

# Core Policy Area (CPA-1)

## Improve Public Financial Management

Principal Objectives	Subprogram 1 Actions (July 2006 to October 2007)	Subprogram 2 Actions (January 2008–September 2009)	Subprogram 3 Actions (October 2009– March 2012)	Remarks
Improve expenditure management to strengthen fiscal discipline.	Greater predictability, transparency, and realism achieved in the inter-departmental allocation of resources through adoption of a rolling Medium-term Budget Framework (MTBF) for FY2008-2010 by Finance Department (FD).	Pre-budget consultations with provincial assembly completed for FY2010, and proposed amendments to rules of procedure submitted to provincial assembly.	Pre-budget consultations with provincial assembly held for FY2011 and FY2012 budgets.	[Complied with]
	Transparency of the Annual Budget Statement increased through consolidation of recurrent and development expenditures by sectors.	(i) Provincial revenue targets and expenditure ceilings approved by cabinet through MTBF for FY2010–FY2012 (ii) Pilot bottom–up output-based budgets prepared for HD and DI&P for FY2010–FY2012 to link expenditure with outputs (iii) Annual budget and MTBF integrated for HD and DI&P for FY2010 (in the application of the MTBF for the first year for these two departments in FY2010–FY2012).	Application of MTBF extended to Excise and Taxation Department (E&TD), Livestock and Dairy Department (L&DD), and Higher Education Department by FY2010.	[Complied with]
			MTBF rolled out to HUD&PHED, C&WD, and a selected district in FY2011.	[Partly complied with to the extent of Departments]

	<p>Increased fiscal discipline through greater coordination between planning (development needs) and budgeting (recurrent and financial management) functions through the adoption of joint protocols at the level of FD and P&amp;DD.</p>	<p>Improved process of applying for supplementary grants implemented by FD through piloting in HD and DI&amp;P in FY2010:</p> <p>(i) The use of a new pro forma that requires justification for supplementary grant requests.</p> <p>(ii) For HD through setting the ceiling for net supplementary grants (i.e., gross supplementary grants less savings in the same grant) for current expenditures at 10% of its budget estimates and for development expenditures at 5% of its budget estimates.</p> <p>(iii) For DI&amp;P through setting the ceiling for net supplementary grants (i.e., gross supplementary grants less savings in the same grant) for current expenditures at 5% of its budget estimates and for development expenditures at 10% of its budget estimates.</p>	<p>ADP for FY2011 rationalized by</p> <p>(i) eliminating ongoing schemes whose present allocation is less than 10% of the financing needs, and</p> <p>ii) excluding new schemes where the allocation is less than 15%.</p>	<p>[Complied with]</p>
	<p>Bottom-up planning facilitated through notification of the Local Government Planning manual by Planning &amp; Development Department (PD&amp;D) for adherence at DG and TMA level to increase fiscal responsibility.</p>	<p>Quality of FY2010 annual development program (ADP) improved by</p> <p>(i) reducing the number of new schemes with less than 10% allocation of project cost by 25% under ADP for FY2009 and</p> <p>(ii) reducing the number of unapproved new schemes (through either approvals or cancellation) by at least 50% in ADP for FY2010.</p>	<p>Quality of ADP improved by reducing unapproved schemes by 90% by 31 December of each FY, and this practice institutionalized in the revised Planning Manual.</p>	<p>[Complied with]</p>

		GRAP budget allocation doubled from FY2008 to FY2010 to support gender mainstreaming.	Gender-responsive budgeting introduced in the health and education departments from FY2011.	[Complied with]
Improve tax administration and structure.	Planning and budgeting functions improved in key sectors by establishment of: (i) Strategy and Policy Unit (SPU) in the Department Health (DOH) to define strategic priorities and improve medium term planning and budgeting processes; (ii) MTEF committee in the Department of Irrigation and Power (DI&P) to oversee the medium term planning and budgeting process.		Property tax survey completed and annual rental valuation tables updated.	[Partly complied with]
			Urban immovable property tax exemptions rationalized.	[Partly complied with]
			Online collection of motor vehicle tax implemented.	[Partly complied with]