



Asian Regional Seminar on Public Financial Management

PFM Reforms: The lessons learnt -promises and tears

**Session 2: Performance Management and
Budgeting Reforms: Necessity or Bridge too
Far**

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25th November

Asian Regional Seminar on Public Financial Management; PFM
Reforms: The Lessons Learnt-Promises and Tears
25-26 Nov 2014, Phnom Penh, Cambodia



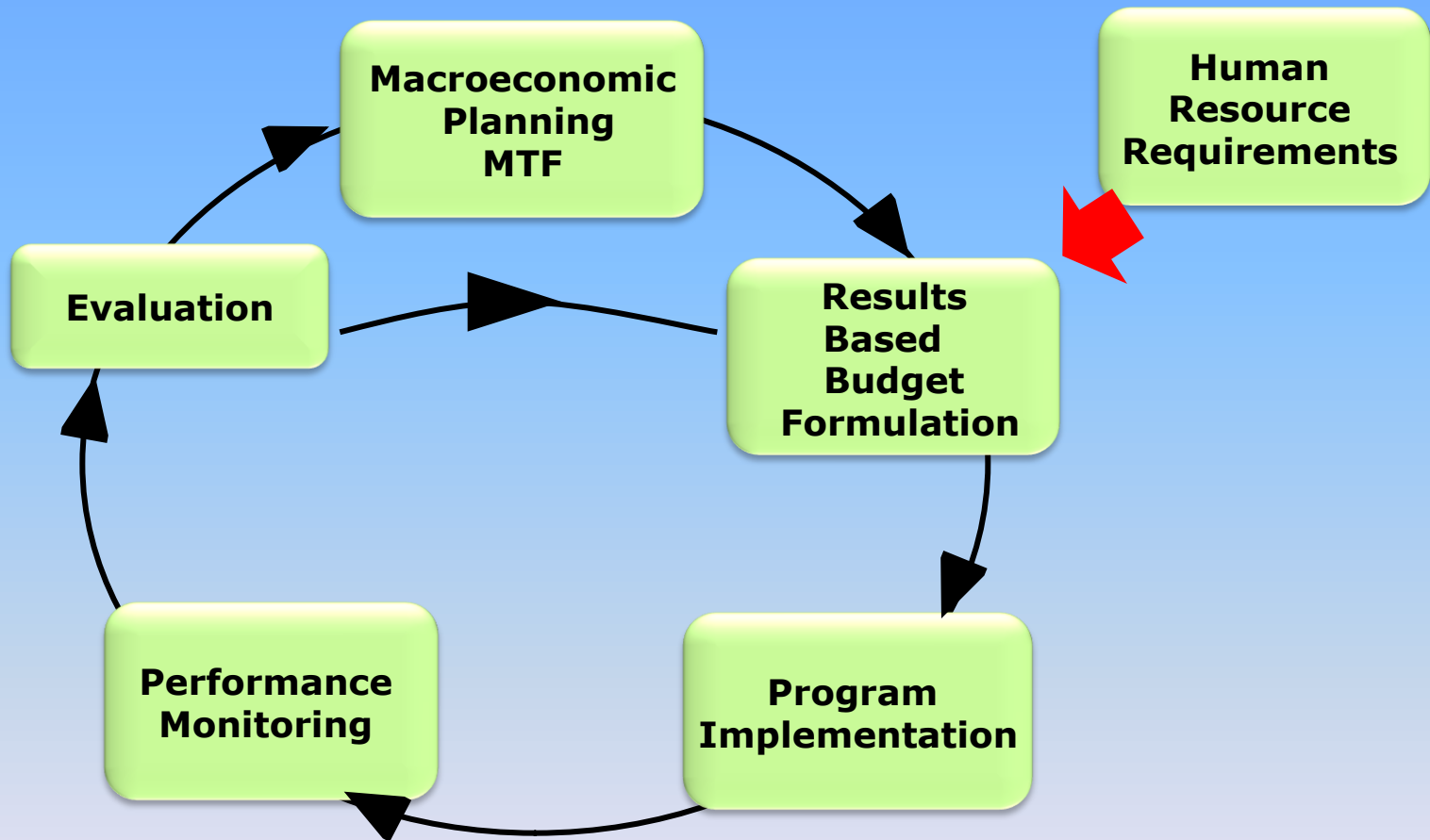
Fulfilling the Promise of Performance Budgeting-lessons on what to do and not to do

**Koshy Thomas
National Budget Office
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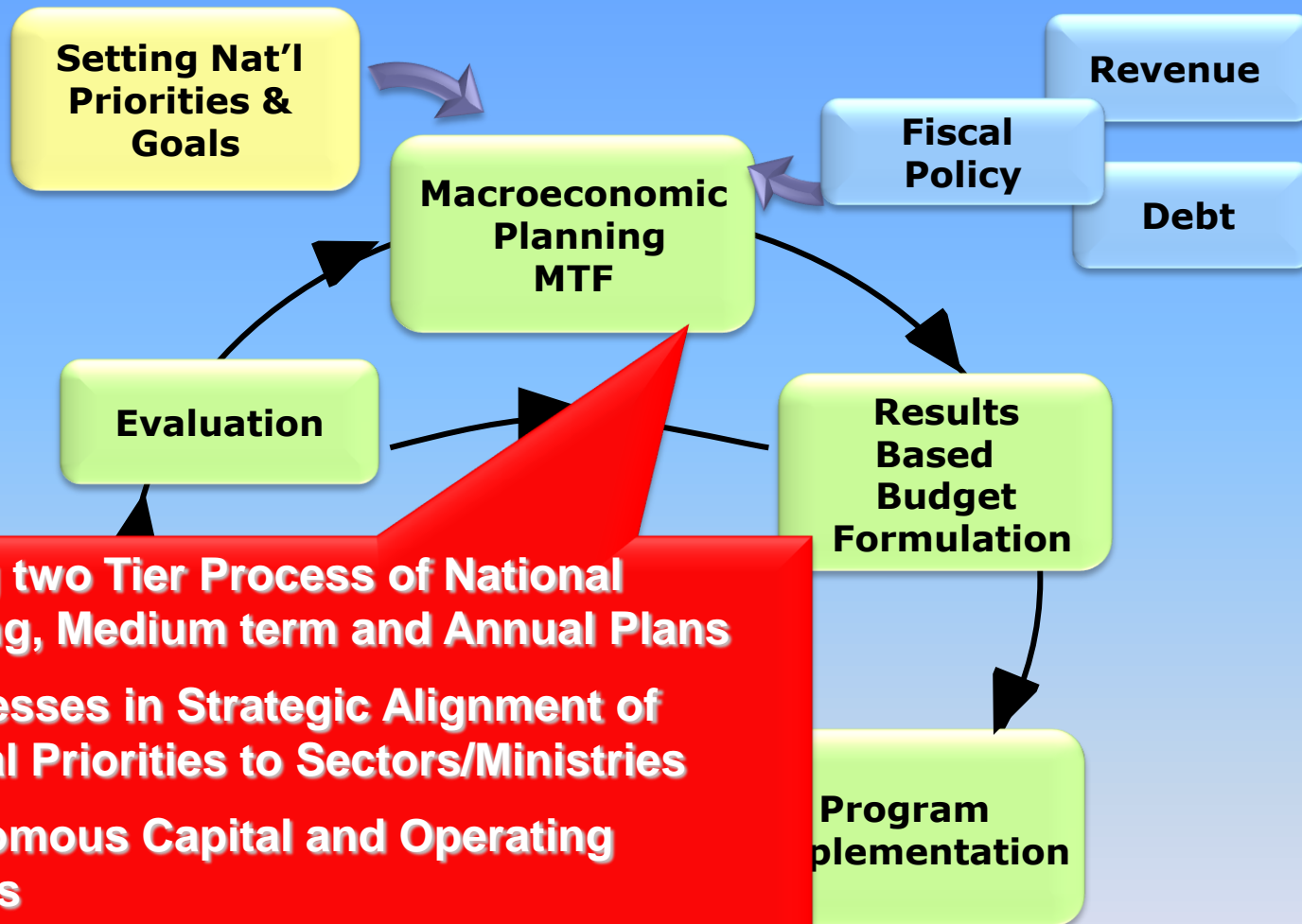
Presentation Will Cover

- **The Integrated Model in RBM**
- **Some Challenges with the Current Framework**
- **What's not so Good**
- **What's Looking Good**
- **Critical Success Factors (must have)**

Integrating Planning, Budgeting and M&E Cycle

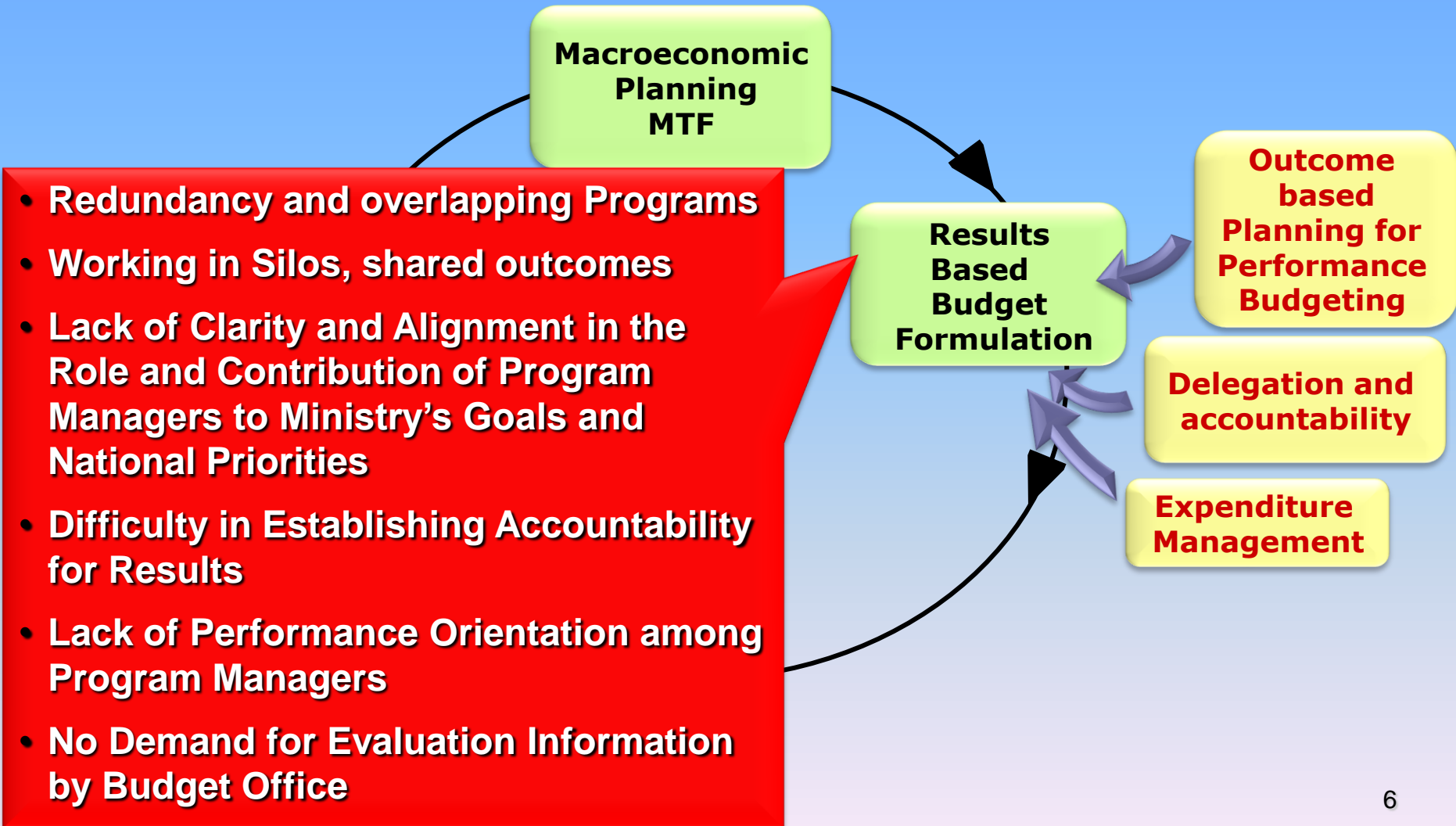


Issues in Planning, Budgeting and M&E



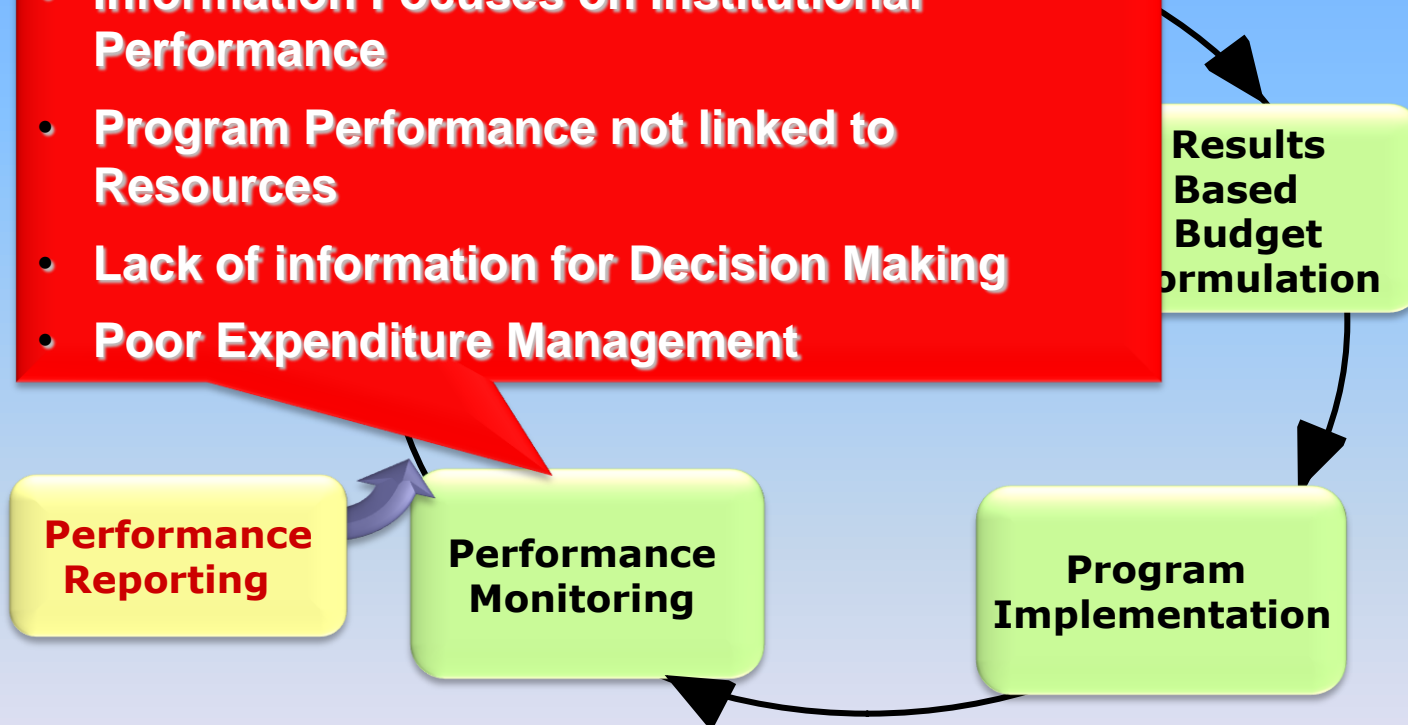
- **Linking two Tier Process of National Planning, Medium term and Annual Plans**
- **Weaknesses in Strategic Alignment of National Priorities to Sectors/Ministries**
- **Dichotomous Capital and Operating Budgets**
- **Insufficient Data to Determine Aggregated Performance**
- **Lack of Coordination, focus on Activity**

Integrating Planning, Budgeting and M&E Cycle

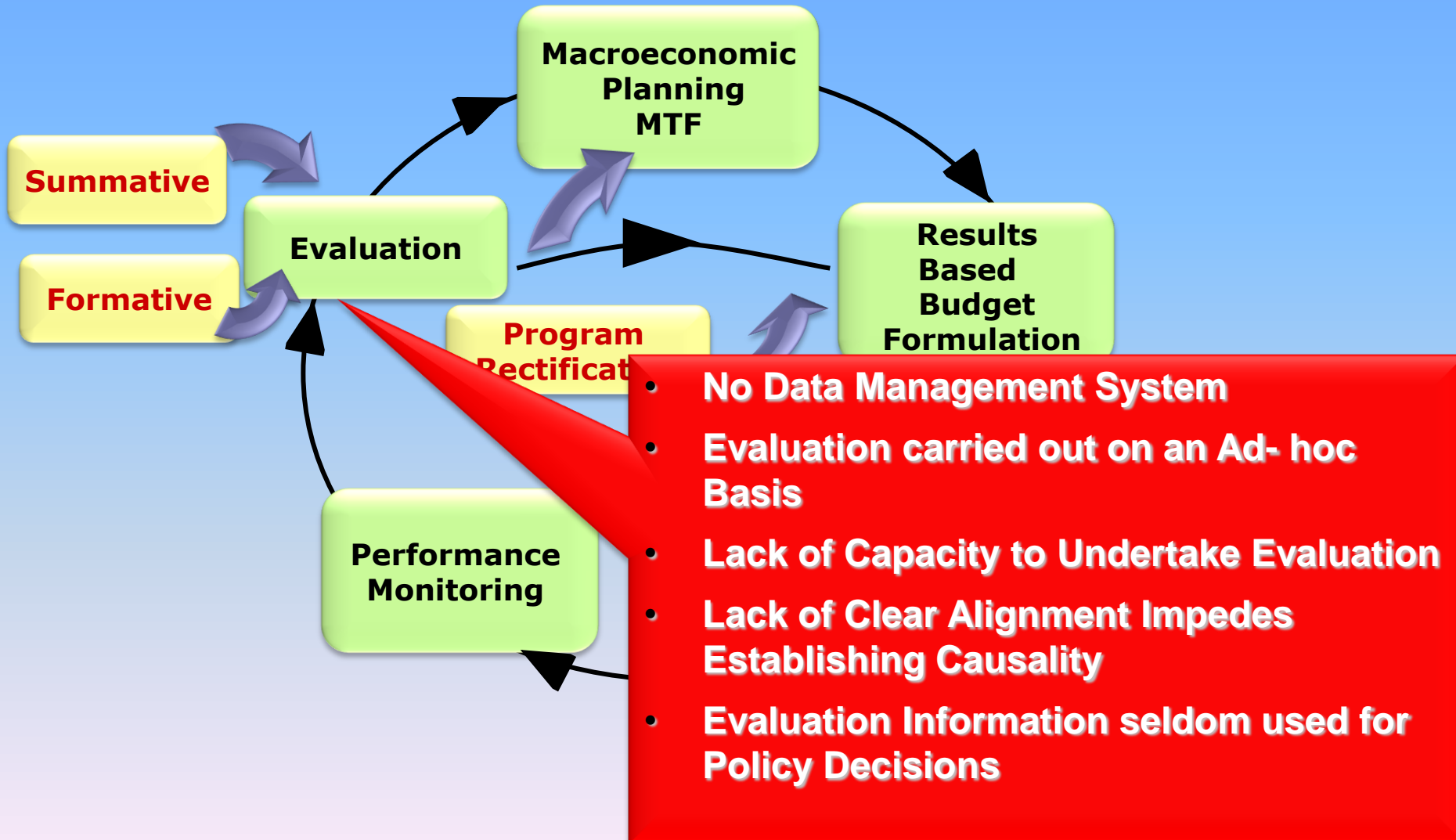


Integrating Planning, Budgeting and M&E Cycle

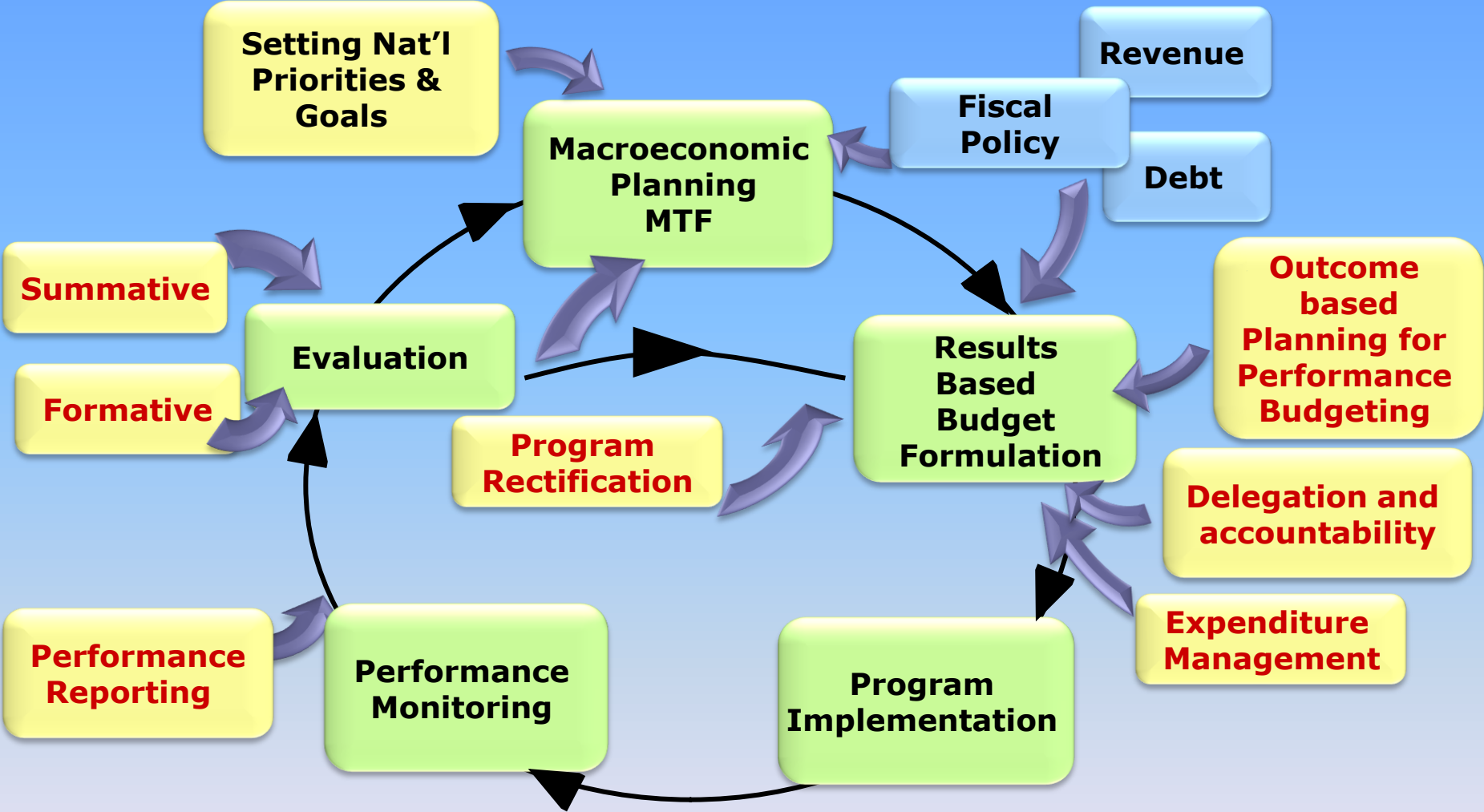
- **Lack of Systematic Monitoring System in Place for Programs**
- **Performance Monitoring limited to Development Projects**
- **Information Focuses on Institutional Performance**
- **Program Performance not linked to Resources**
- **Lack of information for Decision Making**
- **Poor Expenditure Management**



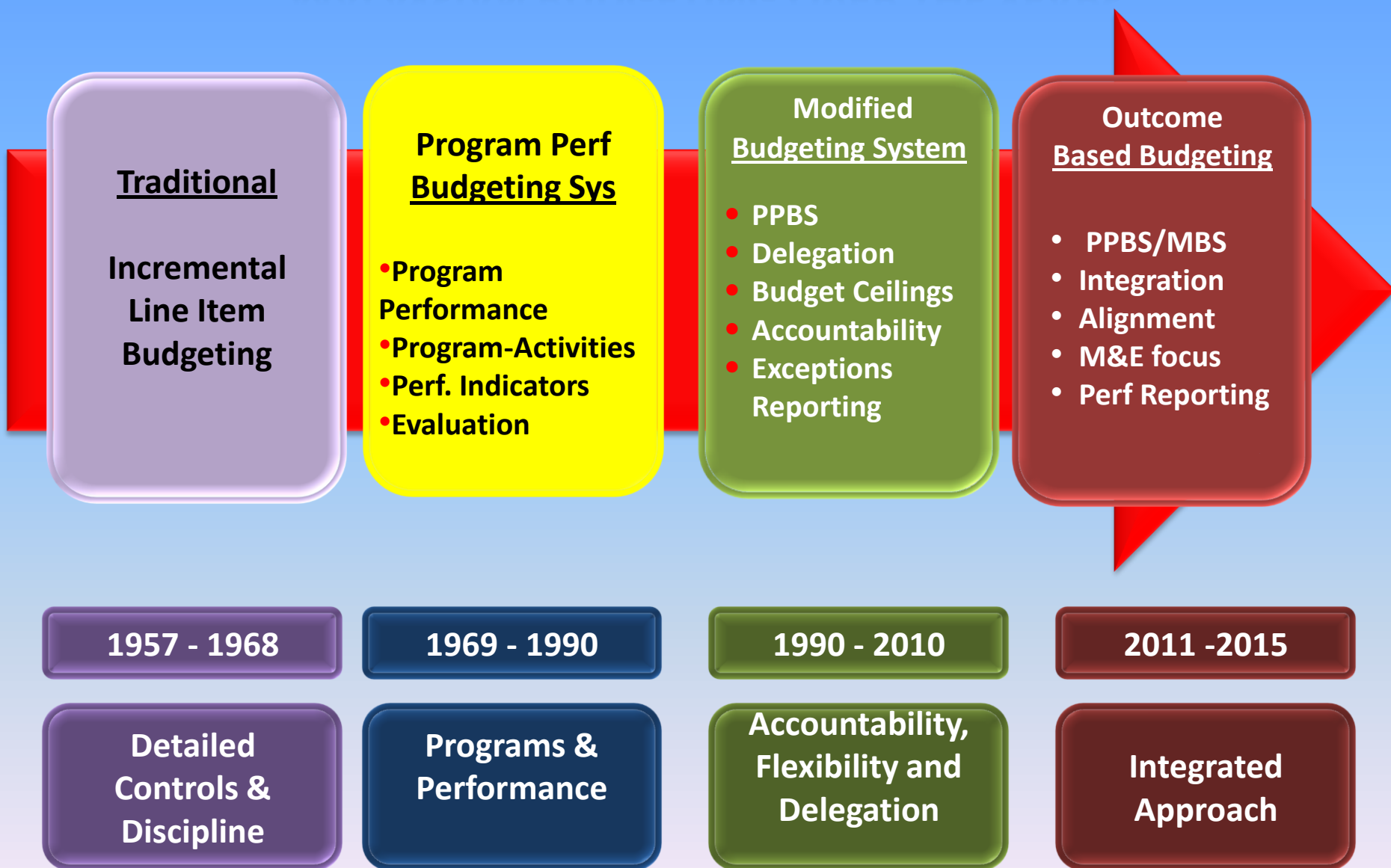
Integrating Planning, Budgeting and M&E Cycle



Integrating Planning, Budgeting and M&E Cycle



MALAYSIAN BUDGETING OVER THE YEARS



Addressing Critical Issues



What's not so Good

- **Performance Culture**
- **Broad based Implementation, challenging**
- **Understanding Program-based Approach**
- **Linking Performance to Resources**
- **Establishing Clear Accountability (Outcomes Hierarchy)**
- **Managing Shared Outcomes**
- **Quality of Performance Data**

What's Looking Good: Leveraging on the Strengths

- **Legacy of MBS since 1990**
 - **Use of Performance Agreement**
 - **Delegation of Authority**
- **Buy-in at the Highest Level (political & administrative)**
- **Use of an Integrated Model**
- **Adoption of Program-Activity Structure**
- **Fiscal Policy Committee and Strategy**
- **Reform Initiative Driven through the Budgetary Process**

Critical Success Factors

- **Everyone need to understand & buy-in to the model**
- **Data Integrity (GIGO); with strong integrity your data will be your biggest asset**
- **Ability for Data Analysis; Business Intelligence skills**
- **Set a Culture of Continuous Improvement; It drives purposeful ongoing innovation and change**
- **Performance Information must be demand driven**
- **Well Trained Budget Officers**
- **Coordination between Aid and Development Agencies**
- **Evaluation must be in place concurrently**

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thank you
terima kasih

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