



REPUBLIC OF SERBIA
MINISTRY OF FINANCE

CHALLENGES OF IMPLEMENTING
A MULTI-YEAR EXPENDITURE
FRAMEWORK IN THE POST CRISIS
ENVIRONMENT
REPUBLIC OF SERBIA



Content of the presentation

- Background information
- Planned reforms



Background

- A Stand-By Agreement with the IMF:
 - Ceiling on the overall fiscal deficit
 - Supplementary budget for 2009 – two times in 2009 – new measures introduced in May 2009
 - Changes in the target deficit for 2010
 - In 2011 end of SBA but with agreed deficit of 4% GDP



Background

- New Budget System Law (BSL) – since July 2009:
 - Ambitious requirements such as:
 - Introducing MTEF – 3 years ceilings
 - Prioritization – Government decision
 - Introducing Medium-term Public Investment Plan
 - Program Budgeting – postponed to 2015



Background

- What is Budget Memorandum:
 - Content – also in line with EU requirements
 - Almost impossible to implement proposed measures from the fiscal projections – not obliged for Ministries



Current situation

- Main challenges Serbia faced in 2010:
 - How to implement prioritization in the spring in the Budget process for 2011, with constantly changing - decreasing revenues estimates based on the revisions of the SBA?
- How to implement MT plans for the ministries without any new spending in the next 3 years?



Planned reforms

- What will replace SBA next year?
 - New BSL including Fiscal Responsibility legislation
 - Fiscal rules – deficit, public debt, investments
 - Fiscal council



Program budgeting postponed

- Very hard to have two big reforms at the same time – MTEF now and program budgeting postponed for 2015:
 - First we need to introduce MTEF with binding or indicative ceilings – binding for the first year?
 - Since 2008 five ministries have introduced program budgeting
 - Main challenge will be to have program budgeting for 64 budget beneficiaries in 2015.



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THANK YOU!

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