



FISCAL AFFAIRS



Budget Impact Assessment in Kosovo - Purpose and Tools

PRISTINA, NOVEMBER 20, 2019

Topics to be Covered

Purpose and prerequisites of BIA

Current framework in Kosovo: Achievements and challenges

Sequenced steps to improve BIA

Who should lead?

Purpose of BIA

Assessing **budget impact of new policy initiatives:**

BIA makes decision-makers fully aware of the costs of agreeing to new policies.

Assessing **budget impact of current policies:**

BIA allows to identify whether current policies are affordable within expenditure ceilings.

For new and current policies:

BIA supports prioritizing policies within set expenditure ceilings.

For new and current policies:

BIA supports reliable budget planning for MoF and BOs.

Prerequisites of BIA

Prerequisites of BIA according to good international practice

Costing methodology

- Issued by MoF & used by BOs.
- Standardized as far as possible to foster comparability of costing results.
- Documentation of costing assumptions to support traceability of costing results.
- Training.

Making BIA relevant in practice.

- Anchoring BIA in legislation.
- Making sure that BIA is conducted according to instructions.
- Using the BIA results for policy decisions.

Clear roles of different stakeholders

- Responsible BO: Conduct BIA; involve other BOs if affected.
- BD challenges BIA-results: Costing methods applied properly? BIA results plausible & compliant with expenditure ceilings?

Current framework in Kosovo: Achievements



Legal basis for BIA established (Administrative Instruction 3/2015).

Costing templates designed.

User manual issued.

Training started.

Current framework in Kosovo: Challenges

BIA-timeline of 3 FY too short in some cases (such as pensions).

Documentation of assumptions and data sources not covered by the costing template.

BIA covers many but not all categories of new policy initiatives (such as sub-legal acts of ministries).

BIA not applied for current policies (How to assess fiscal space for new initiatives?)

BIA-scope requires clarification (application of cross-cutting factors such as macro variables and wages; administrative costs of policy initiatives).

Good international practice: Strong gate-keeping function for MoF for new policy initiatives (to ensure plausible BIA; compliance with expenditure ceilings).
Kosovo: MoF can be overruled.

Sequenced steps to improve BIA

Capacity building of BOs

Agreement on amending the costing methodology and template to strengthen BIA.



Apply improved BIA for new policy initiatives



Use similar methodology to extend costing to ongoing policies, starting with large BOs.



This supports credible budget planning of MoF and BOs



Comparison of baseline results and expenditure ceilings reveals if there is fiscal space for new policy initiatives.



Allows to calculate the costs of current and approved new policies for upcoming medium-term horizon (budget baseline).

Who should lead?

Good international practice suggests that MoF has the leading role for BIA.

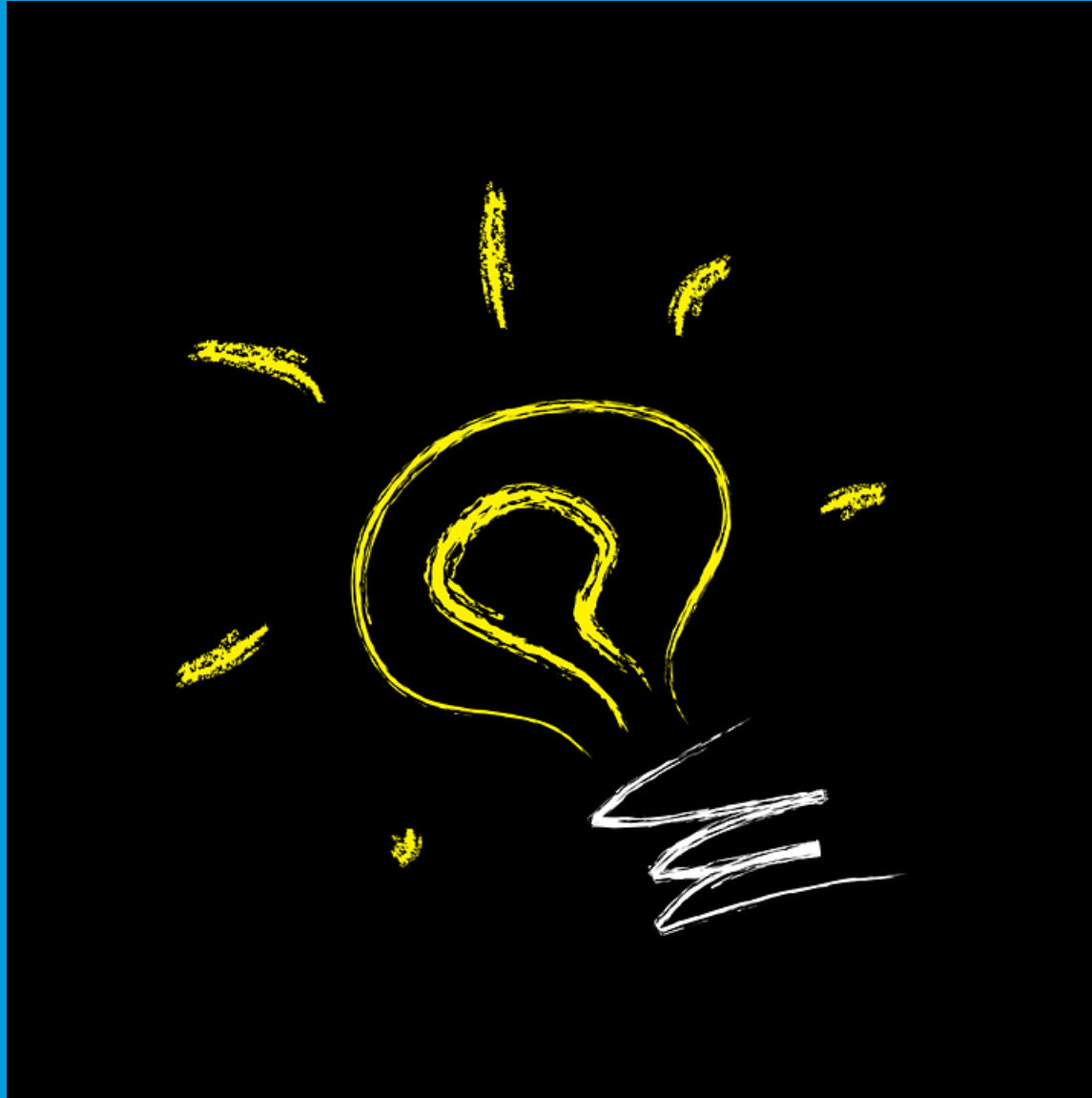


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graph TD; A[Good international practice suggests that MoF has the leading role for BIA.] --> B[MoF-decision on improving the current BIA (methodology, template, implementation process, timelines).]; B --> C[Support for BOs to apply the improved BIA.];
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MoF-decision on improving the current BIA (methodology, template, implementation process, timelines).

Support for BOs to apply the improved BIA.

Please provide your experiences with BIA and your ideas to improve it.



Thank you very much!