

Spending Better

9th Tokyo Fiscal Forum
Tokyo, 6 June 2024

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Challenging Environment

High Deficits and High Debt

Mounting Spending Pressures

Ensuring Fiscal Sustainability

Lack of Public Support

Three Pillars of Budgeting



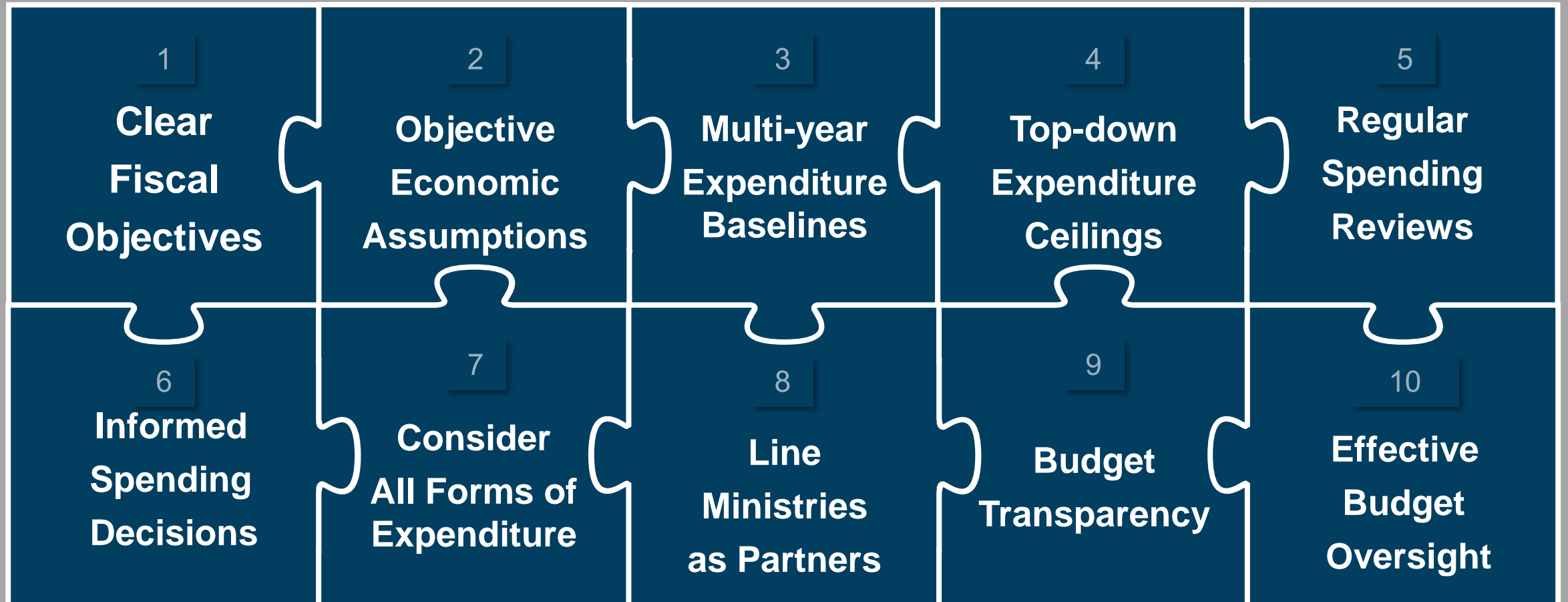
Quality
Budget
Institutions

Public
Support

Strategic
Budget
Initiatives

Quality Budget Institutions

OECD Spending Better Framework



Public Support



Strategic Budget Initiatives



Gender
Budgeting

Green
Budgeting

SDG
Budgeting

Three Pillars of Budgeting



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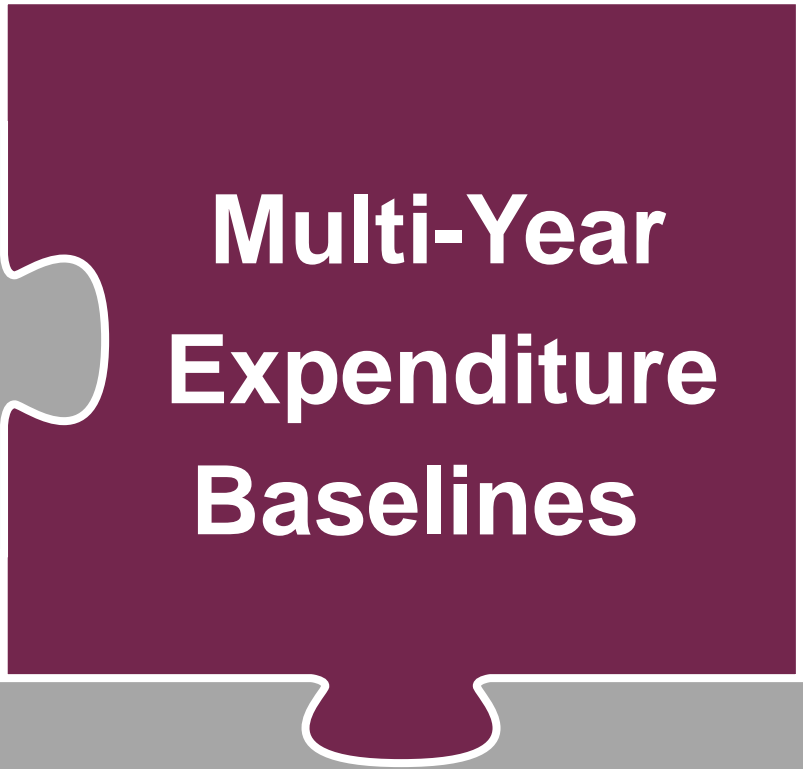
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Objective Economic Assumptions

- **The government's key fiscal risk**
- Disclosure of all key economic assumptions
- Prudency factors and adjustments for risk
- Sensitivity analysis to quantify uncertainty
- Role of independent fiscal institutions

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Multi-Year Expenditure Baselines

- Multi-year implications of spending decisions
 - Early warning of emerging spending trends
 - Facilitates decisions to re-allocate resources
- Include all expenditures
 - Irrespective of legislative basis
- Continually update *internally* for all new policy decisions and *publish* regularly
- Reconcile *ex post* baselines and actual expenditure
 - Promotes discipline and transparency
- Integrate with the annual budget process

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Regular Spending Reviews

- Identify opportunities for reallocation of *accumulated* baselines
 - Align spending with government priorities and control total expenditures
- Clear scope and objectives are fundamental
 - Including savings targets
- Robust governance arrangements
 - Distinct political roles to ensure ownership and accountability
- Inherently link to the budget process
 - To ensure implementation of recommendations

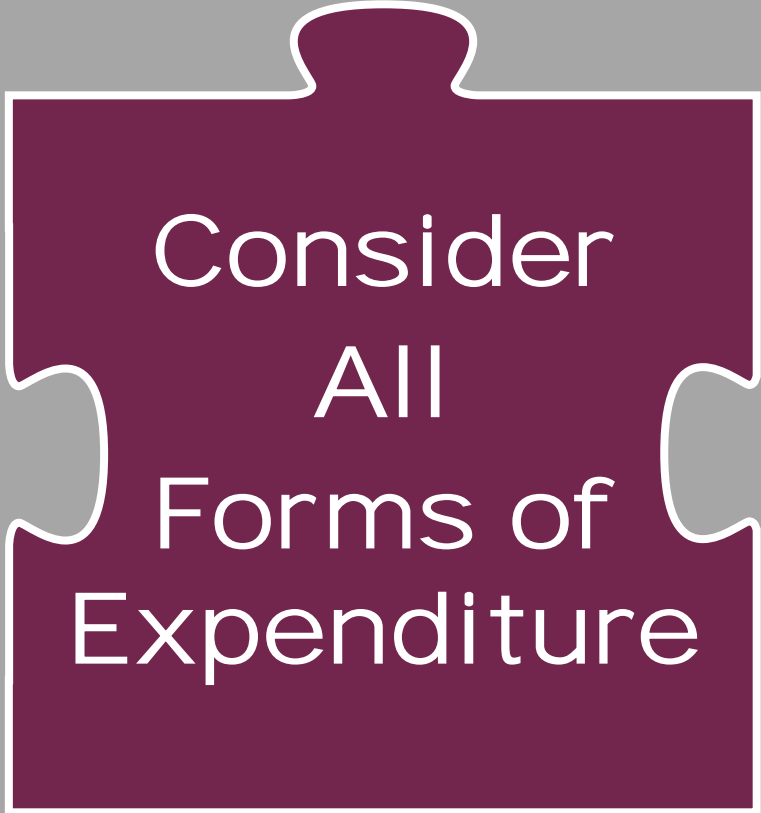
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Line Ministries as Partners

- An effective budgeting function in line ministries is critical to success of budget reforms
 - Capacity development is critical
- Co-ordinate all budget-related issues in each line ministry
 - Fundamental in identifying reallocations to meet expenditure ceiling and fund new policy initiatives
- The Ministry of Finance should nurture this relationship at all stages
 - Communications and trust

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Consider
All
Forms of
Expenditure

- Expenditures comes in many forms
 - Authorized in the annual budget
 - Authorized in standing legislation (“entitlements,” “compulsory” expenditure)
 - Authorized in tax legislation (“tax expenditures”)
 - *Loans and guarantees*
- Loans and Guarantees often have spending implications
 - Low rates of interest and/or default risk
- Such subsidies should be estimated upfront
 - And fully funded when loan/guarantee granted and within established expenditure ceilings.

Fiscal Advocacy

- Maintaining fiscal sustainability amid mounting fiscal pressure will require difficult decisions
 - Fostering public support is imperative for generating the will to reform
- Fiscal issues are complex, difficult to communicate and easy to manipulate
 - Independence and trust essential
- Need for fiscal advocacy in countries
 - A role for Independent Fiscal Institutions

Gender Budgeting

- Population ageing and a shrinking labor market are a profound challenge
 - **Need to increase women's participation in the labor market**
- Gender budgeting is a powerful tool to effect change
 - **A “gender lens” on public spending**
 - Policies to promote labor market participation
- A major economic and fiscal benefit of gender budgeting

Thank You

www.oecd.org/gov/budgeting

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