

Action Plan for the Walloon region (Spending Review)



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Introduction

This Action Plan was produced by the OECD Secretariat within the project “Supporting the Walloon region and the Wallonia-Brussels Federation to strengthen the capacity to review expenditure”, following a request for technical support that was submitted by the Walloon region and the Wallonia-Brussels Federation to the Directorate-General for Structural Reform Support (DG REFORM) of the European Commission, within the framework of the Technical Support Instrument (TSI)¹.

The project included a technical report with recommendations for the introduction of spending reviews in the Walloon region’s budget process and guidance on the conduct of spending reviews, and an Action Plan linking the spending review process to the budgetary process.

The Action Plan focuses on how to implement the recommendations of the technical report and integrate the spending review process into the Walloon region’s budgetary process, considering the specificities of the budgetary process and public financial management practices. With this in mind, the Action Plan complements the technical report and its content is linked directly to it.

The Action Plan focuses on institutional arrangements and the management of institutional change within government, steps in the proposed spending review process, alignment with the budget process, capacity building, and the assessment of public spending (depending on the structure of the technical note). It provides a list of activities and actions to implement each of these elements, and suggests the government entities best placed to implement them with a corresponding timetable (either in the short or medium term or in the specific month in which action should be taken).

The timetable proposed in the Action Plan considers the milestone in the National Recovery and Resilience Plan to integrate spending reviews into the budget process by December 2023 at the latest. In doing so, the Walloon region government will need time to put the governance arrangements in place. The OECD proposes several actions that facilitate gradual implementation and support by various stakeholders. For this reason, there is a distinction between the actions that can be taken immediately to start the spending review, and the actions that can be continued once the process has become regularised.

¹ The project was approved with the title ‘Supporting the Walloon region and the Wallonia-Brussels Federation to build capacity for spending reviews’.

Determine objectives and scope

Proposed action: To frame the regular spending review process by decree and to set the objectives in policy documents. This may take time and it might not be completed before the next round of spending review. In the immediate future, the government can create the framework to begin the first round of spending reviews with the governance arrangements proposed in this Action Plan. At the same time, the government can start the process to create a legal basis for spending reviews.

Measures to be taken	Responsible entity	Calendar
Take the decision to start the first round of spending reviews, specifying objectives and scope	Government	Autumn 2022
Establish the permanent, legal nature of spending reviews (such as the WBFIN Decree)	Government	Next parliamentary term
Insert the objectives of spending reviews into government policy documents (such as the Regional Policy Statement, Administration Contract or Management Contracts)	Government	Next parliamentary term

Most OECD countries have included spending review provisions in the basic/organic budget law or in subsidiary legislation. Examples include:

- In Italy, Law No 196/2009 on Accounting and Public Finance included provisions on the review of expenditure and its integration into the budgetary programming process²;
- In 2015, Latvia amended its budget laws to include a systematic public spending review programme. The Ministry of Finance is responsible for conducting the reviews, while cabinet approves annually the scope of the spending reviews programme³;
- Estonia introduced a provision in the Budget Law on the Review of Expenditure, setting the objective of making public funds more productive and efficient and of improving the functioning of the state. The law specifies that spending reviews must produce proposals for a more effective, efficient and economical use of the State budget funds⁴.

Establish clear governance throughout the process

Proposed action: Establish ongoing governance arrangements for the spending review process, including the co-ordination and monitoring of the review process.

Measures to be taken	Responsible entity	Calendar
Designate a co-ordinating entity that is responsible for the overall management of the review process	Minister of Budget and Minister-President	Autumn 2022
Provide the co-ordinating entity with appropriate human resources, that is, a senior official with the skills to manage the process and authority to approach senior officials from other general administrations. Junior profiles with analytical skills can complement the team	Minister of Budget and Minister-President	End 2022, beginning 2023
Draft a Handbook of Spending Reviews for the actors involved to describe the governance and collaborative processes, taking into account the needs and capacities of the different actors	Co-ordinating entity (in collaboration with stakeholders)	Beginning 2023
Approve the spending review manual	Government	Beginning 2023
Identify representatives in the entities that will be permanent members of the steering committee	Cabinets of the Minister of Budget and the Minister-President, Ministry of Finance, Secretariat General, Financial Information Unit, Inspectorate of Finance (a general decision, since these members will be part	Beginning 2023

² The law is available in Italian [here](#) (Article 22-bis).

³ An English translation of the law is available [here](#) (Section 16: State Budget Spending Review).

⁴ An English translation of the law is available [here](#) (Paragraph 34²).

Measures to be taken	Responsible entity	Calendar
	of the steering committee for all reviews to ensure consistency between reviews)	
Identify representatives in the relevant entities that will be optional members of the steering committee	Cabinet of the functional minister and administration concerned (decision to be taken for each spending review)	On the occasion of the launch of the first SR (summer 2023) and for each SR
Nominate the overall steering committee for all reports	Government	On the occasion of the launch of the first SR (summer 2023) and for each SR
Nominate the chair of the working group, decide on the participation of experts, design the administrative entity(s) that will be involved	Government	On the occasion of the launch of the first SR (summer 2023) and for each SR
Identify representatives in relevant entities that will be a member of the working group	Cabinet of the functional minister and administration concerned (decision to be taken for each spending review)	On the occasion of the launch of the first SR (summer 2023) and for each SR

The following table presents the proposed governance arrangements for spending reviews in the Walloon region.

Governance of spending reviews in the Walloon region

	Governance
Political Representation	Government
Co-ordinating entity	Representative of Ministry of Finance and Financial Information Unit, in a specific entity under the direct authority of the Government (Minister of Budget as Primary Authorising Officer)
Steering committee	<ul style="list-style-type: none"> • Representative of the Cabinet of the Minister of Budget • Representative of the Cabinet of the Minister-President • Representative of Ministry of Finance • Representative of the Financial Information Unit • Representative of the Administration's General Secretariat • Inspectorate of Finance Representative (Chair) <p>Ad hoc:</p> <ul style="list-style-type: none"> • Representative of the functional minister involved • Representatives of the administration involved in the review
Working group	<ul style="list-style-type: none"> • Representative of the administration • Representative of Ministry of Finance and/or Financial Information Unit (depending on the entity concerned) • Invited experts according to the theme (optional) <p>→ External Chair → Joint Secretariat (Ministry/agency and co-ordinating entity)</p>

A good practice in OECD countries is to publish a guidance document (or manual) for the activities of the main actors involved in the process. Countries that have developed such documents include:

- Poland, where the Ministry of Finance has prepared a guidance in collaboration with the OECD⁵. The manual comprises four chapters: an introductory chapter on the definition, objectives and types of spending review, a chapter focuses on governance and the actors involved; and two chapters on the review process (planning and implementation) and the reporting obligations.
- The United Kingdom, where the guidance documents describe the relationship between spending reviews and the government's planning and performance framework. The documents show how the results of spending reviews contribute to the preparation of departmental plans, annual budget, annual reports and publications for statistical analysis of public spending. The Treasury produces frameworks and policy publications on performance, public value, and evaluation. For example, the Green Book provides advice on topics such as cost-benefit analyses, sensitivity analysis and capital spending in order to better understand the efficiency and effectiveness of spending⁶.

Guidance on the spending review manual in the Walloon region

The purpose of the spending review manual is to explain the organisation of the spending review process and the activities of the actors involved. It is to be prepared by the co-ordinating entity (in collaboration with the parties involved in the reviews) and approved by the government in the context of the implementation of the spending review framework. The manual may be circulated throughout the administration and cabinets, so that all stakeholders are aware of the expectations and responsibilities of each institution during the process. The manual should contain the following elements:

1	Definition of spending reviews and explanation of objectives in the Walloon region (to be specified by each government in the Declaration on Community Policy and in the terms of reference for each review)
2	General description of the phases of spending reviews
3	List of tasks of the actors involved: <ul style="list-style-type: none"> • Decision-making level: Government • Co-ordinating entity • Steering committee • Working group
4	Detailed description of the process
5	Data needed to conduct a review
6	Methodologies for conducting analyses (optional, can be added in a second phase)
7	Model of the terms of reference Template for the interim and final report
8	Glossary

⁵ The manual is being finalised by the Polish Ministry and therefore not yet accessible to the public.

⁶ The Green Book is available in English [here](#).

Steps in the spending review process in the Walloon region

The process described in the next three actions corresponds to the optimal process for an annual spending review cycle in the Walloon region.

Detailed steps of the process (who does what and when)

Proposed action: In the planning phase, it is necessary to propose and select the subjects, prepare the terms of reference, and approve the documents that start the review.

Measures to be taken	Responsible entity	Calendar
Preparation of the budget circular and invitation letter for topic suggestions	Preparation by Co-ordination Unit and Minister for Budget	February-March
Proposals for topics to be discussed by stakeholders	Administrations (call included in the budget circular), cabinets, Ministry of Finance, Audit, Inspectorate of Finance, Financial Information Unit, Walloon Institute for Evaluation, Foresight and Statistics, and the Evaluation Service (invitation of the Budget Minister)	March-April
Define the criteria for selecting subjects for the annual review round	Co-ordinating entity	
Draw-up a longlist of topics, with specific elements on the instruments to be examined (basis for the terms of reference)	Co-ordinating entity, in collaboration with the actors who proposed the topics	May-June
Submit a longlist of topics to the Minister of Budget and Minister-President	Co-ordinating entity	
Prepare a shortlist of topics	Minister for Budget and Minister-President (in consultation with other cabinets)	July
Draft the terms of reference for topics in the shortlist	Co-ordinating entity, in collaboration with the relevant functional ministries and experts (e.g. Financial Information Unit, Inspectorate of Finance, PPES, and observatories)	July-August
Identify the members of the working groups, the chairpersons and the secretariat as well as the specific members of the steering committee	Co-ordinating entity, in collaboration with the relevant functional ministries and experts (e.g. Financial Information Unit, Inspectorate of Finance, Evaluation Service, and observatories)	
Finalise the terms of reference	Co-ordinating entity, in collaboration with the relevant functional ministries and experts (e.g. Financial Information Unit, Inspectorate of Finance, Evaluation Service, and observatories)	
Submit the shortlist of topics and corresponding terms of reference as well as the specific members of the steering committee and the members of the working group to the government	Minister of Budget and Minister-President	September
Approve the shortlist of subjects and terms of reference for the annual review round (possibly additional subjects during the conclave, and draft the corresponding terms of reference after the conclave)	Government	
Appoint ad hoc members of the steering committee and members of working groups	Government, cabinets of functional ministers (see paragraph 2 on Establishing a Governance System)	

Proposed action: In the implementation phase, policy options need to be developed through the preparation of an interim report and a final report, which are verified before being submitted for decisions to choose the options to be implemented.

Measures to be taken	Responsible entity	Calendar
First meeting of the steering committee with the working groups to discuss the objectives of the review and agree on the schedule of work	Steering committee and working groups; Co-ordinating entity responsible for organising the meeting	October-November
Analyse the retrospective part of the reviews	Working groups	November- December-January
Draft the interim reports	Working groups	
Second steering committee meeting with working groups to discuss the analyses and policy options development	Steering committee and working groups; Co-ordinating entity responsible for organising the meeting	January-February
Prepare policy options provided for in the terms of reference	Working groups	February-May
Prepare the final reports	Working groups	June
Third steering committee meeting with working groups to discuss final reports	Steering committee and working groups; Co-ordinating entity responsible for organising the meeting	June-July
Approve the final reports	Steering committee	
Transmit the final reports to the Minister Budget and Minister-President	Chair of the Steering committee (Inspectorate of Finance)	July
Discuss the options for budget preparation	Cabinets	August-September- October (before conclave)
Submit the final reports to the government and propose the option (or options) to be implemented	Minister of Budget and Minister-President	October (before conclave)
Decide on options to be implemented and included in the budget	Government	October (during the conclave)
Present information on spending reviews in parliamentary budget documents	Minister of Budget and Minister-President	November
Publication of decision and final reports	Co-ordinating entity	

Proposed action: In the implementation and monitoring phase, the chosen options must be implemented and monitored with final reporting.

Measures to be taken	Responsible entity	Calendar
Prepare detailed implementation plans	Administrations/entities involved, in collaboration with the co-ordinating entity	November
Implement the selected options	Administrations/entities involved	Medium and long term
Regular internal monitoring	Co-ordinating entity, in collaboration with the administrations/entities involved	Regularly
Regular briefing to the Minister-President, Minister of Budget and functional minister on progress in the implementation of decisions	Co-ordinating entity	Twice a year
Report to the government on the implementation of policy options in the budget documentation and in the financial report of the previous financial year.	Minister of Budget	Twice a year

Development and capacity building for spending reviews

Proposed action: Develop capacity and skills for spending reviews, create incentives for administrations to participate, and strengthen enabling conditions.

Measures to be taken	Responsible entity	Calendar
Organise training workshops for officials from administrations and agencies likely to be involved in spending reviews, including public service officials	Co-ordinating entity responsible for the organisation; Participants to decide	Autumn 2023 (to be co-ordinated with OECD workshops)
Introduce specific financial incentives for cabinets and administrations	Government	To decide <i>ad hoc</i> for each review in the terms of reference
Strengthen medium-term financial planning, the policy evaluation system and the availability of information on policy performance	Government, cabinets and administrations	Next parliamentary term