



Ministry of Finance and the Economy

BUDGET MEASURES PROCESS
and the
NATIONAL PERFORMANCE FRAMEWORK

4TH ANNUAL DEVELOPMENT EVALUATION FORUM

PRESENTATION

11TH NOVEMBER, 2014

MoFE
MAIN ROLES & RESPONSIBILITIES

National Budget Development and Implementation

Allocation of Economic/ Financial Resources

Economic Analysis

Economic Policy, Financial Administration and Control

Public Financial Risk Management

Public Debt Management

Treasury Administration

Procurement

Tax Policy Formulation and Implementation

Trade Facilitation and Border Protection

Financial and Regulatory Monitoring and Reporting

Public Investment Management

Revenue Administration and Collection

State Performance Monitoring

Formulation of Fiscal Policy

Collection, Analysis and Exchange of Financial Intelligence

ALIGNMENT OF MoFE STRATEGIC RESULTS AREAS WITH NATIONAL PERFORMANCE FRAMEWORK

2011 – 2014 MEDIUM-TERM POLICY FRAMEWORK – 5 STRATEGIC PRIORITIES

1

CRIME AND LAW & ORDER

2

AGRICULTURE AND FOOD SECURITY

3

HEALTHCARE SERVICES AND HOSPITALS

4

ECONOMIC GROWTH, JOB CREATION, COMPETITIVENESS AND INNOVATION

5

POVERTY REDUCTION AND HUMAN CAPITAL DEVELOPMENT

A RESILIENT, COMPETITIVE, STABLE AND SUSTAINABLE ECONOMY

Key Result Area

ECONOMIC GROWTH & JOB CREATION

INNOVATION, ENTREPRENEURSHIP AND PARTNERSHIP

A DIVERSIFIED ECONOMY

National Outcomes

ALIGNMENT OF MoFE STRATEGIC RESULTS AREAS WITH NATIONAL PERFORMANCE FRAMEWORK

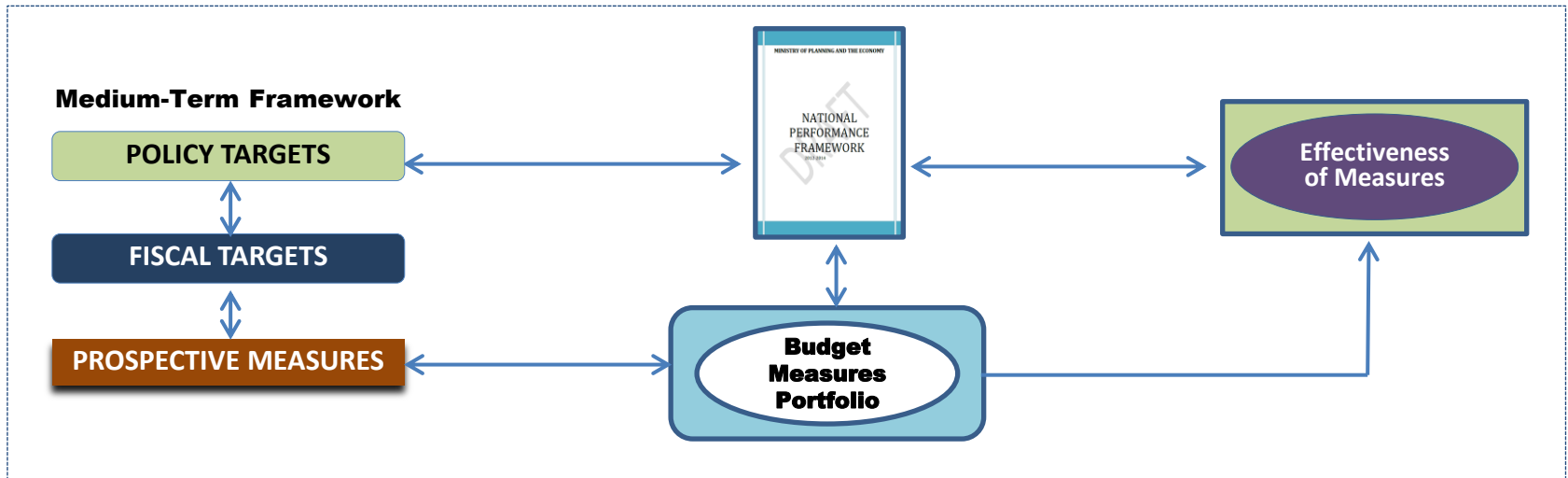
THE PROVISION OF A STABLE AND SUSTAINABLE MACROECONOMIC POLICY FRAMEWORK

MoFE STRATEGIC RESULT AREAS

| SUSTAINABLE ECONOMIC POLICIES | TAX POLICY AND REVENUE ADMINISTRATION | STATE SECTOR PERFORMANCE | DEBT / RISK MANAGEMENT | PUBLIC FINANCIAL MANAGEMENT REFORM | NATIONAL BUDGET (moving towards Performance Informed Budgeting) |
|---|---|--|---|--|--|
| <p>Achieve economic stability through the administration of policies that support the development of macroeconomic frameworks, which when applied in conjunction with sound budgeting principles, helps ensure the attainment of economic growth and macroeconomic stability.</p> | <p>Optimise Tax policy and Tax administration, protecting GORTT's revenue base while promoting a regulatory environment that reduces barriers to investment and fosters economic growth, while balancing efficiency with fairness and equity.</p> | <p>Ensure that the State Sector represents value for money in achieving GORTT's aims and objectives through the effective delivery of public goods and services particularly to meet the country's social and physical infrastructural needs. Ensure that GORTT's assets and liabilities are efficiently managed, supported by mature Corporate Governance and Enterprise Risk Management processes.</p> | <p>Improve management of debt and contingent liabilities through effective performance monitoring, and risk based measurement, enabled by GORTT enterprise-wide debt management decision-support & governance processes, to ensure long-term debt sustainability.</p> | <p>Provide through the services of the Treasury, efficiency in the collection, retention and disbursement of public monies and ensure the application of best practice accounting principles in the monitoring and reporting of public monies. Ensure value for money in public procurement through the reform of procurement practices & standards.</p> | <p>Achieve fiscal efficiency by moving towards Performance Informed Budgeting. Develop a Medium-Term Macroeconomic Framework (MTMF), aligned to the National Performance Medium-Term Policy Framework which will be further refined into a Medium-Term Expenditure Framework (MTEF). Shift operational thinking from line-item budgets to the allocation of resources based on targeted policy objectives.</p> |

MOVEMENT TOWARDS PERFORMANCE INFORMED BUDGETING

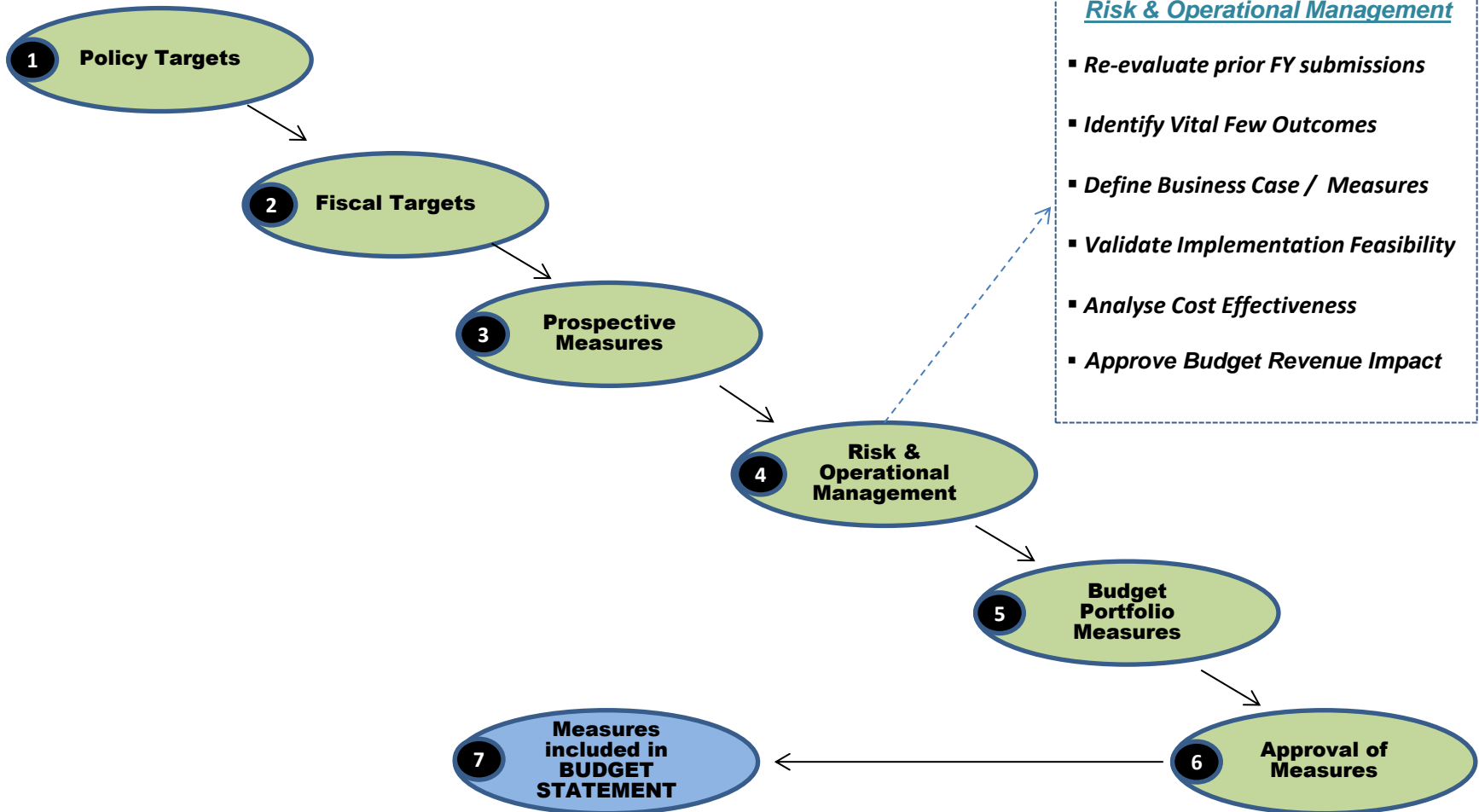
Multi-year Planning Framework



- A Medium-Term Macroeconomic Framework (MTMF), aligned to the National Performance Medium-Term Policy Framework established, as the basis for the formulation of the annual Budget
- Sustainable fiscal outcomes, consistent with that framework, will be refined into a Medium-Term Expenditure Framework (MTEF).
- The MTMF and MTEF will be used to ensure fiscal discipline in the overall budget process.

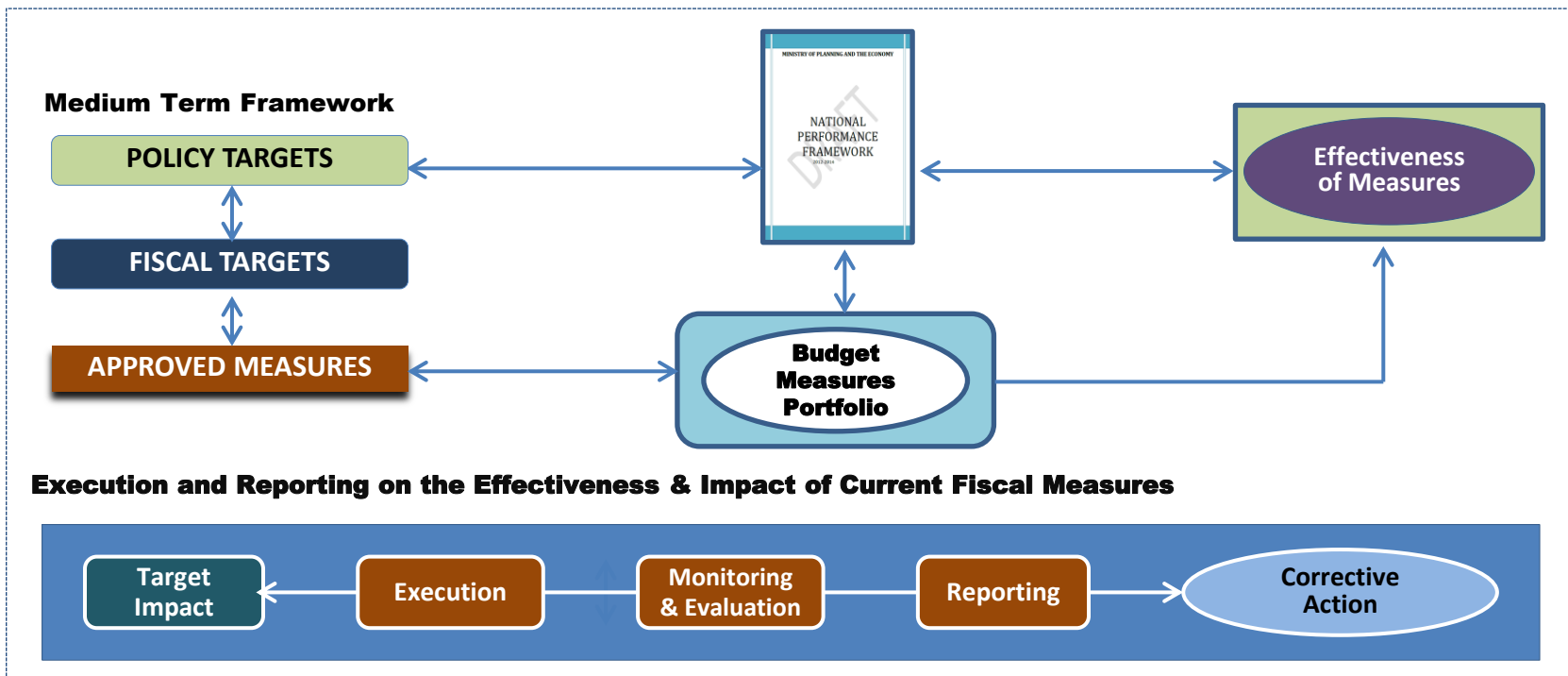
BUDGET MEASURES - SELECTION

Development of Annual Budget – Future Oriented



BUDGET MEASURES – EXECUTION, MONITORING & EVALUATION AND REPORTING

Retrofitting from planning to execution and monitoring & evaluation - recurrent process



- At the Target Impact Stage, outcome indicators for measurement and evaluation will be developed.
- The execution/ implementation of Budget Measures must follow sound project management principles.
- The monitoring and evaluation function will track effectiveness and impact over time to determine whether expected outcomes were achieved.
- Reports are prepared throughout the life cycle and afterwards to inform various stakeholders.
- Feedback from the monitoring and evaluation function will be used to refine the plan and take appropriate corrective action, as required.

NEW CHANGES FOR SUBMISSIONS BY MINISTRIES AND EXTERNAL STAKEHOLDERS

When the Ministry of Finance and the Economy (MoFE) requests contributions from the other Ministries and stakeholders, the submissions are now to be made on a standard template.

Justification for all proposed measures must be provided along with the outcomes and priority areas which will be impacted by the measure, the implementation approach and relevant baseline data which will be used for monitoring and evaluating purposes.

This differs from the previous approach whereby Ministries and stakeholders submitted budget measures which were not guided by or aligned to a national policy direction. The benefit is that all parties will be working in a coordinated manner towards the achievement of the desired outcomes identified.

The MoFE will conduct feasibility studies and cost-benefit analyses on the proposed measures to:

1. ensure an appropriate alignment with the medium-term policy frameworks outlined by both the MoP&SD and the MoFE;
2. ensure the implementability of the measures;
3. determine and quantify the costs and benefits of the proposed measures;
4. identify the changes required to existing legislation or the need for new legislation; and
5. determine new institutional structures and changes to current processes and functions required for the successful implementation of a measure.

PROPOSED BUDGET MEASURES - EXAMPLE OF TEMPLATE

SUBMISSION BY

NPF PRIORITY AREA

NPF KEY RESULT AREA

POLICY AREA & OBJECTIVE

PROPOSED MEASURE

**GENERAL DESCRIPTION OF
MEASURE**

STAKEHOLDER ANALYSIS

BASELINE DATA

DETAILED PROPOSAL

CURRENT LEGISLATION

**PROPOSED LEGISLATIVE
REVISIONS**

IMPLEMENTATION PLAN

PROPOSED BUDGET MEASURES - EXAMPLE OF TEMPLATE

FOR INTERNAL USE BY MINISTRY OF FINANCE AND THE ECONOMY

**ECONOMIC IMPACT OF
PROPOSED MEASURE**

IMPACT ON BUSINESSES

**IMPACT ON OTHER
BENEFICIARIES**

**OPERATIONAL IMPACT
(DETAILS)**

**FINANCIAL RESOURCES
REQUIRED (\$M)**

OTHER IMPACTS

The MoFE has developed a Budget Measures Database which is used in the planning and implementation of the Annual Budget. The database stores all recommendations and proposals made by Ministries and other stakeholders. The system is a web-based SQL Server with the ability to enable online access by Ministries.

Submissions are classified by:

1. Ministry/ Stakeholder;
2. Pillar;
3. NPF Priority Area;
4. NPF Key Result Area; and
5. Policy Area

The database also stores information resulting from feasibility studies and analyses conducted and prioritizes Budget Measures into those for implementation in the current fiscal year or subsequent fiscal years.

Additionally, the Budget Measures Database contains a Monitoring and Evaluation component which tracks implementation progress.

THE WAY FORWARD

Work on other modules of the Budget Measures Database is continuing and ultimately the database will be able to:

- **allow the various planning and implementation Ministries to view and enter updates on measures, subject to permission and security settings.**
- **capture Performance Indicators on Budget Measures**
- **provide a tool for monitoring not only inputs and outputs but more importantly outcomes and impacts**
- **generate reports according to different stakeholders' requirements**

This initiative is a major stride towards a culture of reporting, Monitoring and Evaluation and Performance Informed Budgeting.

Imperative to the achievement of an effective Monitoring and Evaluation system and Performance Informed Budgeting is the commitment of the public service to:

- 1. provide accurate information**
- 2. provide information in a timely manner; and**
- 3. comply with the requirements of reporting systems**

ADVANTAGES OF THE NEW APPROACH TO BUDGETING

- **Greater coordination among stakeholders.**
Facilitates greater coordination and transparency and more effective decision-making, as it pertains to the selection of fiscal incentives, programmes and projects and the allocation of resources.
- **Revenue and expenditure will be developed within an aligned policy framework.**
Ensures that decisions and resource allocation will be aligned to a national policy direction.
- **Fiscal incentives will directly support the appropriate policies.**
Fiscal incentives will contribute to the priority areas and contradictory policies and decisions will be avoided.
- **Policy proposals will be thoroughly analyzed beyond the immediate period (the current Budget year).**
Medium and long term fiscal effects will be estimated and evaluated to identify required changes and to improve effectiveness.
- **By using a Multi-year Planning Framework, capital projects and new revenue and expenditure measures will be progressed to the implementation design stage when included in the Budget, reflecting improved economic and operational feasibility.**
The rigorous analysis of measures will prevent the repetition of initiatives in several Budgets and ensure the timely implementation of fiscal measures.
- **Informed decision-making**
Decisions and resource allocation will be based upon the performance of initiatives and the careful evaluation of outcomes and impacts over time.

THE END