

Kingdom of Morocco

Ministry

Direction of Budget

The Moroccan experience in budget reforms and its spreading at a decentralized level

Presentation outline

- I. Budget reform context
- II. Characteristics of the budget reform
- III. Objectives and axes of the budget reform
- IV. Key factors for success
- V. Perspectives

I. The context of the budget reform

Shortage of resources:

- Dismantling customs tariffs
- Decrease of the privatization expenses
- Fiscal reform: reduction tax rates

Growth of needs :

Volunteers' economic and social development strategy

- Fighting poverty through the National Initiative for Human Development
- Medical coverage;
- Generalization of schooling;
- Reduction of slums;
- Spread of rural access to basic facilities (Drinkable water, rural electrification, rural roads);
- Follow-up of sector reforms: Energy, Water, Agriculture, Justice, Tourism, Handicrafts, Administration....

Need for a better allocation of resources to achieve the objectives of economic and social development and strengthen performance of public action

I. The context of the budget reform

Transfer of credits:

- Opportunities for transfers of credits available to officials only;
- The officials do not have the ability to make transfers between lines for which they received credit delegations;
- All decisions of transfers are subject to the visa of the Budget Directorate.

Credit delegations

- Ministers are officials of law;
- They may appoint sub-officials;
- Since the establishing of credit, they have the ability to delegate credits to their sub-officials;
- Problem of the delay of the completion of credit delegations;
- No possibility of transfers between the two amounts of the two Delegations of credits;
- Reduction procedure of the initial delegation that must go back to the central service.

Budget nomenclature

- The regional dimension is not taken into account in the budget nomenclature while information relating thereto is required especially at the level of the House of Councilors.

**Need to give managers
(officials and sub officials)
more flexibility**

I. Characteristics of Budget Reform

METHODOLOGY ADOPTED

Experience implemented by constant legislation: the organic Law on the Finance Act 1998 has not been reformed: all measures adopted are based on regulatory texts: decrees, orders circulars.

- **A comprehensive and integrated approach has been deployed throughout the budget process. Its strength lies in its ability to capitalize on successful experiences in the development of the first measures at the concerned ministerial departments so as to driver then benefit the entire administration. Its implementation was conducted according to a logical "3 P": Progressive, Participatory and Pragmatic.**
- **Progressive and voluntary approach taking into account the capacity of departments;**
- **Participatory Approach: involvement of departments in the design and implementation mechanisms of reform, gradual implementation facilitating appropriation;**
- **Pragmatic Approach: assessment at the level of the concerned departments, learning and generalization to other departments, each provision has been subject to a readjustment throughout the experimental process by key departments.**

II. Characteristics of Budget Reform

Genre dimension of the integrate performance process

Clarification sector strategies	Definition of priorities in the light of the identification of inequalities and deficits related to Gender
Variation in action programs	Setting operational objectives and related gender-sensitive indicators
Assignment of means	Budget Allocations reflecting the differentiated needs of the populations targeted
Execution at a devolved level	Proximity approach taking into account local specificities and involvement of the beneficiaries
Measurement results	Evaluation of the impact of programs on the populations targets against the performance indicators pre-established
Development of annual performance reports	Account for results

II. Characteristics of Budget Reform

Article 17 bis of the Decree on the development and Enforcement of Finance (December 2001)

The Minister of Finance may, by order, on the proposal of officials concerned, authorize them and their sub-officials, to change, by decision, lines' endowments of a given paragraph...

This authorization is subject to the presentation of quantitative indicators ... corresponding to the purpose of each given paragraph of the considered budget and establishing a link between allocated credits and the expected results of the use of these credits.

The official concerned shall conduct an annual evaluation of the achievement of the indicators listed above in relation to expenditure and inform the Ministry of Finance.

The decree on adhesion to the dispositive of globalization submitted for approval of the Minister of Finance provides, inter alia:

- Topics not covered by transfers of globalization;
- Transmitting a summary showing all transfers made by the authorizing officials and their sub-officials within 20 days following the end of each semester;
- Transmission no later than April 30 of each year an evaluation report on the realization of the indicators.

III. Objectives and axes of the Budget Reform

Initiation in 2001 of the budget reform process

- ▶ Enhancing the effectiveness of public expenditure: increasing the performance by moving the budget towards results;
- ▶ Granting more freedom and responsibility to budget managers (central and decentralized services);
- ▶ Reduce and simplify the procedures of public spending;
- ▶ Provide clearer strategic choices by strengthening multi-annual budgeting;
- ▶ Strengthen budgetary decentralization to promote management meet local expectations.

Modification of the decree relating to the preparation and the execution of finance laws:
Article 17 bis

III. Objectives and axes of the Budget Reform

Institution of budget sliding tri-annual programming: CDMT

Objectives:

- Enhance the sustainability of public policies;
- Give greater visibility to managers;
- Improve the conditions of preparation of the Finance Act;
- Ensure the convergence of public policies and their integration.

Principles:

Participation	<ul style="list-style-type: none"> • Information sharing between departments on sector policies; • Consultation on the constraints of macro-economic framework
Completeness	<ul style="list-style-type: none"> • Identification of all needs and available resources; • Taking into account operating and investment costs
Coherence	<ul style="list-style-type: none"> • Between the macro-economic and sector policies; • Between the presentation of the CDMT and State Budget
Realism	<ul style="list-style-type: none"> • Adjustment of sector policies in a realistic frame of resources available in the medium term; • Sustainability and credibility of the mechanism

The CDMT is not a substitute to the Plan of Economic and Social Development or the financial law but constitutes an instrument of multiannual programming.

Objectives and axes of the Budget Reform

Credits' Globalization:

Objectives	Content
Increase the flexibility of managers;	Clarification of sector strategies and their translation into objectives and programs;

<p>Empowerment of managers concerning the objectives predefined and measured by performance indicators;</p>	<p>Redevelopment of budget papers on the basis of coherent programs;</p> <p>Development of quantitative indicators: logical link between the objectives, allocations and expected results;</p> <p>Fungibility of credits within paragraphs: possibility offered to officials but also to sub-officials to make credit transfers between the lines of a given paragraph which they manage without the prior authorization of the Ministry of Finance;</p> <p>Accountability through the development by the Ministries of semester synthesis situations of credit transfers made by them and the sub-officials and annual evaluation reports: performance measurement.</p>
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Objectives and axes of the Budget Reform

Reinforcement of budget decentralization

Objectives	Instruments
<p data-bbox="185 400 710 517">Empowerment of Decentralized managers in achieving objectives/ results:</p> <ul data-bbox="185 555 647 801" style="list-style-type: none"><li data-bbox="185 555 647 589">• Greater autonomy for managers;<li data-bbox="185 624 480 658">• Local management;<li data-bbox="185 694 504 728">• Delegation of means;<li data-bbox="185 763 501 797">• Evaluation of results.	<p data-bbox="729 400 1396 562">Introduction of the regional dimension in the budget starting from 2006: enlargement of the code section 2 to 4 to take account of the 16 regions of the Kingdom, codified 01-16;</p> <ul data-bbox="729 598 1396 1227" style="list-style-type: none"><li data-bbox="729 598 1396 719">• This codification has made the information available on the distribution of credits of General Budget by regions;<li data-bbox="729 754 1396 913">• Flexibility of delegation procedure of credits: dematerialization since the deployment of Integrated Management System of Expenditure (GID);<li data-bbox="729 949 1396 1070">• Master Plans decentralization: defining the powers of central departments and those of the decentralized services (Decree 2005);<li data-bbox="729 1106 1396 1227">• Contracting the of the relations between central and their decentralized services on the basis of the conclusion of contracts of objectives and means

Establishment of a Royale consultative committee of advanced regionalization whose report came out in early 2011

Objectives and axes of the Budget Reform

Performance Control

The reform of public expenditure control is to gradually replace a priori control in force by a follow-up control and a posteriori based on performance appreciation. This also helps to ensure greater transparency of public accounts and also greater flexibility and simplify the control procedures.

Creating a unique pole of a priori control	Functional rapprochement in 2006 of CGED and TGR: Organization, HR, SI and procedures manuals
Evolution of control functions	New decree on the control of State spending of 04/11/2008 published in the Official Gazette No. 5684 of 20/11/2008 Establishment of a modulated control of expenses (CMD) and its generalization starting from 2012
Internalization of a priori control of regularity	Capacity building of budget managers
Development of performance audit	Strengthening the role of General Inspections of Ministries (IGM) assisted by the General Inspectorate of Finance (IGF): Internal Control, measures of performance and risk assessment

Institutionalization of the Ministerial Treasury:

Unique interlocutor of the official

Objectives and axes of the Budget Reform

Introduction of performance audit

Independent and objective evaluation of government services, without any assessment of the appropriateness of the policy choices operated:

- Relevance of objectives;
- Reliability of the measuring system through:
 1. Performance indicators that establish a link between action programs and budgetary means used for their achievement;
 2. Analysis of the results in terms of effectiveness and efficiency;
 3. Appreciation of the management of financial and human resources.

This audit conducted jointly by the General Inspectorate of Finance (IGF) and General Inspections of Ministries (IGM) resulting in recommendations for improving the management process focused on results. Twenty two departments were audited on performance for the fiscal years 2007 and 2008.

The final report on the performance audit of 2007 and 2008 published on the website of the Ministry of Economy and Finance in January 2010 is available on the following link:

http://www.finances.gov.ma/esp_doc/util/file.jsp?iddoc=3813

Objectives and axes of the Budget Reform

Integrated Information System

System "E-Budget"	System: Integrated spending management of (GIN)
<p>Programming:</p> <p>On-line services of the Budget Directorate to benefit ministries: to develop, at distance, the budget documents and joint use of data bases.</p>	<p>Execution:</p> <p>To make the official in the center of public expenditure and dematerialize the exchange of information;</p> <p>Promote decentralization and simplification of procedures;</p> <p>Strengthen the capacity of internal control consistency;</p> <p>Pooling budget information to increase the evaluation capacity.</p>
Operational since 2006	Generalized starting from 2010
Ongoing reflection to integrate the two systems	

IV. Key Factors to Success

What challenges are there to face?

- Generalization to all the ministerial departments, of the implementation of different phases of budget reform;
- Recasting the text of the LOLF on the following axes:

Strengthening the performance of public management:

- Enter the multi-annuality the center of fiscal policy;
- Orient public expenditure to the logic of results;
- Empowerment of Budget managers;
- Introduce performance auditing and accountability.

Deepening transparency and strengthening the sustainability of public finances:

- Reinforce the fundamental principles governing public finances;
- Parliament Information on Companies and Public Institutions;
- Improve readability of the budget;
- Introduce new financial rules to strengthen fiscal sustainability.

Increasing the role of Parliament in the budget debate:

- Overhaul the the timetable for consideration the Finance Bill and the adoption of the law of settlement;
- Rehabilitation of the amending Law of finance and respect of the principle of sincerity and supervision of his schedule to review and vote;
- Enrichment of the information provided to Parliament;
- Clarifying the right of amendment of the Finance Act;
- Review of voting procedures of the Finance Act for better readability budget.

V. Perspectives

In a context marked by the publication of the report on regionalization, Royal speech on the reform of the constitution and the ambitions of the people of Morocco, the reform of the Organic Law should be an ambitious reform. Each proposed measure has been widely discussed in the Ministry of Economy and Finance. This debate will be intensified when the draft will be in the circuit of adoption.

The proposed reform is not a technique reform of the Government but a reform of the country to achieve a balance of legislative and regulatory authorities and putting the citizen at the center of its concerns.

The success of such an important reform cannot stand alone. One of the major risks is to be satisfied by a simple formalism and to stay locked in what is technical.

To make this reform succeed, it is necessary to anticipate on its follow-up and its implementation:

- Follow-up the adoption process and the drafting of LOLF and the establishment of application texts.
- Conducting a concerted deployment of reform.
- Develop and monitor the implementation of communication and training plans.
- Refine modalities to execute the provisions of the reform to ensure its rooting.
- Help departments in the implementation of the reform.
- Set up the necessary structures at government level and at the administrative level.

Thank you for your attention