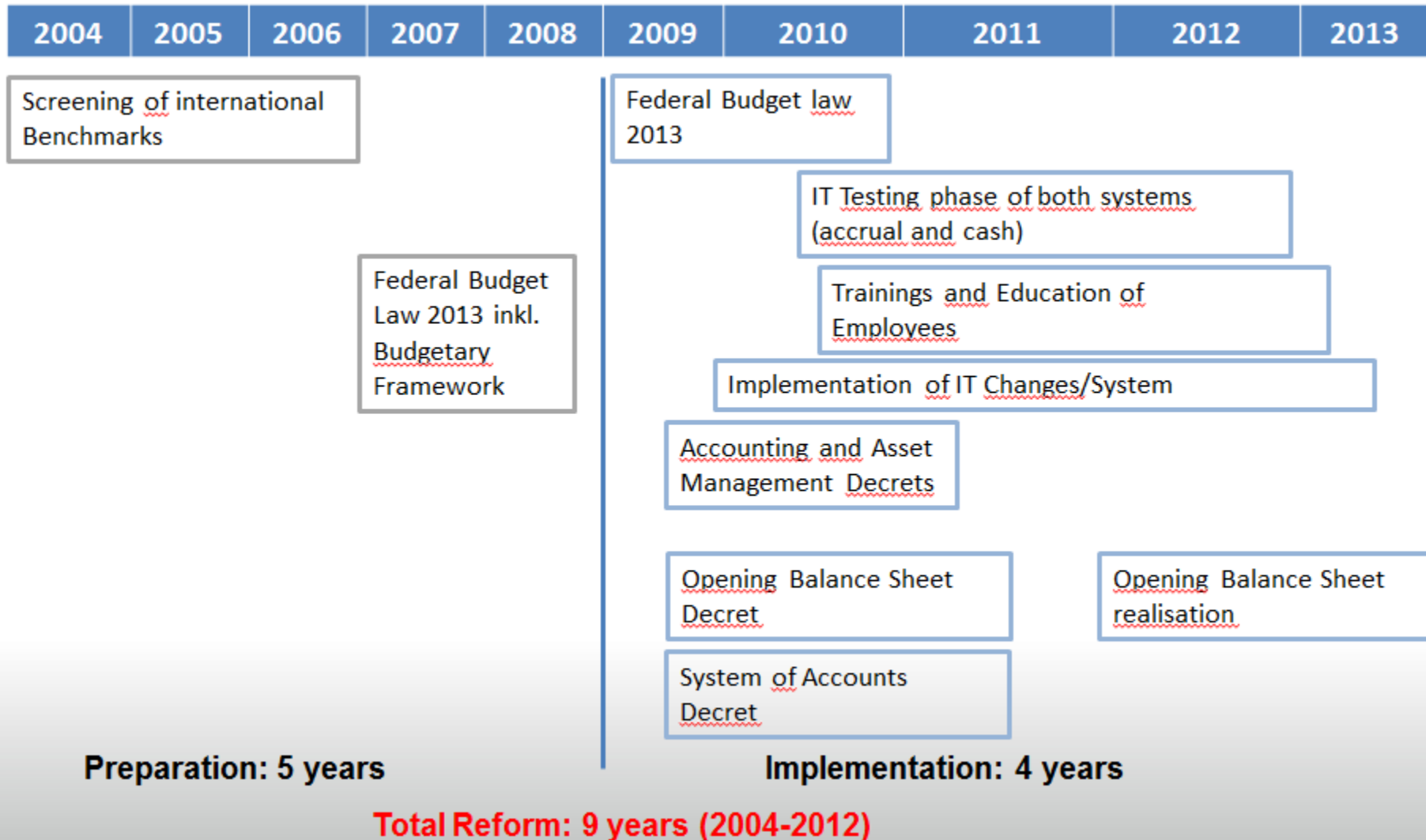


- **reform driver**
- **sets the pace of reform**
- **Project leader**
- **Budget reform key-team of 4 +**
- **Some additional project staff (additional work to their day-to-day business), but no external support**
- **intense collaboration with the IT**

Timeline – Implementation budget reform



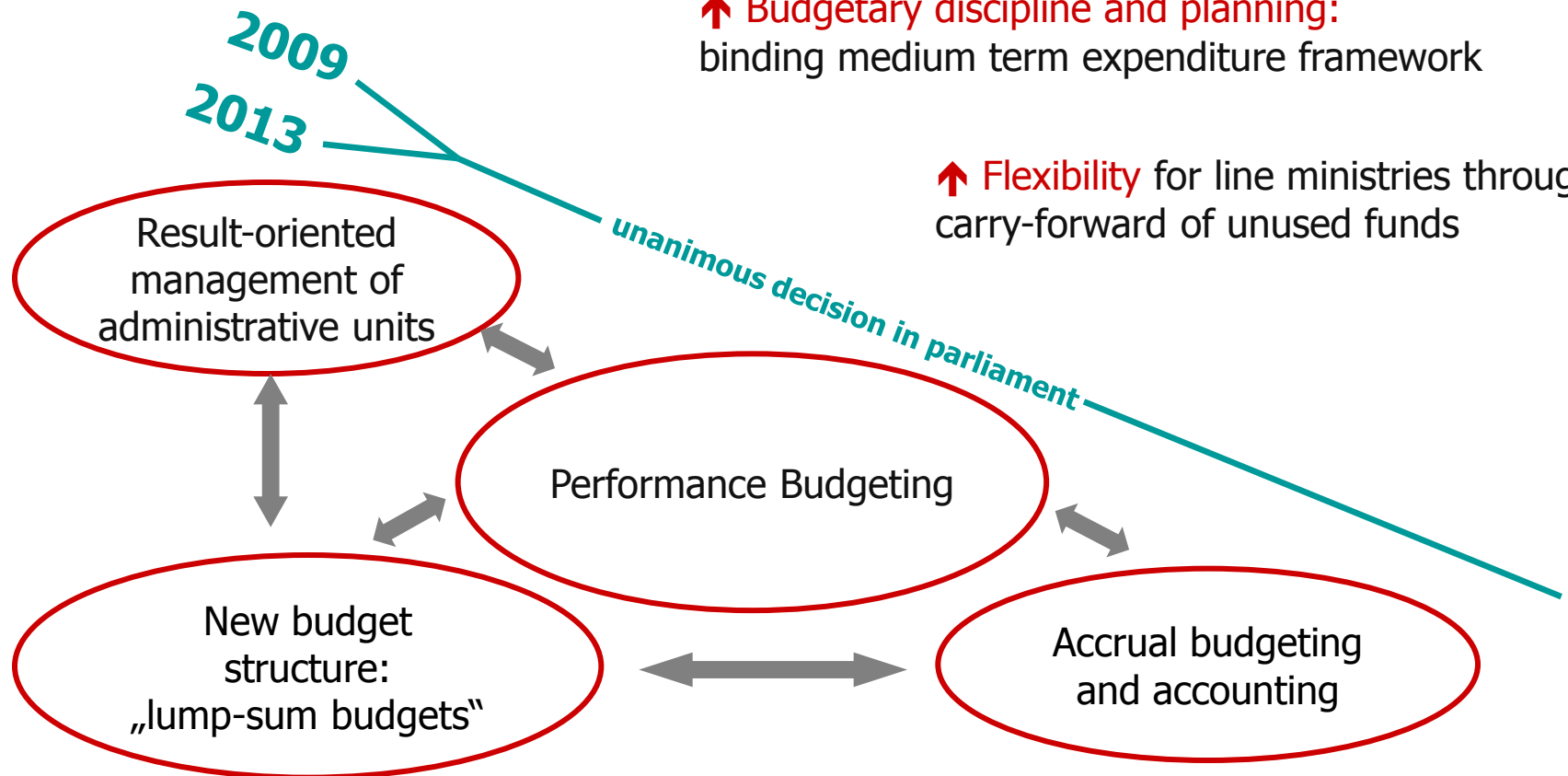
FEDERAL MINISTRY OF FINANCE



Austrian Federal Budget Reform - Overview

↑ Budgetary discipline and planning:
binding medium term expenditure framework

↑ Flexibility for line ministries through full
carry-forward of unused funds

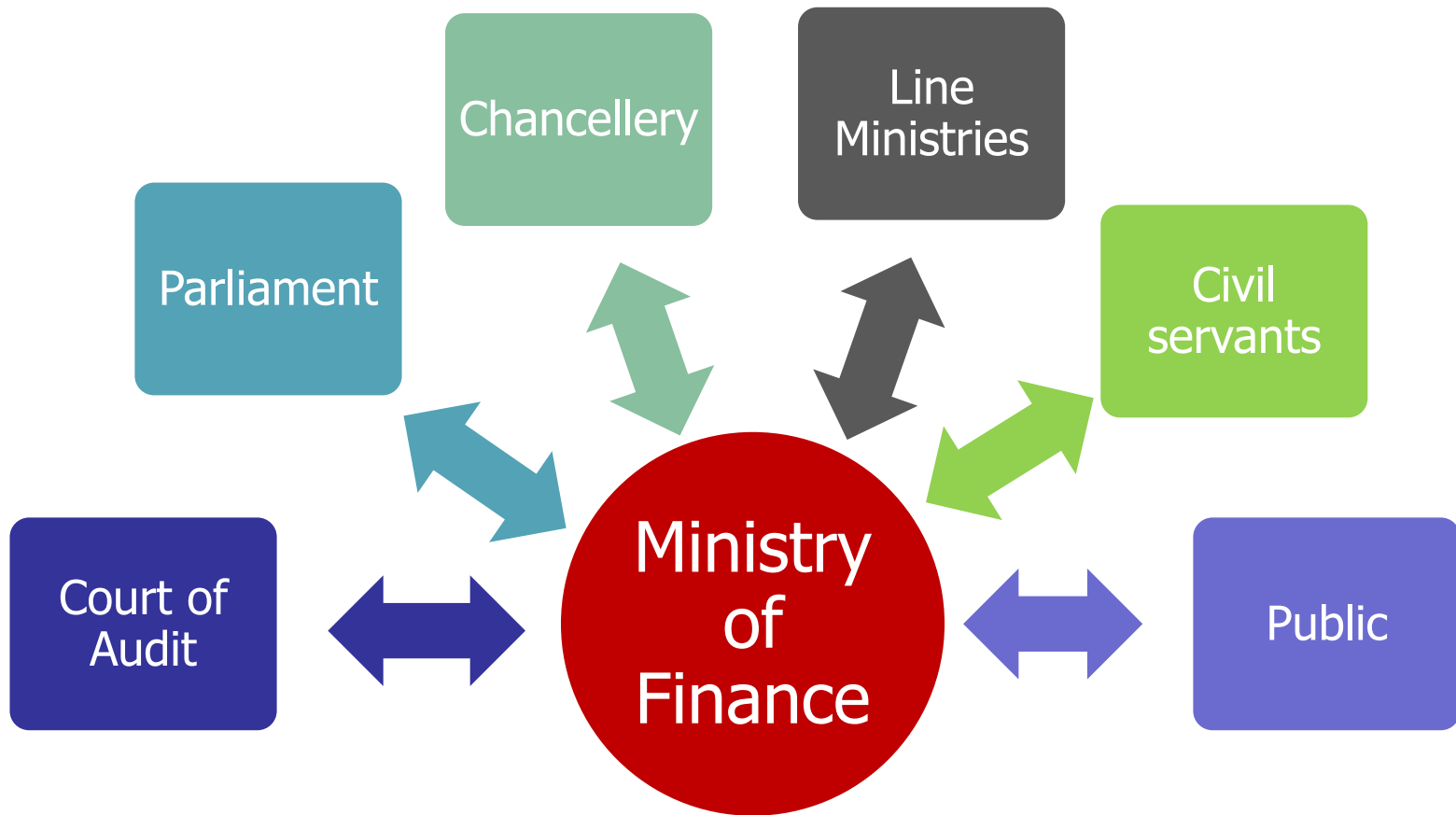


new budget principles: outcome-orientation; efficiency; transparency; true and fair view

Getting the stakeholders on board

- **Depends on political, cultural and economic circumstances**
- **Differs from country to country**
- **Basic requirements for a successful approach:**
 - **Get a clear picture: Why and how to aim for reform?**
 - **Identify potential allies.**
 - **Create a common understanding why reform is needed and which basic elements it should comprise.**
 - **Form powerful reform alliances**

Stakeholders – Austrian case



Stakeholders – Austrian procedure

- **Administration started to lobby for reform and got support from Minister of Finance.**
- **Pilot projects to test the new budget world went very well.**
- **Ministry of Finance started to build a reform alliance consisting of:**
 - **Court of Audit**
 - **Chancellery**
 - **All political parties represented in Parliament**
- **Informal reform committee worked 2004-2007**

Creations of win-win situations

- **Ministry of Finance:** Hard medium-term expenditure ceilings; enhanced financial transparency to foster fiscal discipline and prevent fiscal illusions
- **Parliament:** A new key element of decision (performance objectives and measures), a parliamentary budget office and additional reports from government
- **Federal Chancellery:** New important task (performance controlling)
- **Court of Audit:** New important task (Scrutinize performance)
- **Line ministries:** More budget flexibility; can present performance achievements in public
- **Public:** Enhanced transparency concerning fiscal issues and performance of government

First lessons learned – implementing a budget reform

- **Commitment of political and senior administrative level is key**
- **Skills of stakeholders need to be enhanced** (civil servants, politicians, media, interested public)
 - Extensive training required
- **Removing any teething troubles**
- **Retaining new knowledge + intensify and enlarge the new instruments**
- **Continue training**
- **Don't stop to communicate**
- **Repeat the added value and benefits**
- **Take more time, plan some buffers (e.g. for IT-problems)**

- **A whole new system: Performance budgeting and accrual accounting as new key-elements**
- **Rather tight timetable**
- **a large number of employees in all ministries to be trained**
- **Much more decentralised budget organisation in the line ministries → many more civil servants involved in budgetary matters**
- **to find appropriate trainers who identify themselves with the reform**

- **to train the own people in the budget directorate**
- **to train all the people in the line ministries who will be needed for implementing the reform, as detailed as necessary according to their position in the administration**
- **Broad training programme**
- **availability of information on the new budget system**
- **to establish point of contacts in the line ministries for an ongoing information process**

- **Benefits of the recruitment of trainers out of the own staff → Building up excellent expertise in the organisation → support for the line ministries in the ongoing implementation process**
- **involve the line ministries in the training responsibilities (e.g. design a training programme for their sector) from the beginning to ensure a well targeted training process**
- **establishing a train the trainer system via the budget people in the line ministries as points of contact → positive experiences**

Thank you for your attention!

Sandra Kaiser
Advisor an budget reform
Directorate for Budget and Public Finance
Austrian Federal Ministry of Finance
Phone: +43 1 51433 502009
s.kaiser@bmf.gv.at
www.bmf.gv.at