



Workshop on

“Public Finances and Budgeting Reforms in Public Administration”

Danilovgrad (Montenegro), 8-11 May 2012

PROVISIONAL PROGRAMME

Background

The financial management in the public administration usually encompasses all, or part of the processes and functions of planning and programming of the public administration, budgeting, budget execution and accounting, monitoring, auditing and evaluation. At the same time traditional planning of public administration reforms in recent time in many countries did not cover the issues of budget reforms. The financial management is considered as a separate field of reforms which is one of the reasons for the lack of coordination, duplicating activities and even partial failure of reform initiatives. To address these issues it is of utmost importance to build the component of the public finance and budget reforms into the overall framework of public administration reform, both conceptually and in relation to the efforts of EU integration process, in promoting improved governance. Thus, it can be concluded that the financial management as a field is in close relation with the civil service and its work with regards to the budgeting, public investment, performance measurement, accounting, auditing and other financial management systems of the public institutions, strategic planning, program evaluation, public finances, including aid coordination, economic management, the executive decision-making system, and the allocation of responsibilities – all this is part of the work of the public administration.

Objectives

- ✓ To provide trainees with an analysis framework for thinking about public finance and budgeting reforms under a broader context of public administration reform;
- ✓ To familiarize participants with basic concepts in regard to designing of public finance and budgeting reforms and logical steps of implementation;
- ✓ To enable the participants to apply analysis on the public finances and budgeting reforms used at their home countries and to introduce them to the best and most relevant examples from other countries.



Content

The training program covers the main typical approaches, methodologies and steps to the planning and execution of public budget reform, by introducing recent experiences and lessons learned in similar reforms in OECD and EE countries. The key statement of the training program stresses importance of coordinated approach to budget reform as a part of overall public administration reform process. Step by step going through the main tools, methodologies and procedures used for transition to the result based and medium term budget planning, program will cover all the basic tasks that shall be fulfilled in other parts of public administration reform.

The introductory part of the training will include interactive discussion with purpose to identify most common problems of budget reforms in the home countries of participants. These problems will be addressed by trainers in the training course. Introductory part of the training also will include overview of the frequently used approaches of the budget reforms, like “0” based budgeting, activity based budgeting, program budgeting.

Medium term expenditure framework will be the overall frame of the training. The program will cover main concepts of medium term budget preparation, like macroeconomic forecast, fiscal frame, budget deficit and structure of expenditure part etc. The most recent types of new regulation of the budget process, like Fiscal discipline laws used in several countries will be introduced.

Particularly the importance of the public policy system will be stressed in relation to introduction of results based and program budgeting. Lectures will cover the main concepts and elements of policy planning used in budget process – objectives and goals of the policies, planning of activities and performance measurement and systems of performance indicators. Training program will introduce the system of strategic plans of institutions as one of the tools used in many countries as the platform bringing together processes of policy planning and budget planning.

Training will address practical issues of the budget reform – relations between medium term budget planning and annual budget process, preparation of budget calendar and main steps in the process of preparation of annual budget, including tools and approaches to budget discussion, budget classification systems and their links to state functions and policies. This part of the training will include cases from Western Balkan and Eastern Europe countries and international evaluations of the recent budget reforms.

The day 3 of the training will cover budget execution issues, accounting and monitoring of the budget execution, most typical administrative burdens and inefficiencies of the budget execution process and lessons learned on how to deal with bad administrative practice.



The last day of the training will be devoted to the more in-depth insight to the system of performance indicators used for planning and monitoring purposes of the public budget and role and importance of the transparency and intelligibility of the budget information. The cases of recently developed new budget information systems will be presented.

Practical exercises will be devoted to restructuring of the budget by budget programs and public functions and establishment of the performance indicators for them. Roundtable discussions with participants are planned at the end of each day, to summarize the main lessons learned and most useful approaches that can be with practical relevance to the participants. The final summarizing discussion will be included at the end of the training.

Target Group

The civil servants working with issues of public administration reform planning and execution, policy development and strategic planning, policy coordination, employed in institutions like Ministry of Finance, Ministry of Economy, Prime Minister's Office (centres of the governments), Ministries of Public Administration, etc.

Workshop Trainers

Mrs. Baiba Petersone is the Director of the Latvian School of Public Administration and has more than 15 years of work experience in the public administration of Latvia. She has held position of the Director of the Strategy Department at the Ministry of Education of Latvia and more recently been the Deputy Director of the State Chancellery on Public Administration and Policy Coordination Issues. She had been deeply involved in preparation of Methodology for Medium Term Expenditure Framework, elaboration of annual budget calendar, redesigning of the government procedures for the budgetary decision making and system of performance indicators. Recently she led the work on elaboration of system of functional analysis of budget expenditures in accordance with public functions of government. Besides that she has an extensive track record of consultancy work in countries like Bosnia and Herzegovina, Ukraine, Romania, Moldova and others.



Mrs. Jolanda Trebicka is the Executive Director of EuroPartners Development, a non-governmental organization based in Albania. She has been working for 13 years for Albanian government, holding several senior positions, with the last one as Director of Public Investment Programming and Donors Coordination in Albania (METC). In this position she has been co-leading the preparation and implementation of the first Medium Term Financial Framework (2001-2003), for Albania She has been member of the World Bank Staff for 6 years, covering the governance sector in the WB Resident Mission of Albania. Since 2006 she is working in several countries of Western Balkan Countries as institutional and capacity building expert in area of PEM, civil service, policy formulation ect. She has been member of the team assisting the Government of Albania for strengthening management capacities in the Public Expenditure Management system. She has been carrying out several fiscal impact assessments for specific reforms introduced by Albania and Kosovo government.

Mr. Janis Zvigulis currently is an expert engaged in devising of the National Development Plan of the Republic of Latvia for years 2014-2020, which will be used as basis for medium-term policy making, budgeting, and acquisition of EU funds. He is also engaged in a number of private sector activities in the fields of health care, biotechnologies, and management consulting. Mr. Zvigulis has the experience of managing the process of introduction of medium-term budgeting in Latvia (he was the main responsible person at the Ministry of Finance for developing the concept of medium-term budgeting and thereafter transferring the ideas from the concept to the normative acts), being deeply involved in improving the policy making and strategic planning system of Latvia, and chairing the working group for improving the performance management system in Latvia. He has lecturing experience in Tajikistan, Uzbekistan, and Lebanon – as well as domestically. Mr. Zvigulis has also been involved in devising the plan for recovery of Latvia after the recent crisis started (in collaboration with the European Commission, the International Monetary Fund, and the World Bank), including writing of the Social Safety Net Strategy for the country.

Methodology

The training will be delivered through a series of presentations aimed at providing easy-to-understand information on the major concepts associated with public finance and budgeting reforms around the world. The different approaches of budget reforms – program budgeting, “0” based budgeting, activity based budgeting, etc., will be presented. The presentations will be based on a mix of internationally acknowledged theoretical background, real hands-on experience and case studies of various countries that had undergone the transition.



Regional School of Public Administration



Active involvement of the participants will be encouraged through usage of discussion topics specifically designed for sharing experiences from their home countries and comparing with successes and failures factors in those countries presented by the trainers. Also, participants of the training will go through a series of group works in order to embed the acquired information.

At the end of the training module participants will be offered a set of recommendations for further reading on all of the topics covered during the training.



Draft Training Agenda

Day 1 – Budget reform as part of the public administration reform

09:00 – 10:30	<i>Introduction of the training module and trainers. Introduction and expectations of the participants. Identification of common problems of budget planning.</i>	Mr. Aqim Emurli Mrs. Baiba Petersone Mr. Janis Zvigulis
10:30 – 10:45	Coffee break	
10:45 – 12:15	<i>Public administration reform – reasons behind it and its most usual components. Building the budget reform in the concept of PAR.</i>	Mrs. Baiba Petersone
12:15 – 13:15	Lunch break	
13:15 – 14:00	<i>The most popular failure factors of public administration reforms. Cases from Western Balkans and Eastern Europe.</i>	Mrs. Baiba Petersone
14:00 – 14:45	<i>Famous recipes – “0” based budgeting, activity based budgeting, program budgeting</i>	Mrs. Baiba Petersone
14:45 – 15:00	Coffee break.	
15:00 – 16:30	<i>Changing roles of MTEF and annual budget – a step-by-step process towards better public finance management. Structure of MTEF, main components. Budget base and expenditure ceilings.</i>	Mr. Janis Zvigulis
16:30 – 17:00	<i>Feedback & comments session.</i>	All participants Mrs. Baiba Petersone Mr. Janis Zvigulis
17:00	End of Day 1	



Day 2 – Strategic planning – linking policies and budgets

09:00 – 10:30	<i>Policy and budget – place for fiscal impact assessment and budgeting in the policy development cycle.</i>	Mr. Janis Zvigulis
10:30 – 10:45	Coffee break	
10:45 – 12:15	<i>Tools linking policy and budget planning. Strategic planning – concept explained, key components and their inter-linkages with management.</i>	Mr. Janis Zvigulis
12:15 – 13:15	Lunch break	
13:15 – 14:00	<i>Cases of strategic planning systems implementation explained – Latvia, Lithuania, Romania, UK, Ireland.</i>	Mr. Janis Zvigulis
14:00 – 14:45	<i>Budget priority setting – approaches, process, lessons learned.</i>	Mrs. Baiba Petersone
14:45 – 15:00	Coffee break	
15:00 – 16:30	<i>Practical exercise #1 – Linking policies to budgets and planning strategically.</i>	Mrs. Baiba Petersone Mr. Janis Zvigulis
16:30 – 17:00	<i>Feedback & comments session</i>	All participants Mrs. Baiba Petersone Mr. Janis Zvigulis
17:00	End of Day 2	

Day 3 – Budget process revealed – improvements

09:00 – 10:30	<i>Budget process – key steps and their meaning. Budget classification systems and their links to state functions and policies</i>	Mrs. Jolanda Trebicka
10:30 – 10:45	Coffee break	
10:45 – 12:15	<i>Budget process – key steps and their meaning. Role of budget calendar. Cases of Western Balkan and Eastern Europe countries through prism of international evaluations. Bottlenecks of budget calendar and how to deal with this.</i>	Mrs. Jolanda Trebicka Mr. Janis Zvigulis Mrs. Baiba Petersone



12:15 – 13:15 Lunch break

13:15 – 14:45 *Budget execution, accounting and monitoring – key pitfalls from international experience.* Mrs. Jolanda Trebicka

14:45 – 15:00 Coffee break

15:00 – 16:30 *Internal and external auditing – bringing in thinking about “value for money”, effectiveness and efficiency.* Mrs. Jolanda Trebicka

16:30 – 17:00 *Feedback & comments session*
All participants
Mrs. Jolanda Trebicka
Mrs. Baiba Petersone
Mr. Janis Zvigulis

17:00 End of Day 3

Day 4 – Measuring success of budgets and this training

09:00 – 10:30 *Performance indicators – from inputs to outputs, outcomes and impacts. Is it about punishment?* Mrs. Baiba Petersone
Mrs. Jolanda Trebicka

10:30 – 10:45 Coffee break

10:45 – 12:15 *Practical exercise #2 – Implementing performance management systems.* Mrs. Baiba Petersone
Mrs. Jolanda Trebicka

12:15 – 13:15 Lunch break

13:15 – 14:40 *Recap on the major concepts and their linkages. Thinking framework for public finance and budgeting reforms.* Mrs. Baiba Petersone
Mrs. Jolanda Trebicka
Mr. Janis Zvigulis

14:00 – 14:45 *Budget cuts and improvement of budget information. System of functional analysis of public expenditures. Case of Latvia* Mrs. Baiba Petersone
Mr. Janis Zvigulis

14:45 – 15:00 Coffee break

15:00 – 16:30 *Feedback & comments session. Evaluation of the training and farewell recommendations for further reading.* All participants
Mr. Aqim Emurli
Mrs. Baiba Petersone
Mrs. Jolanda Trebicka
Mr. Janis Zvigulis

16:30 End of Day 4 and the whole training.