

## 2012 PBB GLOSSARY

**ACCOUNTABILITY:** Obligation to demonstrate that work has been conducted in compliance with agreed rules and standards or to report fairly and accurately on performance results vis-à-vis mandated roles and/or plans.

**ACTIVITIES:** Activities are processes which contribute to outputs. An example can be road safety (to reduce the rate of accidents) which is an "outcome target". Outputs contributing to this outcome can include an advertisement campaign and the "activities" would include designing, printing and putting up posters.

### **ACCOUNTING:**

- **CASH ACCOUNTING:** System which recognises transactions and events when cash is received or paid.
- **ACCURAL ACCOUNTING:** System in which revenue is recognised when it is earned and expenses are recognised as they are incurred.

**ALLOCATIVE EFFICIENCY:** The delivery by government of the mix of different of services which most closely reflects social priorities, based on society's valuations of output choices.

**APPROPRIATION:** Authority granted under a law by the Legislature to the Executive to spend public funds up to a set limit and for a specified purpose during the fiscal year.

**BENEFICIARIES:** The individuals, groups, or organizations, whether targeted or not, that benefit, directly or indirectly, from the development intervention.

**CHART OF ACCOUNTS:** A chart of accounts (COA) is a list of all accounts tracked by a single accounting system, and is designed to capture financial information to make good financial decisions. Each account in the chart is assigned a unique identifier, typically an account number.

**COMPENSATION OF EMPLOYEES:** The total remuneration payable to Government employees in return for work performed. It includes basic salary, salary compensation, extra remuneration, allowances, extra assistance, cash in lieu of sick leave, transfer grant, facilities allowance to honourable members, end of year bonus, travelling & transport, overtime, passage benefits and allowance in lieu of passages.

**COST-EFFECTIVENESS:** The achievement of intended outcomes at the lowest possible cost or maximising outcomes with available resources.

**DELIVERY UNIT:** Directorate, Division, Section or Unit assigned with responsibility for output delivery.

**DEVELOPMENT PARTNERS:** The individuals and/or organizations that collaborate to achieve mutually agreed upon objectives. Partners may include governments, civil society, non-governmental organizations, universities, professional and business associations, multilateral organizations, private companies, etc.

**ECONOMY:** Minimising the cost of resources used or required to achieve priority objectives.

**EFFECTIVENESS:** The extent to which a programme intervention has attained, or is expected to attain, its major relevant objectives efficiently in a sustainable fashion. The changes that result from delivery/intervention.

**EFFICIENCY:** A measure of how economically resources/inputs (funds, expertise, time, etc.) are converted to results.

## **ESTIMATES OF EXPENDITURE:**

- Annual estimates of expenditure based on programmes and sub-programmes (Programme-Based Budgeting) prepared on a 3-fiscal year rolling basis, specifying the resources to be allocated and, the outcomes to be achieved and outputs to be delivered, the first year requiring appropriation by the National Assembly; and
- Includes any supplementary estimates of expenditure appropriated by the National Assembly.

**ESTIMATES OF REVENUE:** Annual estimates of revenue prepared on a 3-fiscal year rolling basis.

**EVALUATION:** The systematic and objective assessment of an on-going or completed project, programme or policy to assess how successful, or otherwise it has been, and what lessons can be learnt for the future.

- Ex-ante Evaluation: An evaluation that is performed before implementation of a development intervention.
- Ex-post Evaluation: Evaluation of a development intervention after it has been completed.

**FISCAL POLICY:** Government actions with respect to aggregate levels of revenue and spending. Fiscal policy is implemented through the budget and is the primary means by which Government can influence the economy.

**GENDER RESPONSIVE BUDGETING:** Gender Responsive Budgeting (GRB) seeks to mainstream gender into budgetary processes from budget planning to implementation, monitoring and evaluation. In recent years, GRB has been increasingly used as an effective tool both to hold governments accountable for their commitment to gender equality and to achieve gender equality.

**GRANTS:** Grants are voluntary current or capital transfers from one Government Unit to another or an international organisation:

**IMPACTS:** Impacts refer to the consequences of the programme/sub-programme beyond the immediate effects on its direct beneficiaries. Two concepts of impact can be defined. Specific impacts are those effects occurring after a certain lapse of time but which are, nonetheless, directly linked to the action taken. Global impacts are longer-term effects affecting a wider population.

**INPUTS:** Inputs are the resources used by a Ministry/Department to undertake activities and thereby produce outputs. Inputs are the labour (the range of skills, expertise, and knowledge of employees), capital assets (including land and buildings, motor vehicles, and computer networks), financial assets and intangible assets, such as intellectual property, which are used in delivering outputs. Input information identifies the nature, mix and value of the resources that a Ministry/Department uses in the course of delivering its outputs. Input information provides little direct insight, however, into the nature of those outputs.

**INVESTMENT PROJECT:** A development intervention relating to acquisition and or preservation of non-financial assets for meeting defined objectives and consisting of a set of interrelated activities to be carried out within a specified budget and a time-schedule.

**LINE ITEM:** An appropriation that is itemized on a separate line in a budget.

**MACROECONOMIC FRAMEWORK:** Macroeconomic assumptions underpinning the budget. It is prepared in the strategic planning phase and provides a forecast of the overall resource envelope for the upcoming budget.

**MEDIUM TERM FRAMEWORK:** The Government of Mauritius defines its Medium Term Framework (MTF) with two primary objectives: i) Improving macroeconomic balance by developing consistent and realistic estimates of available resources; and ii) Restructuring and rationalizing resource allocation so that priority areas receive adequate funding. In defining a MTF as an operational concept, it is important to distinguish three levels of development:

1. **Medium Term Expenditure Framework (MTEF):** The main characteristics of an effective MTEF should be as follows: i) Limited resources should be allocated to priorities areas; ii)

Ministries should have some predictability in the flow of resources; iii) Ministries only plan their activities on the basis of a "3-fiscal year rolling PBB Statement" for delivering agreed outputs measured with verifiable performance indicators, and achieving targets; and iv) Increased accountability (officially-designated programme managers should gradually be held responsible for the performance of the activities they manage) and increased transparency (it should be possible to see where funds are being used and the impact of these expenditures).

**MISSION:** The reason a Ministry/Department exists; a broad statement of purpose. A mission statement should also set out what are the main activities and who are its targeted beneficiaries. The mission is often constant, changing very little over time. Sometimes changes in the organizational structure may reflect the need to review and redefine the mission.

**MONITORING:** A continuing function that uses systematic collection of data on specified indicators to provide management and the main stakeholders of an ongoing development intervention with indications of the extent of progress and achievement of objectives and progress in the use of allocated funds.

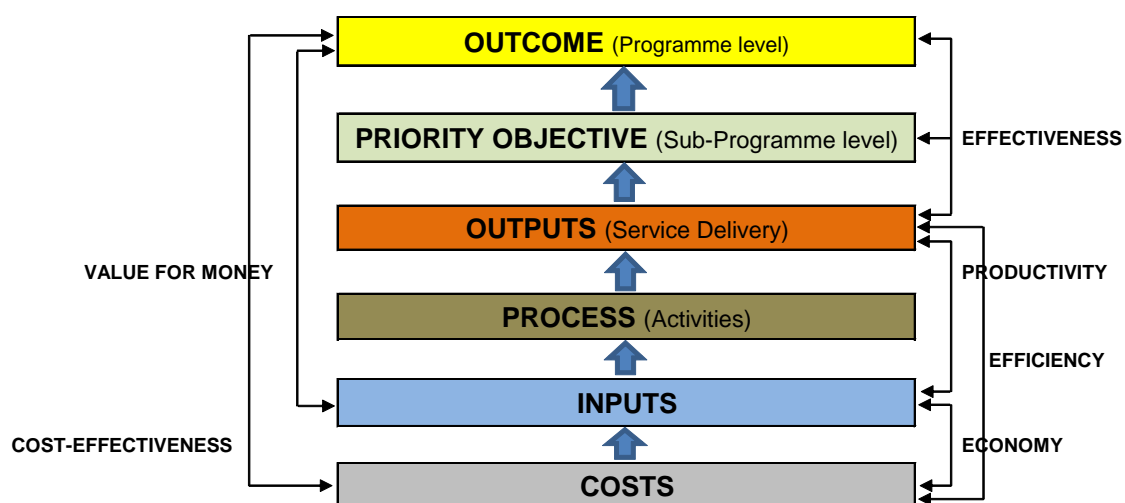
**MULTI-YEAR EXPENDITURE ESTIMATES:** A projection of Government expenditure beyond the upcoming budget year.

**OUTCOMES:** Outcomes are changes in the economic, physical, social and cultural environments which the Ministry/Department is trying to influence. The overall purpose of government is to influence the achievement of desired outcomes, such as reducing the incidence of childhood deaths and the level of criminal activity in the community, improving the average level of educational achievement and health status of the population, and increasing the standard of living and the nation's economic performance. "Outcomes" are why the Government of Mauritius is funding "Outputs".

**OUTPUTS:** Outputs are the "services" produced by a Ministry/Department/Statutory Body for use by external stakeholders. External stakeholders include: general public, citizens, businesses, NGOs, media and other state bodies including other ministries and state organizations, and the parliament

**PBB STATEMENT:** High level performance targets are set annually by each Ministry/Department as part of a spending review process which defines 3-year Ministry/Department budgets.

**PERFORMANCE BUDGETING:** Public sector funding mechanisms and processes designed to strengthen the linkage between funding and results (outputs and outcomes), through the systematic use of formal performance information, with the objective of improving the allocative and technical efficiency of public expenditure.



**PERFORMANCE INDICATORS (PI):** A performance indicator can be defined as the measurement of an objective to be met, a resource mobilized, an effect obtained, a gauge of quality or a context variable.

Indicators demonstrate how to measure elements of programmes/sub-programmes. In Mauritius, they are used as "Service Standards":

1. **Quantity Indicators:** Quantity describes outputs in term of how much and how many. Examples: i) Number of students completing training per year; ii) Number of customers requesting a service; Number of inspections completed; Etc.
2. **Cost Indicators:** Cost measures must reflect the cost of producing an output. They must be expressed as a cost per unit of quantity. Examples: i) Cost per unit of materials used; ii) Average annual operating cost per patient; iii) Cost per client served; Etc.
3. **Quality Indicators:** Quality measures reflect service standards. They are based on customers needs, customer satisfaction, access and other issues. Examples: i) Number of customer complaints filed; Percentage of accuracy for information entered into a database; Etc.
4. **Efficiency Indicators:** Efficiency measures provide a limit for how often, or within what time frame outputs will be delivered; Efficiency is measured by turnaround times, waiting or response times. Examples i) Whether the brief and instructions to the Minister have been completed within deadlines; ii) Proportion of case reviews conducted by due date; iii) Percentage of responses answered within a given time line; Etc.
5. **Effectiveness Indicators:** The degree to which the intended priority objective of the service is being met. Example: i) Decrease in crime rate as a consequence of government intervention; Etc.
6. **Gender Sensitive Equity Indicators (GSEI):** GSEI are used to highlight differential results for women and men and measure gender related changes in society over time. Example: Percentage increase in employment of men and of women as a consequence of government intervention; Etc.

**PERFORMANCE MONITORING:** A continuous process of collecting and analyzing data to compare how well a policy, programme/sub-programme, or investment project is being implemented against expected results.

**PERFORMANCE TARGETS:** Performance targets show desired level of performance and make sense only if time bound and have baseline. They are expressed in absolute number, percentage, ratio terms or dates, and represent the minimum acceptable requirements of the Government of Mauritius.

**PRIORITY OBJECTIVE:** The intended physical, financial, institutional, social, environmental, or other development results to which a programme/sub-programme commits to achieve through the conducting its activities / interventions.

#### **PROGRAMME / SUB-PROGRAMME:**

- **Programme:** A group of activities or interventions intended to contribute to a common set of outcomes, priority objectives and outputs that are verifiable, consisting of a defined target and a given budget including staffing and other necessary resources.
- **Sub-Programme:** The programme hierarchy which breaks programmes into sub-programmes and which in turn break into activities or interventions and is designed to achieve at least one priority objective.

**PROGRAMME APPROPRIATION:** The appropriation of funds in the budget on the basis of programmes and sub-programmes.

**PROGRAMME-BASED BUDGETING (PBB):** PBB is the budgeting system that, contrary to conventional budgeting, describes and gives the detailed costs of every programme/sub-programme that is to be carried out in a budget. The focus is changed from an input-based annual activity to a result based multi-annual exercise that clearly links the funds appropriated by the National Assembly to outputs

(the goods and services produced by Government) and outcomes (changes that the public perceives in their daily life, like for example, faster travel on our roads).

**RESOURCE ENVELOPE:** The upper limit for expenditure for the upcoming budget based on expected revenues and deficit, and debt targets.

**STRATEGIC PLANNING:** A process through which a Ministry/Department describes the means of implementing the policies and achieving the agreed objectives, in the light of environmental factors, and identifies the means by which this is to be implemented over the medium term.

**TRANSPARENCY:** Clarity, relevance and comprehensibility for users, for example in regard to how resources are planned to be used and what results are expected to be achieved.

**VALUE FOR MONEY:** Ministries/Departments getting budget allocations and public enterprises getting transfers from the budget have to keep under continuous review their arrangements for better managing their resources in line with international best practices.

**VIREMENT:** Reallocation of funds within a Ministry/Department: (i) from an item of expenditure within a sub-programme or programme; or (ii) from an item of expenditure in respect of a sub-programme or programme to another item of expenditure in respect of another sub-programme or programme. Virements also include a reallocation of funds: (i) from a Ministry/Department to another Ministry/Department in respect of expenditure relating to acquisition of assets (expenditure categories 31 and 32); and (ii) from Programme 989 "Contingencies and Reserves".

**VISION:** A statement of the Ministry/Department or public enterprise's highest-level goal encompassing its aspirations for the future.

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