22 August 2009

REPUBLIC OF MAURITIUS

MINISTRY OF FINANCE AND ECONOMIC EMPOWERMENT

Budget Strategy and Management Directorate

2010 MANUAL FOR PROGRAMME-BASED BUDGETING (PBB)

I have so often maintained it in this House that I am almost ashamed to repeat it, but unfortunately it is not a principle, which yet has entered into public opinion: “expenditure depends on policy”.

Benjamin DISRAELI
Prime Minister of the United Kingdom
UK House of Commons in 1862

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1. INTRODUCING PROGRAMME-BASED BUDGETING IN MAURITIUS

Programme-Based Budgeting (PBB) seeks to improve expenditure efficiency and effectiveness by systematically linking funding to results, making use of performance information to achieve that linkage. Good expenditure prioritization is particularly essential when the Government face new and unexpected challenges which require substantial expenditure responses against the background of limited internal and external resources. PBB is therefore necessary about expenditure choices and these choices are often tough.

In 2006/07 the Mauritian government launched an economic reform programme focusing on increasing the competitiveness of the economy, attracting foreign direct investment, empowering the poor and strengthening fiscal management. As part of fiscal management reforms, it was decided to reform the budget process by introducing a Programme-Based Budget (PBB) in the context of a Medium-Term Expenditure Framework (MTEF). The main motivations for introducing PBB were similar to those prevailing in other countries that have moved in this direction. These countries have typically been concerned about a high level of public debt and excessive budget deficits that constrained their fiscal space to expand social and development spending. The Government of Mauritius is clearly in need of this approach to regain control of its public finances to support development and the expansion of social services.

The first stage of implementing the budget reform was undertaken for the 2007/08 budget with the introduction of an indicative PBB to change the focus of the budgetary process from an input-based annual activity to a performance based multi-annual exercise that clearly links the funds appropriated by the National Assembly to outputs (the goods and services produced by Government) and outcomes (the changes observed by citizens in their life, over time, as a result of the supply of these goods and services). The indicative PBB was submitted alongside the traditional line-item budget in 2007/08 as a starting point and in order to give the Ministry of Finance and Economic Empowerment (MoFEE) the opportunity to update the necessary systems required for full implementation.

In 2008/09, a fully-fledged PBB embedded in a three year MTEF (2008/09-2010/11) was implemented. This formed the basis for appropriation by the National Assembly and replaced the traditional line-item budget. The implementation of the fully-fledged PBB was preceded by a few enabling changes comprising enactment of the Finance and Audit (Amendment) Act 2008"; the enactment of the "Public Management Debt Act 2008"; accompanying changes in the Financial Management Manual (FMM); adoption of a new GFS[1]-consistent Chart of Accounts; development of new budget and monitoring formats; and modernization of the FMIS[2] under ORACLE FINANCIALS for financial data and ORACLE BALANCED SCORECARD (BSC) for non financial data.

The 2009 PBB has appropriated funds for the six months ending December 2009. As from 2010, the fiscal year will be matched with the calendar year. Thus, the budgeting process will be better adapted to our more diversified, open and internationally integrated economy.

This "Manual for Programme-Based Budgeting" is designed to assist Ministries/Departments to understand and implement PBB activities in a multi-year framework. Additional information on PBB is available on request at the Budget Strategy and Management Directorate (BMSD) of the Ministry of Finance and Economic Empowerment (Contacts: **budget-sec@mail.gov.mu**, **pyip@mail.gov.mu** and **aacharuz@mail.gov.mu**).

[1] GFS = Government Finance Statistics (IMF reference)

[2] FMIS = Financial Management Information System.

2. MEDIUM TERM EXPENDITURE FRAMEWORK (MTEF)

2.1 What is a MTEF?

A Medium Term Expenditure Framework (MTEF) is a transparent planning and budget formulation process. It defines a top-down medium term resource envelope for fiscal discipline, requires bottom-up cost estimates to carry out policies, and reconciles them with spending policies consistent with strategic priorities. It considers budgets as a policy commitment as much as a spending commitment. It is based on the recognition that resources are limited and unlikely to increase in the medium term. The MTEF does not result in a higher level of resources; instead it is a tool for determining the available resources and allocating these resources in line with the government's priorities.

The MTEF process involves assessing the total resources available to the Government of Mauritius as a whole, estimating the actual costs of policies in each sector and then comparing these resources to requirements for the three years. The MTEF provides a baseline that government can adjust in the budget process to meet changing conditions and priorities. The three year term rolls forward after each budget year is completed, and a new third out-year is added to frame. These policies, and the activities required to implement them, will need to be revisited and activities scaled down to fit within the available resources.

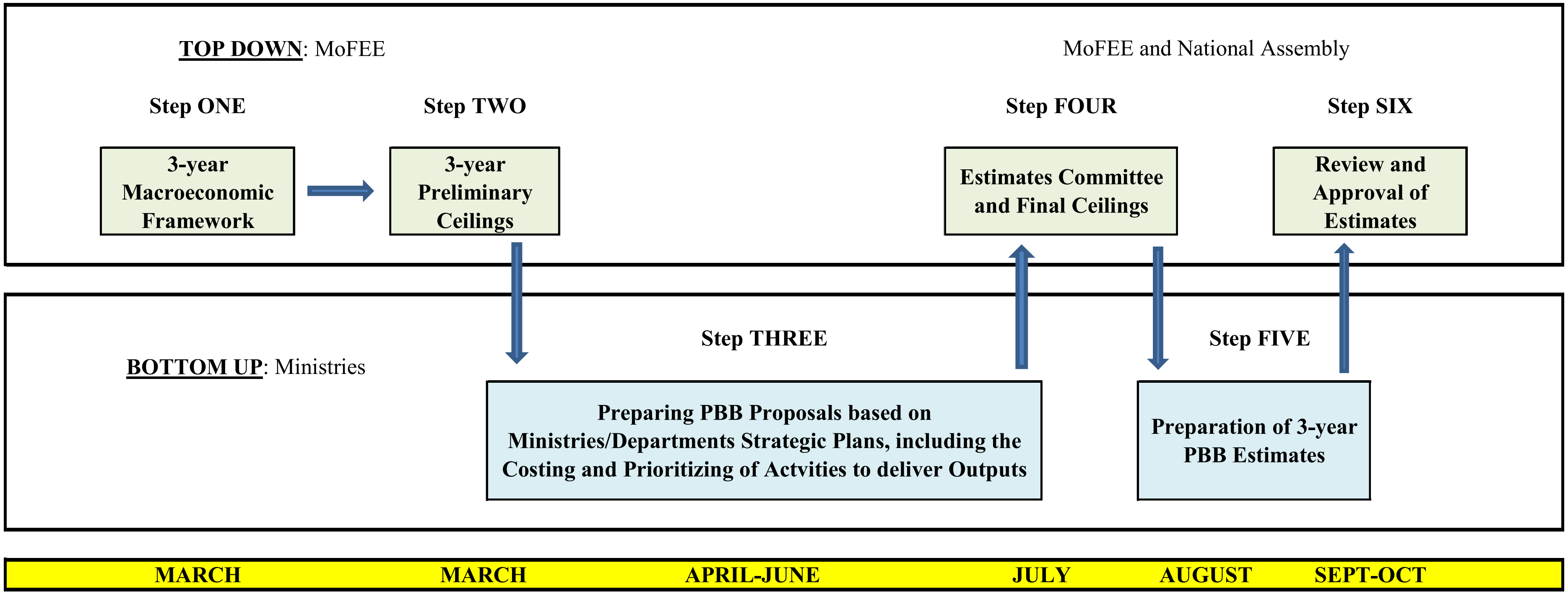
2.2 Objectives of the MTEF

The MTEF is based on eight main goals: 1) Facilitate political decision making; 2) Introduce a strategic basis to budget preparation so that expenditures are aimed at achieving agreed objectives; 3) Create a more predictable environment within which public sector organizations can raise the quality of their services to citizens; 4) Produce integrated, broad based budgets that integrate both recurrent and capital expenditures funded by the Government of Mauritius, development partners and the population; 5) Focus on the performance of ministries and measure the efficiency of total resource use; 6) Introduce a three-year perspective so that ministries can plan ahead; 7) Bring greater flexibility for reallocation within and between ministries/departments and across year; and 8) Provide a basis for medium term expenditure control to minimize the risks of commitment blowouts for initiatives that have implications beyond the budget year.

2.3 The MTEF Six Steps

The preparation of budget estimates under MTEF now involves matching Ministries/Departments requirements with total resources, based on the overall priorities. The process involves the preparation by Ministries/Departments of gender sensitive "Strategic Plans" in line with the priorities of the current Government economic reform and in which Ministries/Departments define their programmes with measurable outcomes, sub-programmes with priority objectives, and outputs with measurable and verifiable performance indicators. On the basis of strategic plans, Ministries/Departments must produce an integrated budget that reflects the cost of policies. The new MTEF/PBB approach is a combination of a top down and bottom up process as shown in the diagram below:

6 Steps of the MTEF Process in MAURITIUS



<u>Step One</u> 3-Year Macro Economic Framework (March): This step involves developing the macroeconomic framework, which will be used to make projections of revenues and expenditures for three years. The key activity here is macroanalysis and modeling, a necessary step in achieving aggregate fiscal discipline. Information on what is fiscally affordable and sound is required for restrained decision-making. In this exercise, the importance of linking economic projections to fiscal targets and the requirements for constructing and using models must be kept in mind: 1) ***Linking economic projections to fiscal targets***: The transition from planning to budgeting often suffers from inconsistencies such as overcommitment. This occurs when decisions do not take into consideration the aggregate resource constraints or their ongoing costs; 2) ***Constructing and using models***: Models can assist in identifying problems by checking the internal consistency of proposals and by generating accurate forecasts. They can also illustrate trade-offs between alternative uses of resources. Constructing a model can expose differences in assumptions about what drives decisions or relationships and reveals deficiencies in data.
Macroeconomic forecasting is used by both MoFEE and the Bank of Mauritius to support the setting of fiscal policy. The current systems assist with macro-fiscal planning and the development of the macroeconomic framework. The projections contained in the MTEF are then used by Ministries/Departments to develop the detailed three-year PBB proposals estimates (2009 estimates / 2010 indicative estimates / 2011 forecasts).

<u>Step Two</u> 3-Year Preliminary Ceilings (March): The preliminary ceilings set by Cabinet, on the basis of the previous budget, should be informed by PBB estimates of what budget allocations would need to be given to each Ministry/Department (programmes/sub-programmes) to continue existing expenditure policies (baseline) modified by (i) any reductions which might be needed to meet aggregate fiscal targets/rules; and (ii) any reallocations which should occur in order to respond to new challenges/changed priorities. The process should therefore make it explicit that the preparation (updating) of multi-year baseline expenditure should be undertaken prior to the setting of the preliminary ceilings.

<u>Step Three</u> Preparing Budget Proposals based on Strategic Plans (April-June): This step involves a ministerial/departmental review process through which outcomes, priority objectives and activities must be agreed and then costed:

Preparation by each Ministry/Department of: (i) a review/development of the structure of programmes and sub-programmes with respective outcomes and priority objectives; (ii) a detailed budget proposal on how they would spend the allocations given to them by the preliminary ceilings (programmes /sub-programmes); and (iii) separate proposal in respect to new spending initiative they wish to propose which would require funding in excess of the ceiling. These should be accompanied by multi-year estimates of the costs of these new initiatives.

Costing and prioritizing of activities to provide services (output delivery): i) Estimate the current costs of programme/sub-programme activities (both recurrent and capital); and ii) Prioritize activities so that total costs remain within the resource ceiling and identify which activities should continue to be carried out, those that have to be scaled back, those that have to be postponed until next year, and those that need to be stopped. The aim is to indicate trade-off between and within Ministries/Departments by estimating real costs of providing services so that the Government can make decisions about the level of services it can afford to provide.

STEP FOUR ESTIMATES COMMITTEE AND FINAL CEILINGS (JULY): After the ministerial/departmental review exercise, Ministries/Departments present information to the Estimates Committee and the medium term ceilings are reviewed and reallocations between sectors considered on the basis of additional information gathered in the reviews. If these exercises reveal that certain objectives cannot be achieved within the budget ceilings, reallocations between Ministries/Departments may be required.

STEP FIVE PREPARATION OF THE 3-YEAR PBB ESTIMATES (AUGUST): At this stage, Ministries/Departments make revisions to the PBB estimates to make them fit within the approved ceilings. The preparation of PBB estimates by Ministries/Departments is an examination of the manpower component, maintenance and other operating expenditure, and the evaluation of investment projects outlays, using baseline from previous periods for comparison. Examination of the capital budget requires data on the physical and financial status of current and new Government-approved investment projects (refer to Public Sector Investment Programme - PSIP), both locally and foreign funded.

STEP SIX FINALIZATION AND APPROVAL OF 1ST YEAR BUDGET ESTIMATES BY THE NATIONAL ASSEMBLY (SEPTEMBER-OCTOBER): The revised ministerial/departmental PBB estimates are reviewed again by the Ministry of Finance and Economic Empowerment (MoFEE) and presented to the Cabinet and the National Assembly for final approval. The National Assembly will only approve the 1st year of the 3-year MTEF period.

2.4 THE BUDGET PREPARATION TIME TABLE

For 2011-13, Ministries/Departments will have to plan and prepare their PBB according to the time schedule outlined in the following table:

EVENT	DATE
1. Forecast Macroeconomic outlook	March
2. Determining affordable Government Expenditure total (subtotals by line Ministry), seek Cabinet approval	March
3. Issuing of Budget Circular to Ministries\Departments	15 April
4. Ministries\Departments prepares and submit Financial and HR Bids in accordance with circular	15 June
5. Update of PBB-Non Financial (Part A)	15 June
6. MoFEE reviews Departments proposals	16 June - 30 June
7. HR Estimates Committee	1 July – 31 July
8. Financial Estimates Committee	1 July – 31 July
9. Submission by Ministry\Department of updated HR (Part C)	30 August

10. Submission by Ministry\Department of updated Financial (Part B)	30 August
11. Finalisation of Budget (Part A,B and C)	31 August
12. MoFEE reviews estimates and consolidate	1 September – 15 October
13. Policy Changes	16 October – 31 October
14. Printing of Budget Estimates	5 November
15. MoFEE submits appropriation to Cabinet for approval	10 November
16. Minister of Finance lays Appropriation Bill before the National Assembly	15 November
17. NA debates budget and sums are voted with or without reductions by Committee of Supply	16 November – 15 December
18. Appropriation Bill passed by National Assembly	16 November – 15 December
19. President gives his assent, the Appropriation Bill is enacted a law	16 November – 15 December
20. Closing off – Financial year end	31 December
21. Minister signs the General Warrant which is issued to Accountant-General effective	1 January
22. Accountant General issues Circular to all Accounting Officers authorizing them to incur expenditure effective	1 January

3. PROGRAMME-BASED BUDGETING (PBB)

3.1 DIFFERENT BUDGET FORMATS

There are a number of forms of budgeting. Line item budgets are the most common and have traditionally been used by governments, including the Mauritian Government. Programme-Based Budgeting (PBB) is currently being introduced by many governments as a way to be more accountable for policy results and to improve their efficiency and effectiveness. It is important to note that the introduction of PBB does not mean that line item budgets will not be used. In other words a PBB will always have a line-item budget within the programmes/sub-programmes as the line-item is still required to show the economic category of expenditure. However, the line-item budget within a PBB will not be as detailed (not as many line-items). For each program a simplified line item budget will be used with 9 aggregated lines: (1) Compensation of Employees; (2) Goods & Services; (3) Interest; (4) Subsidies; (5) Grants; (6) Social Benefits; (7) Other Expense; (8) Acquisition of Non Financial Assets; and (9) Acquisition of Financial Assets.

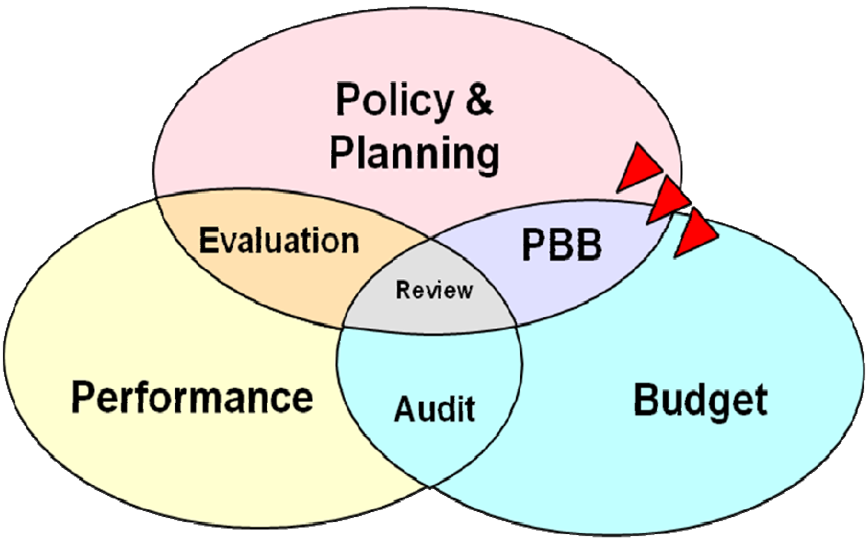
3.2 WHAT IS PBB?

PBB, embedded in a 3-year MTEF, is an integrated approach being currently implemented in Mauritius to change the focus of the budgetary process from an input-based annual activity to a performance-based exercise that improves the efficiency and effectiveness of expenditures and lays the foundations for the modernization of public management.

By developing and implementing PBB, the Government of Mauritius aims to achieve seven objectives:

1. To reform the framework governing public management in order to make it more results-oriented and geared to achieving development outcomes;
2. To promote high quality, client-responsive public services and to maximize value for money in service delivery;
3. To use performance and evaluation data for policy planning and management purposes, in particular for enhancing operational and technical efficiency, expenditure prioritization and improving allocation of resources;
4. To provide information to help reallocate resources within and between programmes and sub-programmes and to help reduce expenditure when necessary (efficiency savings);
5. To institutionalise gender equity throughout the process of aligning budgets to policy priorities and increasing the transparency and accountability of the system.
6. To improve effectiveness of government Ministries /Departments when developing and implementing their programmes and sub-programmes of activities;
7. To provide more concrete information to the Cabinet on performance for decision-making purposes and for setting future targets and priorities.

Where does Programme-Based Budgeting (PBB) Impact on Public Expenditure Management?



According to the Finance and Audit (Amended) Act 2008:

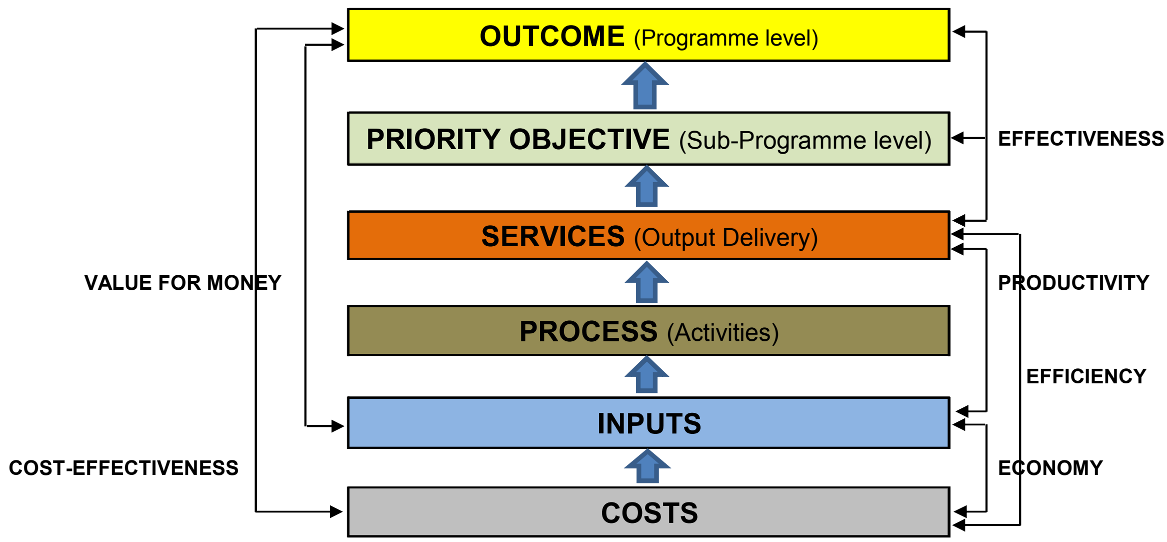
- A Programme is a group of activities or interventions intended to contribute to a common set of outcomes, priority objectives and outputs that are verifiable, consisting of a defined target and a given budget including staffing and other necessary resources. The programme is an independent budget structure and is designed to achieve at least one outcome.

- The Programme hierarchy breaks Programmes into Sub-Programmes, which in turn break into activities (current expenditures) or interventions (investment projects). A Sub-Programme is designed to achieve at least one priority objective.

A Programme/Sub-Programme is a new budget structure; it is not an organizational structure. This may be a difficult concept to understand, especially as the term PROGRAMME has been used to describe sector level and government wide initiatives in the past.

The core structure of a PBB is based on the logical planning framework. PBB gives the detailed costs of every programme/sub-programme consisting of activities that is to be carried out in a budget and clearly links the funds appropriated by the National Assembly to outputs (the goods and services produced by Government) and outcomes (changes that the public perceives in their daily life, like for example, faster travel on our roads). Performance measures are identified for each activity so that the activity can be accurately costed and so that the programme/sub-programme's performance can be measured.

PBB model is based on the following relationships (refer to PBB Glossary - **Appendix 1**):



"**EFFICIENCY**" means a measure of how economically resources/inputs (funds, expertise, time, etc.) are converted to results.

"**EFFECTIVENESS**" means the changes that result from delivery/intervention.

The following are the basic steps of defining a structure of programme and sub-programme:

- Identify strategic outcomes for current and future years based on the existing strategic plan;
- Develop programmes relating to the achievement of outcomes and sub-programmes relating to the achievement of priority objectives;
- Define initial goals within each sub-programme, and eventually within each programme when there are no sub-programmes;
- Identify suitable outputs (with related activities) and performance measures in consistency with the desired level of performance (desired level of service delivery);

- Distribute all revenues and expenditures according to programmes, sub-programmes and activities;
- Develop multi-year PBB expenditure projections.

Before a Ministry/Department decides on its priority objectives for the upcoming year, it will already have information on:

- Their budget allocation ceilings;
- What the estimated budget allocation is for a programme and sub-programme for the upcoming year;
- The pattern of current and previous expenditure within their Ministry/Department;
- The progress made in previous (and the current year) in achieving Ministry/Department priority objectives.

ROLE OF THE PROGRAMME MANAGER

1. **Coordinate the preparation of the Appropriation Act for his/her programme/sub-programme**: The cost of programme activities must not exceed the level of budget appropriations decided by the Minister / Head of Department for the next budget year, in line with the macroeconomic framework. The specific role of the officially designated Programme Manager is to set up realistic priorities within the programme's activities and ensure that next year delivery of public services through well defined outputs can correspond to the needs of the population, equitably of both women and men, and be delivered efficiently and effectively.

2. **Prepare annually a 3-fiscal-year rolling PBB Statement**:

– The Programme Manager provides 3-year budget estimates with a cost allocation by line item;
– He/she coordinates the definition of relevant outputs relating to his/her programme/sub-programme's activities and the identification of relevant performance indicators (quantity, cost, quality, efficiency, effectiveness, and gender sensitive equity) that will enable management to monitor and then assess programme/sub-programme activities.
– In collaboration with the financial department of his/her Ministry/Department, the Programme Manager also supervises the record of assets used for the implementation of activities.

3. **Coordinate the monthly preparation of Financial Monitoring Reports** for the activities related to his/her programme/sub-programme implementation during the fiscal year based on the information provided by the Treasury Accounting System (TAS).

4. **Coordinate the bimonthly preparation of Performance Monitoring Reports** (Early Warning System) aiming at measuring the performance of the activities implemented through his/her programme/sub-programme. Results must be provided at the output level and measured with performance already identified during the initial budget planning process.

5. **Coordinate the quarterly preparation of Investment Project Implementation Reports** that provide the information on each in investment project implemented under each programme/sub-programme as listed in the budget document "Government Investment Projects 2011 and Indicative Estimates 2012 and 2013.

6. **Coordinate the half-yearly preparation of Performance Monitoring Reports**: Indicative "Interim Performance Report" [IRP] in July and Annual Performance Report [ARP] in January for activities related to his/her programme/sub-programme.

7. **Provide all relevant information and specific reports on programme/sub-programme's activities** when officially requested either by the concerned Ministry/Department but also by the Ministry of Finance and Economic Empowerment (MoFEE).

3.3 PREPARATION OF A 3-YEAR PBB STATEMENT

The concept of a 3-year PBB Statement is straightforward. It is a 3-fiscal-year rolling agreement between each Ministry/Department and the Ministry of Finance and Economic Empowerment (MoFEE). It outlines the Outcomes at the programme level, the Priority Objectives at the sub-programme level, or at the programme level when there are no sub-programmes, and Services provided by programmes/sub-programmes (output delivery) with related Performance Indicators/Targets. Each Ministry/Department has to prepare annually a 3-fiscal-year rolling PBB Statement.

Ministries/Departments can be assisted during the performance budget preparation by the MoFEE Sector Ministries Support Teams (SMSTs reorganized in July 2009) which report to different Directorates (Refer to **APPENDIX 2** Annex V - Page 57)

The Budget Proposals should be submitted as per the **PBB STATEMENT** enclosed at **APPENDIX 2** - Annex 1 (Page 46) and which is in four parts, namely: i) **Part A** (Page 47): Overview of Ministry / Department; ii) **Part B** (Page48): Outputs - Services to be delivered and performance information; iii) **Part C** (Page 49): Inputs - Financial resources; and iv) **Part D** (Page 51): Inputs - Human Resources.

3.3.1 **PART A: OVERVIEW OF MINISTRY / DEPARTMENT** [Refer to **APPENDIX 2** Annex 1 - Page 47]

STRATEGIC NOTE

Each Ministry/Department has to elaborate or regularly update its Strategic Plan and define objectives in line with overall Government priorities that will include both the specific actions required to achieve the priority objectives and outcomes as well as ways in which the actions are to be implemented over the medium term. For example, a strategic plan will include construction of clinics but will also indicate the process by which the results will be achieved, including attribution of responsibility for achievement. However, some of the objectives in the Strategic Plan are not measurable, some of them are not a current strategic priority, while some may not be affordable within the resources currently available to the Ministry/Department.

For the 2010 PBB Statement, each Ministry/Department is requested to provide updated information on the following topics:

- Major Achievements for 2008/09 and 2009 (July-December);
- Major Services to be provided (Output delivery) for 2010-12;
- Major Constraints and Challenges and how they are being addressed;
- List of Programmes, Sub-Programmes, and Priority Objectives.

SUMMARY OF FINANCIAL RESOURCES [Refer to **APPENDIX 2** Annex 1- Page 47]
SUMMARY OF FUNDED POSITIONS [Refer to **APPENDIX 2** Annex 1- Page 47]

3.3.2. **PART B: OUTPUTS - SERVICES TO BE DELIVERED AND PERFORMANCE INFORMATION** [Refer to **APPENDIX 2** Annex 1- Page 48]

The designated Programme Managers have to prepare a detailed operation plan which describes all major activities at the level of the Delivery Unit (Directorates / Divisions / Sections / Units assigned with responsibility for output delivery) but this does not appear in the 3-Year PBB Statement. Programme and Sub-Programmes are defined on an aggregated level and are a list of all minor activities and tasks.

PROGRAMMES + OUTCOMES AND SUB-PROGRAMMES + PRIORITY OBJECTIVES

The programme is the highest level of programme hierarchy. A Ministry/Department classifies its expenditures into programmes and sub-programmes. It is recommended for all Ministries/Departments to have a first programme called "Policy and Management".

Each programme has to achieve at least one Outcome and each sub-programme has to meet at least one Priority Objective. From the list of objectives that a Ministry/Department may want to achieve, supervising officers select objectives which are priorities, affordable and which can be measured. These objectives then become the Ministry's/Department's Priority Objectives to be included in the 3-Year PBB Statement.

First, there is a need is to plan the strategic, high-level Outcomes that need to be achieved to reach the vision of the concerned Ministry/Department. A strategic outcome can be defined as the most ambitious positive impact that a Ministry/Department can materially reach and for which it is willing to be held accountable within the planned time period. Example of a strategic outcome: *"World-class safety and regulatory standards (level of performance) are achieved for public transport services by implementing a comprehensive regulatory and management system (output) leading to a reduction in road fatalities (impact)"*.

Then, a Ministry/Department should be aware of changes in national policies and Government reforms. Therefore, it is preferable for a Ministry/Department to select a small number of Priority Objectives and ensure successful delivery of them, rather than have a long list of objectives, which may look impressive at the start of the year, but become embarrassing at the end of the year when it is found that no delivery has taken place.

SERVICES TO BE DELIVERED (Outputs)
Identify services to be provided by each programme (with no sub-programme) and sub-programme. The outputs are the services which result from a development activity/intervention - e.g. number of vaccinations. Selected outputs should clearly indicate what services a Ministry/Department will be delivering during the fiscal year with the resources they have been provided. Wherever possible, outputs should be formulated in a sex-disaggregated or gender sensitive way (e.g. number of vaccinations of girls and boys).

PERFORMANCE MEASUREMENT
Identify suitable services and performance measures (indicator + targets) in consistency with the desired level of performance which must appear as the desired level of service delivery.

Identify for each service (output) at least one Performance Indicator with respective Target(s) that will enable officially-designated Programme Managers to monitor the activities they implement according to the relevance of the situation. Six types of performance indicators can be used: 1/ **Quantity**: e.g. Number of students completing training per year; 2/ **Cost**: e.g. Cost per unit of materials used; 3/ e.g. **Quality**: e.g. Number of customer complaints filed; 4/ **Efficiency**: e.g. Proportion of case reviews conducted by due date; 5/ **Effectiveness**: e.g. Decrease in crime rate as a consequence of government intervention; and 6/ **Gender Sensitive Equity**: e.g. Percentage increase in employment of men and of women as a consequence of government intervention.

STATUTORY BODIES / PUBLIC ENTERPRISES

The immediate priority for 2010 is to target those statutory bodies that are heavily dependent on Government funding, take up sizeable resources and provide services that are critical to the performance of a programme (refer to **APPENDIX** 2 Annex IV page55). Ministries / Departments are accordingly requested to require relevant statutory bodies to adopt a PBB framework that will be indicative for 2010 and binding for 2011 and 2012. For those statutory bodies deemed less critical, the PBB will be indicative in 2012 and binding in 2013. The PBB Statement of the statutory body / public enterprise needs to be cleared by the Management, the Board and the Supervising Ministry. The Ministry of Finance and Economic Empowerment (MoFEE) does not clear these PBBs. However, MoFEE has to consider the key outputs, performance indicators and targets of these bodies as part of the review of the Budget of the concerned supervising Ministry / Department since these outputs need to be linked to the financing being provided through the Government Budget. The supervising Ministry / Department will integrate the most important outputs, performance indicators and targets into relevant Programme/Sub-Programme of their Ministries.

3.3.3. **PART C: INPUTS - FINANCIAL RESOURCES** [Refer to **APPENDIX 2** Annex I- Page 49]

Recurrent Expenditures

In preparing budget proposals for the 2010 Budget and for the 2011-12 period, programme managers should take as **expenditure ceilings** the planned expenditure figures for the Ministry/Department as laid down in the "***Programme-Based Budget Estimates 2009 (July-December) & Indicative Estimates***".

As an added flexibility for 2010, the expenditure ceilings are set at Ministry/Department level and not at Programme and Sub-Programme levels. Within that overall ceiling, supervising officers have flexibility in allocating resources between programmes/sub-programmes for achieving the Ministry's/Department's strategic goals.

Proposals on financial resources should be submitted on the same formats and categorization as in the PBB Estimates 2009 (July-December). They should take into consideration the following:

- Progress in the preparation, design and implementation of the Strategic Plan of the concerned Ministry/Department;
- Shift in priorities and in consequential shift in resources over the medium term;
- New policies, activities and investment projects and their costing; and

- The administrative and legislative requirements as well as human resource constraints for their implementation.

Investment Projects

Regarding proposals relating to Acquisition of Non-Financial Assets programme managers should submit required details as per the format at **APPENDIX 2** Annex II and Annex III. Annex II (Page 52) captures financial data on individual projects relating to the cost estimates, sources of financing and annual resource requirements. On the other hand, Annex III (Page 53 and 54) provides a summary of the project objectives, description, status and cost schedule by components. This is essential to update the 5-year rolling **"Public Sector Investment Programme"** (PSIP). For fiscal year 2009 (July-December), the 2009-13 PSIP is posted on the MoFEE website. As from 2010 Budget, the PSIP will be reviewed and updated to supplement the PBB estimates.

Any proposal for new Investment Projects should be submitted in accordance with the requirements of the **Investment Project Process Manual (IPPM)** issued under the Finance and Audit Act and the **PPP Guidance Manual** which can be accessed at **http://publicinfrastructure.gov.mu** and **http://mof.gov.mu** websites respectively. Under the IPPM, Investment projects costing above Rs 25 million must be submitted to the Project Plan Committee (PPC) under the chairmanship of the Ministry of Public Infrastructure, Land Transport & Shipping for approval (MPILTS) before eventual consideration for inclusion in the PSIP. Investment projects below Rs 25 million to be included in the National Budget are submitted to MoFEE for consideration. In all circumstances, no new Investment Project proposal can be considered unless it is accompanied by a Project Request Form (PFM), as provided for in the IPPM.

Asset Maintenance Initiative

The attention of supervising officers is drawn on the need to make appropriate provision for ensuring preventive maintenance of existing State-owned assets falling under their responsibility. As in 2009 (July-December), MoFEE will be considerate towards such requests for 2010. However, reallocation of provision earmarked for maintenance to other expenditure items is not being allowed.

Financing of Budget Proposals above Ceiling

Where the expenditure proposals submitted by a Ministry/Department are within its overall ceiling, these will be able to be accommodated by the Ministry of Finance & Economic Empowerment (MoFEE) in all likelihood.

A Ministry/Department may wish to propose appropriations that would exceed its ceiling. However, the only way to accommodate such requests for additional funding would be through a combination of:

- Efficiency savings;
- User charges and fees levied by the sector and under the control of the line Ministry/Department; and
- Increase in general taxes.

All proposals for allocation of funds in excess of the expenditure ceiling should, therefore, have to be supported by appropriate justifications, including how to pay for the proposals in terms of user charges, efficiency gains resulting in permanent savings and/or increase in general taxes. Since increase in general taxes is not a viable option under the current circumstances when the economy is being buffeted by large external shocks arising from the international financial crisis, you will need to focus on the other two means of financing the spending you request that is above your ceiling.

Justifications for spending above the ceiling should consist of, but not be limited to, the following:

- A clear statement of the outcomes that are being pursued and could be achieved if the additional resources are available. This will require a clear statement of the output(s), performance indicator(s) and target(s) that would be achieved under the ceiling compared with the ADDITIONAL output(s), indicator(s) and target(s) to be delivered with the additional financing being requested above the ceiling;
- Areas in the current expenditure framework where permanent cuts/savings would be made;
- The specific user charges and fees under the control of the Ministry/Department (including its agencies and public enterprises) proposed to be raised to fund the proposals with an estimate of the revenue to be raised in each of the financial years 2009, 2010 and 2011.

In this context, you are requested to undertake a review of user charges and fees that would indicate:

- The last time each was adjusted;
- The amount and percentage increase of adjustment required to compensate for inflation (as measured by the Consumer Price Index) since the last adjustment;
- The amount and percentage increase of adjustment required to compensate for inflation since the user charge was first introduced;
- A proposed timetable for adjustment of user charges and fees to restore these to the level in real terms (after adjusting for inflation); and
- The review and proposed timetable for revising user charges and fees should be undertaken by any Ministry/Department proposing spending above the ceiling ahead of the submission of the spending requests. In any event, no requests for spending above the ceiling should be processed without this exercise having first been completed and submitted to MoFEE.

Ministries/Departments should note that availability of grant or loan funding from development partners is not an appropriate source of funding as they have already been factored in the macro-economic framework

3.3.4. **<u>PART D</u>: INPUTS - HUMAN RESOURCES** [Refer to **APPENDIX 2** Annex I - Page 51]

Proposals for additional Human Resources (HR) have to be dealt with jointly by the Ministry of Civil Service and Administrative Reforms (MCSAR) and MoFEE so as to better synchronize authorization of positions and financial clearance. Establishment proposals issues must be dealt within budgetary ceilings and according to the guidelines laid down in the MCSAR annual circular. Any proposal for filling up of any post needs to be backed by full year funding incorporated in your submissions. For 2009, preference will be given to absorb excess labour in public enterprises. This should accelerate the process of providing Ministries/Departments required human resources whilst reducing financial pressures on public enterprises with excess labour. A special item should also be created to finance training and reskilling that may be required for you to absorb such labour. Supervising officers have to work with MCSAR to identify both the labour needs they have (at all levels) and the likely training needs. Moreover, as a longer term solution to the capacity constraints, especially at technical level to deal with shortages of critical skills, MCSAR is currently developing a scholarship programme. Supervising officers would need to project for the next five years their likely demand on an annual basis for shortage areas so that MoFEE can provide financing for the appropriate number of scholarships in the right subject areas.

***Funded Positions by Programmes and Sub-Programmes, and Salary Categories**:* Indicate the staffing by category (up to Rs 19,000; between Rs 19,000 to Rs 60,000; above Rs 60,000), disaggregated by sex, and by programme and sub-programme.

Staffing (Funded Positions) by Programmes and Sub-Programmes (Full Time Equivalent) for 2010-2011-2012: Indicate the staffing (Establishment as planned for 2009) for each Programme and Sub-Programme and according to Salary Codes.

The PBB and PMS (Performance Management Systems) are currently being implemented in parallel in Mauritius. These two reforms aim to compliment each other in building a performance-oriented government. It is required that the outputs and performance indicators set in the PBB are translated to tasks and key performance indicators for individual staff members, so that to ensure that the PMS supports the delivery of the PBB. PMS information is not included in the budget submission.

4. BASIC COST CONCEPTS AND COSTING METHODOLOGIES

4.1 ACHIEVING THE BEST RESULTS AT THE BEST COST

"*Achieving the best results at the best cost, striking an optimal balance between the two*."

It is possible for a programme/sub-programme to be very efficient, yet not effective. For example, programme managers can be wise as to how they spend money on resources. In fact, they can optimize the business processes to be extremely cost-effective. However, doing so does not guarantee positive results.

Alternatively, a programme/sub-programme can be effective but not efficient. A programme can deliver strong results and outcomes that prove it is doing its job very well, but at the same time have wasteful activities and inefficient use of resources. These programmes can optimize their business processes and activities as well as improve their resource utilization to save money. As programmes strive to be more effective and efficient, their focus should be to achieve the best results at the best cost, striking an optimal balance between the two. Ultimately, there are a wide variety of approaches to achieve efficiency, effectiveness and equity.

Measuring costs is an integral part of measuring performance in terms of efficiency and effectiveness. Efficiency is measured by relating outputs to inputs. It is often expressed by cost per unit of output. While effectiveness in itself is measured by the outcome or degree to which a predetermined objective is met, it is commonly combined with cost information to show 'cost-effectiveness'.

Public demand and budgetary pressures to reduce government spending have forced the government to improve accountability for the way it provides goods and services. Managerial cost accounting is one tool managers need to demonstrate accountability, improve programme / sub programme performance, and reduce programme/sub-programme costs.

Costs are assigned to programmes and sub-programmes based on the amount of inputs that are used directly plus an appropriate portion of resources that are not assigned to any specific programme or sub-programme (such as electricity, senior management, human resources management, and some information technology).

4.2 Cost Accounting Information

Cost accounting information supports all three aspects of accountability and cost information supports decision making in a variety of different business phases, such as:

1. **Financial Accounting** - to assist government financial report users, at all phases of the management cycle, in evaluating service efforts, costs, and the accomplishments of the reporting entity;
2. **Budgeting** - to plan and make resource allocation decisions;
3. **Operating budget execution** - to manage resources in the accomplishment of broad programme purposes, to manage the unit cost of output to ensure that units of output are produced as inexpensively as possible, and to set fees.

In each of these phases, management must know the cost of activities of their activities, outputs and contribution to outcomes in order to make good business decisions and to report financial and performance information to external parties such as National Assembly and the public, to whom the public sector is accountable.

4.3 Type of Costs

Also, it is important to understand the different types of costs and cost behaviour so that proper allocation of costs to goods and services can take place:

- **Direct costs** are those costs that can be specifically and exclusively identified with a particular cost object. Examples of direct costs will be labour costs, consumables, equipment, maintenance etc.
- **Indirect costs** cannot be specifically identified with a single cost object. Examples of indirect costs will be rental costs, salaries of senior management, legal costs, other overheads, etc.

Costing brings about a closer analysis of what it really cost to deliver a particular good or service. Expenditure does not reflect the true cost of providing a good or service especially if the cash basis of accounting is used. Also, you will find that expenditure is the total cost of the input but this input might be consumed by a number of different programmes / sub programmes and activities. The expenditure is then allocated to one program, which results in a distortion.

Using cost rather than expenditure figures results in the true cost of providing a good or service by government. It also promotes the responsible use of resources and informs government Ministries / Departments of the amount of resources required to deliver a particular good or service.

If one looks at the current accounting and financial management systems of government one would see that there is a budget and expenditures are recorded against this budget. This budget is broken down into Ministries / Departments and programmes / sub-programmes. A typical expenditure to date against budget will reveal how much is spent against the budget for personnel and goods and services for Ministries / Departments and programmes / sub-programmes and not how much was spent on the outputs of these Ministries / Departments and programmes / sub-programmes which is where service delivery takes place.

4.4 COSTING METHODOLOGIES IN THE PRIVATE SECTOR

A costing method defines the process that is used to trace all relevant costs and attribute them to outputs. In order to determine the cost of its outputs, a company will establish a costing system that may use a variety of costing methods, techniques and tools. There are two main types of costing methods: 1) Job costing; and 2) Process costing. These main methods are often used in conjunction with refinements and other techniques such as Activity Based Costing (ABC) which has gained broad acceptance by manufacturing and service industries as an effective managerial tool.

There are *four key "ABC terms"* that are helpful in learning and using ABC:

- **Activities**: Actions taken or work performed through which inputs, such as funds, technical assistance and other types of resources are mobilized to deliver specific outputs.
- **Resources drivers**: Economic elements applied or used in the performance of activities or to directly support cost objects. They include people, materials, supplies, equipment and facilities.
- **Cost objects**: Any good, service, contact, project or process for which a separate cost measurement is desired.
- **Cost drivers**: any situation or event that causes a change in the consumption of a resource. An activity may have multiple cost drivers.

Activities Based Costing (ABC) is useful for both job costing and process costing. It examines the way activities consume resources and how they relate to outputs. The unit cost of products and services determined using ABC can be further utilized by a costing system to cost jobs which consume these products and services. These jobs can then be grouped according to the output to which they helped to produce.

ABC assigns costs to activities using resource drivers. Resource drivers reflect the quantities of resources consumed by the activities. The activity costs are reassigned to outputs using cost-drivers based on the amount activity used by the outputs.
After identification of the outputs, ABC involves the following five steps:

1. Identify the activities;
2. Identify the cost of inputs that will be consumed by the direct and indirect activities;

3. Assign relevant costs of inputs to supporting (secondary, tertiary) activities using resource cost drivers. Also assign costs of inputs that can be directly traced to the primary activities;
4. Reassign the cost of tertiary activities to secondary activities, and secondary activities to primary activities using resource cost drivers;
5. Assign the cost of primary activities to outputs.

The potential benefits of ABC are:

- ☞ More meaningful costing of outputs because overheads will be included in total costs;
- ☞ Improved cost management through improved information about the cost of activities undertaken to produce outputs;
- ☞ Process improvement through benchmarking the cost of activities against other providers "best practice";
- ☞ Increased public accountability for resource consumption;
- ☞ Improved cost management due to regular analysis and monitoring of the cost of activities;
- ☞ Improved customer service by providing activity information that can contribute to improved service levels or improved service quality;
- ☞ Improved cost modelling in order to better plan activities;
- ☞ Better ability to align activities to organizational units and therefore assist in internal budget allocation.

4.5 Costing of Goods and Services in the Public Sector

It is important at this stage to understand the bigger picture and where costing fits into a Programme Based Budgeting (PBB) framework officially implemented by the Government of Mauritius since July 1st, 2008.

The PBB framework consists of strategic plans, annual performance plans and half-yearly performance reports. It requires Ministries/Departments to develop and deliver:

- Multiyear strategic plans;
- Annual 3-fiscal-year rolling PBB Statement;
- Half-yearly performance reporting, results, validation and verification;
- Linkage of performance results to budgets.

Strategic plans define a Ministry/Department's mission and a set of outcomes at the programme level and priority objectives at the sub-programme level. 3-Year PBB Statements include performance measures with target levels for a particular fiscal year, cover all programmes and sub-programmes of a Ministry/Department and usually display current and future year data for the performance goals. Then, by linking performance results to the budget planning process, Ministries/Departments can attribute activities by their true costs so that a comprehensive financial picture can be created. At this point, the financial summary of the budget can be linked back to performance goals.

4.6 Guidance for Costing Mauritius MTEF Baselines on a Programme Basis

Costs are assigned to programmes and sub-programmes based on the amount of inputs that are used directly plus an appropriate portion of resources that are not assigned to any specific technical programme/sub-programme (senior management, human resources management, electricity, and some information technology).

Since 2008-09, budget and forecasts estimates are calculated in using only direct costs for each programme and sub-programme. Indirect costs are placed in a special programme called "Policy and Management" in each Ministry/Department under categories specified by the Ministry of Finance and Economic Empowerment (MoFEE). In future years, the intention is to allocate all indirect costs to programmes and sub-programmes without reporting a separate "Policy and Management" specific programme.

The first step in building a programme budget is to establish a baseline by calculating the costs of programmes and sub-programmes for the current year 2008-09. This involves:

- Identifying the sub-programmes or programmes (when no sub-programmes) to be costed;
- Identifying and assigning the direct costs incurred in undertaking the sub-programme;
- Identifying the indirect costs of sub-programmes / programmes and assigning them to Programme 1 "*Policy and Management*"; and
- Add sub-programme costs for each programme to achieve the full cost of programme.

Using the baseline information for the 2008-09 budget, and budget ceilings to be provided, Ministries/Departments will have the starting point for calculating the MTEF budgets for 2009 (estimates for the period July to December), 2010 (indicative estimates) and 2011(forecasts).

Programme managers should also be requested to undertake a review of user charges and fees that would indicate the:

- Last time each was adjusted;
- Amount and percentage increase of adjustment required to compensate for inflation (as measured by the Consumer Price Index since the last adjustment; and
- Amount and percentage increase of adjustment required to compensate for inflation since the user charge was first introduced.

The changes in budget ceilings and allocation of budget across programmes and sub-programmes requires that the performance indicators and targets are reviewed and adjusted to take account of what can be achieved with the available budget for each category. Adjustments are often proportional to changes in budget, though it is not always the case,

5. MEASURING PERFORMANCE

Performance measures attempt to answer the following questions:

- Are the services what we expected to have delivered?
- Are the services being delivered at an acceptable cost?
- Are the services being delivered within a reasonable time frame?
- Do our services meet the given standard?

We need to measure performance for the following reasons:

- To ensure transparency and accountability for the use of public funds;

- To help Government make the correct budget decisions and contribute to service delivery improvement;
- To assess progress towards achieving predetermined goals;
- To identify problems and make corrections;
- To show our disappointments and successes; and
- To make institutional comparisons across Ministries/Departments, districts, , etc.

5.1 Format for Performance Measurement

Each programme/sub-programme must prepare a table based on the below template. This information must be part of a 3-Year PBB Statement [refer to **Appendix 2**, Page 48: PBB Format for 2009). As from 2009, the performance indicator and performance target are in separate columns so that in future years, the output and performance indicator may remain constant and only the performance target changing.

Ministry of Public Infrastructure, Land Transport, and Shipping

PROGRAMME 322: **Construction and Maintenance of Government Buildings & Other Assets**						
Outcome: Properly designed, effectively developed and well maintained government buildings to meet the increasing needs of the public sector for space requirements and ensure existing buildings are fully functional.						
SUB-PROGRAMME 32202: Design and Supervision of the Construction of Buildings and Related Infrastructure.						
DELIVERY UNIT	**SERVICES to be delivered** (Outputs)	**PERFORMANCE**				
		INDICATORS (Service Standards)	**2009 Baseline**	**2010 Targets**	**2011 Targets**	**2012 Targets**
Public Infrastructure Division	O1: Tender documents for approved projects completed for launch of tender in 2008-09.	Projects in Education sector	24	26	18	14
		Projects in Health sector	7	12	6	4
		Projects in Police Dept.	2	2	1	2
		Projects in Prisons	4	3	5	4
		Projects in Judiciary	2	3	2	1
		Projects in Fire services	1	1	0	1
		Other Projects	7	10	4	6
Etc.	Etc.	Etc.	Etc.	Etc.	Etc.	Etc.

Each country implementing Programme-Based Budgeting (PBB) uses planning and budgeting terminology in different ways. Most of the terms are derived from a logical framework approach to planning. The MoFEE in Mauritius has selected particular uses of these terms which need to be used consistently by all Ministries / Departments.

- **Outcome**: The likely or achieved short-term and medium-term impacts of an activity's or intervention's outputs.

- **Priority Objective**: The intended physical, financial, institutional, social, environmental, or other development results to which a programme/sub-programme commits to achieve through the conducting its activities / interventions.

- **Delivery Unit**: Directorate, Division, Section or Unit assigned with responsibility for output delivery.

- **Activities**: Actions taken or work performed through which inputs, such as funds, technical assistance and other types of resources are mobilized to deliver specific outputs.

- **INPUTS**: The financial, human and material resources used for performing the activity / intervention.

- **PERFORMANCE MEASURES**: **Quantify** delivery of performance for each activity and includes outputs, performance indicators and performance targets:

  OUTPUTS: The products, capital goods and services which result from a development activity / intervention; it also includes changes resulting from the intervention which are relevant to the achievement of outcomes.
  - ***Indirect Outputs***: internal clients - Services which are supplied to an internal user rather than to the external client, e.g. IT support services delivered by the Ministry in charge of IT to other Ministries/Departments.
  - ***Direct Outputs***: external clients - e.g. number of girls and boys' inoculations.

  PERFORMANCE INDICATORS: Type of measures used to assess delivery of outputs and outcomes. Performance indicators can be either: quantity, quality, efficiency, effectiveness or gender sensitive equity. They must be verifiable.

  PERFORMANCE TARGETS: Precise standards, levels or ratings to be achieved against each performance measure. Performance targets should present clear and quantified measures against which ministries can assess output performance. Performance targets are expressed in absolute number, percentage, or ratio terms and represent the minimum acceptable requirements of the Government.

There are a few things that must be taken into account when designing performance measures:

- You need to agree with the Ministry of Finance and Economic Empowerment (MoFEE) upon the results (outputs) you intend to deliver;
- You need to decide what to measure, to compare what happened to what was intended;
- You need to set up a system that will allow you to demonstrate progress and achievements.

5.2 ACTIVITIES: ACTIONS THE STAFF OF THE MINISTRY WILL CONDUCT

- You will use a summary of major activities;
- They must lead to reaching the priority objective(s);
- You must be able to cost them.

There is no right or wrong answer when it comes to defining the number of activities for each programme/sub-programme. A programme/sub-programme should make a list of all the activities they do, then see which activities can be clustered together. This is a difficult exercise and will require a number of revisions before coming to agreement. Do not rush this exercise and recognise that in consultation with technical managers, this may be revised once again.

5.3 Outputs: Services to be Provided

- Must link to the relevant Priority Objective.
- Must be able to measure them;
- Must be able to compare them (previous year, benchmarks, etc.);
- Must be easy to understand.

To simplify the PBB, there will only be one output for each activity. To achieve this, activities need to be aggregated and the output will be an aggregated output.

5.4 Performance Indicators: A Description of What you Will Measure

- **Quantity**: What units you will measure?
- **Cost**: What cost you will measure?
- **Quality**: What standard will be achieved?
- **Efficiency**: Are you measuring delivery date or how often the service is provided?
- **Effectiveness**: The degree to which the intended priority objective of the service delivered is being met.
- **Gender Sensitive Equity**: To highlight differential results for women and men and measure gender related changes in society over time.

When measuring performance we are basically trying to answer the following questions:

- How efficiently are the inputs translated into outputs?
- How effective are these outputs at producing the desired outcomes?
- How economically are inputs being used?

You are required to use at least one meaningful indicator for each service to be provided (output delivery).

Performance indicators are a statement of what will be measured but the statement should not include the target or level of performance. This is to ensure that you don't have to change your indicators year after year. When defining performance indicators, it is important to ensure that a programme/sub-programme can be held accountable for achieving the level of performance. If they can't, then it is probably not an appropriate performance indicator.

Examples of **Quantity Indicators**:

- Quantity describes outputs in terms of how much or how many;
- It requires a unit of measurement such as number, kilogrammes, litres, kilometres, etc;
- Examples of quantity measures include: Number of students completing training per year; Number of students completing training per year; Number of customers served; Number of inspections completed; Applications processed; Number of vaccinations administered; etc.

Examples of **Cost Indicators**:

- Cost measures must reflect the cost of producing an output,
- They should be expressed as a cost per unit of quantity,
- Examples of cost measures include:
  i) Cost per unit of materials used;

ii) Average annual operating cost per patient;
iii) Cost per client served;
iv) Etc.

Examples of **Quality Indicators**:
- Quality measures reflect service standards;
- They are based on customer needs, customer satisfaction, access and other issues;
- Examples of quality measures include: Timeliness; Number of customer complaints filled; Percentage of accuracy for information entered into a database; etc.

Examples of **Efficiency Indicators**:
- Efficiency is a measure of how economically resources/inputs (funds, expertise, time, etc.) are converted to results;
- Examples of efficiency measures include: Kilometres per litre; Patients per year; Students per class; Pass rates; Recovery rates; Failure rates; Whether the brief and instructions to the Minister have been completed within deadlines; Proportion of case reviews conducted by due date; Percentage of responses answered within a given time line; Frequency of immunisation for children; Etc.

Examples of **Effectiveness Indicators**:
- The degree to which the intended priority objective of the service is being met.
- Examples of effectiveness measures include: Decrease in crime rate as a consequence of government intervention; etc.

Examples of **Gender Sensitive Equity Indicators** (GSEI):
- GSEI are used to highlight differential participation of women and men and measure gender related changes in society over time.
- Examples of GSEI measures include: Percentage increase in employment of men, and of women as a consequence of government intervention; etc.

Unintended Consequences

When designing performance indicators one has to be careful of perverse incentives or unintended consequences. For example:
- If teachers are required to teach more hours, this may lead to less preparation for classes.
- If the clinic nurse is required to see more patients per day so as stick within the budget, the standard of care may drop.
- If a lot of houses need to be built, property developers might use cheap labour and building materials in order to increase the quantities.

5.5 PERFORMANCE TARGETS: THE QUALITY OR LEVEL OF SERVICE

Performance targets are benchmarks against which actual performance will be measured. They are set to improve the cost-effectiveness, efficiency and overall effectiveness of service delivery measures:
- **Quantity**: How many units?
- **Cost**: The cost per unit.
- **Quality**: Standard to be reached.

- **Efficiency**: How well outputs use inputs?
- **Effectiveness**: The degree to which the intended priority objective of the service is being met.
- **Gender Sensitive Equity**: Possibility to highlight differential results for women and men and measure gender related changes in society over time.

You should state actual number or level and you should be realistic about what is achievable within available resources, skills and operating environment.

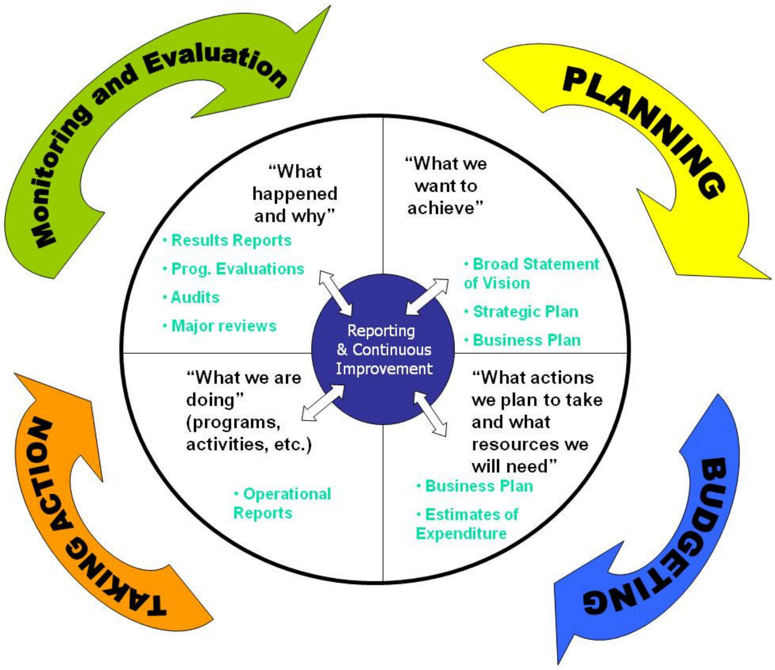
When setting performance targets remember that there is a cost implication associated with it. The level at which the performance target is set implies that a certain amount of outputs must be produced. This obviously has a resource implication. If they are not, one of the following should happen:

- The budget should be increased to make the target achievable,
- The performance target has to be moderated to affordable levels,
- The outputs have to be delivered more efficiently so that more outputs are produced with fewer resources and therefore lower cost.

6. BUDGET MONITORING AND REPORTING

6.1 Specific Requirements for Budget Monitoring Reports

Budget monitoring consists of tracking and registering operations concerning appropriations and their uses. It covers appropriations, apportionment, any increase or decrease in appropriations, commitments / obligations, expenditure at the verification / delivery stage, and payments. Budget monitoring is only one element of the Government's accounting system, but it is the most crucial for both formulating policy and supervising the effective implementation of a Programme-Based Budget (PBB). In particular, weaknesses in budget monitoring and recording make sound analysis of input use, outputs, or outcomes impossible. Adequate recording of appropriations, revisions in appropriations, transfers between appropriations, effective use, etc. is a prerequisite for good management.



The primary purpose of budget monitoring reports of Ministries/Departments is accountability, in particular to the Government. Financial and performance monitoring reports serve to inform the Cabinet, other stakeholders and the general public about the performance of Ministries/Departments in relation to public services provided. These reports are key reference documents and also documents for internal management. They form part of the historical record.

6.2 Institutional Organisation for PBB Monitoring

The Treasury uses a computerised accounting system, known as the Treasury Accounting System (TAS), for the processing and recording under ORACLE Financials of the financial transactions of Government and for the preparation of monthly, quarterly and annual financial statements and other financial reports. The Budget Strategy and Management Directorate (MoFEE/BSMD) coordinates the development and the maintenance under ORACLE Balanced ScoreCard (BSC) of the PBB database relating to non-financial performance data which is operated by Ministries/Departments to report on their budget activities. The Public Expenditure Management Systems Review Directorate (MoFEE/PEMSRD) supervises monthly budget monitoring reviews on performance data and coordinates the preparation of half-yearly performance monitoring reports (Interim Performance Report - IPR prepared in December - and Annual Performance Report - APR prepared in July - respectively). MoFEE/BMSD, with the technical support of MoFEE/PSIP Unit, supervises quarterly monitoring reviews on investment projects and/or acquisition of assets listed in the Public Sector Investment Programme (PSIP).

6.3 Reporting Periods

A core set of information found in the 3-fiscal-year PBB Statement is required in monitoring reports [Refer to **Appendix 3** - PBB Monitoring (Performance Information), Page 60] to ensure that accountability requirements are met and to provide consistency for readers:

6.3.1 A monthly ***Financial Monitoring Report,*** to be prepared by each Ministry/Department based on TAS information, must at least include the following items:

- **Detailed financial monitoring tables** of the PBB must be provided.

- **Financial review**: The report should include a summary of the significant financial issues and developments during the considered period, an overview of the Ministry's/Department's financial results - explain the major steps taken in reducing budgeted cost of its outputs and/or improving the delivery of outputs within the same budget envelope - the total number of staff (full time employment for each of the 3 categories: Up to Rs 18,800; Rs 18,801- Rs 42,500; Above Rs 42,500) by programme and sub-programme, and eventually the outlook for the following period. The staffing "in post" should be disaggregated by sex. Also, the Ministry of Finance and Economic Empowerment (MoFEE) welcomes suggestions for efficiency savings or savings for redistribution relating to changes in services and activities with the goal to improve efficiency and effectiveness, including through contracting out to the private sector.

6.3.2 A quarterly ***Performance Monitoring Report***, to be internally issued by MoFEE/PEMSRD (Performance information to be keyboarded every two-month period by Ministries/Departments either in EXCEL or in the ORACLE Balance ScoreCard database managed by MoFEE/BMSD), must include a summary of the significant performance issues and developments during the considered period, an overview of the Ministry's/ Department's performance results (Summarize the major achievements / shortfalls in the delivery of outputs - refer to **Appendix 3** on Page 60), and eventually the outlook for the following monthly period. Performance results by Programme and Sub-Programme, by Service to be delivered (Output) and related Performance Indicators/Targets (percentage completed) must be provided.

6.3.3 A quarterly ***Investment Project Implementation Report***, to be issued by MoFEE/BMSD with the technical support of MoFEE/PSIP Unit and PEMSRD (Status information to be keyboarded by Ministries/Departments in the ORACLE Balance ScoreCard database managed by MoFEE/BMSD), will provide the status at various stages of each investment project (Initiation, Planning, Execution, Project Closure) and/or acquisition of assets (Planning, Operation, Completion) implemented under each programme as listed in the budget document "Government Investment Projects 2009 and Indicative Estimates 2010 and 2011. This report will assess the physical progress at the different stages of implementation and the cost evolution during the year, and the likely impact on expenditure plans for subsequent years.

6.3.4 A half-yearly ***Performance Monitoring Report*** [Interim Performance Report - IPR - and Annual Performance Report - APR -], to be issued by MoFEE/PEMSRD (Performance information to be keyboarded by Ministries/Departments in the ORACLE Balance ScoreCard database managed by MoFEE/BMSD), must first explain the process undertaken to monitor the progress of programme outcome(s) and performance measures (indicators and targets) of associated outputs. It should also indicate data constraints, if any, and what steps are being taken/will be taken to address data deficiency. Indicate eventual changes in gender inequalities. Such a review should include:

1) A report of how the Ministry/Department has performed during the considered period in relation to the expected delivery of programme/sub-programme outputs and contribution to outcomes.

2) Descriptions of processes and activities should be avoided. Rather, reporting should be aimed at providing an assessment of how far the Ministry/Department has progressed towards output targets and eventually outcomes when relevant. Therefore, the report must include:

– Reporting of actual results against programme/sub-programme outputs and the specific performance information set out in the 3-Year PBB Statement. Reports should succinctly cover progress towards output targets - and eventually outcomes - and the extent to which the Ministry/Department is wholly or partly responsible for the outputs and outcomes; and

– A concise narrative discussion and analysis of the detailed performance information at an appropriate level of reporting, programme or sub-programme, and visual aids such as charts and graphs may assist the reader. While Ministries / Departments must address how they have performed in contributing to outputs and outcomes, they also have discretion as to the level of reporting with regard to Cabinet specific requests, public interest, and reader expectations.

It is requested to include:

– Trend information, and the results of any evaluations, where appropriate;

– Reference to any significant change in the nature of the Ministry's/Department's principal functions or services that has occurred during the period, and has impacted on performance.

– Reference to factors, events or trends influencing the Ministry's/Department's performance over the considered period and in the future, and how it is planned to deal with these issues.

3) Discussion and analysis of the Ministry's/Department's financial performance for the considered half-year period in line with the delivery of expected outputs. It is suggested that this include discussion of any significant changes in financial results from the previous period, or from the budgeted financial statements for the financial year as set out in the 3-fiscal-year PBB Statement, and their implications; and

4) Service Delivery Surveys (SDS) can eventually provide a useful check on the supply side of service delivery when Ministries / Departments perform poorly and official statistics are lacking or of poor quality. A SDS can help induce policy change by pointing directly to the main bottlenecks, making it easier for policy makers to find appropriate solutions.

5) If applicable, details of any matter or circumstance that has arisen since the end of the last budget year and has significantly affected or may significantly affect the Ministry's/Department's operations or financial results in future budget years and how it is planned to deal with these issues.

Ministries/Departments vary in role and size and ministers in ministries or heads of departments have discretion as to the extent of information to include in performance monitoring reports and the sequence in which it is presented as long as the minimum amounts of information set out in this manual are met.

7. EVALUATION OF PROGRAMMES AND SUB-PROGRAMMES

What is recommended in Section 7 is first best practice appropriate for countries with trained staff. It would not be that easy to apply such an elaborate mechanism in Mauritius in early period of PBB implementation. To start with, programme/sub-programme evaluation could follow, for the most part, a much simpler and more selective process. Concretely, most programme/sub-programme evaluation in initial years could be limited to a simple desk review which considers:

(i) Whether the outcome(s) of a programme and the priority objective(s) of a sub-programme (or a programme when there are no sub-programmes) is a first priority for the Government;

(ii) Whether the programme is designed in such a way as it could reasonably be expected to achieve its intended outcome(s); and

(iii) What any available performance indicators indicate about programme/sub-programme efficiency and effectiveness.

Elaborate and scientific evaluation should primarily be applied for the really large, top-priority programmes.

7.1 EVALUATION VS MONITORING

Evaluations of programmes and sub-programmes rely on data generated through monitoring activities as well as from other external sources for validation and credibility purpose.

KEY FEATURES OF PROGRAMME/SUB-PROGRAMME MONITORING AND EVALUATION		
Monitoring vs Evaluation	**Monitoring of Programme and Sub-Programme**	**Evaluation of Programme and Sub-Programme**
Objective	To track changes from baseline conditions to desired outcome(s) and to identify impediments	To analyse what results were achieved, how and why they were or were not achieved.
Focus	Focuses on measuring progress on the Outputs of programmes / sub-programmes and projects and their contribution to outcomes.	Compare planned with intended outcome of achievement. Focus on the how and why outputs and strategies contributed to achievement of outcome. Focus on questions of relevance, effectiveness, sustainability and impact.
Methodology	Tracks and assesses performance and progress towards outcome through comparison of the size and significance indicators over time.	Evaluates achievement of outcome, role of the concerned ministry by comparing indicators before and after the intervention. Relies on monitoring data and on information from external sources. Where ever possible data should be collected and analysed in a sex-disaggregated and gender sensitive manner.
Conduct	Continuous and systematic by programme managers of the concerned ministry and eventual partners.	Time-bound, periodic, in-depth.
Use	Alert programme managers to problems in progress and delivery of outputs and provides insight into possible corrective actions.	Provides programme managers with strategy and policy options; Provides basis for learning and demonstrates accountability, assessing achievements and assisting in identifying future directions and possible actions; and Provides National Assembly with relevant and valuable feedback on PBB implementation.

7.2 Preparing for an Evaluation

Preparing for any evaluation requires an investment of time and thought. The scope of a programme/sub-programme evaluation will be larger in most cases than that of an investment project (intervention) evaluation which should be self-defined within the project document.

The programme manager and its technical staff should all participate in defining the scope of the evaluation together with a representative of the Financial Department in the same ministry. At a minimum, the scope of an evaluation should incorporate the following three categories of analysis, either fully or in part:

1. **Outcome status**: Whether or not the outcome(s) has (have) been achieved and, if not, whether there has been progress made towards its (their) achievement;
2. **Underlying factors**: An analysis of the underlying factors, within and beyond the programme manager's control that influence the outcome(s);
3. **Other interventions of the concerned ministry**: Whether or not outputs and other interventions of the concerned Ministry/Department can be credibly linked to achievement of the outcome. If the strategic results framework has been thoroughly prepared, the causal linkages in the chain can identify what other interventions of the concerned ministry may be necessary to achieve a given outcome.

Together, the programme/sub-programme selected along with the timing, purpose, duration and scope of the evaluation will dictate much of the substance of the programme evaluation's terms of reference.

Application of Evaluation Criteria to the Core Outline for a Programme / Sub-Programme Evaluation		
Category of Analysis	**Pertinent Evaluation Criteria**	**Place in Outline**
Evidence of change in the programme / sub-programme	Degree of change, including change in gender inequalities	Findings / Conclusions
Review of factors influencing the implementation of the programme / sub-programme	Relevance Effectiveness	Findings / Conclusions Lessons learned
Concerned Ministry's / Department's contribution to the programme / sub-programme	Relevance Effectiveness Efficiency Equity Degree of change Sustainability	Findings / Conclusions Lessons learned Recommendations
Partnership involved in programme / sub-programme activities.	Relevance Effectiveness Efficiency Equity Degree of change	Findings / Conclusions Lessons learned Recommendations
Rating	Efficiency Equity	Findings / Conclusions

	Degree of change Sustainability Relevance	
Improving the approach	Relevance Effectiveness Equity Sustainability	Lessons learned Recommendations

7.3 Managing an Evaluation

This brief overview of the tasks involved in managing an evaluation touches on data collection and analysis, backstopping and feedback, reporting and follow-up.

7.3.1 Collecting and Analyzing Data: Most of the primary data collection and analysis for a programme/sub-programme evaluation is the responsibility of the concerned department or public enterprise that decides which method(s) to use in the collection and analysis of information. Both **qualitative** and **quantitative** methods can be used. The methods respond to different objectives and use different instruments and methodologies yet are highly complementary. Preparing for an evaluation normally requires a combination of both types of methods:

- **Qualitative methods** can be used to inform the questions posed by the evaluators through interviews and surveys, as well as to analyze, from a gender perspective, the social, economic and political context within which development changes take place.

- **Quantitative methods** can be used to inform the qualitative data collection strategies by, for example, applying statistical analysis to control for socio-economic conditions of different study areas.

Differences between Quantitative and Qualitative Approaches		
☞	Quantitative Approach	Qualitative Approach
Objectives	To assess causality and reach conclusions that can be generalized.	To understand processes, behaviours and conditions as perceived by the groups or individuals being studied.
Use	To numerically measure “who?”, “what?”, “when?”, “How much?”, “How many?”, “How often?”.	To analyze how and why.
Data collection instrument	- Standardized interviews; - Formal, pre-designed questionnaires; - Surveys using closed-ended questions.	• In-depth, open-ended interviews; • Direct observation; • Focus group discussion; • Written documents (programme / sub-programme records, personal diaries, etc.
Sampling	Probability sampling (a probability sampling selects its subjects randomly; that is, each member has an equal opportunity of being selected).	Purposive sampling (a purposive sampling attempts to be representative of the population and will usually try to ensure that a range from one extreme to the other is included).

Methodology for analysis	Predominantly statistical analysis.	Triangular analysis (simultaneous use of perception, validation and documentation to analyze information).

EXAMPLE OF A MIXTURE OF APPROACHES IN A PROGRAMME / SUB-PROGRAMME EVALUATION		
Outcome	**Quantitative Analysis**	**Qualitative Analysis**
Improvement of the legislative capacity	Data on the number of laws passed by the National Assembly - when, on what subjects and whether they were sponsored by the government or not	Analysis of how many of those laws were technically complex and/or addressed significant national priorities; how many were technically proficient (were well written and constitutional); and how participatory and transparent the process was.
Increased Budget transparency	Budget data regularly made available in the newspapers and on the MoFEE website in order to illustrate the soundness and the efficient implementation of the current budget policy.	Analysis of how the process was carried out and how citizens-women and men perceived it.

7.3.2 Reporting: The seeds for the conclusions and recommendations of the evaluation report are found in the evaluation's terms of reference (TOR). The TOR for a programme/sub-programme evaluation, for example, will include the scope of the mission and the strategy for collecting and analyzing data. The evaluation team is bound by the TOR to ensure that the selected issues are adequately addressed in the report, although some flexibility will allow the team to add issues that it feels are particularly pertinent. Generally, the team leader drafts a table of contents at the earliest stage of the evaluation, based on the Ministry's/Department's requirements, the TOR and discussions with interested parties and beneficiaries.

Once the first draft of the programme/sub-programme evaluation report is submitted, the Director for financial affairs in the case of a Ministry/Department or the financial director in the case of a public enterprise, together with the concerned programme manager, should analyze and provide comments. After comments are incorporated, the final draft version should be circulated within the concerned Ministry/Department and among beneficiaries and eventual partners to obtain their valuable feedback. The evaluation team leader is responsible for incorporating comments into the final version of the report, and then for submitting it to the senior management of the concerned Ministry/Department. Depending upon the complexity of the evaluation findings, the concerned Ministry/Department should consider organizing a half-day beneficiaries meeting at which to make a presentation. This helps ensure that there is a common understanding of the evaluation findings and facilitates feedback on the report draft.

7.3.3 Following Up: The evaluation process does not end with the submission and acceptance of the evaluation report. Rather, the findings, conclusions, recommendations and lessons learned need to be fed in the planning cycle and acted upon. Therefore, the final step in managing and conducting any evaluation is to follow up on the evaluation report and, more important, on the implementation of change.

7.4 SAMPLE OUTLINE FOR A PROGRAMME / SUB-PROGRAMME EVALUATION REPORT

This is a sample outline for an evaluation report of a programme or a sub-programme. It does not follow a prescribed format but simply presents one way to organize the information:

EXECUTIVE SUMMARY

- What is the context and purpose of the programme/sub-programme evaluation?
- What are the main findings and conclusions, recommendations and lessons learned?

INTRODUCTION

- Why was this programme/sub-programme selected for evaluation?
- What is the purpose of the programme/sub-programme evaluation? Is there any special reason why the evaluation is being done at this point of time?
- What products are expected from this evaluation? (should be stated in TOR)
- How will the evaluation results be used? (should be stated in TOR)
- What are the key issues addressed by the evaluation? (should be stated in TOR)
- What was the methodology used for the evaluation? (should be stated in TOR)
- What is the structure of the evaluation report? (how the content will be organized in the report?)

THE DEVELOPMENT CONTEXT

- When did the concerned Ministry/Department begin working toward the outcome(s) and for how long it has been doing so?
- What are the problems that the programme/sub-programme is expected to address?
- Who are the expected beneficiaries?
- Do women and men face different constraints that may inhibit one sex to benefit from outputs provided by the programme?
- Who are the eventual partners for implementing the activities of the programme/sub-programme?

FINDING AND CONCLUSIONS

The findings and conclusions of the evaluation report should reflect the scope presented in the Terms of Reference (TOR) of the evaluation. There should be some flexibility for the evaluators to include new issues that arise during the course of the evaluation. The findings and conclusions in the report will take their lead from the nature of the exercise.

If the purpose of the programme/sub-programme evaluation was mid-course adjustments to outputs produced by the concerned Ministry/Department, the report findings and conclusion should give more emphasis to issues related to the Ministry's/Department's contribution to the outcome(s) via outputs.

The section on findings and conclusion should include the ratings assigned by the evaluators to the outcome(s), outputs and, if relevant, to the sustainability and relevance of the outcome(s).

☞ **Status of the Programme/Sub-Programme**:

- Has the implementation of the programme/sub-programme been achieved or has progress been made toward its achievement?

- Was the selected outcome(s) of the programme/sub-programme relevant given the country context and need? The programme/sub-programme evaluation should verify this assumption.
- Did gender inequalities diminish, increase or remain the same, if relevant?

☞ **Factors affecting the Programme/Sub-Programme**:
- What factors (political, sociological, economic, etc.) have affected the implementation of the programme/sub-programme, either positively or negatively?

☞ **Ministry/Department contribution to the Programme / Sub-Programme through outputs**:
- What were the key outputs produced by the concerned Ministry/Department that contributed to the successful implementation of the programme/sub-programme?
- Were the outputs produced by the concerned Ministry/Department relevant to the programme/sub-programme?
- What were the quantity, quality and timeliness of outputs? What factors facilitated the production of such outputs?
- How well did the concerned Ministry/Department to produce its outputs?
- Were the performance indicators appropriate to link outputs to outcome(s) or is there a need to establish or improve these indicators?

☞ **Partnership strategy if any**:
- What was the partnership strategy, if any, used by the concerned Ministry/Department in implementing this programme/sub-programme and was it effective?
- Were beneficiaries and eventual partners involved in the design of the concerned Ministry/Department's interventions? If yes, what were the nature and extent to their participation? If no, why not?

RECOMMENDATIONS

Flowing from the discussions above, the section on recommendations should answer the following question: What corrective actions are recommended for the new, on-going or future work of the concerned Ministry/Department in this programme/sub-programme?

LESSONS LEARNED

- What are the main lessons that can be drawn from the programme/sub-programme experience that may have generic application?
- What are the best and worst practices in designing, undertaking, monitoring and evaluating outputs, activities, and partnership in the programme/sub-programme?

*A **"Good" Evaluation Report is**: (i) impartial; (ii) credible; (iii) balanced; (iv) clear and easy to understand; (v) information rich; (vi) action oriented and crisp; and (vii) focused on evidence that supports conclusions.*

*A **"Weak" Evaluation Report is**: (i) repetitious; (ii) too long; (iii) unclear and unreadable; (iv) insufficiently action oriented; (v) lacking hard data and relying on opinion; (vi) poorly structured and lacking focus on key findings; (vii) lacking comprehension of the local context; and (viii) negative or vague on its findings.*

APPENDIX 1: PBB GLOSSARY

ACCOUNTABILITY: Obligation to demonstrate that work has been conducted in compliance with agreed rules and standards or to report fairly and accurately on performance results vis-à-vis mandated roles and/or plans.

ACTIVITIES: Activities are processes which contribute to outputs. An example can be road safety (to reduce the rate of accidents) which is an "outcome target". Outputs contributing to this outcome can include an advertisement campaign and the "activities" would include designing, printing and putting up posters.

ACCOUNTING:
- **CASH ACCOUNTING**: System which recognises transactions and events when cash is received or paid.
- **ACCRUAL ACCOUNTING:** System in which revenue is recognised when it is earned and expenses are recognised as they are incurred.

ACTION PLAN: Annual or multi-year summary of tasks, timeframes and responsibilities. It is used as a monitoring tool to ensure the production of outputs and progress towards outcomes.

ACTIVITY BASED COSTING (ABC): A management process that is based on the premise that it is activities and not outputs that consume resources. Activities, once costed, can then be traced via cost drivers to those outputs that use them. There are four key *"ABC terms"* that should be known when using ABC:
- **Activities**: Actions taken or work performed through which inputs, such as funds, technical assistance and other types of resources are mobilized to deliver specific outputs.
- **Resources**: Economic elements applied or used in the performance of activities or to directly support cost objects. They include people, materials, supplies, equipment and facilities.
- **Cost objects**: Any good, service, contact, project or process for which a separate cost measurement is desired.
- **Cost drivers**: Any situation or event that causes a change in the consumption of a resource. An activity may have multiple cost drivers.

ALLOCATIVE EFFICIENCY: The delivery by government of the mix of different of services which most closely reflects social priorities, based on society's valuations of output choices.

APPROPRIATION: Authority granted under a law by the Legislature to the Executive to spend public funds up to a set limit and for a specified purpose during the fiscal year.

ASSETS: Assets are anything that can be quantified in financial terms and over which ownership rights can be enforced either individually or collectively and from which economic benefits can be derived by holding them or using them over a period of time. Two types of assets:

- **Financial Assets** (*FINANCIAL CLAIMS / MONETARY GOLD / SPECIAL DRAWING RIGHTS – SDR allocated by the IMF*): Financial Assets consist of financial claims that entitle one unit, which is the owner of the asset to receive one or more payments from a second unit, according to the terms and conditions specified in a contract between the two units. It includes securities (other than shares) purchased from domestic and international capital market; loans issued to individuals, statutory bodies, private bodies, foreign Governments, international organisations and financial organisations; advances; subscription to IMF; etc.

- **Non-Financial Assets** *(FIXED ASSETS / INVENTORIES / VALUABLES / NON-PRODUCED ASSETS)***:** Assets that cannot be exchanged into cash within a reasonable time. They are classified into: Construction; Improvements and Acquisitions.

BALANCE SHEET (Statement of Financial Position): A balance sheet, or compilation of stocks, is a statement of the values of the assets owned at a specific time by a unit and the financial claims, or liabilities, held by other units against the owner of those assets. The total value of the assets owned less the total value of liabilities is defined as "Net Worth" and is an indicator of wealth. Net Worth can also be viewed as a stock resulting from the transactions and other economic flows of all previous periods.

BENEFICIARIES: The individuals, groups, or organizations, whether targeted or not, that benefit, directly or indirectly, from the development intervention.

CHART OF ACCOUNTS: A chart of accounts (COA) is a list of all accounts tracked by a single accounting system, and is designed to capture financial information to make good financial decisions. Each account in the chart is assigned a unique identifier, typically an account number.

CIVIL SERVICE POSITIONS:

- **Establishment positions**: Staff posts that have been approved / sanctioned for Ministries / Departments by the Ministry of Civil Service and Administrative Reforms.
- **Funded positions**: Establishment positions currently occupied and expected to be filled in the budget year and for which funds have been provided by Ministry of Finance and Economic Empowerment.
- **Managerial positions**: All Establishment positions with a monthly basic salary above Rs 60,000 (Post PRB 2008).
- **Technical positions**: All Establishment positions with a monthly basic salary between Rs 19,000 and Rs 60,000 (Post PRB 2008).
- **Support positions**: All Establishment positions with a monthly basic salary of up to Rs 19,000 (Post PRB 2008).

COMPENSATION OF EMPLOYEES: The total remuneration payable to Government employees in return for work performed. It includes basic salary, salary compensation, extra remuneration, allowances, extra assistance, cash in lieu of sick leave, transfer grant, facilities allowance to honourable members, end of year bonus, travelling & transport, overtime, passage benefits and allowance in lieu of passages.

COSTS: Costs are the money spent or expenses incurred to finance the input:

- "**Direct Costs**" are those which can be directly attributed to the particular cost centre. For example, the cost of drugs incurred by paediatrics may be directly attributed by the pharmacy system. Hence, drugs could be a direct cost of paediatrics.
- "**Indirect Costs**" are those costs which cannot be directly allocated to a particular cost centre but can usually be shared over a number of them. Indirect costs need to be apportioned to the relevant cost centres. In the case of a hospital, there may be no method of directly allocating laundry to a particular cost centre and therefore laundry costs are an indirect cost to a number of cost centres.

COST CENTRE: An area of activity identified in the "Chart of Accounts" for which a manager of the delivery unit is held accountable for financial management.

COST-EFFECTIVENESS: The achievement of intended outcomes at the lowest possible cost or maximising outcomes with available resources.

DELIVERY UNIT: Directorate, Division, Section or Unit assigned with responsibility for output delivery.

DEVELOPMENT PARTNERS: The individuals and/or organizations that collaborate to achieve mutually agreed upon objectives. Partners may include governments, civil society, non-governmental organizations, universities, professional and business associations, multilateral organizations, private companies, etc.

ECONOMY: Minimising the cost of resources used or required to achieve priority objectives.

EFFECTIVENESS: The extent to which a programme intervention has attained, or is expected to attain, its major relevant objectives efficiently in a sustainable fashion. The changes that result from delivery/intervention.

EFFICIENCY: A measure of how economically resources/inputs (funds, expertise, time, etc.) are converted to results.

ENTITLEMENT: Legislation that requires the payment of benefits to all who meet the eligibility requirements established in the law.

ESTIMATES OF EXPENDITURE:

- Annual estimates of expenditure based on programmes and sub-programmes (Programme-Based Budgeting) prepared on a 3-fiscal year rolling basis, specifying the resources to be allocated and, the outcomes to be achieved and outputs to be delivered, the first year requiring appropriation by the National Assembly; and
- Includes any supplementary estimates of expenditure appropriated by the National Assembly.

ESTIMATES OF REVENUE: Annual estimates of revenue prepared on a 3-fiscal year rolling basis.

EVALUATION: The systematic and objective assessment of an on-going or completed project, programme or policy to assess how successful, or otherwise it has been, and what lessons can be learnt for the future.

- Ex-ante Evaluation: An evaluation that is performed before implementation of a development intervention.
- Ex-post Evaluation: Evaluation of a development intervention after it has been completed.

EXPENDITURE: All non-repayable and non-repaying payments by government, whether requited or unrequited and whether for current and capital purposes.

FISCAL POLICY: Government actions with respect to aggregate levels of revenue and spending. Fiscal policy is implemented through the budget and is the primary means by which Government can influence the economy.

GENDER: The concept of gender refers to the distinction between men and women, to the nature of the relationship (particularly of power) and to the differences they give rise to between men and women. It also refers to the differences among women and men, in the sense that each category, although identical in terms of sex, is differentiated in terms of age, ethnicity, location as well as socioeconomic variables, such as income, marital status, education. As a result, the nature of gender relations is dynamic. It varies over time and in different contexts and is affected by budget decisions.

GENDER RESPONSIVE BUDGETING: Gender Responsive Budgeting (GRB) seeks to mainstream gender into budgetary processes from budget planning to implementation, monitoring and evaluation. In recent years, GRB has been increasingly used as an effective tool both to hold governments accountable for their commitment to gender equality and to achieve gender equality.

GOVERNMENT:
- **General Government**: Central Government, Regional Government and Local Government;
- **Central Government**: All ministries and Departments of the Government. Central Government also includes: (i) Entities operating social security schemes; and (ii) Agencies responsible for the performance of specialized governmental functions and operating under the authority of the Government and which are funded by transfers from the budget and by raising of funds independently.

GRANTS: Grants are voluntary current or capital transfers from one Government Unit to another or an international organisation:
- Social benefits are defined as transfers in cash or in kind to protect the entire population or specific segments of it against certain social risks;
- Transfers to non-profit institutions include transfers to aided schools, Blood Donor's Organisation, charitable institutions, Religious bodies, local organisations, etc;
- Transfers to households comprise of compensation to net fishermen; grant to Oriental Language Teachers; scholarships to students;
- Transfers to non-financial public corporations are payable to Enterprises Mauritius, Central Electricity Board, Mauritius Meat Authority, National Housing Development Co. Ltd, among others;
- Transfers to financial public corporations include transfers to Development Bank of Mauritius (DBM) and Mauritius Housing Company Ltd;
- Transfers to private enterprises are meant for accompanying measures to Small and Medium Enterprises (SMEs) and Tourist Villages.

IMPACTS: Impacts refer to the consequences of the programme/sub-programme beyond the immediate effects on its direct beneficiaries. Two concepts of impact can be defined. Specific impacts are those effects occurring after a certain lapse of time but which are, nonetheless, directly linked to the action taken. Global impacts are longer-term effects affecting a wider population.

INPUTS: Inputs are the resources used by a Ministry/Department to undertake activities and thereby produce outputs. Inputs are the labour (the range of skills, expertise, and knowledge of employees), capital assets (including land and buildings, motor vehicles, and computer networks), financial assets and intangible assets, such as intellectual property, which are used in delivering outputs. Input information identifies the nature, mix and value of the resources that a Ministry/Department uses in the course of delivering its outputs. Input information provides little direct insight, however, into the nature of those outputs.

INVESTMENT PROJECT: A development intervention relating to acquisition and or preservation of non-financial assets for meeting defined objectives and consisting of a set of interrelated activities to be carried out within a specified budget and a time-schedule.

LEVEL OF PERFORMANCE: One cannot measure a Priority Objective if there is no level of performance, i.e. the desired standard of performance. The following must be considered when designing the performance level: (i) the level of performance must be measurable and attainable; (ii) it should not be too long or too high, otherwise it is insignificant; and (iii) it must be appropriate for the programme/sub-programme.

LINE ITEM: An appropriation that is itemized on a separate line in a budget.

MACROECONOMIC FRAMEWORK: Macroeconomic assumptions underpinning the budget. It is prepared in the strategic planning phase and provides a forecast of the overall resource envelope for the upcoming budget.

MEDIUM TERM FRAMEWORK: The Government of Mauritius defines its Medium Term Framework (MTF) with two primary objectives: i) Improving macroeconomic balance by developing consistent and realistic estimates of available resources; and ii) Restructuring and rationalizing resource allocation so that priority areas receive adequate funding. In defining a MTF as an operational concept, it is important to distinguish three levels of development:

1. **Medium Term Fiscal Framework** (MTFF): It contains a statement of fiscal policy objectives and a set of integrated medium-term macroeconomic and fiscal targets and projections.
2. **Medium Term Budget Framework** (MTBF): The objective of an MTBF is to allocate resources to the country's strategic priorities and ensure that these allocations are consistent with overall fiscal objectives.
3. **Medium Term Expenditure Framework** (MTEF): The main characteristics of an effective MTEF should be as follows: i) Limited resources should be allocated to priorities areas; ii) Ministries should have some predictability in the flow of resources; iii) Ministries only plan their activities on the basis of a "3-fiscal year rolling PBB Statement" for delivering agreed outputs measured with verifiable performance indicators, and achieving targets; and iv) Increased accountability (officially-designated programme managers should gradually be held responsible for the performance of the activities they manage) and increased transparency (it should be possible to see where funds are being used and the impact of these expenditures.

MISSION: The reason a Ministry/Department exists; a broad statement of purpose. A mission statement should also set out what are the main activities and who are its targeted beneficiaries. The mission is often constant, changing very little over time. Sometimes changes in the organizational structure may reflect the need to review and redefine the mission.

MONITORING: A continuing function that uses systematic collection of data on specified indicators to provide management and the main stakeholders of an ongoing development intervention with indications of the extent of progress and achievement of objectives and progress in the use of allocated funds.

MULTI-YEAR EXPENDITURE ESTIMATES: A projection of Government expenditure beyond the upcoming budget year.

ORGANIC BUDGET LAW: A law specifying the schedule and procedures by which the budget should be prepared, approved, executed, accounted for, and final accounts submitted for approval.

OUTCOMES: Outcomes are changes in the economic, physical, social and cultural environments which the Ministry/Department is trying to influence. The overall purpose of government is to influence the achievement of desired outcomes, such as reducing the incidence of childhood deaths and the level of criminal activity in the community, improving the average level of educational achievement and health status of the population, and increasing the standard of living and the nation's economic performance. "Outcomes" are why the Government of Mauritius is funding "Outputs".

OUTPUTS: Outputs are the "services" produced by a Ministry/Department/Statutory Body for use by external stakeholders. External stakeholders include: general public, citizens, businesses, NGOs, media and other state bodies including other ministries and state organizations, and the parliament

OUTPUT COSTING: All delivery units consume resources such as staff and fixed assets to produce outputs. In any activity, resource consumption results in a cost. Cost information is useful for planning, operational control and strategic decision making. Improving the quality of information can improve the quality of decision making for: i) assessing the cost effectiveness and efficiency of outputs; ii) internal operational control and internal resource allocation; iii) determining new outputs initiatives, and terminating or reducing the level of outputs; iv) pricing; v) planning and forecasting; and vi) contracting out for provision of outputs. Regular reviews of the costing system ensure that it is reporting accurate output costs and guard against obsolescence.

Methodology for Output Costing:

Step 1: Specify outputs

- Specify all outputs produced by the delivery unit.

Step 2: Identify all costs of the delivery unit

- Identify all costs incurred for the financial period in which the output is being costed.

Step 3: Assign direct costs

- Identify all direct costs;
- Decide on the methods of cost assignment to be applied;
- Calculate the direct costs of the output.

Step 4: Allocate indirect costs

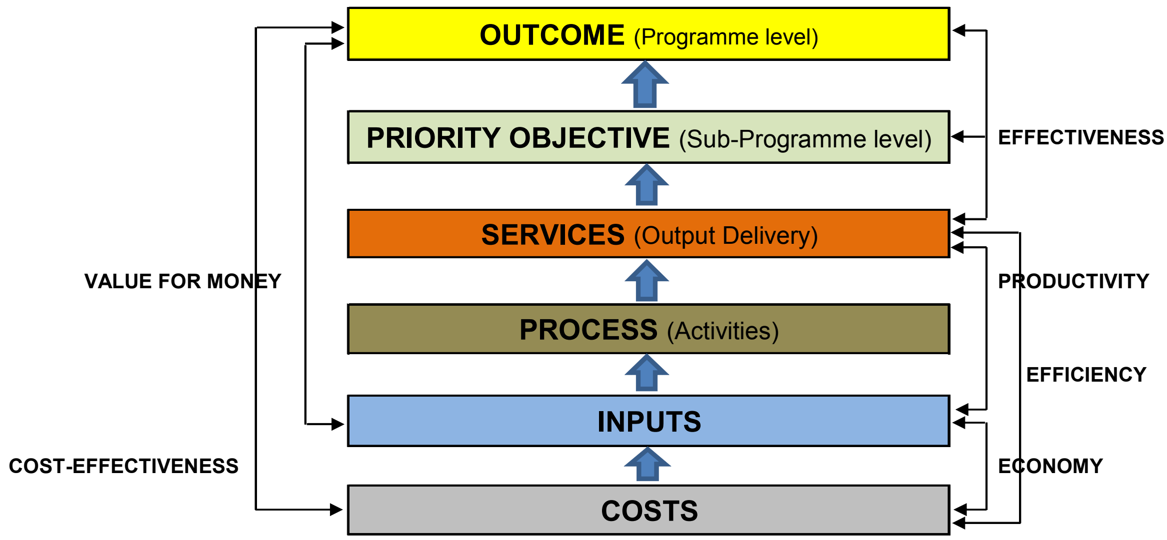
- Identify all indirect indirect costs;
- Decide on the costs drivers to be applied;
- Calculate the indirect costs of the outputs.

Step 5: Add the direct and indirect costs

- Add the direct and indirect costs to arrive at the full costs of producing the output.

PBB STATEMENT: High level performance targets are set annually by each Ministry/Department as part of a spending review process which defines 3-year Ministry/Department budgets.

PERFORMANCE BUDGETING: Public sector funding mechanisms and processes designed to strengthen the linkage between funding and results (outputs and outcomes), through the systematic use of formal performance information, with the objective of improving the allocative and technical efficiency of public expenditure.



PERFORMANCE INDICATORS (PI): A performance indicator can be defined as the measurement of an objective to be met, a resource mobilized, an effect obtained, a gauge of quality or a context variable. Indicators demonstrate how to measure elements of programmes/sub-programmes. In Mauritius, they are used as “Service Standards”:

1. **Quantity Indicators**: Quantity describes outputs in term of how much and how many. Examples: i) Number of students completing training per year; ii) Number of customers requesting a service; Number of inspections completed; Etc.

2. **Cost Indicators**: Cost measures must reflect the cost of producing an output. They must be expressed as a cost per unit of quantity. Examples: i) Cost per unit of materials used; ii) Average annual operating cost per patient; iii) Cost per client served; Etc.

3. **Quality Indicators**: Quality measures reflect service standards. They are based on customers needs, customer satisfaction, access and other issues. Examples: i) Number of customer complaints filed; Percentage of accuracy for information entered into a database; Etc.

4. **Efficiency Indicators**: Efficiency measures provide a limit for how often, or within what time frame outputs will be delivered; Efficiency is measured by turnaround times, waiting or response times. Examples i) Whether the brief and instructions to the Minister have been completed within deadlines; ii) Proportion of case reviews conducted by due date; iii) Percentage of responses answered within a given time line; Etc.

5. **Effectiveness Indicators**: The degree to which the intended priority objective of the service is being met. Example: i) Decrease in crime rate as a consequence of government intervention; Etc.

6. **Gender Sensitive Equity Indicators** (GSEI): GSEI are used to highlight differential results for women and men and measure gender related changes in society over time. Example: Percentage increase in employment of men and of women as a consequence of government intervention; Etc.

PERFORMANCE INFORMATION: Information on results by Government intervention and the assessment of how the results were achieved and/or the costs of achieving those results.

PERFORMANCE MEASUREMENT: A system for quantifying delivery of performance for each activity. It includes outputs, performance indicators and performance targets.

PERFORMANCE MONITORING: A continuous process of collecting and analyzing data to compare how well a policy, programme/sub-programme, or investment project is being implemented against expected results.

PERFORMANCE TARGETS: Performance targets show desired level of performance and make sense only if time bound and have baseline. They are expressed in absolute number, percentage, ratio terms or dates, and represent the minimum acceptable requirements of the Government of Mauritius.

POLICY: Principle of action proposed or adopted by a Government. Policies include a set of measures to translate the objectives of the Government into action.

PRIORITY OBJECTIVE: The intended physical, financial, institutional, social, environmental, or other development results to which a programme/sub-programme commits to achieve through the conducting its activities / interventions.

PRODUCTIVITY: Productivity is the amount of outputs created (e.g. in terms of services rendered) per unit input used.

PROGRAMME / SUB-PROGRAMME:

- **Programme**: A group of activities or interventions intended to contribute to a common set of outcomes, priority objectives and outputs that are verifiable, consisting of a defined target and a given budget including staffing and other necessary resources.
- **Sub-Programme**: The programme hierarchy which breaks programmes into sub-programmes and which in turn break into activities or interventions and is designed to achieve at least one priority objective.

PROGRAMME APPROPRIATION: The appropriation of funds in the budget on the basis of programmes and sub-programmes.

PROGRAMME-BASED BUDGETING (PBB): PBB is the budgeting system that, contrary to conventional budgeting, describes and gives the detailed costs of every programme/sub-programme that is to be carried out in a budget. The focus is changed from an input-based annual activity to a result based multi-annual exercise that clearly links the funds appropriated by the National Assembly to outputs (the goods and services produced by Government) and outcomes (changes that the public perceives in their daily life, like for example, faster travel on our roads).

PROGRAMME HIERARCHY: Classification which breaks programmes into component sub-programmes, and in turn breaks these into activities. Explain the link to outcomes - intervention logic.

PROGRAMME STRUCTURE: The manner in which a Ministry/Department classifies its expenditures into objective-based programmes and sub-programmes.

PUBLIC ENTERPRISE: Any institution providing goods and services to the public which is either Government-owned or Government controlled, which may be engaged in either the financial or non-financial sector and which is either entirely or majority owned or otherwise controlled by Government or by any other public institution.

PUBLIC EXPENDITURE MANAGEMENT (PEM): The way in which public money is allocated to alternative uses and in which these decisions are implemented. It is broader than the traditional budget process through its focus on the link between expenditure and policy and its recognition of the importance of a broad range of institutional and management arrangements.

PUBLIC EXPENDITURE REVIEWS (PER**)**: Analyses of the allocation and management of government expenditure. They may cover all government expenditure or focus on one sector. They can inform strategic planning and budget preparation by identifying ways to improve strategic allocation and value for money.

PUBLIC SECTOR: The central Government, regional Government, local Government and all public enterprises.

RELEVANCE: The degree to which the outcome(s) of a programme, which must reflect key priorities at the national level, or the priority objective(s) of a sub-programme remain(s) valid and pertinent as originally planned or as subsequently modified owing to changing circumstances within the immediate context and external environment of that programme/sub-programme or investment project.

RESOURCE ENVELOPE: The upper limit for expenditure for the upcoming budget based on expected revenues and deficit, and debt targets.

RESULTS: Results relate to the direct and immediate effect brought about by a policy or a programme/sub-programme. They provide "information on changes" to, for example, the behaviour, capacity or performance of direct beneficiaries. Results can be of a physical (reduction in journey times, number of successful trainees, number of road accidents, etc.) or financial (leverage of private sector resources, decrease in transportation costs) nature.

RESULTS-BASED MANAGEMENT (RBM): A management strategy focusing on performance and achievement of outputs, outcomes and impacts.

REVIEW: An assessment of the performance of an intervention, periodically or on an ad hoc basis. Frequently “evaluation” is used for a more comprehensive and/or more in-depth assessment than “review”. Reviews tend to emphasize operational aspects. Sometimes the terms “review” and “evaluation” are used as synonyms.

SERVICE DELIVERY SURVEYS (SDS): SDS provide a useful check on the supply side of service delivery when Ministries / Departments perform poorly and official statistics are lacking or of poor quality. If strategically designed, a service delivery survey can help induce policy change by pointing directly to the main bottlenecks, making it easier for policy makers to find appropriate solutions.

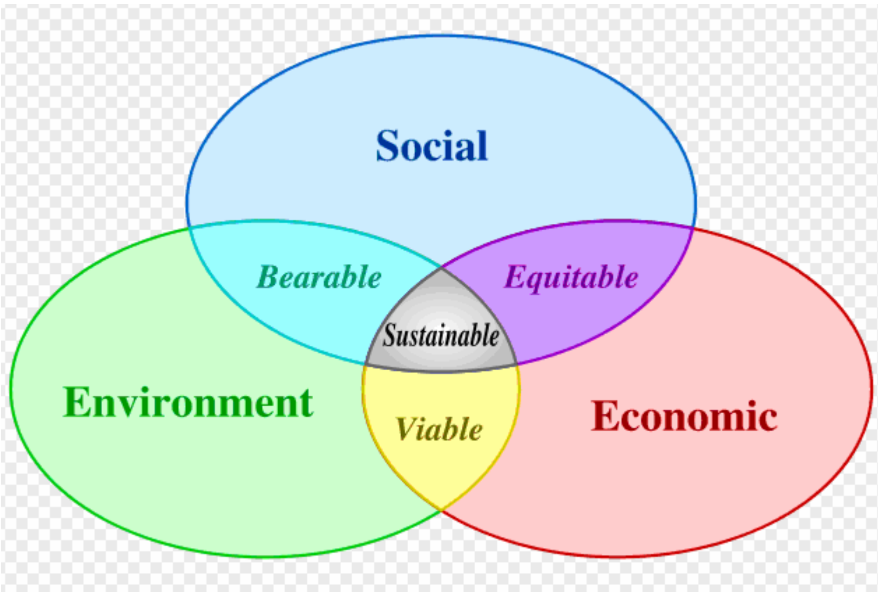
STAKEHOLDERS: Agencies, organisations, groups or individuals who have a direct or indirect interest in the development intervention or its evaluation.

STRATEGIC MANAGEMENT: The systematic process of analysis by which a Ministry/Department align itself to its operating environment and makes careful choices about the right or best options (strategies) for achieving planned outcomes.

STRATEGIC PLANNING: A process through which a Ministry/Department describes the means of implementing the policies and achieving the agreed objectives, in the light of environmental factors, and identifies the means by which this is to be implemented over the medium term.

SUSTAINABILITY: The continuation of benefits from a development intervention after major development assistance has been completed. The probability of continued long-term benefits. The resilience to risk of the net benefit flows over time.

Scheme of Sustainable Development



TARGET GROUPS: The main beneficiaries of a programme/sub-programme that are expected to gain from the results of that programme or sub-programme; sectors of the population that a programme/ sub-programme aims to reach in order to address their needs based on gender equality considerations and their socio-economic characteristics.

TERMS OF REFERENCE: Written document presenting the purpose and scope of work, the methods to be used, the standard against which performance is to be assessed or analyses are to be conducted, the resources and time allocated, and reporting requirements.

TRANSPARENCY: Clarity, relevance and comprehensibility for users, for example in regard to how resources are planned to be used and what results are expected to be achieved.

VALUE FOR MONEY: Ministries/Departments getting budget allocations and public enterprises getting transfers from the budget have to keep under continuous review their arrangements for better managing their resources in line with international best practices.

VIREMENT: Reallocation of funds within a Ministry/Department: (i) from an item of expenditure within a sub-programme or programme; or (ii) from an item of expenditure in respect of a sub-programme or programme to another item of expenditure in respect of another sub-programme or programme. Virements also include a reallocation of funds: (i) from a Ministry/Department to another Ministry/Department in respect of expenditure relating to acquisition of assets (expenditure categories 31 and 32); and (ii) from Programme 989 "Contingencies and Reserves".

For 2010, the reallocation of funds cannot exceed 5% of the total appropriation of the concerned sub-programme or programme excluding the appropriation for Personal Emoluments (Expenditure Class 21110), Maintenance (Expenditure Class 22060), Entitlements (Expenditure incurred for the payment of benefits to all who meet the eligibility requirements established in law including Expenditure Category 27), Acquisition of Assets (Expenditure Categories 31 and 32), and Special Funds.

Virement is permitted from an item of acquisition of non-financial assets to another item of acquisition of non-financial asset within a sub-programme / programme to the extent that: (a) it does not exceed 5% of the appropriation of the sub-programme / programme in respect of such assets; and (b) it is in respect of an approved investment project included in the "2009-13 Public Sector Investment Programme" (PSIP) document (www.gov.mu/portal/MOFSite) and is within the approved project value.

No virement shall be made: (1) From any item of expenditure to personal emoluments, except where the virement is for: (i) a shift of human resources from a sub-programme / programme to another sub-programme / programme; (ii) reallocation of funds under Centralised Operations of Government in respect of salary adjustment or compensation; or (iii) expenditure for the implementation of the Performance Management System (PMS); (2) From an item of expenditure in respect of maintenance to any other item of expenditure; (3) From an item of expenditure in respect of acquisition of assets to any other item of expenditure, except where the Virement is for maintenance; or (4) From specific items of expenditure as may be indicated from time to time to MoFEE by way of circular or other written instruction.

VISION: A statement of the Ministry/Department or public enterprise's highest-level goal encompassing its aspirations for the future.

VOTE: A group of appropriations. Each Ministry/Department will consist of one or more votes.

APPENDIX 2: PBB STATEMENT FOR 2010

Annex I

MINISTRY / DEPARTMENT

PART A: PROGRAMME BASED BUDGET (PBB) OVERVIEW

1. Strategic Note:
Major Achievements for 2008/09 and 2009 (July-December)
Major Services to be provided (Outputs) for 2010, 2011 and 2012
Major Constraints and Challenges and how they are being addressed

2. List of Programmes, Sub-Programmes, and Priority Objectives

3. Summary of Financial Resources

4. Summary of Funded Positions

PART B: OUTPUTS - SERVICES TO BE DELIVERED AND PERFORMANCE INFORMATION

1. Programmes + Outcomes / Sub-Programmes + Priority Objectives / Delivery Units / Services to be provided (Outputs) / Performance Indicators and Targets

PART C: INPUTS - FINANCIAL RESOURCES

1. Summary by Economic Categories

2. Summary for Financial Year 2010 by Programmes and Sub-Programmes

PART D: INPUTS - HUMAN RESOURCES

1. Summary of Funded Positions by Programmes and Sub-Programmes

2. Details of Staffing (Funded Positions) by Programmes and Sub-Programmes for 2010

website: http:// XXX.gov.mu

PART A: PROGRAMME BASED BUDGET (PBB) OVERVIEW

1. STRATEGIC NOTE:

MAJOR ACHIEVEMENTS FOR 2008/09 AND 2009 (JUL-DEC)

MAJOR SERVICES TO BE PROVIDED (OUTPUTS) FOR 2010/12 BY PROGRAMMES AND SUB-

MAJOR CONSTRAINTS AND CHALLENGES AND HOW THEY ARE BEING ADDRESSED

LIST OF PROGRAMMES, SUB-PROGRAMMES, AND PRIORITY OBJECTIVES

2. SUMMARY OF FINANCIAL RESOURCES BY PROGRAMMES / SUB-PROGRAMMES

CODE	PROGRAMMES / SUB-PROGRAMMES	Revised Estimates Jul-Dec 2009	Jul-Dec 2009 Estimates	2010 Estimates	2011 Planned	2012 Planned
XX1	**Policy and .....**					
XX101	...					
XX2	**......**					
XX201	...					
XX202	...					
XX203	...					
Etc.	Etc.					
XX3	**.......**					
36301	...					
36302	...					
Etc.	Etc.					
	Total - Ministry / Department					

3. SUMMARY OF FUNDED POSITIONS BY PROGRAMMES / SUB-PROGRAMMES

CODE	PROGRAMMES / SUB-PROGRAMMES	Total		% Distribution	
		2009 (Jul.-Dec.)	2010	2009 (Jul.-Dec.)	2010
XX1	**Programme XX1**				
XXXXX	.....				
XXXXX	.....				
XX2	**Programme XX2**				
XXXXX	.....				
XXXXX	.....				
Total - Ministry / Department				**100**	**100**

PART B: OUTPUTS - SERVICES TO BE DELIVERED AND PERFORMANCE INFORMATION (Outcomes / Delivery Units / Outputs / Performance Indicators and Targets)

PROGRAMME XX1: Policy and....						
Outcome(s):						
SUB-PROGRAMME XX101:						
DELIVERY UNIT(S):	**SERVICES to be provided (Output Delivery)**	**PERFORMANCE**				
		INDICATORS (Service Standards)	**2009 Baseline**	**2010 Targets**	**2011 Targets**	**2012 Targets**
XXX	O1:	P1:	XX	XX	XX	XX
XXX	O1:	P1:	XX	XX	XX	XX
	O2:	P1:	XX	XX	XX	XX
		P2:	XX	XX	XX	XX
Etc.	Etc.	Etc.	Etc.	Etc.	Etc.	Etc.
SUB-PROGRAMME XX102:						
DELIVERY UNIT(S):	**SERVICES to be provided (Output Delivery)**	**PERFORMANCE**				
		INDICATORS (Service Standards)	**2009 Baseline**	**2010 Targets**	**2011 Targets**	**2012 Targets**
XXX	O1:	P1:	XX	XX	XX	XX
XXX	O1:	P1:	XX	XX	XX	XX
	O2:	P1:	XX	XX	XX	XX
		P2:	XX	XX	XX	XX
		P3:	XX	XX	XX	XX
Etc.	Etc.	Etc.	Etc.	Etc.	Etc.	Etc.
PROGRAMME XX2:						
Outcome(s):						
SUB-PROGRAMME XX101:						
DELIVERY UNIT(S):	**SERVICES to be provided (Output Delivery)**	**PERFORMANCE**				
		INDICATORS (Service Standards)	**2009 Baseline**	**2010 Targets**	**2011 Targets**	**2012 Targets**
XXX	O1:	P1:	XX	XX	XX	XX
	O2:	P1:	XX	XX	XX	XX
Etc.	Etc.	Etc.	Etc.	Etc.	Etc.	Etc.

PART C: INPUTS - FINANCIAL RESOURCES

1. SUMMARY BY ECONOMIC CATEGORIES

Code	Economic Categories	Revised Estimates Jul-Dec 2009 (Rs)	Jul-Dec 2009 Estimates (Rs)	2010 Estimates (Rs)	2011 Planned (Rs)	2012 Planned (Rs)
21	Compensation of Employees					
22	Goods and Services					
24	Interest					
25	Subsidies					
26	Grants					
27	Social Benefits					
28	Other Expense					
31	Acquisition of Non-Financial Assets					
32	Acquisition of Financial Assets					
	Total					

2. SUMMARY FOR FINANCIAL YEAR 2010 BY PROGRAMMES AND SUB-PROGRAMMES

Code	Programmes		Compensation of Employees [code 21] (Rs)	Goods and Services [code 22] (Rs)	Subsidies/ grants [codes 25-28] (Rs)	Acquisition of Assets [codes 31- 32] (Rs)
XX1	Policy and					
XX2	...					
XX3	...					
	Total					

PROGRAMME XX1: Policy and ....

SUB-PROGRAMME XX101: ....

Item No.	Details	Revised Estimates Jul-Dec 2009 (Rs)	Jul-Dec 2009 Estimates (Rs)	2010 Estimates (Rs)	2011 Planned (Rs)	2012 Planned (Rs)
21	**Compensation of Employees**					
21110	Personal Emoluments					
	of which:					
21110004	*Allowances*					
21110005	*Extra Assistance*					
21111	Other staff costs					
22	**Goods and Services**					
22010	Cost of Utilities					
22020	Fuel and Oil					
22030	Rent					
22040	Office equipment and furniture					
Etc.	*Etc.*	*Etc.*		*Etc.*	*Etc.*	*Etc.*
	Total					

SUB-PROGRAMME XX102: ....

		Rs	Rs	Rs	Rs	Rs
Item No.	**Details**	**Revised Estimates Jul-Dec 2009**	**Jul-Dec 2009 Estimates**	**2010 Estimates**	**2011 Planned**	**2012 Planned**
21	**Compensation of Employees**					
21110	Personal Emoluments					
21111	Other staff costs					
22	**Goods and Services**					
22060	Maintenance (vehicles)					
22900	Other Goods and services					
26	**Grants**					
26313	Extra Budgetary Units					
Etc.	*Etc.*	*Etc.*		*Etc.*	*Etc.*	*Etc.*
	Total					

SUB-PROGRAMME XX103: ....

		Rs	Rs	Rs	Rs	Rs
Item No.	**Details**	**Revised Estimates Jul-Dec 2009**	**Jul-Dec 2009 Estimates**	**2010 Estimates**	**2011 Planned**	**2012 Planned**
21	**Compensation of Employees**					
21110	Personal Emoluments					
21111	Other staff costs					
22	**Goods and Services**					
22030	Rent					
22100	Publications & Stationery					
22110	Overseas Travel					
22120	Fees					
Etc.	*Etc.*	*Etc.*		*Etc.*	*Etc.*	*Etc.*
	Total					

PROGRAMME XX2: .....

SUB-PROGRAMME XX201: ...

		Rs	Rs	Rs	Rs	Rs
Item No.	**Details**	**Revised Estimates Jul-Dec 2009**	**Jul-Dec 2009 Estimates**	**2010 Estimates**	**2011 Planned**	**2012 Planned**
21	**Compensation of Employees**					
21110	Personal Emoluments					
21110004	*Allowances*					
21111	Other staff costs					
22	**Goods and Services**					
22010	Cost of Utilities					
22030	Rent					
Etc.	*Etc.*	*Etc.*		*Etc.*	*Etc.*	*Etc.*
31	**Acquisition of Non-Financial Assets**					
31112	Non-Residential buildings					
Etc.	*Etc.*	*Etc.*		*Etc.*	*Etc.*	*Etc.*
	Total					

Etc. **Etc.** **Etc.** **Etc.** **Etc,** **Etc.**

PART D: INPUTS - HUMAN RESOURCES

1. SUMMARY OF FUNDED POSITIONS BY PROGRAMMES AND SUB-PROGRAMMES

		Below Rs 19,000		From Rs 19,000 to 60,000		Above Rs 60,000		Total	
		2009 (Jul.-Dec.)	2010	2009 (Jul.-Dec.)	2010	2009 (Jul.-Dec.)	2010	2009 (Jul.-Dec.)	2010
XX1	**Programme XX1**								
XXXXX	.....								
XXXXX	.....								
XX2	**Programme XX2**								
XXXXX	.....								
XXXXX	.....								
Total - Ministry / Department									

2. DETAILS OF STAFFING (FUNDED POSITIONS) BY PROGRAMMES AND SUB-PROGRAMMES FOR 2010, 2011 AND 2012

Salary Code	Position Titles	Number of Established Posts	Funded Positions			
			2009 (Jul.-Dec.)	2010	2011	2012
Programme XX1: Policy........						
XX XX XX XX XX XX	Minister					
Programme XX2:						
Sub-Programme XX201:						
XX XX XX XX XX XX						
Sub-Programme XX202:						
XX XX XX XX XX XX						
XX XX XX Etc.						
	Total Funded Positions					

Annex II

ACQUISITION OF NON FINANCIAL ASSETS (Investment Projects)

EXPENDITURE STATEMENT - Project Implementation Report

Ministry/Department: ……………………..
PBB Programme: …………………..
PBB Sub Programme: …………………..

S/N	Title of Project	Agency	Status	Start / Finish Date	Project Cost	Local	Foreign	Donors Funding	Sources of Funding	Cumulative Expenditure	Actual Expenditure	Budget Estimates	Revised Estimates	Proposed Estimates	Projections	
		Prog. No								31.12.2008	Jul 08-Jun 09	Jul-Dec 09	Jul-Dec 09	2010	2011	2012
	Example:															
	Project 1															
	Contract 1: Consultancy for Design and Construction Supervision															
	Contract 2: Civil Works															
	Contract 3: Purchase order for equipment															
	Project 2															
	Rehabilitation Works															

Checked and Certified

Signature: ……………

Name of Officer-in-charge: …………….
(Finance Section)
Signature: ……………
Name of Supervising Officer: IIII

Annex III

Project Brief: Profile of Investment Project

1.	**PROJECT TITLE**	
2.	**Sector**	
3.	**Responsible Ministry/Organisation**	
4.	**Project Description**	
5.	**Project Objective (s)**	
6.	**Project Duration**	……… months
7.	**Start Date/Finish Date**	
8.	**Estimated Total Capital Cost**	Rs …….million
9.	**Estimated Recurrent Cost**	Rs …….million
10.	**Financing Required**	Rs …….million
11.	**Financing Committed** ***Local funding*** *GOM* *Other Govt Agency* *Private Sector* ***Foreign Funding*** *Loan* *Grant*	**Rs Million**
12.	**Project Status**	

13. Project Cost and Financing by components/Lots (Rs Million)

Component	GOM	Funding Agency 1	Funding Agency 2
Land			
Consultancy Services –Feasibility Study			
Consultancy services- Design & Supervision			
Construction Works			
Machinery & Equipment			
Furniture and Fittings			
Others			
Total			

14. Projected Expenditure (Rs Million)

Component	Cumulated Expenditure	Actual Expenditure	Budget Estimates	Proposed Estimates	Projections	
	up to 30 Jun 2008	Jul 08-Jun 09	Jul 09-Dec 09	2010	2011	2012
Land						
Consultancy Services - Feasibility Study						
Consultancy services - Design & Supervision						
Construction Works						
Machinery & Equipment						
Furniture and Fittings						
Others						
Total						

Schedule of Grants, Subsidies and Contributions
Provision included in JUL-DEC 2009 Programme-Based Budget

Item code	*Description*
A)	**Expenditure to be Appropriated**

Services under General Control of the Prime Minister

Programme 311	Rodrigues and Outer Islands Development
	Outer Islands Development Corporation

Ministry of Tourism, Leisure and External Communications

Programme 342	Sustainable Tourism Industry
	Tourism Authority
Programme 343	Destination Promotion
	Mauritius Tourism Promotion Authority

Ministry of Finance and Economic Empowerment

Programme 361	Policy and Strategy for Economic Growth and Social Progress
	Board of Investment
Programme 362	Public Financial Management
	Mauritius Revenue Authority
Programme 363	Socio-Economic Empowerment and Widening the Circle of Opportunities
	Trust Fund for the Social Integration of Vulnerable Groups (Eradication of Absolute Poverty)
	National Empowerment Foundation

Ministry of Public Infrastructure, Land Transport and Shipping

Programme 322	Construction and Maintenance of Government Buildings and Other Assets
	Construction Industry Development Board
Programme 323	Construction and Maintenance of Roads and Bridges
	Road Development Authority

Ministry of Industry, Science and Research

Programme 602	Industrial Development
	Enterprise Mauritius
	Fashion and Design Institute
	Mauritius Film Development Corporation
	Mauritius Standards Bureau
	Mauritius Research Council
	Rajiv Gandhi Science Centre

Ministry of Social Security, National Solidarity and Senior Citizens Welfare & Reform Institutions

Programme 505	Social Welfare
	Sugar Industry Labour Welfare Fund (S.I.L.W.F.)

Ministry of Women's Rights, Child Development and Family Welfare

Programme 522 Women`s Empowerment and Gender Mainstreaming
National Women Entrepreneur Council
National Women's Council

Programme 523 Child Protection, Welfare and Development
National Children's Council

Ministry of Education, Culture and Human Resources

Programme 421 Policy and Management for Education and Human Resources
Mauritius Qualifications Authority

Programme 422 Pre-Primary Education
Early Childhood Care and Education Authority

Programme 423 Primary Education
Mauritius Examinations Syndicate

Programme 424 Secondary Education
Private Secondary Schools Authority

Programme 425 Technical and Vocational Education
Industrial and Vocational Training Board
Technical School Management Trust Fund

Programme 426 Tertiary Education
Tertiary Education Sector
(a) Tertiary Education Commission
(b) University of Mauritius
(c) Mauritius Institute of Education
(d) Mahatma Gandhi Institute
(e) Mauritius College of the Air
(f) University of Technology, Mauritius
(g) Rabindranath Tagore Institute
(h) Open University of Mauritius

Programme 427 Special Education Programmes
Human Resource Development Council
Conservatoire de Musique Trust Fund

Programme 623 Preservation and Promotion of Heritage
National Library

Ministry of Agro Industry, Food Production and Security

Programme 482 Competitiveness of the Sugar Cane Sector
Irrigation Authority

Programme 483 Development of Non-Sugar (Crop) Sector
Food and Agricultural Research Council

Ministry of Health and Quality of Life

Programme 582 Curative Services
Trust Fund for Specialised Medical Care

Ministry of Business, Enterprise and Cooperatives

Programme 602 Industrial Development
Small Enterprises and Handicraft Development Authority (SEHDA)

Ministry of Information and Communication Technology

Programme 662 Scaling up the ICT Sector
National Computer Board

Ministry of Youth and Sports

Programme 682 Promotion and Development of Sports
Mauritius Sports Council

ANNEX V

MINISTRY OF FINANCE AND ECONOMIC EMPOWERMENT (MoFEE)

BUDGET ORGANISATION AND SECTOR MINISTRY SUPPORT TEAMS (SMSTs)

DELIVERY UNIT	Responsible Officer	Tel No.	Mobile	E-mail
MoFEE GENERAL ADMINISTRATION				
OFFICE of FINANCIAL SECRETARY	**Mr. Mohit DHOORUNDHUR**	**201.13.08**	**257.39.67**	**mdhoorundhur@mail.gov.mu**
Macroeconomic Unit				
Monitoring & Assessment of economic situation/economic outlook for the medium term	**Mr. Dovindutt BAICHOO**	**201.11.60**	**261.04.8/5**	**dvbaichoo@mail.gov.mu**
MoFEE BUDGET STRATEGY AND MANAGEMENT DIRECTORATE				
OFFICE of the DIRECTOR	**Mr. Patrick YIP**	**201.12.60**	**251.93.34**	**pyip@mail.gov.mu**
Administration / Work organisation / Monitoring / Coordination / PMS & Staff matters				
Support staff	**Ms. Padma CHIRAN**	**201.11.58**	**711.06.44**	**pchiran@mail.gov.mu**
FISCAL MONITORING and DATA				
Budget Monitoring Financial (GOVERNEMNT Financial Statistics, Chart of Account, Special Data Dissemination Standards)	**Mrs. Denise LAN HING PO**	**201.19.96**	**794.46.82**	**dlan-hing-po@mail.gov.mu**
REVENUE POLICIES				
Revenue Policy and Management	**Mr. Ven PONNUSAWMY**	**201.12.57**	**259.63.26**	**aponnusawmy@mail.gov.mu**
	Mrs. Rubina GOOLAMAMODE	**201.12.54**	**769.54.33**	**rgoolamamode@mail.gov.mu**
TRADE and CONSUMPTION TAXATION ISSUES	**Mr. Mahensingh BEEKHEE**	**201.10.78**	**766.37.14**	**mbheekhee@mail.gov.mu**
	Ms. Najaah CODADEEN	**201.12.33**	**774.40.05**	**bncodadeen@mail.gov.mu**
INCOME and PROPERTY TAXATION ISSUES	**Mr. Javed SUHOOTOORAH**	**201.35.17**	**774.45.00**	**ssuhootoorah@mail.gov.mu**
	Mr. Pritveeraj BUCHOO	**201.25.57**	**765.07.82**	**pbuchoo@mail.gov.mu**
EXPENDITURE POLICIES				
Budget Coordination and Systems: Expenditure / Procurement regulatory framework / PFM Rules & Regulations / Budget systems, processes & logistics / Framework for extra-budgetary units.				
Budget Coordinator	**Mr. Rajesh ACHARUZ**	**201.16.34**	**251.04.86**	**aacharuz@mail.gov.mu**
	Mrs. Kalyani UPADHYAYA	**210.16.19**	**767.44.69**	**kupadhyaya@mail.gov.mu**
Support staff	**Mr.Teeluck MADOO**	**201.11.55**	**939.31.07**	**tmadoo@mail.gov.mu**
Budget of MOFEE, Centralised Operations, CPB	**Mr. Seewajee GOVINDA**	**201.13.43**	**783.13.57**	**sgovinda@mail.gov.mu**
Support staff	**Mr. Teeluck MADOO**	**201.11.55**	**939.31.07**	**tmadoo@mail.gov.mu**
Financial Resources / Monitoring				
Financial Resources for Budget; expenditure ceilings, budget allocation; revised	**Mr. Rakesh RAMYED**	**201.14.52**	**787.13.05**	**jramyed@mail.gov.mu**
Support staff	**Mr. Teeluck MADOO**	**201.11.55**	**939.31.07**	**tmadoo@mail.gov.mu**

SMST Security and Justice				
Judiciary, Attorney-General 's Office, Office of the Director of Public Prosecution, Prime Ministers Office including Home Affairs, Police Service, Prisons, and ICAC.	**Mrs. Waseefah ELAHEE DOMUN**	**201.32.05**	**744.54.83**	**welahee-doomun@mail.gov.mu**
Judiciary, Attorney-General 's Office, Office of the Director of Public Prosecution, Prime Ministers Office including Home Affairs, Police Service, Prisons, and ICAC.	**Mr. Sepermal RUNGASAMY**	**201.23.35**	**754.97.71**	**srungassamy@mail.gov.mu**
Support staff	**Mrs.Nouma BEEDASSY**	**201.26.06**	**913.98.47**	**nbeedassy@mail.gov.mu**
SMST Agro-Industry & Fisheries				
Ministry of Agro-Industry, Food Production and Security	**Mr. Dev BUNDHOO**	**201.15.92**	**253.22.27**	**dbundhoo@mail.gov.mu**
Agro Industry, Fisheries and Food Secutiry Fund	**Mr. Dev BUNDHOO**	**201.15.92**	**253.22.27**	**dbundhoo@mail.gov.mu**
Support staff	**Mrs. Neela RAMSAMY**	**201.38.35**	**783.47.92**	**nnaidoo-ramasamy@mail.gov.mu**
SMST Tourism & ICT Services				
Ministry of Tourism & Leisure	**Mr. Pritham BENEE**	**201.16.90**	**767.75.65**	**pbenee@mail.gov.mu**
Ministry of Information Technology and Telecommunications	**Mrs. Khemrani NUNKOO-PUTTHUR**	**201.24.92**	**764.83.14**	**snunkoo@mail.gov.mu**
Support staff	**Mrs. Neela RAMSAMY**	**201.38.35**	**783.47.92**	**nnaidoo-ramasamy@mail.gov.mu**
SMST Social Protection & Empowerment				
Ministry of Social Security, National Solidarity and Senior Citizens Welfare and Reform Institutions	**Mr.Janaab MOWNAH**	**201.27.68**	**711. 40.36**	**jmownah@mail.gov.mu**
National Empowerment Fund	**Mrs. Ketty SANG SEW HEE**	**201.34.37**	**779 .41.57**	**spiang-sang-sew-hee@mail.gov.mu**
Support staff	**Mrs. Neela RAMSAMY**	**201.38.35**	**783.47.92**	**nnaidoo-ramasamy@mail.gov.mu**
SMST Education and Manpower				
Ministry of Education, Culture and Human Resources	**Mr. Ram HITTOO**	**201.15.89**	**775.02.47**	**rhittoo@mail.gov.mu**
Human Resource Knowledge and Development (HRKAD)Fund	**Mr. Satianand BANSHI**	**201.37.22**	**770.93.23**	**sbanshi@mail.gov.mu**
Support staff	**Mr. Teeluck MADOO**	**201.11.55**	**939.31.07**	**tmadoo@mail.gov.mu**

SMST Transport and Communications				
Ministry of Public Infrastructure, Land Transport & Shipping - Public Infrastructure	**Mr. Roshan SULTOO**	**201.27.62**	**777.97.85**	**rsultoo@mail.gov.mu**
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APPENDIX 3: PBB PERFORMANCE MONITORING

MINISTRY / DEPARTMENT

PRIORITY OBJECTIVES	SERVICES TO BE DELIVERED (outputs)	PERFORMANCE INDICATORS	2009 TARGETS	ACHIEVEMENT as at …..2009	PROJECTION (Milestone up to end of December 2009)	ON TRACK / OFF TRACK	Bottlenecks in order of Importance	Corrective Measures	% Achievement of Performance Targets	REMARKS

APPENDIX 4: IMPLEMENTING A GENDER-RESPONSIVE MTEF-PBB IN MAURITIUS

How to implement a gender-responsive MTEF-PBB depends on specific characteristics at the Ministry/Department level. Some ministerial/departmental objectives may not target people as such, such as reducing the impact of climate change or maintaining biodiversity. Other outputs, even where they target people ultimately, cannot be broken down, disaggregated to the individual level. This is the case for public goods and collective equipment, such as roads, transport networks, street lighting, dams and so on. Other items of spending and outputs can be disaggregated by sex, such as education, health, social security, access to sports facilities, subsidised transport and so on.

1 - A GENDER-RESPONSIVE APPROACH FOR INFRASTRUCTURE

So it may seem that a gender approach can only be useful for expenditure directly targeting individuals, because in principle one can trace the incidence of any public spending on particular individuals or groups (using gender-sensitive benefit incidence analysis for example). The analysis is certainly simpler and more straightforward and the data easier to collect through routine operations, to compile and keep disaggregated.

However, gender issues also exist for the provision of collective goods and services. To see this, we need to reflect on who are the users of roads and what are the uses of roads, what are the intended impacts, negative and positive, of road building (e.g. increase of prostitution along the construction site, spread of HIV/AIDS, etc.), who are the winners and who are the losers. The road moves people and well as goods but through means of transport, so the links in the chain of road building to people are through means of transport and access to these. Women may use roads less than men either for work or other purposes of travel. But they may benefit as men from any price reductions and increased availability of goods and services as a result of more efficient transport systems.

Environmental, economic, social cost-benefit analysis/feasibility studies can yield that kind of information, including how women and men from different socio economic categories and location will be affected. It can help to identify options and choose among them. Building a road will have an impact on these different groups of women and men and in different ways, because they occupy different socio economic positions. Some of these which cannot be anticipated in advance, because of the socio economic and environmental changes that the investment triggers but it is important to engage in *ex ante* impact assessment from the outset, using the principles of gender statistics (see box below on gender statistics).

2 - AN OUTCOME FOCUS

The <u>first important dimension</u> to bear in mind about a gender approach to policy, planning and programme budgeting is that it tries to link spending to the ultimate beneficiaries of the spending and to the development outcomes on the population, to make interventions human-centred. Even if the stated objectives focus primarily on economic growth, it is ultimately the implications for the economic and social well-being of the population that are at issue. A results-based approach is outcome-focused from the outset. An outcome approach entails starting with the situation of the population and ending with what changes one wants to make to their lives, livelihoods, well-being and prospects.

3 - WHICH OUTCOMES AND FOR WHOM AND TO CHANGE WHAT?

The second important dimension to bear in mind is that the population is made up primarily of women and men and their situation is differentiated by age, location (demographic variables) as well as socio economic and cultural variables. Moreover it cannot be presumed that men and women face the same situations, the same patterns of opportunities and constraints. Knowledge or evidence-based policy making has to be informed by gender considerations. This has implications for both administrative data (of Ministries / Departments) and micro data on populations, derived from censuses and surveys.

4 - DECIDING ON WHICH OUTCOMES.

To continue with the road example, what level of outcome can/should be considered and what should be the outputs to achieve the outcomes (***An outcome is the likely or achieved short term and medium term impacts of an activity's or intervention's outputs***)? How can government spending on large-scale infrastructure be made meaningful to women and men?

One can think of a hierarchy of outcomes:

1. Build roads/ widen roads to stimulate business activity on the South East of Mauritius;

2. Reduce road congestion by x% by such and such a date;

3. Reduce travel time of bus travellers by x minutes per day from Curepipe to Port Louis by 2010.

Level 3 outcome specifies more closely to human-centred outcomes. It is the first dimension of gender sensitivity. It thinks in human-centred terms in the first place and thus makes it possible to differentiate by gender and take into account the gender relationships between women and men.

An ex-ante gender impact assessment of the development issue or hypothesis, undertaken in the process of developing a strategic-result framework (see Section 7 on Evaluation and PBB Glossary) can increase the effectiveness of interventions and capture the full range of positive and negative impacts. For instance, a reduction in work-related travel time has different implications for women and for men. The Mauritian Time Use Survey conducted in 2003, shows that while women's average working hours in paid work is lower than men, their overall average working hours are higher than men, when unpaid work primarily in the house is taken into account. So reduction in travel time directly affects women's leisure time more, while opening the option of being able to engage in more paid work, if they so need and wish to. By reducing men's travel time, the way is open to negotiate more equitable sharing of the domestic work load and child care between men and women. So the impact of spending on transport with this human-centred approach means that it is one of the strategies for achieving work-life balance, which may be an objective of the Ministry of Civil Service Affairs and Administrative Reforms (MCSAR).

A recommended benchmark for ensuring gender-awareness is that equal weight is given to women's and men's priorities, when *conducting ex ante impact assessments or feasibility studies.*

Higher-order outcomes which depend on responses of women and men and aim to change their situation, transport patterns, living arrangements tend to lead to gender-related changes. They change the way women and men cooperate and organise their working and non working lives

The above example also points to the need for partnership arrangements to achieve outcomes. Any development intervention has to adopt a causes - impacts - solutions framework. If the outcome is to reduce congestion, building roads may be counterproductive and merely encourage more traffic. Other outputs need to include policies regulating road usage, such as car pooling, congestion charging and so on, which may be within the transport sector. But reducing congestion or reducing travel time also involves better land use planning to reduce the need to travel in the first place. It has implications for environmental management.

Conventions and partnership can internalise these aspects as part of a holistic development framework, can reduce costs and enhance effectiveness. The value-addition of a gender approach is that it is cross-cutting, precisely because it is outcome-based. What it does mean is that each Ministry/Department is able to identify what it can do to contribute to its own specific outcome, and those of other Ministries/Departments and conversely, which other sectors are needed to achieve its own outcomes.