DEVELOPMENT OF PROGRAM BUDGETING
Case of Croatia

Ministry of Finance

Republic of Croatia

DEVELOPMENT OF PROGRAM BUDGETING, 2002.-2007.

♦ Introducing the Program Classification Structure

♦ Accounting reform at the state level – shift from cash to modified accrual basis of accounting

♦ Mandatory fiscal impact assessment of legislation and regulations

♦ Strengthening capacity for budget analysis

♦ Developing a Single Treasury Account

♦ Introducing classification by source of funding

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PROGRAM CLASSIFICATION

Main Program consists of programs aimed at meeting the goals determined in the three-year Strategy of Government Programs and strategic plans of local and territorial (regional) governments

Program – a set of independent, closely connected activities and projects aimed at achieving the general goal.

Activity – time period is not pre-defined

Project - time period is pre-defined

Current project does not increase, whereas the **_capital_** project increases the value of capital assets in the balance sheet

Main Program

Program

Activity   Project

Current   Capital

PROGRAM CLASSIFICATION STRUCTURE

◆ Uniform implementation of the Program Classification Structure at all levels

- State budget, budgetary and extra-budgetary users direct and indirect budget users of the state budget

- Local and regional government units, budgetary and extra-budgetary users of the local and regional government units

◆ Uniform implementation of the program classification and other classifications is ensured by the Budget Act and the Budget Classification Rules

◆ Programs are related to a single user

- Facilitated monitoring and established system of accountability

NEW LEGISLATIVE FRAMEWORK AS AN INCENTIVE FOR IMPROVING THE PROGRAM BUDGETING

- ◆ State Treasury Development and Modernization Strategy 2007-2011.

  - — Planning document for strengthening the state treasury and budget processes with clear and concrete measures and timeframe for implementation

  - — A core development document for public finances management

- ◆ New Budget Act, 2008.

  - — Mandatory development of strategic plans and a three-year strategy of Government programs – budget appropriations are influenced by the Government policy strategic priorities and goals

  - — Multi-year budget framework – budget for one fiscal year and budget projections for the next two years

  - — Higher flexibility in budget execution – The Croatian Parliament adopts the budget containing less information

INTRODUCING THE STRATEGIC PLANNING

◆ Strategic planning process is defined by the Budget Act

◆ It enables all ministries and other state bodies to:

- Plan their activities in the future

- Establish priorities

- Efficiently allocate all available resources

- Monitor progress against pre-defined goals

◆ Enables the Government to:

- Identify the most important objectives (establish priorities)

- Allocate funds for priorities through the budget process

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Koraci u izradi strateškog plana

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│      o viziji        │              │                      │
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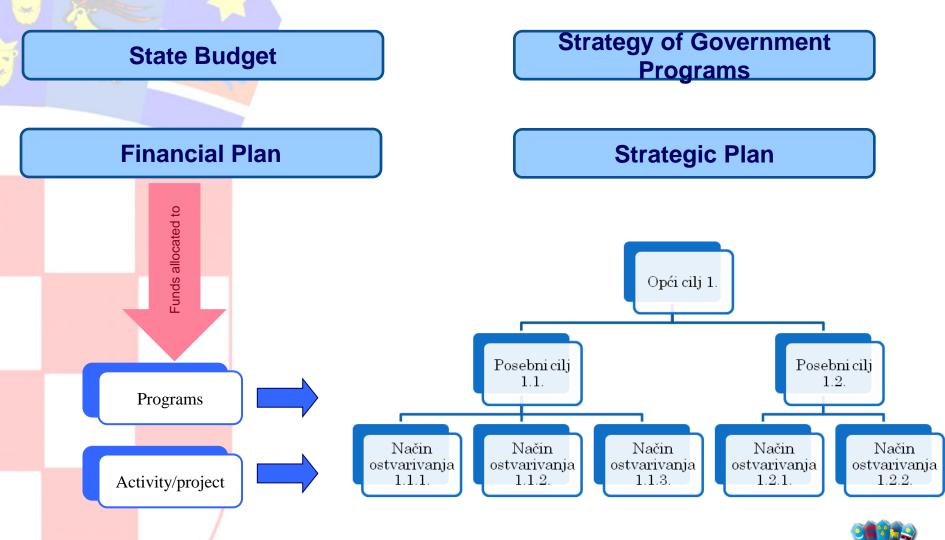
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CONNECTING THE STRATEGIC PLANNING WITH THE BUDGET

State Budget

Strategy of Government Programs

Financial Plan

Strategic Plan

Funds allocated to

Programs

Activity/project

Opći cilj 1.

Posebni cilj 1.1.

Posebni cilj 1.2.

Način ostvarivanja 1.1.1.

Način ostvarivanja 1.1.2.

Način ostvarivanja 1.1.3.

Način ostvarivanja 1.2.1.

Način ostvarivanja 1.2.2.

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PRECONDITION FOR CONNECTING THE STRATEGIC PLANNING AND THE BUDGET

◆ Improved organizational classification

◆ Improved present program classification

- Reduced number of programs from 62 to 23

- Reduced number of programs from 410 to 185

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IMPROVED CONTENT – JUSTIFICATION OF FINANCIAL PLANS / BUDGET

◆ New methodology introduced in 2010.

◆ Emphasis on program goals and key performance indicators

◆ Linking program goals with the specific objectives of the strategic plans/Strategy of Government Programs

Justification content

Summary of the scope of work,
feasibility and specificity of proposed financial plan,

Program description, objectives and performance indicators

Estimates and the origin of funds required for significant activities and projects

EXAMPLE – PROGRAM JUSTIFICATIONS, STATE BUDGET 2011 -2013.

PROGRAM ➡ **2815 LAND REGISTRY**

➢ Program Description

    ➢ Program Land Registry is part of the National Land Administration Reform Program "Organized Land" which was launched in 2003, to develop and efficient market. The results of the reform are seen mostly in shorter time of solving the case, reducing the backlog (78%) and accelerating the registration of mortgages (5 days) and the transparency ensured through the web browser e-book land (more than 75 million queries to the database) and e-cadastre (more than 30 million queries to the database).

➢ Statutory and other legal bases

    ➢ Land Registry Books Act and other legislation
    ➢ The Regulation on the Establishment and Operation of the Information System of Land Registry and Cadastre (Official Gazette, No. 107/10)

EXAMPLE OF PROGRAM JUSTIFICATION – STATE BUDGET 2011-2013.

➢ **Program goals during the period 2011 -2013, and performance indicators to measure achievement of these goals**

Iimplementation of the Joint Information System of land Registration and Cadastre in the whole territory of the Republic of Croatia

In the period 2011.-2013, implementation of ZIS will be carried out in the entire Croatian territory, which will stream line both systems (land registry and cadastre), and simplify business processes. Such a system will save time and money to citizens and customers for example by issuing an official statement electronically, and by many other features. By the end of 2013, it is planned to reduce the number of cadastral parcels that are registered as public ownership from 558,717 to 135,250.

Output indicator	Measure		Target value (2011)	Target value (2012)	Target value (2013)
Reducing the number of cadastral parcels on which the public ownership is registered	number	558,717	415,569	273,257	135,250

NEW! PROGRAM IMPLEMENTATION MONITORING

•**General goal** •**Number and name**

Special goal •1	Method of reaching •2	Respon-sible person •3	Performance Indicators (output) •4	Measu-re •5	Baseline value •6	Current value •7	Target value •8	Accord. to the plan YES/NO •9	Planned budget funds		Used budget funds	
									State Budget funds	EU support funds •10	State Budget funds	EU support funds •11
Number and name												

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