Programme-Based Budgeting and Sector Strategies Component of the UNDP Mauritius

Country Programme 2009 -2012

**Outcome evaluation**

December 29, 2011

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# Acronyms and abbreviations

AFD **:** Agence Française de Développement (French Development Agency)

AG **:** Accountant-General

BSMD : Budget Strategy and Management Department (MoFED)

CABRI : Collaborative Africa Reform Initiative

CEO : Chief Executive Officer

CP(D) : Country Programme (Document)

COMESA : Common Market for Eastern & Southern Africa

SM : Statistics Mauritius

CTO : Chief Technical Officer

GOM : Government of Mauritius

DPR : Department Performance Report

FAD : Fiscal Affairs Department of the IMF

FS : Financial Secretary

GFSM : Government Finance System Manual

IOC : Indian Ocean Commission

IMF : International Monetary Fund

MCSAR : Ministry of Civil Service and Administrative Reforms

MoFED : Ministry of Finance & Economic Development

MGECDFW : Ministry of Gender Equality, Child Development and Family Welfare

MHQOL : Ministry of Health & Quality of life

MSIEE : Ministry of Social Integration and Economic Empowerment

MSSNSRI : Ministry of Social Security, National Solidarity and Reform Institutions

MTEF : Medium Term Expenditure Framework

NAO : National Audit Office

NGPF : National Gender Policy Framework

PBB : Programme based Budget[ing]

PEFA : Public Expenditure and Financial Accountability

PFM : Public Finance Management

PMS : Performance Management System

PMT : Proxy Means Test

PAC : Public Accounts Committee

PS : Permanent Secretary

RRF : Result and Resource Framework

SADC : Southern Africa Development Community

SB (P) : Strategic Budgeting (Project)

SRM : Social Registry of Mauritius

TAS : Treasury Accounting System

UNDP : United Nations Development Programme

Executive Summary

This report presents the outcome evaluation of the Programmed-Based Budgeting (PBB) and sector strategies component of the UNDP Country Programme (CP) 2009-2012. That component of the CP programme is implemented through the Strategic Budgeting (SB) project April 2009-December 2011, which is a follow up of the actions included in the SB project of April 2007-March 2009. The CP and the SB project are aimed at supporting the Economic Reform Programme of the Government of Mauritius (GoM).

This evaluation, which is undertaken at the end of programme cycle, has the following purposes:

* To evaluate the impact of the SB project as per the original country programme outcome and related country programme output, with particular focus on the sustainability and cost effectiveness of the key interventions to date.
* To examine how well the needs of different beneficiaries of the programme/projects were met.
* To provide useful lessons for follow-up interventions during the current programme extension year until 31 December 2012 and for formulation of the next Country Programme 2013-2016.

**Key findings**

The expected outcome from the PBB and sector strategies component of the CP 2009-2012 is: *“Improved capacity of government agencies in result-based policy making, planning, performance management and public service delivery.”*

Due to unfavourable economic conditions of the early 2000s the Government has set up a ten-year reform programme. In the area of public finance management (PFM), this includes both fiscal consolidation and improving public spending efficiency and effectiveness, which is therefore relevant to the expected outcome of the CP 2009-2012.

The indicators included in the Result and Resource Framework (RRF) of the CPD for measuring progress in achieving this outcome are: (*i) improved performance assessed through clear outputs and measurable indicators; and (ii) performance management system (PMS) operational.* Such indicators focus on operational efficiency issues and have therefore a narrower scope than the outcome, which deals with capacity both in policy making and in public service delivery. This evaluation however has tried to fully assess the achievement of this outcome, notably through the following additional indicator: *Resource allocation decisions increasingly based on analyses of strategies, policy objectives and results achieved*

The Programme Based Budget (PBB) includes clear and measurable output indicators. The PMS, which deals with the performance of individuals, is in place. Nevertheless, it is still too early to make a comprehensive assessment of improvements in public spending performance on the basis of the PBB performance indicators. The implementation of PBB is recent and many PBB indicators have changed over years because continuous improvements have been made to the set of performance indicators included in the PBB. However, several examples of improvement in service delivery have been mentioned by ministries during the evaluation mission (e.g. reduction in the time taken to deliver a passport, register a business licence and valuation of property). The CABRI assessment of the Mauritius PBB, which was undertaken in 2010, confirms that the PBB outputs and activities indicators are taken into account by managers.

Concerning the additional indicator suggested above *(“Resource allocation decisions increasingly based on analyses of strategies, policy objectives and results achieved”),* there is some progress, but still limited.

The PBBincludes brief statements on the program objectives. During the budget preparation cycle, line ministries prepare 3-year strategic plans that detail their strategies and objectives and include requests for policy changes. However, because they are not updated at the end of the PBB preparation cycle, they do not necessarily reflect the policies that will be implemented. In addition, a national strategy/plan that would give a strategic framework for these plans is missing.

PBB at its initial phase has paid more attention on activities and outputs than on policy issues. Information on the results achieved is not yet reviewed by the ministry of finance, when it reviews the budget requests from line ministries. The PBB is an MTEF because it includes forward estimates in addition to the estimates for the budget year. Such a multi-year approach in budgeting is aimed at facilitating planning policies and policy changes. However, the PEFA assessment has noted that the forecasts made in the budget of year t for years t+1 and years t+2 are not used in the preparation of the year t+1 budget. The multi-year approach in budgeting has not yet been effective in achieving its objective.

Nevertheless, some actions carried out under the SB project have contributed or are in the process of contributing to enhanced policy formulation. Thus, concerning the Social Register of Mauritius (SRM), which has been implemented with the support of the SB project the Minister of Finance has indicated in the 2012 budget speech: “the SRM will be a powerful tool to maximise policy effectiveness in the fight against poverty and will be used in the application of the housing schemes and crèches”.

There are therefore some changes in the budgeting approach. These changes are generally positive. There is however an example noted in the CABRI assessment where a tunnel vision on the activities directly related to PBB indicators have been developed at the expense of other needed activities.

The fact that PBB is already the annual budget and an increased ownership of PBB by line ministries suggest that the current achievements are sustainable and may be extended. However, to better ensure their sustainability, the involvement of Parliament in scrutinizing the PBB is crucial. Therefore, actions to increase capacity of Parliament for scrutinizing the PBB would be desirable.

The degree of achievement of the expected outcome has still to be increased, the implementation of PBB being recent. Nevertheless, there are some achievements, while the implementation of MTEFs in developing countries has been often disappointing[[1]](#footnote-1). In addition, the implementation of PBB has mobilized limited inputs from UNDP (65.5 person- months of consultancies) and other donors compared to those other PFM reform programmes. Therefore, compared to similar reform programs in developing countries, the CP outcome has been implemented in a cost effective manner and the SB project has been efficient in implementing its outputs.

The rating of CP outcome is presented in table 1.

**Table 1**

**Rating of the CP Outcome**

|  |  |  |
| --- | --- | --- |
| Relevance | YES | The outcome is relevant because improvements in the effectiveness and efficiency of public spending increasing are required to face the changing economic environment, while improving the quality of public service delivery. |
| Effectiveness | YES | Although it is too early to make a comprehensive assessment, there are: (i) some examples of increased performance in public service delivery; (ii) ministries are preparing strategic plans to support their PBB requests.  |
| Degree of change | Generallypositive | Performance targets are taken into account by managers. However, some perverse effects consisting of a narrow focus on the PBB indicators have been mentioned by the CABRI study  |
| Sustainability | YES | The current budget reform and its outcome are sustainable because PBB is the budget submitted to Parliament and ownership from line ministries is increasing. However, conducting awareness seminars for Parliamentarians could contribute to increase sustainability.  |
| Cost-effectiveness | YES | UNDP support as well as government activities have been cost-effective, compared to other PBB reform in developing countries at the same implementation stage.  |

The planned outputs have been implemented. The main output of the activities undertaken under the CP is the implementation of PBB. The PBB includes budget estimates and forward expenditure estimates. The annual budget and the ministry medium-term expenditure frameworks (MTEF) constitute a single document: the PBB. The PBB is structured in programmes and sub-programmes. It includes indicators, which are mainly activity and output indicators. PBB has been implemented effectively for the whole central government. 3-year ministerial strategic plans support the line ministries’ requests for the budget

Training on PBB has been undertaken, but further training is needed (see table 2). Awareness seminar and training should be conducted for Parliamentarians to enable them to better scrutinize the budget and performance reports, when they will be prepared.

A study is currently being undertaken to evaluate the effectiveness of the PMS and make appropriate recommendations on this issue. Another important output of the SB project is the Social Registry of Mauritius (SRM)**.** The SRM system is in place, it is expected that the data base will be completed over next six-months and the recent commitments of the Government would show that the SRM may be effective in supporting social policy formulation and implementation.

Table 2 presents the outputs identified in the CPD and their rating. Some other outputs are presented in section 3 and annex I.

**Table 2**

**Outputs Rating**

|  |  |  |
| --- | --- | --- |
| Output | Achievement | Comments |
| 1. New budget framework with accompanying changes in the Financial Management Manual (FMM) developed and implemented | YES | The PBB, which is placed within a medium term framework, has been implementedThe Financial Management Manual (FMM) has been developed and implemented in 2010. | Developing a programme based multi-year budgeting approach contribute to achieving the CPD outcome. PBB focused on activities and outputs, including in PBB a larger share of outcome indicators attributable to the programmes could be considered.Accountability reports on the performance achieved are not yet prepared.  |
| 2. New GFS-consistent Chart of Accounts adopted and operational | YES | Chart of accounts operational in 2008. | Introducing a programme classification in the chart of accounts is required to manage PBB |
| 3. New Financial Management Information System (FMIS) installed and operational | PARTIAL | Treasury Accounting System functioningBudget preparation is not yet covered by the information system | The Treasury Accounting System (TAS) is an integrated government financial management information system to which all the Ministries are linked. Financial reports are prepared as frequently as desired and with immediate access. Quarterly reports are also provided over the MOFED website. .  |
| 4. National training programme (NTP) for PBB implemented and all public sector personnel and key stakeholders trained | PARTIAL | National training programme (NTP) for PBB implemented. About 750 officials from the ministries involved in budget management have been trained. | Training is required to implement new budgeting methods.Training has been deemed insufficient by several ministries. Re-training would be needed, notably to take into account the continuous improvements made in PBB. Awareness seminars for Parliamentarians are desirable.  |
| 5. Regional training plan implemented in collaboration with COMESA, SADC and CABRI (2009/11) | YES | Regional Multidisciplinary Centre of Excellence (RMCE) established and training undertaken.  | Can contribute to achieve the outcome of CPD through exchanges of experience  |

There are still some key elements of programme-budgeting missing in the Mauritius PBB or that need to be improved:

* arrangements to manage the programmes need to be established and appropriate instruments implemented
* accountability reports on the actual performance should be prepared and audited;
* performance information should feed into the budget preparation process;

It is desirable to pay increased attention to policy analyses and planning. This can be done partly through the current instruments (Budget/MTEF and strategic plan). The set of performance indicators include in the PBB could include a higher share of outcome indicators attributable to the programmes. This will facilitate policy planning. The current three-year strategic plans could be updated at the end of the budget preparation cycle and included in the budget documentation transmitted to Parliament. However, in addition, the GoM is considering the preparation of a development plan that will coordinate the different sector strategies.

Quality controls of the PBB are currently performed by MoFED staff. Some line ministries should be involved in such quality control activities in order that all stakeholders benefit from the exchange of experience.

**Recommendations for next steps**

PFM needs to be reinforced according different axes. A possible UNDP support could be focused on actions aimed at strengthening programme management and planning. These include:

* *Streamlining the set of performance indicators.* To support policy formulation and monitoring an increased importance should be granted to outcome indicators, provided that these indicators are attributable to a specific programme
* *Clarifying the distribution of responsibilities and duties.* The function of the programme manager, which is defined in the PBB manual, is not yet implemented and the modalities of the performance dialogue within ministries and programmes have to be defined.
* *Preparation of end-of-year ministerial performance reports.* These reports to be transmitted to Parliament are necessary to encourage performance and for accountability. They should be audited.. UNDP support may be provided for the design of the performance r*eports and for defining their associated processes.*
* *Performance and resource allocation*. UNDP may provide support to effectively use actual and expected performance to inform resource allocation decisions.
* *Quality control of performance information.* UNDP support may be provided to improve quality control of the programme structure, the narrative statements on programme objectives and indicators and to implement audit methods of the needed performance/accountability reports.
* *Training.* UNDP support to training may *c*over further training of line ministries budget managers on performance indicators formulation and monitoring, quality control of performance indicators and reports, and audit of performance reports. Capacity of members of Parliament should be built up to enable them to better scrutinize the PBB and to review the performance reports, when they will be prepared.

The current three-year expenditure programming documents (PBB and 3-year strategic plans) should be based on a reinforced planning system, which will include:

* *A National Development 10-year Plan.* UNDP may support the definition of the process to formulate the National Development 10-year Plan, the preparation of the outline of this plan and the definition of its relationship with sector plans.
* *Long-term sector strategies/plan*. UNDP support may include support to some ministries in the design of long-term sector plans and to the Rodrigues Regional Assembly in long-term planning.

**Lessons learned**

The Mauritius PBB has been implemented successfully, while the implementation of programmatic MTEF has failed in many developing countries. Some lessons can be drawn from this comparatively successful experience:

* The factors that favoured the successful implementation of the reform include: (i) political commitment (the CP supports the Government programme); (ii)Effective leadership from the the MoFED; and (iii) existing technical capacity within the government.
* Excessive sophistication and complexity in designing the PBB system have been avoided. The programme structure is generally manageable and complex costs accounting exercises, consisting of allocating administrative overheads to policy based programmes, have been avoided.

Concerning more specifically the UNDP support, the fact that the UNDP support has been appropriately targeted to key activities within the MoFED and there has been very close cooperation with MoFED staff has favoured its effectiveness.

The SB Project met the needs of the government, including additional needs not identified in the CPD, such as the support to the implementation of the SRM or the assistance to the IOC.

The outcome formulated in CPD encompasses both policy making and operational performance, but the outcome indicator concerning PBB focuses on outputs and operational performance. Nevertheless, the SBP project provided support to set up the tools for improved policy decision making in areas such gender policy, tourism, environment and social policy. This report has therefore adopted a wider coverage than that suggested by a literal interpretation of the RRF of the CPD. However, it would have been desirable to have had a closer consistency between the outcome and its indicators, and between the outputs identified in the CPD and those implemented under the SB project..

# Introduction

## The purpose of the evaluation

The UNDP evaluation plan includes an outcome evaluation with regards to the Programme-Based Budgeting (PBB) and sector strategies component in the UNDP CP 2009-2012. That component of the CP programme is implemented through the Strategic Budgeting (SB) project April 2009-December 2011, which is a follow up of the actions included in the SB project of April 2007-March 2009. These projects are aimed at supporting the Economic Reform Programme of the Government of Mauritius (GoM).

According to the TORs of this study: “This evaluation is an end of programme cycle evaluation for the following purpose and with the following objectives in mind:

1. To evaluate the impact of the SB project as per the original country programme outcome and related country programme output, with particular focus on the sustainability and cost effectiveness of the key interventions to date;
2. To provide useful lessons learnt for follow-up interventions during the current programme extension year until 31 December 2012 and for formulation of the next Country Programme 2013-2015, in particular to generate knowledge about good practices, lesson learnt and weaknesses of the programme/project.
3. To examine how well needs of different groups supported were met by the programme/projects.”

The present report is the main output of the outcome evaluation. It contains the key findings, which were presented to the MoFED on November 24, 2011.

This outcome evaluation assesses the following issues:

* Were the objectives and the related outcomes of the PBB and sector strategies component in the UNDP Country Programme 2009 -2012 relevant? Did they address the needs of the GoM for implementing its economic reform programme?
* Was the SB project, and in particular the implementation of PBB, the appropriate means to achieve the outcomes identified in the Country Programme Document (CPD) 2009-2012?
* Has the SB project been effective in achieving its objectives? What has been its impact on the beneficiaries, and in particular on the method of working of public administration?
* Has the SB project been efficient in achieving its objectives?
* Are the current achievements sustainable?

Section 3 of this evaluation report presents the key findings. It assesses the relevance of the expected outcome and the effectiveness of the CP. It reviews the activities implemented under the SB project. It also reviews its relationships with other UNDP projects and with the different stakeholders. It assesses whether gender and human rights issues have been taken into account. Section 3 discusses the areas requiring further UNDP support.

## Methodology

The evaluation has been carried out through (i) a desk review of the available documentation, (ii) interviews of the different stakeholders within the GoM and the donor community, and (iii) sessions with the MoFED and UNDP.

Several documents including the project document, government documents such as the budget, the PBB manual, the audit reports, the financial regulations and laws, the PEFA assessment of Public Finance Management (PFM) in Mauritius, IMF reports and the CABRI[[2]](#footnote-2) evaluation of PBB were consulted as part of this exercise. A complete list of documents consulted is given in the bibliography (Annex III).

Meetings were held with all the ministries which have directly/indirectly benefited from the UNDP programme. These included the ministries of Social Security, National Solidarity and Reform Institutions (MSSNSRI), of Civil Service and Administrative Reform (MCSAR), Ministry of Education and Human Resources (MEHR), Ministry of Social Integration & Economic Empowerment (MSIEE) and Ministry of Gender Equality, Child Development, Family Welfare and Consumer Protection (MGECDFW) and Statistics Mauritius. Meetings were also held with the Accountant – General and the Director of Audit – two agencies which play a key role in the implementation of the PBB. Among the donor agencies met were the World Bank, AFRITAC South (International Monetary Fund), and the European Union. The mission also met with the Indian Ocean Commission.

Excellent guidance was provided by the UNDP and the Ministry of Finance & Economic Development (MoFED) at the beginning of the consultancy and at the debriefing. In addition, several meetings were held with the UNDP Technical Advisor (PFM) during the mission.

# The development context

Over the last two decades, Mauritius has achieved spectacular economic success that has enabled it to reduce poverty and promote social equity, while paying due regard to environment protection. As from the 1970’s, the country has successfully diversified its economic activities, particularly from agriculture into manufacturing and tourism, and more recently into financial and business services. There has also been considerable social progress since the 1980’s. Nevertheless, in the late 90s the growth trend slowed down because the economy had to face increased competition on the international market. The loss of the guaranteed European Union market for its sugar and the dismantling of the favourable trade agreement with the United States for its textiles further worsened the economic situation.

In 2005, Government responded to that difficult situation with a ten-year reform programme that focused on four main pillars: (i) fiscal consolidation and improving public sector efficiency; (ii) enhancing trade competitiveness; (iii) improving the investment climate; and (iv) widening the circle of opportunities for higher equity. The various reforms were embodied in a three-year Programme-Based Budgeting (PBB) framework introduced in the 2007-08 Budget.

The PBB shifts the focus of the budgetary process from an input-based annual activity to a performance based multi-annual exercise. The PBB has been implemented in every ministry under the leadership of the Ministry of Finance and Economic Development (MoFED). Its implementation has benefited from the support of the UNDP Country Programmes (CP) 2007-2009 and other donors and institutions (see section 3). It expected that it will benefit all citizens through improved policy decision making and public service delivery.

# Key findings

## The expected outcome

### The expected outcome and its indicator

The outcome expected from the sector strategies component of the UNDP country programme is defined in the CPD as follows: *“Improved capacity of government agencies in result-based policy making, planning, performance management and public service delivery.”*

The associated target is: “PBB and Performance Management System applied in key sectoral ministries” (actually PBB applies to all ministries) . The baseline is defined as follows: “input-based planning; long service delivery timeliness.” In the Result and Resource Framework (RRF) of the CPD, the indicators for monitoring and measuring progress in the achievement of the outcome are the following:

* *improved performance assessed through clear outputs and measurable indicators;*
* *performance management system (PMS) operational.*

While the expected outcome stated in the CPD deals with both effectiveness of policies and operational efficiency in public service delivery, the indicators to monitor the CP outcome deals only with the outputs (indicator “improved performance assessed through clear outputs and measurable indicators”) and with the individual’s performance (indicator “PMS operational”).

Actually, these indicators reflect the focus of PBB in its first years of implementation. Implementing PBB is a long journey in every country. A progressive approach is generally required. Therefore, while the PBB is structured by programme, each programme corresponding to one outcome, the government has decided in setting up the performance indicators to give the higher priority to outputs indicators.

However, to measure improvements in the “*capacity of government agencies in result-based policy making, planning”*, an additional indicator is needed. Therefore, the following indicator will be assessed below: *Resource allocation decisions increasingly based on analyses of strategies, policy objectives and results achieved*

### Is the expected outcome relevant?

Because the unfavourable economic developments of the early 2000s the Government has set up a ten-year reform programme which include concerning public finance management (PFM) both fiscal consolidation and improving public spending efficiency and effectiveness, with the view to improving public service delivery despite fiscal consolidation. The expected outcome will contribute to improve public spending efficiency and effectiveness and is therefore relevant.

More generally, according to the recent budget literature[[3]](#footnote-3), PFM systems should ensure: (i) aggregate fiscal discipline; (ii) resource allocation in conformity with policy objectives; and (iii) efficient service delivery. Allocating resource in conformity with policy objectives requires adequate capacity in planning and “result based policy making”. Improving efficiency in public service delivery needs generally adequate performance management system. Therefore, the outcome stated in the CPD concerns the second and the third objective of PFM.

The outcomes of any PFM reform are very dependent on external factors, such as political factors, the administrative culture, human resource and technical capacity. Since the CP supports the government reform programme possible political resistance has been reduced. There are some technical capacities within the government to implement demanding budgetary reforms such as PBB. However, changing the methods of work, and more generally the administrative culture, to move from an input-based budgeting approach to a performance oriented approach is challenging.

### Effectiveness of the outcome

Mauritius has received positive international feedback from both the IMF and CABRI on the implementation of the PBB that shows some departure from the line-item budgeting approach and therefore progress towards the achievement of the CPD outcome (see Box 1).

|  |
| --- |
| Box 1Evaluations of Mauritius PBBIn its 2010 report, CABRI has noted that the PBB has made a noticeable impact on budgetary processes including flexibility and ownership, better resource allocation, performance orientation and transparency:*“The implementation of PBB has increased awareness of performance and the need to monitor the achievement of targets (…). There has also been an improvement in the quality of budget submissions, and budget hearings have shifted from focusing only on line-items to including a focus on the determination of priorities and services to be delivered.” (CABRI, 2010)* The IMF has concurred with these comments in its 2010 mission report:*“In the short span of the past three years, the government has made significant progress in the implementation of a PBB system. The performance orientation and the transparency of the budget have significantly improved.”(IMF Mission Report, 2010)*  |

Because the implementation of PBB is recent, it is too early to make a comprehensive assessment of progress made in achieving the CPD outcome. However, some progress toward the CP objectives may be identified.

Concerning the *first outcome indicator of the CPD (“improved performance assessed through clear outputs and measurable indicators”),* discussions held during the mission show that the PBB and the PMS have contributed to an increased concern over performance within the government. Some quoted examples include a reduction in the time taken to deliver a passport and register a business licence, diminished absenteeism in ZEP school. According to the reports of the Accounting General, the maximum number of weeks for valuation of property (Valuation Department, MoFED) has been reduced from 20 weeks in 2009 to 18 weeks in 2010 and the difference between actual revenue collected (excluding grants) and projected amount (BSMD/ Revenue Policy Unit, MoFED) has been reduced from 5% to 1% in 2010.

Different factors may have contributed to these improvements, notably, in addition to the PBB, the PMS. However, according to the discussions held during the evaluation mission the activity and output indicators included in the PBB are duly taken at the management level. Also the CABRI study has identified the presence of a frequent perverse effect of performance monitoring, e.g. where staffs tend to focus on the indicators included in the PBB at the expense of other targets. Such behaviour poses a problem, but it confirms that the performance indicators included in the PBB are taken into account by the managers.

Nevertheless, it is still difficult to make a comprehensive assessment on the base of performance indicators included in the PBB. Setting up a performance monitoring system needs continuous improvements. Because these improvements, the set of indicators included in the PBB has changed over years. In addition, to make the 2010 fiscal year coinciding with the 2010 calendar year, the 2009 budget covered only six months. Therefore, for several output indicators data on achievements in the six-month fiscal year 2009 and in the twelve-month fiscal year 2010 are not comparable. Data on achievements are published in the Accountant General reports, but the line ministries do not yet publish performance reports analyzing these achievements.

The second outcome indicator included in the CPD is *“performance management system (PMS) operational”*. To a certain extent the PMS system may be deemed “operational” because the implementation of the PMS system is comprehensive. PMS currently covers all ministries. It consists of the assessment of individual performance. Each year civil servants prepare a form identifying performance targets for key result areas and tasks. In principle, achievements are monitored, but for the time being, the use of this monitoring in the administration of organizations and programmes is unclear. However, as noted above, there are examples of efficiency gains which may come from the increased performance concerns generated by both PBB and PMS.

Concerning the additional indicator suggested above *(“Resource allocation decisions increasingly based on analyses of strategies, policy objectives and results achieved”),* there is some progress, but still limited.

The PBBincludes brief statements on the program objectives. During the budget preparation cycle, line ministries prepare 3-year strategic plans that detail their strategies and objectives and include requests for policy changes. Therefore, the budgeting methods are moving from “input-based planning” to a policy based approach. However, the function of these strategic plans in the decision making processes need to be improved. Because they are not updated at the end of the PBB preparation cycle, they do not necessarily reflect the policies that will be implemented. In addition, a national strategy/plan that would give a strategic framework for these plans is missing.

Some other outputs implemented with the support of the SB project have contributed or are in the process of contributing to enhanced policy formulation, notably the Social Register of Mauritius (SRM) –see section 3.3.4.

PBB at its initial phase has paid more attention on activities and outputs than on policy issues. Information on the results achieved is not yet reviewed by the ministry of finance, when it reviews the budget requests from line ministries. The budget includes forward estimates in addition to the estimates for the budget year. Such a multi-year approach in budgeting is aimed at facilitating policies planning. However, the PEFA assessment has noted that the forecasts made in the budget of year t for years t+1 and years t+2 are not used in the preparation of the year t+1 budget. The multi-year approach in budgeting has not yet been effective in achieving its objective.

According to the OECD[[4]](#footnote-4), there are three broad types of programme/performance budgeting:

* Presentational performance budgeting, which simply means that performance information is presented in budget documents or other government documents, but does not play a role in decision making.
* Performance-informed budgeting, according to which resources are indirectly related to proposed future performance or to past performance. The performance information is important in the budget decision-making process, but does not determine the amount of resources allocated. Performance information is used along with other information in the decision-making process.
* Direct performance budgeting which involves allocating resources based on results achieved. This form of performance budgeting is used only in specific sectors in a limited number of OECD countries.

To a large extent, the Mauritius PBB approach is a only “presentational performance budgeting” approach. Moving toward “performance-informed budgeting” is the challenge that will face the GoM over next years.

### Sustainability

Sustainability of the actual achievements and further progress depends closely of the sustainability of the PBB. PBB being now the current budget system, the risks of a formal abandon of PBB are low.

However, PBB risks becoming a mere fossil without any impact on budgeting methods, if ownership from the different stakeholders is lacking. PBB has been implemented on the basis of instructions given by MoFED. Such an approach is generally necessary for budgetary reforms. During the first two years, the implementation of the PBB was difficult, due to a lack of ownership of reforms from line ministries, although improving performance depends to the larger part on them. However, meetings held with ministries during the preparation of this report show that things have changed or are changing. Ministries are increasingly aware that the reform may contribute to improve their way of working and hence suit their needs.

The quality and the sustainability of PBB depend also on the involvement of the Parliament, which scrutinizes and enacts the budget. Conducting awareness seminars and reviewing with Parliamentarians the format of PBB, including the selection of performance indicators could contribute to an increased role of Parliament.

### Cost effectiveness

As discussed below the SB project, as well as the whole reform activity of the government, has been very efficient in delivering the outputs and in particular in implementing PBB. Progress according to the CP outcome may be deemed low, but PBB is at an early stage of implementation. Compared to other PBB reforms the achievements at that stage are satisfactory, while the implementation costs have been comparatively low. Therefore, at least compared to similar reforms, the CP and the Mauritius reform activities have been cost-effective.

Possibly, the results identified above (section 3.1.4) could have been achieved in a more cost effective manner through experiences limited to special programs, instead of a government-wide programmatic approach. However, in the longer term such limited experiences could not achieve the results that are expected from PBB.

### Rating of the outcome.

Table 3 summarizes the rating of the outcome

**Table 3**

**Outcome “Improved capacity of government agencies in result-based policy making, planning, performance management and public service delivery.”**

**Rating**

|  |  |  |
| --- | --- | --- |
| Relevance | YES | The outcome is relevant because improvements in the effectiveness and efficiency of public spending increasing are required to face the changing economic environment, while improving the quality of public service delivery. |
| Effectiveness | YES | Although it is too early to make a robust assessment, there are: (i) some examples of increased performance in public service delivery; (ii) ministries are preparing strategic plans to support their PBB requests.  |
| Degree of change | Generallypositive | Performance targets are taken into account by managers. However, some perverse effects consisting of a narrow focus on the PBB indicators have been mentioned by the CABRI study  |
| Sustainability | YES | The current budget reform and its outcome are sustainable because PBB is the budget submitted to Parliament and ownership from line ministries is increasing. However, conducting awareness seminars for Parliamentarians could contribute to increase sustainability.  |
| Cost-effectiveness | YES | UNDP support as well as government activities have been cost-effective, compared to other PBB reform in developing countries at the same implementation stage.  |

## The outputs identifies in the RFF

The RFF identifies the following outputs:

* New budget framework with accompanying changes in the Financial Management Manual (FMM) developed and implemented
* New GFS-consistent Chart of Accounts adopted and operational
* New Financial Management Information System (FMIS) installed and operational
* National training programme (NTP) for PBB implemented and all public sector personnel and key stakeholders trained
* Regional training plan implemented in collaboration with COMESA, SADC and CABRI.

In addition, other outputs have been produced under the SBP. These were aimed at giving a technical base to support policy decision-making and therefore improving “capacity of government agencies in result-based policy making, planning”. These outputs and related activities are reviewed in section 3.3

### Are the outputs relevant to the outcome?

The relevance of the outputs identified in the CP to achieve the CP outcome depends on the relevance of PBB, because the PBB is the core component of the PFM program reform supported by the CP. In addition, most other outputs are aimed at giving the technical base to ensure PBB implementation.

Program/performance budgeting is often seen as being the “best practice” in PFM. Nevertheless, the relevance of PBB depends on each country context and on its technical and institutional specifications. Allen Schick stated in a seminal paper[[5]](#footnote-5) that before considering moving towards performance budgeting, developing countries should build the “basics” of PFM, that is a reliable input based budgeting system. Because of the absence of these “basics”, results of the implementation of PBB and MTEF are often poor in developing countries.

In the Mauritius context, PBB may be deemed relevant, because, as noted by the PEFA assessment, the basics are already built in the Mauritius system. It is often feared that PBB by relaxing input controls may weaken financial compliance. But, in this respect, a cautious approach has been adopted in Mauritius. Transfers between budget items (virements) rules have been made more flexible for goods and services. Nevertheless, input controls on personnel expenditures, which are the riskier area, have been maintained.

### The PBB

A new budget framework (the PBB) with accompanying changes in the Financial Management Manual (FMM) has been effectively developed and implemented

There is no universal standard on what the format of a programme-based budget is. In practice, each country has adapted and often further developed its budget document according to its needs or its specific interpretation of PBB. Nevertheless, generally, a programme-based budget includes, among others, the following features:

* Expenditures are classified by programmes;
* Narrative statements present the programme objectives and activities;
* Performance indicators are set up to assess the efficiency and the effectiveness of the programmes;
* Annual accountability reports show the results achieved. These reports are audited by an internal structure or by the NAO, or by both.
* A programme is managed by a programme manager who is accountable on the results achieved.

Concerning the Mauritius PBB:

* The expenditures are classified by programmes.
* In the annual budget, each program has brief narrative statements, which are developed in the strategic plan.
* Performance indicators are set up, but at the start of PBB implementation they have focused on activities and outputs.
* Accountability reports are not yet prepared.
* Some programme managers have been appointed but their function is somewhat unclear.

As noted strategic plans are prepared to support line ministries requests, but they are not updated to take into account the results of budget negotiations. Such updating could be considered in the future. It could make them an integral part of the budget documentation. This will facilitate policy analyses of the budget.

The format the 3-year PBB strategic plans should be improved. These plans do not include systematically a summary of policy options and the links between strategic goals, use of resources and impact on public service delivery are often unclear.

However, while the three -year projection period covered by the strategic plans suits well the needs of financial programming, policy formulation and planning need to be placed in a longer-term perspective for example for sectors such as education and transport, as well as, for spatial planning. Some longer term sector plans have been already prepared but not in all sectors. There is a need to coordinate them by a national plan/strategy.

In Mauritius, the majority of performance indicators are activity indicators and output indicators. Outcome indicators, which are used to assess the effectiveness of the programme in achieving its objectives, are generally missing. This was a deliberate choice that can be explained at the start of the programme-based budgeting exercise. Identifying relevant outcome indicators that may be attributed to one programme is more difficult than identifying output and activity indicators. It is easier to make a manager accountable for inputs and outputs than for outcomes, because outcomes may depend on factors that may be not be under the control of the manager. In the 1990s, a country like New Zealand, which was seen by many PFM experts at the cutting edge of performance budgeting, focused on “output budgeting” for that reason.

Activity and output indicators are important for internal administration of activities. Output indicators are used to assess the efficiency of programmes, efficiency being assessed by comparing the actual ratio of input (or expenditures) to output to some benchmark. Nevertheless to improve policy planning and implementation, it would be desirable to include a higher share of outcome indicators in the PBB, provided that those indicators may be attributed to the programmes.

In the budget, the indicators (named “services standards”) are presented by “services to be provided”, which refer in most cases to outputs. Because several outputs may contribute to one programme objective and one outcome, such presentations may pose a problem for some outcome indicators or some “gender” indicators (which are in fact outcome indicators of the gender policy objectives). However, this difficulty could be bypassed by extending/redefining the current term “services to be provided”.

In the 2012 Budget, some ministries have made some changes in the definition of performance indicators. Table 4 below shows that in the health sector, hospital activity indicators have been replaced by indicators aimed at assessing the quality of the rendered service, through the significance of waiting lists. However, to better assess the quality of services, the number of patients on waiting lists should be compared to the total number of patients and/or the time when patients were put on the waiting list should be monitored. Some ministries have recently included in the set of the performance indicators of their programmes, a few outcome indicators (see Table 6 in Section 4); it will be desirable to pursue efforts in that direction.

Quality control of the programme structure, the programme narrative statements and the performance indicators are currently performed by MoFED staff. Some line ministries should be involved in such quality control activities in order that all stakeholders benefit from the exchange of experience.

Producing reports on the actual performance and transmitting them to Parliament will provide a valuable feedback on budget formulation, will encourage managers to develop increased concern over performance and will lead to increased accountability to Parliament. However, this important aspect of programme-budgeting is currently nearly missing.

A PBB manual and other guidance have been prepared. The Finance and Audit act was amended in 2007 to allow for PBB implementation. However, the government is considering revising the legal framework for PFM in a more significant manner, notably to define requirements for accountability for performance.

**Table 4**

**From activity indicators to quality indicators**

|  |  |  |
| --- | --- | --- |
| **Output/Services rendered** | **2010-2012 PBB** | **2012-2014 PBB** |
| O1 : Medical services andsurgical interventions. | P1: No. of cases managed at Accident & Emergency Department | SS1: Number of patients on waiting list for surgeries at Cardiac Centre |
|  | P2: No. of cases managed at Outpatient Department. | SS2: Number of patients on waiting list for surgeries at S. Bharati Eye Hospital |
|  | P3: No. of patients admitted. | SS3: Number of patients on waiting list for surgeries at other hospitals |
|  | P4: No. of surgical interventions performed | SS4: Number of patients referred abroad for treatment |
|  |  | SS5: SAMU Services coverage withinCommunity |

The PBB manual suggests the inclusion in the budget of “gender sensitive equity” indicators, which however are not yet in place. It would be necessary to make the gender cells (presented below) more dynamic to work out indicators that could be included in the PBB.

Human rights are taken into account in the PBB by several performance indicators. For example, in the budget of Mauritius Prison Services the performance indicators include, among others, the average occupancy level, the percentage of detainees medically screened on admission and the number of detainees following vocational training. The National Human Rights Commission has its own budget and performance indicators.

The effectiveness of PBB is limited by the fact that the organisation of PFM activities has not changed significantly after the implementation of PBB. New functions should be established or more clearly defined in particular the function of the programme manager, which is defined in the PBB manual. Specific instruments to manage the programmes, such as scoreboards, business plans and performance agreements have not yet be implemented.

### Revision of the Chart of Accounts

To implement effectively the expenditure classification by programme the Chart of Accounts has been revised. The revised Chart of Accounts was completed by 2008. The new chart of accounts allows:

* managing PBB, establishing a program classification and including it in the government chart of accounts is a perquisite to manage PBB;
* preparing fiscal reports according to the standards defined in the Government Finance Statistics Manual (GFSM) of the IMF.

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### Information systems

The existing information systems have been adapted to the new chart of accounts and modernized under Oracle Financials. The Treasury Accounting System (TAS) is an integrated government financial management information system to which all the Ministries/Departments and the Treasury Department are linked. For all entities connected financial reports are prepared as frequently as desired and with immediate access. Quarterly reports are also provided over the MOFED website. This information system facilitates financial management. However, the TAS does not cover budget preparation and does not manage non financial information (e.g. performance indicators).

### Training

A training programme, consisting of 12 modules has been set up. External consultants trained approximately 65 people from the MoFED, line ministries and universities; the best 15 were chosen to become trainers, and they then trained 750 officials This first round of training was fairly broad. More specific specialised training was developed at the request of individual ministries.

Many officials from the line ministries felt that it did not go far enough and that further training will be needed. According to the CABRI report, it was felt by several line ministries that the 15 chosen trainers were too inexperienced, having just received training themselves, and had not had the opportunity to internalise the actual implementation of PBB before training others. The fact that PBB has been implemented in a short time period and has been subject to different improvements requires trainers to be reactive to these changes. In such cases trained trainers may have to be retrained.

Members of the Parliament have not been provided any training at all although parliamentarians require training, or at least awareness seminars, to better scrutinize the PBB and other performance documents produced by Government.

Within the context of the implementation of a regional training programme, the Regional Multidisciplinary Centre of Excellence (RMCE) has been implemented. The setting up of the Regional Multidisciplinary Centre of Excellence (RMCE) is an integral part of the long term strategy to move Mauritius to a service hub for the region. It will also serve as a vehicle for Governments of the region to build capacity in the public sector to allow for more peer to peer learning. The RMCE started its operations in 2008. It has so far hosted six regional events. Through the networking among the various development partners,

### Rating the Outputs identified in the CPD

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Table 5 presents the rating of the output identified in the CPD..

**Table 5**

**Outputs Rating**

|  |  |  |
| --- | --- | --- |
| Output | Achievement | Comments |
| 1. New budget framework with accompanying changes in the Financial Management Manual (FMM) developed and implemented | YES | The PBB, which is placed within a medium term framework, has been implementedThe Financial Management Manual (FMM) has been developed and implemented in 2010. | Developing a programme based multi-year budgeting approach contribute to achieving the CPD outcome. PBB focused on activities and outputs, including in PBB a larger share of outcome indicators attributable to the programmes could be considered.Accountability reports on the performance achieved are not yet prepared.  |
| 2. New GFS-consistent Chart of Accounts adopted and operational | YES | Chart of accounts operational in 2008. | Introducing a programme classification in the chart of accounts is required to manage PBB |
| 3. New Financial Management Information System (FMIS) installed and operational | PARTIAL | Treasury Accounting System functioningBudget preparation is not yet covered by the information system | The Treasury Accounting System (TAS) is an integrated government financial management information system to which all the Ministries are linked. Financial reports are prepared as frequently as desired and with immediate access. Quarterly reports are also provided over the MOFED website.  |
| 4. National training programme (NTP) for PBB implemented and all public sector personnel and key stakeholders trained | PARTIAL | National training programme (NTP) for PBB implemented. About 750 officials from the ministries involved in budget management trained. | Training has been deemed insufficient by several ministries. Re-training would be needed, notably to take into account the continuous improvements made in PBB. Awareness seminars for Parliamentarians are desirable.  |
| 5. Regional training plan implemented in collaboration with COMESA, SADC and CABRI (2009/11) | YES | Regional Multidisciplinary Centre of Excellence (RMCE) established and training undertaken.  | Can contribute to achieve the outcome of CPD through exchanges of experience  |

These outputs have been implemented in an efficient manner. From January 2009 to December 2011, the SB project has mobilised 65.5 person-months of consultancies, including: (i) 24 person-months of a long term international consultant; (ii) 5.5 person-months of short term international consultants; (iii) 36 person-months of a long term national consultant. This includes support to the SRM as well as to the IOC.

Generally in developing countries, including middle income countries, PFM reforms aimed at developing PBB/MTEF mobilize several hundreds of person-months of technical assistance, with uneven and sometimes disappointing results. Even if technical assistance provided during the previous 2007-2009 SB project and technical assistance from other sources (IMF, AFD) are taken into account, the inputs in terms of technical assistance of the SB project are comparatively low, while the PBB has been effectively implemented and all outputs expected from the UNDP CP in strategic budgeting have been produced.

Therefore, it can be deemed without any doubt that both the UNDP CP and the component of the government programme dealing with PBB have been implemented in an efficient way.

## Other outputs and activities

Other outputs produced under the SB project include national account studies, formulation of gender policies and the implementation of the Social Registry of Mauritius (SRM). An evaluation of the PMS system has started recently.

UNDP has also supported the Indian Ocean Commission (IOC) to the setting up of a “Performance Budget”. The programme structure has been identified, but further support will be desirable to implement effectively the performance budget. That support is not directly related to the CP, but it is part of the promotion of programme/performance budgeting approaches.

### Sectoral Gender policies

Although women in Mauritius enjoy equal legal rights with men in almost all areas, gender gaps remain in some specific areas, particularly employment. As part of the implementation of PBB, UNDP has provided international consultants to help ministries prepare sectoral gender policies as well as set up gender cells. To date, nine ministries have been covered including the Ministry of Gender Equality, Child Development and Family Welfare, the Ministries of Education & Human Resources; Labour, Industrial Relations and Employment; and Youth and Sports.

As stated in the 2012-14 PBB, under Programme 521 of the Ministry of Gender Equality, Child Development and Family Welfare, the objectives are to “Strengthen gender sensitive policies and strategies to meet the needs of women, children, families, and local communities.” A statement on gender responsive budgeting was introduced in the 2010 - 2015 Government Programme, but it is not yet implemented.

### National account studies

With the view to better inform policy decision making, the staff of Statistics Mauritius and the Ministries of Environment and of Tourism were supported for the preparation of respective Environment and Tourism sector satellite accounts. The data have been produced and the relevant staff trained to repeat the exercise in future. The next step would be the utilisation of the data produced for more detailed targeted sectoral planning,

### Performance Management System (PMS)

Government has been implementing a PMS since 2005. PMS aims at providing a standardised and integrated framework to guide performance management at both organisational and individual levels.

PBB and PMS are complementary. They are not directly linked, but linking the performance of individuals to the PBB would need to translate the objectives and expected outputs and outcomes identified in the PBB to the level of operational units, for example, through activity or business plans.

It is still unclear how the PMS and PBB may be coordinated and how the concepts used in the PMS, such as “key results areas” and “tasks” relate to the PBB. PMS and PBB have been developed in parallel and their implementation has not been closely coordinated. In addition for the moment, PMS has focused on the performance of individuals while PBB deal mainly with programmes. The managerial chain from the programme manager to the staff member is not yet covered by performance reporting and management tools. The function of the programme manager is defined in the PBB manual, but these managers have rarely been appointed. It is suggested in Section 3 of this report, to develop progressively adequate instruments to make this managerial chain functional.

The UNDP is currently financing a study aimed at carrying out a comprehensive evaluation of the PMS model. The objective is to put in place a mechanism to: assess its effectiveness; develop a framework for the alignment of PMS to the PBB, and make recommendations along with an implementation schedule, for the PMS to integrate other key issues, such as career development, promotion, sanctions and rewards.

### Social Registry of Mauritius (SRM)

The social welfare system in Mauritius is complex, inefficient and costly to manage. There are many social protection programmes spread across several ministries.

The SRM is a large database of social programmes beneficiaries. It was introduced as a tool to ensure an integrated management of social programmes through the better targeting of beneficiaries as well as harmonizing the criteria for the different programmes. This is expected to lead to substantial savings of public funds and constituting a core element of any anti-poverty policy of Government. UNDP’s contribution has been in the provision of both international and local consultants as well as training and capacity building. The design of the SRM and the application software to operate it have been completed. It is expected that the SRM data base will be completed by July 2012.

A number of analytical tools including the General Poverty Line and the Proxy Means Test (PMT) have been prepared. It is expected that the PMT will be extended to other schemes once the SRM data base on all vulnerable groups is completed, and if the policy decisions to use it for means testing of the other schemes are taken. The scale of effectiveness of the SRM component of the SBP will therefore depend on these decisions, but the probability of achieving the expected outcomes of the SRM component of the SBP is high. .

The Minister of Finance has indicated in the 2012 budget speech: “The Social Register of Mauritius (SRM) will be a powerful tool to maximise policy effectiveness in the fight against poverty and will be used in the application of the housing schemes and crèches”. Thus, Government has decided to utilize the SRM and the PMT for the implementation of the 2012 budgetary measures on housing programmes and crèches as from January 2012.

## External support to PBB

The IMF Fiscal Affairs Department (FAD) has played a key role in designing the PBB. From June 2007 to December 2010, FAD has produced four technical assistance reports, which provide advice on the design of PBB, the achievements and the required next steps.

The IMF conducted in August 2011, a PFM assessment according to the PEFA methodology with the participation of GoM, EU and World Bank staff. This assessment notes: “Mauritius continues to perform well against the PEFA benchmarks.” The PEFA indicators scores demonstrated progress compared to the 2007 PEFA assessment, with 23 out of the 31 reported ratings, higher or equal to those obtained in 2007 and 71% of ratings given the top two ratings (A and B).

The Collaborative Africa Budget Reform Initiative (CABRI) produced in 2010 a comprehensive review of the PBB, which has been very helpful for improving the Mauritius budget system.

AFD has funded the recruitment of an international consultant to support capacity building in PBB.

# Recommendations for Next steps

## Directions for strengthening PBB

Comments made above on PBB and in other studies (see the annexed bibliography) on issues not discussed in this report show that to strengthen the PFM system, actions should be undertaken along several directions. Taking into account the previous UNDP experience in supporting the formulation of programmes objectives, strategic plans and performance indicators, it is suggested that future UNDP support related to PBB focuses on actions aimed at improving programme management and planning.

 In addition, the UNDP support will follow up on actions undertaken under the SRM component of the CP 2009-2012 and the SB project. This will be provided under the “Capacity building of public sector, NSAs and vulnerable groups and will s**trengthen them. It will promote a coordinated approach to policy formulation and implementation for a more equitable and inclusive society”, which will be an outcome of the CP 2013-2016. The associated indicators for UNDP contribution under this outcome are the existence of a proper assessment mechanism for the targeting efficiency and effectiveness of social programmes, improved Monitoring and Evaluation frameworks to assess programme performance, and enhanced capacity of NSAs as delivering units at the local community levels.**

## Improving programme management

PBB has been successfully implemented. However, a noted above, there are still some elements of the programme budgeting missing or that need to be improved, notably the followings:

* The set of performance indicators could include a higher share of outcome indicators attributable to the programmes;
* arrangements to manage the programmes need to be established and appropriate instruments implemented
* accountability reports on the actual performance should be prepared and audited and the achievements should be reviewed when preparing the budget;
* further training is needed, notably to take into account recent improvements in the PBB system, and awareness seminars should be conducted for the Parliamentarians.

In addition the GoM intends to complete the current information system to facilitate PBB preparation and performance monitoring.

### Improving performance indicators

Performance information is used for both accountability and for administering programmes, but the information needs for these different purposes are somewhat different.

For external accountability, increased importance should be granted to outcome indicators, in addition to information on the efficiency of programmes (i.e. the ratio output to input) and on the quality of public service delivery. However, attribution problems and the time needed to achieve certain outcomes must be taken into account. A programme manager or a minister can be accountable only for the outcomes under his/her control. Outcomes that can be attributed to one programme may be distinguished from impacts that depend on several programmes. In the budget the programme statements include strategic directions and priority objectives. The outcomes indicators considered in this paragraph are related to these priority objectives, completed if necessary. They are not necessarily related to the current high level programme outcomes mentioned in the budget (under the programme title, in the tables showing the performance indicators). Some ministries have already included outcome indicators in the 2012-2014 PBB. Table 6 gives some examples of these.

There is also a need to encourage the implementation of gender policies. As recommended in the PBB manual, “gender indicators” dealing with the outcome of these policies should be included in the budget document.

Ideally, the performance indicator system should be stable to monitor progress over time. Nevertheless, there is a need to improve progressively the indicators according to the following suggestions:

*In the budget documents*

* In the section of “overview of ministry”, at least for the socio-economic sectors, some socio-economic indicators (end-outcome indicators) will illustrate progress of the major policies to meet the objectives of the national development plan, if any.
* By programme, some activity indicators could be replaced by: (i) indicators of outcomes attributable to the programme; (ii) when relevant, “gender indicators” related to an objective included in the programme statements; (iii) when relevant, indicators on the quality of public service delivery (e.g. waiting time) and on the efficiency.

*For internal management*

For internal management, once their outputs are defined, managers of administrative divisions, activities, projects should be accountable for the outputs and their operational efficiency to the programme manager, if any, or directly to the PS or CEO. Therefore, the outputs to be delivered and expected efficiency gains should be described in specific documents (see below).

**Table 6**

**Examples of outcomes in the Mauritius 2012 – 2014 PBB**

|  |  |  |  |
| --- | --- | --- | --- |
| **Ministry/Department** | **Programme** | **Services to be provided** | **Indicator** |
| Social Integration And Economic Empowerment | Socio-Economic Empowerment andWidening the Circle ofOpportunities | Empowerment andtraining of the absolute poor | Percentage of personswho have completedplacement and securedemployment |
| Mauritius Prisons Service | Management of Prisons | Prisons management | Rate of escape |
| Police Force | Community Safety and Security | Investigation of reportedCrimes | Detection rate forhomicides. |
| Education, Culture and Human Resources | Technical and Vocational Education | Provision of technicaland vocational education | Employment rate ofvocational trainees within6 months |

### Managing the programmes

The management of the programmes falls under different levels of responsibility:

* the Minister - responsible for defining broad policy orientations within the government policy framework;
* the Permanent Secretary (PS) and/or the Chief Executive Officer (CEO) - responsible for coordinating at the administrative / technical level the different programmes (when several persons perform such activity their respective roles should be clarified);
* the programme manager- his/her function being defined in the PBB manual (see below) is first level of programme management;
* the administrative/technical manager head of directorates, zones, agencies etc.- second level of programme management, which could correspond to a sub-programme;
* the heads of units involved in public service delivery (e.g. schools) and administrative divisions with directorates - third level of programme management.

The programme manager should have a key role in programme management. His/her tasks are defined in the PBB manual (see Box 2). The programme manager carries out the following activities under the authority of the Minister and the PS/CEO of the ministry:

* defining the programme objectives and the related performance indicators;
* preparing the programme budget;
* defining in a dialogue with the relevant managers, the operational objectives and the related indicators assigned to the administrative divisions and agencies responsible for programme implementation; and
* preparing programme performance reports.

The relationships between the different actors in programme management and the related accountability requirement have yet to be defined. The approach should be aimed at fostering a new management dialogue between the different levels of programme management, including some form of performance agreements and reporting requirements (see sub-sub-section 4.2.3).

The disjunction between the administrative structure and the programme structure may create problems in ensuring effective programme management and may lead to conflicts between programme managers and administrative managers. To limit such risks the responsibilities of each actor should be defined clearly under the supervision of the programme coordinator (the PS or the CEO).

It would be desirable in several ministries to streamline the organisation chart with the view to ensuring consistency between the administrative structure and the programme structure. This will take time. But some ministries are already taking the necessary steps in that direction. Their efforts should be encouraged.

|  |
| --- |
| **Box 2** **The role of the programme manager according to the PBB manual*** Coordinate the preparation of the Appropriation Act for his/her programme/subprogramme:
* Prepare annually a 3-fiscal-year rolling PBB Statement:
* Coordinate the preparation of financial and performance monitoring reports:
* Prepare reports on the activities related to his/her programme/sub-programme implementation: and
* Coordinate the preparation of quarterly Investment Project Implementation Reports.

Source: Mauritius PBB manual |

The use of some form of performance agreements should be considered between (i) the programme manager and his/her supervisory authorities and between (ii) the programme manager and the managers of the second level of programme management the heads of the directorates and agencies responsible for programme implementation. These agreements may have different forms, from a formal contract to a simple letter of mission. At the beginning of the process, a simple letter has the advantage of being more flexible and more easily implementable.

Ideally, annual activity plans should be prepared by the heads of the relevant entities at the second and third levels of programme management. These activity plans should indicate the outputs expected to be delivered and the required inputs being consistent with the zone activity plan.

The performance agreements should translate the programme objectives and indicators according to the administrative and regional specificities of the entities. For example the target “Certificate of Primary Education examinations pass rate” has to be specified according to the context of each area, with the programme manager ensuring the consistency between the regional/area/zone targets and the national target. If necessary, specific policy objectives and associated indicators, not included in the budget documents, related to special socio-economic conditions may be added in the performance agreement to take into account special issues and concerns. Performance agreements between the programme manager and the manager at the second level of programme management will also have to take into account, efficiency issues (level of inputs required to produce a certain level of output).

The activity plans should define operational objectives/arrangements required to implement the programme and will include input, output and quality of service delivery indicators. While the number of indicators should be limited and focus on key issues in the budget documents, more indicators may be considered in the activity plans.

The current PMS approach to monitor the performance of individuals should be placed within this framework. Ideally, the key result areas included in the performance appraisal form should be derived from the activity plan of the organisation.

However, it will take time to implement activity plans at the different levels of programme management for the whole government. Some pitfalls should be avoided. For example, activity plans with hundreds or thousands of activities are prepared in many African countries. However such plans cannot be monitored, notably because they are over-detailed and not consistent with the chart of accounts.

Therefore, it is suggested to start the preparation of activity plans on a pilot basis.

### The performance reports

Concerning non financial data the PBB manual suggests quarterly, six-months and annual reports. Quarterly or six-month monitoring of outputs and progress in implementing investment projects and special activities is desirable for internal management. Such monitoring will be based on the activity plans.

However for monitoring outcomes and external accountability, the focus should be placed on end-of-year performance reports. These reports should be produced for every line ministry. They should show by programme, the results achieved against planned performance as set out in the budget document.  These reports will cover the most recently completed fiscal year. They should be prepared by line ministries, then sent to the MoFED which will table them in Parliament. This will be done preferably by the end-of June and, at least before the budget bill for the next year is tabled in Parliament.

These end-of-year performance reports should be audited. Their audits will verify whether the information about programmes is clear and reliable, whether the key results were reported against the objectives, and if the report presented reflects the bad /negative as well as the good/positive aspects of implementation. The audit will also assess whether the information was used to improve operations. Such audits can be performed internally by the team responsible for quality control suggested above and/or, externally, by the NAO.

### Using performance information when preparing the budget

Moving progressively towards “performance-informed budgeting” will be the next step in strengthening PBB. This will require, when preparing the budget to review past performance, to analyse the reason of poor result if any, and to identify, if necessary, corrective measures. Resource allocation decisions will be based on the results of those analyses. The link is not mechanical. Depending on these results and the policy priorities, the budget of a poorly performing ministry may either be increased or decreased.

During budget preparation past performance should be reviewed by the MoFED and discussed with line ministries. Some countries discuss past achievements, required corrective measures, and expectable future performance in ministry of finance-line ministry “performance conferences”. These conferences precede the estimate committees meetings that discuss resource allocation. Other countries review at the same time performance issues and budget requests. In both case the consistency between the budget forecasts and the expected performance must be ensured. The GoM could consider adopting one of these two approaches

### Training

As noted, training should be pursued. Besides training targeted to the officials of government, awareness seminars targeted to members of Parliament should be undertaken. The objective is to increase capacity of Parliament in scrutinizing the budget and creating capacity of the Public Account Committee to review ministries’ performance reports.

### Possible UNDP support

In order to improve programme management, the UNDP may provide support for:

* Actions aimed at improving the performance indicators and supporting the management of performance information. Support could also be provided to the design of the budget preparation system that the government intends to implement.
* On a pilot basis, for few ministries: (i) the definition of responsibilities of the main actors; (ii) the design of performance agreements and activity plans; and (iii) the definition of the relationships between the activity plans and the PMS.
* The definition of the format of the end-of-year performance report and its associated processes.
* The establishment of mechanisms to ensure that performance results better inform the planning and budgeting processes.
* Improving quality control of the programme structure, the narrative statements on programme objectives and indicators, the review and the audit of performance reports.
* Support training on performance indicators formulation, monitoring, quality control of performance indicators, formulation of annual reports, and audit of performance reports.
* The setting up of on-line performance monitoring system to allow for an effective and transparent tracking of public performance by all Ministries and Departments.

## Planning

### Directions in developing planning

Multi-year programme-based budgeting approaches are generally aimed at strengthening aggregate fiscal discipline, resource allocation in conformity with policy objectives and operational efficiency.

 In practice, the Mauritius PBB system has given the higher priority to the later objective (operational efficiency). Therefore, it may be desirable to pay increased attention to policy analyses and planning. This can be done partly through the current instruments (Budget/MTEF and strategic plan). The current three-year strategic plans could be updated at the end of the budget preparation cycle and included in the budget documentation transmitted to Parliament.

However, additional instruments may be also needed, because of the following issues:

* The three or four-year projection period covered by an MTEF suits well to the needs of financial programming. However, policy formulation and planning need to be placed in a longer-term perspective for example for sectors such as education and transport, as well as, for spatial planning.
* To take into account economic development and financial constraints, an MTEF must be rolled over annually and the MTEF and budget processes should be unified. The preparation of the MTEF is subject to the pressure of the budget calendar, while formulating policies needs time and adequate dialogue with the different stakeholders.
* The rolling nature of a MTEF suits well to the needs of financial and expenditure programming, but policy objectives should be comparatively stable. They need to be revised according to the political calendar (e.g. after the elections), but they do not need to be rolled over annually.

Globalization, the changing role of the State and financial uncertainty led most developing countries (though not all) to abandon the preparation of 5-year development plans. It was replaced by a rolling multi-year expenditure programme prepared annually such an MTEF which it was felt better took into account economic developments, than a 5-year development plan that has a fixed time horizon.

Nevertheless, some countries, in addition to developing an MTEF have adapted (not abandoned), their planning instruments to the new economic context. For example, together with implementing an MTEF, Turkey has moved from a “traditional” five-year plan to a 7-year plan that gives policy orientations. In most poor countries, poverty reduction strategy papers (PRSP) were developed in the 2000’s at the request of donors, making a come-back of some form of planning.

There is no universal standard for the design of planning/programming instruments. Such instrument design is country specific, because it depends on the experience and administrative culture of the country. However, the following criteria should be kept in mind (among others):

* avoid duplication (e.g. duplication may happen when different documents cover the same period and have similar aims);
* adapt the period covered by the document to its purpose. e.g. a three-year period suits the needs for financial programming, but is not inadequate to plan most policies;
* adapt the sectoral and institutional coverage of the document to its purpose. For accountability and management, the MTEF should be structured by ministry, but planning documents will be preferably organized by sector/function;
* ensure coordination between the sectoral plans and overall strategies, which constitute the preparation of a national plan;
* take into account the fact that legislative elections may lead to policy changes.

The preceding remarks may suggest developing, for example, the following programming/planning instruments:

* Programming, performance monitoring: rolling MTEF, the current strategic plans, strategic plans being understood as a companion document of the budget/MTEF.
* Planning at the national level: plans/strategy that gives the broad policy orientations and will cover a period of 8 to 10 years. The government is considering a period of 10 years. Such a plan will have a fixed time-horizon, but it may be updated periodically, notably after the legislative elections. This plan will include a macro-economic framework.
* Long-term sector (sector in the sense of function - e.g. education sector) strategies/plan: The time horizon of such plans depends on the sector. They should be broadly costed, and their costing should be consistent with the macro-economic framework of the national plan. Such plans have been already prepared in some sectors, but they may need to be updated when the national plan will be prepared.

### Possible UNDP support

The support of UNDP in this area may include:

* support to some ministries in the design of long-term sector plans;
* support to Rodrigues Regional Assembly in long-term planning and extending the SIDPR;
* support to the definition of the formulation process for the National Development 10-year Plan, the preparation of the outline of this plan, the definition its relationship with the sector plans and the coordination at MOFED’s level;
* support to reviewing the format of the 3-year PBB strategic plans to include a summary of policy options and clearer links between strategic goals, use of resources and impact on public service delivery.

# ****Lessons Learned****

This section examines the lessons that can be drawn for this evaluation and may have generic application. The successful implementation of the Mauritius PBB may be explained by the following elements:

* Conditions external to the reform itself, but required for its successful implementation were generally met.
* The design of the PBB suited the country context. PBB has been built from a comparatively robust PFM system.

These two factors have contributed in a large part to the successful implementation of the PBB. The main lessons concerning the management of the activities are related to the causes of the success.

##  The conditions for successful reform

As noted earlier, the outcomes of the CPD evaluated in this report and more generally of any PFM reform are strongly influenced by factors external to the design of the reform. In Mauritius, the factors that favoured the successful implementation of the reform include:

* Political commitment: The CDP supported the Government programme and, to date, politicians have showed their commitment to implement it.
* Effective leadership: The role of the MoFED has been crucial to achieve the implementation of PBB.
* Technical capacity: Further training is needed. Nevertheless, the existing high level of technical capacity of the public administration has allowed the reform to be implemented.

Ownership of the reform by line ministries has been during the two first years of the reform process somewhat weak. However, because of the strong leadership of MoFED, this has not impeded the implementation of PBB, although this has contributed to delay the implementation of some key measures such as the appointment of programme managers.

## The pre-existing PFM and the content of the PBB

The Mauritius PBB and MTEF is one the few PBB/MTEF successful in developing countries, including middle income countries. In addition to the factors mentioned above, this has been facilitated by both the strengths of the pre-existing PFM system and the design of the PBB system that has been implemented.

It is increasingly acknowledged that before considering implementing “advanced” reforms such as performance/programme budgeting the “basics” of PFM system, including among other features sound expenditure control procedures, should be implemented. As noted earlier, the results of the PEFA assessment mentioned earlier show that these basics were already in built in the Mauritius budget system.

In addition to the pre-existing strengths of the Mauritius PFM system, excessive sophistication and complexity in designing the PBB system have been avoided. The programme structure is generally manageable and complex costs accounting exercises, consisting of allocating administrative overheads to policy based programmes, have been avoided.

Before considering replicating the Mauritius PBB model donors as well as countries should take into account that the Mauritius context is specific to Mauritius.

## The UNDP support

The resources used for UNDP support has been comparatively limited (see section 2), but as noted earlier, the SBP has been highly cost-effective. The fact that this support has been appropriately targeted to key activities within the MoFED and there has been very close cooperation with MoFED staff has favoured its effectiveness.

The SB Project met the needs of the government, including additional needs not identified in the CPD, such as the support to the implementation of the SRM or the assistance to the IOC.

The outcome formulated in CPD encompasses both policy making and operational performance, but the outcome indicator concerning PBB focuses on outputs and operational performance. Nevertheless, the SBP project provided support to set up the tools for improved policy decision making in areas such gender policy, tourism, environment and social policy. This report has therefore adopted a wider coverage than that suggested by a literal interpretation of the RRF of the CPD. However, it would have been desirable to have had a closer consistency between the outcome and its indicators.

# Annex I. Main inputs and outputs of the Strategic Budgeting Project

|  |  |  |
| --- | --- | --- |
| **Output**  | **Inputs** | **Comments** |
| **Ministry of Finance and Economic Development: Programme-based Budget** |
|  |
| 1. Coordination of the activities of UNDP “Strategic Budgeting programme, including among others the support to the formulation of sector gender policies.
 | UNDP TechnicalAdvisor - PFM(Programme coordinator) - 24 person-months (covers items 1 to 10)Operational support – UNDP Programme Associate    | Key entry points for engendering the PBB has been identified with 9 pilot ministries. This included the preparation of gender policies in line with the National Gender Policy Framework in 9 ministries. |
| 1. Budget system with a new Pubic Financial Management legislation and accompanying changes in the Financial Management Kit (FMK) developed and implemented
 | A PBB manual and other guidance have been prepared, but the new Public Financial Management legislation has yet to be prepared. This new law is needed to define the accountability requirements.  |
| 1. Strategic Plans prepared/updated annually by each Ministry/Department, concerned Statutory Bodies, Local Governments and Rodrigues Regional Assembly (RRA)
 | All line ministries have prepared 3-year strategic plans that are used in budget preparation. Statutory bodies have not prepared such plans. |
| 1. PBB and PMS (Performance Management Scheme) fully operational are designed to build a modern civil Service where the focus will be on “results” and “client-oriented”
 | PMS and PBB are in place, PBB deals with performance at the programme level, PMS at the individual level.  |
| 1. National Training Programme (NTP) for MTEF-PBB-PMS implemented with all public service personnel and key stakeholders trained.
 | Training has been undertaken but further training will be needed. Members of the National Assembly should be also trained.  |
| 1. Regional Training Pogramme (RTP) implemented in collaboration with RMCE, AFRITAC south and CABRI.
 |
| 1. System of National Accounts operational in the Environment and Tourism sectors
 | International Consultants Environment -12 days Tourism – 20 days also responsible for training | The studies have been carried out. |
|  |  |  |
| **SRM (data base of social programme beneficiaries)**  |
| 1. **Social Registry of Mauritius**
 | National Consultant (covered items 8, 9 &10)36 p-mInternational Consultant(covered items 8, 9 &10) 1.5 p-m (47 days) over 8 months3 p-m (90 days) over 16 months  | Done at the technical level, the SRM system is in place, the data base should be completed by July 2012. |
| 1. Extreme Poverty Profile prepared
2. General Poverty Profile prepared
 |
| 1. Targeting performance indicators prepared for Social Aid.
2. Proxy Means Test (PMT) developed
3. Capacity building at Statistics Mauritius, and Ministry of Social Security
 | Implementation of SRM and PMT is a policy decision by Government. The 2012-14 PBB Budget speech mentions implementation of SRM and PMT as from 2012. |

# Annex II. List of Persons Met

**Meetings held by Mr. D. Tommasi, International Consultant and Mrs. E. Hanoomanjee, National Consultant**

|  |  |
| --- | --- |
| **Name, Designation**  | **Date/Time** |
| Mr. E. Bor, UNDP Technical Advisor (PFM) Ministry of Finance and Economic DevelopmentInternational ConsultantMr. S. Arnachellum, UNDP, Programme Associate | 7 Nov. 201111.30am |
| Mr. D. Bundhoo, UNDP National Consultant, for Social Register of Mauritius ProjectMr. S. Arnachellum, UNDP, Programme AssociateDr. Verdickt, UNDP, Senior Programme ManagerMr. E. Bor, UNDP Technical Advisor (PFM) Ministry of Finance and Economic DevelopmentMr. S. Arnachellum , UNDP, Programme Associate | 8 Nov. 201110.00 am2.00 pm |
| Mrs. A. Shall, Consultant, Ministry of Finance & Economic Development, (MoFED)Mrs. R. Boodhoo, Senior Analyst, (MoFED) | 9 Nov. 20112.00 pm |
| Mr. R. Duva-Pentiah, Permanent Secretary, Ministry of Social Security, National Solidarity and Reform Institutions (MSSNSRI)Mrs. J. Sooben, Principal Assistant Secretary, MSSNRIMr. R. Duva-Pentiah, Permanent Secretary, Ministry of Civil Service and Administrative Reform (MCSAR)Dr.(Mrs.).Nalini L.Luckheenarain, Principal Assistant Secretary, & UNDP National ConsultantMr. D. Janoo, Head, Human Resources Development, (MCSAR) | 10 Nov. 20119.30 am2.30 pm |
|  |  |
| Mr. A. Mownah, Senior Analyst & Cluster Head, Ministry of Finance & Economic DevelopmentMrs. Y. Cassimally, Deputy Director, Statistics Mauritius | 11 Nov. 20119.30 am2.30 pm |
| Mr. Patrick Y – S Yip Wang Wing, Director, Budget Strategy and Management Directorate, MoFEDMr. E. Bor, UNDP Technical Advisor (PFM) Ministry of Finance and Economic DevelopmentMr. R.Acharuz, Senior Analyst, MoFEDMrs. A. Shall, ConsultantMrs. R. Boodhoo, Senior Analyst, MoFEDMr. J. Seeruttun, Senior Analyst, MoFEDMrs D. Lan Hing Po, Senior Analyst, MoFEDMr J. Ramyed, Analyst, MoFED | 15 Nov. 201110.00 am |
| ½ Day National Workshop-Country Programme 2013- 2016Ms. Leyla Tegmo-Reddy, Resident Representative, UNDPMr. V. Bassant, Director, MoFEDDr. M. Verdickt, Senior Programme Manager, UNDPMr. S. Ramchurn, Environment Programme Officer, UNDPMr. L. Ghoorah, Senior Analyst, MoFEDMr. P.Soonarane, Deputy Director Technical Services, Ministry of Energy and Public UtilitiesMr. J. Seewoobaduth, Divisional Environment OfficerDr. Rajun Jugurnath, Director of AuditMr. E. Bor, UNDP Technical Advisor (PFM) Ministry of Finance and Economic Development | 16 Nov. 20119.00 am15.00 |
| Mr. R. Munoz, Senior Economist, World Bank, MauritiusMr. Vijay Ramchandran, Technical Assistance Advisor, International Monetary FundMs. L.Nasib, Chargee de projet, European Union Mauritius. Ms. T. Zivko, Attache, European Union MauritiusMrs. Lan Hing Po, Principal Assistant Secretary, Ministry of Social Integration & Economic Empowerment | 17 Nov. 201110.00 am2.00 pm |
|  |  |
| Presentation of Findings by ConsultantsMs. Leyla Tegmo-Reddy, Resident Representative, UNDPDr. M. Verdickt, Senior Programme Manager, UNDPMr. E. Bor, UNDP Technical Advisor (PFM) Ministry of Finance and Economic DevelopmentMr. S. Arnachellum, UNDP, Programme AssociateMr. S. Ramchurn, UNDP, Environment Programme Officer Mr. M. Desha, UNDP Climate Change CoordinatorMr. Yan Hookoomsing, UN Coordination AnalystMr. S.Beedassy, UNDP, Energy ConsultantMs. L. Giapiachelli,UNDP, DAO Focal Point, RodriguesMiss. J. Hadjis, UNDP Interne  | 18 Nov. 20119.30 am |
| Mr. G. Andrianantoanina, Head of Services & Contracts, Mr. V. Cusmajee, Head of Office, Indian Ocean CommissionMr. E. Bor, UNDP Technical Advisor (PFM) Ministry of Finance and Economic Development | 21 Nov. 201110.00 am2.00 pm |
| Mrs. Mohini Bali, Head, Gender Unit, Ministry of Gender Equality, Child Development, Family Welfare and Consumer ProtectionDr.(Mrs.).Nalini L.Luckheenarain, Principal Assistant Secretary, & UNDP National Consultant | 23 Nov. 20119.00 am10.00 am |
| Presentation of Findings by ConsultantsPatrick Y – S Yip Wang Wing, Director, Budget Strategy and Management Directorate, MoFEDMr. R.Acharuz, Senior Analyst, MoFEDMrs. A. Shall, ConsultantMr. E. Bor, UNDP Technical Advisor (PFM) Ministry of Finance and Economic DevelopmentMrs. R. Boodhoo, Senior Analyst, MoFEDMr. J. Seeruttun, Senior Analyst, MoFEDMr. D. Bundhoo, UNDP National Consultant, for Social RegisterMr. S. Arnachellum, UNDP, Programme Associate.  | 24 Nov. 201110.00 am |

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# Annex IV. Terms of Reference

**Terms of Reference**

**Outcome Evaluation Mission**

**Outcome Evaluation Title**: Evaluation of the Programme-based Budgeting (PBB) and Sector Strategies component in the UNDP Country Programme 2009 – 2011 with extension 2012.

**Duty Station:** UNDP Mauritius

**Duration of Appointment**: 19 working days

**Expected Starting Date**: August 2011

1. **Purpose of the Evaluation**.

The annexed Evaluation Plan for Mauritius outlines what is to be evaluated during the current UNDP Country Programme which runs from 2009 – 2011 with extension to December 2012.

The Evaluation Plan includes one Outcome Evaluation, which is mandatory evaluation in line with UNDP corporate evaluation policy. UNDP Mauritius will commission an outcome evaluation with regards to the Programmed-based Budgeting (PBB) and sector strategies components in the UNDP Country Programme 2009 -2012, as it is in its third year, with a view to put into practice the lessons learnt for the next Country Programme formulation and to provide adequate programme coverage to help UNDP Mauritius better manage for results.

The evaluation results will be used by the UNDP Country Office Management and by the Government Implementing Partners while formulating the next Country Programme 2013 – 2015

Annex 1: Evaluation Plan for Mauritius

1. **Description of the social, economic and political context.**

Over the past four decades, Mauritius has achieved remarkable progress with sustained economic growth and significant improvement in the standard of living.  Annual rates of growth have averaged over 5 per cent and per capita income is now almost US$7,000.  Mauritius has successfully diversified its economic activities, particularly in agriculture, manufacturing, tourism, and financial and business services. Life expectancy at birth, adult literacy and income distribution have improved significantly to surpass average levels for upper middle-income countries. It ranks among the top performing economies on many fronts.

In 2009, Mauritius was ranked:

* 1st in Mo Ibrahim classification of Good Governance among 57 African countries;
* 17th out of 183 Countries (Previous ranking: 2008 - 29th, 2007 - 49th ), and to 1st position among Sub-Saharan African countries, in the World Bank Doing Business Index;
* 57th out of 132 countries “In Achieving Global Competitiveness” (World Economic Forum);
* 72nd out of 169 countries in the UNDP Human Development Index (HDI).

In September 2008, GDP growth forecast for the fiscal year 2008/09 was 6.2 percent. However, during the budget speech in May, the Ministry of Finance and Economic Empowerment (MOFEE) predicted growth in the range of 2 to 2.2 percent. This estimate has remained stable and credible since then. The fast pace in which expected growth performance for 2009 deteriorated in Mauritius is commensurate with developments across the globe. Between October 2008 and May 2009, real GDP growth forecasts plunged as a reflection of the severe synchronized economic downturn all countries are now facing.

The fiscal outlook deteriorated quickly during 2009 and poses a clear risk, particularly if the world economic recovery is too sluggish. The overall deficit for the 2008/09 fiscal year was 3.6 percent of GDP. Though by no means particularly high in the context of the international crisis, the deficit has been partly contained by low execution rates of capital expenditures in the first half of 2009. More importantly, a bigger impact on the deficit is expected for the coming budgets as the effects of lower revenues and expansionary fiscal policies fully materialize. For the six-month budget during the period July-Dec 2009, the overall deficit was officially estimated to reach 4.8 percent of GDP. In 2010, Government expected the deficit to remain at about 5 percent. However, given the low level of total fiscal revenues in Mauritius (22.9 percent in 2008), high levels of current expenditure (23.6 percent in 2008) and ambitious public investment programme, there were clear downside risks to the fiscal deficit. The Minister of Finance has gone on record stating that anything higher than a 5.5 percent of GDP fiscal deficit was unsustainable. This is a welcome statement as the use of fiscal measures to boost demand and protect vulnerable people must be consistent with medium-term macroeconomic stability. Existing space for conducting counter-cyclical fiscal policy also remains limited by a high level of public debt - Public Debt to GDP ratio will interrupt its declining trajectory and approach the 60 percent threshold recently imposed by the Debt Management Act.

**Reform Framework**

Despite being a small remote island, Mauritius was able to escape grim development prospects over the last 40 years. Between 1968 and 2009, Gross Domestic Product (GDP) per capita grew from US$260 to almost US$7,000.

**I**n the mid-1990s a new vision began taking shape in Mauritius of a higher value added, more diversified, skill and knowledge intensive economy. To realize this, planners recognized they would need to invest massively in human capital and infrastructure, make better use of advanced technologies and reform the regulatory environment to harness the creativity of the private sector. Yet, little was achieved in these areas during the decade which followed. Instead, trend growth slowed as new sectors failed to generate hoped for levels of output and employment while traditional ones lost ground to increasing competition in their export markets. The miracle years of the 1980s receded into history.

In July 2005, Mauritians went to the polls. With the “triple trade shock” – eroding textiles and sugar preferences and rising energy prices – exacerbating the longer term decline, they were in an uncharacteristically pessimistic mood. The outcome of the election was a new Government with a strong reformist platform that touched on virtually every facet of economic and social policy. In the economic sphere, the Finance Minister urged the need to halt the slide in performance by raising competitiveness, promoting higher value added exports, investing in infrastructure and education, and reforming industrial relations. These were well rehearsed themes, but it soon became apparent they did not portend business as usual. The new Government immediately set to work on an ambitious and comprehensive structural reform program intended to raise the efficiency of the private sector and modernize the public sector for a post-regulatory world.

Since 2006, Government has been implementing a comprehensive 10-year economic reform programme based on four pillars, namely: 1/ Fiscal consolidation and improving public sector efficiency; 2/ Enhancing trade competitiveness; 3/ Improving the investment climate; and 4/ Widening the circle of opportunities. These reforms are embodied in a 3-year Performance-Based Budget (PBB) introduced in the 2008/09 budget and have helped in reversing the declining trend in economic performance and strengthened the resilience of the economy.

1. **Description of the subject of the evaluation**

With reference to the 2009 – 2011 Programme and the Intended Results of the annexed Country Programme for the Republic of Mauritius 2009 – 2011, the objective – “To promote broad-based economic and inclusive growth while ensuring equitable access to public goods, services and opportunities for the poor and vulnerable groups” constitutes the baseline for the carrying out of the outcome evaluation, in particular with reference to the Programmed-based Budgeting (PBB) and Sector Strategies component mentioned on page 5 of the “Results and resources framework for 2009 -2011” of the annexed CP 2009 -2011.

This Country Programme is anchored in the Government’s reform programme to achieve a higher broad-based growth with equity, and is in line with UNDP’s strategic Plans.

The CP 2009 -2011 stated that “ The aim of this initiative is to strengthen accountability, improve performance in public finance and administration and improve effectiveness of policies and strategies that are designed to support implementation of the 10-year economic reform programme . UNDP intervention in this area supports the first pillar of the Government reform which is fiscal consolidation and improving public sector efficiency.” (page 4 para 12).

The Results and Resources Framework for the 2009 – 2011 (page 5 of CP document) mentioned that the country programme outcome and indicator for SB were the following:

**Country Programme Outcome:**

Improved capacity of Government agencies in results based policy making, planning, performance management and public service delivery;

**Country Programme Indicators:**

By 2011, support provided in creating enabling policy framework for PBB and supporting instruments.

Annex 2: Country Programme for the Republic of Mauritius (2009 -2011)

**Actually Adopted Implementation Strategy of the Country Programme component Programmed-based Budgeting**

The project “Strategic Budgeting in the Government of Mauritius (SB)” started in 2007 under the UNDP Country Programme 2005-2008 and was continued under the 2009-2011 UNDP Country Programme. It isexecuted by the Ministry of Finance and Economic Development and the Ministry of Social Security, National Solidarity and reform Institutions and signed as follows:

Project ID/Title: 00055329 – Strategic Budgeting in the Government of Mauritius

Signature date: The project document was originally signed on 28th September 2007. It was revised and on the 21st December 2009 and extended to 2011.

Country Programme Outputs:

* New budget framework with accompanying changes in the Financial Management Manual (FMM) developed and implemented.
* New GFS-consistent Chart of Accounts adopted and operational
* New Financial Management Information System (FMIS) installed and operational
* National Training programme (NTP) for PBB implemented and all public sector personnel and key stakeholders trained;
* Regional Training plan implemented in collaboration with COMESA,SADC, and CABRI

Outputs Indicators, baselines and targets

* By 2011, support provided in creating enabling policy framework for PBB and supporting instruments;
* Indicators: Organic Budget law, GFS-consistent Chart of Accounts, FMIS, gender-sensitive data utilized in all above.

UNDP Corporate has a system of RBMS (Results-Based Management System) which requires linking individual projects to outcomes in a Programme, based on the above-mentioned Strategic Plan.

Annex 3: Project Documents

1. **Evaluation objectives and scope.**

The Strategic Budgeting project will come to an end in 2012 after almost 6 years of implementation. Follow-on projects are planned starting in 2013 under the mandate of a newly formulated Country Programme 2013 -2015 for the Republic of Mauritius.

This evaluation is an **end of programme cycle evaluation** for the following purpose and with the following objectives in mind:

1. To evaluate the impact of the SB project as per the original country programme outcome and related country programme output, with particular focus on the sustainability and cost effectiveness of the key interventions to date;
2. To provide useful lessons learnt for follow-up interventions during the current programme’e extension year until 31 December 2012 and for formulation of the next Country Programme 2013-2015, in particular to generate knowledge about good practices, lesson learnt and weaknesses of the programme/project.
3. To examine how well needs of different groups supported were met by the programme/projects.

Key areas of the evaluation are as follows:

1. Projects design/assumptions made on the onset and realities faced over the projects’ timeframe
2. The joint management and shared resources of the SB related project
3. Relationship with other UNDP projects and contribution towards the Country Programme Outcome, for example with other projects working with improvement of public services , such as the ZEP project and Support to Inclusive Development projects.
4. Coordination of stakeholders
5. Areas of best potential success for further support
6. Gender: assess whether and to what extent the projects took the gender dimension into account and if the project promoted a gender sensitive approach to formulation and implementation (support to Gender Responsive Budgeting)
7. Human Rights: assess whether and to what extent the human rights dimension was taken into account, and if the project promoted a rights-based approach to formulation and implementation.
8. **Evaluation questions**

The following questions need to be addressed:

**Efficiency**: Are the effects being achieved at an acceptable cost, compared with alternative approaches to accomplishing the same objectives?

**Effectiveness:** Is the programme/project achieving satisfactory progress toward its stated objectives?

**Appropriateness/Relevance**: - is the programme/project the appropriate solution to the problem? Are the programme objectives still relevant? What is the value of the programme in relation to other priority needs and efforts? Is the problem addressed still a major problem?

**Impact:** What difference has the programme made to beneficiaries? What are the social, economic, technical, environmental, and other effects on individuals, communities, and institutions –either short-, medium-, or long-term; intended or unintended; positive and negative; on a micro- or macro-level?

**Sustainability**: is the activity likely to continue after donor funding, or after a special effort such as a campaign ends? Do the beneficiaries accept the programme, are they willing to continue, and is the host institution developing the capacity and motivation to administer it? Can the activity become self-sustaining financially? Will the results continue after the project funding?

1. **Methodology (elements of an approach)**

According to the previously mentioned purpose and objectives of the outcome evaluation and based upon the established indicators, baseline information and specific targets, the methodology should describe:

* Whether and how the evaluation was considered in programme/project design;
* Details of the outcome and outputs indicators that have been proposed/used to measure performance, with associated baseline and target data;
* Information on what monitoring has actually taken place;
* Strengths and weaknesses of the original M & E design and the quality of data that have been generated;
* Availability of relevant global, regional, national data;
* Availability of complementary data (from similar programmes/projects)
1. **Management of the Outcome Evaluation and Expected Deliverables.**

The overall responsibility for managing the outcome evaluation will be with the UNDP Country Office Outcome Evaluation Team, in particular the Senior Programme Manager and the other Officers/Associate/Assistant of the project , under the guidance of the UNDP Resident Representative.

The Country Office Evaluation Team will provide assistance in identifying consultants, participate in briefing and debriefing processes for the evaluation team, provide comments on the draft report and clear the final report before evaluation is completed. The CO Evaluation Team will also facilitate contact to key partners in the country, such as other in-country partners as required.

A presentation of the key findings of the evaluation will be presented at a meeting at the UNDP premises, including some selected implementing partners and government.

The detailed time line and key outputs, i.e. draft report, the final report and presentations that are expected from the evaluators, are spelt out under the chapter 9 “Plan for Evaluation Implementation”

Guidance on the structure of a UNDP evaluation report (expected format) and a quality control checklist for its content have been developed by UNDP Headquartres and are herewith annexed.

Annex 4: Guidelines for Outcome Evaluators

1. **Composition, Skills and Experience of the evaluation team.**

It is anticipated that the outcome evaluation team will comprise the following:

**One International consultant (team leader)**

The team leader is responsible for the quality of the final evaluation. (S)he will author the final evaluation report and lead the evaluation team through the implementation of the evaluation methodology.

The development of the evaluation tools and strategies will be of primary importance. The team leader will develop the evaluation questions in consultation with the UNDP Outcome Evaluation Team.

**One national consultant**

The national consultant will give specific insights of the Mauritius Public Service and the interaction between Government, Private Sector and other partners. (S)he will be key in interpreting Mauritian culture to ensure that findings are clear and sound. (S)he will take lead in facilitating organizational capacity reflection focus group among the project partners in order to understand progress that has been made since programme/project inception.

The UNDP Outcome Evaluation Team and the Project Staff, the Project Management Units (PMUs) attached to the related project, will facilitate administrative and logistical support to the consultants’ evaluation team and make sure that project partners and staff (PMUs) are available and participate in different meetings. It includes arranging meetings and transportation support as needed. Project staff and PMU Teams could eventually collect project data in advance of the teams arrival to facilitate time-effective analysis.

**The International consultant s**hould have an advanced university degree in Financial Analysis, MBA, Operational Design or other related qualifications

Work Experience:

* Five (5) years progressively responsible professional work experience at international levels in qualitative evaluations particularly in the area of sustainable interventions.
* Proven working knowledge and experience in the area of programmed-based budgeting
* Proven work experience in use of evaluation methods for identifying measurable target indicators
* Strong conceptual, understanding and analytical skills on social, sector issues, as they link with poverty, gender, human rights and human development;
* Previous experience with UN agencies is an asset.

Skills:

* Strong leadership and planning skills
* Excellent written and presentation skills (English)
* Strong communication skills
* Ability to work in the multi-cultural team environment and to deliver under pressure/meet deadlines
* Ability to network with partners on various levels
* The necessary computer skills with competence in MS office package.

Language

Fluency in English language required.

Knowledge of French an asset

**The national consultant** should have an advance university degree in in Financial Analysis, MBA, Operational Design or other related qualifications

Work experience:

* Experience in conducting evaluation at a national level
* Proven working knowledge and experience in the area of Programmed-based budgeting
* Strong conceptual, understanding and analytical skills on social, sector isues, as they link with poverty, gender, human rights and human development;
* Previous experience with UN agencies an asset

Skills:

* Strong leadership and planning skills
* Excellent written and presentation skills (English)
* Strong communication skills
* Ability to work in the multi-cultural team environment and to deliver under pressure/meet deadlines
* Ability to network with partners at various levels
* The necessary computer skills with competence in MS Word

Language:

Fluency in English language required.

Knowledge of French and Creole languages.

1. Plan for Evaluation implementation

|  |  |  |  |
| --- | --- | --- | --- |
|  | Activity | Estimated time | Key outputs |
| 1 | Preparation by consultants* Review CP 2009 -2011, project documents and progress reports
* Other relevant literature

Preparation (by consultants)* Briefing from UNDP Office
* Agreement on activities and timeframes
* Preparation of meetings/programme
 | 2 days1 day | Familiarization with the project (re. intended outcome)Agreement on timeframes and programme |
| 2 | Meetings and discussions with stakeholders* Discussions with project team (PMU)
* Field visits. This will include interviews and focus group discussions with various stakeholders.
* Meetings with development partners including eventually Project steering committee and other partners
 | 7 days | Document records of interviews and observations with stakeholdersEvaluate findings |
| 3 | Presentation of findings to stakeholders* Hold a meeting with stakeholders including Project Steering Committee, development partners, government and UN agencies to present preliminary findings and recommendations to collect feedback that will help finalise the report, give suggestions and get feedback
* Incorporate feedback into findings
 | 3 days | Present findings to key stakeholders and create forum for participatory feedback |
| 4 | Writing Report* Draft report and final report

Report should be:* Analytical in nature (both quantitative and qualitative)
* Structured around issues and related findings/lessons learnt
* Conclusions
* Recommendations

Present draft form for review by UNDP CO | 3 days | * Draft report delivered to UNDP CO for consideration
* Consideration should be given to producing a final report for public information and donors
 |
| 5 | Submission of Final Report | 3 days after presentation to UNDP CO | A report of maximum 25 pages in word document format with tables where appropriate will be submitted within four working days after the completion of the mission, incorporating comments made on the draft submitted to UNDP CO |
|  | Time allocated to the assignment | 19 days |  |

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1. See for example comments in the Global Monitoring Report 2006 page 146. [↑](#footnote-ref-1)
2. CABRI. Programme-Based Budgeting –Experiences and Lessons from Mauritius. Pretoria. June2010. [↑](#footnote-ref-2)
3. See for example, PEFA Secretariat, *Public Financial Management-Performance Measurement Framework.* Washington, 2005.  Page 1. [↑](#footnote-ref-3)
4. Teresa Curristine, Performance Budgeting in OECD Countries. OECD 2007. [↑](#footnote-ref-4)
5. Allen Schick. "Why Most Developing Countries Should Not Try New Zealand's Reforms", The World Bank Research Observer, Vol 13, No 1, February 1998 [↑](#footnote-ref-5)