

PROGRAMME

8th Annual Seminar

Budgeting for Results: Moving towards Performance Budgeting

Centurion, South Africa, 9–11 May 2012



Dear Members and Friends of CABRI,

It is my pleasure to welcome you to this year's Annual Seminar on *Budgeting for Results: Moving Towards Performance Budgeting*.

The CABRI Annual Seminar is the flagship event of the CABRI network of senior African budget and planning officials. It is the annual opportunity for all CABRI member and participating countries to share in the network's learning activities and engage on the experiences of their peers in addressing common issues in budgeting and public financial management.

The 8th Annual Seminar takes into consideration that many African countries are progressively moving away from activity-based or line-item budgeting – a tool for resource allocation and expenditure control – towards a system that is more focused on outcomes and places emphasis on results. The shift from traditional budgeting methods to modern budgeting methods with results and performance as their focus is noted to be more useful as a policy or decision-making tool and assures elected and administrative officials of what is being accomplished with the money as opposed to merely showing that it has been used for approved purposes.

In moving towards performance budgeting, countries would be adopting a system of planning, budgeting and evaluation that emphasises the relationship between money budgeted and results expected. The process often requires a programme budgeting structure, which many African countries are moving towards and at a more advance stage, and incorporates explicit performance measures and systems of performance assessment including higher level accountability with associated sanctions and rewards. The annual seminar will bring together technical experts and research studies as resources to facilitate learning and information sharing for countries contemplating performance budgeting and countries already in the implementation phases.

In line with CABRI's motto: 'Connect – Share – Reform', the Seminar will be highly interactive and is mainly structured around panel discussions, roundtable and small group discussions that enable the sharing of experiences and discussions around specific topics pertaining to budgeting for results. Day two will also include a hands-on session on the preparation of Medium Term Expenditure Frameworks.

I would like to encourage you to also engage with your peers and also make use of the time outside of the sessions to learn as much from one another as possible.

I look forward to fruitful discussions with you during the next three days.




Sincerely,

Neil Cole

Day One: 9 May 2012

08:30 – 09:00	Registration	PLENARY
09:00 – 10:00	Welcome and Opening Address <ul style="list-style-type: none">• Welcome address Neil Cole, CABRI• Introductory remarks Mali• Key messages Ndumbe Lobe, Director, OSGE, African Development Bank Lungisa Fuzile, Director-General, South African National Treasury	PLENARY
10:00 – 10:30	COFFEE BREAK & GROUP PHOTO	
10:30 – 12:00	Session 1: Framing the Issues: Shifting from Line-Item to Programme- and Performance-Based Budgeting <p>A moderator will guide a panel discussion on issues involved in shifting towards modern budgeting and the appropriateness and advantages of these reforms for African countries.</p> <p>Moderator: Neil Cole, CABRI</p> <p>Panel:</p> <ul style="list-style-type: none">• Senegal• Kenya• Burkina Faso• Tunisia	PLENARY
12:00 – 13:00	LUNCH	
13:00 – 14:30	Session 2: Programme Budget Design <p>This session will take the form of a presentation, followed by a plenary discussion, where participants will be presented with a taxonomy of programme budgets in Africa and internationally. Participants will discuss the different types of programme budgets that are being used in African countries and exchange views on the benefits and challenges the various models have – ranging from activity-based to output-based.</p> <p>Presenter and Facilitator: Alta Fölscher, Consultant</p>	PLENARY
14:30 – 16:00	Session 3: Preconditions for a Programme/ Performance-Based Budget Reform <p>A moderator will guide the panel discussion, focusing on the various elements that are advised as preconditions for programme and performance budget reforms. In particular, the need for strong governance and PFM systems will be debated.</p> <p>Moderator: Kuben Naidoo, National Planning Commission, South Africa</p> <p>Panel:</p> <ul style="list-style-type: none">• Edward Hedger, Overseas Development Institute• Mauritius• Central African Republic• Ian Lienert, Consultant	PLENARY



	16:00 – 16:30	COFFEE BREAK	
	16:30 – 17:30	<p>Session 4: The Waemu Experience</p> <p>This presentation on the WAEMU by a representative from AFRITAC will be followed by a question and answer session.</p> <p>Chair: Senegal Presentation: Jean Luc Helis, AFRITAC South</p>	<i>PLENARY</i>
	18:30	<p>COCKTAIL RECEPTION</p> <p>Speaker: Mills Soko, University of Cape Town</p>	

Day Two: 10 May 2012

	08:30 – 09:00	<p>Summary Day 1</p> <p>Alta Fölscher, Consultant</p>	<i>PLENARY</i>
	09:00 – 10:30	<p>Session 5: Roundtable Discussions</p> <p>Participants will convene in break-out sessions to discuss the following topics in more depth.</p> <p>Roundtable 1: Sequencing and timetable for programme-based budgeting reform Facilitator: Jean-Phillipe Stijns, OECD</p> <p>Roundtable 2: Organisation and change management implications for programme/performance budgeting reform Facilitator: Papa Amadou Sarr, OECD</p> <p>Roundtable 3: Incorporating performance measures in the budget process Facilitator: Alta Fölscher, Consultant</p>	<i>BREAKAWAY</i>
	10:30 – 11:00	COFFEE BREAK	
	11:00 – 11:30	<p>Session 6: Report Back from Roundtables</p>	<i>PLENARY</i>
	11:30 – 12:30	<p>Session 7a: Medium Term Expenditure Frameworks</p> <p>Kojo Oduro, Crown Agents</p> <p>This will be a hands-on training session for practitioners on the preparation of MTEFs, which is essential in PBB reforms.</p> <p>Delegates are invited to bring along laptops for a hands-on working session (CABRI will also make available computers).</p>	<i>PLENARY</i>
	12:30 – 13:30	LUNCH AND NETWORKING	
	13:30 – 14:30	Session 7b: MTEF Session (cont'd)	





14:30 – 15:30

Session 8: Measuring Performance-Impact Evaluation Tools and Evidence

PLENARY

Kamilla Gumede, JPAL

This presentation on cost-effectiveness and performance measures will be followed by a discussion with all participants in plenary.

15:30 – 16:00

COFFEE BREAK

16:00 – 17:30

Session 9: Peer Learning/Sharing of Country Reform Experiences

BREAKAWAY

Breakaway session 1:

Experience of Tunisia and Cote d'Ivoire

Facilitator: Emilie Gay, CABRI

Breakaway session 2:

Experience of Mozambique and Rwanda

Facilitator: Neil Cole, CABRI

Breakaway session 3:

Experience of Mauritius and Ghana

Facilitator: Alta Fölscher, Consultant

17:30 – 18:00

Session 10: Report Back From Breakaway Sessions

PLENARY

Day Three: 11 May 2012

08:30 – 09:30

Session 11: Report on CABRI Developments

PLENARY

Neil Cole, CABRI

This session will provide participants with the opportunity to learn about CABRI's work and achievements in the past and also the strategic direction the organisation will take over the next few years. A question and answer session with the Executive Secretary will follow to clarify any further points of interest.

09:30 – 10:00

COFFEE BREAK

10:00 – 12:00

Session 12: Risk Management Exercise

BREAKAWAY

Simulation exercise, Africa Risk Capacity

Innovative risk transfer insurance instruments have the potential to support risk management in the developing world and risk pooling with other countries can reap cost-savings. This simulation exercise illustrates the risks and opportunities of index-based financial mechanisms for adaptation. It allows budget directors and policy-makers to explore the different options in a weather insurance market associated with investments in climate-sensitive economic sectors. Budget allocation decisions and the benefits of working with other countries will be explored through this simulation exercise.



12:00 – 13:00 LUNCH AND NETWORKING

13:00 – 14:00 **CABRI General Assembly Meeting**

CABRI will hold a General Assembly meeting with its CABRI Member countries: Central African Republic, Ghana, Kenya, Mali, Mauritius, Rwanda, Senegal and South Africa.

15:00 – 21:00 EXCURSION & OFFICIAL DINNER

PANEL AND ROUND TABLE DISCUSSIONS

SESSION 1 Panel discussion

Framing the issues: Shifting from line-item to programme- and performance-based budgeting

Many countries in Africa are shifting from line item to modern budgeting in an effort to target resources more efficiently to development goals. Critics have stressed the importance of a prudent approach and placed emphasis on 'getting the basics right' for instance, producing realistic annual budgets, exercising effective budget execution controls and adhering to sound cash management practices. In fact, the IMF does not recommend performance-based budgeting even in its basic form for countries with seriously dysfunctional PFM and governance systems.

In this regard, are African countries on the right track in adopting programme and performance budgeting? The new WAEMU directives recommend an approach of gradually phasing in of reforms and include appropriate sequencing. What have been the experiences of WAEMU countries in their various stages of implementing budgeting reforms? Other African countries such as Tunisia and Kenya that have been implementing programme budgeting will also share their experiences.

SESSION 3 Panel discussion

Preconditions for a programme/performance-based budget reform

For countries that are contemplating a programme and performance budget, there are several elements that are advised as preconditions. The most fundamental requirement pertains to systematic information about the objectives and results of government expenditure (in the form of key performance indicators). Obtaining simple, affordable and usable performance can be challenging. In undertaking sophisticated reforms, many countries have underestimated the cost and skills capacity required which can take years to develop. In addition to performance information, it is also important that this information is used in the budget preparation process. Some countries have made great efforts to develop the necessary information and failed to make significant use of them. Countries would also benefit from a programme classification of expenditure – classifying expenditure into groups of similar services with similar objectives helps budget decision-makers to compare the costs and benefits of expenditure options. These and other preconditions will be discussed at the roundtable discussions.

SESSION 5 Roundtable discussions

Roundtable no. 1: Sequencing and timetable for a programme-based budgeting reform

Moving to program-based budgeting is a lengthy and complex process, which requires a clear road map to follow. The roundtable discussion will focus on which implementation steps are needed to move to programme-based budgeting and how important a particular sequencing of reform matters to achieve effective and efficient

implementation. The steps which must be considered in the timetable of reform include, firstly, creating a consensus, mobilising key players and potentially establishing a taskforce to lead the reform agenda. Training should also need to be provided. Second, strategic goals and programmes will need to be defined and developed within a set organisational structure. Budget classifications and documents will need to be amended and performance budgeting will need to be introduced and strengthened. Costing of programmes and the costing process will need to be defined. The accounting and information systems will need to be updated. Finally, mechanisms for monitoring and evaluating programme performance will also need to be developed. The complexity of the budgeting process will have an impact on the amount of time needed and the ease in proceeding with reform. Other factors such as the need for legislation, the status of strategic planning efforts, agency familiarity and experience with performance measurement and sophistication of existing data systems will also influence the timetable of reform.

Roundtable no. 2: Organisation and change management implications for PBB reform

There are various organisational issues to be considered when shifting from a line-item to a performance-based model. These will vary according to local circumstances such as the size of the jurisdiction and complexity of the budgeting process. This roundtable will discuss how to manage change when undergoing PBB reforms. It will focus on what approaches are available to changing the behaviour of key actors and motivating politicians and budget officials to use performance information. Countries will be invited to share their experiences and the rationales for their various approaches.

Roundtable no. 3: Incorporating performance measures in the budget process

A sophisticated performance-based budget includes performance incentives to a base allocation. Budget-linked performance targets however, require setting up performance targets for all line ministries as part of the budget process. This is done in a number of OECD countries (with the most successful being the UK Public Service Agreement System). In reality, this is difficult to apply in many developing countries because it requires a well-developed performance measurement system and a solid information base on the relationship between funding levels and the results which the ministry can be expected to achieve. In the absence of this, targets will be arbitrary. Notwithstanding these challenges, the roundtable will discuss ways to entrench a performance-orientation in the varying existing budgeting models. Discussions will also include appropriate rewards and sanctions that could be applied. Potential rewards include: increasing agency funding, increasing agency flexibility, allowing agency to retain any cost savings, employee bonuses, etc. Sanctions may include: restricting funding, cutting director's salary, a management audit, etc. Are any of these being applied? What are the country experiences?

PROFILES OF RESOURCE PERSONS

Neil Cole is the Executive Secretary of CABRI and the Chief Director of the African Economic Integration unit at the National Treasury. Prior to this, he worked in the Budget Office of the National Treasury for seven years – first as the director responsible for budget reforms and later as the head of the Expenditure Planning unit. Mr Cole did postgraduate studies in economics at the University of London and holds an undergraduate degree from the University of South Africa.

Alta Fölscher is an independent public finance researcher and consultant. She has worked in Africa, South, South-East and Central Asia, the Caribbean, the Balkans, Eastern Europe and the Middle East on issues of public expenditure management, public policy and governance. She has been involved in the founding of CABRI and has provided technical support to the network since its inception.

Lungisa Fuzile is the Director General of the South African National Treasury. He holds a Master of Commerce Degree and has been serving the South African National Treasury in various roles since 1998. Before becoming Director General, he was Deputy Director General in the Asset and Liability Management Division and head of the Intergovernmental Relations Division.

Emilie Gay is a Senior Economist with the CABRI Secretariat and joined CABRI as an Overseas Development Institute Fellow. Emilie, who holds dual English and French nationality, studied at the University of St Andrews in Scotland and at the London School of Economics. Before joining CABRI, she worked as an economist for a research consultancy in London.

Kamilla Gumedde is the Executive Director for the Abdul Lateef Jameel Poverty Action Lab (J-PAL) Africa. Her work involves working with governments and NGOs across the continent to decipher policy lessons about what works and help make policies more evidence-based and more effective. She holds a Master's Degree in Economics and in Public Policy and also worked for the South African National Treasury as well as several international aid agencies.

Edward Hedger heads up the Centre for Aid and Public Expenditure at the Overseas Development Institute in London. He holds a Master's Degree in Public Policy and Management and specialises in budgeting and public expenditure management reform issues in developing countries and fragile states. Mr Hedger has worked in as budget advisor to the ministry of finance in Bosnia and Herzegovina and also across sub-Saharan Africa and Central Asia.

Jean Luc Helis joined the AFRITAC South as resident advisor on public financial management in 2011, after seven years in IMF Headquarters in Washington as a senior economist and technical assistance advisor, mainly for French-speaking African countries and Asia. Before joining the IMF, Mr Helis worked in the French Ministry of Finance and for the European Union in Hungary as a pre-accession advisor.

Ian Lienert is an independent expert on PFM. Before his retirement, Mr Lienert worked with the IMF, leading technical assistance missions. He has worked extensively on budget preparation (including MTEFs), budget approval by parliament, budget execution, government accounting and fiscal reporting systems, cash and debt management, and fiscal transparency. Before he joined the IMF in 1998, Mr Lienert worked with the OECD as well as the New Zealand Treasury.

Kuben Naidoo was the Deputy Director General of the South African Budget Office before he became the acting head of the Secretariat for the National Planning Commission. He also spent two years at the Treasury of the United Kingdom. Mr Naidoo's expertise lies in education finance, public sector personnel policy, intergovernmental fiscal relations, capital budgeting, budget reform and fiscal policy.

Kojo Oduro is a chartered public finance accountant with several years of experience as the technical finance manager in Ghana's integrated public financial management reforms programme. He also served as the coordinator of the MTEF programme for Ghana from 1996 to 2000. At Crown Agents, Mr Oduro has undertaken Public Expenditure and Financial Accountability (PEFA) assessments, and has worked on PFM reforms issues in both Africa and Asia.

Papa Amadou Sarr is an advisor for regional cooperation in Africa and the MENA region at the Development Centre of the OECD. Mr Amadou Sarr is in charge of Strategic Partnerships and Policy Dialogue with governments, regional organisations and the private sector in the Africa and MENA regions. He holds a Master's Degree in Public Affairs and has previously worked with the UNDP and as a Junior Lecturer at the University of Paris.

Mills Soko is an Associate Professor with a PhD in Politics and International Studies and an Master's Degree in International Political Economy. He is Associate Professor of International Political Economy at the University of Cape Town's Graduate School of Business (GSB) and directs the GSB's Doctoral Studies Programme. Mr Soko is also the Founding Director of Mthente Consulting.

Jean-Phillipe Stijns is an economist for the OECD Development Centre's Africa and Middle East Desk. Prior to joining the Development Centre, Mr Stijns worked as a Strategist for ING Private Capital Management. He holds a PhD and a Master's Degree in Economics and also taught Macroeconomics as an Assistant Professor at Northeastern University.

CABRI PARTICIPATING COUNTRIES

(as of December 2011)



CABRI is a professional network of senior budget officials (SBOs) from ministries of finance and/or planning in Africa, with the mission of promoting efficient and effective management of public finances in Africa. Our goal is to achieve improved living standards, economic growth and better public service delivery in Africa. CABRI operates as an international organisation, and accession is open to all African states.

Advantages of being a CABRI Member

Several benefits are associated with becoming a member of CABRI, including:

- influencing the network's strategic direction and research/seminar topics to make them relevant to your country's needs;
- being eligible for nomination to the management committee;
- accessing high-quality learning resources and opportunities;
- requesting and receiving assistance at a country level to drive quality PFM reforms; and
- jointly representing African interests internationally, so as to ensure that the continent speaks with one voice on PFM issues.

Becoming a CABRI Member

- Any African state wishing to become a Member State of CABRI can do so by acceding to the International Agreement.
- Instruments of accession are deposited with the Secretariat.
- Membership to CABRI becomes effective 15 days after the deposit of the instrument of accession.
- Upon accession to the Agreement, each member state is expected to pay the applicable membership fees.
- A Member State may withdraw from the Agreement by providing three months written notice to the Secretariat.

Collaborative Africa Budget Reform Initiative (CABRI)

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