
FOREWORD

The introduction of Programme-Based Budgeting (PBB) has been a major step forward in modernizing budget management and improving the budget process in Mauritius. While the general architecture of the PBB reforms is largely in place, the focus now is to gradually consolidate and deepen the reforms in order to reap the benefits of aligning resource allocation with policy priorities.

2. With the PBB greater transparency and accountability has been engendered in the use and control of public funds. Indeed, it is expected that the PBB will increasingly be used in the public sector as a strategic management and decision-making tool to ensure more efficient and effective delivery of public services.

3. In the short term, as part of our efforts to improve the budgeting process and the general public finance framework, work in the following areas will be undertaken:

- (i) the development and drafting of two major pieces of new legislation, i.e., (a) the Public Finance Management Bill and (b) the Public Audit Bill which will further entrench accountability and transparency in the use of Public Funds;
- (ii) strengthening the link between planning and budgeting by encouraging Ministries to set up Planning and Implementation Units (PIUs) wherever applicable. The basic objective is to inculcate and enhance a culture of planning in a strategic manner which also means taking into account available financial and human resources at the disposal of a Ministry/Department while elaborating a plan for the delivery of public services. The key here is to ensure that whatever is planned will actually have a good chance of being implemented;
- (iii) further improvements in programme designs and performance indicators;
- (iv) designing and implementing a PBB and related capacity building program that will provide for ongoing in-service training for public sector stakeholders, so as to broaden the understanding of PBB knowledge and as well as increase awareness of the benefits of its use as a strategic management tool;
- (v) the implementation of a project to automate the budget process that will enhance budget preparation and expenditure analysis;
- (vi) further refinements to our procurement system as necessary complementary reforms to support the PBB and to ensure that blockages and bottlenecks in the procurement process are addressed so that the right balance between speed and transparency is achieved in project implementation;
- (vii) setting up of a Project Design and Monitoring Unit at MOFED to ensure value for money in project development and implementation;
- (viii) developing further the Treasury Accounting System (TAS) to include reporting of non-financial data so as to improve monitoring and reporting in government; and
- (ix) linking the PBB framework with the on-going implementation of the Performance Management System (PMS).

4. Also at another length the process of linking fiscal policy and the medium-term expenditure framework (MTEF) to strategic planning with credible expenditure ceilings that have a bearing on budget estimates will be further improved. The front-end of the overall budget process will be progressively strengthened to: (i) produce a full fiscal framework that integrates revenue, debt, deficit and expenditure policies with the fiscal strategy driving the determination of expenditure ceilings and (ii) enhance the linkages between policy priorities and resource allocation by ensuring early policy prioritization.

5. It is also envisaged that an assessment will be undertaken of the Public Financial Management (PFM) systems, processes and institutions using the Public Expenditure and Financial Accountability (PEFA) methodology. The assessment will: i) provide an up-to-date quantitative and qualitative assessment of the PFM framework; ii) inform a government review of the performance of its ongoing PFM reform program through comparison with a baseline PEFA assessment undertaken in 2007; iii) be a key input to the design of further PFM reform activities and iv) provide the fiduciary and procurement review necessary for Government to discuss with developing partners further co-operation for PFM reform.

6. There will be considerable efforts to improve ministry-wise strategic planning processes including plans that are aligned with the annual budget process. Whilst there are no reasons to duplicate the planning function in cases where they exist, the added purpose of revamping planning is to facilitate cross Ministry planning processes and support management so that plans and budgets are better linked in order to deliver on services. Moreover, as the quality of the plans improves over time, management will be in a better position to evaluate competing policies and programmes and their financial implications (investment, recurrent, manpower, etc) and allow for appropriate analyses to assist decision making by policy makers.

7. In the same spirit, the Project Plans Committee has recently recommended the following:

- there is need for proper strategic planning and fully costed investment plans. Public Bodies involved in projects necessitating huge investments need to develop an integrated Masterplan in line with Government development programme and objectives;
- Public Bodies should consider undertaking projects using a design-and-build approach (turnkey). This would shorten the implementation period while ensuring project delivery within time and budget. In addition, this method would result in cost-effective designs at competitive prices. The design-and-build approach should be used where the scope of works and project objectives are well defined; and
- Public Bodies should explore possibilities for alternative funding options such as Private Finance Initiatives (PFIs) and increased private sector participation in operation and management.

Foreword - *continued*

8. While there are many challenges that lies ahead to our efforts in modernising our public finance process and framework, our resolve is to bring forward the necessary reforms that will help us achieve what is often called budgeting and planning for results.

CODE LIST

- (i) The salary codes are indicated for information. The PRB 2008 and the Civil Establishment Order should be consulted for reference;
- (ii) R.I.E (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).