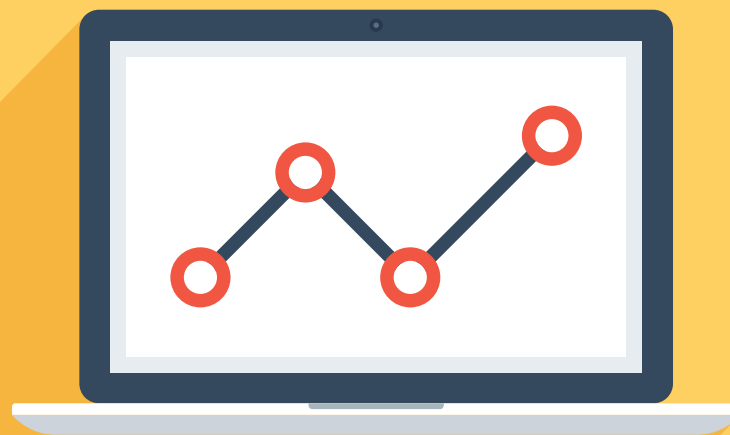


institut alternativa

BUDGETING THE COST OF REFORMS

Programme budget for police and prosecution



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WHAT IS TO BE DONE — CONCLUSIONS AND RECOMMENDATIONS

The main features of the process of implementing programme budgeting thus far have been the overly ambitious regulatory solutions which are impossible to carry out in practice. All leads to a conclusion that this reform does not stem from the capacities of our administration, as well as that it fails to include an analysis of the desired outcomes of the reform process. Therefore, the hitherto process of implementing programme budgeting has led not to a greater accountability of spending units for the funds allocated to them, but to an even greater centralisation of responsibility within the Ministry of Finance.

The fact that the programme budgeting is not taking place at all has a particular effect on the problems in budget planning, i.e. the separation of the priorities from strategic documents and action plans and the annual budget of the institutions in charge of their implementation. The budget of individual spending units is planned without taking into consideration funds for sectoral and other strategic documents that define the tasks they need to carry out.

This has become evident in the case of Action Plans for Chapters 23 and 24, because for the first there is a set of planning documents with a detailed calculation of implementation costs. However, the Action Plans' budgets mean little unless they are also put in the national budget, which is hard to ensure and impossible to validate given the way the budget is being planned and given that there is a lack of programme budgeting.

Action Plans for Chapters 23 and 24 may serve as a basis for and as generators for finally introducing programme budgeting. In addition to financial projections, they also set out objectives of individual spending units, concrete activities that need to be implemented in a given period, as well as result- and performance indicators — which are all key components to programme budgeting.

As the most represented spending units in the Action Plans, the Interior Ministry and the Prosecutor's Office are ideal as pilot institutions in which intensive work is needed towards introducing all the programme budgeting components. Given that these institutions already report on their work by using a great variety of quantitative indicators, defining performance indicators in meeting the objectives could be done without investing significant effort as regards the establishment of new systems for data collection and analysis.

Moving from the line item budgeting to programme budgeting in financing the activities of the Prosecutor's Office and the Police would make way for linking strategic priorities in the areas of judiciary and home affairs with their financing, whereas the Parliament and the public could monitor their spending from the point of view of effectiveness and expediency. Introduction of programme budgeting in the Prosecutor's Office and the Police (as well as the public administration on the whole) rests on a rationale that their work should be measured according to objectives set in the laws and strategic documents, as well as that their results should be assessed according to measurable indicators, in order to determine whether objectives are being met. Programme budgeting should not serve only as a tool for measuring effectiveness in regard to the amount of public funds invested, but rather needs to serve also as a mechanism for assessing the performance of the role of the Prosecutor's Office and the Police in the criminal, legal, and security systems of the state, i.e. as mechanisms for assessing their success in performing their roles in the society.

In order to “unfreeze” the process of introducing programme budgeting, we believe it is necessary to do the following:

- 1) The Ministry of Finance should **establish a separate Programme Budgeting Unit**, which will be tasked with the development and technical support to the spending units in defining the non-financial elements of the programme budgeting, and offer training programmes in the future. The Unit would be part of the existing Sector for Budget, i.e. Directorate for Budget Planning, and would initially take a number of employees from the Unit for budgetary operations and fiscal impact assessment.
- 2) **Prepare an action plan for implementing the programme budgeting** for a three-year period, in which special attention would be given to the plan of developing the non-financial elements of the programme budgeting, and primarily the “programme objectives” and “indicators” in several pilot institution, among which the Interior Ministry and the Prosecutor’s Office.
- 3) The Prosecutor’s Office and the Interior Ministry, as spending units, should be chosen as **pilot institutions** in which the following will be done:
 - The programming structure would be fragmented so as to reflect the various segments of institutions’ activities, at the same time avoiding disproportionate discrepancies in their individual budgets (avoiding dominant programmes that would consume more than 50% of the unit’s overall budget),
 - Set clear objectives of programme budgeting,
 - Define success indicators, based on the available collected data.
- 4) Adopt a new Decision on the drafting and content of programme budgeting, which, **unlike the current one**, would encompass the following:
 - A definition of performance indicators and the way they are set, to be done jointly by the spending unit and the Ministry of Finance,
 - Precisely define the procedure for setting up new programmes and the role, if any, of the Ministry of Finance in confirming such a decision, coupled with changed guidelines for drafting the non-financial elements of the programme budgeting so as to ensure that spending units are not inclined to create too many general programmes,
 - The contents of the report on the implementation of programme budgeting.
- 5) Amend the Law on Budget and Fiscal Responsibility as regards the definition of the contents of the draft Budget Law and the draft Law on the Budget Final Account which are submitted to the Parliament (articles 34 and 68) so as to prescribe an obligation to submit all the non-financial elements of the programme budgeting to the MPs.

