

Coordination Schemes between MoF and line ministries – case of Slovenia

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AGENDA

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



Strategic development planning steps and tools

Mapping strategies,
priorities, objectives
and outcomes

Linking them to fiscal space:
setting policy level ceilings

Defining hierarchy of
documents and clear
responsibilities

Tools:

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

Capacity for
implementation
and measuring
the results

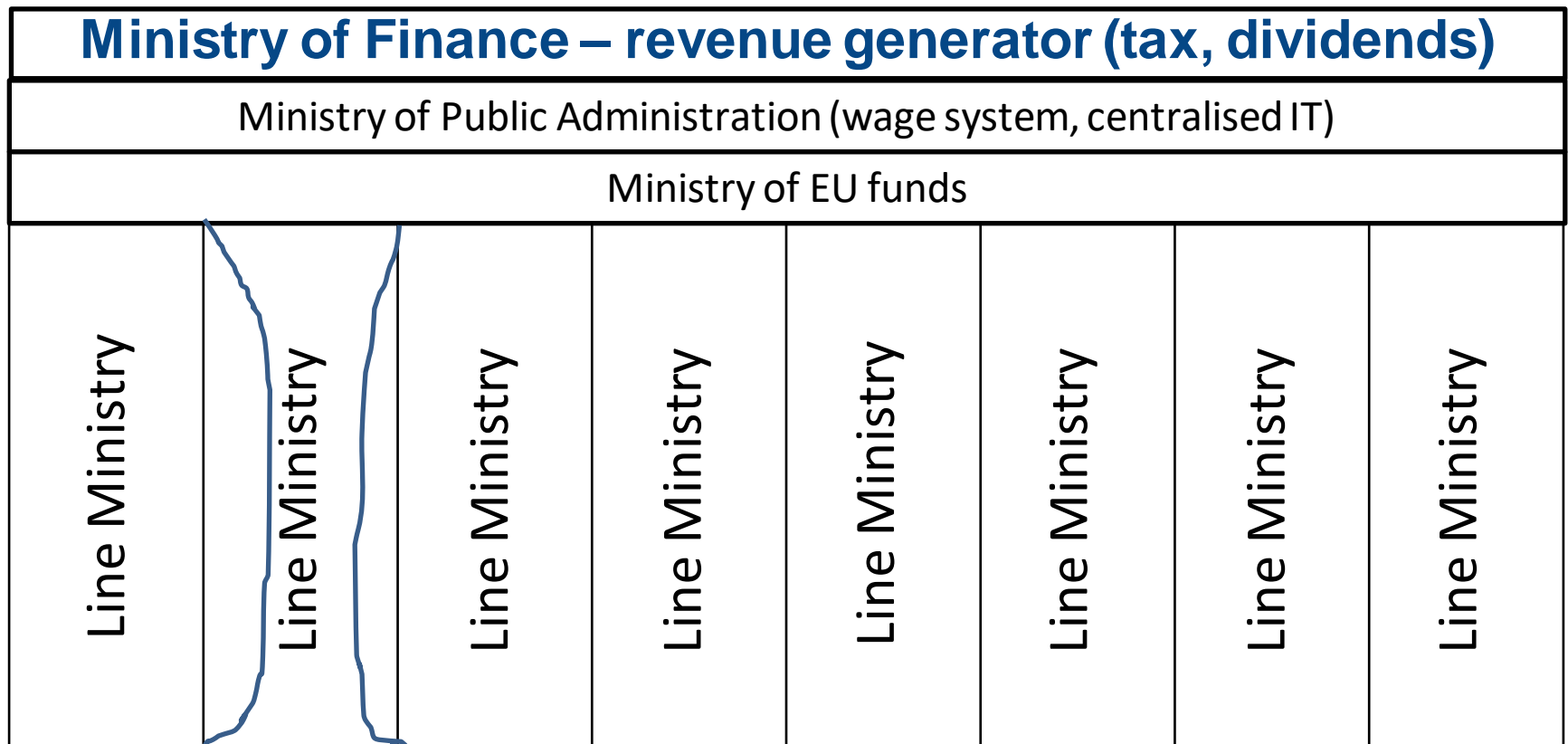
Legal
framework

IT budget
support
system



„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 meet and 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 implementation, EU semester procedures, anything newly introduced
- Agenda prepared by MoF with option of additional points suggested by LMs
- A well accepted practise as LMs face similar challenges and dilemmas
- Not useful 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 gather at different LMs to discuss open and common topics regarding state budget execution, EU funds consumption obstacles, EU semester procedures, anything newly introduced
- Agenda prepared by LM in charge of organization, additional contemporary points suggested by other LMs
- A well accepted practise as 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)



REGULAR COORDINATION

- Do not forget two important target groups:
 - Reporters
 - General public
- They are not part of coordination process, but need to be aware of the outcome and content of coordination process, especially in the area of structural reforms and economic policy changes.



SPECIFIC COORDINATION

- For specific documents / occasions, 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, several iterations
- Adopted by the government

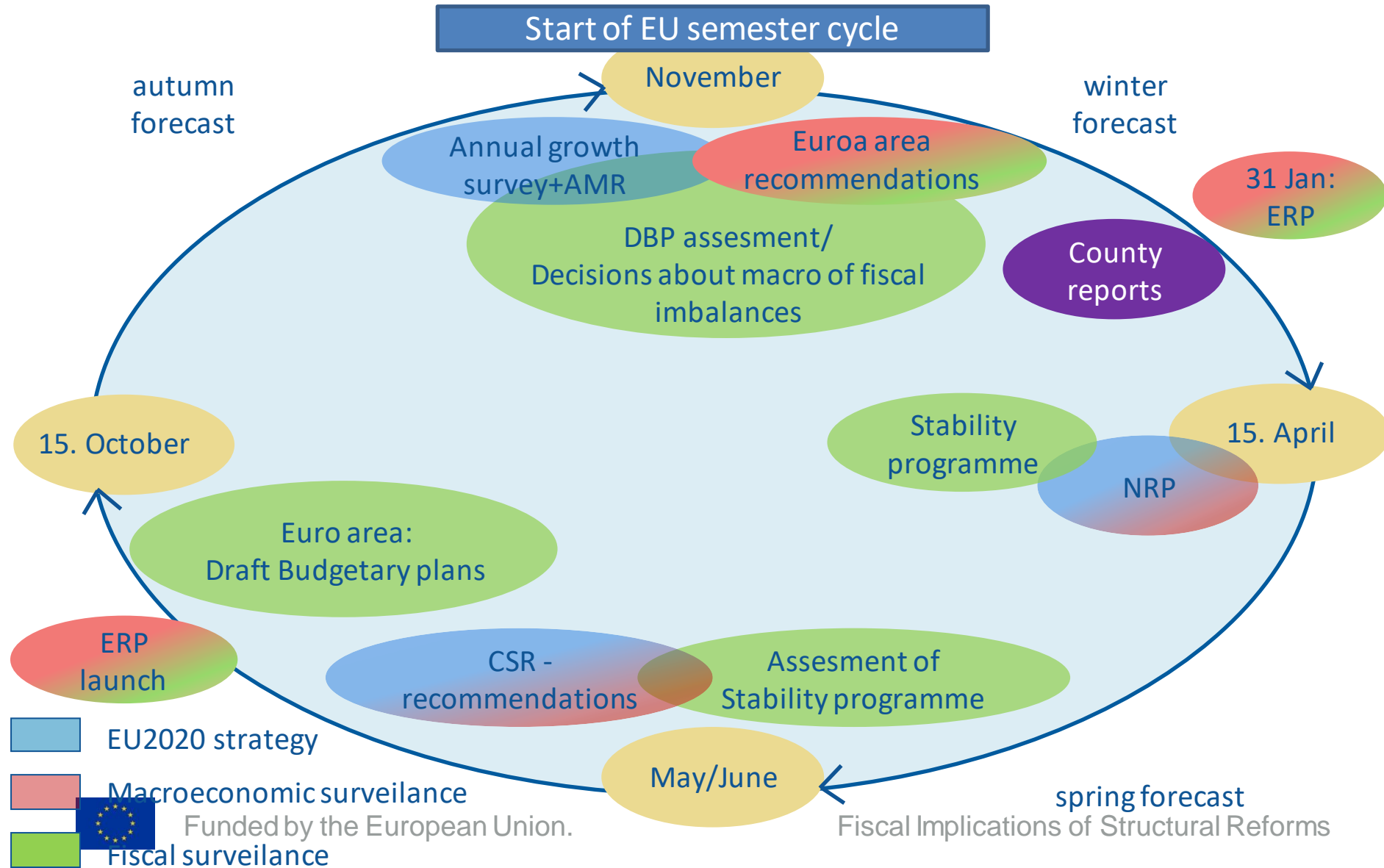


SPECIFIC COORDINATION

- For specific documents / occasions, 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 framework
- 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 LMs

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 budget proposal to relevant Parliamentary bodies by LMs 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
- Is this still coordination?



Conclusions (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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Fiscal Implications of Structural Reforms

Way forward - how to address detected challenges of lack of ownership, awareness, capacities?

- Prepare a workshop!
- Invite key stakeholders: ministers, ERP co-ordinators, LM representatives
- present the latest CSRs for your country
- ask ministers for relevant measures to address the CSRs
- ask LM representatives to structure these measures and cost them
- present fiscal space for next year
- simulate the government budget session where ministers fight for funds for the proposed measures
→
- This way, you address all the identified challenges.



Way forward

COORDINATION



- Make it a regular annual practise.
- Make it obligatory for any new government in office in order to address risk of continuity & minimize risk of ideleness before and after the elections.
- The reasonable man adapts himself to the world; the unreasonable man adapts the world to himself. Therefore, all progress depends on the unreasonable man“

(G. B. Shaw)



Way forward

- Coordination and collaboration are key ingredients for success... not just in economic and fiscal policy, but pretty much in all areas of life.

