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

Mr. K. Thomas, Dy. Director, Budget, Malaysia **25**th **November**



Asian Regional Seminar on Public Financial Management; PFM Reforms: The Lessons Learnt-Promises and Tears

25-26 Nov 2014, Phnom Penh, Cambodia

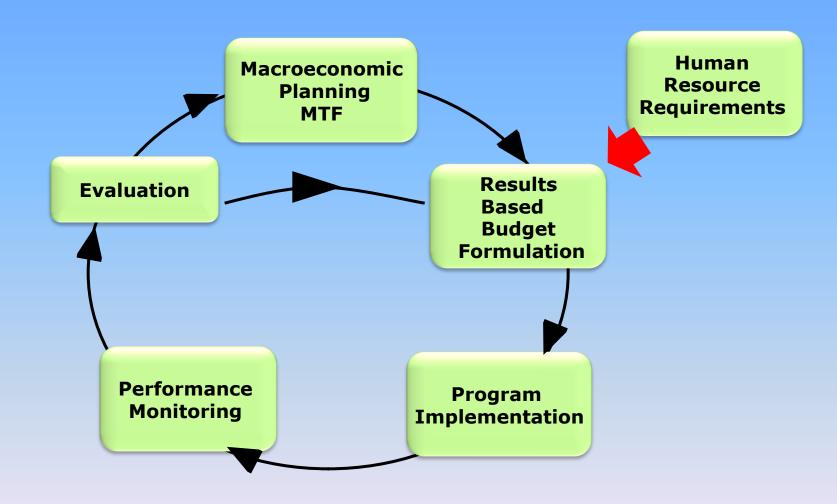


Fulfilling the Promise of Performance Budgeting-lessons on what to do and not to do

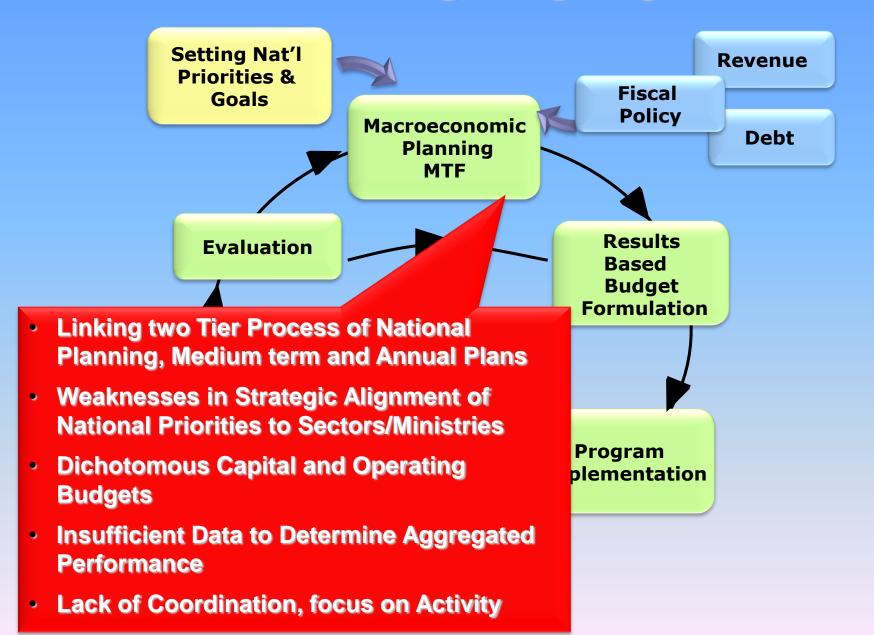
Koshy Thomas
National Budget Office
Ministry of Finance
Malaysia

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)



Issues in Planning, Budgeting and M&E



Macroeconomic Planning MTF

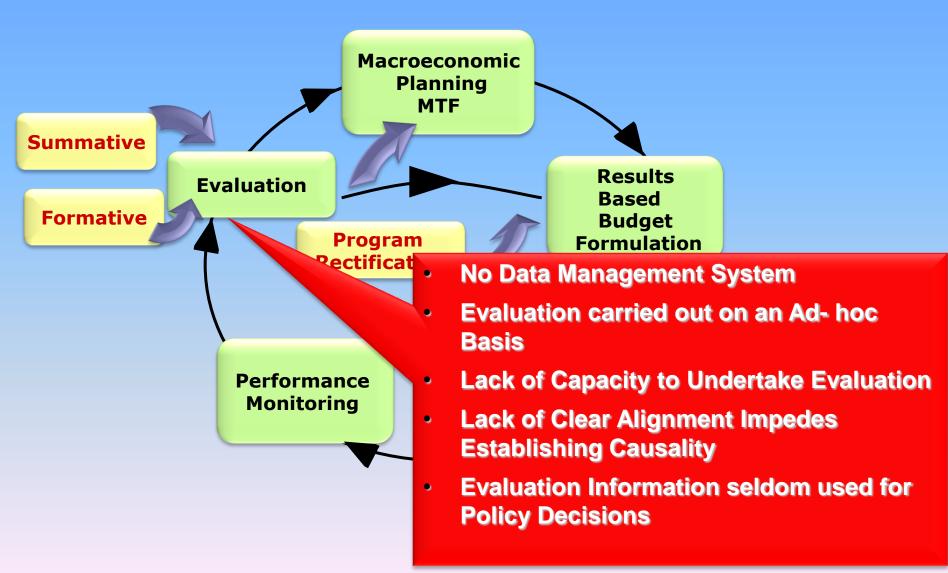
- Redundancy and overlapping Programs
- Working in Silos, shared outcomes
- Lack of Clarity and Alignment in the Role and Contribution of Program Managers to Ministry's Goals and National Priorities
- Difficulty in Establishing Accountability for Results
- Lack of Performance Orientation among Program Managers
- No Demand for Evaluation Information by Budget Office

Results Based Budget Formulation Outcome based Planning for Performance Budgeting

Delegation and accountability

Expenditure Management

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 Results Resources Based **Budget** Lack of information for Decision Making ormulation Poor Expenditure Management **Performance Performance Program** Reporting **Monitoring Implementation**







MALAYSIAN BUDGETING OVER THE YEARS

Traditional

Incremental Line Item Budgeting Program Perf Budgeting Sys

- ProgramPerformance
- Program-Activities
- Perf. Indicators
- Evaluation

Modified Budgeting System

- PPBS
- Delegation
- Budget Ceilings
- Accountability
- Exceptions Reporting

Outcome Based Budgeting

- PPBS/MBS
- Integration
- Alignment
- M&E focus
- Perf Reporting

1957 - 1968

1969 - 1990

1990 - 2010

2011 - 2015

Detailed Controls & Discipline

Programs & Performance

Accountability, Flexibility and Delegation

Integrated Approach

Addressing Critical Issues

Focus on Outcomes

Systematic Monitoring and Evaluation System Vertical Alignment of National and Ministry Priorities to Operational Levels

Accountability in the Public Sector and Authority over Resources

Managing Cross
Cutting Initiatives
& Shared
Outcomes

Coordination of Operating and Development budgets under a Program



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

Koshy Thomas
National Budget Office
Ministry of Finance
Malaysia

koshy.thomas@treasury.gov.my