2009 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.

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.

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.

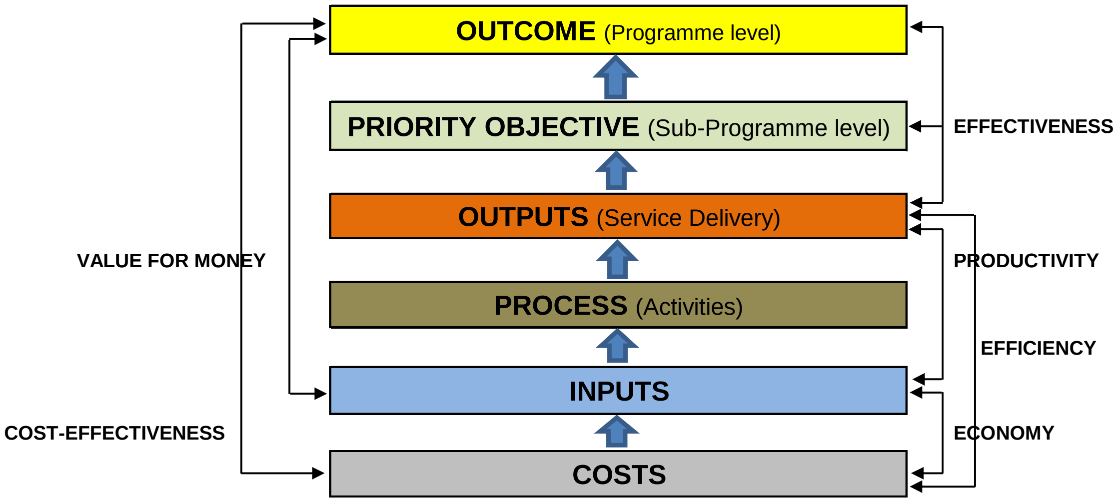
ORGANIC BUDGET LAW: A law specifying the schedule and procedures by which the budget should be prepared, approved, executed, accounted for, and final accounts submitted for approval.

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

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 SURVEY (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.

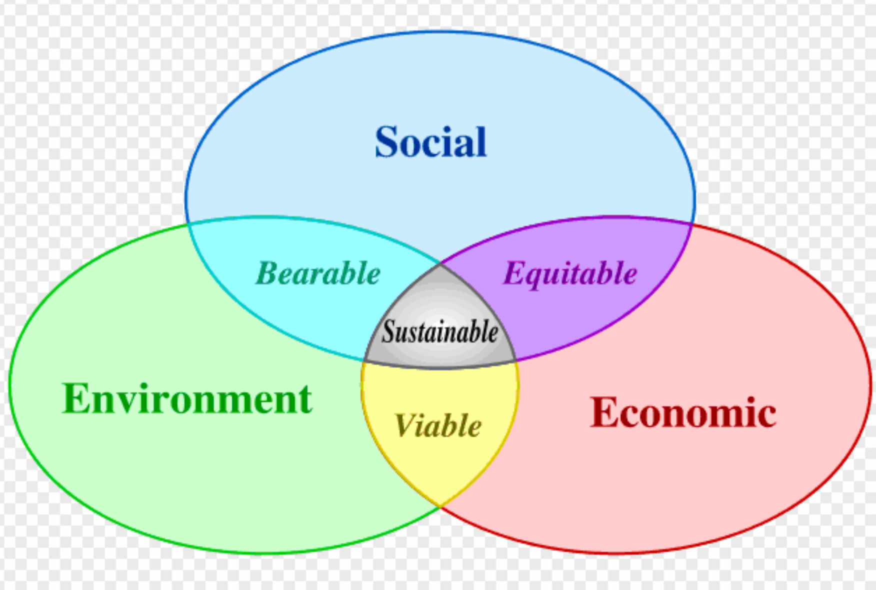
STAKEHOLDERS: Agencies, organisations, groups or individuals who have a direct or indirect interest in the development intervention or its evaluation.

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. Virement also includes 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”.

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.