

## 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 a vis* mandated roles and/or plans.

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

**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.

**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 / NONPRODUCED 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 organisations, whether targeted or not, that benefit, directly or indirectly, from the development intervention.

**CASH ACCOUNTING:** System which recognises transactions and events when cash is received or paid.

**CENTRALISED OPERATION OF GOVERNMENT:** Expenditure formally shown in the budget of the MOFED but which constitute an input for the whole of Government. With the gradual implementation of the PBB, control of such expenditure will be decentralised.

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

**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.

**COST CENTRE:** An area of activity identified in the “Chart of Accounts” for which a manager is held accountable for financial management.

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

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

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

**EFFECTIVENESS:** The extent to which an activity / intervention has attained, or is expected to attain, its major relevant objectives efficiently in a sustainable fashion and with a positive institutional development impact.

**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:**

1. 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
2. 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.

**EXPENDITURE:** All non-repayable and non-repaying payments by government, whether required or unrequited and whether for current and investment 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.

**FUNDED POSITIONS:** Funded positions are financial provisions for staff in post and vacancies approved to be filled in the year.

**GENDER:** 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.

**GENDER MAINSTREAMING:** The process of assessing the implications for women and men of any planned action, including legislation, policies or programmes, in any areas and at all levels. It is a strategy for making women's as well as men's concerns and experiences an integral dimension of the design, implementation, monitoring and evaluation of policies and programmes in all political, economic, and societal spheres so that women and men benefit equally and inequality is not perpetuated.

**GENDER EQUITY:** Gender equity entails fairness and justice in the distribution of benefits and responsibilities between women and men. The concept recognises that women and men have different needs and power and that these differences should be identified and addressed in a manner that rectifies the imbalances between the sexes.

**GOAL:** The higher-order objective to which a development intervention is intended to contribute.

**GOODS AND SERVICES:** “Physical Goods” and “Intangible Services”. The use of Goods and Services are items of expenses incurred by the Government in providing goods and services to the public and community at large.

**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 and Mauritius Housing Company Ltd.
- Transfers to private enterprises are meant for accompanying measures to Small and medium Enterprises (SMEs) and Tourist Villages.

**IMPACTS:** Positive and negative, primary and secondary long-term effects produced by a development intervention, directly or indirectly, intended or unintended.

**INPUTS:** The financial, human and material resources used for the development intervention.

**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.

**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:** 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 rationalising 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 are as follows: i) Resources allocated to priorities areas; ii) Ministries to have some predictability in the flow of resources; iii) Ministries to plan their activities on the basis of a rolling "3-year 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.

**NON-FINANCIAL CORPORATIONS:** Entities created for the purpose of producing goods and non-financial services for the market.

**OBJECTIVE:** The end result that the ministry / department commit to achieve through the delivery of a programme or sub-programme.

**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.

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

**OUTPUTS:**

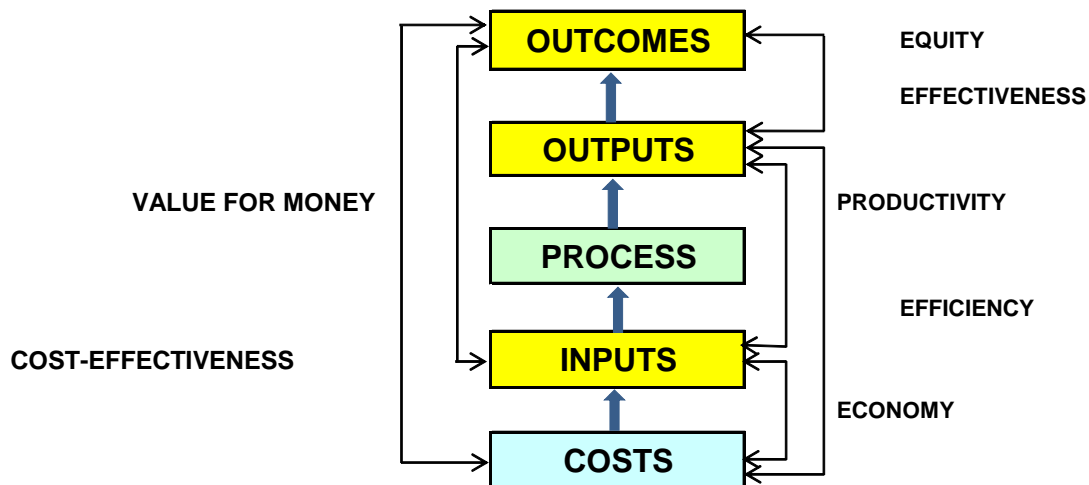
1. The products, goods and services resulting from the carrying out of an activity; and
2. Includes changes resulting from activities relevant to the achievement of outcomes.

**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 AUDIT:** A performance audit assesses the economy, efficiency and effectiveness with which the audited entity uses its resources in carrying out its responsibilities.

**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):** Measures of delivery of outputs and outcomes. Indicators can be either: quantity, quality, efficiency, effectiveness or equity. They must be verifiable.

1. **Quantity Indicators:** Quantity of service provided. Examples: i) Number of projects; ii) Number of people (men and women served, such as number of schoolboys and number of school girls); iii) Number of sittings or hours of sitting at the National Assembly.
2. **Quality Indicators:** Quality of service provided according to low/income/man customers or low income/women customers or stakeholders. Examples: i) Time taken to process an application; ii) Satisfaction of the students with the level of education.
3. **Efficiency Indicators:** Cost per unit of output; processing time (when it is linked to a set of outputs). Examples: i) Cost per litre of water delivered by household; ii) Percentage of accommodation applications that are processed within 3 days (when it is linked to a set of outputs).
4. **Effectiveness Indicators:** The degree to which the intended objective of the service is being met. Examples: i) Percentage increase in employment of men, and of women as a consequence of government intervention; ii) Decrease in incidence of gender based violence as a consequence of government intervention.

**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 assessing performance of development interventions against stated goals.

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

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

**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:** An outcome target. The intended physical, financial, institutional, social, environmental, or other development results to which a sub-programme is expected to contribute.

Priority objectives are a summary statement consisting of three basic components:

**Direct result:** the product or service delivered;

**Level of performance:** desired level of result; and

**Means of delivery:** actions taken to deliver direct result.

**PROCESSES:** The means by which inputs are transformed into outputs.

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

**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.

**PROGRAMME-BASED BUDGETING (PBB):** refers to the allocation of budgets by programme / sub-programme (Rather than by inputs, outputs or some other classification of resources). The focus will be 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 EXPENDITURE MANAGEMENT:** 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):** Analysis 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.

**QUALITY:** Quality encompasses any activity that is concerned with assessing and improving the merit or the worth of a development intervention or its compliance with given standards.

**RELEVANCE:** The degree to which the objectives of a programme or a sub-programme remain 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 project. For an outcome, it is the extent to which the outcome reflects key priorities at the national level.

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

**RESULTS:** The output, outcome or impact (intended or unintended, positive and/or negative) of a development intervention.

**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 activity / 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.

**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.

#### **TARGETS – SEE PERFORMANCE TARGETS**

**TARGET GROUPS:** The main beneficiaries of a programme or sub-programme that are expected to gain from the results of that programme or sub-programme.

**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:** Shifting of funds between appropriation categories during the budget year. To prevent misuse of funds, spending agencies must go through administrative procedures to obtain permission to make such a transfer.

**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’s programme will consist of one vote.

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#### **CODE LIST**

<b>CODE</b>	<b>SIGNIFICANCE</b>
f ...	See footnote
R.I.E ...	Requisition to incur expenditure (No expenditure may be incurred under the item, without prior authority of the Ministry of Finance and Economic Development).