

## **Session I: Implementation of the PRSP**

### **Point 3: Aligning the PRSP and annual budgets**

Main message: During the preparation of the FY2006/07 budget (and future budgets) the government/ministries will need to review and prioritize policies and programs to ensure that they are aligned with the PRSP.

- Specific budget allocations, and associated financial and policy-reform support from donors, will need to be put in place to allow implementation of PRSP policy and program priorities.
- To make these interventions as effective as possible, there will need to be continued improvements in public procurement and public financial management.
- Development partners stand ready to work closely with government/ministries to identify needed financial support for PRSP program priorities and to harmonize development partner financial, policy and technical assistance to government.

Actions over the next 12 months:

1. **Roll out the Medium-Term Budgetary Framework (MTBF)—with budget ceilings for combined recurrent and capital expenditure—from the current 4 line ministries to at least 7 additional line ministries (for a total of 11 line ministries) in the FY2006/07 budget.** Strive to roll the MTBF out to an additional 11 line ministries (for a total of 15 line ministries) in the FY2006/07 budget, as originally committed to in the FY2005/06 budget speech. This will allow for more strategic expenditure management and create incentives for line ministries to prioritize the use of resources and use them more efficiently.
2. **Conduct a comprehensive review of all projects in the ADP** in order to:
  - Prioritize projects and ensure that they are aligned with the PRSP;
  - Ensure that all projects kept in the ADP have been approved, that they have been properly costed, and that they require spending allocations in the 2006/07 budget;
  - Ensure that appropriate amounts of budget resources are allocated in the 2006/07 budget to these approved, prioritized projects.
3. Take the following measures to improve expenditure control and prevent leakage of resources.
  - **Finalize the draft procurement law and submit it to parliament** for approval so that it is effective for the 2006/07 fiscal year.
  - **Introduce E-procurement.**
  - **Begin first independent annual procurement review.**