

Programme Budgeting in Mauritius

Joint Country Case Study

6th Annual CABRI Seminar
May 2010

Areas covered under the study

Implementation strategy and conceptual design

Sensitisation and shifting attitudes

Sequencing and timing of reforms

Terminology, concepts and programme structure

Planning & Budget Preparation Issues
Strategic planning
Costing of programmes
Budget submissions and hearings
Budget Documentation

Capacity Building

Issues in Budget Execution

Reporting and monitoring

Accountability

Impact of PBB

Flexibility and Ownership

Better Resource Allocation

Performance orientation and accountability

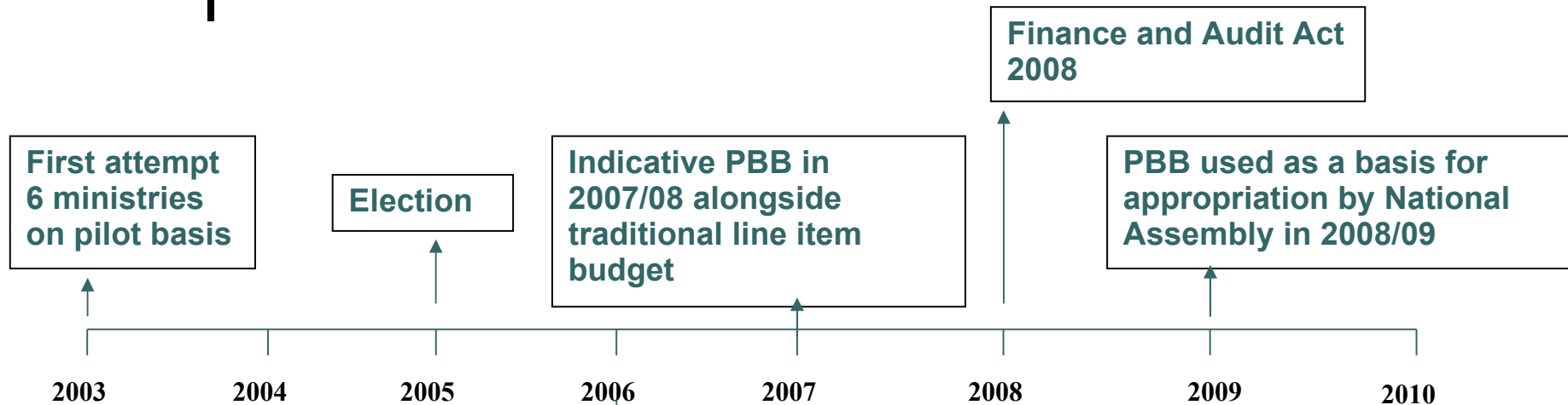
Transparency and access to information

Background to reforms

Enabling factors

Issues to consider when embarking on Programme Based Budgeting (PBB) reforms

History and Impetus of Reforms



Economic Reform Programme provided renewed impetus for implementation of PBB in the context of MTEF

- **Main objectives**
 - Increasing transparency and accountability
 - Improving efficiency and effectiveness of service delivery
 - Using performance information for policy planning and management
- **Mauritian government initiator of the reform, driven by Ministry of Finance and Economic Empowerment (MoFEE) with support from Prime Minister**

6/2/10



Main study findings

- Mauritius has set up a sophisticated PBB system in a short space of time
- Big bang approach
- Implementation is in the early stages
- MoFEE has ensured an enabling environment
- Instilled a sense of performance orientation
- System is stabilising...



Enabling factors and pre-requisites for reform

- Finance and Audit Amendment Act (2008)
 - Budget estimates of expenditure submitted to NA based on programmes together with outcomes to be achieved and outputs to be delivered
- Modernisation of Financial Management Information System
- Adoption of new Chart of Accounts
- Development of new budget and monitoring formats
- Revision of Financial Management Manual



Concepts and terminology

- Frequent changes to definitions
- Inconsistencies in performance info and poor choice of indicators:
 - Outputs formulated as outcomes
 - Outputs stated as general activities
 - Outcomes and priority objectives not measurable
 - Possibility of perverse incentives

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- Ensure consistency in use of concepts and terminology




Programme Structure

- Improvement in programme structure since 2007/08 but needs review in some ministries:
 - Programmes not aligned to main objectives but follow organisational structure
 - Programmes not broken down to sub-programmes
 - ‘Policy and Management’ Programme not consistent – inflated and ‘catch-all’
 - Accountability undermined as there is not always a clear reporting structure

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- Align organisational structure and programme structure



Deepening planning and budget processes (1)

- Policy orientated budget process and use of PBB as tool for policy analysis
 - Strategic planning is a means for setting out the policies, policy objectives, outputs and performance indicators
 - Not all ministries have strategic plans (SPs) or well developed policy processes and thinking on formulating sector strategies
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- Focus on assisting Line Ministries (LMs) to develop SPs which inform and are aligned to PBB programmes and performance information while still continuing to develop sector strategies



Deepening planning and budget processes (2)

□ Current costing methodology


- direct costs allocated to sub-programmes
- indirect costs to “Policy & Management’ programme

□ Reporting on both financial & non-financial information

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- Improve methods for allocating indirect costs to sub-programmes
 - Output costing module to be piloted in 2011
 - Enhance mechanisms for Monitoring & Evaluation (M&E)
 - Integrate reporting of both financial and non-financial information
 - Build capacity for M&E both within LM and MoFEE
 - Ensure M&E feeds back into strategic planning process



Flexibility and ownership

- More interactive and collaborative relationship between MoFEE and LMs
 - LM have taken more ownership in determining and managing budgets and feel they have increased flexibility and accountability
 - More time for preparing budget submissions
 - Procurement rules have been relaxed resulting in more flexibility and autonomy in budget execution
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- Continue to encourage LMs to deepen ownership and involvement in budget process



Better Resource Allocation


- Clear shift in budget submissions towards focusing on priorities and service delivery
- PBB aided LMs to set priorities and allocate resources to them



- Budget analysis and/or hearings should be undertaken for all ministries not only those whose submissions above ceiling
- Add value to budget analysis and hearings by developing policy and budget analysis skills
- Build skills to using performance information to inform future policy and resource allocation



Transparency and access to information

- Better and more information now available for Cabinet to base decisions on
 - Increased information allows NA discussions to focus more on achievements rather than just line-items
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- Build capacity for the National Assembly (NA) to make full use of PBB information in budget making and oversight roles
 - Present performance information together with budget information for programmes and sub-programmes



Issues for countries to consider

- Well thought out implementation strategy and plan
- Agreement on terminology, concepts and formats
- Strategic plan important for aligning plans with budgets
- Appropriate performance information
- Ability to analyse budgets in relation to expected performance
- Accounting and information systems aligned to PBB
- Mechanisms to monitor and evaluate both financial and non-financial information, towards evidence based policy-making
- Information in budget documentation
- Build capacity at all levels