

Reforming the Public Financial Management System for Better Performance Budgeting in Ivory Coast

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ABSTRACT

Reforming the public finance management system has always been one of the areas which retain more attention when country leaders and development partners want to create a good environment to facilitate poverty alleviation. This study aimed at investigating the way in which Ivory Coast could reform its public financial management (PFM) for a better performance budgeting in order to achieve its goals of poverty reduction. As a matter of fact, PFM reform is important to secure long-term economic success, to increase the transparency and accountability in country resource management, and create a better service delivery for citizens. Ivory Coast's authorities are aware of this, after some years of economic crises in the 1980s and 1990s and a diagnosis of its public finance management system in 1999 which highlighted some dysfunctions, have started a huge public finance management reforms. The study has revealed that these reforms have helped to achieve such a unified budget and implement the Public Finance Management Information System (SIGFiP). Despite the political and military crisis that began in 2002 and lasted ten years, the implementation of these reforms has prevented the deterioration of fiscal indicators. There is evidence that without these reforms, the situation of public finances would worsen further.

Key words: Budget, performance budgeting, PFM, reforms, monitoring, evaluation, Zambia

INTRODUCTION

The budget is the main instrument through which governments can collect resources to implement their policies in order to provide better living standards for their citizens. As [6, 1-3] highlighted, the budget of a country is the single most important policy vehicle which is used to handle a country's economic and social priorities in an environment with scarce resources. So, the budget process is the area where the main policy objectives are reconciled and implemented in concrete terms.

With regards to the goal of budgeting, for many years now, Ivory Coast has been modernising its budget systems and procedures in line with international standards. In this respect, the country has begun to seek innovative ways of using the national budget more effectively to

promote socio-economic development and reduce poverty within the country. In 1999, the country started implementing huge budgetary reforms whose aims were; (1) to rebuild the Organic Act and subsequent legislation; (2) to centralize in a single budget all financial transactions of the State; (3) to develop a common nomenclature budget; (4) to revise the budget execution process [4, 19]. Through these reforms, Ivory Coast has put fiscal management at the centre of its economic and financial development.

One of the highlights of these reforms was the introduction of a Management Information System (MIS) known as the Integrated System for Public Financial Management (SIGFiP) and the redefinition of the role of actors.

Many years later, these first reforms have registered some successes as well as some shortcomings. Moreover, in a context dominated by the imperatives of poverty reduction Strategy and the Millennium Development Goals (MDGs), the question of the quality of public governance, more specifically public financial governance, becomes the focal point of concern for policy and management. The question of measurement of the development results also became an important issue.

In line with these recent international developments in the public finance management area, the Council of Ministers of the West African Economic and Monetary Union (WAEMU) in 2009 adopted new guidelines for the improvement and modernization of instruments of Public Financial Management within eight member countries of the area. These guidelines, six in number, were the code of fiscal transparency in the management of public finances within the WAEMU, the budget laws, public accounting, national budget classification, the national chart of accounts and the summary fiscal table. These new directives, which replaced those of 1997, have brought some innovation for public finance modernization by shifting from a resource-based to a results-based approach, changing management patterns, budgeting on multi-year planning and strengthening transparency [5, 50].

The implementation of these WAEMU directives is attached to an operational timetable in which each country should transpose these directives into their national law by January 2012 and the entry in the performance budgeting system by January 2017. The Government of Ivory Coast translated these new directives in national laws and plans as next step to implement the budget with a results-based approach. This new performance budgeting approach requires the implementation of a new budget management framework to facilitate the evaluation of projects through the presentation of measurable results.

PROBLEM STATEMENT, RESEARCH QUESTIONS AND OBJECTIVES

In line with the challenges highlighted by these WAEMU directives, this study aimed to tackle the way in which Ivory Coast could reform its public financial management for a better performance budgeting in order to achieve its goals of poverty reduction.

The [16] argues that “public financial management concerns the effective management of the collection and expenditure of funds by governments”. The Chartered Institute of Public Finance and Accountancy (CIPFA) is more precise and considers the public financial management as “the system by which financial resources are planned, directed and controlled to enable and influence the efficient and effective delivery of public service goals” [14]. These definitions

highlight the fact that public resources have to be used efficiently by reducing the wastage in order to create a relationship of mutual trust between government and citizens by addressing their needs and improving their living standards.

With regard to these definitions, reforming public financial management systems, processes and institutions “is critical to secure long-term economic success, to maximise the efficient use of limited public resources, to create the highest level of transparency and accountability in government finances and, most importantly, to generate more and better services for the citizens of the country” [16]. In the case of Ivory Coast, this process of reforming the PFM system is important as a necessary precondition in the sense that the country is on the way to move forward from a resource-based budgeting to a result-based approach budgeting known as performance budgeting.

Performance budgeting is defined as “a process for budget preparation and adoption that emphasizes performance management, allowing decisions about allocation of resources to be made in part on the efficiency and the effectiveness of service delivery” [44]. The [37] gives a more simple definition by presenting “performance budgeting as budgeting that links the funds allocated to measurable results”.

With regard to these definitions, as highlighted by [8, 11], the ultimate “objective of performance budgeting is to improve the quality of public expenditures by more efficient allocation and use of resources, consistent with political and social goals”. This objective cannot be achieved without reforming the PFM system in order to create a better macro-economic and financial environment which is favourable in implementing performance budgeting.

In this paper, we will not consider the revenue management although it is a large and important component of PFM system. We will concentrate our analysis specifically on expenditure management while keeping in mind the interaction with revenue management specifically for determining the budget envelope and managing cash flow.

Thus, this study focuses on how the public financial management processes should be structured around the budget cycle in order to ensure that public expenditure is well planned, executed and accounted for. It will address as well the issue of linking policies and budgets as key point to challenge a performance budgeting through using some specific tools for like the Medium Term Expenditure Framework (MTEF).

Specifically, the study presents the progress made after implementing the 1999 budgetary reforms through looking at the impact of these reforms on economic performance and poverty reduction. Moreover, the results found by the different evaluation of the Ivory Coast’s PFM system (PEFA evaluation) during this period would be highlighted to show the progresses made and the area where effort should be put. Furthermore, the current budgeting process will be presented in order to highlight the strengths and weaknesses of that process by doing an institutional analysis.

Then, the general view of the Public Financial Management (PFM) presented and the diagnosis done will set a background for the discussion about the way to reform the PFM and create a

good fiscal and economic environment for implementing performance budgeting with regard to the new WAEMU directives as well as international standards in this field.

METHODOLOGY AND STRUCTURE

This paper was based on a desk-study research approach. The analysis is done using Ivory Coast strategy and policy documents, data and policy papers from studies on Public Financial Management reforms as well as some general literature about this topic. This research was done also through data provided by World Bank, IMF, and OECD which have a long experience on topics related to public finance management and performing budgeting. Structurally, the paper is organised as follows: the general overview of the public expenditure management is presented first; second is the framework for performance budgeting; next is the measuring performance budgeting; and fifth is the implementation of performance budgeting in Ivory Coast.

GENERAL OVERVIEW OF PERFORMANCE BUDGETING

Over the past few decades, a significant number of countries have reformed their budget systems in order to include more focus on performance. Then more attention is given to outputs and outcomes associated to public policy strategies instead of merely looking at the input level. As an illustration, “over two-thirds of Organisation for Economic Co-Operation And Development (OECD) countries now include non-financial performance information in their budget documents and focus on what is being delivered for the resources provided, rather than just how much money is being spent in any area”. [8].

Definition, goal and types of performance budgeting

In practice, there is no single standard definition for performance budgeting. There is also no single approach for performance budgeting and a standard agreement on the type of information that should be included. Nonetheless, its objectives seem to be clear.

The Performance-based budgeting objective is “to improve the efficiency and effectiveness of public expenditure by linking the funding of public sector organizations to the results they deliver, making systematic use of performance information” (Robinson and Last, 2009:2). The main idea is to link funding to results which may be measurable. In doing so, this tool can increase government performance and the quality of service delivery.

According to [37 & 55], there is no unique model of performance budgeting and even though some countries may adopt the same model, they can use different approaches to implement it in accordance with their priorities, their cultures and their national capacity. [8] consider four types of performance budgeting, including opportunistic performance budgeting, direct performance budgeting, performance informed budget (PIB) and presentational performance budgeting.

The OECD considers broadly the last three types and defines them as follows:

“Presentational performance budgeting simply means that performance information is presented in budget documents or other government documents. The information can refer to targets, or results, or both, and is included as background information for accountability and dialogue with legislators and citizens on public policy issues. The performance information is not intended to play a role in decision making and does not do so” [37].

“In performance-informed budgeting, resources are indirectly related to proposed future performance or to past performance. The performance information is important in the budget decision-making process, but does not determine the amount of resources allocated and does not have a predefined weight in the decisions. Performance information is used along with other information in the decision-making process” [37].

“Direct performance budgeting involves allocating resources based on results achieved. This form of performance budgeting is used only in specific sectors in a limited number of OECD countries”. [37].

FRAMEWORK FOR PERFORMANCE BUDGETING

Information for performance budgeting intervenes at many level starting from the strategic planning and budget preparation to budget execution assessment during audit makes by the National Audit Office or others organizations (see Figure 5).

During the budget preparation, information from the macro-fiscal framework are taken into account and linked to national plans, policies and sectors strategies. Information about expected results and previous one help the national assembly to review the proposed budget during the budget approval. This review allows knowing what technical services are planning to do in relation with expected results.

During budget execution, knowing the results that they need to achieve managers can monitor easily and apply necessary correction in order to be on the goof path.

Information within performance budgeting help through reporting performance against what is planned to make budget reports and ministry annual reports. Furthermore, information collected before and after the implementation of the budget can be used in formal monitoring and evaluation activities.

Nowadays, performance and financial auditing are increasingly used in order to ensure accountability. These types of evaluation mostly focus on duties and responsibilities of staff and handle of inputs in looking at norms and legal requirements [24, 32-36].

Definitely, performance information in budget management cycle is a continuous process where information collected is interrelated and important for each step.

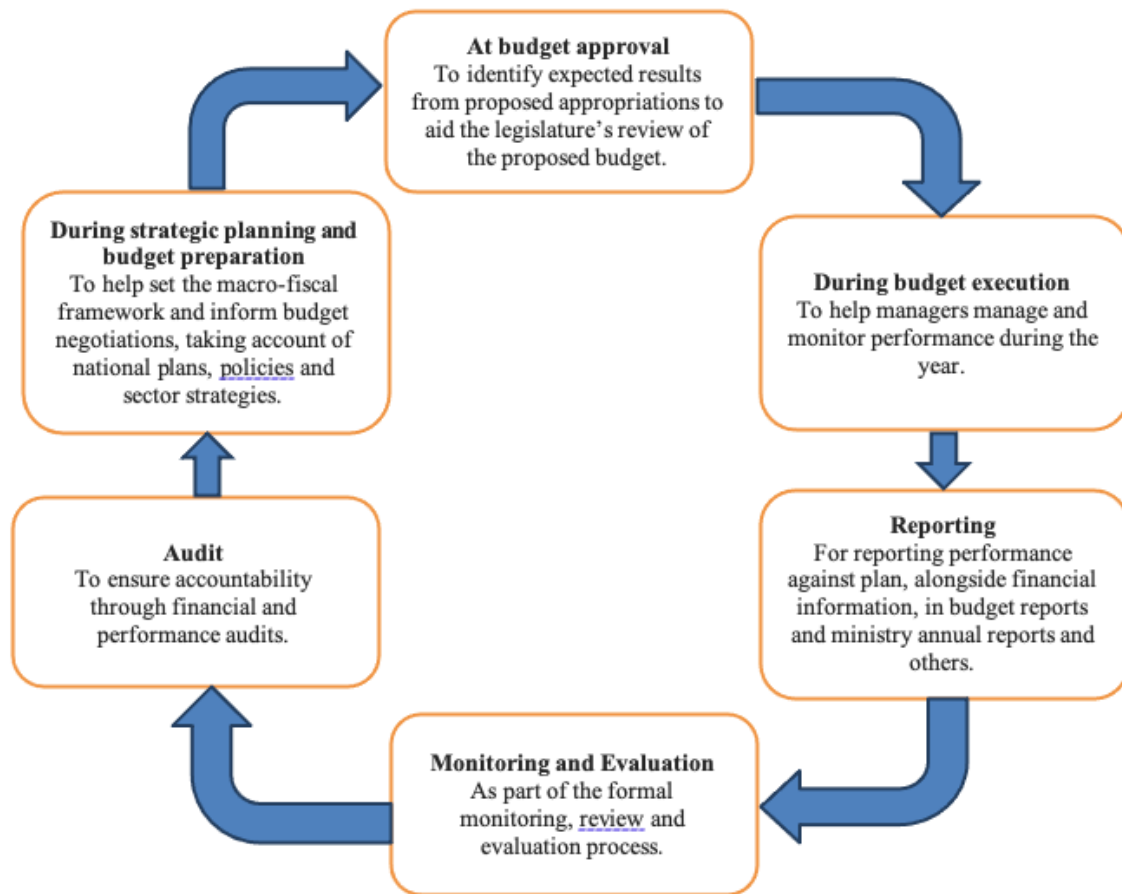


Figure 5: Potential Uses of Performance Information in the Budget Management Cycle
Source : Arizti et al (2010b:16)

Table 3: Performance Budgeting Categories

Linkages to decision making			
		Tight Performance measurement leads to the decision in a direct way. Decisions are driven mainly by the measurement. Other sources of information play a negligible role.	Loose Performance information is incorporated with other sources to interpret the performance measurement data. Decisions are informed by that measurement, but also by other sources of information.
Degree of institutionalization in budget-making process	Institutionalized Use of performance information is based on rules and procedures, and is systematic and automatic	Direct/formula-based performance budgeting Used when services can be specified, demand can be forecast, there are many suppliers of similar services, and performance-related variations in budgetary allocations can be managed so they do not cause significant disturbances to essential services. Also, for investment programs where allocation can be related to units of output. Examples include formula based funding and voucher systems in education and health services- e.g. payments for primary care (the United Kingdom, New Zealand, Chile, many others), hospital funding based on outputs and per student funding for schools, vocational institutions and universities in many countries- (e.g., technical schools and universities in Denmark and Finland, higher education in Hungary). Road construction, where allocation can be related to Kms. of road, is a further example.	Performance-informed The most common use of performance information in the budget process. Very common in OECD countries. Requires the consideration of performance targets and past performance information during budget preparation, but this is not the sole or even the predominant factor in formulating budgets. In Australia, Canada and the United Kingdom, performance information must be presented, but is treated along with other sources of information in reviewing the effectiveness of budget execution.
	Ad-hoc Use of performance information is opportunistic and not systematic	Opportunistic Used to assess specific programs. Most countries have opportunistically used performance information in the evaluation of specific and ongoing programs or projects to amend, re-orientate or even to justify cancelling implementation. However coverage tends to be uneven and the decision making processes do not systematically require the consideration of such information.	Presentational Tends to be found in settings that impose a high degree of social responsibility on actors, where budget actors are presumed to voluntarily act in the pursuit of the good of the society, more so than in pursuit of self-interest (e.g. Nordic countries). Examples include Denmark and Sweden, where individual ministries can present performance information in budget negotiations, but there is no expectation of a formal consideration between the indicators and resource allocation.

Source : Arizti et al (2010b:18)

The type of performance budgeting can be range in two categories that are the degree of institutionalization in budget-making process as well as the linkages to decision making. The former considers that performance information could be institutionalized or ad-hoc within the budget decision-making process. The latter makes the difference between the budget decision which has a tight link with the performance information and the situation where budget decision is related loosely to performance information (see Table 3 above).

Performance budgeting where performance information is institutionalized and linked directly with budget decision is considered as Direct or formula-based performance budgeting. This type can be used for investment programs where allocation can be related to units of output and when services can be specified as well as demand can be forecast [8, 59].

When performance information is institutionalized and the linkages to decision making is loose, performance budgeting is known as Performance-informed model. This model is the common used mostly within OECD countries and it uses performance targets and past performance information during budget preparation. This information is used among others in order to ensure a better effectiveness of budget execution [8, 28-31].

As opportunistic and presentational performance budgeting models, they use performance information in opportunistic and not in a systematic manner. The former is used to assess specific programs when the link with decision making is direct. The latter in which the link with decision making is loose imposes a high degree of social responsibility on actors who should try to satisfy the good of society instead of their own interest [8].

All these performance budgeting methods are not mutually exclusive. Many countries have used a combination of elements from different categories. As an example, some countries can use specific methods such as direct or formula based funding for some particular sector like primary health whereas others methods are implemented elsewhere [8, 17-18; 25-27].

With all these possibilities in terms of the types of methods that a country can use when it is implementing performance budgeting, we can raise a question about which methods could fit in the particular case of Ivory Coast.

MEASURING PERFORMANCE BUDGETING

Performance budgeting cannot be set up without defining the way to measure performance. Measuring performance is essential to take decision for budgeting and implementing policy. Establish a set of indicators for measuring performance is important. Thus, measuring performance tries to define what a given project or a specific activity needs to achieve for general interest, economic and social progress. There are different types of results which are linked on causal effect relationship and expressed the time horizon in which these results need to be achieved (see Figure 6). Within the results chain, we have firstly the outputs which are the direct consequence and visible effect of the resource affected to a project or programme. Then, we have the outcomes which are seen as the medium term effects and consider as the changes achieve by public programs at individuals level, at social structures level, or at the physical environment level. Finally, we have the impacts which are defined as the long-term changes or higher level outcomes [15].

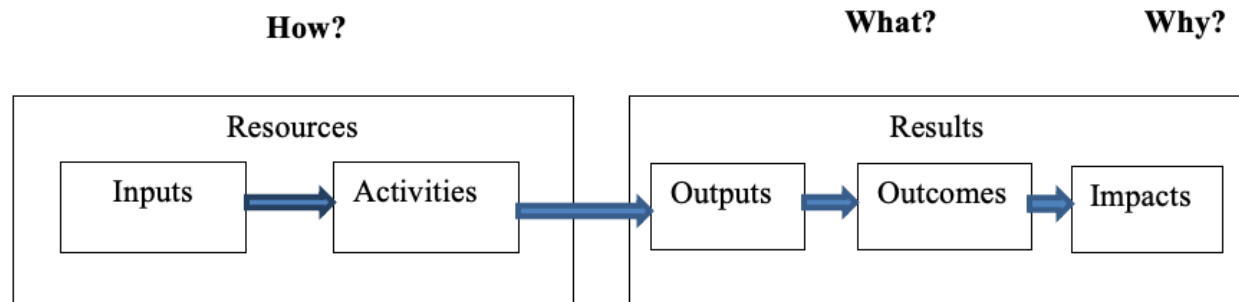


Figure 6: Results chain for measuring performance

Source: Cliche (2009)

The chain of results gives the achievement made through using inputs which are expressed as public resources. The objectives and the goals to reach considering the inputs and activities implemented are the base for measuring the performance. The performance in order to be concrete has to be measured through a set of indicators. Thus, at each stage of the results chain, a set of indicators give the opportunity to know progress made and medium and long-term results achieved.

For measuring performance, we need to look at the triad objectives, indicators and targets. The objectives express the ultimate goal of the programme or project. These objectives are given on quantitative way within a period and a priority order. The indicators are variables which allow to measure and appreciate the evolution of the programme. The targets express the concret objectif that we want to reach in a short term.

In the external logic to PB, there are two subsets of logic. The vertical one which has four dimensions: (i) the key element of the plan and budget, (ii) the specific technical elements of the plan and budget, (iii) the conventional “3 Es” (effectiveness, efficiency and economy) and finally (iv) the specific aspects of performance being assessed. The horizontal has three dimensions: (i) the strategic, (ii) the operational and (iii) the budgeting [49 & 62].

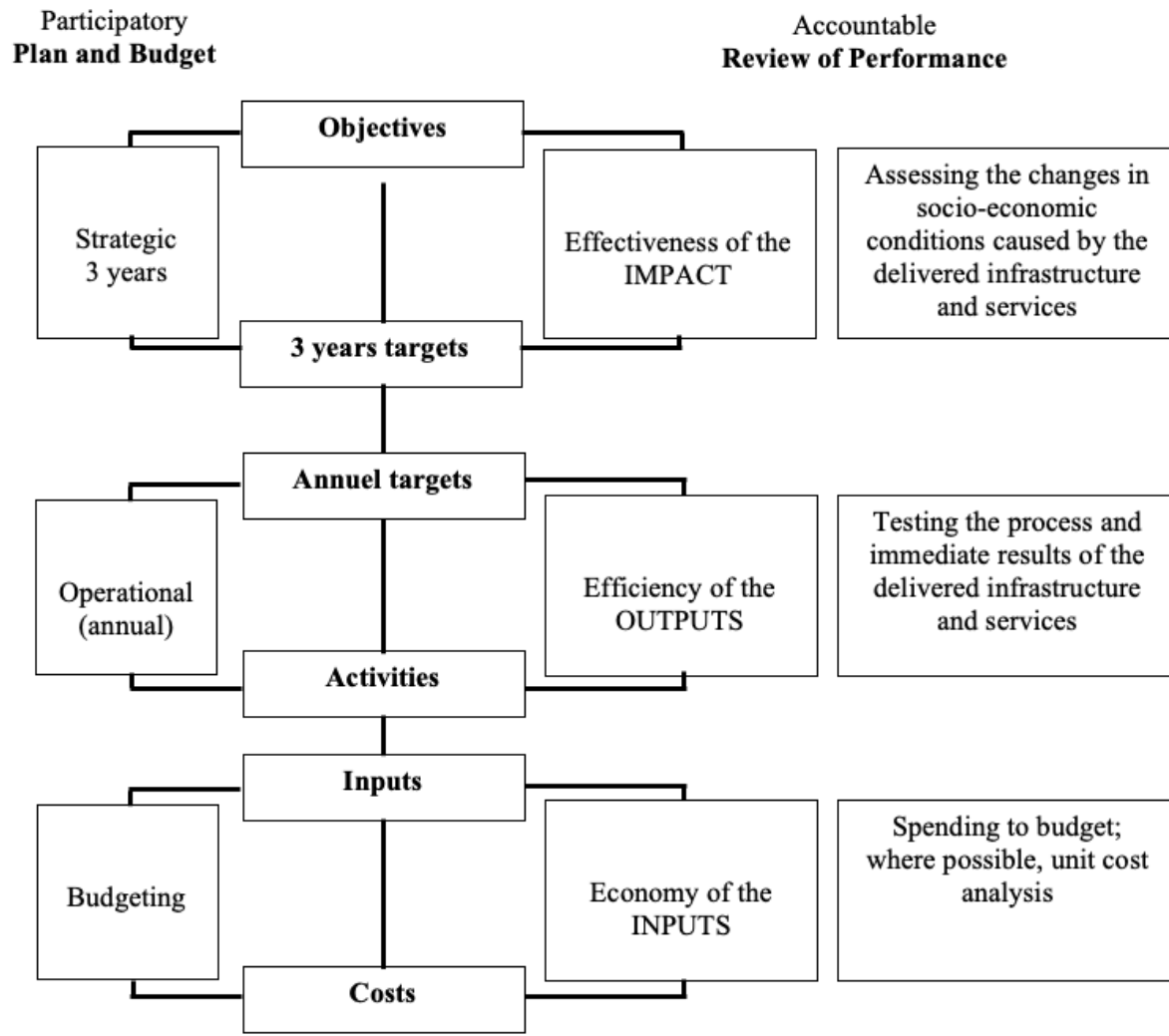


Figure 7: The external logic of Performance Budgeting
Source: UNCDF (2006:23)

IMPLEMENTATION OF PERFORMANCE BUDGETING IN IVORY COAST

Ivory Coast has started its budgetary reform since 1999. Unfortunately with the political crisis, some aspect of this reform has been delayed but others namely the implementation of the Integrated System for Public Financial Management (SIGFiP) and the processing of documents in a single budget are effective. Moreover, the decentralization of budget management has accelerated with the connection of several province of the country to the central network.

In 2012, Ivory Coast reached the completion point of the Heavily Indebted Poor Country (HIPC) Initiative after finalizing the PRSP in 2009. To complement the PRSP, a medium term (2012-2015) National Development Plan was developed and validated in 2012. Thus, the major challenge today is to create a true and integrated system for monitoring of the strategy and tracking results in poverty reduction. Performance budgeting in order to be effective needs to be integrated and linked to the entire Poverty Reduction Strategy monitoring system. Therefore, both the supply side (organizing the monitoring and reporting indicators across fragmented administrations) and the demand side (ensuring that monitoring information is

actually used in national decision-making) are concerned with the challenges related to the implementation of PRS monitoring system [11, 51-61]. This is a pre-condition for implementing a performance budgeting framework.

In order to handle these challenges and achieve the goals of designing a Poverty Reduction Strategy monitoring system, policy makers need to keep in mind the trade-offs among them three functions including Poverty monitoring, Implementation of the monitoring of the PRS and expenditure tracking [11].

Organizing the supply side

Organizing the supply side when implementing a PRS monitoring system means to clearly define the institutional lead in the process, organize an effective coordination among institutional actors and create a tight liaison with line ministries [11, 40-43].

1. Leadership

Concerning the institutional lead, [11] suggest having a strong leadership who will be close to the center of government or to the budget process.

In the case of Ivory Coast, the Ministry of Finance and Economy should assume this leadership since it is the one that run the financial and economic program and coordinate all reforms undertaken in the other departments. In doing so, it will be easy to link the system to the budget process. This leadership should be supported by high commitments from politicians.

2. Coordination

Coordination activities which imply all the main actors of PRS monitoring system play a key for success. For this coordination the Ministry of Planning should have at the beginning the secretariat role which could change as one goes along in order to involve all the actors. As [11] suggest, "this secretariat will prepare meetings, ensure that they are focused and substantive, follow up on agreed activities, and perform central tasks for the system, such as the compilation of reports, reports dissemination, and so on". Donors should support this coordination by using information provided by the PRS monitoring system and not develop a parallel monitoring system.

3. Liaison with line ministries

In each ministry and department, an evaluation unit should be set up in order to establish a liaison with the PRSP monitoring system. This unit by fulfilling its own management purposes could create a good set of information for PRS monitoring system. According to [23, 11 & 7], "PRS monitoring systems are heavily dependent on the quality of sectorial monitoring arrangements". Therefore more incentives need to be created in order to ensure an effective implication of the monitoring team.

Line ministries should devote funds and full time staff to monitoring function and include results based management within all their activities. There will be a need for capacity-building programs at the ministerial level in order to improve the ability and knowledge of staffs in monitoring activities.

4. Improving the national statistical system

Beside these three points mentioned above, the national statistical system should be a complement for the PRS monitoring system by providing a good set of data which could be useful for line ministries and the whole system. In Ivory Coast, a National Strategy for the Development of Statistics (NSDS2012-2015) has been elaborated. This plan aims to produce indicators for monitoring and evaluation of policies and programs of the state, including the National Development Plan (PND 2012-2015). Moreover, a law on the organization of the National Statistical System was adopted in June 2013 by the National Assembly. It is a good point that the national statistical development strategy is driven by the needs of the national PRS. At this point, the implementation of this strategy will allow for the provision of data in order to measure the performance of project, programme and public policy driven through the budget.

5. Involving local entities and local agencies

The involvement of local entities and local agencies could help to have information about local communities and therefore improve the quality of PRS monitoring system. But, the challenges of collecting accurate and timely data for monitoring activities at the local level are real.

Ivory Coast has extended its budget management system to local level since 1999. Then, most of local region has been connected to the central budget system and all the local entities can execute their budget directly through the system. This system of budget deconcentration has shown some success. The spreading of this system throughout the country will make it easy to collect accurate and timely data for monitoring at local level.

Building demand for monitoring

A complete PRS monitoring system takes also into account demand for monitoring when implementing and organizing the supply side [9, 11]. Information is useful only when the demand and need are present. Therefore, the supply side of PRS monitoring must help to provide useful information for demand side in the decision-making and the development of policy.

1. Institutionalizing the practise of analysis and evaluation

Information provided by the PRS monitoring system need to be analysed and evaluated in order to help in decision-making. It is therefore important to institutionalize the practice of analysis and evaluation instead of focusing only on the production of indicators and the development of data collection systems [10, 11, 21]. Furthermore, universities, donors, NGOs and research centers can make such analysis and evaluation in order to supplement government entities.

2. Outputs and dissemination

Information provided by the PRS monitoring system need to be appropriate in term of outputs that can be used for other purpose and facilitate decision-making. Therefore, this information should be available and disseminate through general public and different audiences (NGOs, Civil society, Donors). Since the PEFA report highlighted the lack of dissemination of public finance information, this point should be taken into account.

This dissemination will create informed debate and dialogue around the project, programme and public policy and their result in term of poverty reduction. It will give the opportunity to

the government to explain their policy choice and the results achieve when implementing the policies. This point out the aspect of participation, the accountability to the citizens and feedback which are important for setting up a performance based result.

3. The role of the parliament

The Parliament should be more involved in PRS monitoring since it plays an oversight role with regard to public governance [11, 23]. They are also the bridge between the government and their constituencies who they need inform about the efforts done to meet their needs. Therefore, a PRS system should provide information to parliamentarian to allow them to know how public resources are used and which objectives have been reached. In order to do that, it may be a clear link between the PRS monitoring and the budget. Then the PRS monitoring system can create some condition for a good performance budgeting. As a matter of fact, the understanding of parliamentarians of how previous budget were executed and what have been achieved in term of results, give them the means to review current budgets and identity necessary adjustments.

Moreover, parliamentarians' capacity building must be taken into account in order to improve their ability to engage effective monitoring and evaluation of government policies.

Building a Results-Based Monitoring and Evaluation System

In order to achieve a performance budgeting, building an effective results-based monitoring and evaluation system is a prerequisite. According to [61, 38 &39], the results-based monitoring and evaluation gives the opportunity to go to further steps within the hierarchy of the results and response to the answer 'So what' question. In other words, what has changed after generating the outputs. The results-based system is a way to give feedback on the outputs and the achievement of government goals and actions.

Then all the public entities (Ministries, public enterprises and others) have to keep in mind the building of a results-based system. As a matter of fact, as Morra-Imas and Rist (2009) argue that having a good data available about how well some projects, programmes or policies works can give sufficient arguments to spending agencies for formulating and justifying their budget requests.

In each line ministry, the implementation of a department in charge of results-based monitoring and evaluation could be a way to institutionalize such activities and promote the measuring of the results. The building of the results based monitoring and evaluation as [13, 61] suggest, could follow a model in ten steps: (i) conducting a readiness assessment, (ii) agreeing on outcomes to monitor and evaluate, (iii) selecting key indicators to monitor outcomes, (iv) baseline data on indicators -Where Are We Today?, (v) planning for improvement -selecting results targets, (vi) monitoring for results, (vii) the role of evaluations, (viii) reporting findings, (ix) using findings, (x) sustaining the M&E system within the organization.

Building a performance budgeting system

The implementation of a good PRS monitoring and a results-Based Monitoring and Evaluation System will create a condition for having a performance budgeting. As a matter of fact, PRS monitoring will provide a set of information and indicators which could be used when

formulating the government budget. Then keys decision could be taken by looking at results achieve by expenditure.

In the case of Ivory Coast, focus should be made on the basic model of performance budgeting which will systematically inform the preparation of the annual budget. This type of performance budgeting needs at first to made a programmatic classification of the budget and then results information about the program objectives and the way those objectives are being achieved.

Thus with a performance-informed budgeting, all public service departments should provide information about their objectives and the results that they have to achieve. They will set up key performance indicators on which their expenditures could be based. During the budget preparation, the use of this set of information will facilitate budget funding decisions.

A classification of the expenditure by program with similar services and objectives will help decision makers to compare the costs and benefits of these spending. This programme budgeting will allow to classify expenditures by type of service and objectives.

Each line ministry, in order to achieve a program classification has to follow the steps above which have been recommended by The Pole-Development Strategies and Public Finance [50, 12, 45-48].

Step 1: analysis of sector and missions of the ministry; in this step, the mission, and the key strategic documents of the ministry as well as the missions and the main objectives of the ministry will be analysed. This analysis will allow going to the next step concerning structure of the programme budget.

Step 2: structure of the programme budget; the results of the analysis of sector and missions of the ministry will set a ground for the structure of each programme within the ministry. The number of programme within the ministry should not exceed five otherwise it becomes difficult to manage.

Step 3: elaboration of logical framework for each programme. This logical framework will give the intervention logic of the program (overall objective and specific objectives, expected results, activities to be implemented), the performance indicators associated to the programme (output, outcome and impact indicators), the critical assumptions and hypotheses for implementing the programme. (See Appendices 2 and 3 for example of logical framework and indicators used).

Step 4: establish a bridge between the programme classification and the traditional classification. The programme budgeting does not mean the other type of classification (administrative, functional and economic) are not useful. Therefore a bridge table must be done in order to compute at any time the other type of classification for other analysis.

Step 5: establish a monitoring and evaluation system. The M&E system will give the opportunity to follow up the indicators in order to draft performance report which will serve as document support for budgeting activities of the programme.

Putting forward the results in budgeting process could improve expenditure prioritization and allocate resources to where there are more needs. Then line ministries may be aware that their performance can influence the level of funding of their expenditures.

Ivory Coast's government should continue to improve and extend the Medium Term Budget Framework which fits more with performance budgeting. Then after applying in health and education sector, Medium Term Budget Framework should be progressively extended to other important sectors (Infrastructures, Defense and security). In doing so, it will be easy to measure the long-term cost and benefit for some important investments.

Definitely, successful performance budgeting requires public departments to set up explicit outcomes that their outputs aim to provide to the population. Furthermore, they need to provide to the ministry of finance and political decision makers some simple, affordable and usable key performance indicators that will measure their service effectiveness and efficiency.

CONCLUSION AND RECOMMENDATIONS

Conclusion

Reforming the public finance management system has always been one of the areas which retain more attention when country leaders and development partners want to create a good environment to facilitate poverty alleviation. As a matter of fact, PFM reform is important to secure long-term economic success, to increase the transparency and accountability in country resource management, and create a better service delivery for citizens. Ivory Coast's authorities are aware of this, after some years of economic crises in the 1980s and 1990s and a diagnosis of its public finance management system in 1999 which highlighted some dysfunctions, have started a huge public finance management reforms. These reforms have helped to achieve such a unified budget and implement the Public Finance Management Information System (SIGFiP). Despite the political and military crisis that began in 2002 and lasted ten years, the implementation of these reforms has prevented the deterioration of fiscal indicators. There is evidence that without these reforms, the situation of public finances would worsen further.

Moreover, the WAEMU Commission published in 2009, provide new directives in order to continue some reforms in the sense of more transparency and accountability within PFM system and allow all the countries within this region to move from a resource based management to a result based management. The implementation of these new directives has been confined to specific timetable with the constraint for the country to achieve a result based budgeting by the end of 2017. Ivory Coast has started in 2012 to translate these directives in the national laws. This was a precondition to apply all the different steps of these reforms. Furthermore, the MTEFs as a tool which could be used to link policies and budget and also achieve performance budgeting have been implemented in two sectors (health and education) in 2010.

Unfortunately, the post-electoral political crisis which arose in November 2010 and lasted until April 2011 undermined this process of implementing sectoral MTEFs within some line ministries.

Thus, through learning from these experiences in the ministries of health and education as well as the experiences of some countries in the world, this study proposed some solutions to enable Ivory Coast to accelerate its PFM system reforms and achieve result based budgeting within the stipulated time frames. This study also made a diagnosis of public finance through an institutional analysis of the budget execution process and also through the PEFA assessment method. This analysis showed the existence of weaknesses for which stricter controls on the actions of the public finances actors and the imposition of sanctions against bad agents could reduce the negative effects.

Ultimately, the end of the political crisis in Côte d'Ivoire provides an opportunity to implement these reforms that are important for measuring the efficiency of the actions and policies of development and the fight against poverty. Thus, an effective implementation of these reforms requires the consideration of recommendations that follow.

Policy recommendations

1. Political willingness

Reforming PFM system is firstly a political process. As such, this process requires real political willingness to achieve the specified reforms. This political engagement need to be present at the highest political level. Thus, all the necessary laws which need to be taken to create a good environment for implementing the reform need adequate political support of the government as well as the parliament. A common goal and a long-term view have always been an asset for reaching the changing.

2. Reinforcing the six dimensions of PFM system

The evaluation made PEFA methodology has highlighted some weaknesses in the six essential dimensions of PFM system; (i) budget credibility, (ii) comprehensiveness and transparency, (iii) policy-based budgeting, (iv) predictability and control in budget execution, (v) accounting, recording and reporting, (vi) external scrutiny and audit). Consequently, actions undertaken in these different aspects of the public finances management must continue with always a strong and long-term political authority of the Ministry of Economy and Finances in order to create a good environment for credible macro-economic policies. Within these dimensions, another challenge is to empower key institution such as Chamber of Account and National Assembly with appropriate operational authority. Particularly, the Chamber of accounts must be raised to a level of a National Audit Office with all the political power.

3. Capacity building of civil servants and parliamentarians

Reforming public finances to achieve performance budgeting needs to be supported also by activities of capacity building of agents of the public administration, so that they can meet all the requirements to be ready for implementing the reform. Implementing performance budgeting by using MTEF requires having a high quality of public servant specialized in data collection and making up and following up indicators.

Parliamentarians are also an important body in the context of reforming public finance and performance budgeting. In order they plays efficiently their role, they need to understand the stakes of these reforms and to have a necessary training for its implementation.

4. Involvement of Civil Society Organization (CSO)

The participation of the civil society on how the budget is managed and results achieved is a means of strengthening the Government accountability. Opening the budget to the civil society will give the opportunity to have feedback from them and increase people's confidence to government activities. Civil society organization (NGOs, universities, research centers) can be suppliers of information and help government to have enough information on their programs and policies which are implemented. They are also important users of budget information and results achieved. They can be a best counterpart to participate in policy analysis and debate.

5. Improve the role of the national statistic system

Performance budgeting cannot be performed without an effective national statistics system. Evaluating the results following the implementation of a policy, program or project is done through indicators which need to be collected on a regular basis. The last national census survey in Ivory Coast was in 1998 and the last survey on people's living standards was in 2008. Therefore, these types of survey and census need to be done on a regular basis. Moreover, statistics system needs to take into account both central statistics agencies and other producers of statistics (sectoral ministries, local agencies).

Issues for further research

This study has tried to give some recipes for success when reforming PFM system to achieve performance budgeting. One of the important aspects for creating a good base to achieve performance budgeting is the existence of an effective National M&E system. As Mackay (2007:0) argues, an effective National M&E system is "necessary for the achievement of evidence-based policy making, budget decisions, management, and accountability". Until now, Ivory Coast's M&E system has not been performing well and if some improvements are not made, this can undermine the process of implementing performance budgeting. Therefore, further research needs to be done on the way to reinforce the Ivory Coast's National M&E system as well as at sectoral level.

Experimentation has always been a way to improve the weakness of a tool. In that sense, Ivory Coast should learn when implementing the MTEF in the health and education sector. Since the plan is to extend the MTEF to others sectors, an evaluation of the implementation of the MTEF in these two sectors could be the best way to learn more about this tool and avoid some mistakes made previously. At the same time, the conditions should be created in order to measure the impact of implementing the MTEFs in health and education sectors on people's living standards even more so given that the overall objective of this tool is to assist in alleviating poverty in the country.

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