Public budgets are key to managing fiscally sustainable and high quality public services

Paris, France, 11/04/2019 – Effective budgeting underpins economic wellbeing and inclusive growth. In the face of economic, social and environmental uncertainty, developments in budgeting (design of fiscal rules, medium-term expenditure frameworks, performance budgeting) help to ‘future proof’ public finances by putting in place processes and tools to understand the implications of budget and policy decisions, to plan for the future, and to make space for new priorities and needs. Governments with leading-edge fiscal management practices are emphasising such things as gender budgeting, the management of fiscal risks and the quality of public expenditure.

Budgeting and Public Expenditures in OECD Countries 2019 is the OECD’s flagship publication for budgetary governance. It covers the latest policies, frameworks and practices across OECD member countries.

Secretary-General of the OECD, José Ángel Gurría welcomed the inaugural publication by saying, “Public spending decisions sit at the very core of government legitimacy, whether it’s about committing funds to deliver on government promises, making tough decision to ensure that governments don’t get financially overstretched, or engaging with citizens to ensure that the budget reflects their interests and aspirations.”

“Just last year, I introduced the OECD Budget Transparency Toolkit to provide countries with practical guidance on how to strengthen budgetary governance. This new report goes even further in showing how all OECD countries are putting into practice the full set of OECD Principles of Budgetary Governance, and responding to cutting-edge challenges. For example, more than one in five OECD countries lack a central unit or agency to identify fiscal risks. This report shows how countries, measure, manage and mitigate fiscal risk. It is timely and informative reading.”

The Director of the OECD Public Governance Directorate, Mr. Marcos Bonturi, went on to highlight, “Budget practices are increasingly seen in OECD countries as a means to better understand the trade-offs between spending priorities, as well as a way to support and accelerate the achievement of societal goals, such as gender equality and the greening of the economy.”

A small, but growing number of countries are publishing budget impact assessments on the distributional impact of budgets on gender, minority groups, regional distribution, environment and societal wellbeing. In 2018, 17 OECD countries have introduced gender budgeting, with a further 2 countries planning to do so.

Budget transparency continues to be a priority. Between 2012 and 2018, the percentage of OECD countries publishing budget information has increased for all the budget documents monitored by the OECD. Almost half of OECD countries publish a citizen’s guide to help understand the Executive’s budget proposal, as well as the approved budget.

In order to ensure that governments can afford new priorities, spending reviews are widely used as a strategic budgeting tool in OECD countries. From 2011 to 2018, all but 6 OECD countries reported that they conduct spending reviews either annually or periodically.

The report draws on the results of 5 separate surveys on budgeting in OECD countries. Its 9 chapters analyse budgeting policies and practices, based on the 2015 OECD Principles on Budgetary Governance. A final chapter provides a factual summary of how each OECD country has used public financial management tools.

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