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 | Generally  positive | 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 implemented  The 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 functioning  Budget 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..

1. See for example comments in the Global Monitoring Report 2006 page 146. [↑](#footnote-ref-1)