MINISTRY OF FINANCE

Budget Reform Programme

Revised PBB Manual

February 2018

Building a better working world

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List of Acronyms

Acronym	Full Meaning
ABB	Activity-Based Budgeting
ABFA	Annual Budget Funding Amount
AMC	Annual Maintenance Contract
BAU	Business-as-usual
CREAM	Clear, Relevant, Efficient, Achievable, Measurable
DPR	Detailed Project Report
EIRR	Economic Internal Rate of Return
GIFMIS	Ghana Integrated Financial Management Information System
GSGDA	Ghana Shared Growth and Development Agenda
HR	Human Resource
IFMIS	Integrated Financial Management and Information System
IGF	Internally -Generated Funds
KPI	Key Performance Indicators
M&A	Management and Administration
M&E	Monitoring and Evaluation
MDAs	Ministries, Departments and Agencies
MINT	Ministry of Interior
MLNR	Ministry of Land and Natural Resources
MMDAs	Metropolitan, Municipal and District Assemblies
MoE	Ministry of Education
MoF	Ministry of Finance
MOFA	Ministry of Food and Agriculture
MoPW	Ministry of Power
MoRH	Ministry of Roads and Highways
MoT	Ministry of Transport
MTEF	Medium Term Expenditure Framework
NDPC	National Development Planning Commission
NMTDP	National Medium Term Development Plan
NMTDPF	National Medium Term Development Policy Framework
NPV	Net Present Value
OECD	Organisation for Economic Cooperation and Development
PBB	Programme-Based Budgeting
PFM	Public Financial Management
PFMA	Public Financial Management Act
PPME	Policy, Planning, Monitoring and Evaluation
SMTDP	Sector Medium Term Development Plan
TCFR	Techno-Commercial Feasibility Report

1. Introduction

1.1 Purpose of the Revised Manual

In 2014, PBB was implemented by all MDAs on the basis of different manuals and guidance materials. This has resulted in the establishment of some PBB fundamentals. However to keep up with best international practices, and improve the current PBB practice, there is a need for a revision and consolidation of all PBB-related guidance materials. This revised manual is intended to guide all stakeholders in the budget preparation process in preparing PBB budgets by providing clarity on the design and use of budget programmes as well as guide the users of budget information and the public in scrutinizing budget documents.

1.2 Scope and Application of the Manual

This manual applies to all Ministries, Departments and Agencies of the Government of Ghana whose budget programmes are subject to the guidance, scrutiny and oversight of the Ministry of Finance (MoF) and Parliament. The Manual guides budget users throughout the entire process in using programme-based budgeting approach to prepare budgets for all levels of Government. The various sections in this Manual serve to provide a better understanding of activities of PBB across the budget planning and preparation, approval, execution and evaluation phases.

1.3 Organization of the Manual

The Manual is arranged in ten main sections as follows:

- Sections one to three focus on the introductory aspect of the Manual as well as the concepts and design of budget programmes and narratives. It particularly introduces the user to purpose of the Manual, its scope and application, fundamental concepts underlying programme-based budgeting as well as the steps and processes of designing budget programmes.

- Sections four to six deal with performance measures and targets. These sections detail the process of developing performance indicators and targets for both the support and service delivery programmes.

- Costing of budget programmes is the subject of section seven. This section comprehensively covers the principles, importance and the steps required for an effective costing of programmes.

- Section eight sheds light on the activities involved in obtaining approval from Parliament for the budget whiles section nine focuses on the implementation of the budgets by MDAs. Finally, section ten discusses the subject of evaluating budget programmes with focus on principles as well as international standards for evaluations.

2. Programme-Based Budgeting (PBB)

2.1 High-level Overview of the Budget Cycle in Ghana

The budget cycle entails four main phases. These are as follows:

- Planning/Budget preparation
- Legislative Approval
- Budget Implementation and
- Budget Evaluation and Auditing

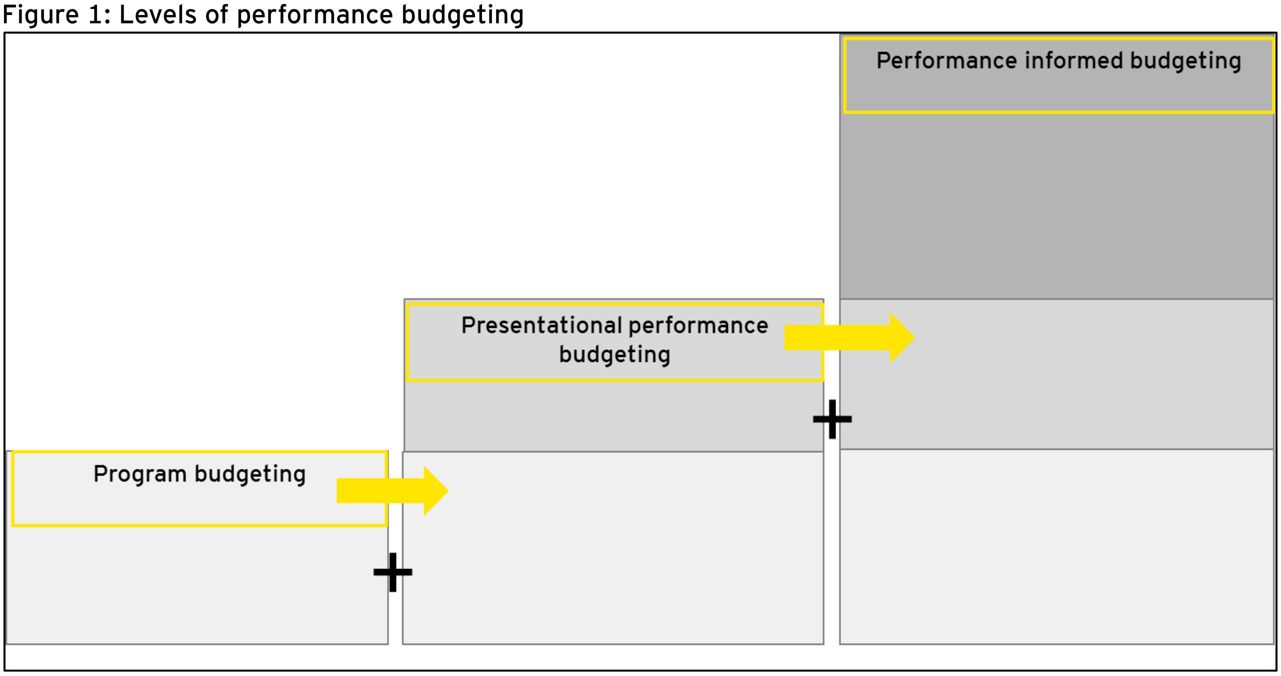
The various sections in this Manual are devoted to explaining how PBB relate with all these phases in the budget cycle.

2.2 Overview of Performance Budgeting

Performance budget is a budget that reflects the input of resources and the output of services for each unit of an organization. This type of budget is commonly used by the government to show the link between the funds provided to the MDAs and the outcome of these services. In budgeting for programmes, MDAs are to ensure that they observe certain key processes in the budget preparation phase in line with good international practices. Appendix J shows a standard process flow for the budget preparation phase of an MDA.

There are various forms of performance budgeting across the globe. These include programme-based budgeting, presentational performance budgeting, performance – informed budgeting and direct performance budgeting. However, direct performance budgeting which is considered the most advanced form of performance budgeting is unsuitable for countries which are in transition towards sustained PFM basics / systems. Figure 1 shows the three levels of performance budgeting that are relevant for Ghana's PFM ambitions based on its PFM maturity level. Although programme-based budgeting is mostly not seen as performance budgeting, it is often the starting point for countries that are yet to achieve advanced PFM maturity status.

Figure 1: Levels of performance budgeting



2.3 Programme–Based Budgeting

Programme–based budgeting (PBB) is a form of performance budgeting which links the allocation of resources to outcomes. It changes the focus of the budgetary process from an input-based annual activity to a performance-based exercise that improves the efficiency and effectiveness of expenditures. Programme-based budgeting aims to achieve two principal goals. The first is to improve the prioritization of expenditure in the budget – that is, to help allocate limited Government resources to those programmes which are of greatest benefit to the community. The second is to encourage spending Ministries to improve the efficiency and effectiveness of service delivery. In achieving these goals, a programme-based budget also becomes an effective tool to help citizens understand the reasons behind policy decisions.

Programme-based budgeting is the planning, authorization and execution of expenditure in terms of budget programmes. Programmes group together expenditure on specific public policy purposes, such as forest conservation or higher education. The classification of expenditure in terms of programmes turns the budget into an instrument for explicit choices about expenditure priorities such as how much to spend on preventative health versus treatment health; how much on tertiary education versus primary education; and how much on strengthening internal security versus promoting agriculture.

PBB was initially introduced into Ghana's budgeting space in 2011 on a pilot basis. In 2014, all Ministries, Departments and Agencies (MDAs) in Ghana used the PBB approach to prepare their budgets following the pilot with selected MDAs which run from 2011 to 2013. Capping off the complete switch from Activity-Based Budgeting (ABB), all Metropolitan, Municipal and District Assemblies (MMDAs) started to use PBB as their budgeting system for the first time in 2017.

The key characteristics of programme based budget are; 1) programmes with a clear service delivery and result orientation, 2) programme classifications reflected in the budget classification and Chart of Account, so programmes can be budgeted and accounted for, 3) some qualitative information in the budget related to the programmes, such as a description of what the government wants to achieve with these programmes with some elementary performance information, and 4) the use of programme structure in allocation discussions during the budget preparation process. Table 1 presents a selection of the key characteristics of programme-based budgeting and their clarification

Table 1: Key characteristics of Programme-Based Budgeting

S/n	Programme budgeting	Clarification
1	Programme structure is result oriented	The programme structure is focused on result areas. This means objectives have been identified and the programme structure aligns with these objectives
2	Programme classification in place	A programme classification is in place and used in the budget and the annual accounts
3	Objectives + qualitative narrative are presented in the programme based budget	The objective per programme and a short explanation are presented in the budget documentation, with some elementary performance information for illustrative purposes.
4	Programme structure used in allocation discussions	Next to other considerations, the programme structure is used to prioritize expenditure

2.4 Presentational Performance Budgeting

Building upon programme-based budgeting, the next phase of PBB implementation is to strengthen the result and performance orientation in the budget, monitoring, and reporting phases of the budget cycle. Table 2 presents a selection of the key characteristics of Presentational Performance Budgeting. All these characteristics support improved credibility of presented performance information.

Under presentational performance budgeting, KPI data is ideally centrally stored for easy access of all key stakeholders, preferably in an IFMIS system. Also data that is presented in budget documentation and reports are verified.

The in-year and year-end reports prepared in a presentational performance budgeting framework contain performance information. The performance information is systematically presented per programme, next to the financial information. Ideally, some basic analysis is applied in the reports including variance analysis and basic root-cause analysis.

Table 2: Key characteristics of Presentational Performance Budgeting

	Presentational Performance budgeting	Clarification
1	Planning and budgeting are aligned	Targets are set in strategic planning. Planning and budgeting follow the same fiscal framework (costing is aligned). Programme structure in planning and budgeting are aligned.
2	Performance management systems are in place	Performance information is centrally stored, preferably in the same system as finance (IFMIS).
3	Performance information is verified	There are procedures and processes in place at line Ministry level to verify performance information received from programme managers
4	Performance audit operational	The Line ministries have Internal Audit Units that implement performance audits. These audits focus at least on compliance of performance management within the line ministries
5	In-year reports contain performance information	In-year reports include non-financial performance information, at least the half-year monitoring reports
6	Year-end reports contain performance information	Annual reports include financial information (per programme) and non-financial performance information.
7	Parliament reviews non-financial information	Parliament discusses past performance when the annual budget is discussed.
8	The public has access to performance information	The public has access to performance information: either through the budget & annual report or through other means.

2.5 Performance-Informed Budgeting

Performance-informed budgeting takes PBB to the next level. Building upon the programme-based budgeting and presentational performance budgeting, the key focus of performance-informed budgeting is institutionalizing the ***use*** of the robust performance frameworks created in the previous phases. Table 3 below presents a selection of the key characteristics of performance-informed budgeting.

Table 3: Key characteristics of performance informed budgeting

S/n	Performance informed budgeting	Clarification
1	Performance sets strategic plans	Extensive evaluation takes place per programme, before the next strategic plans are developed (national and sector level). These results are the basis for setting new objectives and targets.
2	Programme managers are operational	Programme managers are installed: they have the responsibility to manage the efficiency & effectiveness of the programme and they have the means to do so: virement rules, performance orientation in HR policy, etc.
3	Performance drives budget allocation	Prior to the start of the budget process a review takes place of past financial and non-financial performance. The conclusions of this lead the budget allocation process
4	Performance monitoring framework in place	Monitoring budget execution includes non-financial performance, both at political/higher management level as on programme managers' level.
5	Programme performance evaluation framework in place	There is structured, regular, and institutionalized evaluation framework in place, both at line ministries and central ministries (such as MoF and NDPC)
6	Internal & external performance audit	Both internal & external audit implement performance audits. Internal audit reports are regularly discussed by line Ministry management (Ministry and higher level civil servants) and external audit report are regularly discussed by Parliament. Follow-up monitoring framework exists.
7	Annual performance is discussed in Parliament	Discussions in Parliament with regards the annual report focuses on both financial and non-financial performance.

3. Designing Budget Programmes

3.1 Key Concepts

There are a number of concepts that will run through the Manual as far as designing budget programmes is concerned. In this section, we have provided explanation and meaning to these concepts to provide guidance to the reader. These concepts are:

- Budget programme
- Budget sub-programme
- Impact
- Outcome
- Output
- Input
- Performance Indicators
- Target
- Baseline

Budget programme

A budget programme refers to a group of functions or interventions intended to contribute to the attainment of a common set of outcomes or priority objectives. It is the main structure within an MDA's budget that funds a clearly defined set of services that deliver one or more of the core functions contained in the MDA's assigned mandates. A key feature of a programme is that it is defined by the shared outcome and other common characteristic(s) of the outputs which constitute it. With the exception of support programmes, it is essential that programmes are defined as a grouping of outputs which share a common outcome. Examples of budget programmes for selected MDAs in Ghana are presented in Table 4.

Budget sub-programme

A sub-programme is a constituent part of a programme that defines the services or operations which contribute to the achievement of the objective(s) of the programme of which it forms a part. Some of the defined services could include key projects / operations identified by an MDA. Table 4 shows examples of sub-programmes.

Table 4: Examples of budget programmes and sub-programmes of selected MDAs

MDA	Programme	Sub-programme
Ministry of Interior	Crime Management	• Custody of Inmates and Correctional Services • Maintaining Law, Order and Crime Prevention • Narcotics and Psychotropic Substances Management
Ministry of Roads and Highways	Road Maintenance and Rehabilitation	• Routine Maintenance • Periodic Maintenance • Minor Rehabilitation
Ministry of Education	Basic Education	• Kindergarten • Primary Education • Junior Secondary Education
Ministry of Transport	Rail Transport	• Railway Infrastructure Development • Railway Safety, Freight and Passenger Operations • Railway Infrastructure Maintenance

Impacts

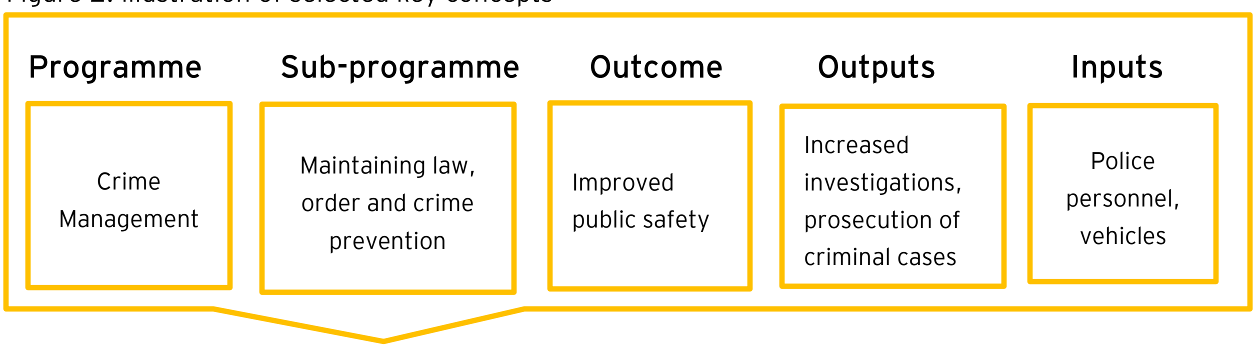
Impacts refer to the results of achieving specific outcomes. Thus they are the consequences from a programme/sub-programme beyond the immediate effects on its direct beneficiaries.

Outcomes
Outcomes are the effects on, or the consequences for, the public from the outputs of MDAs' programmes. Outcomes reflect the changes which government interventions bring about on the citizens and other facets of society. For example, the outcome for an educational programme could be improved literacy; that of an agricultural programme could be increased crop yields; and public safety / reduced crime for a crime management programme.

Outputs
Outputs are the goods or services which MDAs provide for external users through their programmes / sub-programmes which can be measured in terms of quantity, quality and timeliness. Outputs should be capable of leading to outcomes. See Figure 2 for an illustration of outputs using a crime management programme of the Ministry of Interior.

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. Figure 2 provides an example of inputs for a crime management programme.

Figure 2: illustration of selected key concepts



Performance indicators
Performance indicators are quantitative or qualitative measures which provide information to assess the progress of implementation with respect to the outcomes of programmes of MDAs. Table 5 below shows the indicator selected for a sub-programme under crime management programme of the Ministry of Interior.

Targets
Targets are commitments to achieve specific and time-bound levels of performance based on performance indicators. In other words, targets help set a specific goal, which challenges an MDA to improve. They express a specific level of performance that an MDA is aiming to achieve within a given time period.

Baseline
The baseline refers to the status quo or the present/current level of performance that an MDA aims to improve. So, in the case of budgeting, the actual result of the preceding year will become the following or succeeding year's baseline.

Table 5: illustration of selected key concepts

Programme	Sub-programme	Performance indicator	Baseline	Targets		
			Y_0	Y_1	Y_2	Y_3
Crime Management	Maintaining law, order and crime prevention	Number of criminal cases investigated and prosecuted	40%	45%	50%	60%

3.2 Types of Budget Programmes

There are two main types of budget programmes used by countries which use programme based budget. These are support programmes and service delivery programmes.

Support programmes
Support programmes are the internal functions or activities in MDAs combined into a single programme. The purpose of the support programmes is to provide support services to all service delivery programmes within the MDA. Support programmes are known by several names including 'Administration', 'Policy and Management', 'Management and Administration', 'General Administration, Planning and Support Services' etc. In Ghana, support programmes are called Management and Administration. MDAs are therefore required to allocate only internal support services to the Management and Administration programme. Examples of functions that support service delivery programmes include human resource, finance, internal audit, planning, monitoring and evaluation etc. In budget presentations, MDAs must always designate the support programme as the first programme in all budgetary documentation.

Service Delivery programmes
These are programmes which are involved in the provision of external services directly to the public. Unlike support programmes which have generic names and structure common to all MDAs, service delivery programmes are specific to MDAs. Thus, they are designed and structured based on the institutional arrangements within the MDA's sector as well as the specific services provided by a given MDA to the public.
In budget documentation, service delivery programmes must be presented after support programmes. However, among service delivery programmes there is no specified order of presentation. MDAs are to use their discretion.

3.3 Formulating New Budget Programmes and Sub-programmes

In formulating new budget programmes/sub-programmes, MDAs must work in close collaboration with the Ministry of Finance (MoF) and the National Development Planning Commission. This is to ensure that programmes/sub-programmes are well defined in terms of the scope, size/number of sub-programmes, objectives etc. This will also help to align the interests of the government/central budget decision-makers with the programmes of MDAs thereby helping to translate government strategic priorities through budgets into concrete projects and services.

The need for collaboration should however not be a cover for MoF to dictate to each MDA in formulating programmes/sub-programmes. Involvement of MDAs will help to foster a sense of ownership of the programme structure. Additionally, it will help to facilitate the use of programme structure particularly at the lower levels of the programme hierarchy to serve as an internal budgeting and management tool for MDAs.

3.4 Programme / Sub-programme Titles

Programme titles or names helps to identify programmes/sub-programmes. As such, budget programmes/sub-programmes must be defined by their title. The title of the programme/sub-programme should be short and informative. Also, it should give a clear indication of the type of outputs and/or outcomes which the programme/sub-programme aims to deliver. Finally, programme/sub-programme title should give a hint of the programme's/sub-programme's content by referring to the type of outputs, clients, or objective of the program/sub-programme. See Text Box 1 for examples of good programme titles.

Text Box 1: Examples of good programme titles

'Road Construction', 'Crime Management', 'Road Safety and Environment', 'Health Services Delivery', Forest Conservation

3.5 Programme Objectives

MDAs' programme objectives need to be clearly linked to the national priorities or objectives in their strategic plans and in any government-wide strategic plan such as the national medium term development policy framework (NMTDPF) from the National Development Planning Commission (NDPC). This is because planning and programming (budgeting) should be seen as part of an integrated cycle. A well-formulated government-wide strategy will define a small number of high-level outcomes upon which the government is focused. The clear specification of programme objectives then provides the natural means of linking programmes to the government-wide strategy. Objectives should be clear, concise and indicate the key outcomes the programme/sub-programme seeks to achieve. Text Box 2 provides examples of well-formulated programme objectives.

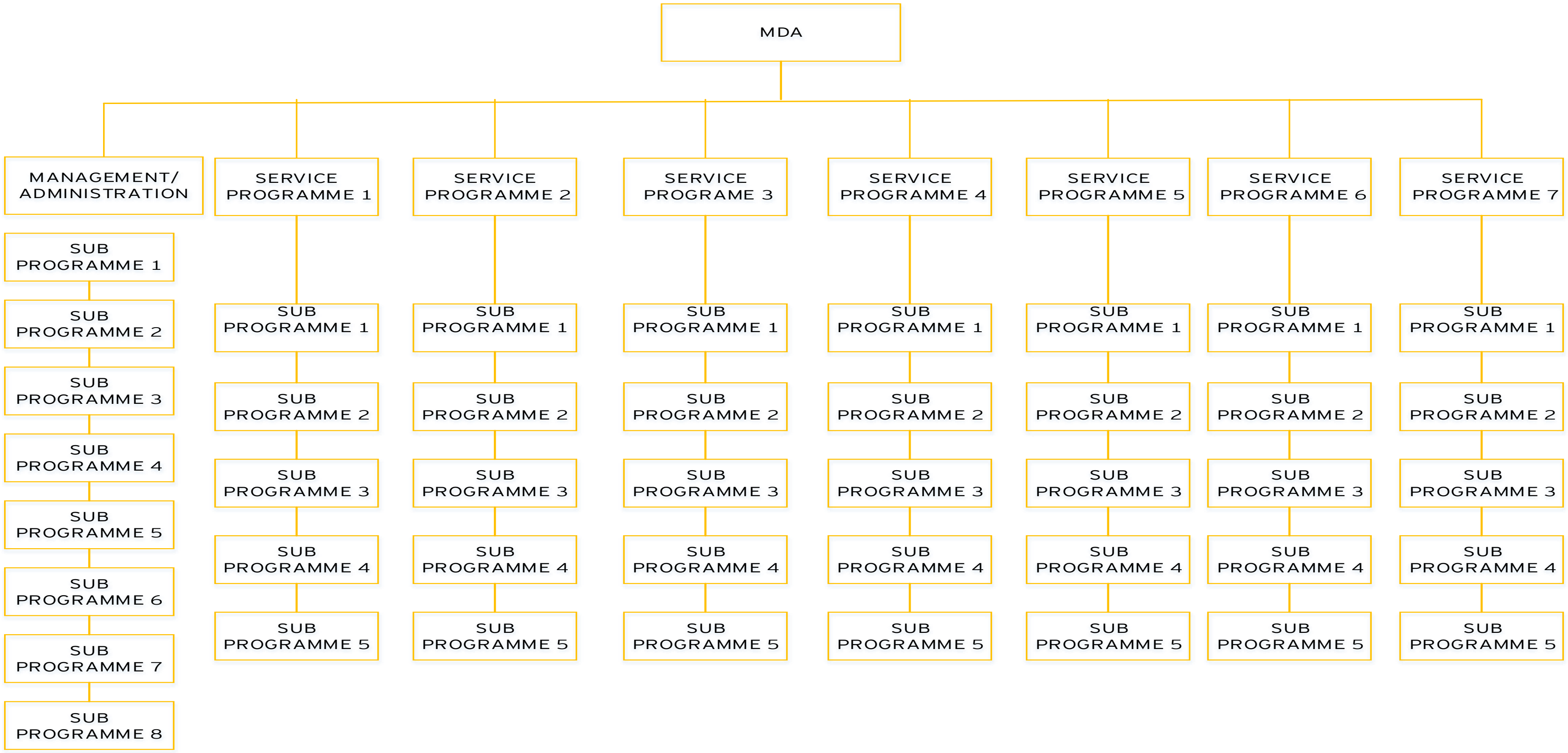
Text Box 2: Examples of well-formulated programme objectives.

"Reduced crime and greater security of persons and property" (Crime Management programme).
"Maintenance of territorial integrity and national independence" (Armed Forces programme),

3.6 Guidelines on the Number and Size of Budget Programmes

The hierarchy for all programmes has been capped at two levels which are programmes and sub-programmes. Sub-programmes and Programmes without sub-programmes shall be made up of projects and operations. For purposes of using PBB to prepare budgets in Ghana, except with the approval of MoF, MDAs are limited to a maximum of seven service delivery programmes in addition to one support programme. All programmes shall have a maximum of five sub-programmes except the support programme – Management and Administration – which may have up to eight (8) sub-programmes. Figure 2 shows the number and size of budget programmes allowed for MDAs in Ghana.

Figure 2: Number and size of programmes for MDAs



3.7 Boundaries for Budget Programmes

Currently, all budget programmes shall be confined to the remit of individual Ministries. In the current administrative set-up and accountability requirements, it is recommended that, in the short term, two Ministries (or more) should not share one programme/sub-programmes and that budget programmes must not cross the sectorial boundaries of Ministries. This helps prevent potential conflicts over resource contributions from such participating Ministries. However, in some cases more than one organizational unit / implementing agency within a Ministry can participate in the same programme/sub-programme under that Ministry. In the future, when accountability relations are redefined to the programme/sub-programme level, opportunities should be created for programmes to be shared by 2 or more Ministries, as this enhances the government's capacity to analyze and coordinate objectives that are shared by two or more ministries.

3.8 Programme Narratives

Programme narratives refer to the additional information included in budget documentation that helps users to fully understand and make use of the budget documents. A programme classification adds significant value when it compiles information that otherwise would not be available in traditional (line item) budget classifications. The main information that should be included in budget documentation relate to but not limited to

- resources consumed in performing programme activities
- prior year and current year performance information,
- targets,
- sources of funds,
- Number of employees per programme, etc.

For programme based budget to achieve its aim of improved expenditure prioritization, it must have adequate information on the performance of budget programmes. This helps decision-makers in the budget process to make informed decisions about whether budget programmes should be reviewed by way of cuts or expansion. Presenting performance information alongside cost of programmes in budget documentation helps various stakeholders including Parliament in deciding budgetary allocations as well as keeping the public well informed.

Narrative information should be presented in two main sections in the PBB budget document. These are known as Part A and Part B. Tables 6 and 7 below provide a high-level overview of the main narratives and the information requirements under each section in the PBB budget documents.

Table 6: Part A and its sub-sections

PART A: Strategic Overview of MDA	
Key Narrative	**Description of Narrative**
Background information of MDA	Mandate of MDA - Vision of the MDA - Alignment of MDA's policy objectives with **programmes / sub-programmes,** sources of funding and number of employees – Matrix
Past year performance review	A review of the financial and non-financial performance by **programme classification**
Summary of main challenges	A brief outline of challenges during preceding budget year and mitigation strategies by **programme classification**.

Table 7: Part B and its sub-sections

PART B: Budget Programmes and Performance Information	
Key Narrative	**Description of Narrative**
Design of budget programmes / sub-programmes	This section documents information that should be contained in a given budget programme. These include; - Title of budget programme / sub-programme - Description of programmes / sub-programme - Objectives of programmes / sub-programme - Main outcome / outputs (services) of programme / sub-programme - Implementing agencies of programmes / sub-programmes - Key performance indicators and targets for the MTEF period - Financial performance
Appendices	- Program expenditure estimates, preferably for the MTEF period - A breakdown of program expenditure by broad categories of economic classification, sources of funding, etc. for information purposes.

Details of narrative information

Part A: Strategic Overview of MDA

This section focuses on the background information of the MDA, performance review of the previous budget years in the SMTDP as well as the summary of the key challenges faced in the preceding budget year. The detailed description of the sub-sections are set out below.

Background information of MDA

This sub-section describes the mandate of the MDA. Specifically, its vision, mission and lists the core responsibilities or function. It also maps policy objectives applicable to the MDA to the MDA's programmes / sub-programmes, sources of funding and the number of employees. The rationale is to ensure that there are linkages between policy objectives, programmes / sub-programmes and the indicators as well.

Vision, mission and core functions of the MDA

The MDA's vision outlines the ideal state following successful delivery on its core functions.
The mission statement provides information on the MDA purpose and its main function. A mission statement must be clear and straight to the point. It answers the following questions;

- Who are we? This requires the name of the institution or the institution type (Ministry, Department or Agency) to be stated.
- Why do we exist? States the purpose for creating the MDA.
- What do we do? Provides the main function of the MDA.
- Who do we do it for? This identifies the beneficiaries of the MDA's action.
- What is the expected outcome? This is the resulting effect of the MDA's action.

An understanding of the MDA's vision and mission as well as its functions potentially serves as a check to what policy objectives and programmes / sub-programmes it can implement. In other words, the vision of the MDA should inform how it functions, its mission, policy objectives and the budget programmes / sub-programmes to implement in order to help it achieve its purpose.
To identify the vision, mission and core function of the MDA;

- Obtain a copy of relevant documents such as past SMTDP/ MTEF document or organizational manual of the MDA to find the vision, mission and core function of the MDA.
- Confirm with administrative head if the MDA's mission and vision are valid or have changed.

Obtain and document the new ones from the administrative head if there has been a change.

Text box 3 -5 provide good examples of vision, mission and core functions.

Text Box 3: Vision statement

Example: Vision of Ministry of Interior To develop a national security system which provides a safe and secured environment in which socio-economic development can be undertaken and also ensures that the individual goes about his or her lawful duties without let or hindrance

Source: Ministry of Interior (PBB, 2014)

Text Box 4: Mission statement

Example: "The Sector exists to ensure the maintenance of internal security within the law in Ghana in order to promote peaceful development. The Sector does this by reviewing, formulating, implementing and evaluating polices relating to the protection of life and property; preventing and mitigating effects of disasters; immigration control, preventing and detecting crime; ensuring safe custody and facilitating the reformation and rehabilitation of offenders and by reaching out to the general public by employing and establishing good public relations with them, being guided by our belief in integrity, transparency, efficiency and prompt responsiveness to our clients. The latter comprise all persons in Ghana and especially the vulnerable in society."

Source: Ministry of Interior (PBB 2016)

Text Box 5: Sample core functions

Example: Functions of the Ministry of Interior • Maintenance of law and order, crime prevention and prosecution of offenders. • Prevention and management of internal conflicts and disputes. • Provision of safe Prison custody, rehabilitation and reformation of prisoners. • Prevention and management of undesired fires and the provision of rescue and extrication services during emergencies • Prevention and management of disasters, rehabilitation and resettlement of affected persons.

Source: Ministry of Interior PBB (2016)

Policy objectives

The National Medium Term Development Plan (NMTDP) such as the Ghana Shared Growth and Development Agenda (GSGDA II) contains the policy objectives and strategies. It serves as a reference and guiding document for the choice of objective for an MDA's medium term plans. The objective(s) as selected by the MDA must align with its mandate and linked to a budget programme as stated in the budget document or Medium Term Expenditure Framework. It must be mentioned that two (2) or more programmes could be aiming to achieve one (1) policy objective. To determine the policy objectives of the MDA.

- Refer to the matrix in the current National Medium Term Development Plan developed by NDPC.
- Identify the thematic and focus areas that the Ministry's mandate identifies with.
- For each focus area, identify the policy objectives which the MDA is to report on.

- Map the programmes / sub-programmes to the policy objectives.

Text Box 6: Mapping policy objective to programmes

Example:
From the current NMTDPF (GSGDA II), a thematic area for MINT is ***Transparent, Responsive and Accountable Governance***. A focus area under this thematic area is ***Public Safety and Security.*** Under this focus area, ***Improve internal security for protection of life and property*** is selected as the policy objective. This policy objective can be mapped to **Programme 3** of the Ministry which is ***Crime***

Source: GSGDA II, Ministry of Interior's PBB (2016)

Performance review

Financial

This section provides the financial performance of the previous budget year for the MDA, and serves as the basis for subsequent budget decisions and reprioritization. The financial information should be presented using the template in table 8 below. MDAs that do not generate internal funds or do not receive funding from development partners can take those funding sources out of their table.

Table 8: Financial performance (previous budget year)

Programme / Funding Source	Previous Budget Year (preliminary results)			Cumulative actual since inception of SMTDP (GHC)
	Approved Budget (GHC)	Actual (GHC)	Variance (%)=((Actual – Approved)/Actual) *100	
Programme 1				
Government of Ghana				
Internally Generated Fund				
Development Partners				
Sub-total				
Programme 2				
Government of Ghana				
Internally Generated Fund				
Development Partners				
Sub-total				
TOTAL				

The following should be noted when completing the template:

1. Approved budget refers to the budget approved by Parliament to be disbursed to the MDA to carry out its programmes and sub-programmes. This might not necessarily be the same as the amount of money disbursed or released to the MDA.
2. Actual refers to the total releases or disbursements to the MDA to carry out its programmes. Given that the country's financial year will not have ended during the preparation of the next budget, actuals as stated in the document should be as at the time the document is being prepared and this should be stated clearly
3. Variance is the difference between the approved budget and the actual releases. The variance is computed by comparing the approved budget estimates and actuals of the previous budget cycle for each programme. Reasons should be given for significant variations, if any. To do this analysis,
    a. Look out for the programme with significant variance figure

b. Identify the funding source(s) contributing to the variation
c. Within the funding source(s), identify the economic item(s)[1] responsible for the change[2]. This will be possible for funds that are expensed on more than one (1) economic item such as the Government of Ghana funds.
a. Once the economic item(s) have been identified, reasons for the variations should be provided. This could be but not limited to reprioritisation, clearing of arrears, and the lack of funds.
b. In cases where the funds from a particular source are used for a single economic item, discussion should be limited to that item. Example of such could be funding from development partners which may be expensed on capital expenditure.

4. Cumulative actual gives the total amount of funds spent on each programme since the commencement of the implementation of the NMTDP. This is essential to enable comparison between what was stated as the funding requirement for NMTDP and the actual releases for programme implementation.

Non-financial

This section presents the non-financial performance of the MDA from the previous budget year. It highlights major developments or the main output the MDA planned to execute during the previous year. This should be done for each programme/sub-programme being carried out by the MDA. It must be mentioned here that these developments should be aligned to the objectives of the MDA.

Text Box 7: Major outputs

> Example:
>
> **Programme 3: Crime Management**
>
> - Deployed 1,900 personnel to 186 newly created duty points and increased their involvement in traffic management and public engagement.
>
> The above example can easily be linked to the indicator 'Number of police personnel deployed' under the sub-programme 3.2

Source: Ministry of Interior PBB (2016)

Summary of main challenges

This sub-section presents the main challenges encountered in implementing the programmes / sub-programmes in the preceding budget year. This is to be presented on programme / sub-programme basis. It should also indicate how the challenges were resolved.

Text Box 8: Challenge and mitigation plan

> Example: Using a hypothetical scenario for the Ministry of Interior
>
> **Programme 3: Crime Management**
>
> **Challenge**: Shortage of a police personnel in XYZ district.
>
> **Mitigation Strategy:** Re-posting of 100 police personnel from Accra to the district as a stop gap until new recruits are enrolled, trained and deployed.

[1] These are compensation of employees, goods and services, and capital expenditure.

[2] The table does not break down each funding sources into economic classification. However, the MDA should be able to provide that level of detail in the analysis

Part B-Budget Programmes and Performance Information

This section focuses on the details of the services delivered through the budget programmes. It outlines how the MDA plans to proceed with implementation during the budget year. Note that the outline below is for one programme and therefore each step must be repeated for a budget programme / sub-programme. It is important also to note that the expenditure trends should be discussed along the lines of economic classification and programmes classification. This is to help identify the specific areas where the funds relating to a programme are being utilized for the purposes of re-prioritisation.

Description of programmes / sub-programmes
A programme / sub-programme should have a brief description that provides an explanation on what the programme seeks to do. In developing the description for the programme and sub-programmes, the following would be useful

- What is the problem to be addressed?
- What is the programme objective in light of the identified problem?
- How does the MDA plan to execute this?
- Who are the implementing agencies?
- How many staff will be involved with the implementation?
- What are the funding sources?
- Who are the beneficiaries?
- What is the expected results or outcome?

The language used should be easy to understand and should show alignment to the objective of the programme.

Text Box 9: Programme / sub-programme description

Sub-programme 3.2 Maintaining Law, Order and Crime Prevention
Sample description
Crime on the streets of Ghana is on the increase with 60% of reported crimes being logged at the major cities' police station. These crimes are often carried out in crowded areas and from vehicles during heavy traffic. The sub-programme has been developed to reduce the rate of crime by increasing the number of police personnel on the street as well as having patrol teams on stand-by. The sub-programme will be undertaken by the Ghana police Service through its Regional head offices and personnel numbering 30,000. The sub-programme will be funded from Government of Ghana funds and complemented by Internally Generated Funds. It is expected that crime rates on the streets will drop significantly and persons within the country can safely go about their business.

Medium term focus
The section highlights the spending focus or the priority areas of the MDA's budget programme / sub-programme over the medium term as contained in the National Medium Term Development Plan. In other words, the discussion is forward looking and should be seen as a justification for the funding requirements. Both financial and non-financial information are presented together as shown in the table 9 overleaf for guidance on the analysis.

As can be seen from the table, every non-financial target reported on such as the outcome (at programme level) and the output (at sub-programme level) is mapped to financial performance information. This shows how much was expensed to achieve set targets in the case of previous years and how much is needed in the case of outer years. At the sub-programme level or for programmes without sub-programmes, a further breakdown by economic classification is required to give an indication of which item takes the greatest percentage of funds and the implication on delivery of the

programme.
A performance review of each programme / sub-programme is carried out under the review section to highlight the trend. Reference to the historical data should be made if it helps with bringing further understanding into medium term discussion.
The discussion should be guided by the following;

- What is the focus area of the programme / sub-programme?
- How is it aligned to the overall goal of the MDA?
- Have targets been met over the years?
- What percentage of funding was used to achieve the actuals or provisional results as recorded
- Are there significant changes to funding requirements as the years' progress and what has been the reason?
- What is the underlying assumption for the outer year projections?
- How much of the expected funding will go into servicing arrears? This will influence the level of accountability required by the stakeholders.

Table 9: Performance information and medium term focus of a programme / sub-programme

PROGRAMME 1: Management and Administration										
Outcome(s)			**Two previous budget year**		**Previous budget year**		**Budget Year**		**Outer Budget Year 1 (Target)**	**Outer Budget Year 2 (Target)**
			Actual	**Target / Budget**	**Actual**	**Target / Budget**	**provisional**	**Target / Budget**		
Outcome indicator 1										
Financial (Amount received)										
Performance review Programme:										
IMPLEMENTING AGENCIES	**Main Outputs**	**PERFORMANCE**								
		Output Indicators	**Two previous budget years**		**Previous budget years**		**Budget Year (Prov.)**		**Outer Budget Year 1 (Target)**	**Outer Budget Year 2 (Target)**
			Actual	**Target / Budget**	**Actual**	**Target / Budget**	**provisional**	**Target / Budget**		
SUB-PROGRAMME 1:										
list agencies responsible	*Output 1*									
	Output 2									
Financial	Compensation Goods & Serv. Capex Arrears									
Review sub-programme 1:										
SUB-PROGRAMME 2:										
list agencies responsible	*Output 1*									
	Output 2									
Financial	Compensation Goods & Serv. Capex Arrears									
Review sub-programme 2										

3.9 Role of Programme Managers and Sub-programme Managers

In Ghana, the principal spending officer (Chief Director) of an MDA normally has the added responsibility of serving as a programme manager for all the MDA's programmes. In an ambitious and well-functioning PBB regime, individuals are appointed to manage specific programmes/sub-programmes. Even though the concept of programme and sub-programme managers represent an advanced feature of performance-informed budgeting, their introduction at the programme-based budgeting level are highly encouraged in the short term. The responsibilities of these programme/sub-programme managers must be clearly defined and communicated to enable accountability as part of good performance management practices. The specific roles of programme/sub-programme managers in PBB include the following:

Programme Managers

- Contribute to the formulation of the strategic objectives of the budget programmes
- Accountable for executing and realizing the objectives of the programmes
- Work with the budget committee in setting targets for performance or service delivery to be achieved for all programmes
- Liaise with the head of the finance function in expenditure and cash flow management;
- Exercise authority to vire funds appropriated for the programme between sub-programmes, within rules defined by the PFMA (2016) and MoF
- Facilitate the preparation of financial and performance reports as required by various stakeholders in line with relevant legislations
- Monitor and evaluate the performance of programmes to address identified deviations
- Supervise the performance of staff within the programme including the sub-programme managers;
- Accountability for the timely and efficient delivery of services within the programme.

Sub-programme Managers

The role of sub-programme managers do not significantly differ from that of the programme managers except that sub-programme managers operate mainly at the operational level. They are directly in charge of executing the operations and projects contained in programmes. They report to the overall programme manager. Some of the responsibilities of sub-programme managers include the following:

- Help in defining the operational objectives of the budget sub-programmes
- Take responsibility for realizing the objectives of the sub-programme
- Work with the budget committee in setting targets for performance or service delivery to be achieved for the sub-programme
- Prepare reports as required by various stakeholders including the overall programme manager.
- Monitor and evaluate the performance of sub-programmes to address identified deviations
- Supervise the performance of staff within the sub-programme
- Responsible for the timely and efficient delivery of services within the sub-programme.

4. Developing Performance Measures

In the context of performance–based budgeting, performance measures are described as quantitative or qualitative measures which provide information to assess the progress of implementation with respect to the programmes of MDAs.

Performance indicators help to assess the progress of MDAs' programmes in achieving desired objectives. Thus, they are key to ascertain the effectiveness of budget programmes whiles helping MDAs to improve performance through increased demand for accountability from Parliament, members of the public and other stakeholders.

4.1 Outcome Indicators

There are no doubts about the usefulness of performance indicators in programme based budgeting. This imperative has made the development of appropriate indicators a prerequisite for successful programme measurement. However, indicators must be situated within an appropriate logical framework or thought process to facilitate the necessary linkages.

Outcome indicators help to measure the progress towards the achievement of the policy objectives over the medium term by the budget programmes. They describe the consequences or real world changes that the outputs produce. Thus, they measure the direct effect(s) of the outputs of an operation or a project over the medium term.

Outcome indicators linked to the focus areas under the various thematic areas are normally provided in the National Medium Term Development Policy Framework issued by the National Development Planning Commission (NDPC) prior to the SMTDP preparation process. These indicators are arrived at after extensive consultations with relevant stakeholders including the MDAs. Thus, outcome indicators are determined by NDPC including other relevant stakeholders such as the cross-sectorial planning groups consisting of the public sector, private sector, civil society, academia, the media, identifiable stakeholders, and individual experts during the NMTDPF preparation phase.

In developing this guideline, we identified cases where outcome indicators were actually output indicators, or even input indicators from an analyses conducted. Additionally, we also found cases where indicators were misclassified, though in most cases output and outcome indicators were correctly classified. The Ministry of Interior has a crime management programme. To illustrate, the outcome indicators for this programme are among others;

- Police-people ratio,
- Number of officers at frontline duties.

These indicators are more input oriented than outcome oriented.

4.2 Steps for Developing Outcome Indicators

The steps below provide a guide to MDAs in developing outcome indicators to assess the progress of the MDAs' programmes in achieving its strategic policy objectives. MDAs may find it useful to use a reverse of the logical thought process in setting the outcome indicators. This is due to the fact that the policy objectives are normally pre-defined.

- Identify the strategic policy objectives for which the MDA seeks to achieve
- Determine the potential outcome(s) that could indicate the attainment of the objectives
- Assign an indicator to the outcome(s)
- Identify data sources for all the options generated
- Rank options based on the CREAM methodology
- Discuss with stakeholders and secure approval

Identify the strategic policy objectives for which the MDA seeks to achieve.

The first step in developing outcome indicators is to identify the strategic policy objectives which apply to an MDA. The sub-steps below outline the processes of identifying the strategic policy objectives of an MDA.

- Obtain a copy of the National Medium Term Development Policy Framework (NMTDPF)
- Peruse the document to identify the policy objectives applicable to MDA (all national policy objectives are mapped to focus areas and MDAs)
- Document the policy objectives applicable to the MDA

For example one policy objective in the GSGDA II that is applicable to the Ministry of Interior is *improve internal security for human safety and protection*

Determine the potential outcomes that could indicate the attainment of the objectives

- Brainstorm on what potential outcomes could give an indication to the public and other stakeholders on the attainment of the policy objective(s)
- Select the most relevant outcome(s) that best identify with the policy objectives.

One outcome applicable for the policy objective indicated in the preceding text box is *Effective maintenance of Law and Order*

Assign indicator(s) to the outcomes

- Of the outcome(s) selected, brainstorm on options or how best to measure the outcomes.
- Narrow down the options to three indicators based on best judgment.
- Select the indicator which best measures the outcome being considered.

One of the indicators to measure the effectiveness of maintenance of law and order will be **the offence rate per 1000 people.** The expectation is that the more effective law and order is maintained, the lower the offence rate.

Identify data sources for each of the options

- Come up with alternative sources of obtaining data on the various options of the selected indicators
- Assess the ease with which the data can be obtained when requested.
- Assess the cost if any associated with obtaining the data
- Assess the length of time it will take before data is received.
- Select the data source that best meets the considerations of cost, time, ease of collection, etc.

Rank options based on the CREAM methodology and select the best option

- List all the outcome indicators' options
- Check each option against the CREAM methodology (see Appendix C)
- Select the option that ranks highest on the CREAM methodology and data availability considerations.

Discuss with stakeholders and secure approval.

- Document the outcome indicator(s) that have been selected
- Convene a meeting with relevant stakeholders to discuss
- Agree and finalise the indicators based on inputs from the stakeholders
- Request for approval from the political head of the MDA. This approval might be sourced together with the approval for the targets.

4.3 Output Indicators

Output indicators track what has been produced or the immediate output of a process or activity to the public at the sub-programme level. In other words, output indicators measure the direct products of operations and projects over the short term horizon. They are usually expressed in terms of dimensions such as the volume of work accomplished, timeliness of an activity, etc. Output indicators must correspond to an applicable outcome indicator. Thus, the outputs should be capable of producing the desired outcomes in the medium term.

MDAs assume responsibility for the identification and selection of the output indicators for their sub-programmes. The output indicators are determined by the committee in MDAs charged with the preparation of programmes/sub-programmes during the SMTDP preparation stage. Even though a few of the indicators in the National Medium Term Development Policy Framework (NMTDPF) are also output indicators, these are not likely to be sufficient for all the sub-programmes of MDAs.

An analysis of indicators used by most MDAs has shown that the logical framework to link outputs to outcomes is not structurally applied. Hence, the output indicators are often activity based, covering everything the Ministry does, instead of identifying the key outputs that impact the outcomes substantially. Besides, the high number of output indicators is another issue of concern. The Ministry of Interior and the Ministry of Land and Natural resources were found to have very high numbers of output indicators. The Ministry of Interior had 5 to 17 output indicators reflecting the operations of their sub-programmes. However, most of these were activities rather than indicators. Refer to text box 10 for an extract of some of the indicators found to be activities. Also, for every outcome indicator, MLNR had 6 to 16 output indicators, mostly reflecting the activities undertaken by the Ministry.

Text Box 10: Activities presented as output indicators

Selected 'output indicators' of the Small Arms and Light Weapons Management sub-programme

1. Mobilise and sensitise Blacksmiths on dangers of illicit Arms production and proliferation.
2. Equip data centre and update data by
3. Monitor operations of Licensed Arms Dealers
4. Monitor and evaluate Commission's Programmes

Source: 2016 – 2018 MTEF of Ministry of Interior

4.4 Steps for Developing Output Indicators

The steps below provide a guide to the committees charged with the preparation of the SMTDPs and budgets in identifying and selecting output indicators for their sub-programmes. MDAs may find it useful to reverse the logical thought process in developing the output indicators. This is due to the fact that policy objectives are normally pre-defined prior to the indicator setting process.

- Identify the strategic policy objectives for which the MDA seeks to achieve
- Determine the potential outcome(s) that could indicate the attainment of the objectives
- Specify outputs that are required to achieve the outcomes
- For each output, brainstorm to generate options on how best to measure the outputs of the sub-programmes
- Identify data sources for all the options generated in the preceding step.
- Rank options based on the CREAM methodology.
- Select the option that best meets the criteria.
- Discuss with stakeholders and secure approval.

Refer to section 4.2 for the Manual on the first two steps which focus on policy objectives and outcomes. Subsequent to determining the outcomes, the following guidelines should be followed.

Specify outputs required to achieve the outcomes

- Of the outcome(s) selected, specify what outputs when delivered / produced would lead to the realization of the selected outcomes.

Following from the example of maintaining law and order as an outcome to achieve the policy objective of 'improve ***internal security for human safety and protection'***, the output to achieve this outcome could be *police posts/stations in operation.*

Brainstorm to generate options on how to measure outputs

- For the outputs determined in the previous step, identify as many ways or options of measuring these outputs as possible.
- Assess all the measurement options.
- Select the best measurement option.

The indicator to measure the output mentioned above will be the ***number of police posts/stations in operation***

Identify data sources

- Come up with alternative sources of obtaining data on the output.
- Assess the ease with which the data can be obtained when requested.
- Assess the cost if any associated with obtaining the data.
- Assess the length of time it will take before data is received.
- Select the data source that best meets the considerations of cost, time, ease of collection, etc.

Rank options based on the CREAM methodology and select the best option

- List all the options generated to measure the outputs.
- Check each option against the CREAM methodology (see Appendix C).
- Select the option that ranks highest on the CREAM methodology and data sources.

Discuss with stakeholders and secure approval

- Document the output indicator(s) that have been identified.
- Convene a meeting with relevant stakeholders to discuss.
- Agree and finalise the indicators based on inputs from the stakeholders.
- Request for approval from the political head of the MDA. This approval might be sourced together with the approval for the targets.

4.5 Relationship Between Outcome and Output Indicators

Outcome indicators point towards the actual results achieved or the consequences of the products / outputs / services delivered in programmes towards the attainment of the policy objectives.

Output indicators on the other hand specify what the programme actually produced itself (the output). Information on outputs is important to show the scope or size of what the inputs and activities produce as well as the efficiency in producing those outputs.

For the desired outcomes to be achieved, the outputs must be appropriate and capable of leading to those outcomes. In like manner, the output indicators should correspond with outcome indicators.

In the case of the Ministry of Interior, an analysis of selected indicators showed a misalignment between output indicators and the outcome indicators formulated to achieve its policy objectives. These disconnected output indicators do not provide value added in the performance management framework. For instance, the 2016 MTEF document of the Ministry of Interior had 12 output indicators as at 2016. However, none of these 12 indicators was linked to any of their 10 outcome indicators. Refer to text box 11 for this analysis of the Ministry of Interior.

Text Box 11: Non- alignment of output indicators and outcome indicators

Outcome indicators		'Output indicators' not linked to outcome indicators
1. Police to people ratio 2. Reported cases of overall crimes level 3. Officers at frontline duties (drug trafficking and drug related crimes 4. Recorded incidence of fire outbreaks 5. Victims of flood disasters recorded across the country 6. Turnaround time (in processing passenger 7. Reduction in recidivism 8. Turnaround time in processing work permits 9. Turnaround time in attending to fire disasters 10. Public awareness on peace and security		1. Percentage increase in awareness of the public on dangers of illicit SALW proliferation and abuse. 2. Number of Security Agencies' Weapons marked in Greater Accra Region and at least 4 other Regions. 3. Number of Blacksmiths trained in skilled profitable business 4. Mobilise and sensitise Blacksmiths on dangers of illicit Arms production and proliferation. 5. Revised Law completed and submitted to MINT. 6. Proposed Arms and Ammunition Act / Bill presented to AG's Department and Cabinet. 7. New Law on SALW passed by Parliament. 8. Capacity development for staff to enable them cope with the changing dynamics of gun control 9. Number of capacity enhancement programmes organised 10. Equip data centre and update data by 11. Monitor operations of Licenced Arms Dealers 12. Monitor and evaluate Commission's Programmes

Source: 2016 – 2018 MTEF, Ministry of Interior

Appendices F and G provide illustrations for the link between outcome and output indicators for two MDAs.

4.6 Guidance on the Number of Indicators

A good rule of thumb is that an MDA must not set more performance indicators than it can monitor vis-a-vis resources available. Considering the fact that MDAs would be required to report on the performance of every indicator and targets, it would be appropriate to set indicators that can be monitored with available resources. Notwithstanding these, MDAs are to identify and assign at least one performance measure for each programme or sub-programme. However, more than one programme may contribute towards the attainment of one outcome indicator.

4.7 Change of Indicators

Amendments to performance indicators should normally be considered during the SMTDP preparation process where MoF and NDPC are part of. In other words, the SMTDP process should be the platform where new indicators are discussed and introduced.

In principle, the indicators of MDAs' budget programmes shall not be changed within a four year period which aligns with the SMTDP cycle. This would make adequate room for the effectiveness of interventions to be assessed through the patterns shown by the indicator achievement.

5. Standardizing Indicators for the Support Programnme – Management and Administration

5.1 Introduction

Budget Programmes can be broadly categorised as either being support programmes or service delivery programmes. Support programmes are known by several names such as Management and Administration (M&A), Policy and Management or Administration. In Ghana, support programmes are designated as M&A programmes. They mainly focus on internally supporting the Ministries, Departments and Agencies (MDAs) to achieve successful implementation of service delivery programmes. In other words, the support programmes provide services to users within MDAs. On the other hand, service delivery programmes are focused on the delivery of outputs or services to the public / external users.

Currently, budget programmes and sub programmes including M&A of MDAs are supported by a set of performance measures which provide a framework for both internal management and external performance monitoring and evaluation. The performance measures are made up of outcome and output measures. The outcome indicators assess progress towards the achievement of the policy objectives over the medium term by the programmes and sub programmes whilst the output indicators consider the programmed activities of the MDA and measures efficiency of the programme and sub programmes. It is based on these performance measures that corresponding targets over the medium term are set.

Like the service delivery programmes, the performance of the M&A programme in supporting MDAs to achieve its objective needs to be tracked. Effectively tracking performance of indicators regardless of whether the programme is a support or service delivery requires resources; financial, human, and time which in some countries may not be readily available. Given that MDAs' mandate and objectives are focused on service delivery programmes, it will not be prudent to have a large number of indicators for the M&A programme. Too many indicators can jeopardize the quality of monitoring and assessment of these indicators. And in addition, too much focus on these M&A programmes could distract from the strategic policy focus of the MDAs. Indeed, it has been observed that a large list of KPIs that do not have clear linkages to a business's overall objectives may be a sign of a larger problem: a lack of strategic focus.

International best practices have shown that Ministries having the same line directorates often have the same indicators for its support programmes especially for the purposes of the external reporting framework (budget documentation). This is to make comparison across Ministries possible, as well as the sharing of lessons learnt and evaluating performance. The choice of indicator is however dependent on how matured a budget system is. In more traditional budgets, focus is usually on inputs. As a budget system progresses, focus changes to outputs and eventually the impact of the services provided by the government agencies.

5.2 The case for Standardized Indicators

Absence of standardized performance indicators to meet best international practice, as well as multi-purpose performance indicators to meet varied or multiple needs, has been noted as a drawback for effective programme – based budgeting in Ghana. This is largely due to the inability to do comparison across MDAs, share information on best practices and undertake effective monitoring.

As at 2016, the Management and Administration programme covered a substantial percentage of all programme indicators for the majority of MDAs in Ghana. It was noted that performance indicators relating to M&A programmes covered on average 27% of all the indicators used in the MDAs. Table 10 shows the comparison of the M&A indicators with the total indicators for all the budget programmes of the various MDAs analyzed per the 2016 MTEF.

Table 10: Percentage of M&A programme indicators

	MoRH	MINT	MoFA	MoE	MoT	MLNR	MoPW
Total number of indicators	37	138	46	100	76	186	51
% of M&A indicators	70%	21%	26%	16%	47%	21%	58%

Source: MTEF 2016-2018

To be able to effectively track performance of all these indicators require resources. Available data on budget allocation per programme for the 3 year period 2014-2016 shows that on average the proportion of M&A to the total budget is 3% and 6% for Ministry Food and Agriculture and Ministry of Roads and Highways respectively. Table 11 below shows the budget allocations for the two Ministries per programme for the period.

Table 11: Three year budget allocations for MRH and MoFA M&A indicators

Year	Area	MRH	MoFA
2014	Total Budget	624,624,198	306,891,987
	M&A Budget	21,581,277	91,795,384
	% of M&A budget	4%	6%
2015	Total Budget	931,657,411	411,821,431
	M&A Budget	36,746,826	22,891,507
	% of M&A budget	4%	6%
2016	Total Budget	779,276,751	501,501,707
	M&A Budget	31,277,294	27837619
	% of M&A budget	3%	6%

Source: MTEF (2016-2018)

Given the proportion of funds allocated to this programme, it will not be prudent to have more than 10% of total number of indicators under this programme as this will have implication on the quality of monitoring and assessment of these indicators

Furthermore, there has not been consistency in the performance measures for the MDAs' Management and Administration Programmes (see table 12 below) since the roll-out of programme-based budgeting in Ghana. This is in spite of the fact that the services delivered by this programme are identical among the MDAs. It has been noted that some MDAs have more indicators for this programme than other MDAs, with no clear rationale for more detailed performance monitoring. To illustrate, the Ministry of Roads and Highways has 6 measures relating to human resource management, and the Ministry of Education has 1 measure relating to the same sub-programme. Given that the HR function across the MDAs is the same, it is surprising that different MDAs have different number of measures relating to that sub-programme. Table 12 below shows the number of indicators for the Management and Administration programme for selected MDAs for the 2016 – 2018 MTEF.

Table12: The number of indicators for Management and Administration for selected MDAs.

	MoRH	MINT	MoFA	MoE	MoT	MLNR	MoPW
General administration	6	3	5	1	6	12	8
Finance	4	4			4	10	
HR	6	5	2	1	5	6	8
PPME	6	5	1	5	9	6	7
Statistics, research and public relations	4	10	4	2	6	4	7
Specialized education support services				3			
Pre-tertiary education management				4			
Internal audit						3	
Total indicators	26	27	12	16	30	41	30

Source: MTEF (2016-2018)

All these developments pointed to the need to harmonize indicators for the Management and Administration programme and its sub programmes. This standardization would help to avoid the challenges / limitations inherent in the current practices in MDAs.

In line with efforts to mitigate the drawbacks associated with the different and the high number of indicators for the M&A programme, standardized indicators have been developed based on the CREAM (Clear, Relevant, Efficient, Achievable and Measurable) criteria to help harmonize the reporting framework. Overall, there are a total of 9 indicators to be used for tracking performance relating to this programme in the short term. The rationale, type of indicator as well as definitions for each indicator have been provided to ensure consistency in data collected on these indicators. (see appendices H&I)

5.3 Standardizing Indicators – the Short-term Approach

In the short term, MDAs are to use selected indicators that are closely aligned with the functional organization of the MDAs. This is a pragmatic approach for mitigating the inherent limitations associated with the high number of output indicators for the Management and Administration Programme in the short term. The rationale for this approach is to leverage the existing knowledge of MDAs to make relevant adjustments to indicators currently in use. In all, MDAs are to use nine (9) indicators as shown in Table 13 below for the Management and Administration programme. Appendix H has the detailed description of these indicators.

Table 13: Standardized indicators for the sub-programmes in the Management and Administration Programme in the short term

Sub-programme	Name of Indicator	Rationale for Indicator	Indicator definition	Type of Indicator
General Administration [1]	Percentage of outcomes from management meetings implemented	Management decisions are meant to be implemented in order to attain desired outcomes for which they were made. These outcomes however cannot be realised when the decisions are shelved without implementation. As such, this indicator assesses the implementation records of MDAs regarding decisions taken at management meetings.	Number of outcomes implemented as a percentage of the total number of outcomes from management meetings	Output
Finance [2]	% change in the number of Audit (internal and external) queries Level of conformance to the PFM Act	As the process owners and frontline guardians of MDAs internal controls and risks management systems, this indicator is meant to find out how the Finance function of MDAs comply with applicable financial laws and implement measures to manage MDAs' risk exposures.	Number of Audit findings against the MDA. Number or instances of non-conformance / compliance found during an audit (internal and external) against the MDA as compared to previous year	Output
Human Resource (HR) [3]	Percentage of staff trained	For MDAs' to continue to effectively deliver on their respective mandates, gaps in knowledge and skills set of their staff need to be identified and bridged on a continuous basis. This indicator assesses how the HR function facilitates training for staff.	Number of staff trained as a percentage of total staff.	Output
Statistics, Research, Information and Public Relations (SRIPR)[4]	Percentage of research / reports influencing policy	In line with expectation about the value and potential of research to shed light or insights on new issues, phenomenon etc., this indicator seeks to assess the relevance of research done by the SRIPR function in influencing decisions / policies at the Ministry / sector / national level.	Number of research work influencing policy as a percentage of the total number of research conducted / reports produced	Output
Policy and Planning [5]	Frequency of missed milestones (in planning activities)	MDAs largely exists to act on / implement policy initiatives in pursuit of specified results. The Planning function coordinates the planning and implementation of these policy initiatives. As such this indicator	Number of times a milestone in planning activities has been missed relative to all milestones in all planning activities for the year.	Output

		assesses the effectiveness of the planning function in attaining milestones in performance of their function.		
Monitoring and Evaluation [6]	Percentage of activities in M&E plan executed	Good project management practices dictate that programmes are continuously monitored to identify deviations if any, for corrective actions. Again, planned evaluations are necessary to determine the attainment or otherwise of the objectives set for the programme. As such this indicator seeks to find out how MDAs are tracking the performance of programmes through the M&E function.	Number of monitoring and evaluation activities undertaken as a percentage of the total number planned	Output
Internal Audit [7]	Percentage of Audits completed	The IA function provides comfort / assurance to management of MDAs regarding the compliance, economy, efficiency and effectiveness of their programmes. Generally, it has been observed that regular and effective audits help to prevent certain risks from crystallising. Hence, this indicator measures how the IA function is supporting MDAs in this area.	Number of Audits completed as a percentage of the total number planned	Output
Procurement[8]	Procurement process compliance rate	The Procurement Act constitutes the legal framework for undertaking all procurement transactions in Ghana. The provisions of the Act are geared towards realising quality, cost savings and value for money. Hence, the indicator ascertains how MDAs are complying with the provisions of the Act and the degree to which violations or non-compliance occur.	Number (value) of items (goods or services) procured with due recourse to the procurement processes as a percentage of all items procured	Output
Information and Communication Technology (ICT)[9]	Digital score / rating (New)	Owing to the fact that technology helps to drive efficiency, this indicator seeks to assess how MDAs' are leveraging technology to reduce delays, minimise costs, communicate with clients and improve overall service delivery.	This score indicates level of technology adoption (social media, mobile technologies and website) to improve efficiencies and service delivery to users of MDAs' services.	Output

5.4 Standardizing Indicators – the Medium-term Approach

After a period of further progress in PBB in general, MDAs would need to reduce the M&A indicators to focus more on output and outcome indicators only for external reporting (accountability to Parliament). This is to allow the use of new indicators that reflect better the service support function of the M&A programme to the service delivery programmes. Table 14 presents the suggested indicators for the Management and Administration Programme in the medium term. Appendix I provides the detailed descriptions of these indicators.

Table 14: Standardized indicators for the sub-programmes in the Management and Administration programme in the medium term

Sub-programme	Name of Indicator	Rationale for Indicator	Indicator definition	Type of Indicator
General Administration[1]	Percentage of budget measures implemented	The General Administration function is the heartbeat of an MDA. It maintains an oversight responsibility in coordinating the implementation of all budget programmes for the MDA. As such, this indicator assesses the efficiency in getting budget programmes implemented by other directorates and implementing agencies	The number of budget measures implemented as against measures planned in the budget.	Output
Finance[2]	Number of prior year external and internal audit findings that have repeated	This assesses how previous audit reports influence MDAs behaviours and bring about change	Number of audit findings in previous audit reports that have been cited again.	Outcome
Monitoring and Evaluation[3]	Number of Monitoring and Evaluation reports discussed with the Political Head of MDA	Good project management practices dictate that programmes are continuously monitored and evaluated to identify deviations if any for corrective actions. However, some corrective actions might not be effectively implemented without the involvement of the political head. This indicator therefore assesses the level of involvement of political heads in discussing and implementing recommendations in M&E reports.	Number of monitoring and evaluation reports submitted and discussed with the Minister as a percentage of the total number of Monitoring and Evaluation reports prepared	Output
Internal Audit[4]	Number of Audit reports tabled in Audit Committee meetings	The Internal Audit function provides comfort / assurance to management of MDAs regarding the compliance, economy, efficiency and effectiveness of their programmes. As such, seriousness attached to audit reports is of great interest.	Number of Audits reports submitted and discussed by members of the Audit committee	Output

6. Setting Targets for Programme Indicators

Targets are commitments to achieve specific and time-bound levels of performance based on performance indicators. For MDAs, target setting challenges them to improve performance whiles facilitating accountability for resources received. Targets for performance measures should be specific, feasible, time bound and be presented in the context of the service being delivered and not in isolation. In addition, targets should be based on analysis of historical performance and trends, current government policy contexts and priorities, absorption capacities of MDAs and resources available.

In setting targets for both SMTDPs and annual budgets, MDAs are encouraged to widely consult with their relevant stakeholders including designated programme managers and political heads in order to obtain their inputs. Targets may be expressed as absolute numbers, percentages or in the form of ratios.

6.1 Basis for Setting Targets

The **main** basis for setting and influencing targets by MDAs is **resource availability**. This is due to the fact that the amount of resources available has a direct and significant relationship with what an MDA could achieve. However, there are other general basis for setting targets. These include;

- Current budget period's performance
- Averaged performance (national, region, or sector)
- Best practice (benchmarking)
- Technical targets (external targets established by professional associations)
- Management decisions (calculated decisions given resource and staffing constraints).

6.2 Guidelines for Setting Targets

The steps below provide a guide to MDAs in setting targets for performance indicators of their programmes / sub-programmes in SMTDPs and annual budgets. Even though the SMTDP spans a four-year period whiles the annual budget is for a one-year period, there are no significant differences in the underlying processes for setting the targets. The steps are as follows:

- Document stakeholder expectations of programmes / sub-programmes
- Determine MDAs' implementation capabilities (personnel, logistics, systems, policies etc.)
- Assess funding availability based on MoF ceilings and other funding sources as applicable
- Set the targets
- Discuss with stakeholders and secure approval

Document stakeholder expectations of programmes

- Obtain information on what stakeholders expect to see achieved in a programme for the defined period. This information might be obtained in documents such as the MDAs SMTDP, MoF's budget presentation to Parliament, Cabinet memorandums, etc.
- Confirm from the political and administrative heads if the expectations are still valid or have changed.

Determine MDAs' implementation capabilities or absorption capacity

- Document all programmes planned by the MDA to be implemented
- List all the resources (logistics, staff, systems but excluding funding) that would be required to fully implement the programmes
- List available resources or estimated available resources
- Compare available resources with required resources and take a decision.

Assess funding availability based on MoF ceilings and other funding sources.

GOG funds (funds from consolidated fund, ABFA and IGF)

- Obtain a copy of the annual budget guidelines issued by the Ministry of Finance.
- Identify the allocation of indicative ceilings to MDAs.
- Document the allocation for the MDA for all the economic classifications.

Development Partners / Other funds.

- Obtain a copy of the agreement / commitment / any other document that contains information on the funding to be sourced.
- Document the amount allocated for the MDA.

Set the targets

- Consider all the relevant issues including MDA's absorption capacity, funding availability, stakeholder expectations, etc.
- Come up with targets for all indicators

Discuss with stakeholders and secure approval

- Document all the targets set
- Convene a meeting with relevant stakeholders to discuss
- Agree and finalise the targets based on inputs from the stakeholders
- Request for approval from the political head. This approval might be sourced together with the approval for performance indicators.

It must be noted that the attainment of the targets are contingent on the exact matching of the scenarios in an MDA's approved SMTDP and the allocations / actual releases for the budget years. Thus, any adverse change in the actual releases during implementation relative to the scenario used when preparing the SMTDP would limit the ability of an MDA to achieve its targets.

Hence, the targets of MDAs' KPIs are to be measured based on the actual releases during the budget years.

7. Costing of Budget Programmes

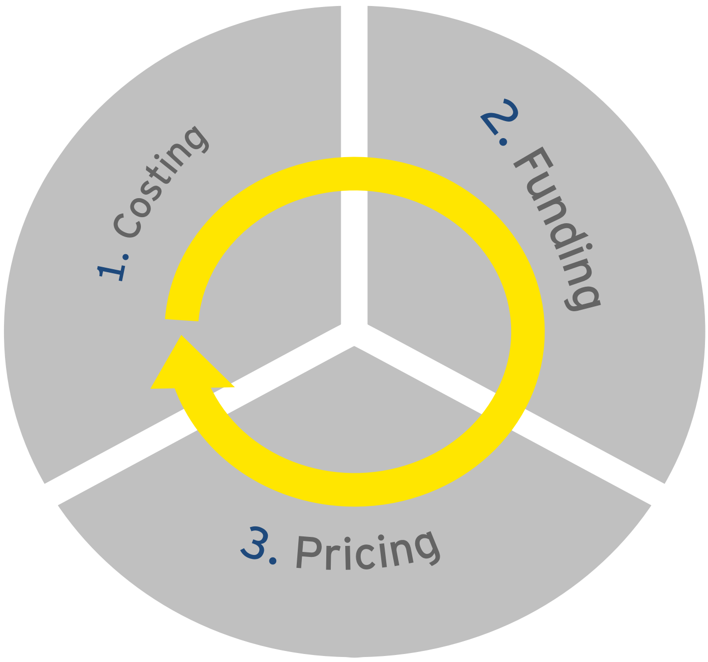
Costing basically involves the process of compiling cost information to serve a specific purpose. Generally, cost refers to the value of the resources (human, physical or financial) consumed to achieve a certain end (e.g., to produce a product, to deliver a service, or develop and implement a new system). In a PBB regime in Ghana, PPBME units in the various MDAs are to ensure that cost of programmes and sub-programmes are duly verified.

This section details the principles, steps and the importance of costing budget programmes in the public sector. It provides templates and other formats to assist MDAs in costing their budget programmes.

7.1 Difference between costing, funding and pricing

The concepts of costing, pricing and funding are oftentimes used inappropriately due to inadequate understanding of these terms. Though they may be related to some extent, they do not have the same meanings.

Figure 3: Relationship between costing, funding and pricing.



Costing
It is the process of compiling cost information to serve a specific purpose, such as determining the cost of providing a service, implementing a programme, aligning resources with results, measuring performance, evaluating efficiency or reallocating resources. The responsibility for costing budget programmes in Ghana rests with the budget committee.

Funding
Funding refers to the sourcing and allocation of money for an MDA's budget programme. In Ghana, funding is provided through the annual budgets based on government priorities as well as from development partners. Normally, in the event of gaps between the cost of a programme and the funding available, MDAs' must take action to align planned activities with available funding during the budget preparation phase.

Pricing
Pricing entails the process of determining the amount that is charged for a good or service and payable by the buyer or consumer. In Ghana, the price MDAs or the government charges for a good or service is partly based on the cost of providing that good or service and most importantly parliamentary approval of such charges. At the beginning of every financial year, Parliament determines the prices / fees at which various government agencies can charge for services provided to the public. Usually, the government does not charge more than the cost of providing the service or good. However, it can charge less than cost in order to ensure fairness, minimize harsh economic impact on citizens and achieve policy objectives.

7.2 Principles of Costing

MDAs are to be guided by the following principles in carrying out a costing exercise.

1 **Costing requires consultations and judgment**
Changes to a budget programme usually affect more than one cost centre in an MDA and can affect other agencies as well. Therefore, costing cannot and should not be done in isolation. It requires extensive consultation.

2 **Costing must be done for a specific purpose**
Cost information must be compiled to serve a specific purpose. Before starting a costing exercise, the stakeholders involved must agree on why the exercise is being conducted (i.e. the purpose it will serve and what decision the cost information will inform). Different purposes require different information.

3 **Costing should be done consistently for costing exercises that have the same purpose**
If the circumstances are similar and the cost information will serve the same purpose, costing should be done consistently so that the resulting information will be comparable.

4 **The benefits of cost information must be balanced against the cost of producing it**
When developing a costing methodology, MDAs must strive to balance elements such as level of detail, timeliness, accuracy and complexity with the cost of producing the cost information. MDAs' costing practices must meet their needs, but the practices must also be sustainable. The investment made to produce cost information should not exceed the benefits the information provides.

5 **Costs do not always vary in proportion to changes in the level of activity**
Costs can be affected by changes in the level of activity in three main ways:
- Costs can change in proportion to changes in the level of activity (variable costs).
- Costs can remain constant regardless of changes in the level of activity (fixed costs).
- Costs can remain constant within a particular range of activity but change when the level of activity passes a specific amount (step-variable costs)

6 **Data used in a costing exercise must be of high quality**
The quality of the data used in a costing exercise directly affects the quality of the information that decision makers receive. Data must be reasonable, consistent, defensible, reconcilable and current.

7.3 Importance of Costing

Costing serves a useful purpose to various stakeholders in different situations. Some of these are outlined below.

Decisions on standard (quality and quantity) of services offered
Decision makers such as programme managers, principal spending officers and budget committee members in MDAs can use costing to help identify which costs will change if the standard of services changes.

Decisions about offering a new service or programme
In taking a decision on whether to offer a new service or programme, decision makers can base their decision based on the knowledge of how much the cost will be for the budget programmes. This is will be achieved through a costing exercise. For example, offering a new service might increase costs for shared internal services such as finance, communications, human resource etc.

Capital projects / investment decisions
Costing helps decision makers to make decisions involving major capital projects based on the comparison of the costs of the identified project with the cost of the various alternatives.

New legislation or policy changes
Decision makers often rely on a costing analysis to help them understand the financial impact of new proposed changes in legislation or policy. In Ghana, sec 100 of the PFMA (2016), Act 921 also requires any legislation to be laid before Parliament or proposal submitted for the approval of Parliament to be accompanied by a fiscal impact analysis stating the estimated effect on revenues and expenditures for the financial year in which the legislation or proposal is expected to come into effect.

7.4 Steps in Costing of Budget Programmes

The steps enumerated below assume that the MDA would have designed its programmes and sub-programmes. Refer to earlier sections (section 3) on how to design budget programmes.

The process of determining the costs of budget programmes are set out in the steps below.
- Step 1: Identify key interventions for programme implementations in terms of operations and projects
- Step 2: Determine the inputs, outputs and outcomes for the operations and projects
- Step 3: Determine cost objects, define costs and identify cost drivers
- Step 4: Determine a suitable costing Methodology for the costing Input Costs
- Step 5: Classify costs appropriately
- Step 6: Allocate proportional costs within various sub-programmes (if applicable) and aggregate to Programmes
- Step 7: Validate the costing estimates with available historical costs to determine if the estimates are realistic; else make suitable adjustments
- Step 8: Identify factors that can affect the costs during implementation and prepare a suitable risk management plan and determine the cost variations
- Step 9: Develop a suitable M&E framework to ensure that the cost variations stay within pre-determined levels.

Step 1: Identify key interventions for programme implementations in terms of operations and projects

The first step in costing budget programmes is for MDAs to identify the operations and projects within the programmes and sub-programmes that are linked to the outputs and outcomes that help in reaching the sector goals.

It is imperative to state that that the information for this step can be derived from the programmes / sub-programmes designed by the MDAs.

Format for step 1 – Identify operations/projects within a program/sub-program that have to be carried out in order to meet the policy objectives:

Table 15: Format for identifying relevant project / operations

Sl. No.	Program	Sub-program	Operation / Project
1	Program 1	Sub-program 1	Operation 1
			Operation 2
			Operation 3
2	Program 2	Sub-program 2	Operation 1
			Operation 2

Step 2: Determine the Inputs, Outputs and Outcome for the Operations and Projects

The next step towards costing operations within Programmes / Sub-Programmes is to determine the inputs in terms of resources that shall be consumed in conducting the operation. Before the beginning of any Program / Sub-Programmes, it is necessary to determine if the resources required to reach the desired output or outcome are available or need to be procured separately. The Program / Sub-Program may not succeed in case the right resources are not made available at the right time and at the right place during programme execution.

The resources consumed during a Programme / Sub-Programme execution may be determined in terms of the manpower to be deployed, goods and services desired, and the utilities required for successfully carrying out the operations. The units of inputs required for envisaged outputs and outcomes also need to be estimated before the beginning of any Programme / Sub-Programme. The determination of the input resources is an important exercise which shall help Departments / Implementing Agencies in attaching costs to the input resources in order to arrive at the estimates for conducting an operation within a Programme / Sub-Programme. The aggregated costs of all Programmes / Sub-Programmes shall help in determining the total cost of a Government Program / Sub-Program.

A logical framework (log frame) may be used for linking the inputs with the outputs and outcomes. However, at this stage, the concept of Performance Indictor (PI) becomes crucial since it is this performance indicator that quantifies an output and helps in linking the different components of the log frame. A suggestive log frame is provided in the appendix.

Once the log frame for mapping inputs, outputs and outcomes has been populated, the next task is to ascertain the targets for the ensuing 4 years for the various Performance Indicators (PIs) identified against the outputs. As a preparatory sub-task, previous 4 years' data has to be collected based on the following format:

Table 16: Format for historical trend data collection on targets

Policy Objective	PI for Output	Historical Trend			
		Y_{-3}	Y_{-2}	Y_{-1}	Y_0[3]

3 Y_0 is the year in which the SMTDP is being prepared for the ensuing 4 years Y_1, Y_2, Y_3, and Y_4.

Illustrative example for Health Sector:

Table 17: Illustrative historical trend data for a health sector

Policy Objective	PI for Output	Measurement	Historical Trend			
			2010	2011	2012	2013
Improve quality of health services delivery including mental health services	Institutional Malaria under 5 Case Fatality Rate	No. of children Under 5 who die as a result of malaria per year / no. of children admitted and diagnosed with malaria	1.2	1.3	1.2	0.6

Based on the data collected, a comparative analysis of the PIs may be carried out, so as to gauge the position of the PIs with respect to world average and values of those indicators in similar / comparable countries (e.g., Kenya, Tanzania, Nigeria etc.). The following format may be used for this purpose:

Table 18: Format for analyzing baseline information of similar countries

Sl. No.	Performance Indicator	Value for Ghana	World Average Value	Value for comparable Country-1	Value for comparable Country-2	Value for comparable Country-3

Once the aforementioned data has been collected and the analysis carried out, the next major task within this step is to set the targets for these PIs. For determining the targets, it is suggested that 3 scenarios be considered for each of the PIs, and against each of the scenarios, commensurate targets be set, such that they are aligned to the log frame prepared earlier.

The 3 scenarios mentioned above may be classified as follows:

i) **Low / Business-As-Usual (BAU) Scenario** – This scenario represents status quo, wherein it is assumed that the prevalent strategies and programmes shall be continued at the same scale and pace, for the next 4 years with no major changes. The targets under BAU scenario will typically be very close to the previous year's target such that services are rendered to the public at the existing manner.

ii) **Mid / Moderate Scenario** – Herein, it is assumed that with a moderate increase in the resources available to fund priority services, a comparatively higher target (around 65%) of PIs will be achievable, as compared to the BAU scenario. Accordingly, targets have to be set such that the moderate targets are realized during the planning horizon.

iii) **High Scenario** – Under this scenario, it is assumed that a significantly high funding may be received, leading to accomplishment of the complete plan and meeting of targets to the tune of 85-90 per cent. The targets for this scenario will naturally be much higher than those for the Low and mid scenarios.

For each of the scenarios, targets have to be presented using the following format:

Table 19: format for scenario analysis

Policy Objective				Performance Indicator			
Measurement				Scenario		Low	
Historical Trend				Targets			
Y_{-3}	Y_{-2}	Y_{-1}	Y_0	Y_1	Y_2	Y_3	Y_4
Policy Objective				Performance Indicator			
Measurement				Scenario		Mid	
Historical Trend				Targets			
Y_{-3}	Y_{-2}	Y_{-1}	Y_0	Y_1	Y_2	Y_3	Y_4
Policy Objective				Performance Indicator			
Measurement				Scenario		High	
Histroical Trend				Targets			
Y_{-3}	Y_{-2}	Y_{-1}	Y_0	Y_1	Y_2	Y_3	Y_4

Based on the expectation of resources that will be available as well as the priority of the MDAs, the suitable scenario's targets shall be used while carrying out the costing exercise. As per the log frame populated earlier (input-output-outcome), the inputs required for achieving the envisaged targets shall be determined such that they facilitate the costing exercise as detailed out in the next step.

Step 3: Defining Costs and Identifying Cost Objects and Cost drivers

The American Institute of Certified Public Accountants, USA defines cost as - "the amount, measured in money, of cash expended or other property transferred, capital stock issues, services performed, or liability incurred, in consideration of goods or services received or to be received". The Chartered Institute of Management Accountants, London defines Cost as "the amount of expenditure (actual or notional) incurred on, or attributable to, a given thing".

The next logical step in the costing exercise is to identify the cost objects (anything that need to be costed) which are items for which cost is actually estimated. Thus, the input resources identified in step 3 are the cost objects for operations and in turn, for Program / Sub-Program. The costs for the cost object may not remain stationary throughout the Program / Sub-Program period. Cost Drivers are factors that cause a change in the cost of an operation or output resulting in the operation consuming fewer or greater amounts of resources. The drivers are subject to changes in the business environment in the country – cost of input resources may change due the following factors (indicative and not exhaustive):

- Inflation in Economy
- Change in Oil Prices
- Change in regulatory environment
- Change in Government Policies

The Cost objects attributable for the costing of a Programme / Sub- Programme are set out below:

Text Box 12: cost objects for programmes / sub-programmes

21115 - Compensation Arrears
211- Wages and salaries
212 – Social Contributions
21 – Compensation of Employees

22101 – Materials and Office Consumables
22102 – Utilities
22103 – General Cleaning
22104 – Rentals Lease
22105 – Travel and Transport
22106 – Repairs and Maintenance
22107 – Training, Seminars and Conference Costs
22108 – Consultancy Expenses
22109 – Special Services
22111 – Other Charges and Fee
22112 – Emergency Services
22113 – Insurance Premium
221 – Use of Goods and Services
22 – Use of Goods and services

24 – Interest

25 – Subsidy

26 – Grants

27 – Social Benefits

28 – Other Expenses

3111 – Buildings and Structures
3112 – Machinery and equipment
3113 – Other Fixed Assets
311 – Fixed Assets
31 – Non-Financial Assets

The cost estimates for each of the above cost objects should ideally be taken into consideration while costing of Programmes / Sub-Programmes within a Sector; however, since the Compensation to Employees is taken into account separately, the same may be left out. However, the cost of temporary manpower/ contractual labor and workers (i.e., those not on the permanent payroll of the Government) associated with an operation within a Programme / Sub-Programme may be considered. It is imperative that a consultation is held between the key stakeholders in a department / implementing agency to make sure that all the relevant costs objects have been identified.

Step 4: Determine a suitable Costing Methodology for the costing of Input Costs

The next step in the costing process is to ensure that the most appropriate source of cost data has been used as base for attributing costs to the cost object. Cost base for items can be established through current-year expenditures, historical expenditures, multi-year average expenditures, estimates using appropriate costing methodology, forecasts based on prevailing macro-economic conditions, or standard costs. Each source must be chosen objectively, and the rationale for the choice must be documented. A suggestive template for estimating the cost base is provided below:

Table 20: Template for estimating cost base

Cost Object	Description	Methodology for Preparing Costing Estimates	Assumptions
Compensation of Employees			
Wages and Salaries			
Social Contributions			
Use of Goods and Services			
Materials and Office Consumables			
Utilities			
General Cleaning			
Rentals Lease			
Travel and Transport			
Repairs and Maintenance			
Training, Seminars and Conference Costs			
Consultancy Expenses			
Special Services			
Other Charges and Fee			
Emergency Services			
Insurance Premium			
Interest			
Subsidy			
Grants			
Social Benefits			
Other Expenses			
Fixed Assets			
Buildings and Structures			
Machinery and equipment			
Other Fixed Assets			
Grand Total			

Supporting spreadsheets with details on each of the above items need to be developed to capture and calculate the relevant cost information. Depending on the nature of the good / service to be provided by the government, some of the methodologies that may be relevant for costing the above cost objects is set out below:

Costing Methodology for estimating Costs associated with Compensation of Employees:

The inherent assumption while costing for personnel for Government Programmes and Sub-Programmes is that, it is included in the normal budgetary resources and hence, is not included in the costing of the SMTDPs.

However, the inherent assumption may not be true for all Programmes and Sub-Programmes which may need dedicated administrative posts or hiring of temporary manpower. The input for any such manpower along with the existing manpower working dedicatedly on Government Programmes / Sub-Programmes may be provided through SMTDP for accurate costing of Programmes. The justification for the manpower needs to be provided by the Agencies and Departments. The approval for same however, needs to be provided by Ministries and the same has to be taken into account while preparing the Ministry specific budgets. The detailed format that may be used for the aforementioned purpose is set out below:

Table 21: format for justifying manpower cost / compensation

Category of employee	Pay Band / Total Compensation	Operations for which the manpower is needed	Justification

The costs for permanent manpower may be estimated based on the administrative grads with suitable provisions for Inflation adjustments over the Programme / Sub-programme Period. However, the estimates for the temporary manpower may be established either through:

- Current-year expenditures: The Agency / Department may estimate the manpower cost based on the prevailing manpower expenditure on resources rendering similar services to the Agency / Department.
- Historical expenditures: In case the current year expenditure for resources rendering similar services are not available then historical estimates may be used which are based on the three or five year average expenditures on resources rendering similar services. These costs then need to be adjusted for inflation to arrive at reasonable estimation of costs.

Costing Methodology for estimating Costs of Goods / Materials:

A government programme may involve procurement of Goods / Materials from the market for the programme implementation. The materials / goods that may be procured by Agency / Department may involve procurement of IT Equipment, Consumables, Medicines and Furniture etc. which are fairly standardized products. The Government of Ghana has such a list of good / materials available for the consumption of government bodies under pre-determined rates. **These rates can be used by the Department and Implementing Agencies while estimating cost of Programmes / Sub-Programmes involving procurement of standard goods from the market.** The indicative list of cost objects that can be estimated using this methodology are set out below:

- Materials and Office Consumables
- Machinery and Equipment

Where rates of material / goods are not available, the Agency / Department may determine the same using the methodology outlined below for arriving at costing estimates.

Step 1: Estimate the quantity – The quantity can be estimated using the nature of the product and consumption pattern (e.g. in case of oral immunization programme like polio estimate the quantity of total vials will be based on the total drops per vial and the total target population. The total quantity of Consumables will be based on reasonable estimates based on historical consumption etc.)

Step 2: Estimate the unit price – The same can be estimated based on either market survey for prevailing market rates or the prices can be based on the average rates of last three years procurement of similar goods and making suitable adjustments for possible price increases due to changes in inflation.
Step 3: Estimate the frequency – the frequency or the number of times a good or material is expected to be procured over the course of the budget year should be determined based on past trends or planned/ projected volume of operations.

The cost shall be calculated using the formula
Cost = (unit price x (quantity x frequency)

Table 22: format for estimating the total cost of goods / materials

Input	Budget Year Total Unit Price	Budget Year Total Quantity	Budget Year Total Frequency	Budget Year Total Amount

Costing Methodology for estimating Costs of Services:

The Government may engage service providers for providing various services to the Department / Agency which my range from Annual Maintenance Contracts (AMC) for equipment, plant and machinery to large-scale turnkey projects with long gestation periods. Appropriate costing for all such services needs to be estimated as part of the SMTDPs. For the costing of routine services e.g. AMC contracts, travel agency, insurance etc. the costing estimates needs to be made based on the following:

- Current-year expenditures: The Agency / Department may estimate the cost of services based on the prevailing market rates by inviting quotations from at least three vendors providing similar services.
- Historical expenditures: In case the quotation cannot be invited due to various factors like confidentiality etc. then historical estimates may be used which are based on the three or five year average expenditures on vendors providing similar services. These costs then need to be adjusted for inflation to arrive at reasonable estimation of costs. The indicative list of objects that can be costed using this methodology include:
    - Travel and Transport
    - Insurance Premium
    - AMC
    - Printing Cost
    - General Cleaning
    - Rentals Lease
    - Repairs and Maintenance
    - Training, Seminars and Conference Costs
    - Consultancy Expenses
    - Emergency Services

The Programme / Sub-Programme may also involve procuring services of vendors for turnkey projects involving creation of capital assets for the Government which include construction of universities, erection of a power plant, building of roads and bridges, dams, canals, setting up of oil refineries etc. Such services may require significantly large capital expenditure and involve large gestation period. Also, such services may require specific skills which may only be provided to the Government by private companies / firms. The cost estimation for each such operation needs to be estimated based on Detailed Project Report (DPR) / Techno Commercial Feasibility Report (TCFR) prepared by qualified individual within the Government or with the help of Consultants hired for preparing such DPRs / TCFRs. The DPRs / TCFR must contain Economic Internal Rate of Return (EIRR), Net Present Value (NPV) associated with such Projects. The Departments may outline from time-to-time the list of Projects for which the costing estimates should be based on DPRs / TCFRs. The Agency / Department may provide the following details about Projects based on the DPRs / TCFRs:

Table 23: format for providing details about projects by agencies / departments

Work Type (indicative)	**Target for Y_1**	**Target for Y_2**	**Target for Y_3**	**Target for Y_4**	**Total**
Widening of Road / Construction of Railway Over Bridge / Construction of Under Bridge / Construction of Dam					

Table 24: format for classifying projects under cost heads

Cost Heads	Y_1	Y_2	Y_3	Y_4	**Total**

Format to be used for providing Operation-wise, year-wise Costs:

Thereafter, total year-wise cost for each cost object has to be calculated. The following format may be used for this purpose:

Table 25: format for providing operation – wise, year cost **Operation:**

Cost Object –	Y_1	Y_2	Y_3	Y_4
Target				
Quantity to be Procured (allowing 1% leakage)				
Inflation				
Inflation Adjusted Price				
Total Year-wise Cost for the Cost Object				
Cost Object –	Y_1	Y_2	Y_3	Y_4
Target				
Quantity to be Procured (allowing 1% leakage)				
Inflation				
Inflation Adjusted Price				
Total Year-wise Cost for the Cost Object				

Subsequently, the operation-wise cost for each of the years of the planning horizon may be presented using the following format:

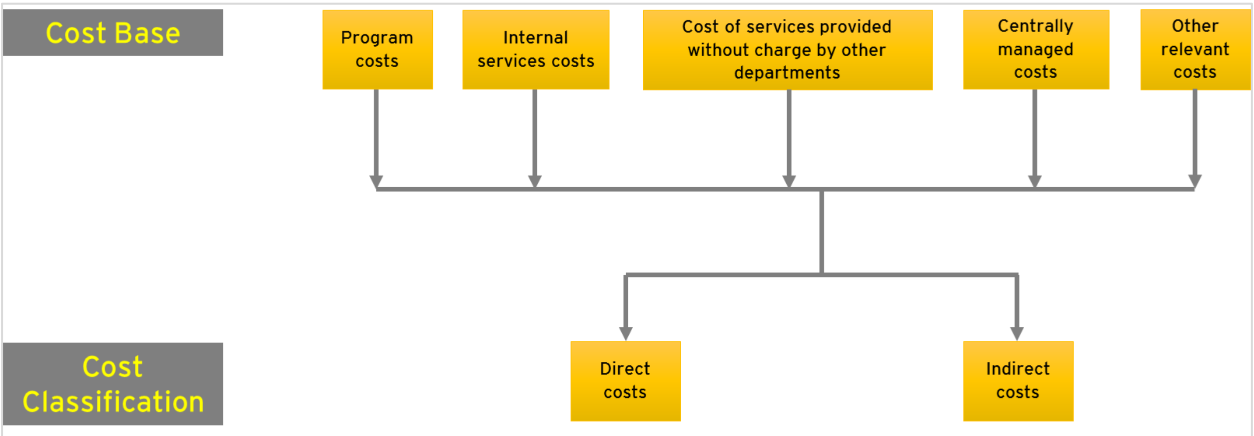
Table 26: format for operation wise cost for the SMTDP years.

Operation	Cost (in GHS) Y_1	Cost (in GHS) Y_2	Cost (in GHS) Y_3	Cost (in GHS) Y_4	Total Operation Cost (in GHS)
Grand Total (in GHS)	Total Cost for Y_1	Total Cost for Y_2	Total Cost for Y_3	Total Cost for Y_4	Total cost for all operations of the output

Step 5: Classify costs appropriately into Direct Cost and Indirect Costs:

Once, the costs are arrived at using various costing methods, the next step is to classify them into Direct Costs and Indirect Costs. The figure below illustrates the concept of cost classification.

Figure 4: classification of costs



It is suggested that process costing and job costing (cost accounting approaches that allocate direct costs to production processes or to individual jobs) be applied to the identification of direct costs.

Direct Costs may be classified as:

- **Direct Staffing Costs:** These include the wages or salaries of staff and on-costs such as annual leave (including loading) and long service leave entitlements expense, superannuation, workers' compensation insurance, fringe benefits tax, shift penalties, etc. Expenditure on protective clothing, training and allowances also falls under direct staffing costs
- **Other Direct Costs:** These are identified as being directly related to the service. Examples of such costs may include: assets expensed on purchase; communication services such as telephones, internet and couriers; consultants or contractors; consumable supplies; and the cost of inventory consumed in the course of producing a service.

Indirect costs are costs that are not directly attributable to a particular service. They are sometimes referred to as overheads and can include, for example, 'corporate' costs such as the chief executive officer's salary or costs associated with executive administration, financial services, human resources, records management, information technology, accommodation, and depreciation and amortisation charges (relating to assets employed in service delivery). Consistent with the objective of reporting on the full cost of services, wherever possible these indirect costs should be allocated to the relevant service where there is a rational basis for doing so. Depending on the circumstances of individual agencies, some of these costs may be regarded as direct costs.

Additional examples of overhead costs include utilities like water, telecommunications, postal charges, sanitation charges; accommodation, rentals for building, land, vehicles, furniture and fittings, computers and accessories; lease of vehicles, office equipment etc. Typically, these should be classified as indirect costs since their levels of utilization is not always directly correlated with the level of service being provided by the Government.

The following is a suggestive cost classification template that may be used in this step.

Table 27: Format for classifying costs

Item	Direct Cost	Indirect Cost	Total
Compensation of Employees			
Wages and Salaries			
Social Contributions			
Use of Goods and Services			
Materials and Office Consumables			
Utilities			
General Cleaning			
Rentals Lease			
Travel and Transport			
Repairs and Maintenance			
Training, Seminars and Conference Costs			
Consultancy Expenses			
Special Services			
Other Charges and Fee			
Emergency Services			
Insurance Premium			
Interest			
Subsidy			
Grants			
Social Benefits			
Other Expenses			
Fixed Assets			
Buildings and Structures			
Machinery and equipment			
Other Fixed Assets			
Grand Total			

It is pertinent to note that it is the responsibility of each agency to adopt a methodology that reflects as accurately as possible the circumstances in which their services are delivered.

The costs of internal services (e.g., legal services) are normally indirect costs. However, the internal service managers need to be consulted to determine whether any of the services are provided solely to support the cost object and could therefore be attributed directly. Whenever feasible, costs that are incurred solely to support the cost object should be attempted to be identified, and then these costs should be attributed directly because it will make the resulting information more precise.

Step 6: Allocate proportional costs within various sub-programmes (if applicable) and aggregate to Programmes

The above steps are for calculating the cost of interventions which may be spread across various sub-programmes. The cost then needs to be apportioned appropriately to such sub-programmes.

Step 7: Validate the costing estimates with available historical costs to determine if the estimates are realistic; else make suitable adjustments

Once the estimates for the programme have been made, the same have to be compared against past estimates so as to ensure that the calculated estimates are realistic and they reflect the actual scenario most accurately. In case the estimates seem unrealistic, deliberations and subsequent revisions have to be made to arrive at more convincing estimates.

Step 8: Identify factors that can affect the costs during implementation and prepare a suitable risk management plan and determine the cost variations

Alongside preparing realistic cost estimates, the MDAs must ensure that they have factored in all possible causes of variation in the estimates like changes in inflation, world prices, regulatory changes, policy changes etc. Once these factors are taken into consideration, the MDA should prepare an appropriate plan for mitigating risks due to fluctuations in these factors and stipulate the limits for cost variation that may be allowed, such that the estimates can be adjusted accordingly going forward.

Step 9: Develop a suitable M&E framework to ensure that the cost variations stay within pre-determined levels

For ensuring consistency of the cost estimates, it is also essential that the MDAs prepare a monitoring and evaluation framework and devise a mechanism to oversee that cost variations are limited to the levels stipulated in the previous step.

8. Approval of Budget Programmes

For programme-based budgeting to be further entrenched, the budgets must be legitimized through the legislative review and approval processes. Effective legislative review requires appropriate information and institutional support and budget calendars providing for a sufficient period of review to be effective. In Ghana, PFMA (2016) makes adequate provisions in respect of the timelines for the review and eventual approval of the budget by Parliament.

In line with section 22 of PFMA (2016), Parliament has up to 31st December of each calendar year to consider and approve the annual budget, the correlative work plan, the corresponding appropriation bill and any other bill that may be required to implement the annual budget. With the approval of the appropriation bill, Parliament authorizes the government to generate revenue and spend money as approved in the budget. However, any need to spend beyond what was approved by Parliament would have to be submitted to Parliament for consideration and approval.

8.1 Processes for passing the Appropriation Act in Parliament

Parliament's role in the budget process goes beyond the approval of the budget. Additional responsibilities for oversight and performance monitoring have been assigned in PFMA (2016).

Following the preparation of programme – based budgets by MDAs and subsequent consolidation of same by MoF, they are presented to Parliament by the Minister for Finance on behalf of the President in line with section sec 21(3) of PFMA (2016). Subsequent to the presentation, the budget is referred by the speaker to the various committees of Parliament for consideration after which they report back to the full house for the approval processes to begin. Figure 5 shows processes for passing the appropriation act in Parliament.

Budget Appropriations

In a programme-based budgeting regime, the form of the budget estimates approved by the legislature changes substantially relative to its traditional form. The estimates are structured around MDAs and Programmes. Thus, Parliament grants approval based on the budget programmes of the MDAs.

Appropriations by budget programme and sub-programmes

Within each MDA, the estimates approved by Parliament are allocated first and foremost to programmes. This implies that, in authorizing the estimates Parliament is deciding upon a particular allocation between programmes of the expenditure of each MDA. During implementation of their budget programmes, MDAs are then bound to respect this programmatic allocation decided by the legislature.

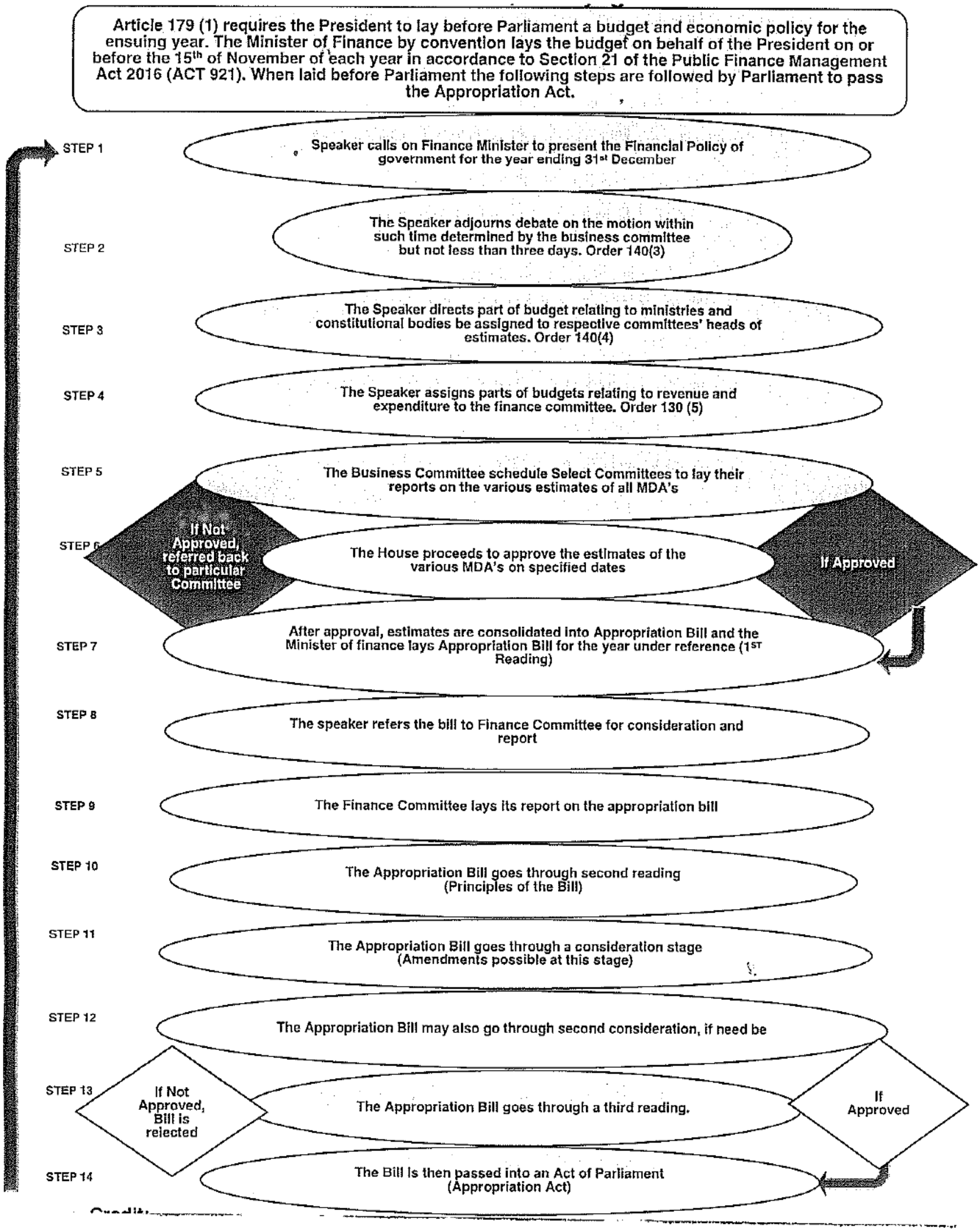
For sub-programmes, allocations would be made in the estimates but only for information purposes. This is due to the fact that Parliament will not be concerning itself with the fine detail of expenditure allocation between sub-programmes. However, sub-programmes will rather be a tool for internal planning and budget management within MDAs.

Procedures for the consideration of the budget in Parliament

In line with the standing orders 140 (4 &5) of Parliament, that part of the budget relating to the Ministries for which they have responsibility shall stand committed respectively to the committees responsible for the subject matter. Also. Each of such committees shall consider the relevant heads of estimates committed to it and report on it to the House within such a time as the Business Committee may determine.

Also, any part of the budget relating to revenue and expenditure shall stand committed to the finance committee which shall consider it and report to the house on it within such a time as the business committee may determine. Figure 5 provides an illustration of these procedures.

Figure 5: Processes for passing the appropriation Act in Parliament



Credit: Research Department, Parliament of Ghana, 2017.

9. Implementation of Budget Programmes and Financial Reporting

9.1 Introduction

Budget execution/implementation is the process by which the financial resources allocated to an agency are directed and controlled toward achieving the purposes and objects for which budgets were approved. The process involves compliance with both legal and administrative requirements. To this end, systems must be integrated and designed to support implementation of the budget programmes consistent with the approved budget. This demands an appropriate blend of control and flexibility. The important activities performed to formulate the budget are intended to prepare the groundwork for the implementation of the programmes in the budget. It is at this phase of the cycle where the various implementing agencies of the MDAs action their budget programmes to achieve the government's socio-economic development objectives and deliver essential public services to the citizenry. The implementation phase broadly covers activities such as:

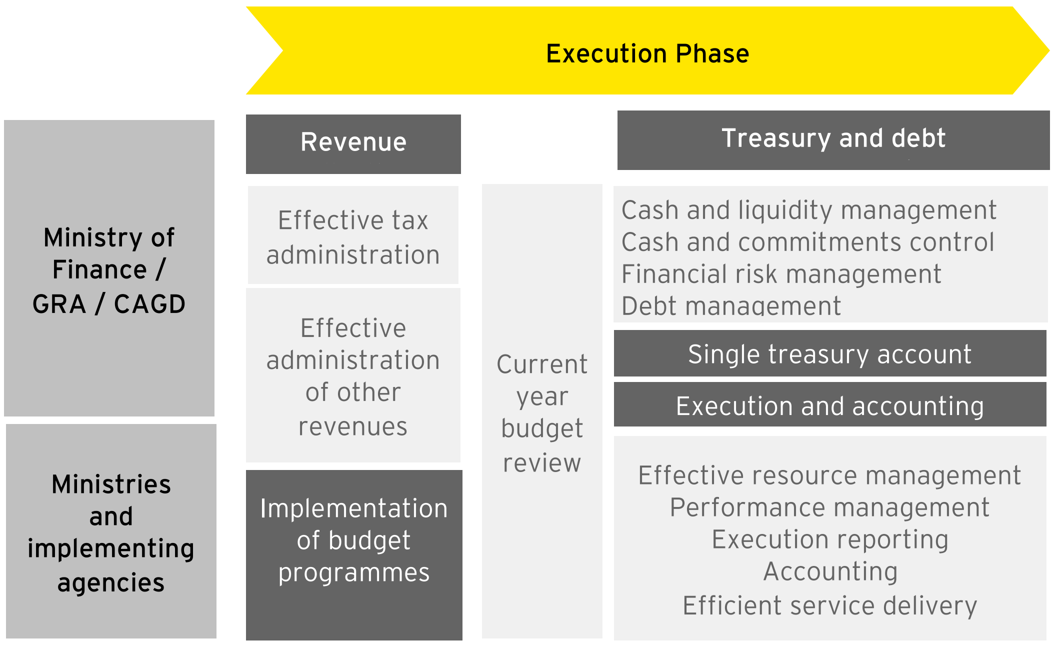
- Commitments / expenditure ceilings,
- Service delivery
- Mid-year review procedures,
- Accounting and treasury management,
- Financial controls.

Specifically, the detailed activities in this phase include cash management, procurement planning, capital asset management, expenditure tracking, debt management, sustainability and restructuring, accounting system design and implementation, operational and managerial control, and reporting.

9.2 Implementation of Budget Programmes

Budget implementation in Ghana is influenced by lots of factors including the PFM legal framework, international best practices as well as by lessons learned from prior year implementation of the annual budget. In accordance with the provisions in PFMA (2016), Act 921, implementation of budget programmes commences 1 January and concludes 31 December of each calendar year. This stage consists of several activities meant to ensure that operations and projects are implemented. Figure 6 shows a high level overview of some of the activities in the budget implementation phase.

Figure 6: **High level overview of activities budget implementation**

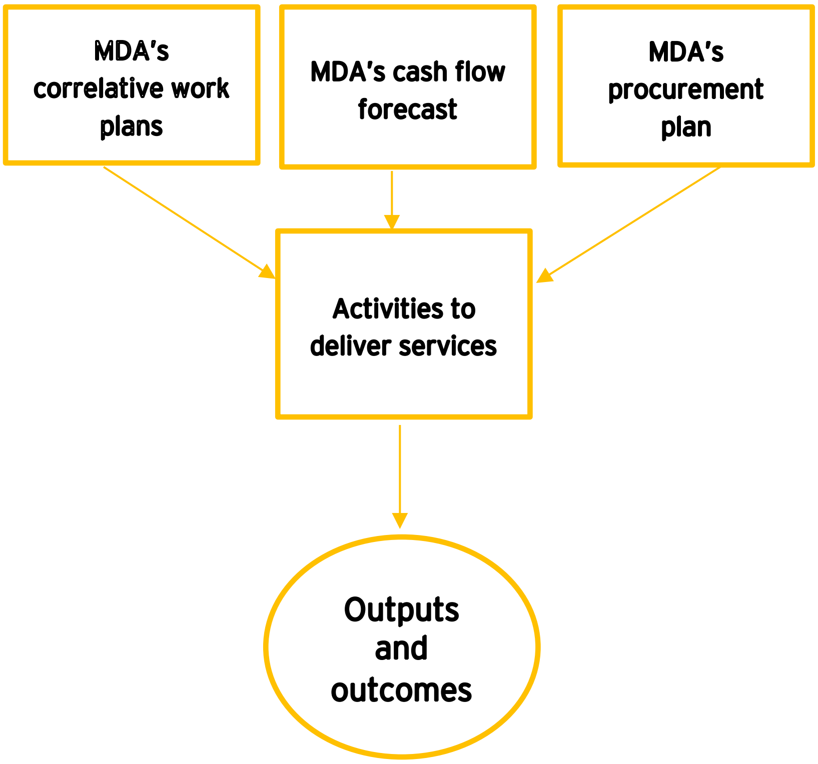


To implement the budget programmes, each MDA would have to translate its budget programmes approved by Parliament in the appropriation act into operational budgets for each of its directorates and other implementing agencies. In a situation where individual organizational units are aligned with only one programme, the budget for that programme also becomes the budget for the directorate or agency. However, if a programme corresponds to two or more agencies, it will be necessary for the Ministry concerned to internally apportion the programme's budget among the directorates involved. In doing so, the Ministry ought to be guided by the organizational budgets which it initially prepared during the budget preparation phase. This notwithstanding, the Ministry retains the right to vary the allocation of the programme budget among such organizational units if it was not strictly prescribed by Parliament when it approved the budget estimates.

9.3 How MDAs implement their Budget Programmes

In line with section 22(2) of PFMA (2016), the annual budget approved by Parliament takes effect from the first day of January of the ensuing year. Hence, MDAs' preparations towards the implementation of their budget programmes for the ensuing year must commence before 1st January. Figure 7 below shows the cycle of activities MDAs perform to implement their budget programmes.

Figure 7: Cycle of budget implementation



It is worthy to emphasize that while it is possible to execute a well-formulated budget poorly; it is not possible to execute well a badly formulated budget. This further underscores the crucial need of executing budget programmes with diligence. Execution of budget programmes though must not be simply seen as assuming compliance with the initial budget. It must also adapt to intervening changes, and promote operational efficiency. A procedure for controls is needed to focus on what is needed while giving flexibility to spending agencies in implementing their budget programmes.

9.4 Financial Reporting in the Budget Implementation Phase

During budget execution, all programme expenditures are to be completely recorded in the accounting system (GIFMIS) timely based on programmes, sub-programmes, organizational units (MDAs) and certain other characteristics. This enables easy analysis of programme performance by various dimensions.

Managing commitments
In the context of budget implementation by MDAs, commitments can be explained as contracts or other binding agreements that creates future expense or liability for the MDAs. In line with provisions in section 25(1–9) in PFMA (2016), keeping track of commitments is very important. This is due to the fact that for cash planning and funds release, it is important to know the obligations to pay that will occur over the planned period. Generally, registering and monitoring commitment is required for different purposes such as contract and programme management, budget implementation supervision and cash management

In relation to management of budget programmes, it is important to register all legal commitments (contract awarded, order passed, etc.). Principal Spending Officers are required to enter the contract or arrangement into the Ghana Integrated Financial Management Information System where a covered entity enters into a contract or any other arrangement that commits or purports to commit Government to make a payment.

Improving budget implementation
To improve budget execution, two main areas need to be focused on. These are enhancing expenditure control and creating the conditions for increased efficiency in public spending. It is important to strike an adequate balance between these two different requirements.

Expenditure control
In a number of countries across the world, the first step to improving budget implementation is to reinforce expenditure control as well as to ensure conformity in budget execution with the policies stated in the budget. · A complete budgetary/appropriation accounting system is needed to track transactions at each stage of the expenditure cycle (commitment, verification, payment) and movements between appropriations or budget items (apportionment, virements, supplementary estimates). As a consequence, the following points ought to receive attention if execution is to be successful.

- Timely release of funds;
- Cash planning in conformity with budget authorization and taking into account ongoing commitment
- Effective control of expenditures at each stage of the expenditure cycle
- Adequate budgetary monitoring, at each stage of the expenditure cycle
- Clearly defined procedures for recording transaction
- Adequate cash management
- Transparent procedures for procurement.
- A system for managing multi-year contracts and forward commitments.

Improving the efficiency of the system
To improve efficiency in public spending, managers of the budget need to enforce priorities in the budget. Additionally, the following actions are also encouraged.

- There should be flexible rules for virement and regulated carry-over for capital expenditures;
- Cash rationing should be avoided (except in an extreme emergency). Budget implementation and cash plans must be prepared, but they should be based on budget estimates and take into account existing commitments.
- Carry-over appropriations should be authorized, at least for capital expenditures, but the procedure needs to be regulated.

Structure of budget reports to Parliament in PBB regime – Ministry of Finance's role
The Ministry of Finance should ensure that in reporting to Parliament, the budget document, the mid-term review, and the budget performance reports should all be based on the programme structure. Also, non-financial performance information should be reported next to financial information in accordance with the programme structure. Financial information based on administrative and economic classification should be provided as an Apendix to all reports. All reports as indicated in the PFM Act going to Parliament should follow the same format for easy analysis and comparison.

MDAs' reporting requirements in budget implementation
In accordance with PFMA (2016), there are financial and non-financial reporting functions assigned to various stakeholders during the budget implementation phase. Table 28 below summarises the reporting requirements of the various stakeholders during implementation of the budget.

Table 28: MDAs' reporting requirements during budget implementation per PFMA (2016)

S/N	Requirements	Reference
1	Monthly reporting	
	Cash flow forecasts of the covered entity for the ensuing three months or any other period that the Minister may specify.	Sec 31
2	Quarterly reporting	
	Financial statements to the Controller and Accountant-General by the 15th day of the month following each quarter of each financial year	Sec 79(1)
3	Half yearly reporting	
	Brief statement of programme performance by each Principal Account Holder.	Sec 34(2b)
4	Annual reporting	Sec 80(1)
	Accounts and information set out in part 2 of the schedule in the Act	

10. Budget Programme Evaluations

10.1 Introduction

The last phase of the programme based budget cycle is the evaluation phase. This phase entails the assessment of programme performance during the execution phase to determine whether the planned objectives were met. This underscores the need for the systematic collection and storage of performance data from implementing agencies. Hence, performance data must be systematically stored at Ministry level by having a database. This ensures the availability of data for analysis on time.

10.2 What is Evaluation?

The Organisation for Economic Cooperation and Development (OECD) defines evaluation as the systematic and objective assessment of an on-going or completed project, programme or policy, its design, implementation and results. The aim is to determine the relevance and fulfillment of objectives, development efficiency, effectiveness, impact and sustainability. An evaluation should provide information that is credible and useful, enabling the incorporation of lessons learned into the decision– making process of both recipients and donors. Evaluation also refers to the process of determining the worth or significance of an activity, policy or programme.

The National Treasury of South Africa also defines evaluation as a periodic assessment of the efficiency, effectiveness, impact, sustainability and relevance of a project in the context of stated objectives. It is usually undertaken as an independent examination of the background, objectives, results, activities and means deployed, with a view to drawing lessons that may guide future decision-making.

From the foregoing, programme evaluation can be described as the formal assessment of budget programmes using systematic methodologies, with the aim of objectively verifying the programme performance. Evaluations of budget programmes are necessary for remedial actions on on-going projects as well as learning lessons for future programmes. However, for evaluation to be useful, it has to be timely and should aim at providing answers to the questions of most importance for budget decision-making. The evaluation of a budget programme or project requires the comparison of actual results with what was planned for in the programme design. If the goals of budget programmes are stated clearly, their evaluation is significantly easier. Consequently, the concept of performance indicators are important in evaluation tasks. Budget programmes with well-defined milestones that establish the scope of certain goals, is much better able to have a complete evaluation, using those mileposts as anchors for a more detailed examination of the achievements.

10.3 Characteristics of Evaluations

The OECD has identified certain features as ideal features for an evaluation. Table 29 shows the features as well as their descriptions.

Table 29: Characteristics of Evaluation

Feature	Description
Relevance	Are we doing the right thing? How important is the relevance or significance of the intervention regarding local and national requirements and priorities?
Effectiveness	Are the objectives of the development interventions being achieved? How big is the effectiveness or impact of the project compared to the objectives planned (Comparison: result – planning)?
Efficiency	Are the objectives being achieved economically by the development intervention? How big is the efficiency or utilization ratio of the resources used (Comparison: resources applied – results)?
Impact	Does the development intervention contribute to reaching higher level development objectives (preferably, overall objective)? What is the impact or effect of the intervention in proportion to the overall situation of the target group or those effected?
Sustainability	Are the positive effects or impacts sustainable? How is the sustainability or permanence of the intervention and its effects to be assessed?

10.4 Purpose of Evaluations

Evaluation serves very useful purposes in programme-based budgeting. Evaluations helps to secure the optimal quality and impact of budget programmes. Additionally, it assists managers of budget programmes to manage and improve their performance. The objective of evaluating budget programmes is to improve decision-making and resource allocation by providing reliable data about the effects of policies and programmes. As such, high quality programme evaluations are required, valued, and used by those responsible for managing the budget and other policymaking processes. Successful evaluations require agreement among the stakeholders involved especially between the evaluator and the requester, as to the question being examined, the resources (both money and time) available to answer the question, the evaluation method that will be used in the light of the resources that are available, and the level of confidence that one can expect to have in the outcome of the evaluation.

Specifically, the purpose of evaluations include the following:

- **Learning from experience**

With the aid of evaluations, successes and failures of budget programmes can be understood. Based on lessons learned from those experiences, current and future projects and programmes can be improved.

- **Transparency**

It helps to illustrate the use of the financial resources and justifies the outcomes of budget programmes in relation to funds allocated.

- **Deepening understanding**

Evaluation serves as a tool for deepening knowledge and understanding of the assumptions, options and constraints of budget programmes. To this end, evaluations leads to comprehensive discussions and knowledge sharing which improves body of knowledge in particular fields.

- **Improved communication**

Evaluations help to facilitate communication and understanding among the various stakeholders in the budget cycle.

10.5 Evaluation Principles and Standards

According to the OECD, important principles of every evaluation are:

Objectivity: In its conception and implementation, every evaluation needs to achieve a maximum level of objectivity and impartiality. Statement of facts needs to be methodically and clearly distinguished from assessments. It is important that different perspectives are taken into account, as well as strengths and weaknesses. Results, conclusions and recommendations need to be supported by evidence and must be comprehensible.

Independence of evaluators: The evaluators must have expert knowledge. Credibility also includes the independence of evaluators from all staff involved operatively.

Participation of all parties concerned in the entire process: An evaluation needs to be as participatory as possible (e.g. the possibility of all parties involved to comment on the results or the evaluation report).

Transparency and Focus: The evaluation assignment must be clearly defined and focused: Description of the initial situation (project / programme details), objectives of the evaluation, central questions, methodologies, reporting requirements must all be spelt out from the onset.

Reliability: The utilization and preparation of basic data is necessary in order to prove the assessment and the conclusions in a credible fashion. The evaluation results stated in the evaluation report must be comprehensible.

Completeness and clarity of reports: The report has to be structured according to agreed criteria and evaluation questions. All evaluation questions must be answered.

Utility: Evaluation recommendations are used for improving projects or programmes. Feedback to political and operative decision makers must be guaranteed through a clear responsibility for the implementation of the evaluation results. The utility of an evaluation also depends on the most appropriate moment of the implementation within the project or programme cycle. Furthermore, the expenditure of time and financial means of an evaluation need to be in a reasonable proportion to its benefits and the scope of the project or programme.

10.6 Forms of Programme Evaluations

There are two main methods in evaluating programme performance by MDAs. These are evaluation of programme logic and analysis and interpretation of performance indicators.

Evaluations of programme logic
This is a form of rapid evaluation meant to assess whether budget programmes are designed in such a way as to make it to achieve its intended outcome. To evaluate programme logic, the first step is to clarify exactly how the program is supposed to achieve its outcomes. Expressed in terms of the "results chain", the key questions are:

- What intermediate outcomes is the programme expected to deliver?
- How is it that those intermediate outcomes are expected to generate, or contribute to, the programme's intended higher-level outcomes?

Once the program logic is clarified, the next step is to ask whether it is reasonable to assume that the programme will achieve its intended outcomes.

Analysis and interpretation of performance indicators
This is another form of rapid evaluation where performance information of programme indicators are analyzed to judge how the objectives of a budget programme have been achieved. It is inexpensive and less time-consuming alternative for evaluating programme implementation.

However, the extent to which this can be done will depend crucially on the use of good indicators as well as availability of data on these indicators.

In countries with basic characteristics of PBB, most programme budget evaluations can initially be limited to simple reviews which consider the following questions:
1. Are the outcomes of a programme and the priority objectives of a sub-programme in line with the priorities of the Government?
2. Is the programme designed in such a manner that it can be expected to achieve its intended outcome(s)?
3. What do the available performance indicators indicate about the efficiency, effectiveness of the programmes? Have the goals and objectives been achieved?

Appendix A : Template for Designing Budget Programmes

PART A: STRATEGIC OVERVIEW OF THE MINISTRY (MDA)

MANDATE OF MDA:

Mission of the MDA
The mission of the Ministry is ……………………………

Vision of the MDA
The vision of the MDA is ……………………………………

Matrix of Policy Objectives, current programmes / sub-programmes

Policy Objective	Programme	Sub-programme	Number of employees
Policy Objective 1	Programme 1	Sub-programme 1	
		Sub-programme 2	
Policy Objective 2	Programme 2	Sub-programme 1	
		Sub-programme 2	
	Programme 3	Sub-programme 1	

PERFORMANCE REVIEW

Financial Performance

Programme / Funding Source	Previous Budget Year			Cumulative (GHC)
	Approved Budget (GHC)	Actual (GHC)	Variance (%)=((Actual – Approved)/Actual)*100	
Programme 1				
Government of Ghana				
Internally Generated Fund				
Development Partners				
Sub-total				
Programme 2				
Government of Ghana				
Internally Generated Fund				
Development Partners				
Sub-total				
TOTAL				

Non-financial

Programme	Sub-programme	Main outputs
Programme 1	Sub-programme 1	
Programme 2	Sub-programme 1	

Summary of challenges and mitigation strategies

Programme	Main Challenge	Mitigation strategies
Programme 1		
Programme 2		

PART B: PROGRAMME DESCRIPTION

PROGRAMME 1: Management and Administration

Objective(s): *(briefly itemise the objectives)*

Outcome(s)			Y_{-2} Actual	Y_{-1} Actual	Y_0 Prov.	Y_1 Target	Y_2 Target
Outcome indicator 1							
Outcome indicator 2							
Financial							
Performance review Program: This has to be forward looking highlighting the key observation and it implication for the current and future budgets							
IMPLEMENTING AGENCIES	Main Outputs	PERFORMANCE					
		Output Indicators	Y_{-2} Actual	Y_{-1} Actual	Y_0 Prov.	Y_1 Target	Y_2 Target
SUB-PROGRAMME 1: **Objective:**							
(list agencies)	*(List outputs)*						
Financial							
Review sub-program 1: This has to be forward looking highlighting the key observation and it implication for the current and future budgets **SUB-PROGRAMME 2:** **Objective:**							
(list agencies)	*(List outputs)*						
Financial							
Review sub-programme 2							

Y_{-2} - Budget year preceding Y_{-1}
Y_{-1} - Previous Budget Year
Y_0 - Current budget year
Y_1 - Outer Year One
Y_2 - Outer Year Two

Appendix B Summary of Financial Information

Economic classification of programme expenditure

Programme/Sub-programme	Compensation	Goods and Services	Capex	Total
Programme 1	xxx	xxx	xxx	**xxxx**
Sub-programme 1	xxx	xxx	xxx	xxxx
Sub-programme 2	xxx	xxx	xxx	xxxx
Sub-programme 3				
Programme 2	xxx	xxx	xxx	**xxxx**
Sub-programme 1	xxx	xxx	xxx	xxxx
Sub-programme 2	xxx	xxx	xxx	xxxx
Sub-programme 3				
Programme 3	xxx	xxx	xxx	xxxx
Total	**xxxx**	**xxxx**	**xxxx**	**xxxxx**

Classification of programme expenditure based on funding source

Programme/Sub-programme	Government of Ghana	Development Partners	Internally Generated Fund	Total
Programme 1	xxx	xxx	xxx	**xxxx**
Sub-programme 1	xxx	xxx	xxx	xxxx
Sub-programme 2	xxx	xxx	xxx	xxxx
Sub-programme 3				
Programme 2	xxx	xxx	xxx	**xxxx**
Sub-programme 1	xxx	xxx	xxx	xxxx
Sub-programme 2	xxx	xxx	xxx	xxxx
Sub-programme 3				
Programme 3	xxx	xxx	xxx	xxxx
Total	**xxxx**	**xxxx**	**xxxx**	**xxxxx**

The above templates can be generated from the budget module in Hyperion

Appendix C CREAM METHODOLOGY

Clear

An indicator must be well-defined to allow for data collection in an easy and consistent manner and to ensure that people have a common understanding of the measure. This makes an indicator easy to understand and use with minimal explanation.

Relevant

An indicator should be as closely linked as much as possible to the top-level goals for the MDA and its programmes / sub-programmes. In other words, the measure /indicator should be relevant to what the organisation is aiming to achieve. An indicator is relevant when the aspect of performance it seeks to measure is important to the objectives of its users.

Efficient

The data on an indicator must be obtained at a cost proportional to the usefulness of the information it provides. An indicator is efficient if the benefits of using a specific indicator exceed its cost of collection, processing and verification. Thus, the effort (cost, time taken to fill in forms, time taken to review the performance information, etc.) to collect and process data on the performance of an indicator can be quantified and deemed to be low relative to the benefits / returns.

Achievable

The indicator / measure should be realistic, stretching and reflect the MDAs' goals for improved standards of external services provided to the public. Yet, the indicator must be achievable within the available resources of the MDA.

Measurable

A performance measure should have a clear and transparent standard of attainment or success. It must be possible to assess the progress or status of a programme / sub –programme through the use of an indicator. Thus, an indicator should permit measurement or appraisal at any point in time.

Appendix D Log-frame for linking inputs, outputs and outcomes

Table 1: Input-Output-Outcome Logframe

Sl. No.	Policy Objective	Strategy	Program	Sub-program	Outcome	Output	Performance Indicator for Output	Operation	Input

Appendix E Illustration of costing of Budget Programme

During the actual execution of the costing exercise, the MDAs are expected to arrive at their goals, policy objectives and strategies based on priorities defined by the Government of Ghana in the Medium Term National Development Policy Framework and accordingly continue / modify / design new programmes and sub-programmes. Subsequently, based on macroeconomic indicators, the MDAs should select appropriate performance indicators of outputs against outcomes of the programmes and sub-programmes, analyze the progress of these indicators from past figures available in the Government documents like the performance reports, statistical surveys and databases, and arrive at targets for the ensuing 4 years against each of the indicators, guided by the MTNDPF.

As the starting point of this illustrative example, it is assumed that the PI targets have already been fixed by the concerned MDA (as outlined in the previous paragraph) and now, the MDA is ready for carrying out the actual costing exercise for the operations to be conducted for realization of the targets. To demonstrate the costing exercise we have assumed a hypothetical case wherein that the Ministry concerned is Ministry of Health which wants to carry out a costing exercise for a target of vaccinating 5,000 children against measles as a part of intensifying and sustaining Expanded Programme on Immunization (EPI).

Please note that all data and figures used in this example are hypothetical in nature and purely intended for the purpose of demonstrating the costing methodology. The actual data and figures may differ, based on the real information / values and the priorities of the MDA concerned.

The steps for carrying out the costing exercise for meeting the target of vaccinating 5,000 children against measles is elucidated below:

Step 1 - Defining policy objectives and strategies of the Sector that will exert influence between the National Development Goals and the Goals of the said Sector:

Sl. No.	Policy Objective	Strategy
1	Enhance national capacity for the attainment of the health related MDGs and sustain the gains	Intensify and sustain Expanded Programme on Immunization (EPI)

Step 2 – Identifying programmes and sub-programmes which, when implemented, will contribute to realization of the envisaged objectives:

Sl. No.	Policy Objective	Strategy	Program	Sub-program
1	Enhance national capacity for the attainment of the health related SDGs and sustain the gains	Intensify and sustain Expanded Programme on Immunization (EPI)	Health services delivery	Primary and secondary health services

Step 3 – Identifying operations/projects within a program/sub-program that have to be carried out in order to meet the policy objectives:

Sl. No.	Program	Sub-program	Operation / Project
1	Health services delivery	Primary and secondary health services	Purchasing vaccines and equipment to administer vaccinations
			Ad campaign and schedule for vaccinations
			Assigning and mobilizing health care professionals to administer vaccinations

Step 4 – Determining the Inputs, Outputs and Outcome for the Operations

The logframe developed in line with above steps is provided below:

Logframe – for linking inputs, operations, output and outcome

Sl. No.	Policy Objective	Strategy	Program	Sub-program	Outcome	Output	Performance Indicator for Output	Operation**	Input**
1	Enhance national capacity for the attainment of the health related MDGs and sustain the gains	Intensify and sustain Expanded Programme on Immunization (EPI)	Health services delivery	Primary and secondary health services	Reduction in child death due to vaccine preventable diseases	Increase in the number of children vaccinated against measles	5,000 children vaccinated against measles	Purchasing vaccines and equipment to administer vaccinations	Vaccines
									Syringes and alcohol swabs
								Ad campaign and schedule for vaccinations	SMS Service Provider
								Assigning and mobilizing health care professionals to administer vaccinations	Health care professionals to administer the vaccinations

****n.b. – The operations and inputs defined above, against the performance indictor are purely illustrative and may not be exhaustive. Based on the history and experience of conducting similar operations, the MDA has to define the operations and inputs against each output indicator exhaustively such that all necessary requisites are comprehensively covered in the logframe and the same inputs are costed for thereafter.**

It is also assumed that the concerned MDA (for Health sector in this example) is buying the goods (vaccines, syringes and alcohol swabs) directly from the stipulated supplier / market and not receiving the same from another central agency, such that the cost of procuring these goods is a part of the budget of the concerned MDA itself. In cases where such goods and services are provided by other central agencies and the concerned MDA is only the implementing authority, the cost for procurement of the same should be borne by those central agencies providing the said goods and services and should not form a part of the costing exercise of the operations to be carried out by the concerned MDA (for Health sector in this example).

Policy Objective	PI for Output	Measurement	Historical Trend			
			2010	2011	2012	2013
Enhance national capacity for the attainment of the health related MDGs and sustain the gains	5,000 children vaccinated against measles	Number of Children vaccinated in each year	900	1100	1400	1600

As the next step, the following 3 scenarios have been considered with respective targets against the historical trend identified above:

Policy Objective		Enhance national capacity for the attainment of the health related MDGs and sustain the gains		Performance Indicator for Output		5,000 children vaccinated against measles	
Measurement		Number of Children vaccinated in each year		Scenario		Low	
Historical Trend				Targets			
Y_{-3}	Y_{-2}	Y_{-1}	Y_0	Y_1	Y_2	Y_3	Y_4
500	600	600	600	500	600	600	600
Policy Objective		Enhance national capacity for the attainment of the health related MDGs and sustain the gains		Performance Indicator		5,000 children vaccinated against measles	
Measurement		Number of Children vaccinated in each year		Scenario		Mid	
Historical Trend				Targets			
Y_{-3}	Y_{-2}	Y_{-1}	Y_0	Y_1	Y_2	Y_3	Y_4
500	600	600	600	600	750	850	1050
Policy Objective		Enhance national capacity for the attainment of the health related MDGs and sustain the gains		Performance Indicator		5,000 children vaccinated against measles	
Measurement		Number of Children vaccinated in each year		Scenario		High	
Historical Trend				Targets			
Y_{-3}	Y_{-2}	Y_{-1}	Y_0	Y_1	Y_2	Y_3	Y_4
500	600	600	600	900	1050	1150	1400

Step 5 – Defining Costs and Identifying Cost Objects and Cost drivers

As per the illustration above the costing is to be provided for cost objects for the three interventions namely – Purchasing Vaccines and equipment to administer vaccinations, ad campaign and schedule for vaccinations and assignment and mobilizing health care professionals to administer vaccinations. The cost objects that need to be costed for the aforementioned operation are outlined below:

- Medical Supplies – Vaccines

- Medical Supplies – Syringes and alcohol swabs
- Publication, Campaigns and Programmes – On-boarding services of an SMS Service Provider for running the Campaign to inform parents when vaccinations will be administered
- Daily Rated – Health care professionals to administer the vaccinations

Step 6 – Determining a suitable Costing Methodology for the costing of Input Costs

Immunization is a fairly repetitive operation and the rates of goods, services and utilities involved can be based on standard rates, indexed to inflation. Therefore as elaborated in Chapter 4, the costing is illustrated below:

Cost Object	**Description**	**Methodology for Preparing Costing Estimates**	**Assumptions**
Medical Supplies	Vaccine	Cost estimates enquired through PPA for similar services	• The procurement will be in-line with the targets outlined for the mid-level outputs as defined in Step 4 • The cost of vaccine as per prevailing market rates is – GHS 2
Medical Supplies	Syringe and Alcohol Swabs	Cost estimates enquired through PPA for similar services	• The procurement will be in-line with the targets outlined for the mid-level outputs as defined in Step 4 • The cost of syringe and alcohol swab as per prevailing market rates is GHS 1
Publication, Campaigns and Programmes	SMS Service Provider Cost	Cost estimates enquired through PPA for similar services	• Cost per SMS is GHS 0.5
Daily Rated	Health Care Professional	Prevailing rates / Government approved rates	• It is assumed that the vaccine will be administered in nearest Government Hospital / Health Centre wherein the total cost (overhead and) of administering each vaccine is GHS 10

Operation: Purchasing Vaccines and Equipment to administer Vaccinations				
Cost Object – Medical Supplies: Vaccine	Y_1	Y_2	Y_3	Y_4
Target	600	750	850	1050
Quantity to be Procured (allowing 1% leakage)	606	758	859	1061
Inflation	20%	20%	20%	20%
Inflation Adjusted Price	2.00	2.40	2.88	3.46
Total Year-wise Cost for the Cost Object	**1212**	**1818**	**2472.48**	**3665.09**

Cost Object – Medical Supplies: Syringe and Alcohol Swabs	Y_1	Y_2	Y_3	Y_4
Target	600	750	850	1050
Quantity to be Procured (allowing 1% leakage)	606	758	859	1061
Inflation	20%	20%	20%	20%
Inflation Adjusted Price	1	1.2	1.44	1.728
Total Year-wise Cost for the Cost Object	**606.00**	**909.60**	**1236.96**	**1833.41**

Operation: Campaign to inform parents when vaccinations will be administered				
Cost Object – Publication, Campaigns and Programmes: SMS Service Provider Cost	Y_1	Y_2	Y_3	Y_4
Target (Assuming these as target)[4]	10000	10000	10000	10000
Price Per Text Message (in GHS)	0.5	0.5	0.5	0.5
Total Year-wise Cost for the Cost Object	**5000**	**5000**	**5000**	**5000**

Operation: Assigning and mobilizing health care professionals to administer vaccinations				
Cost Object – Daily Rated: Health Care Professional	Y_1	Y_2	Y_3	Y_4
Target (Assuming these as target)[5]	600	750	850	1050
Cost of administering each Vaccine in Government Hospital / Health Center (in GHS)	10	10	10	10
Total Year-wise Cost for the Cost Object	**6000**	**7500**	**8500**	**10500**

Given the above calculations the total costing sheet is populated as below:

Operation	Cost (in GHS) Y_1	Cost (in GHS) Y_2	Cost (in GHS) Y_3	Cost (in GHS) Y_4	Total Operation Cost (in GHS)
Purchasing Vaccines and Equipment to administer Vaccinations	1818.00	2727.60	3709.44	5498.50	13753.54
Campaign to inform parents when vaccinations will be administered	5000.00	5000.00	5000.00	5000.00	20000.00
Assigning and mobilizing health care professionals to administer vaccinations	6000.00	7500.00	8500.00	10500.00	32500.00
Grand Total (in GHS)	**12818.00**	**15227.6**	**17209.44**	**20998.5**	**66253.54**

4 It is assumed that all parents informed through SMS campaign may not turn up for vaccinating their children. Hence, the targets for number of parents/families to whom SMS will be sent, shall have to be based on the previous experience of turnout ratio/percentage of parents as a response to a Government Campaign.

5 It is assumed that all parents informed through SMS campaign may not turn up for vaccinating their children. Hence, the targets for number of parents/families to whom SMS will be sent, shall have to be based on the previous experience of turnout ratio/percentage of parents as a response to a Government Campaign.

Appendix F Indicators for Ministry of Interior

Programme 2: Crime Management

Programmes	Outcomes	Indicators	Sub - programmes	Outputs	Indicators
Crime Management	Effective maintenance of Law and Order	Offence rate / 1000 people	Maintaining Law, Order and Crime Prevention	Police visibility and accessibility	Number of police posts / stations in operation
				Increased investigation and prosecution of criminal cases.	% of criminal cases investigated and sent for prosecution out of total reported.
	Improved public safety	Crime Rate / 1,000 people		Swift responses to incidence of crime	Reaction time to reported incidence of crime
	Enhanced security at prisons and other correctional facilities	% reduction in the number of security breaches recorded at various correctional facilities	Custody of Inmates and Correctional Services	Safe custody of Inmates	% reduction in escapes / jail breaks
	Low incidence of recidivism	Recidivism rate		Increased enrolment of inmates	% of inmates enrolled in an accredited educational / vocational training
	Effective integration of rehabilitated persons into society	% increase in the number of rehabilitated persons re-settled into society.	Narcotics and Psychotropic Substances Management	Reduction in the number days to rehabilitate drug addicts	Number of days it takes to complete rehabilitation of one drug addict.

Programme 3: Conflict and Disaster Management

Programmes	Outcomes	Indicators	Sub – programmes	Outputs	Indicators
Conflict and Disaster Management	Safe and secured communities	Crime rate	**Small Arms and Light Weapons**	Increased illicit small arms retrieved.	Number of illicit small arms retrieved as a % of those estimated to be in circulation
	Effective protection of lives and properties	% change in the number and value of lives and properties lost respectively compared to previous year.	**Fire, Rescue and Extrication Service**	Decreased losses in fire outbreaks Increased fire Safety Inspections and re-inspection of premises Increased public fire safety awareness	% reduction in the incidence of fire outbreaks Number of days to complete inspection of one premises Number of people educated through awareness outreach programmes
	Safe and secured communities	% change in the number of conflicts recorded	**Conflict Management**	Increased public awareness on peace and security	Number of public sensitization programmes carried out.
	Reduction in disasters	% change in the number of disasters recorded	**Disaster Risk Management**	Increased properties and lives saved	Number of lives and value of properties saved.
	Effective responses to natural disasters	% reduction in time taken to establish first contact and provide help in times of disasters to victims.		Search and rescue services	Number of days to complete one simulation exercise / session carried out to improve the level of preparedness

Programme 4: Migration and Refugee Management

Programmes	Outcomes	Indicators	Sub – programmes	Outputs	Indicators
Migration and Refugee Management	Reduction in negative impact of illegal migration	% reduction in offences related to illegal migrants	**Border Security and Migration Management**	Orderly, safe, regular and responsible migration and mobility of people	Percentage reduction in reported cases of illegal migration
	Protection and safety of refugees in line with international protocols on refugees	Compliance rate / level with international protocols on refugees	**Refugee Management**	Increased monitoring of refugees	Number of refugees monitored in the year compared with previous year.

Programmes : Gaming Regulation

Programmes	Outcomes	Indicators	Sub – programmes	Outputs	Indicators
Gaming Regulation	Improved compliance with gaming – related regulations	Compliance rate of operators in the industry	**Gaming Regulation**	Monitoring of operators of games of chance	Numbers of days to complete an inspection of one operator of game of chance.

Appendix G Indicators for Ministry of Roads and Highways

Programme 2: Road Construction

Programme	Outcomes	Indicators	Sub – programmes	Outputs	Indicators
Roads Construction	A road system that facilitates mobility of commuters in a safe and efficient manner	Percentage of the classified road network lying "average" to very good" on the World Bank International Roughness Index Threshold Matrix.	**Road Construction**	Constructed trunk roads, urban roads and feeder roads	Equivalent km of roads constructed / road type
				Constructed bridges and interchanges	Number of bridges / interchanges constructed
				Engineering studies / reports	Number of engineering studies completed / road type

Programme 3: Road Rehabilitation and Maintenance

Programme	Outcomes	Indicators	Sub – programmes	Outputs	Indicators
Road Maintenance and Rehabilitation	Low vehicle operating costs and travel time	Average Litre / km Average time / km	**Routine maintenance**	Routine maintenance of trunk roads, urban roads and feeder roads	Km of roads maintained through routine maintenance
		Average Litre / km Average time / km	**Periodic maintenance**	Periodic maintenance of trunk roads, urban roads and feeder roads	Km of roads maintained through periodic maintenance
		Average Litre / km Average time / km	**Minor rehabilitation**	Minor rehabilitation of trunk roads, urban roads and feeder roads	Km of roads rehabilitated through minor rehabilitation

Programme 4: Road Safety and Environment

Programme	Outcomes	Indicators	Sub - programmes	Outputs	Indicators
Road safety and environment	Improvements in the knowledge and behaviours of road users towards road safety	% reduction in casualty rates / road accidents	**Road safety and environment**	Reduced axle load testing time	Average time taken to complete an axle load test at axle load stations
				Reduced road hazard site treatment time	Average time to complete treatment of one road hazard site.
				Reduced traffic installation / maintenance time.	Time take to complete installation / maintenance of one traffic signal.

Appendix H Detailed descriptions of indicators for the short term

Indicator 1

Indicator title	Percentage of outcomes from management meetings implemented
Short definition	Number of decisions / outcomes implemented as a percentage of the total number of decisions / outcome from management meetings in a pre-defined period
Purpose / importance	It helps to assess the effectiveness of MDAs' management
Source / collection of data	Monthly management reports
Method of calculation	Number of decisions / outcomes implemented X 100 Total number of decisions / outcomes implemented
Data limitation	None
Type of indicator	Output
Calculation type	Cumulative
Reporting cycle	Quarterly
Desired performance	90%
Responsibility for indicator	Director, General Administration Division
Accountability for indicator	Principal Spending Officer (Chief Director)

Indicator 2

Indicator title	% change in number of audit (internal and external) queries
Short definition	Number or instances of non-conformance / non-compliance found during an audit (internal and external) against the MDA as compared to previous year
Purpose / importance	It informs relevant stakeholders about how MDAs are complying with financial laws or observing discipline in the utilisation of public funds.
Source / collection of data	Internal audit reports, External Audit Reports / Management letters
Method of calculation	Current FY IA findings + current FY EA findings X 100 Previous FY IA findings + Previous FY EA findings
Data limitation	None
Type of indicator	Outcome
Calculation type	Non - cumulative
Reporting cycle	Annually
Desired performance	Score ≤0%
Responsibility for indicator	Director of Finance / Accounts
Accountability	Principal spending officer (Chief Director)

Indicator 3

Indicator title	Percentage of existing staff trained
Short definition	Number of staff trained as a percentage of total staff
Purpose / importance	It helps to know the current state of staff's skills set as well as the distribution of training programmes among staff.
Source / collection of data	Training report from HR
Method of calculation	$\frac{\text{Number of staff trained}}{\text{Total number of staff}} \times 100$
Data limitation	None
Type of indicator	Output
Calculation type	Cumulative
Reporting cycle	Quarterly
Desired performance	Score ≥50%
Responsibility for indicator	Director of Human Resource Division
Accountability for indicator	Principal Spending Officer (Chief Director)

Indicator 4

Indicator title	Percentage of research reports influencing policy
Short definition	Number of research work influencing policy as a percentage of the total number of research conducted
Purpose / importance	It measures the effectiveness of the output of the Division
Source / collection of data	Annual / Status report of the Division
Method of calculation	$\frac{\text{Number of research reports that have influenced policy}}{\text{Total number of research reports / publications}} \times 100$
Data limitation	None
Type of indicator	Output
Calculation type	Non-cumulative
Reporting cycle	Annually
Desired performance	Score ≥50%
Responsibility for indicator	Director of Statistics, Research, Information and Public Relations Division
Accountability for indicator	Principal Spending Officer (Chief Director)

Indicator 5

Indicator title	Frequency of missed milestones in planning milestones
Short definition	Number of times a milestone in planning activities have been missed relative to all milestones in all planning activities for the year.
Purpose / importance	It measures the implementation capabilities of the PP Division
Source / collection of data	Annual / Status report of the PP Division
Method of calculation	Number of times a milestone has been missed
Data limitation	None
Type of indicator	Output
Calculation type	Cumulative
Reporting cycle	Quarterly
Desired performance	Score ≤10%
Responsibility for indicator	Director of Policy and Planning Division
Accountability for indicator	Principal Spending Officer (Chief Director)

Indicator 6

Indicator title	Percentage of M&E plan completed
Short definition	Number of monitoring and evaluation engagements undertaken as a percentage of the total number planned
Purpose / importance	It measures the implementation capabilities of the M&E Division
Source / collection of data	Progress / status reports on M&E plan
Method of calculation	Number of M&E operations completed X 100 Total number of M&E operations for the year
Data limitation	None
Type of indicator	Output
Calculation type	Cumulative
Reporting cycle	Quarterly
Desired performance	Score ≥ 90%
Responsibility for indicator	Director of Monitoring and Evaluation Division
Accountability for indicator	Principal Spending Officer (Chief Director)

Indicator 7

Indicator title	Percentage of Audit plan completed
Short definition	Number of internal audit engagements undertaken as a percentage of the total number planned
Purpose / importance	It measures the implementation capabilities of the Internal Audit Division
Source / collection of data	Progress / status reports on Internal Audit plan
Method of calculation	Number of Audit operations executed X 100 Total number of Audit operations planned for the year
Data limitation	None
Type of indicator	Output
Calculation type	Cumulative
Reporting cycle	Quarterly
Desired performance	Score ≥ 90%
Responsibility for indicator	Director of Internal Audit Unit
Accountability for indicator	Audit Committee

Indicator 8

Indicator title	Procurement process compliance rate
Short definition	Number (value) of items (goods or services) procured with due recourse to the procurement processes as a percentage of all items procured
Purpose / importance	The Procurement Act constitutes the legal framework for undertaking all procurement transactions in Ghana. The provisions of the Act are geared towards realising quality, cost savings and value for money. Hence, the indicator ascertains how MDAs are complying with the provisions of the Act and the degree to which violations or deviations occur.
Source / collection of data	Procurement audit reports, Internal and external audit reports
Method of calculation	Number (value) procurement transactions **without exceptions** X 100 Total number (value) of all items procured in the year
Data limitation	None
Type of indicator	Output
Calculation type	Non-cumulative
Reporting cycle	Annually

Desired performance	Score = 100%
Responsibility for indicator	Head of the Procurement function
Accountability for indicator	Principal Spending Officer (Chief Director)

Indicator 9

Indicator title	**Digital score / rating**
Short definition	This score indicates level of technology adoption (social media, mobile technologies and website development) to improve efficiencies and service delivery to users of MDAs' services.
Purpose / importance	Owing to the fact that technology helps to drive efficiency, this indicator seeks to assess how MDAs' are leveraging technology to reduce delays, minimise costs, communicate with clients and improve overall service delivery.
Source / collection of data	Enquiry and follow-up verification
Method of calculation	Overall rating: Website (0.8), Email system (0.2). Score each of the criteria using information below: **Website** 1. Availability of functioning website but not updated regularly - 20% 2. Website updated on monthly basis with all public information and documents - 50% (score 40% in case not all public documents are shared) 3. Website updated on daily basis with all public information – 70% (score 60% in case not all public documents are shared) 4. There is real-time update of the website with all public information – 100% (score 90% in case not all public documents are shared) **Email system** 1. All staff have official email addresses - 10% 2. Staff use the email addresses for official correspondence - 10% In computing the overall score, use the formular below **0.8 x (Website score) + 0.2 x (Email score)**
Data limitation	None
Type of indicator	Output
Calculation type	Non-cumulative
Reporting cycle	Quarterly
Desired performance	≥ 70%
Responsibility for indicator	Head of the ICT function
Accountability for indicator	Principal Spending Officer (Chief Director)

Appendix I Detailed descriptions of indicators for the medium-term

Indicator 1

Indicator title	Percentage of budget measures implemented
Short definition	The number of budget measures (Projects / operations) implemented as against measures planned in the budget.
Purpose / importance	It assesses the supervisory and coordination role of the General Administration Division in getting budget programmes implemented
Source / collection of data	Quarterly performance assessment report (PFMA sec 30(3)
Method of calculation	Number of budget measures executed
Data limitation	None
Type of indicator	Outcome
Calculation type	Cumulative
Reporting cycle	Quarterly
Desired performance	Score ≥ 90%
Responsibility for indicator	Director of General Administration Division
Accountability for indicator	Principal Spending Officer (Chief Director)

Indicator 2

Indicator title	Number of prior external and internal audit findings that have repeated
Short definition	Number of audit findings in previous audit reports that have been cited again.
Purpose / importance	It indicates the existence of weaknesses in that identified process and / inadequacy of the risk responses / mitigation measures used in addressing the weaknesses in the previous audit report.
Source / collection of data	Comparison of the two successive audit reports
Method of calculation	Count of the number of audit findings that repeat in the subsequent audit report.
Data limitation	None
Type of indicator	Outcome
Calculation type	Non-cumulative
Reporting cycle	Annual
Desired performance	
Responsibility for indicator	Director of Finance / Accounts
Accountability for indicator	Principal Spending Officer (Chief Director)

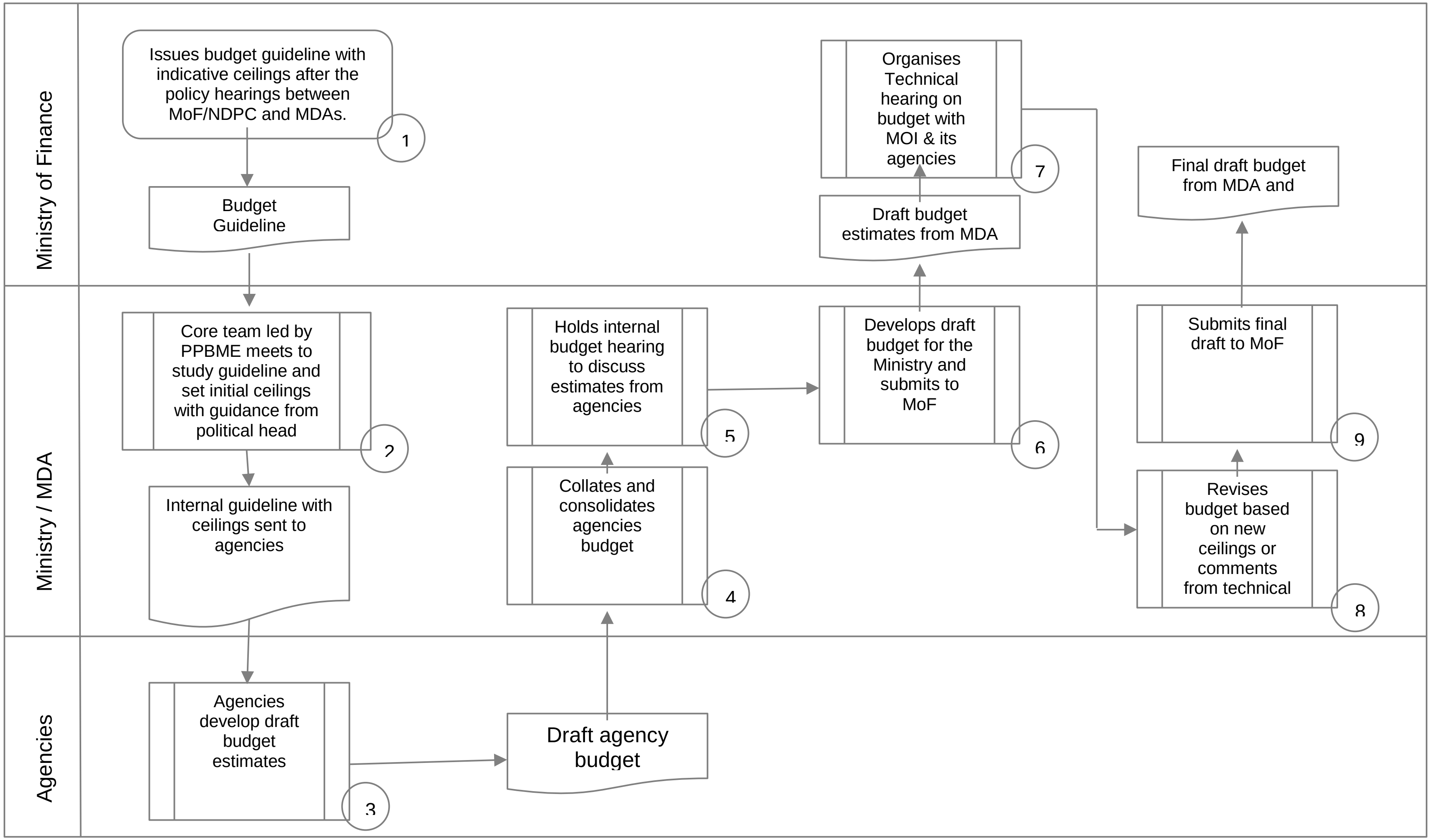
Indicator 3

Indicator title	Number of Monitoring and Evaluation reports discussed with the Political Head of MDA
Short definition	Number of monitoring and evaluation reports submitted and discussed with the Minister as a percentage of the total number of Monitoring and Evaluation reports prepared
Purpose / importance	It helps to assess the extent of involvement of political heads in reviewing implementation of projects and operations
Source / collection of data	Meeting notes with political head.
Method of calculation	Number of monitoring reports submitted and discussed with political head.
Data limitation	None
Type of indicator	Output
Calculation type	Cumulative
Reporting cycle	Quarterly
Desired performance	Score ≥ 90%
Responsibility for indicator	Director of Monitoring and Evaluation Division
Accountability for indicator	Principal Spending Officer (Chief Director)

Indicator 4

Indicator title	Percentage of Internal Audit reports tabled in Audit Committee meetings
Short definition	The percentage of Internal Audit reports submitted and discussed by members of the Audit committee
Purpose / importance	It provides a measure to ascertain the economy, efficiency and effectiveness of programmes.
Source / collection of data	Progress / status reports on M&E plan
Method of calculation	$\frac{\text{Number of internal audit reports discussed}}{\text{Total number of audit reports prepared}} \times 100$
Data limitation	None
Type of indicator	Output
Calculation type	Cumulative
Reporting cycle	Quarterly
Desired performance	Score ≥ 90%
Responsibility for indicator	Director of Internal Audit
Accountability for indicator	Principal Spending Officer (Chief Director)

Appendix J Process flow for a budget preparation process in an MDA.



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