

Coordination Schemes between MoF and line ministries in Slovenia

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AGENDA

- „Hierarchy“ of line ministries (horizontal vs vertical)
- Regular coordination (LM-prepared documents and regular annual meetings)
- Specific coordination (National Reform Programme, state budget preparation)
- Conclusions

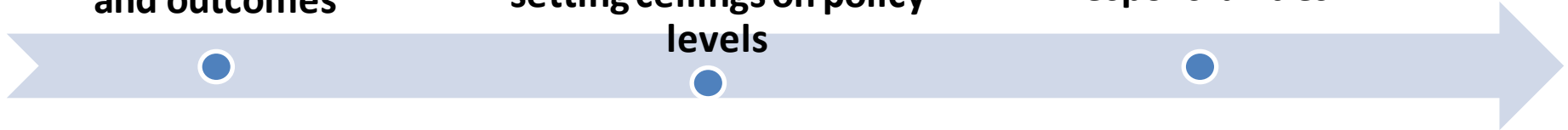


Strategic development planning steps and tools

Mapping strategies, priorities, objectives and outcomes

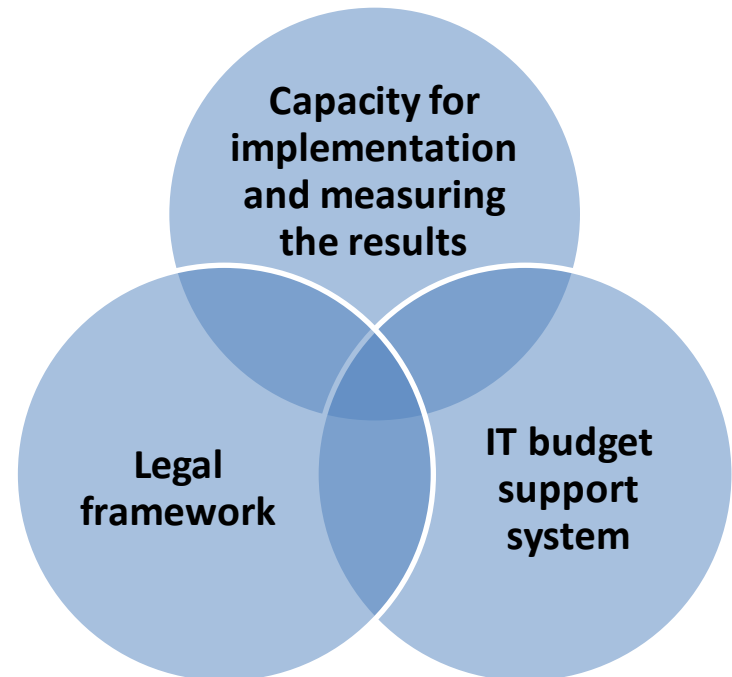
Linking them to fiscal space: setting ceilings on policy levels

Defining hierarchy of documents and clear responsibilities



Tools:

- Medium term fiscal strategy
- Medium term budgetary framework
- Fiscal rules
- Spending reviews
- **Program budgeting**
- **Results oriented budgeting**

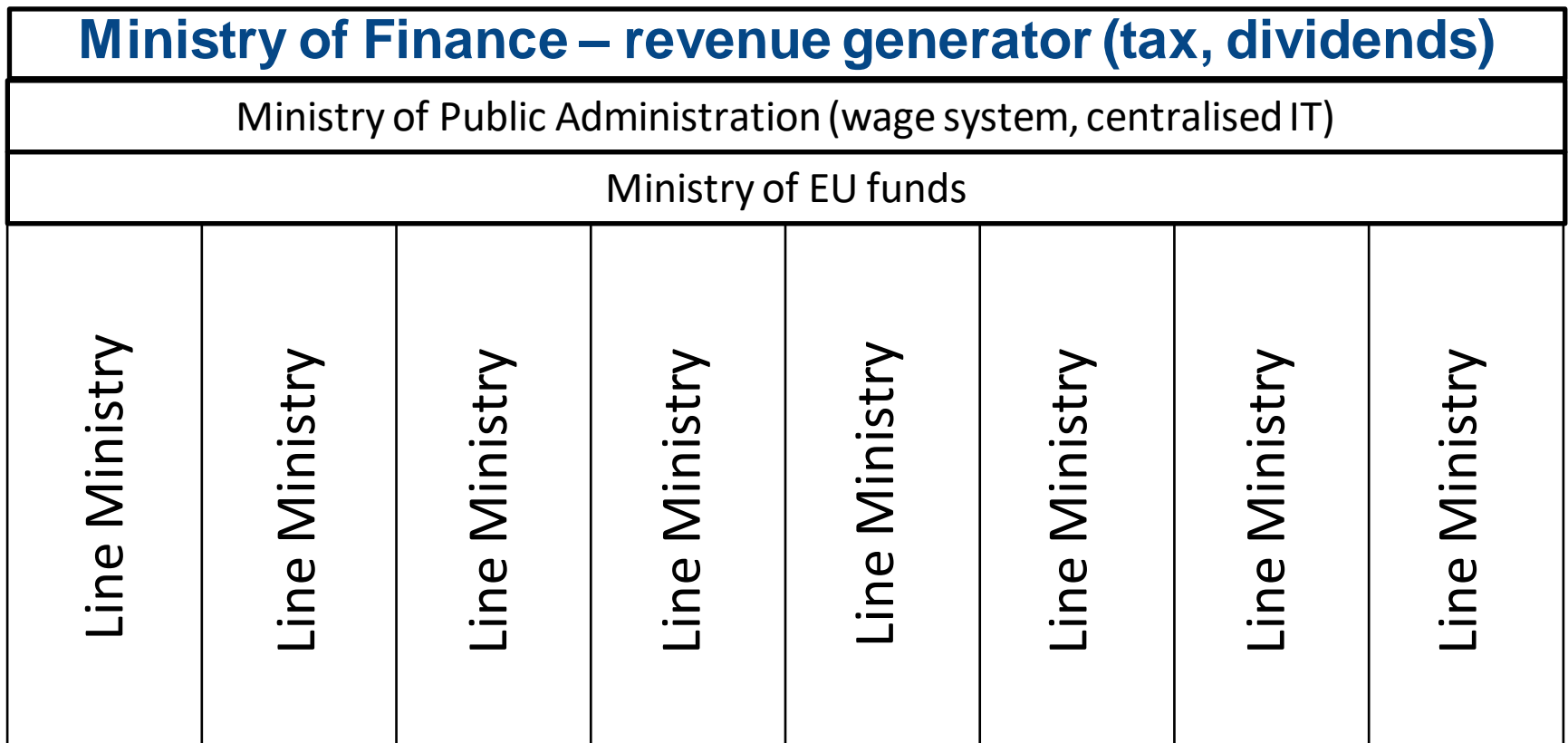


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Fiscal Implications of Structural Reforms

„Hierarchy“ of line ministres

„horizontal“ vs „vertical“ LMs



REGULAR COORDINATION

- For all line ministry produced documents (acts, decrees, regulations, ...), a written opinion of MoF needed (usually budget department, also other MoF departments)
- If negative, expert teams from LMs and MoF try to find a solution / compromise
- When positive, document enters government procedure:
- Regular weekly meetings of two government committees (state secretaries level) where documents are discussed
- Regular weekly government session: govt level documents adopted, parliament level documents adopted and sent to parliament

REGULAR COORDINATION

- In 2015, new regular coordination introduced by MoF
- Two to three times a year, all finance directors of LMs gather at the DG Budget to discuss open and common topics regarding state budget execution, EU semester changes, anything newly introduced
- Agenda prepared by MoF with the option of additional points suggested by LMs
- A well accepted practise as all LMs face similar challenges and dilemmas
- Not just from the expert point of view, extremely useful also from the human point of view



Finance directors / DG budget agenda items

- Current state of state budget execution
- Preparation of LM financial plans – FAQs
- Estimation of annual outturn in the semiannual report
- Preparation of investment documentation for projects, financed from state budget
- Performance based budgeting – how to set the goals and KPIs
- How to live with the fiscal rule and what it means for us?
- Ear-marked revenue/expenditures and year-end carry overs in the context of expenditure ceilings



REGULAR COORDINATION

- In 2018, new regular coordination introduced by MoF
- Every two months, state secretaries from LMs gather at different locations to discuss open and common topics regarding state budget execution, EU funds consumption obstacles, EU semester changes, anything newly introduced
- Agenda prepared by LM in charge of organization, additional points suggested by other LMs
- A well accepted practise as all LMs face similar challenges and dilemmas
- Not just from the substance point of view, extremely useful also from the human point of view
- A great catalyst for various occasions (especailly if communication addressed directly)



SPECIFIC COORDINATION

- For specific documents, working groups are formed on the expert level
- Slovenian Development Strategy 2030 and State Programme of Development Policies: close collaboration of all LMs
- Bilateral meetings
- Draft document sent to LMs
- Adopted by the government

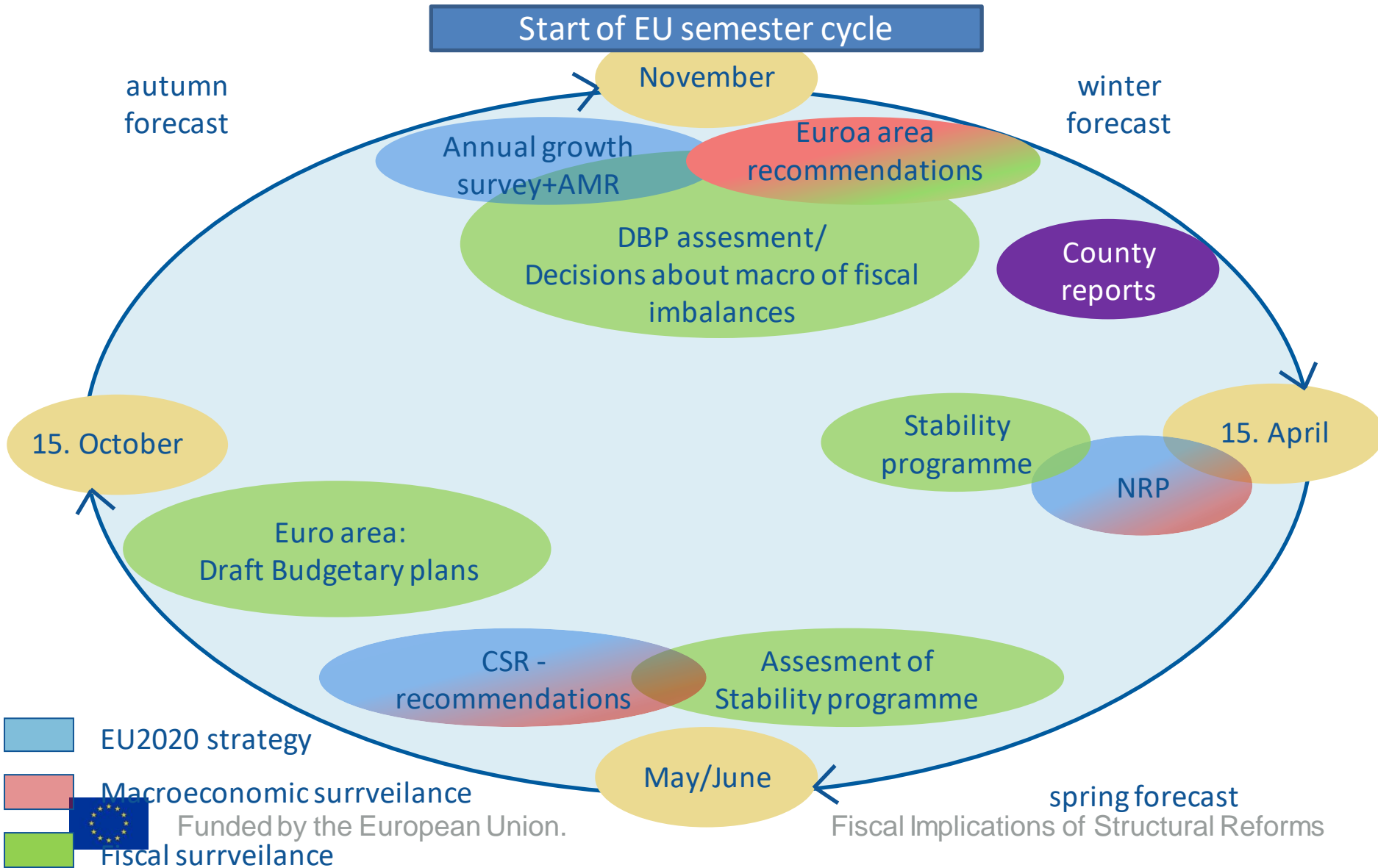


SPECIFIC COORDINATION

- For specific documents, working groups are formed on the expert level
- National Reform Programme (ERP in your case): written contributions from LMs to MoF – streamlining
- Bilateral meetings if needed
- Draft document sent back to LMs (as many iterations as needed)
- Role of social partners and parliament
- Adopted by the government and sent to EC
- Stability Programme figures derived from NRP, macro indicators and fiscal targets / requirements (not as much coordination, figures hardly negotiated!)



Process and coordination of economic and fiscal policy on EU level



SPECIFIC COORDINATION

- Fiscal framework derived from NRP and SP acts as the underlying for state budget
- draft limits for LMs prepared by MoF based on known legal obligations (wages, interest payments, EU contribution, social transfers, pension fund transfer) and government priorities
- Bilateral negotiations on ministerial level between MoF and LM

Bilateral ~~coordination~~ negotiations

- Negotiations between MoF and ministries: coordination management and consultation decisions
- Budget decisions made between competing uses!

- Coordination within ministry: different directorates competing for funds
- Specification of goals: relevance of goals in time?
- Evaluation of results – consequences?



Final coordination and budget adoption

- Final coordination and decision by Government
- Presenting budgets to the competent Parliamentary bodies by LM and MoF
- Budget adoption



Budget execution – reallocations

- Flexibility in budget execution provided by mechanisms allowing the executive to adjust spending in-year without recourse to parliament
- LMs and MoF can reallocate budgetary appropriations among programmes
- The government - among policies



Coordination and cooperation

- main challenge: „budget balance“ is MoF problem, no ownership from LMs
- missing: awareness if we find less rational uses of public money, there will be more to spend
- ongoing process
- key to success
- never too much



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