

Performance budgeting – example of Slovenia

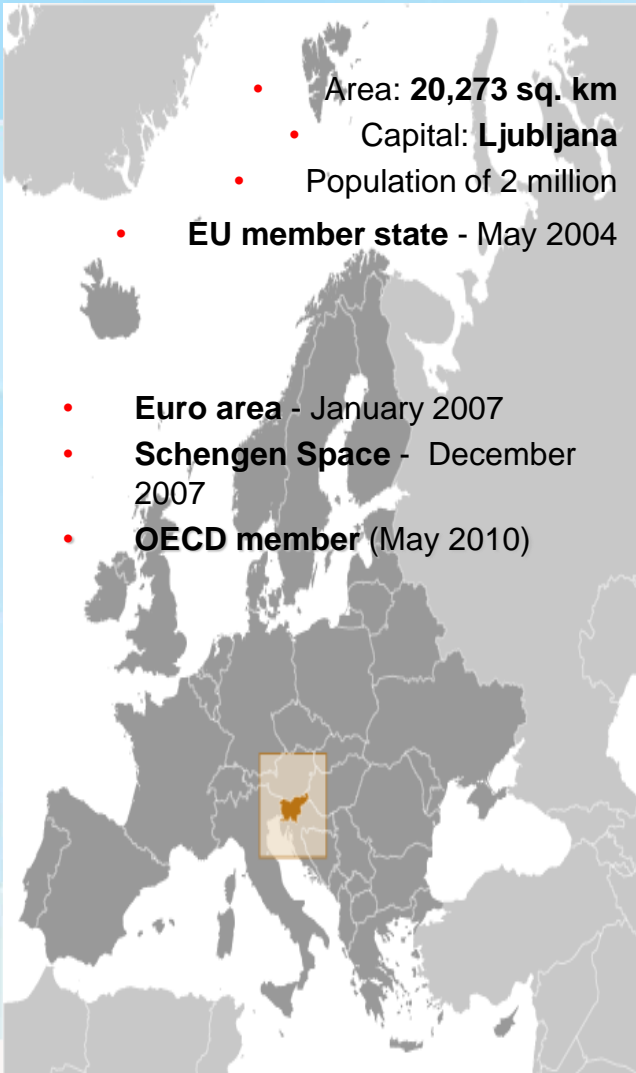
Katja Lautar

“A budget should reflect the values and priorities of our nation and its people.”

Mary Landrieu



SLOVENIA – Indicators 2010



	2009	2010	2011*	2012n	2013n
Real growth (%)					
Gross domestic product	-8,1	1,4	-0,2	0,2	2,0
Exports	-17,7	9,5	6,8	2,9	6,0
Imports	-19,7	7,2	4,7	1,0	4,6
Private consumption	-0,8	-0,7	-0,2	-0,5	0,3
Gross fixed capital formation	-21,6	-8,3	-10,7	0,0	4,0
Government consumption	3,0	1,5	-0,9	-0,7	0,3

Source: UMAR and *SORS first release 29. 2. 2012

	2009	2010	2011n	2012n	2013n
Annual growth (%)					
Employment according to the SNA	-1,9	-2,5	-1,7	-1,4	-0,7
Unemployment rate (ILO in %)	5,9	7,2	8,1	8,6	8,8
Wage per employee (real, gross)	2,5	2,1	0,2	-0,1	0,3
Productivity (GDP per employee)	-6,4	4,0	2,2	1,6	2,7
Unit labour costs (nominal)*	8,7	0,4	-0,6	0,4	0,3
Inflation (end of year)	1,8	1,9	2,0	1,8	1,8

% of GDP	2009	2010	2011n	2012n	2013n
General government balance*	-6,1	-5,8	- 5,5	- 3,0	-3,0
General government debt*	35,3	38,8	45,1	46,0	46,0

Source: SORS, *ESA methodology

	dec2009	dec 2010	dec. 2011
Total employment	844.655	818.975	817.311
Public sector employees (total)	157.252	159.297	160.868
% of public sector in total employment	18,6	19,5	19,7

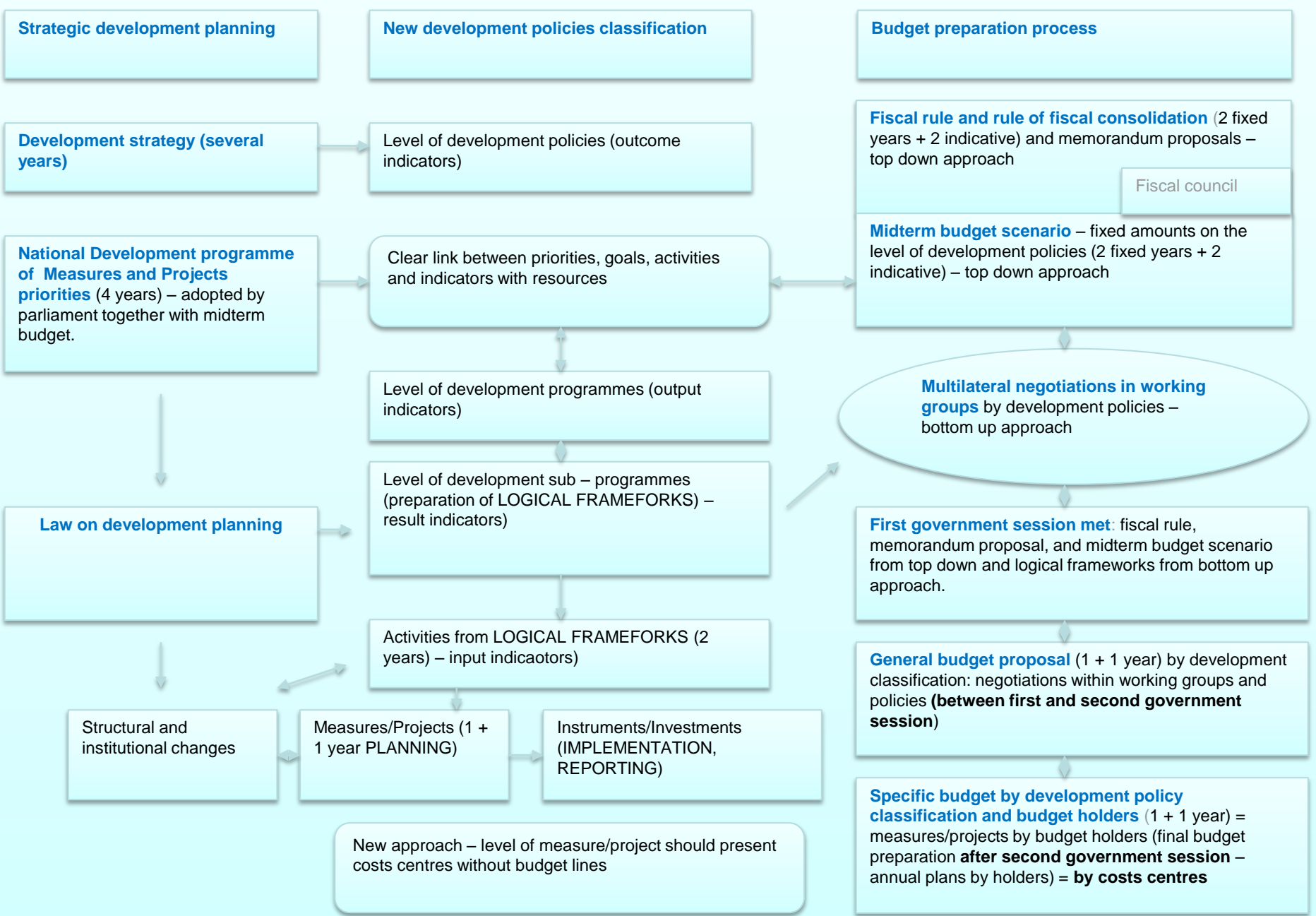
Source: AJPES, SORS

Budgetary planning and changes in budget preparation

- Public Finance Act,
- Decree on Development Planning Documents and Procedures for the Preparation of the National Budget,
- the National Assembly's Rules of Procedure.
- Working groups on development planning and programme budget preparation → two-level preparation

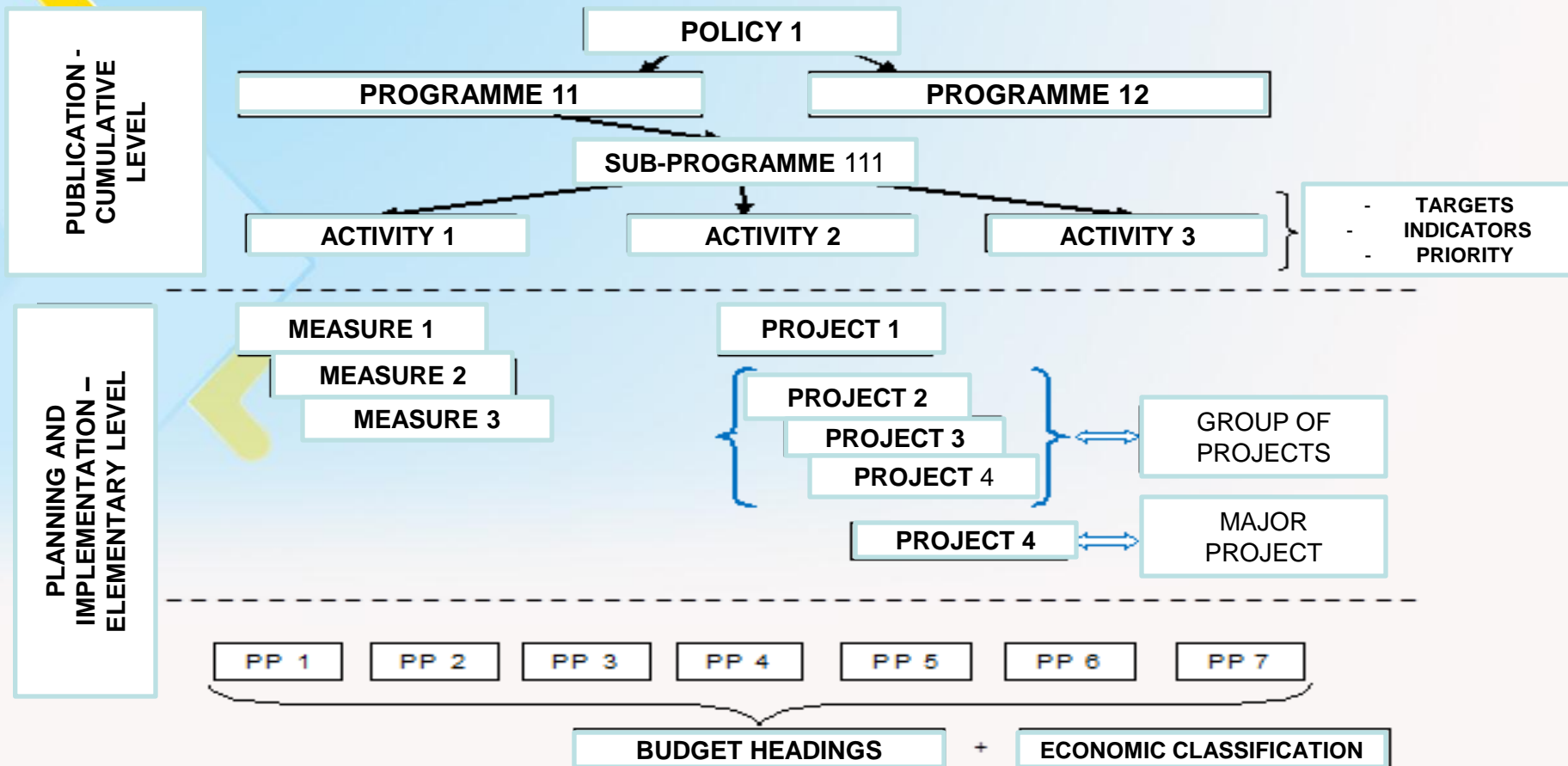
Programme classification

1. Encouraging Entrepreneurship and Competitiveness
2. Higher Education, Science, Technology and the Information Society
3. Labour Market
4. Education and Sport
5. Culture
6. Transport and Transport Infrastructure
7. Energy
8. Agriculture, Forestry, Fishing and Food
9. Environmental and Spatial Planning Policy
10. Social Security
11. Health Protection
12. Institutions of the Political System
13. National Security, Defence and Foreign Affairs
14. Management of Systems of Public Administration
15. Strengthening Institutions governed by the Rule of Law, Freedom and Security
16. Servicing the Public Debt and Payments to the European Union Budget, Reserves



New approach – level of measure/project should present costs centres without budget lines

Graph: Program classification



Graph: Hierarchy of targets, a new structure

POLICY

1st level of programme classification

- PROGRAMME

- 2nd level of programme classification

GENERAL TARGET

SPECIFIC TARGET

SPECIFIC TARGET

SUB-PROGRAMME

3rd level of programme classification

- MEASURE, GROUP OF PROJECTS, MAJOR PROJECT

- 5th level of programme classification

RESULT

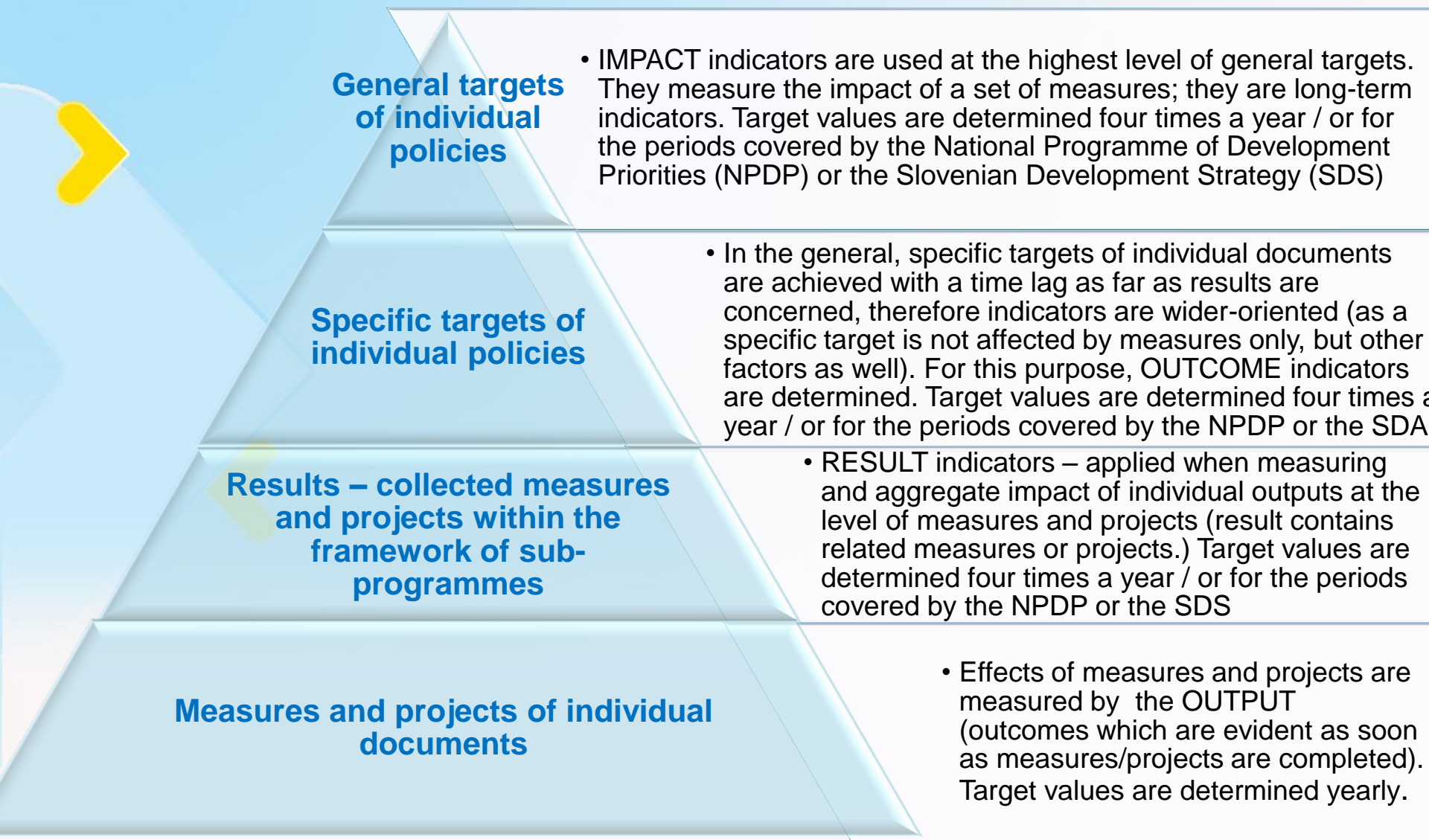
RESULT

RESULT

OUTPUT

OUTPUT

Graph: Hierarchy of targets and indicators



POLICY
80 general targets

- 1 – 10 general targets on the policy
- 1/3 of policies two targets or less, 1/3 of policies three of four targets, others more

PROGRAMME
330 specific targets

- 1 – 30 of specific targets on the programme
- 1/3 of programmes two targets or less, 1/3 of programmes between 3 and 5 targets, others more

SUB-PROGRAMME
597 results

- 1 – 25 results on sub-programme
- 1/3 of sub-programmes two targets or less, 1/3 of sub-programmes between 3 and 5 targets, others more

Quantity of indicators and target values

- General, specific targets and results: the majority of indicators for the period until 2014
 - examples for the period until 2020: renewable energy sources, sports areas and facilities
- Outputs – compulsory assessment for the next two years (two years for which two budgets are prepared)
- Quantity of identified indicators per one target:

60% of targets	1 indicator
20% of targets	2 indicators
20% of targets	3 or more indicators

Machiavelli: „ ...all cruel measures need to be made at the beginning...“

- **Policy evaluation:**

- Development of programme indicators (rethinking of the LFA: connection of activities – results and outputs – with the indicators, rethinking of the causalities between goals and activities and indicators,...)
- Establishing of the monitoring system (data base of all strategic programmes, linkage of expenditures and physical indicators,...) - under way
- Creation of the reporting system - under way
- Development of evaluation models

- **Further development of performance-oriented budget:**

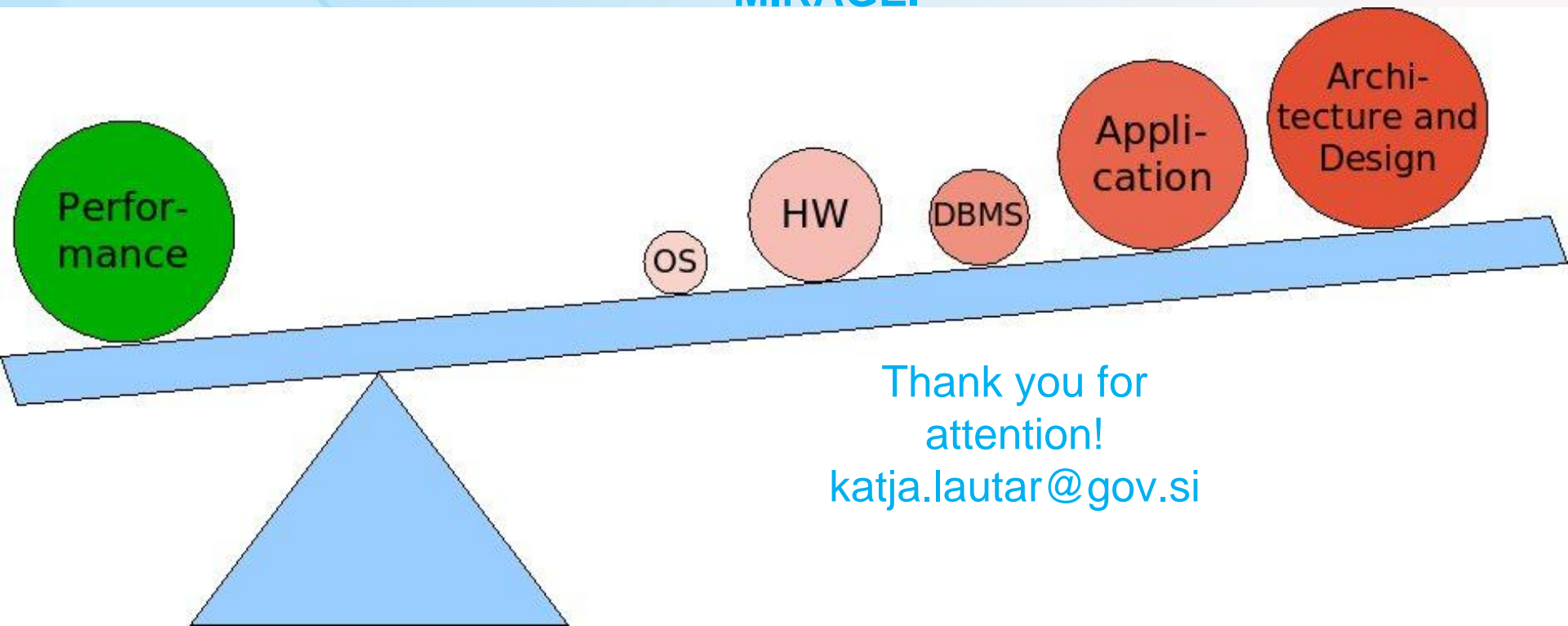
- complete elaboration of a performance budget – introduction of cost centres
- Cash flow principle to Accrual Method Accounting?

- **Modernisation of public sector /** changes in monitoring and implementation, as well as a bureaucratic apparatus?

Fundamental and radical reforms will be needed if the objective of substantially reducing public spending, while making it more efficient, is to be achieved.

(Tanzi and Schuknecht, 1997)

THIS OBJECTIVE SHOULD BE SEEN AS ACHIEVABLE AND NOT JUST A MIRAGE.



Thank you for
attention!

katja.lautar@gov.si