



*International Conference on
Performance-Based Budgeting:
Lessons for Poland*

Making Program Budgeting Work

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The Challenge



- Aims of program budgeting
 - Transparency on goals and performance, for...
 - Better expenditure prioritization
 - Support results-oriented managed
- Challenge of making it work
 - Sometimes hasn't changed budget decisions
 - Performance information not used
 - Sometimes for technical reasons
 - Sometimes for political/ governance reasons
 - Often because *budget process* not changed



Changing the Budget Process

- Strategic phase of budget process
 - Priority spending areas, and areas to cut
 - Discussed at highest political level
- Reviewing base expenditure
 - To avoid trap of just identifying priorities
 - Evaluation process informing political leaders
 - Review linked to budget process
- Key role of Finance Ministry
- Incentives to spending agencies

Other Key Considerations



- Relaxing expenditure rigidities
 - Civil service inflexibilities
- Greater input freedom
- Avoid “advanced” PB in early years
 - E.g. targets linked to budget, UK style
- Don’t do all PFM reforms at once
 - Reform overload a big risk
 - E.g. accruals...
 - But close link with Medium-Term budgeting

Successful Implementation



- Supporting PFM reforms
 - Internal control and accountability
- Information strategy:
 - Selectiveness about indicators
 - Avoid over-elaborate evaluations
- Recognize human resources requirements
- Leadership of reform process
 - Role of finance ministry