

**Results of the Pre-Meeting BCoP
Survey on PEMPAL Countries'
Experience and Issues:
*Budget Documentation and
Performance M&E***

BCOP Resource Team



Survey of PEMPAL Countries on Program Budgeting (January 2013) – Part 2

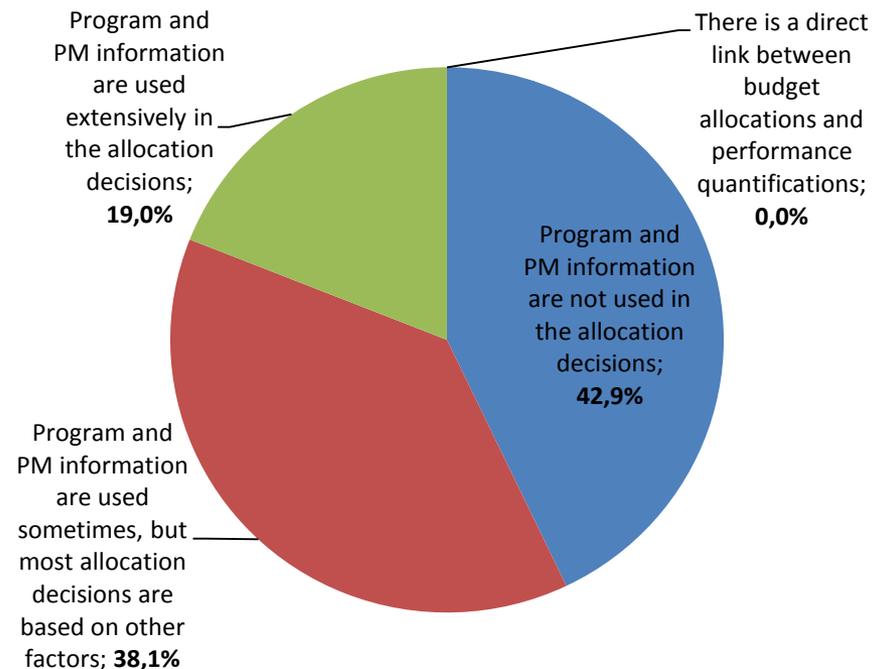
- Design of programs and performance measures
- *Budget documentation*
- *Performance monitoring and evaluation*

Presentation covers 15 questions



Extent to Which MF Uses Program and Performance Information in the Budget Allocation Decisions

- 9 out of 21 responses (excluding Uzbekistan and including three government levels in BiH): program information and performance measures (PM) are not used in the budget allocation decisions
- 4 respondents say that program and PM information is used extensively
- 8 respondents say that program and PM information is used, but that most decisions are based on other factors
- None of the countries at the central level have a direct link (formula) between budget allocations and performance quantification.





Format in which Parliament Adopts Budgets by Budget Holder/Budget User (BH/BU)

Out of 21 responses:

- 10 responses - Parliament adopts budget by economic categories only, but PB and PM information also given to Parliaments as background information
- 5 responses - Parliament adopts budget by both programs and economic categories (in some cases also by function) within each program
- 4 responses - Parliament adopts budget by economic categories only and no PB and PM information is given to Parliaments
- 2 responses - Parliament adopts budget by programs only



Contents of Documentation Package Accompanying Budget Submission to Government and Parliament

Out of 21 responses:

- 19 include Draft Budget Law
- 18 include tables by BH/BU and economic expenditure categories
- 17 include budget tables by program
- 15 include textual explanation by economic category and BU/BH
- 11 include textual explanation by program
- 4 include textual explanation of performance measures
- 9 include textual explanation on connection to Government and sector strategies
- 19 include macroeconomic projections
- 14 include budget projections for multiple years

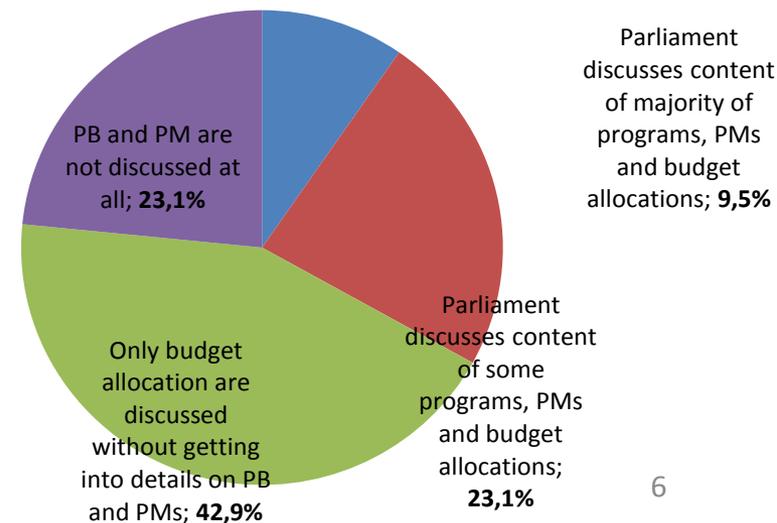
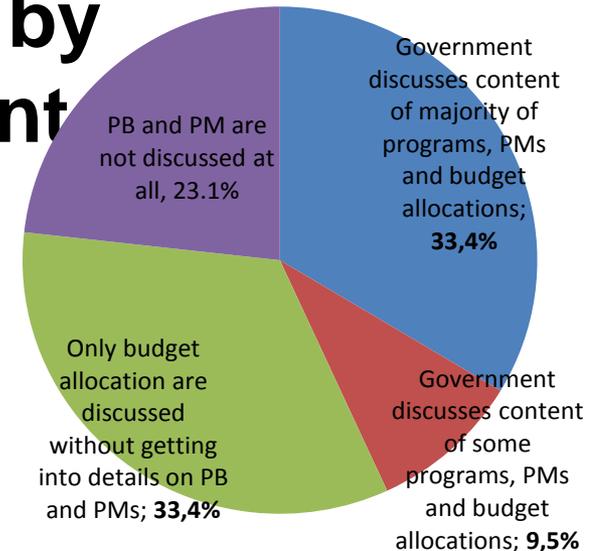


Discussion about PB and PMs by Government and Parliament

Out of 21 responses:

in 7 cases - *Government* discusses contents of majority of programs and PMs;
another 7 cases - budget allocations are discussed without getting into details of PMs;
5 cases - *Government* does not discuss PB and PMs at all.

In 2 cases - *Parliament* discusses contents of majority of programs and PMs;
5 cases - some Programs are discussed;
9 cases – budget allocations are discussed without getting into details of PMs;
5 cases - *Parliament* does not discuss PB and PMs at all.



Key Challenges: Budget Documentation

- Program budgeting is an internal government exercise and methodological and implementation challenges are not understood by other stakeholders
- Lack of Parliament members knowledge of the budget process
- Methodological transformation from functional classification to program classification – lack of formats for describing programs and performance indicators and for reporting on programs results
- Difficulties to figure out the right balance between providing enough information on programs and measures for decision on budget allocation and unnecessary paper work

Challenges in Regards to Budget Documentation

<i>Afghanistan</i>	Limited understanding from the Parliament members of the budget process. Projections of donor aid remain a big challenge since most of the budget is externally funded.
<i>Albania</i>	No reforms on this issue were undertaken since 2008.
<i>Armenia</i>	Up to now, the reforms are carried out exclusively at the initiative of the government (the Ministry of Finance) and they have not yet been established at the legislation level.
<i>Belarus</i>	It's essential to expand budget documentation, and in particular the connection between allocated funds and performance, effectiveness of holders/users, and especially increasing pro-active approach by the budget holders/users.
<i>B&H Federation</i>	Insufficient level of developed awareness on importance of program budgeting and monitoring of performance measures.
<i>B&H State level</i>	Ensuring that during submission of budgetary requests, budget users to submit all documentation and information which can influence budget.
<i>B&H Republika Srpska</i>	Introducing legislation which will prescribe that budget must be drafted in program format.
<i>Bulgaria</i>	More information for the programs and performance measures should be included in the budget documentation.
<i>Croatia</i>	Encompassing all textual explanations (by programs, user and economic categories) which BUs enter within budget requests within the budget documentations.
<i>Georgia</i>	No challenges.
<i>Kazakhstan</i>	Issues dealing with macroeconomic planning.
<i>Kosovo</i>	The introduction of program budgeting, including performance measures is at initial phase.
<i>Kyrgyz R.</i>	The lack of improved formats for describing parts of budget programs and performance indicators.

Challenges in Regards to Budget Documentation

<i>Macedonia</i>	Carrying out the entire needed budget documentation.
<i>Moldova</i>	Capacity of personnel from the ministries for developing programs and performance indicators.
<i>Russian Federation</i>	Difficulties with transformation of current functional classification of expenses into program one. The mechanism is not yet well established for reporting parameters of state programs, including performance indicators, when deciding budget allocations.
<i>Romania</i>	Raising understanding and awareness by all stakeholders about the needs for PB and the correct formulation of PB.
<i>Serbia</i>	The software, which is still in adjustment phase in relation to the reform stage, i.e. legal amendments.
<i>Tajikistan</i>	Changes made in the sectoral infrastructure in terms of budgeting, training specialists, etc.
<i>Turkey</i>	The budget preparation process is not long enough to make a comprehensive evaluation. The basic budget documents are not in a structure which reflects goals and objectives or programs of administrations. Dual structure within the financial system (The shared roles and responsibilities between Ministry of Finance and Ministry of Development). Putting the reforms into practice rapidly thorough public administrations - it would be better to put the reforms into practice firstly in central government and then local government.
<i>Ukraine</i>	The problem comes down to keeping in mind the large number of people who manage budgetary resources and the large number of budgetary programs that belong to them. These budget holders/users are invariably very busy with paperwork (compiling budget requests, certificates of budget programs, reports on their execution). Also, improvements may be possible in terms of the optimization of the number of budget programs and performance indicators.



PB and PMs in Budget Execution Reports

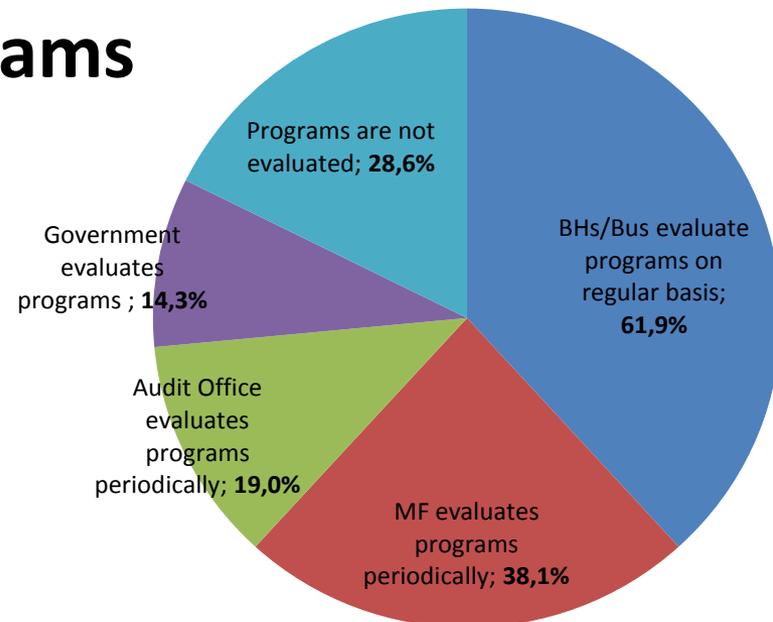
Out of 21 responses:

- 14 - budget execution reports include execution by programs
- 11 - budget execution reports include actually achieved (versus planned) PMs

Evaluation of Programs

Out of 21 responses:

- 13 - BHs/BUs evaluate their programs on regular basis
- 8 - MF evaluates programs
- 4 - Audit Office evaluates programs
- 3 - Government evaluates programs
- 6 - programs are not evaluated at all

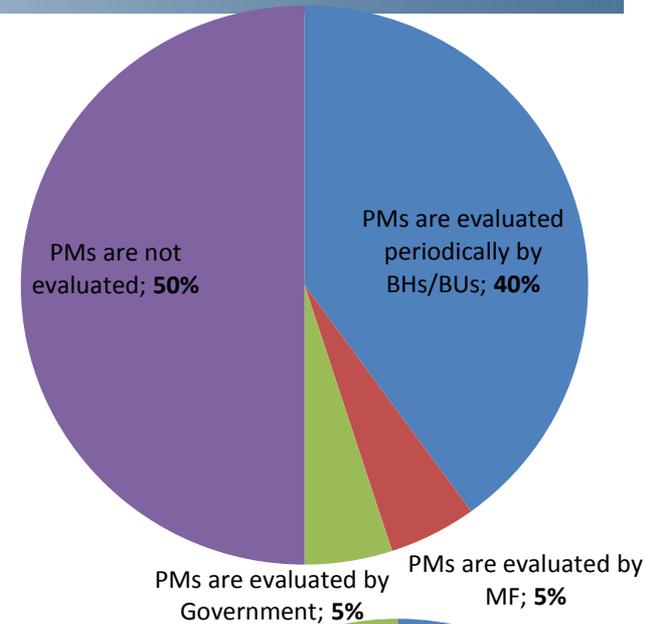




Evaluation of PMs

Out of 20 responses:

- 10 cases - PMs are not evaluated;
- 8 cases - BHs/BUs evaluate their PMs;
- 1 case - MF evaluates PMs;
- 1 case - Government evaluates PMs.

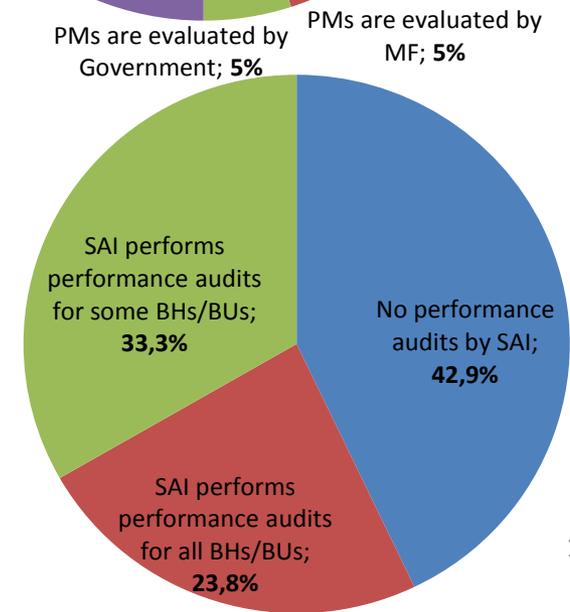


Performance Audits

Out of 21 responses:

- 5 cases - Supreme Audit Institutions (SAI) perform performance audits for all BHs/BUs;
- 7 cases – some BHs/BUs undertake performance audit
- 9 cases - there are no performance audits;

Out of 12 cases where performance audits are done, in 10 cases they are basen on PMs in PB





Spending Reviews

Out of 21 responses, in 10 cases periodic expenditure reviews (e.g. medium-term review or spending reviews) by sector, program, budget holder/user, lead by the Government (or a Government body), are done using program and performance information.

In 11 cases, spending reviews are not done.



Key Challenges: Performance M&E

- Lack of good quality and consistent information on programs performance
- Lack of mechanisms and procedures for monitoring programs performance
- Lack of interest from Parliament and public

Challenges in Regards to Performance M&E

<i>Afghanistan</i>	Performance M&E (monitoring and evaluations) framework not yet introduced.
<i>Albania</i>	Quality increase of the performance monitoring reports. Better connection of these reports with the budget allocation. Absence the AFMIS also undermines the performance monitoring and evaluation process.
<i>Armenia</i>	Reforms being carried out as the initiative of the government (Ministry of Finance) and are not yet established on the level of law. Few cycles must pass in order to gather enough information on programs and indicators. The quality of the program information and the planning of results and indicators can be improved and will require increased commitment by the Ministries in order to improved effectiveness of the reforms.
<i>Belarus</i>	Lack of complete information about program performance, according to planned and actual parameters. Lack of initiatives from budget holders/users about how to complete and implement the program. .
<i>B&H Federation</i>	Having in mind that planning is in the line format, budget execution is in the same format.
<i>B&H State level</i>	Performance M&E must be strengthened in order to measure efficiency of programs and final outcomes in terms of Government goals.
<i>B&H Republika Srpska</i>	Performance M&E must be strengthened in the future budget cycles, and will be especially important once legislation is changed to include program budgeting.
<i>Bulgaria</i>	Interim evaluation of the adequacy of the indicators and performance measures should be implemented.
<i>Croatia</i>	Insufficient level of involvement of all structures in the reform area of monitoring and evaluation of performance measures.
<i>Georgia</i>	Criteria for quality evaluations of performance are usual unclear and difficult to check.

Challenges in Regards to Performance M&E

<i>Kazakhstan</i>	Dependence on budget holders'/users' departments (spheres).
<i>Kosovo</i>	Still at initial phase.
<i>Kyrgyz R.</i>	The lack of a mechanism for monitoring program performance indicators; the lack of a well-defined system of control over the achievement of performance indicators.
<i>Macedonia</i>	Comprehensive implementation of performance M&E.
<i>Moldova</i>	Limited abilities for determining and evaluating program performance
<i>Russian Federation</i>	Underdeveloped approaches and procedures for monitoring and evaluating program performance.
<i>Romania</i>	It`s hard to define the key indicators for all kind of the programs. And, after that, it`s hard sometimes to measure them in terms of time or difficulty in collecting data.
<i>Serbia</i>	We cannot declare ourselves on this issue, having in mind that we are in the initial phase of performance monitoring and evaluation.
<i>Tajikistan</i>	The current approach for our country is new, and therefore it's only being implemented as a pilot program.
<i>Turkey</i>	- Dual structure within financial system (Guidance and management of strategic planning process by Ministry of Development; guidance for performance programs and accountability reports by Ministry of Finance) - Lack of program budget structure - The budgeting process is not long enough to make a comprehensive evaluation. Incapability to use performance information within budget decisions. - Lack of interest both public and Parliament - The fact that Turkish Court of Accounts has started to make performance audits recently.
<i>Ukraine</i>	In general, the question of conducting monitoring and evaluating the performance of budgetary programs is regulated by budgetary laws. At the same time, on the local level there's currently no single program support for evaluating performance. This puts pressure on budget holders/users (given the large number of budget holders/users and budgetary programs).

THANK YOU FOR YOUR ATTENTION!