

+ One System  
One Agenda  
Is The Most  
Effective and  
Efficient

GOVT:  
National  
System

DPs:  
Owned  
Systems

GOVT'S  
Agenda

DPs' S  
Agendas

# BUDGET STRATEGY PLAN (BSP)

MINISTRY OF ECONOMY AND FINANCE

Budget Department/PFMSC Secretariat



# Outline

- Introduction
- BSP: What, Why, and How
- Opportunities and Challenges
- Conclusions



# Introduction

## ■ Budget Is a Real Policy Tool If It can Achieve 3 Key Outcomes:

- ① **Aggregate Fiscal Discipline:** Set expenditures at levels which maintain fiscal sustainability.
- ② **Allocative Effectiveness:** Allocating resources to the most effective set of programs/priorities, in line with policies.
- ③ **Operational Efficiency:** Implementing programs in the most cost-effective manner.

# Introduction (2)

## ■ How Can Budget Achieve The 3 Key Outcomes:

- ① **Good Macro-Fiscal Management With Clear National Strategic Development Plan:** Sound and appropriate macro-fiscal policy and well defined and coordinated national policy.
- ② **Clear Sectoral/Ministerial Policy With Supported by Good Program Design:** Good institutional structure with clear mandates/functions/roles/responsibilities.
- ③ **Good Activity/Spending Plan With Good FM/ME:** Clear division of labor and good management and monitoring framework including reward and sanction.

# Introduction (3)



# What and Why is BSP?

- Bottom up 3 years rolling process with comprehensive and integrated recurrent and capital budget including national and external financing.
- Links budget to policy and provides the basis for expenditure justification (Programs/Priorities) which improve budget allocative efficiency.
- Provides the basis for developing detailed expenditure and performance plans (activities/cost-effective) which improve budget operational efficiency.

# How BSP Is Developed?

- Start with BSP circular in early April to end of May.
- Based on implementation review of previous BSP and the Macro-Fiscal framework in the BSP circular, LMs prepare BSP on a 3 years rolling basis.
- Use Budget Working Group (Planning/Finance/PIUs) to lead the BSP preparation with clear guidelines/instructions/time to all spending units (Depts) under the Agencies (Ministry).
- BSP is evaluated and used by MEF (BD) to develop budget framework for annual budget estimates/envelop, which start with the budget estimates circular in early June.

# What Are The Opportunities?

- Improve policy formulation especially Sectoral/Ministerial Policy, which intern contribute to National Policy development. DPs could start to involve as early as they can.
- Provides clear direction and help to improve programs/activities/priorities development, which intern contribute to and improve the Ministerial/Sectoral policy development.
- SWAps and PBAs with combine and/or harmonize PIUs and implementation procedures are a positive move towards improving budget outcomes.
- Budget support should becoming attractive to DPs.



# What Are The Challenges?

- Commitment/Willingness of all stakeholders.
- Insufficient institutional and human resource capacity.
- Inefficient institutional and organizational structure and coordination (Planning, Finance, PIUs).
- Unclear and/or overlap roles/functions/responsibilities within and between agencies.
- Poor performance monitoring/evaluation framework including reward and sanction system.



# But The Real Problems Are.....

- Institutional Regulations and Rigid Accountability Rules (desire to have owned system/standard?).
- Aid Tying, Vested Interest, and/or Desire for Attribution (desire to have owned agenda/objective?).
- Unpredictable Nature of Finances (long/slow process and fiscal year different).
- Long Verses Short Run Focus Between Gov't and DPs (how to fit the SR and small scale focus into a LR and large scale?)
- Coordination Among DPs (How to integrate activities/projects/programs into PBAs/SWAs)



# Conclusions

- One system one agenda is the most effective and efficient.
- Clear and real commitment of Gov't reform programs with lots of efforts and substantial progress have been made toward building better national system. Good support, contribution, and participation of all partners are needed.
- Reasonable/Realistic challenges, though some may take longer than expected, but robust progress has been made and they are manageable/resolvable.
- The real problems, though seem unreasonable/unrealistic, but they are real/common challenges/risk, which have been proved to be very difficult to resolve.



**THANK  
YOU**

**GOVT and DPs:  
National System**

**GOVT and DPs:  
National Agenda**

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