

The introduction of result-oriented budgeting in Belarus: the development of methodology for the preparation and implementation of the pilot project

The introduction of the elements of the result-oriented budgeting in Belarus would help to increase the effectiveness of public spending.

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The opinion expressed in the research is solely of the authors and do not necessarily reflect opinion of SYMPA, BIPART, other organizations and individuals that may be associated with the names of the authors.

CONTEXT

Today's budget planning practices in Belarus should be improved. The mechanism of annual item-by-item planning often does not allow to predict the total amount of financing required, and, even worse, is not linked to the actual purposes for which budgetary resources are allocated. To determine the amount of funds required for a particular year, the allocation of funds is done by a type of expenditures in accordance with the budget classification .

In the last years the Belarusian legislation is changing, getting closer to the conditions needed for the introduction of the result-oriented budgeting. Particularly, the following governmental decrees were adopted:

- the Decree of the Council of Ministers of the Republic of Belarus from March 31, 2009 № 404 "On the approval of the Regulations of the process of formation, financing and control of the implementation of national, regional and sectoral programs and recognition of certain decrees of the Council of Ministers of the Republic of Belarus as invalid";
- the Decree of the Ministry of Economy of the Republic of Belarus from March 31, 2009 № 79 "On the approval of the Regulations of the process of formation, financing and control of the implementation of national, regional and sectoral programs ";
- the Decree of the Ministry of Economy of the Republic of Belarus from October 29, 2010 № 156 "On the approximate form of a draft of a state (sectoral, regional) program and the requirements for the content of its sections";
- the Decree of the Ministry of Finance of the Republic of Belarus from December 31, 2008 № 208 "On the budget classification of the Republic of Belarus" (approving "The Instruction of the application order of the budget classification of the Republic of Belarus").

RECOMMENDATIONS

1. As a pilot project, the Ministry of Education in cooperation with the State Committee on Science and Technology should develop a system for the "assessment of the level of scientific achievement". This system should include main priorities for the science: the industry research directions, the proportion of workers in the economy with an advanced degree, the referencing of the national scientists in international journals, etc. A long-term program to achieve established targets in at least 20-year-perspective and necessary resources for that must also be prepared. Furthermore, the plan must contain both critically needed and additional activities.
2. The Ministry of Finance should identify the opportunities for budget financing of the activities in accordance with the plan, and make a conclusion as how to much funds to allocate to this program.
3. Additionally, the interested state bodies need to revise their existing programs to prevent possible duplication of activities. The final step should be the adoption of a regulatory act which secures the financing linked to the achieving of goals as well as a reporting mechanism.
4. The financing of this program should be provided by the laws about the budget for the next fiscal year.

ARGUMENTS

In the terms of limited financial resources, their efficient allocation becomes a crucial issue. International practices today contain examples of successful reforms of public finance sector, in which it was possible to achieve greater efficiency of public expenditures. As a rule, such reforms are connected with the implementation of result-oriented budgeting.

The continuation of the applied cost method of budgeting will not help to improve the performance of public institutions significantly. Using this method, it is difficult to assess proposed programs and regulations in the terms of rationality and timeliness.

In such conditions, it makes sense to start of a pilot project of the introduction of the result-oriented budgeting mechanisms in Belarus. We believe that this method of financing would allow the users of public funds to define and solve specific problems linked to the fixed long-term objectives in a most flexible way. This approach will increase the return of investment of budgetary resources and improve the effectiveness of spending.

The result-oriented budgeting will also help to improve the transparency of the budget spending and increase the responsibility of the users of budgetary funds.

BIRART is a research project of the School of Young Managers in Public Administration (SYMPA). Its goal is to promote public administration reform in Belarus and to help increase the efficiency of public administration: <http://sympa-by.eu/ru/research/center.html>