

## Foreword

*(on the 2008-09 Budget)*

*“... As the House is aware, the PRB, in its 2008 Report, made a comprehensive set of innovative, extensive and far reaching recommendations to **inculcate a performance oriented culture** and to transform our public sector organisations into a modern, professional and citizen-friendly entities dedicated to the service of the people.”*

**Dr The Hon. Navinchandra Ramgoolam, GCSK, FRCP**  
**Prime Minister**

Since 2006, Government has been implementing a comprehensive reform programme based on four pillars, namely: (i) fiscal consolidation and improving public sector efficiency; (ii) enhancing trade competitiveness; (iii) improving the investment climate; and (iv) widening the circle of opportunities. These reforms have helped in reversing the declining trend in economic performance and strengthened the resilience of the economy.

2. In the context of these reforms, a number of measures have been taken to align our processes to best international practices. These measures include:

- (i) a major reform of the budgeting system by developing a medium term expenditure framework (MTEF) to cast the budget within a three-year rolling basis within a sustainable macroeconomic framework;
- (ii) moving from the traditional line-budgeting system to a Performance Based Budgeting (PBB) framework;
- (iii) formulation of Strategic Plans defining the Ministry/Department's mission and a set of long-term goals (outcomes) and specific objectives;
- (iv) development and implementation of a new Chart of Accounts, which has significantly improved budget classification for greater visibility and integrated relevant recurrent and capital expenditures into programmes;
- (v) alignment of definitions and methodology of classification of fiscal transactions with that of the Government Financial Statistics Manual (GFS Manual 2001);
- (vi) matching of the fiscal year with the calendar year, thus adapting the budgeting process to our more diversified, open and internationally integrated economy;
- (vii) accompanying changes in the Financial Management Manual (FMM) which also includes a “Manual for Programme-Based Budgeting” and an “Investment Project Process Manual” both designed to assist Ministries/Departments to understand and implement PBB activities in a multi-year framework;
- (viii) development of a Public Sector Investment Programme (PSIP) linked with the PBB framework, in view of adopting a strategic and coherent approach for investment planning and financing;
- (ix) setting up of the Project Plan Committee, which is responsible for the development and updating of the PSIP;
- (x) extension of the role of the National Audit Office for performance auditing; and

- (xi) implementation of an intensive training programme for Ministries/Departments in PBB.

3. While allowing for flexibility to Accounting Officers of Ministries/Departments, the PBB has also introduced greater transparency and accountability in the use of public funds.

4. As for the year 2010, a new set of measures are being implemented to further improve the budgeting process. These include:

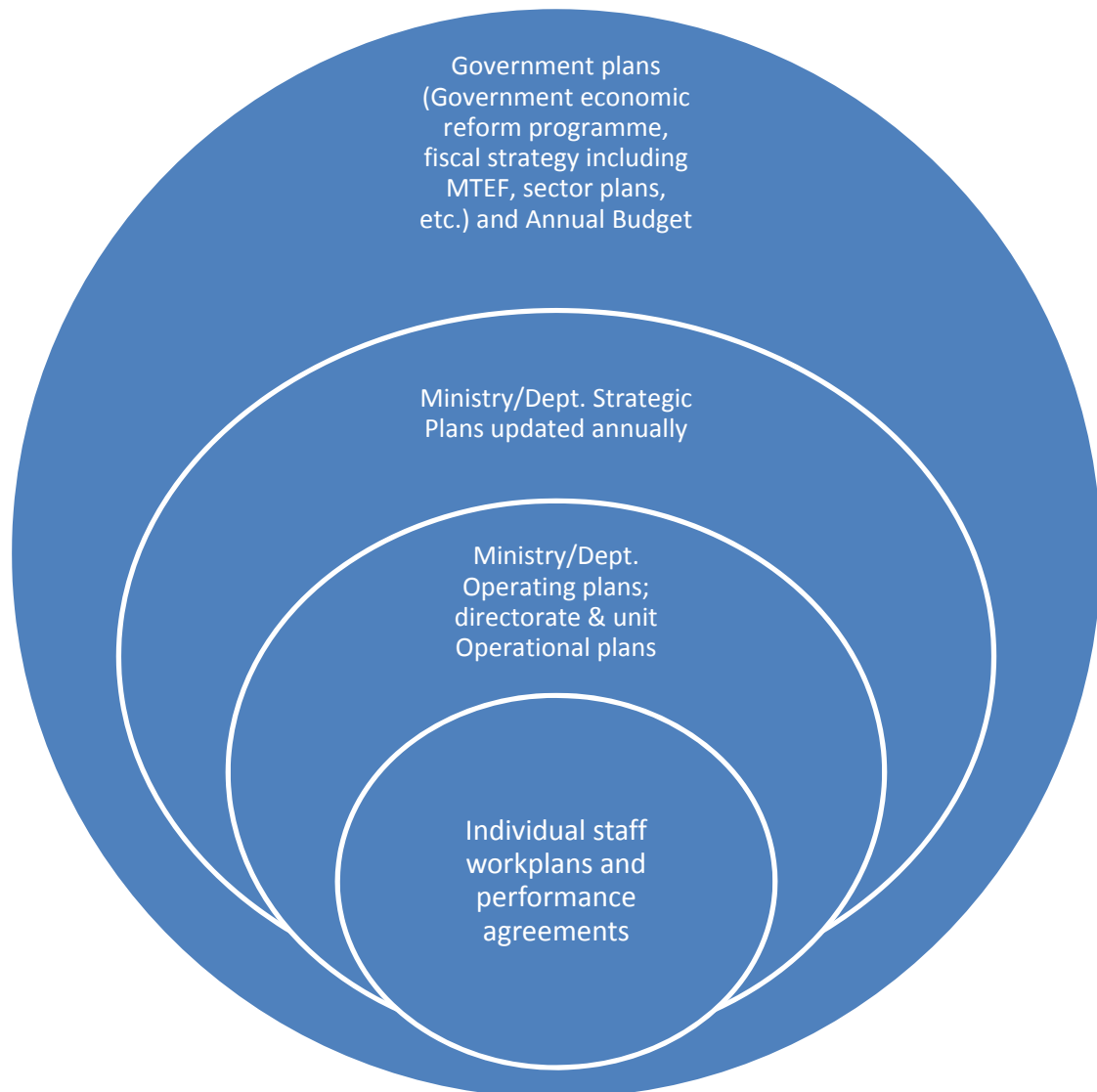
- (i) linking of the PBB framework with ongoing Performance Management System (PMS) reforms;
- (ii) publication of a fully-fledged PSIP on the website of the Ministry of Finance;
- (iii) decentralisation of payroll of the Financial Operations, the Procurement and Supply, and the Internal Control Cadres who are posted to the various Ministries/Departments in view of better reflecting the Ministry's actual cost of inputs;
- (iv) adoption of the PBB framework by the Rodrigues Regional Assembly;
- (v) development of an IT system for the preparation, formatting and publishing of the budget document;
- (vi) review of the virement rules and other financial management rules;
- (vii) anchoring the monitoring and reporting system of performance indicators; and
- (viii) building on the potential of the Chart of Accounts and the Treasury Accounting System for improving the information framework including the PBB format.

5. As from 2011, local authorities as well as a list of Statutory Bodies contained in the Schedule to the Statutory Bodies (Accounts and Audit) Act will move under the PBB framework.

6. To maximise on the potential benefits of the PBB framework, the process of developing strategic plans and the design of programmes and sub-programmes, together with performance specifications, will have to be improved to better link the plans to the medium term budgets. The reporting and monitoring system and performance auditing will have to be further institutionalised to facilitate the allocation of budget on the basis of performance information.

7. Planning, budgeting, executing, reporting and performance management form the essential elements of a holistic budgetary framework. It is thus important for the PMS to fully support the PBB and for the PBB to in turn feed into the PMS. Both initiatives - the PBB and PMS - are designed to build a modern civil service where the focus will be on "results" and client-oriented. Over the past few years, implementation of the PMS has progressed well in terms of coverage of staff. However, to further improve the system, individual performance will be linked to organisational performance requirements, thus drawing on the benefits of well formulated strategic and operating plans for Ministries. Increase in the level of individual performances will certainly result into improvements in organisational service delivery standards. The Venn diagram below depicts the strong linkage in Government programme delivery to organisational and individual performances.

## Relationship of Plans and Performance Expectations



8. As from 2010, Accounting Officers of each Ministry/Department will have to oversee the development or update of a 3-Year Strategic Plan and an Operating Plan for their Ministry/Department. These will be translated into operational plans at directorate and unit levels and finally to individual work plans, in order to facilitate the meaningful development of Performance Assessment Frameworks for staff linked to service delivery standards for the organisation.

9. In the medium term, to provide better services, Government will:
- (i) introduce explicit service standards for what people can expect from public services;
  - (ii) publish performance information so that people can see how, for example, schools or hospitals in their locality are performing;

- (iii) provide services in different ways - for example, electronically or through regional contact centres;
- (iv) train staff to think more about customers and their needs;
- (v) work in partnership with other organisations in the voluntary or private sectors;
- (vi) use NGOs to deliver some services; and
- (vii) establish stronger mechanisms to capture feedbacks from citizens about sub-standard services that would feed forward into management taking corrective actions.

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***Explanatory Notes:***

- (i) *The salary codes are indicated for information. The PRB Report 2008 and Civil Establishment Order should be consulted for reference;*
- (ii) *Time period referred to in the Strategic Notes for “Major Achievements” should be read as from 1<sup>st</sup> July 2008 to 31<sup>st</sup> December, 2009.*