

Why context matters in Program-Based Budgeting reform

Triggers, lessons and challenges

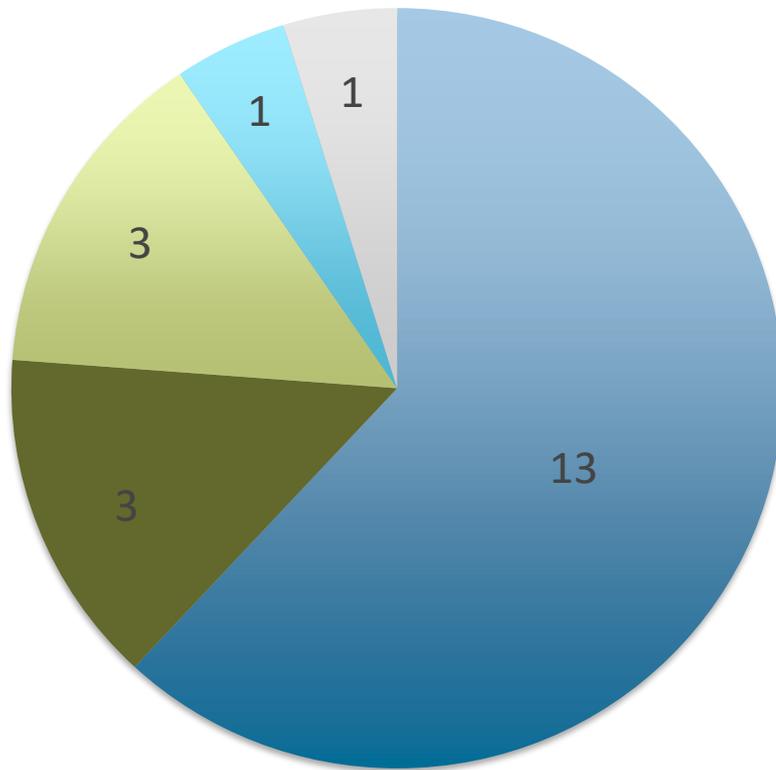


Why context matters in PBB reform

- The triggers will be different;
- Shifting from ‘input-based’ budget system to a PBB system is a far reaching reform;
- Involves all actors and stages in the budget process;
- Sometimes involve all levels of government;
- A great deal of political will, technical capacity, (and enthusiasm) required; and
- PBB reform is dependent on certain pre-conditions that is often lacking (readiness).

Triggers for PBB reform in Africa

Survey of 15 countries



- Part of broader package of public finance reforms
- Pressure to reduce public expenditure
- Conditionality set by international organisations and/or donors
- Change in political administration
- Improve efficiency and effectiveness of public expenditure

Specific country triggers – rationale and demand for PPBB

South Africa

New democratic dispensation in '94 prescribed a changed power structure – implications for way that public funds are distributed and used.

Emphasis on transparency and accountability

Mozambique

Establish a link between budget allocations and the 5-year plan.

Largely driven by DNO and MPD.

Some PPBB resemblance in formulation (plan), but absent in appropriation, execution and reporting

Burkina Faso

Largely donor driven with little success in early stage ('98 – '09), until parliament intervened to demand progress with implementation.

WAEMU directives – PPBB by 2017.

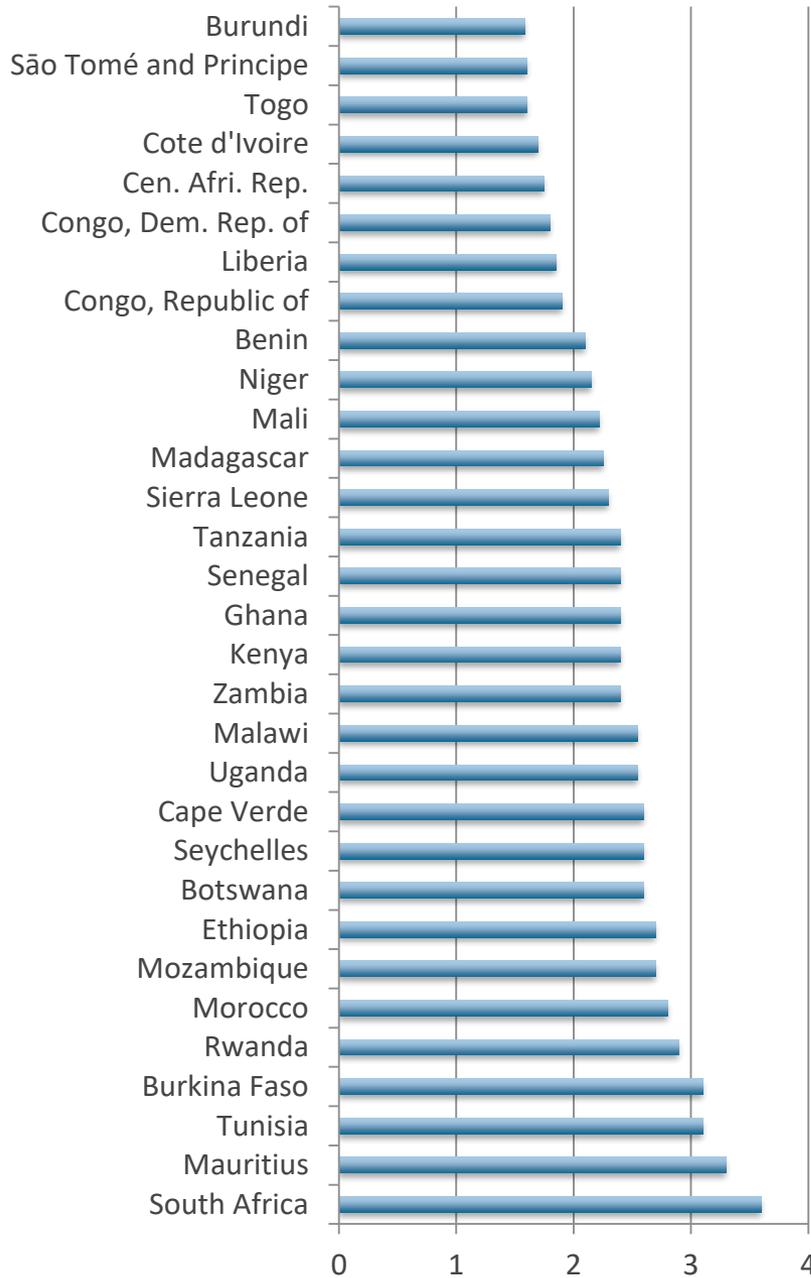
Tunisia

Included in broader package of reforms.

Hope to increase efficiency; performance of public officials; strengthen link between budget and policy.

Readiness to implement PBB reforms, using PEFA as a guide

Country categories	Average PEFA score	Extent to which PPBB pre-conditions are met	Readiness for beginning PPBB reforms
Basic PFM system is very weak	D to C	Not fulfilled	Not ready
Still some basic PFM weaknesses, especially in budget execution and accounting	C to B	Partly fulfilled	Partly ready
Basic PFM functions working satisfactorily	B to A	Largely fulfilled	Ready



Reality check...

- Eight countries not ready to begin implementation of PPBB;
- Nineteen countries were partly ready to begin PPBB reforms
- Four countries were ready to implement PPBB reforms – relatively sound budget and PFM system.

PEFA scores published in early 2013

Giving rise to several obvious challenges...

PPBB design and
leadership
(54%)

Organisational
(75%) and
technological

Instilling a
performance
culture and
holding budget
programme
managers to
account (100%)

Using
performance
information
(100%)

Legal

Involving
parliament and
civil society
groups

Lessons emerging about contexts and its impact on PBB reform

Mozambique

Form of PBB can be adapted, provided that local actors have a common understanding.

Once political will is established it should be nurtured.

Burkina Faso

Strong internal initiative must be evident. Political will must also include Parliament. Realistic timeframes must be set, especially for PPBB reforms. A national planning document and an MTEF are necessary tools for a PPBB.

Tunisia

Political will is important but not sufficient. Existing rigidities should not be ignored – replaced overnight by ready-made solutions. Be careful of ambitious performance targets – an overall budget constraint exist.



Suggested pre- and co-conditions

Which of these are prevalent, and if not, are they pre- of co-conditions

Adopt a new budget system law.

Ownership of the PBB system by parliament.

Ownership of the PBB system by the government.

Comprehensive macro-fiscal framework with medium-term fiscal targets and reliable projections.

Annual budget that integrates current and investment spending...

Enhance budget management responsibilities in spending ministries.

Establish meaningful expenditure ceilings early in the annual budget preparation process and assure their respect during budget execution.

Ensure that expenditure controls are functioning well...

Donors need to be circumspect when promoting PBB systems and its use in African countries.

Thank you