July 14, 2016

To: Ministry of Finance/Ministry of Planning

From: Michael Schaeffer (PFM Advisor)

RE: Program Budget Concept Note

I. General Overview

1. **Experience from elsewhere shows that considerable care should be taken in the design of a program-based budgeting reform if it is to provide a practical basis for budget planning and avoid introducing unnecessary complexity.** Iraq has the advantage of facilitating more strategic linkages to the national development strategy. Improving these linkages would allow more effective monitoring of outputs and outcomes at program level utilizing indicators and reporting data from the monitoring systems set up for the national strategy.

2. This brief concept note provides some guidance as to the next steps required for developing an effective program budgeting structure for the national budget.

II. Program Budgeting: Steps to Successful Implementation

3. The necessary steps to implement a successful program budgeting system include the following:

- **Budget Classification**: Iraq already has elements of program classification in its budget accounts which has many but not all of the features required by a best practice program budget system. To develop the program classification fully, limited modifications and extensions of the current system (e.g. the development of sub-program) plus a review of current budget account definitions is required.

- **Review of Legal, Appropriations and Budget Execution Arrangements:** Iraq provides for the key features of a traditional (pre-program budget) appropriation system, with expenditure within each program being appropriated and controlled according to quite detailed input types and internal organizational units. Under a best practice program budget system the system would be changed to appropriation and control by Program without the presence in the budget of appropriations for internal organizational unit, and with significantly less detailed item appropriations. In order to move forward,

the Government of Iraq should aim at putting in place a legal foundation for the new budget process and presentation, the chart of accounts and accounting process, budget execution and financial control, and payment processing through a treasury single account. This would require reviewing the gaps in the current legal framework. In addition, the Government of Iraq should be informed as to possible changes that may be required to the financial regulations and accounting manual

- **Program Performance Information:** Budgetary programs are not currently linked to strategy or to the monitoring and evaluation system. To remedy this, it is necessary to formulate program and sub-program objectives (outcomes) and to link performance indicators and targets to programs. In addition, a program information document to accompany the budget when it is presented to Parliament should be developed.

- **Alignment of the MTBF and strategic planning with the program budget**: In order to link strategic planning fully to the budget, ministry and agency strategic plans should be restructured primarily around programs. Program objectives should also be clearly linked to higher-level the government-wide objectives articulated in the National Development Plan.

4. **These elements of reform are discussed in detail in what follows** and are followed by recommendations on the sequencing and timing of the necessary reform actions.

A. Budget Classification

Recommendations

- Carry out an initial review of more detailed program classification principles and make any appropriate modifications to the current system; And,

- Review the current programs definitions used by ministries and agencies in order to make modifications in those cases where current program definitions are not fully consistent with good PB principles.

B. Appropriations and Expenditure Controls (Legislative Review)

5. **The move to full Program budgeting will require changes to the appropriation and budget execution control system, which will no doubt require legislative changes**. To review the full-extent of legislative changes, MSI recommends a stock-taking review take place to review any potential gaps in the legislative framework.

6. **The current appropriation and control system focuses on "line-items".** The current appropriation arrangement differs from the predominant arrangement under

PB, where legal appropriation is in most countries only at the program level**.** In other words, under PB ministries and agencies are normally free to transfer funds between organizational units -- and between sub-programs -- within the same program without the need for approval from the ministry of finance. Expressed differently, under program budgeting, appropriations to internal organizational units within ministries essentially disappear and the allocation of program budgets between internal organizational units is left for the ministries themselves to manage.

7. **The move to full program budgeting in Iraq should therefore include a shift from appropriation control focused on sub votes to control focused on Program.** In respect to "items" appropriations in the recurrent budget presently tend to be composed of twenty or more allocations to quite detailed items such as:

Fuels, Oils, Lubricants
Communication and Information
Educational Materials, Supplies and Services
Hospitality Supplies and Services

8. **Performance budgeting is opposed to his type of detailed control over the item composition of expenditure**. The performance budgeting focus is on the results delivered by agencies, not on the way on which they deliver those results. Performance budgeting calls for ministries, and managers within those ministries, to be given greater freedom to choose the best mix of inputs with which to efficiently and effectively deliver services. The corollary of this is increased accountability for the results delivered.

9. **For this reason, performance budgeting has typically been accompanied by extensive reduction of item budget controls**. In advanced countries, line item controls are in some cases reduced essentially to three: personnel expenditure, other current and minor capital expenditure, and capital expenditure. However, the actual extent and rapidity of this decontrol should take into account the circumstance(s) of the country concerned. In many countries it is usually not desirable to proceed immediately to rapid item decontrol. It will often make sense to retain control over some sensitive items (e.g. travel, consultancy, and perhaps utilities). Nevertheless, reducing the very detailed traditional item controls is an essential part of a full Program budgeting system. *The move to full Program budgeting in Iraq should therefore be accompanied by the gradual reduction of appropriation controls at the item level.*

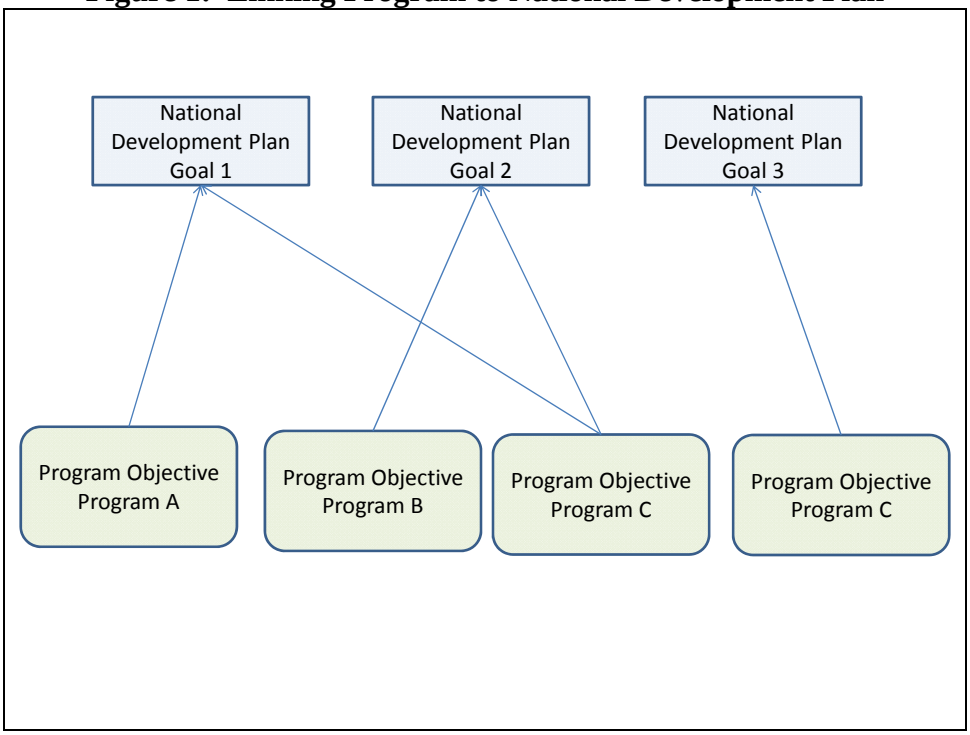
C. Defining Program with Links to National Development Plan

10. **A key part of the development of program budgeting is the explicit specification of the outcomes which Program and/or sub-Program seek to achieve.** Programs classify expenditure based on types of services and the objective of service -- where the program objective usually refers to a Program-specific outcome. For

example, a public transport Program would include expenditure on services such as public buses, ferries and the metro, all of which have the shared program-specific outcome of *reducing travel time and increasing travel safety*. Similarly, a Preventative Health Program brings together many different types of health promotion outputs targeted, for example, at encouraging healthier eating, more exercise, less smoking, and the avoidance of high-risk behaviors. All of these outputs have the shared outcome of reducing the incidence of disease and disability.

11. **Explicitly defining Program objectives provides a means of linking Program and the budget to National Development Plan (the national strategy)**. The National Development Plan specifies a small number of high-level outcomes ("goals"), organized into several "clusters", upon which the government is focused. Program outcomes can be linked to the National Development Plan goals because program objectives are “intermediate” outcomes while National Development Plan goals are “higher-level” outcomes which result from the achievement of the intermediate outcomes. For example, achieving the outcome of a Secondary Education Program – children who are educated and ready to take their place either in the workforce or higher education – will directly contribute to the achievement of the National Development Plan goal of “promoting sustainable and broad growth”. This linkage is made by explicit by requiring that each Program indicate the main National Development Plan goals to which it contributes, as illustrated in Figure 1, below.

Figure 1: Linking Program to National Development Plan



D. Program Performance Indicators and Targets

12. **Program budgeting clearly requires not only budgeting in terms of programs, but also the systematic use of program performance information**. Only through the development of good program performance information does it become possible to compare the budgetary cost of each Program with the results which the program delivers to the community. The introduction of program budgeting therefore needs to be closely linked to overall monitoring and evaluation (M & E) system development.

13. **Program budgeting requires good performance indicators for each program and/or sub-program**. Consistent with the expenditure prioritization objective, these program performance indicators should as far as possible measure program *outcomes and outputs*. Although in principle this should include output quality and efficiency indicators, in developing countries the program performance indicators which can most practically be developed are output quantity indicators (i.e. measures of the volume of services provided -- e.g. number of persons vaccinated) and effectiveness (outcome) indicators (e.g. malaria infection rates or number of patients successfully treated for malaria).

14. **The main focus by the Government of Iraq should therefore be on the development of these performance indicators.** It is also important to make sure that program performance indicators are not dominated by activity and input indicators, which are more relevant for internal management purposes than for budgetary decisions.

15. **Iraq has already made quite significant progress in performance indicator development, particularly in connection to measuring progress in achieving National Development Plan goals.** Ministries and agencies are required as part of their strategic plans to report a set of performance indicators. These indicators are not, however, linked to budgetary Program. The development of Program performance indicators in Iraq can therefore be thought of as involving two distinct elements:

- Identification of suitable program performance indicators from the stock of existing indicators,
- Identification of gaps in program performance indicators and progressive development of new indicators to fill those gaps.

16. **Performance targets need to be linked to Program**. Targets should be set as part of Iraq's Medium Term Budget Framework (MTBF) process. Many of these targets focus on quantities of output to be delivered, but quite a few are activity-oriented. The key problem is that these targets are not linked to budgetary Program. Linking performance indicators and targets to the Program budget requires, more

generally, the integration of the budget, the MTBF and strategic plans on a programmatic basis.

E. Alignment of MTBF and Sector/Ministry Strategic Plans with Program Budgets

17. **The Iraqi MTBF should not only be a vehicle for the medium-term projection of expenditure, but also for the setting of performance targets which are intended to be linked to budget allocations**. As a full PB system is developed, the structure of the MTBF should be revised so as to align it with the programmatic structure of the budget.

18. **Strategic plans are also, as things stand at present, not linked to budgetary programs**. Sectoral and ministry/agency strategic plans are in the main not structured around the categories of services (outputs) which the entity delivers. Rather, they are structured primarily around “strategies” which do are in many cases about means (inputs and activities) rather than about results (outputs and the outcomes). Moreover, to the extent that the "strategies" which are the focus of strategic plans do focus on areas of service delivery, these areas of service delivery tend to be defined differently from the budgetary Program.

19. **Sectoral and ministry/agency strategic plans should be structured primarily around the same programs as used in the budget**. This means that strategic plans would contain a section for each program explaining the planned strategy, challenges, actions, performance indicators and targets for that program. These program presentations should constitute the main part of the strategic plan.

F. Sequencing of Program Budget Reforms

20. **The following table suggests a timetable for implementing Program budget reforms.** The timetable takes into account the various sequential steps for developing effective program budget systems. In brief, the review of programs and the definition of sub-programs should precede the specification of program/sub-program objectives and the selection of program performance indicators. Nevertheless, full program budget reform cannot be accomplished in a very short time frame.

Figure 2: MTBF and Program Budget Action Plan For Pilot Ministries

Sequencing Program Budget Reforms in Tanzania	2012: II	2012: II	2012: III	2012: IV	2013: I	2013: II
Complete required modifications to program classification principles	v					
Assist in program definitions pilot Ministries	v	X				
Define sub - program		v				
Introduce program into development budget		v				
Program objectives formulated		v				
Existing program performance indicators identified			v	v		
Development of new indicators to fill gaps					v	v
Program statements developed (part of budget information documents)				v		
Decisions on reduction of item controls			v			
Modifications to appropriation system introduced removed, so program appropriations are main category; plus reduction of item controls)				v		
Budget law and execution controls based on modified system					v	
Review and modification of MTBF to make program - compatible					v	v
Review and modification of Strategic Planning framework to make program - compatible					v	v

APPENDIX A: MEMORANDUM TO LINE MINISTRIES EXPLAINING PROGRAM BUDGETING

21. **The following memorandum has been prepared at the request of the Budget Department (MoF)** for the purpose of briefing line ministries on the nature, objectives, and broad implementation steps involved in the development of a system of Medium Term Budget Framework and program budgeting in Iraq.

Nature and Objectives of Program Budgeting

22. **Program budgeting is the planning, authorization and execution of expenditure in terms of programs**. Programs group together expenditure on specific public policy purposes, such as environmental conservation or higher education. The classification of expenditure in terms of programs turns the budget into an instrument for explicit choices about expenditure priorities such as how much to spend on preventative health vs. treatment health; and how much on tertiary education vs. primary education.

23. **Program budgeting involves not only planning, but also approving and executing the budget in programmatic terms**. This means that the Parliament votes budget allocations to programs, and the government should then (with minor qualifications) not spend more on each Program than the parliament has allocated to it. So under the Government of Iraq Program budgeting system, when it is fully developed:

- **Budget allocations to entities** will take the form primarily of allocations of amounts of money to each program. Item allocations will still be present, but to a significantly lesser degree (see below);

- **Ministries will structure their budget requests around programs**, and bilateral negotiations between entities and MoF will focus in significant measure on the amount of money to be allocated to each program; and,

- **Budget implementation will be monitored and controlled on the basis of programs**.

Why Program Budgeting?

24. **Improving expenditure prioritization is a primary objective of program budgeting**. Expenditure prioritization refers to the allocation of funds to the sectors and programs which are most effective in meeting social needs. In this manner, program budgeting facilitates the closing linking of the budget to the National Development Plan.

25. **A well-designed program budgeting system also improves the effectiveness and efficiency of expenditure by putting additional pressure to perform on ministries and agencies**. Under program budgeting, each ministry's budget request to MoF has to be

accompanied by information on the performance of the ministry's programs (indicators and evaluation findings), as well as – where appropriate – performance targets for the future. The knowledge that its budget request will be considered by the government and, perhaps, the parliament in the light of its performance should then put increased pressure on the ministry to improve its performance.

26. **Program budgets are very different from traditional budgets, in which funds are allocated to each spending ministry not by objective but instead primarily by "item".** Items are allocations of funds to types of inputs such as salaries, supplies and capital expenditure. The problem with a budget based on line items is that it indicates next to nothing about the policy objectives of the expenditure concerned.

Line Item Controls under Program Budgeting to Be Reduced

27. **A line-item budget is unsatisfactory as an instrument for expenditure prioritization**. Program budgeting calls for the substantial reduction of item controls over how spending ministries use their budgets. This is because Program budgeting – and Program budgeting more generally – call for greater freedom at the ministry level in the choice of the inputs used to deliver services in return for greater accountability for the results which ministries deliver to the community. This does not mean that budget allocations to items entirely disappear under Program budgeting. Nor does it change the fact that expenditure is still *accounted for* -- recorded in the accounting system -- in the same item detail as it has always been recorded.

G. Program Classification of Expenditure

28. **To facilitate improved expenditure prioritization, programs need to be defined in such a way as to capture the choices about spending priorities which are made at the government-wide level** (i.e. by presidents, cabinets, ministers and ministries of finance), and by the spending ministries themselves. To capture such choices, programs are, first and foremost, categories of expenditure directed at achieving a common outcome. For example, a nature conservation Program covers expenditure on a range of interventions such as the enforcement of laws banning the hunting of native species, marketing campaigns designed to raise public awareness of the importance of protecting the natural environment, actions to prevent the destruction of natural environments which endangered species depend upon, and the "culling" of feral species (e.g. cats, introduced fish etc) which may threaten native species. What all these interventions have in common is that they all aim to preserve native fauna and flora – which is an outcome.

29. **Under Program budgeting, programs are normally also broken into constituent "sub-programs",** which represent more detailed categories of outputs.

The parliamentary authorization is in most countries only at the Program level. Only in a minority of countries does parliamentary appropriation of the budget take place at sub-

program level. In Iraq, it is appropriate that the usual approach of appropriation at the Program level is followed. In this case, Parliament will be informed in the budget documents of the proposed allocation of programs at the sub-program level. However, it is for MoF and the Government of Iraq more generally to decide whether they would like appropriations to be at the Program or sub-Program level.

Program Performance Indicators and Objectives

30. **Program budgeting clearly requires not only *budgeting* in terms of Program, but also the systematic use of Program performance information**. Only through the development of good program performance information does it become possible to compare the budgetary cost of each Program with the results which the Program delivers to the community. The introduction of Program budgeting therefore needs to be closely linked to overall monitoring and evaluation system development.

31. **This means that program budgeting requires the systematic development of performance indicators for each program and/or sub-program**. Consistent with the expenditure prioritization objective, these Program performance indicators should as far as possible measure Program outcomes and outputs. The development of Program performance indicators like this is something which takes considerable time.

Program Budget Documentation

32. **A fully developed program budgeting system usually involves the provision to parliament and the public of *program statements* as part of the budget information documents which accompany the annual budget legislation.** The overall purposes of these program statements is to provide information on the objectives and results achieved by the programs for which funding is being requested in the budget. Program statements typically include the following type of information for each Program:

- Title and objectives,
- List of the main outputs (services) which comprise the program,
- A brief narrative outline of program strategy, challenges and key new initiatives,
- Key program performance indicators,
- Program performance targets (if applicable),
- Program expenditure estimates, preferably with medium-term projections,
- A breakdown of program expenditure by broad categories of economic classification (staff, capital etc), for information purposes.

33. **This type of information helps the Parliament -- and the government -- to make budgetary decisions in the light of performance implications.** One way of presenting this material is for each ministry to prepare a document containing all of its program statements to be made available to parliament as an Annex to the budget documents.

Item Controls

34. **In traditional government budgets the item allocation is quite detailed, including separate appropriations for items such as office stationary supplies, books, internal training, external training etc**. Spending ministries are then unable, without central approval, to shift money between these categories during the year. In practice, some flexibility is created by systems which permit some transfers between item categories. However, not only is the scale of such transfers typically greatly limited, but the process of reviewing and determining transfer applications can involve a great deal of unproductive work for MoF.

35. **Program budgeting is opposed to his type of detailed control over the item composition of expenditure.** The Program budgeting focus is on the results delivered by agencies, not on the way on which they deliver those results. Program budgeting calls for ministries, and managers within those ministries, to be given greater freedom to choose the best mix of inputs with which to efficiently and effectively deliver services. The counterpart of this is increased accountability for the results delivered.

36. For this reason, Program budgeting has typically been accompanied by extensive reduction of item budget controls.

TARABOT – Public Financial Management

Objectives:

a. Assist the GOI to develop multi-year budgets that are linked to the National Development Plan;
b. Assist key ministries to improve the comprehensive of their budgets and to adopt standard operating procedures for their budget process;
c. Assist key ministries to improve their budget predictability and budget control; and,
d. Assist key ministries to improve their accounting, recording, and financial reporting.

Means of Achieving Objectives:

I. National Level

1. To address the issue of **aligning ministerial budgets to the National Development Plan** Tarabot technical assistance at the national level will:

- Provide Guidance (to Ministry of Finance and key ministries) for the preparation of indicative Budget Call Circulars to **prepare a Medium Term Budget Framework.**
- Assist in the preparation of: **indicative medium term budget framework submission forms and draft" Medium Term Expenditure Framework Guidelines**. Tarabot technical assistance will work with ministries to prepare and present a medium term (3-year) budget.

2. To address the issue of **improving the comprehensiveness and performance of the national budget** Tarabot technical assistance at the national level will:

- Review, analyze and provide recommendations and hands-on assistance to the FM and annual budget law on "**roles and responsibilities" for Budget Officers**.
- Develop change management proposals and work with ministries to **develop and implement standard operating procedures for the formulation, and execution of the annual budget**.
- **Work with ministries to introduce performance budgeting measures** including but not limited to: a) Developing effective performance indicators; b) Preparing basic program/subprogram structures; c) Improving cost estimates (by using price surveys) and project finance costing estimates; and d) Integrating the capital and operating budgets.

3. To address the issue of **budget predictability and budget control** Tarabot technical assistance at the national level will work with ministries:

- To **implement the standard operating procedures** which include improved budget control and monitoring procedure(s); and,
- To develop:
    - **Improved cash flow plans** that are more closely linked to the ministry procurement plans.
    - **Project financial analysis of capital (investment)** projects to: a) provide financial justification for projects (thereby, to improving project prioritization and selection procedures); and b) to ensure that future operational and maintenance expenses are introduced as part of standard budget procedures (thereby integrating the recurrent (operations and maintenance) and capital budgets and minimizing future budget gaps).

4. To address the issue of **accounting, recording, financial reporting and transparency** Tarabot technical assistance at the national level will work with ministries:

- Assist **MoF in preparing and disseminating "Iraqi National Government 'Citizens Budget".** Although "Citizens Budget" is indirectly linked to financial reporting practices, the propagation of Citizens Budgets lends itself to improving national budget transparency.
- To **review the vertical (Ministerial/Directorate) reporting procedures** and provide recommendations and hands-on technical assistance to standardize recording and reporting practices.

II. Sub-National Level

5. To address the issue of **improving the comprehensiveness and performance of Directorate Generals at the subnational level** Tarabot technical assistance will:

- Develop change management proposals and work with directorate generals to develop standard operating procedures for the formulation, and execution of the annual budget.

6. To address the issue of **budget predictability and budget control at the subnational level** Tarabot technical assistance will:

- Work with General Directorates to develop:
  - **Improve cash flow plans** that are more closely linked to the directorate general procurement plan; and,
  - **Project financial analysis of capital (investment)** projects to: a) provide financial justification for projects and to improve the project prioritization procedures; and b) to ensure that future operational and maintenance expenses are introduced as part of standard budget procedures (to minimize future budget gaps).

7. To address the issue of **accounting, recording and financial reporting at the subnational level** Tarabot technical assistance will:

- Review and improve the vertical (Ministerial/Directorate) reporting and communication procedures with central ministries and provide recommendations and hands-on technical assistance to standardize financial reporting practices.

Action Plan Objective	January - March 2013	April - June 2013	July - September 2013	October - December 2013	Outputs / Outcomes
A. KEY CROSS-CUTTING ISSUES: Comprehensiveness and Transparency					
Improving Line Ministry Budget Unit Performance	1) Annual budget law reviewed, recommendations provided to MoF; 2) Review composition of expenditure out-turn to original approved budget; 2) Change management proposal developed, presented, and approved by five ministries	1) Preparing multi-year expenditure plans (including- preparing and forecasting recurrent (O&M) budgets; 2) Prepare / draft Standard Operating Procedures for Budget Preparation and execution	1) Preparing multi-year expenditure plans (including- preparing and forecasting recurrent (O&M) budgets; 2) Draft Standard Operating Procedures,		1) Budget Credibility Improved; 2) Five line ministry standard operating procedures prepared
Compliance of GOI chart of account with GFS / COFOG 2001	Gap analysis of GFS 2001 COFOG, recommendations presented to MOF	Recommendations reviewed and approved	1) Workshop on Functional Classification Structures; 2) Preparation of CoFoG mapping tables. Functional budget presentations completed for 2010, 2011 and 2012.	Finalize CoFoG mapping tables with MoF. Functional budget presentations completed for 2010, 2011 and 2012 and reviewed by MOF	1) CoFoG mapping tables completed; 2) Functional budgets presented for previous 2009-2012.
Ensuring standardized monthly, quarterly reporting to Governorates	Gap analysis on Line Ministry/Directorate reporting framework	Recommendations reviewed and approved		1) Revise line ministry/directorate reporting (include budget versus actual, standardize internal reporting framework; 2) Prepare draft Standard Operating Procedures for Line Ministry/Directorate Reporting	1) Line Ministry/Directorate standardized reporting accepted; 2) Three Ministries adopt procedures

Action Plan Objective	January - March 2013	April - June 2013	July - September 2013	October - December 2013	Outputs / Outcomes
Iraqi national citizen budget	Outline for Citizen Budget completed & submitted to MOF	Draft presented to MOF	Iraqi National Citizen Budget Published		Annual national budget presented in a citizen friendly/user accessible form.
B. Budget Cycle: Policy-Based Budgeting (Multi-year perspective in fiscal planning, expenditure policy and budgeting)					
Guidance to budget calendar to create space for medium term budgeting	Recommendations for budget calendar completed & submitted to MoF	Guidance for preparation of indicative budget call circular submitted to MOF	1) Indicative MTBF budget submission forms submitted to MOF; 2) Draft MTBF guidelines submitted to MOF		1) Draft indicative MTBF budget submission forms accepted; 2) Draft MTBF guidelines accepted by MOF
Outline for Medium Term Budget Policy Statement - MTBPS-	Outline for MTBPS completed & submitted to MOF	Draft MTBPS proposal with MOF fiscal policy unit	Draft MTBPS reviewed by MOF	Medium Term Budget Policy Statement Proposal Accepted by MOF	Medium Term Budget Policy Statement Proposal Accepted by MOF
Preparing indicative medium term budget framework	N/A	Workshops on: 1) Medium Term Expenditure forecasting; 2) Linking budgets to the national strategy; and, 3)Performance measures in the MTBF	Draft MTBF developed for three ministries		MOF / Line Ministry Staff trained and able to provide indicative medium term budget
Introducing performance budgeting measures into the budget system	Prepare and deliver multi-year action plan to MOF and line Ministries	Action plan approved	Workshop: 1) Defining Effective Performance Indicators; 2) Preparing Basic Program/Subprogram Structures; 3) Developing Cost Estimates; 4) Program Budgeting – Integrating the Capital and Operating Budgets. Training provided to five (5) ministries. Expe	Advanced workshop: 1) Defining Effective Performance Indicators; 2) Preparing Basic Program/Subprogram Structures; 3) Developing Cost Estimates; 4) Program Budgeting – Integrating the Capital and Operating Budgets. Training provided to five (5) ministri	Three (3) line ministry indicative program budgets prepared

Action Plan Objective	January - March 2013	April - June 2013	July - September 2013	October - December 2013	Outputs / Outcomes
Revising the program budget segment in the chart of account	Chart of account segment reviewed, proposal for program budget submitted to MOF	Recommendations approved			Draft Program Budget segment of Chart of accounts submitted
C. Predictability and Control in Budget Execution					
Credible Ministry, Department, Agency (MDA) budgets facilitates realistic MDA cash requirement forecasting and reporting. Credible MDA budgets mitigate frequency of in-year requests for adjustments to budgets	Gap analysis of Line Ministry Cash Forecasting and review of alignment to Financial Management Legislation and Instructions for Executing the Federal Budget (section 9.7) (i.e Monthly cash flow forecasts, monthly unified use of funds, etc)	Recommendations from Gap analysis approved by MOF/Line ministry.	Workshop: Ministerial cash flow forecasting and developing trend analysis.	Hands-on assistance in developing ministerial cash flow statements	Line Ministry Staff trained on cash flow forecasting; Five (5) credible ministry cash flows prepared
C. Accounting, Recording and Reporting					
Budget disbursement and expenditure reports not in appropriate form either, in terms of the time period (fiscal year) or in accordance with economic, functional classification.	Gap analysis review program / Project financial assessment and reporting criteria.	Prepare / draft Standard Operating Procedures for financial appraisal of projects and financial reporting.	SOPs for financial appraisal of projects and financial reporting reviewed and approved	Workshops regarding financial appraisal of project and financial reporting.	1) Five (5) Ministries with improved financial appraisal criteria; 2) (Draft) Standard Operating Procedures for Project Financial Appraisal and Reporting Submitted for review.

FISCAL MANAGEMENT CORE AREA

Assessment Questionnaire for Central Ministries

Dear participant,

Thank you for participating in this assessment. Tarabot is looking to confirm certain points prior identified by Iraqi government as problems that hinder expedient execution of the capital budget funds. Tarabot is also looking to identify additional elements that affect the best possible budget preparation and execution of capital investment funds in your agency. By answering these questions, you are not committing your self to any further work. This assessment is supported and authorized by the Council of Ministers and by your Minister, and your full and honest cooperation in answering these questions will be very helpful. When answering these questions, please feel free to add comments that you feel are required to make your answer satisfactorily clear. For that purpose, additional sheets of paper can be added to this questionnaire at will. In case one or more questions can not be answered by your office, please indicate which office you think could best answer the question.

Because many of the questions may require consulting many files, it is expected that this questionnaire will take up to two weeks to complete. The Tarabot fiscal management consultant will visit your ministry often to help the progress of the questionnaire.

We expect this survey to serve as a major input in efforts to improve the performance of the Ministry, and we ensure that your contribution is valued highly and will be considered during the improvement process.

Dear surveyor:

The following questionnaire aims to verify information and to further explore aspects of budget operation in the ministry that may need assistance to improve the execution of the capital investment budget. The questions are mainly open and it is important to encourage participants to provide substantive answers at every opportunity.

Although some questions request numeric data, this is mainly to test the easiness and availability of this information rather than to actually obtain the data. In this case, if the data is not immediately available or cannot be made ready in a reasonable amount of time, it would be enough to mention this in the space for answering the question.

Even if the opinion of the participants is key, it is important to note when the participant's answer appears to be a mere opinion, and it is important to try to contrast these answers with reality and facts whenever possible. For example, if the interviewed person's opinion is that the payments to contractors are made on time, it is necessary to verify how long it actually does take to pay an invoice.

The survey also looks to test officials' understanding and friendliness about subjects such as de-concentration and decentralization of their functions. In this sense, it is important to look for the attitude beyond the words and take the corresponding notes.

This questionnaire is a tool that will be completed with a mapping exercise of the financial management functions in the entities that volunteer to participate.

FISCAL MANAGEMENT CORE AREA
Assessment Questionnaire for Central Ministries

Date:_____26 /1 / 2012_____

Ministry name: _____ MOCH / Roads and Bridges Foundation _____

Code: _____

Office(s) Answering the Questionnaire: _Planning and Designs – Supervision and Follow up – Finance – Legal _____
_____

A. BUDGET PREPARATION STAGE

Interactions with the main financial and budget authorities

1- What office or team is in charge of consolidating the budget request for this ministry?

Department of planning and designs for the new project
Department of supervision and follow up for continuous projects

2- Are you familiar with the Government's program or has the government's program been explained to the ministry officials?

No

3- If the answer to the number 2 above is yes: Can you briefly describe how the Government's program is being applied in the Ministry—E.G. Sector policies, internal policies, specific sector programs?

……

4- Are you familiar with the National Development Plan?

No

5- Can you briefly describe how is the National Development Plan being implemented in this sector by the ministry?

……..

6- Are you familiar with the medium term capital investment strategy 2010-2014?

Yes

7- How many of the 2011 capital investment projects come out of the strategy mentioned in number 6 above? Can you identify them by name and amount? (please feel free to add a page with the answer indicating the number of the question)

#	Project name	Amount
1	None	
2		

3		
4		
5		
6		

8- How many capital investment projects were introduced in the annual budget request for the 2011 capital investment budget of the Ministry?

18 projects

9- How many of the requested projects were actually approved?

No projects

10- In case any of the requested capital investment projects was not included in the 2011 approved budget: Do you know the concrete reasons?

The lack of fiscal allocation

11- Who negotiates the capital investment budget with the Ministry of Planning?

DG of the foundation + heads of (planning and designs, Supervision and follow up, and the ministry representative).

12- Does the ministry have specialized personnel in the area of preparation of feasibility studies?

The feasibility studies are prepared in the directorates of the foundation in the provinces and it is approved at the department of studies in the foundation and in some cases the preparation is done in the universities and the consulting bureau

13- When did the Ministry receive the budget call circular to present the 2011 draft budget?

In June of every year

14- Did the timing of the budget call circular represent any complexity for this ministry's operation?

No

15- Does the minister get invited to the Council of Ministers to support the budget request or to negotiate reductions to the budget request and to determine sector priorities?

Not known to us

16- Is there a role for parliamentary committees on the budget process of the ministry (Such as the Education Committee in the budget process for the Ministry of Education)?

Not known to us

17- Is the ministry linked to any computer system to record and inscribe capital investment projects?

No – there are electronic forms we use in the planning and designs department

18- Who in the ministry prepares the standard forms for project analysis and inscription required by the Ministry of Planning?

Department of planning and designs for new projects Department of supervision and follow up for continuous projects

19- How many projects have been fully transferred into the standard projects inscription form?

All projects

20- Have all the projects with inscription form been entered into the data base of the Ministry of Planning?

No

21- What office or specific official is in charge of up dating the computer system for capital investment projects established by the Ministry of Planning?

No

22- Does the ministry have a terminal to enter the information and up dates on capital investment projects to the computer system of the ministry of planning or just sends documents for the processing at the Ministry of Planning?

No – it is sent manually and on CD

23- Does the Ministry have a terminal for consulting the data base of projects at the Ministry of Planning?

No

Interaction with the territorial units and Governorates

24- Was any capital investment project approved in the Ministry's 2011 budget either consulted with or comes from a request by any of the 15 governors offices?

Yes

25- If the answer to number 24 above is yes: Can you please list the projects and the amounts budgeted for each governorate? (please fell free to add a sheet of paper indicating the number of the questions if needed)

Governorate	Name of project	Amount
Karbala – Najaf – Babil	Marchers road	65,000,000,000

26- Was any capital investment project in the Ministry's 2011 budget either requested or prepared by any of the Ministry's offices in any of the Governorates?

Yes

27- If the answer to number 26 above is yes: Can you please list the projects and the amounts?

Governorate	Name of project	Amount
All projects and as of the attachment		

Internal operation

28- Is there a strategy or plan inside the Ministry that extends more than a year and can be used in developing the annual budget?

Yes

29- Are you familiar with the COMFAR III software for feasibility studies preparation?

No

30- Is there any office in the Ministry nowadays using the COMFAR III software?

No

31- Has any capital investment project to be implemented in 2011 been prepared based on the utilization of COMFAR III software?

No

32- Does the finance office of the Ministry participate in any aspect of the preparation of capital investment projects?

No – the finance department role is in the payment process , providing the funds, and monitoring the allocation during the execution of the project

33- In case the answer to the number 32 above is yes: Can you please briefly describe what is it the concrete participation of the finance office? (please feel free to attach a separate page indicating the number of this question if needed)

…….

34- Has the finance office or any other office in the ministry developed standard cost metrics to reference capital investment projects preparation? Can you provide with some examples?

There is no standard cost metrics but we depend on a list of prices for supplying the materials and execution of the stages that been sent by the directorate in the provinces and also we use the costs in the previous similar contracts

35- Who in the Ministry prepares the bill of quantities for the proposed capital investment projects

The engineers in the department of planning and designs, each for his project

36- Can you identify any specific instruction by any ministry regarding the requirements and rules for the preparations of a bill of quantities?

No, there is no specific instruction regarding the preparation of bill of quantities, but we use (general properties for roads and bridges (green book)) + the general rules for civil engineering works

37- Is the Finance Office familiar with the application of "Internal Return Rate" analysis to capital investment projects?

No

38- Does the finance office or any other office within the ministry apply the "Internal Return Rates" methodology to analyze capital investment projects?

No

39- If the answer to number 38 above is yes: Can you describe at what moment in the preparation of capital investment projects is the "Internal Return Rate" analysis applied?

……

40- If the answer to number 38 above is no: Is there any other cost/benefit methodology similar to the internal returns rate analysis, applied by the Ministry when prioritizing capital investment projects? Can you briefly describe it?

No

41- Is there a special committee inside the Ministry in charge to define the priorities on capital investment projects to be implemented?

There is no specific committee or specific standards for defining the priorities of projects' execution

42- Who in the ministry determines the priorities for capital investment projects to be implemented?

From the general directorates in the provinces and it gets reviewed by the specialized departments and the foundation DG

43- Is there any internal manual or instruction indicating the way prioritization of capital investment projects should be done?

No

44- Is it the priority of projects determined by any office or person individually?

No

B. BUDGET EXECUTION

Interactions with the main financial and budget authorities

45- Has the Ministry added new projects to be implemented during 2011 from March up today?

Yes

46- Has any additional money for 2011 capital investment budget been allocated to the Ministry after March 2011?

Yes

47- If the answer to number 47 above is yes: Can you please provide the details of amount and reason for the additional money?

The reason was the transfer of the budget " Marshes refreshing" allocation to the capital investment plan

48- Has any capital investment project whose implementation was approved for 2011 been canceled?

No project was approved in 2011

49- If the answer to question 49 above is yes: Can you please detail the projects' names and the amounts?

Project name	Amount

50- Had the Ministry of Finance ever asked from the Ministry for an annual schedule of payments to contractors?

Yes

51- Had the Ministry of Finance ever asked from the Ministry for a monthly schedule of payments to contractors during the year?

Yes

52- Who in the ministry is in charge to prepare the request for disbursements to implement capital investment projects?

Finance department

53- Can you briefly mention and describe the steps to prepare and issue the request for disbursements?

The request is prepared at the finance department to the MOCH / planning and follow up and then it gets sent to the MOF / Accounting directorate to release allocations(funds)

54- How many requests for disbursement for capital investment projects implementation and to what amounts, have been placed by the Ministry during 2011 up to date?

9 requests	388,884,000,000

55- During 2011, how often has the Ministry of Finance disbursed money for capital investment projects?

Date	Amount
As of the attachment	

56- At the end of September 2011 how much is it the balance of the ministry's bank account for capital investment projects?

Cash balance : 47,261,506,379 Books balance: 39,357,456,256

Interactions with the territorial units and Governorates

57- Does the Ministry advertise tenders at governorate level?

No – the advertisement is central and a copy is sent to the provinces but all of the processes are central

58- Do the offices of the ministry in any governorate participated in organizing and performing any tender for 2011 capital investment projects of the Ministry?

No

59- Does any office of the Ministry in the governorates have participated in the process of acceptance of any finalized project during 2011?

No – but they are consulted about the performance of the contractors

60- Has the ministry transferred the execution of any capital investment project to any governor's office during 2011?

No

61- In case the answer to number 66 above is yes can you list them?

#	Governorate	Project name or description	Amount
1	None		
2			
3			

Internal operation

62- How many capital investment projects does the Ministry currently have under implementation?

Number of projects	Total Amount
	2,967,542,000,000

63- What is the total amount required to finalize all the current on going projects?

2,084,415,000,000

64- What is the longest implementing capital investment project the Ministry has currently undergoing?

10 years

65- For how long has the longest implementing capital investment project been going on?

2002

66- When according to the original plan was the longest lasting capital investment project currently under implementation, scheduled to be finalized?

2005

67- Can you briefly describe the main problems faced so far in the implementation of the longest lasting capital investment project?

- the war in 2003 and the problems following
- security situation
- the lack of tar and fuel
- the contradictions and interference

68- When is it expected that the longest lasting capital investment project currently under implementation will be finalized?

2012 – 2014

69- Can you name and indicate the value of the capital investment projects currently under implementation that are planned to require multiyear budget allocations? (to respond please feel free to add a page indicating the number of this question)

#	Project name	Planned total cost	Expected finalization date
1	All projects and as of the attachment		
2			
3			
4			
5			
6			
7			
8			

70- Who inside the Ministry is in charge of requesting the adjudication of land for implementation of capital investment projects?

Foundation directorates in the provinces

71- How many requests for land by the Ministry are currently under processing?

Not countable because of its huge number as a result of the roads length

72- What is the average time frame to obtain the adjudication of land for capital investment projects?

It may be several years according to each project case

73- Who decides the types of contracts that should be applied in each case for implementing the capital investment projects?

As of the process used for long term

74- During 2011 what are the most commonly used types of contracts in the ministry to procure for capital investment projects?

Priced bills of quantities

75- Can you apportion the amount of capital investment funds contracted under each of the types of contracts mentioned in number 80 above, during the year 2011?

Type of contract	Mounts contracted under this type of contract

76- How many contracts to implement capital investment projects have been signed by September 2011?

Number of contracts	Value
150 contracts	462,648,000,000

77- How many of the contracts celebrated in 2011 to implement capital investment projects have been based on public tenders and what is the value of these contracts?

Number of projects adjudicated via public tenders in 2011	Value
All of the contracts	

78- During 2011 has the finance office had any role in the procurement committee?

Yes / in the payment process

79- Who is in charge of preparing tenders?

Department of tenders and contracts / legal department after the completion of all the information by the respective departments in the foundation

80- In case the answers to number 83 above is yes: Can you list the cases and governorates where tenders have been advertised at?

81- In the procurement committee inside the ministry functional?

Yes / because of the simplicity of its work

82- Does the finance office reports to the heads of the ministry the rate of capital budget implementation?

Yes

83- In case the answer to number 82 above is yes: Can you specify the name and periodicity of these reports?

Monthly (financial and technical percentage of completion , payments amounts)

84- Does the finance office prepare an annual or monthly schedule of payments to contractors?

No

85- How long is the waiting time between the presentation of an invoice and the actual payment in the case of contractors of capital investment projects?

Usually 15 – 30 days unless the documents or information are not complete

86- Is there any projection on how much of the ministry's 2011 capital investment budget would be actually utilized until December 2011? (Please attach a copy)

Yes there are prior projection, but we can not put it in reality as accurate because of the sudden situation that interfere the progress of the work

87- Who does this projection?

Supervision and follow up department in coordination with the directorates in the provinces

88- Do the heads of the Ministry receive the projection mentioned in number 86 and how often?

Yes as per there request

89- Who is in charge of opening letters of credit to advance overseas purchases for capital investment projects?

The LC are being opened by the ministry and not by the foundation

90- Is the staff working in the finance department knowledgeable in the procedures for opening letters of credits to import materials, machinery and equipment?

Yes

91- How many letters of credit and for what amount have been opened by the ministry in 2011 to support the implementation of capital investment projects?

#	Number of letters of credit	Amount
	Not known as the LC were opened in the ministry	

92- What is the average time for this ministry to get a letter of credit approved?

In the ministry

93- How many persons work in the finance department of the ministry?

37 employees

94- Can you list the university educated personal in the finance office and their experience in the ministry or in the public sector? (please add a page if needed)

#	Position name	Education	Years of Experience
1	As of the attachment		
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			

12			

95- In your opinion: What functions inside the finance department are not well supported and what would be the way to improve the situation?

Lack of staff Not using electronic system

96- During 2011, how often had either the Supreme Audit Board or the Department of the Inspector General in the ministry held accountable the directorates for delays in the preparation of their statements and trial balances or in the case of their inaccuracy?

No such case happened

97- Does the finance office posses any type of computers (desk tops, lat tops, terminals of the ministry main frame or similar) to support its operation?

Yes

98- If the answer to number 97 above is yes: Can you identify the computers indicating their antiquity and hard drive capacity?

#	Computer brand and model	Memory capacity
1	7 high featured desktops	80 GB
2		
3		
4		
5		
6		
7		
8		

99- Does the Finance Office work its computers in a network environment?

No

100- If the answer to question 99 above is yes: Can you describe the basics of the network (how many sets and the capacity of the server)?

…….

101- Can you identify what activities on the office are supported by computers?

#	Function or activity
1	Typing of letters
2	Monthly reports
3	
4	
5	
6	
7	
8	

102- Can you mention the software utilized in the office for any activities?

#	Software name
1	Microsoft office
2	
3	

103- Does the finance office have internet access?

Yes

104- Is there any other type of electronic communication such as telex or fax or similar functional and available to the finance office nowadays that enables communication with the offices in the governorates?

No

105- How often and to what amounts has the ministry paid benefits to contractors for the finalization of capital investment works on time under the contract in 2011?

No – only appreciation letters

106- Is this office aware that the COR will promote non confidence votes for ministers that don't manage to implement at least 75% of the total annual allocation for capital investment in 2011?

Yes

107- Is this office in possession of a copy of the 2011 annual budget law with its tables?

Yes

FISCAL MANAGEMENT CORE AREA

Assessment Questionnaire for Central Ministries

Dear participant,

Thank you for participating in this assessment. Tarabot is looking to confirm certain points prior identified by Iraqi government as problems that hinder expedient execution of the capital budget funds. Tarabot is also looking to identify additional elements that affect the best possible budget preparation and execution of capital investment funds in your agency. By answering these questions, you are not committing your self to any further work. This assessment is supported and authorized by the Council of Ministers and by your Minister, and your full and honest cooperation in answering these questions will be very helpful. When answering these questions, please feel free to add comments that you feel are required to make your answer satisfactorily clear. For that purpose, additional sheets of paper can be added to this questionnaire at will. In case one or more questions can not be answered by your office, please indicate which office you think could best answer the question.

Because many of the questions may require consulting many files, it is expected that this questionnaire will take up to two weeks to complete. The Tarabot fiscal management consultant will visit your ministry often to help the progress of the questionnaire.

We expect this survey to serve as a major input in efforts to improve the performance of the Ministry, and we ensure that your contribution is valued highly and will be considered during the improvement process.

Dear surveyor:

The following questionnaire aims to verify information and to further explore aspects of budget operation in the ministry that may need assistance to improve the execution of the capital investment budget. The questions are mainly open and it is important to encourage participants to provide substantive answers at every opportunity.

Although some questions request numeric data, this is mainly to test the easiness and availability of this information rather than to actually obtain the data. In this case, if the data is not immediately available or cannot be made ready in a reasonable amount of time, it would be enough to mention this in the space for answering the question.

Even if the opinion of the participants is key, it is important to note when the participant's answer appears to be a mere opinion, and it is important to try to contrast these answers with reality and facts whenever possible. For example, if the interviewed person's opinion is that the payments to contractors are made on time, it is necessary to verify how long it actually does take to pay an invoice.

The survey also looks to test officials' understanding and friendliness about subjects such as de-concentration and decentralization of their functions. In this sense, it is important to look for the attitude beyond the words and take the corresponding notes.

This questionnaire is a tool that will be completed with a mapping exercise of the financial management functions in the entities that volunteer to participate.

Date:_ _____3 of Feb. 2012_____

Ministry name: _____ Ministry of Municipality and Public Work ____

Code:_____

Office(s) Answering the Questionnaire:_____
_____

A. BUDGET PREPARATION STAGE

Interactions with the main financial and budget authorities

1- What office or team is in charge of consolidating the budget request for this ministry?

No team work - prepared by the Department of Planning and Investigate in each General Directorate and it rallying at the Department of General Directorate of Planning and Investigate of the headquarters of the ministry \ Department of Planning.

2- Are you familiar with the Government's program or has the government's program been explained to the ministry officials?

Yes.

3- If the answer to the number 2 above is yes: Can you briefly describe how the Government's program is being applied in the Ministry—E.G. Sector policies, internal policies, specific sector programs?

The planning will complete it under the specified program according to each a specific sector related to the ministry work (water, sewage (wastewater), and municipal services).

4- Are you familiar with the National Development Plan?

No.

5- Can you briefly describe how is the National Development Plan being implemented in this sector by the ministry?

According to the need of completion of sewer services designs

6- Are you familiar with the medium term capital investment strategy 2010-2014?

Yes, (departments of planning and Investigate in General Directorates and Planning Section at the General Directorate for Planning and Investigate).

7- How many of the 2011 capital investment projects come out of the strategy mentioned in number 6 above? Can you identify them by name and amount? (please feel free to add a page with the answer indicating the number of the question)

#	Project name	Amount
1	It does not. Recycling the carried out and continuous projects which have been implemented since 2010	
2	16 Project within work plan of 2010	
3		
4		
5		
6		

8- How many capital investment projects were introduced in the annual budget request for the 2011 capital investment budget of the Ministry?

51 Projects

9- How many of the requested projects were actually approved?

16 Projects

10- In case any of the requested capital investment projects was not included in the 2011 approved budget: Do you know the concrete reasons?

Lack of allocations

11- Who negotiates the capital investment budget with the Ministry of Planning?

General managers + directors of departments of planning and Investigate in their directors +
General Directors for Planning and Investigat in the center of the ministry + Director of the Department of Planning

12- Does the ministry have specialized personnel in the area of preparation of feasibility studies?

No.

13- When did the Ministry receive the budget call circular to present the 2011 draft budget?

by July.

14- Did the timing of the budget call circular represent any complexity for this ministry's operation?

There is no complexity.

15- Does the minister get invited to the Council of Ministers to support the budget request or to negotiate reductions to the budget request and to determine sector priorities?

Yes.

16- Is there a role for parliamentary committees on the budget process of the ministry (Such as the Education Committee in the budget process for the Ministry of Education)?

No.

17- Is the ministry linked to any computer system to record and inscribe capital investment projects?

No.

18- Who in the ministry prepares the standard forms for project analysis and inscription required by the Ministry of Planning?

No one.

19- How many projects have been fully transferred into the standard projects inscription form?

Nothing.

20- Have all the projects with inscription form been entered into the data base of the Ministry of Planning?

No is not.

21- What office or specific official is in charge of up dating the computer system for capital investment projects established by the Ministry of Planning?

Recently, there is no available employee (IDMS system).

22- Does the ministry have a terminal to enter the information and up dates on capital investment projects to the computer system of the ministry of planning or just sends documents for the processing at the Ministry of Planning?

Its only sending to the MoP.

23- Does the Ministry have a terminal for consulting the data base of projects at the Ministry of Planning?

There is a special system of follow-up the projects.

Interaction with the territorial units and Governorates

24- Was any capital investment project approved in the Ministry's 2011 budget either consulted with or comes from a request by any of the 15 governors offices?

Yes.

25- If the answer to number 24 above is yes: Can you please list the projects and the amounts budgeted for each governorate? (please fell free to add a sheet of paper indicating the number of the questions if needed)

Governorate	Name of project	Amount
Deyala	Implementation of the Municipal Building of Muqdadiya city	
Deyala	Implementation of the	

	Municipal Building of Kan'an city	

26- Was any capital investment project in the Ministry's 2011 budget either requested or prepared by any of the Ministry's offices in any of the Governorates?

No.

27- If the answer to number 26 above is yes: Can you please list the projects and the amounts?

Governorate	Name of project	Amount

Internal operation

28- Is there a strategy or plan inside the Ministry that extends more than a year and can be used in developing the annual budget?

Yes.

29- Are you familiar with the COMFAR III software for feasibility studies preparation?

No.

30- Is there any office in the Ministry nowadays using the COMFAR III software?

No

31- Has any capital investment project to be implemented in 2011 been prepared based on the utilization of COMFAR III software?

No.

32- Does the finance office of the Ministry participate in any aspect of the preparation of capital investment projects?

No.

33- In case the answer to the number 32 above is yes: Can you please briefly describe what is it the concrete participation of the finance office? (please feel free to attach a separate page indicating the number of this question if needed)

No.

34- Has the finance office or any other office in the ministry developed standard cost metrics to reference capital investment projects preparation? Can you provide with some examples?

No

35- Who in the Ministry prepares the bill of quantities for the proposed capital investment projects

Department of designs in each General Director.

36- Can you identify any specific instruction by any ministry regarding the requirements and rules for the preparations of a bill of quantities?

Its not from the Ministry.

37- Is the Finance Office familiar with the application of “Internal Return Rate” analysis to capital investment projects?

No.

38- Does the finance office or any other office within the ministry apply the “Internal Return Rates” methodology to analyze capital investment projects?

No.

39- If the answer to number 38 above is yes: Can you describe at what moment in the preparation of capital investment projects is the “Internal Return Rate” analysis applied?

40- If the answer to number 39 above is no: Is there any other cost/benefit methodology similar to the internal returns rate analysis, applied by the Ministry when prioritizing capital investment projects? Can you briefly describe it?

41- Is there a special committee inside the Ministry in charge to define the priorities on capital investment projects to be implemented?

Specified by each General Director.

42- Who in the ministry determines the priorities for capital investment projects to be implemented?

The General Manager – The Minister.

43- Is there any internal manual or instruction indicating the way prioritization of capital investment projects should be done?

Criterion of density population and the percentage allocations for previous years.

44- Is it the priority of projects determined by any office or person individually?

No one.

B. BUDGET EXECUTION

Interactions with the main financial and budget authorities

45- Does any committee determine projects priorities? Can you briefly describe the committee?

No.

B. BUDGET EXECUTION

Interactions with the main financial and budget authorities

46- Has the Ministry added new projects to be implemented during 2011 from March up today?

No.

47- Has any additional money for 2011 capital investment budget been allocated to the Ministry after March 2011?

No.

48- If the answer to number 47 above is yes: Can you please provide the details of amount and reason for the additional money?

49- Has any capital investment project whose implementation was approved for 2011 been canceled?

No.

50- If the answer to question 49 above is yes: Can you please detail the projects' names and the amounts?

Project name	Amount

51- Had the Ministry of Finance ever asked from the Ministry for an annual schedule of payments to contractors?

No.

52- Who in the ministry is in charge to prepare the request for disbursements to implement capital investment projects?

Considered by the General Directorate for Planning and Investigate to approach the Ministry of Finance at the request of the directorates

53- Can you briefly mention and describe the steps to prepare and issue the request for disbursements?

1. Might issue instructions determine the proportion of payment.

2. Providing Bank detection revealed the left of allocations and then approached the Ministry of Finance to increase funding.

54- Had the Ministry of Finance ever asked from the Ministry for an monthly schedule of payments to contractors during the year?

55- Who in the ministry is in charge to prepare the request for disbursements to implement capital investment projects?

56- Can you briefly mention and describe the steps to prepare and issue the request for disbursements?

57- How many requests for disbursement for capital investment projects implementation and to what amounts, have been placed by the Ministry during 2011 up to date?

4	Water

58- During 2011, how often has the Ministry of Finance disbursed money for capital investment projects?

Date	Amount
12/May/2011	50,000,000,000 Water
31/Aug./2011	50,000,000,000 Water
14/Aug./2011	150,000,000,000 Swage
General Directorate of Municipalities Urban Planning	100,000,000,000 1,500,000,000

59- At the end of September 2011 how much is it the balance of the ministry's bank account for capital investment projects?

135,000,000,000 Swage
235,833,440,329,618Water
1,080,004,119General Director
354,994,760Urban Planning

60- How many requests for disbursement for capital investment projects implementation and to what amounts, have been placed by the Ministry during 2011 up to date?

61- During 2011, how often has the Ministry of Finance disbursed money for capital investment projects?

Date	Amount

62- At the end of September 2011 how much is it the balance of the ministry's bank account for capital investment projects?

Interactions with the territorial units and Governorates

63- Does the Ministry advertise tenders at governorate level?

Yes, in limited cases

64- Do the offices of the ministry in any governorate participated in organizing and performing any tender for 2011 capital investment projects of the Ministry?

Yes.

65- Does any office of the Ministry in the governorates have participated in the process of acceptance of any finalized project during 2011?

Yes, for municipal services and is Chairman of the Receipt Committee from the ministry. No, Both for water, sewage and urban planning

66- Has the ministry transferred the execution of any capital investment project to any governor's office during 2011?

No.

67- In case the answer to number 66 above is yes can you list them?

#	Governorate	Project name or description	Amount
1			
2			
3			

Internal operation

68- How many capital investment projects does the Ministry currently have under implementation?

Number of projects	Total Amount
26 Projects.	

69- What is the total amount required to finalize all the current on going projects?

Depending on the amount of the assignment

70- What is the longest implementing capital investment project the Ministry has currently undergoing?

Kout Water Project. Building of multi-storey parking in Diwaniya

71- For how long has the longest implementing capital investment project been going on?

Kout water project since 2005.
Building of multi-storey parking in Diwaniya city since 2007

72- Can you briefly describe the main problems faced so far in the implementation of the longest lasting capital investment project?

Poor performance of the executing companies

73- When is it expected that the longest lasting capital investment project currently under implementation will be finalized?

Kout Water Project in First of Jan. 2009
Building of multi-storey parking in Diwaniya city in 12/ June 2009

74- When according to the original plan was the longest lasting capital investment project currently under implementation, scheduled to be finalized?

An indefinite period

75- Can you name and indicate the value of the capital investment projects currently under implementation that are planned to require multiyear budget allocations? (to respond please feel free to add a page indicating the number of this question)

#	Project name	Planned total cost	Expected finalization date
1			
2			
3			
4			
5			

6			
7			
8			

76- Who inside the Ministry is in charge of requesting the adjudication of land for implementation of capital investment projects?

☒
Legal and Property Department .

77- How many requests for land by the Ministry are currently under processing?

25 Orders.

78- What is the average time frame to obtain the adjudication of land for capital investment projects?

No specify period of time.

79- Who decides the contractual vehicles under which capital investment expenditures are channeled?

As directed by the head of the department

80- During 2011 what are the most commonly used types of contracts in the ministry to procure for capital investment projects?

Keys hand over.

81- Can you apportion the amount of capital investment funds contracted under each of the types of contracts mentioned in number 80 above, during the year 2011?

Type of contract	Mounts contracted under this type of contract
11 Contracts, Keys hand	874,054,257,232

over.	
Execution of 4 Contract	27,211,762,000
Outfit 2 contracts	7,448,450,000
Consulting Services Zero	0
Total	908,714,469,232

82- How many contracts to implement capital investment projects have been signed by September 2011?

Number of contracts	Value
12	

83- How many of the contracts celebrated in 2011 to implement capital investment projects have been based on public tenders and what is the value of these contracts?

Number of projects adjudicated via public tenders in 2011	Value
17	908,714,469,232

84- During 2011 has the finance office had any role in the procurement committee?

Yes.

85- Who is in charge of preparing tenders?

Legal Department and the Department of Design

86- In case the answers to number 83 above is yes: Can you list the cases and governorates where tenders have been advertised at?

project Badra municipality Building	

87- In the procurement committee inside the ministry functional?

Yes.

88- Does the finance office reports to the heads of the ministry the rate of capital budget implementation?

No - the Planning Department to do these reports.

89- In case the answer to number 88 above is yes: Can you specify the name and periodicity of these reports?

90- Does the finance office prepare an annual or monthly schedule of payments to contractors?

Yes.

91- How long is the waiting time between the presentation of an invoice and the actual payment in the case of contractors of capital investment projects?

Not more than two weeks or several days in the case of errors in the invoice.

92- Is there any projection on how much of the ministry's 2011 capital investment budget would be actually utilized until December 2011? (Please attach a copy)

Yes.

93- Who does this projection?

Finance Dept.

94- Do the heads of the Ministry receive the projection mentioned in number 92 and how often?

Yes - monthly, bi-monthly

95- Who is in charge of opening letters of credit to advance overseas purchases for capital investment projects?

Trade Dept.

96- Is the staff working in the finance department knowledgeable in the procedures for opening letters of credits to import materials, machinery and equipment?

Yes.

97- How many letters of credit and for what amount have been opened by the ministry in 2011 to support the implementation of capital investment projects?

#	Number of letters of credit	Amount
	6 Letters Water & Swage	$ 191,158,013

98- What is the average time for this ministry to get a letter of credit approved?

Nearly one year.

99- How many persons work in the finance department of the ministry?

86 employees

100- Can you list the university educated personal in the finance office and their experience in the ministry or in the public sector? (please add a page if needed)

FISCAL MANAGEMENT CORE AREA

Assessment Questionnaire for Central Ministries

#	Position name	Education	Years of Experience
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			

101- In your opinion: What functions inside the finance department are not well supported and what would be the way to improve the situation?

1. the stopping of the recruitments lead to Lack of specialized personnel.

2. Lack of specialized training courses

102- During 2011, how often had either the Supreme Audit Board or the Department of the Inspector General in the ministry held accountable the directorates for delays in the preparation of their statements and trial balances or in the case of their inaccuracy?

Yes, because of weakness of their specialist staff, it led to the delay of some branches in the provinces.

103- Does the finance office posses any type of computers (desk tops, lat tops, terminals of the ministry main frame or similar) to support its operation?

Yes.

104- If the answer to number 103 above is yes: Can you identify the computers indicating their antiquity and hard drive capacity?

#	Computer brand and model	Memory capacity
1	7 Computers with Hi-Tech specification	
2		
3		
4		
5		
6		
7		
8		

105- Does the Finance Office work its computers in a network environment?

Yes and through the technology of information,but only for archiving

106- If the answer to question 105 above is yes: Can you describe the basics of the network (how many sets and the capacity of the server)?

107- Can you identify what activities on the office are supported by computers?

#	Function or activity
1	
2	
3	
4	
5	
6	
7	
8	

108- Can you mention the software utilized in the office for any activities?

#	Software name
1	Salaries System
2	Unified Accounting System
3	

109- Does the finance office have internet access?

not in the financial section, but in the Department of computer

110- Is there any other type of electronic communication such as telex or fax or similar functional and available to the finance office nowadays that enables communication with the offices in the governorates?

By Email through Computer Dept.

111- How often and to what amounts has the ministry paid benefits to contractors for the finalization of capital investment works on time under the contract in 2011?

No.

112- Is this office aware that the COR will promote non confidence votes for ministers that don't manage to implement at least 75% of the total annual allocation for capital investment in 2011?

Yes.

113- Is this office in possession of a copy of the 2011 annual budget law with its tables?

Yes.

FISCAL MANAGEMENT CORE AREA

Assessment Questionnaire for Central Ministries

Dear participant,

Thank you for participating in this assessment. Tarabot is looking to confirm certain points prior identified by Iraqi government as problems that hinder expedient execution of the capital budget funds. Tarabot is also looking to identify additional elements that affect the best possible budget preparation and execution of capital investment funds in your agency. By answering these questions, you are not committing your self to any further work. This assessment is supported and authorized by the Council of Ministers and by your Minister, and your full and honest cooperation in answering these questions will be very helpful. When answering these questions, please feel free to add comments that you feel are required to make your answer satisfactorily clear. For that purpose, additional sheets of paper can be added to this questionnaire at will. In case one or more questions can not be answered by your office, please indicate which office you think could best answer the question.

Because many of the questions may require consulting many files, it is expected that this questionnaire will take up to two weeks to complete. The Tarabot fiscal management consultant will visit your ministry often to help the progress of the questionnaire.

We expect this survey to serve as a major input in efforts to improve the performance of the Ministry, and we ensure that your contribution is valued highly and will be considered during the improvement process.

Dear surveyor:

The following questionnaire aims to verify information and to further explore aspects of budget operation in the ministry that may need assistance to improve the execution of the capital investment budget. The questions are mainly open and it is important to encourage participants to provide substantive answers at every opportunity.

Although some questions request numeric data, this is mainly to test the easiness and availability of this information rather than to actually obtain the data. In this case, if the data is not immediately available or cannot be made ready in a reasonable amount of time, it would be enough to mention this in the space for answering the question.

Even if the opinion of the participants is key, it is important to note when the participant's answer appears to be a mere opinion, and it is important to try to contrast these answers with reality and facts whenever possible. For example, if the interviewed person's opinion is that the payments to contractors are made on time, it is necessary to verify how long it actually does take to pay an invoice.

The survey also looks to test officials' understanding and friendliness about subjects such as de-concentration and decentralization of their functions. In this sense, it is important to look for the attitude beyond the words and take the corresponding notes.

This questionnaire is a tool that will be completed with a mapping exercise of the financial management functions in the entities that volunteer to participate.

FISCAL MANAGEMENT CORE AREA
Assessment Questionnaire for Central Ministries

Date:_____ 9 / 1/ 2012 _____

Ministry name:_____ Ministry of Immigration and Migrants _____

Code:_____

Office(s) Answering the Questionnaire:_____
_____

A. BUDGET PREPARATION STAGE

Interactions with the main financial and budget authorities

1- What office or team is in charge of consolidating the budget request for this ministry?

Administrative and Financial Directorate , and Planning and Follow up Directorate

2- Are you familiar with the Government's program or has the government's program been explained to the ministry officials?

Yes

3- If the answer to the number 2 above is yes: Can you briefly describe how the Government's program is being applied in the Ministry—E.G. Sector policies, internal policies, specific sector programs?

4- Are you familiar with the National Development Plan?

No

5- Can you briefly describe how is the National Development Plan being implemented in this sector by the ministry?

No

6- Are you familiar with the medium term capital investment strategy 2010-2014?

Yes

7- How many of the 2011 capital investment projects come out of the strategy mentioned in number 6 above? Can you identify them by name and amount? (please feel free to add a page with the answer indicating the number of the question)

#	Project name	Amount
1	Housing compound / Babil	62,500,000,000
2	Housing compound / Karbala	62,500,000,000
3		
4		
5		
6		

8- How many capital investment projects were introduced in the annual budget request for the 2011 capital investment budget of the Ministry?

Generally all of these projects are continuous and there is project (Ministry office in Wasit) was added in 2012

9- How many of the requested projects were actually approved?

6 projects

10- In case any of the requested capital investment projects was not included in the 2011 approved budget: Do you know the concrete reasons?

Some of the reasons:

- Insufficiency of fiscal allocation
- Not completing the land possession processes

11- Who negotiates the capital investment budget with the Ministry of Planning?

Directorate of planning and follow up

12- Does the ministry have specialized personnel in the area of preparation of feasibility studies?

No

13- When did the Ministry receive the budget call circular to present the 2011 draft budget?

On June, the submission and negotiation happens in August

14- Did the timing of the budget call circular represent any complexity for this ministry's operation?

No

15- Does the minister get invited to the Council of Ministers to support the budget request or to negotiate reductions to the budget request and to determine sector priorities?

Yes

16- Is there a role for parliamentary committees on the budget process of the ministry (Such as the Education Committee in the budget process for the Ministry of Education)?

Yes

17- Is the ministry linked to any computer system to record and inscribe capital investment projects?

No

18- Who in the ministry prepares the standard forms for project analysis and inscription required by the Ministry of Planning?

Directorate of planning and follow up

19- How many projects have been fully transferred into the standard projects inscription form?

Only one project (Bassrah Compound)

20- Have all the projects with inscription form been entered into the data base of the Ministry of Planning?

Yes

21- What office or specific official is in charge of up dating the computer system for capital investment projects established by the Ministry of Planning?

None

22- Does the ministry have a terminal to enter the information and up dates on capital investment projects to the computer system of the ministry of planning or just sends documents for the processing at the Ministry of Planning?

No

23- Does the Ministry have a terminal for consulting the data base of projects at the Ministry of Planning?

No known

Interaction with the territorial units and Governorates

24- Was any capital investment project approved in the Ministry's 2011 budget either consulted with or comes from a request by any of the 15 governors offices?

No

25- If the answer to number 24 above is yes: Can you please list the projects and the amounts budgeted for each governorate? (please fell free to add a sheet of paper indicating the number of the questions if needed)

Governorate	Name of project	Amount

26- Was any capital investment project in the Ministry's 2011 budget either requested or prepared by any of the Ministry's offices in any of the Governorates?

No

27- If the answer to number 26 above is yes: Can you please list the projects and the amounts?

Governorate	Name of project	Amount

Internal operation

28- Is there a strategy or plan inside the Ministry that extends more than a year and can be used in developing the annual budget?

The ministry is working on the five years plan

29- Are you familiar with the COMFAR III software for feasibility studies preparation?

No

30- Is there any office in the Ministry nowadays using the COMFAR III software?

No

31- Has any capital investment project to be implemented in 2011 been prepared based on the utilization of COMFAR III software?

No

32- Does the finance office of the Ministry participate in any aspect of the preparation of capital investment projects?

Yes

33- In case the answer to the number 32 above is yes: Can you please briefly describe what is it the concrete participation of the finance office? (please feel free to attach a separate page indicating the number of this question if needed)

The finance department is responsible of the investment agenda of the ministry, and it is the department that does the expenditures on the projects execution

34- Has the finance office or any other office in the ministry developed standard cost metrics to reference capital investment projects preparation? Can you provide with some examples?

No, the budgeting unit in the planning and follow up is responsible of that

35- Who in the Ministry prepares the bill of quantities for the proposed capital investment projects

Usually ministry of construction and housing

36- Can you identify any specific instruction by any ministry regarding the requirements and rules for the preparations of a bill of quantities?

Yes, instruction of ministry of immigration and migrants

37- Is the Finance Office familiar with the application of "Internal Return Rate" analysis to capital investment projects?

No

38- Does the finance office or any other office within the ministry apply the "Internal Return Rates" methodology to analyze capital investment projects?

No

39- If the answer to number 38 above is yes: Can you describe at what moment in the preparation of capital investment projects is the "Internal Return Rate" analysis applied?

……..

40- If the answer to number 38 above is no: Is there any other cost/benefit methodology similar to the internal returns rate analysis, applied by the Ministry when prioritizing capital investment projects? Can you briefly describe it?

No

41- Is there a special committee inside the Ministry in charge to define the priorities on capital investment projects to be implemented?

No

42- Who in the ministry determines the priorities for capital investment projects to be implemented?

Directorate of planning and follow up

43- Is there any internal manual or instruction indicating the way prioritization of capital investment projects should be done?

No

44- Is it the priority of projects determined by any office or person individually?

Directorate of planning and follow up

B. BUDGET EXECUTION

Interactions with the main financial and budget authorities

45- Has the Ministry added new projects to be implemented during 2011 from March up today?

One project and was advertised

46- Has any additional money for 2011 capital investment budget been allocated to the Ministry after March 2011?

Yes

47- If the answer to number 47 above is yes: Can you please provide the details of amount and reason for the additional money?

5,500,000,000 / the reason was that the 2011 allocation was expended all.

48- Has any capital investment project whose implementation was approved for 2011 been canceled?

No

49- If the answer to question 49 above is yes: Can you please detail the projects' names and the amounts?

Project name	Amount

50- Had the Ministry of Finance ever asked from the Ministry for an annual schedule of payments to contractors?

Yes, monthly and annually tables and reports are being submitted

51- Had the Ministry of Finance ever asked from the Ministry for a monthly schedule of payments to contractors during the year?

Yes, we are preparing monthly trial balance and all the analytic reports and the tables and reports attached to it

52- Who in the ministry is in charge to prepare the request for disbursements to implement capital investment projects?

Finance department

53- Can you briefly mention and describe the steps to prepare and issue the request for disbursements?

54- How many requests for disbursement for capital investment projects implementation and to what amounts, have been placed by the Ministry during 2011 up to date?

55- During 2011, how often has the Ministry of Finance disbursed money for capital investment projects?

Date	Amount
14 / 4/ 2011	3,000,000,000
23 / 8 / 2011	3,000,000,000
9 / 10 / 2011	3,000,000,000
14 / 12 / 2011	4,500,000,000

56- At the end of September 2011 how much is it the balance of the ministry's bank account for capital investment projects?

1,865,295,566

Interactions with the territorial units and Governorates

57- Does the Ministry advertise tenders at governorate level?

Yes

58- Do the offices of the ministry in any governorate participated in organizing and performing any tender for 2011 capital investment projects of the Ministry?

No

59- Does any office of the Ministry in the governorates have participated in the process of acceptance of any finalized project during 2011?

Yes

60- Has the ministry transferred the execution of any capital investment project to any governor's office during 2011?

No

61- In case the answer to number 66 above is yes can you list them?

#	Governorate	Project name or description	Amount
1			
2			
3			

Internal operation

62- How many capital investment projects does the Ministry currently have under implementation?

Number of projects	Total Amount
5	16,255,312,865

63- What is the total amount required to finalize all the current on going projects?

Not identified

64- What is the longest implementing capital investment project the Ministry has currently undergoing?

Employees building # 2 for the company "Masarat Aldowaliyah Group"

65- For how long has the longest implementing capital investment project been going on?

Since 2009

66- When according to the original plan was the longest lasting capital investment project currently under implementation, scheduled to be finalized?

2010

67- Can you briefly describe the main problems faced so far in the implementation of the longest lasting capital investment project?

No

68- When is it expected that the longest lasting capital investment project currently under implementation will be finalized?

During current year 2012

69- Can you name and indicate the value of the capital investment projects currently under implementation that are planned to require multiyear budget allocations? (to respond please feel free to add a page indicating the number of this question)

#	Project name	Planned total cost	Expected finalization date
1	Bassrah Project	50,000,000,000	
2	Maysan Project	34,000,000,000	
3			
4			
5			
6			
7			
8			

70- Who inside the Ministry is in charge of requesting the adjudication of land for implementation of capital investment projects?

Directorate of planning and follow up

71- How many requests for land by the Ministry are currently under processing?

72- What is the average time frame to obtain the adjudication of land for capital investment projects?

Not known and as per the respective entity's process

73- Who decides the types of contracts that should be applied in each case for implementing the capital investment projects?

Contracting department

74- During 2011 what are the most commonly used types of contracts in the ministry to procure for capital investment projects?

Construction contracts

75- Can you apportion the amount of capital investment funds contracted under each of the types of contracts mentioned in number 80 above, during the year 2011?

Type of contract	Mounts contracted under this type of contract

76- How many contracts to implement capital investment projects have been signed by September 2011?

Number of contracts	Value

77- How many of the contracts celebrated in 2011 to implement capital investment projects have been based on public tenders and what is the value of these contracts?

Number of projects adjudicated via public tenders in 2011	Value

78- During 2011 has the finance office had any role in the procurement committee?

No

79- Who is in charge of preparing tenders?

Contracting department

80- In case the answers to number 83 above is yes: Can you list the cases and governorates where tenders have been advertised at?

81- In the procurement committee inside the ministry functional?

Yes

82- Does the finance office reports to the heads of the ministry the rate of capital budget implementation?

Yes

83- In case the answer to number 82 above is yes: Can you specify the name and periodicity of these reports?

Monthly trial balances

84- Does the finance office prepare an annual or monthly schedule of payments to contractors?

Yes monthly trial balances and all the analytic reports and tables attached to it

85- How long is the waiting time between the presentation of an invoice and the actual payment in the case of contractors of capital investment projects?

20 days

86- Is there any projection on how much of the ministry's 2011 capital investment budget would be actually utilized until December 2011? (Please attach a copy)

No

87- Who does this projection?

Planning and follow up

88- Do the heads of the Ministry receive the projection mentioned in number 86 and how often?

89- Who is in charge of opening letters of credit to advance overseas purchases for capital investment projects?

None

90- Is the staff working in the finance department knowledgeable in the procedures for opening letters of credits to import materials, machinery and equipment?

None

91- How many letters of credit and for what amount have been opened by the ministry in 2011 to support the implementation of capital investment projects?

#	Number of letters of credit	Amount

92- What is the average time for this ministry to get a letter of credit approved?

93- How many persons work in the finance department of the ministry?

94- Can you list the university educated personal in the finance office and their experience in the ministry or in the public sector? (please add a page if needed)

#	Position name	Education	Years of Experience
1	As of attachment		
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			

95- In your opinion: What functions inside the finance department are not well supported and what would be the way to improve the situation?

The budgeting sub department is not well supported, we suggest to make it department to get supported

96- During 2011, how often had either the Supreme Audit Board or the Department of the Inspector General in the ministry held accountable the directorates for delays in the preparation of their statements and trial balances or in the case of their inaccuracy?

None

97- Does the finance office posses any type of computers (desk tops, lat tops, terminals of the ministry main frame or similar) to support its operation?

Yes , desktop

98- If the answer to number 97 above is yes: Can you identify the computers indicating their antiquity and hard drive capacity?

#	Computer brand and model	Memory capacity
1		
2		
3		
4		
5		
6		
7		
8		

99- Does the Finance Office work its computers in a network environment?

No

100- If the answer to question 99 above is yes: Can you describe the basics of the network (how many sets and the capacity of the server)?

101- Can you identify what activities on the office are supported by computers?

#	Function or activity
1	
2	

3	
4	
5	
6	
7	
8	

102- Can you mention the software utilized in the office for any activities?

#	Software name
1	
2	
3	

103- Does the finance office have internet access?

Yes

104- Is there any other type of electronic communication such as telex or fax or similar functional and available to the finance office nowadays that enables communication with the offices in the governorates?

No

105- How often and to what amounts has the ministry paid benefits to contractors for the finalization of capital investment works on time under the contract in 2011?

None

106- Is this office aware that the COR will promote non confidence votes for ministers that don't manage to implement at least 75% of the total annual allocation for capital investment in 2011?

Yes

107- Is this office in possession of a copy of the 2011 annual budget law with its tables?

Yes – without the tables

FISCAL MANAGEMENT CORE AREA

Assessment Questionnaire for Central Ministries

Dear participant,

Thank you for participating in this assessment. Tarabot is looking to confirm certain points prior identified by Iraqi government as problems that hinder expedient execution of the capital budget funds. Tarabot is also looking to identify additional elements that affect the best possible budget preparation and execution of capital investment funds in your agency. By answering these questions, you are not committing your self to any further work. This assessment is supported and authorized by the Council of Ministers and by your Minister, and your full and honest cooperation in answering these questions will be very helpful. When answering these questions, please feel free to add comments that you feel are required to make your answer satisfactorily clear. For that purpose, additional sheets of paper can be added to this questionnaire at will. In case one or more questions can not be answered by your office, please indicate which office you think could best answer the question.

Because many of the questions may require consulting many files, it is expected that this questionnaire will take up to two weeks to complete. The Tarabot fiscal management consultant will visit your ministry often to help the progress of the questionnaire.

We expect this survey to serve as a major input in efforts to improve the performance of the Ministry, and we ensure that your contribution is valued highly and will be considered during the improvement process.

Dear surveyor:

The following questionnaire aims to verify information and to further explore aspects of budget operation in the ministry that may need assistance to improve the execution of the capital investment budget. The questions are mainly open and it is important to encourage participants to provide substantive answers at every opportunity.

Although some questions request numeric data, this is mainly to test the easiness and availability of this information rather than to actually obtain the data. In this case, if the data is not immediately available or cannot be made ready in a reasonable amount of time, it would be enough to mention this in the space for answering the question.

Even if the opinion of the participants is key, it is important to note when the participant's answer appears to be a mere opinion, and it is important to try to contrast these answers with reality and facts whenever possible. For example, if the interviewed person's opinion is that the payments to contractors are made on time, it is necessary to verify how long it actually does take to pay an invoice.

The survey also looks to test officials' understanding and friendliness about subjects such as de-concentration and decentralization of their functions. In this sense, it is important to look for the attitude beyond the words and take the corresponding notes.

This questionnaire is a tool that will be completed with a mapping exercise of the financial management functions in the entities that volunteer to participate.

Date:_____ 10 / 1 / 2012 _____

Ministry name:_____ Ministry of Human Rights _____

Code:_____

Office(s) Answering the Questionnaire: __ Administrative and financial directorate / finance department _____
_____

A. BUDGET PREPARATION STAGE

Interactions with the main financial and budget authorities

1- What office or team is in charge of consolidating the budget request for this ministry?

A committee is being formed by the ministry that includes specialists in budget preparation from the administrative and financial directorate / finance department, and the directorate of research and studies, within the specified period to prepare the budget to be negotiated ate the MOF and MOP

2- Are you familiar with the Government's program or has the government's program been explained to the ministry officials?

Yes

3- If the answer to the number 2 above is yes: Can you briefly describe how the Government's program is being applied in the Ministry—E.G. Sector policies, internal policies, specific sector programs?

The program is being prepared in coordination with all directorates of the ministry and the ministry work plan for next year is negotiated, and what possibilities to execute and identifying the problems and obstacles that faces the execution of the plan

4- Are you familiar with the National Development Plan?

Yes

5- Can you briefly describe how is the National Development Plan being implemented in this sector by the ministry?

The national plan was implemented in the ministry preliminary, the program of the capital projects was entered and the work is under process

6- Are you familiar with the medium term capital investment strategy 2010-2014?

Yes

7- How many of the 2011 capital investment projects come out of the strategy mentioned in number 6 above? Can you identify them by name and amount? (please feel free to add a page with the answer indicating the number of the question)

#	Project name	Amount
1		
2		

3		
4		
5		
6		

8- How many capital investment projects were introduced in the annual budget request for the 2011 capital investment budget of the Ministry?

3 projects

9- How many of the requested projects were actually approved?

Only one

10- In case any of the requested capital investment projects was not included in the 2011 approved budget: Do you know the concrete reasons?

……..

11- Who negotiates the capital investment budget with the Ministry of Planning?

A committee formed by administrative order from the directorates of administrative and financial, researches and studies

12- Does the ministry have specialized personnel in the area of preparation of feasibility studies?

Yes

13- When did the Ministry receive the budget call circular to present the 2011 draft budget?

June of each year

14- Did the timing of the budget call circular represent any complexity for this ministry's operation?

No

15- Does the minister get invited to the Council of Ministers to support the budget request or to negotiate reductions to the budget request and to determine sector priorities?

No

16- Is there a role for parliamentary committees on the budget process of the ministry (Such as the Education Committee in the budget process for the Ministry of Education)?

Yes

17- Is the ministry linked to any computer system to record and inscribe capital investment projects?

Yes

18- Who in the ministry prepares the standard forms for project analysis and inscription required by the Ministry of Planning?

Planning department in the directorate of studies and the sub-department of investment budgeting in the finance department at the administrative and financial directorate

19- How many projects have been fully transferred into the standard projects inscription form?

One project

20- Have all the projects with inscription form been entered into the data base of the Ministry of Planning?

No

21- What office or specific official is in charge of up dating the computer system for capital investment projects established by the Ministry of Planning?

administrative and financial directorate / IT department

22- Does the ministry have a terminal to enter the information and up dates on capital investment projects to the computer system of the ministry of planning or just sends documents for the processing at the Ministry of Planning?

Only documents are provided to MOP

23- Does the Ministry have a terminal for consulting the data base of projects at the Ministry of Planning?

Within the NDP

Interaction with the territorial units and Governorates

24- Was any capital investment project approved in the Ministry's 2011 budget either consulted with or comes from a request by any of the 15 governors offices?

Yes

25- If the answer to number 24 above is yes: Can you please list the projects and the amounts budgeted for each governorate? (please fell free to add a sheet of paper indicating the number of the questions if needed)

Governorate	Name of project	Amount
	National network to purchase lands in all	500,000,000

	provinces except KR to build ministry's offices and the agreement with MOCH was done for execution	

26- Was any capital investment project in the Ministry's 2011 budget either requested or prepared by any of the Ministry's offices in any of the Governorates?

No

27- If the answer to number 26 above is yes: Can you please list the projects and the amounts?

Governorate	Name of project	Amount

Internal operation

28- Is there a strategy or plan inside the Ministry that extends more than a year and can be used in developing the annual budget?

No

29- Are you familiar with the COMFAR III software for feasibility studies preparation?

No

30- Is there any office in the Ministry nowadays using the COMFAR III software?

No

31- Has any capital investment project to be implemented in 2011 been prepared based on the utilization of COMFAR III software?

No

32- Does the finance office of the Ministry participate in any aspect of the preparation of capital investment projects?

Yes (capital plan sub- department)

33- In case the answer to the number 32 above is yes: Can you please briefly describe what is it the concrete participation of the finance office? (please feel free to attach a separate page indicating the number of this question if needed)

The head of investment plan is a member of the committee responsible for annual budget preparation, and books were kept for the investment accounting for the ministry's projects since 2007

34- Has the finance office or any other office in the ministry developed standard cost metrics to reference capital investment projects preparation? Can you provide with some examples?

Yes and for example the cost of projects proposed by the ministry are identified

35- Who in the Ministry prepares the bill of quantities for the proposed capital investment projects

Coordination between planning department in the directorate of researches and studies and the finance department in the administrative and financial directorate.

36- Can you identify any specific instruction by any ministry regarding the requirements and rules for the preparations of a bill of quantities?

Yes, all the instruction of the budget execution are used in the preparation of the bills of quantities

37- Is the Finance Office familiar with the application of “Internal Return Rate” analysis to capital investment projects?

No such projects in the ministry

38- Does the finance office or any other office within the ministry apply the “Internal Return Rates” methodology to analyze capital investment projects?

None

39- If the answer to number 38 above is yes: Can you describe at what moment in the preparation of capital investment projects is the “Internal Return Rate” analysis applied?

No

40- If the answer to number 38 above is no: Is there any other cost/benefit methodology similar to the internal returns rate analysis, applied by the Ministry when prioritizing capital investment projects? Can you briefly describe it?

No benefits projects in the ministry

41- Is there a special committee inside the Ministry in charge to define the priorities on capital investment projects to be implemented?

Yes

42- Who in the ministry determines the priorities for capital investment projects to be implemented?

The minister taking in consideration the projects with high priorities

43- Is there any internal manual or instruction indicating the way prioritization of capital investment projects should be done?

Depending on the reports from projects managers

44- Is it the priority of projects determined by any office or person individually?

Negotiating with the projects managers and a summary is reported to the minister to take in consideration the priority of projects

B. BUDGET EXECUTION

Interactions with the main financial and budget authorities

45- Has the Ministry added new projects to be implemented during 2011 from March up today?

Yes

46- Has any additional money for 2011 capital investment budget been allocated to the Ministry after March 2011?

No

47- If the answer to number 47 above is yes: Can you please provide the details of amount and reason for the additional money?

……

48- Has any capital investment project whose implementation was approved for 2011 been canceled?

No

49- If the answer to question 49 above is yes: Can you please detail the projects' names and the amounts?

Project name	Amount

50- Had the Ministry of Finance ever asked from the Ministry for an annual schedule of payments to contractors?

No

51- Had the Ministry of Finance ever asked from the Ministry for a monthly schedule of payments to contractors during the year?

A monthly financial and projects reports are provided to the MOF

52- Who in the ministry is in charge to prepare the request for disbursements to implement capital investment projects?

53- Can you briefly mention and describe the steps to prepare and issue the request for disbursements?

54- How many requests for disbursement for capital investment projects implementation and to what amounts, have been placed by the Ministry during 2011 up to date?

55- During 2011, how often has the Ministry of Finance disbursed money for capital investment projects?

Date	Amount
12 / 5 / 2011	1,000,000,000
25/ 8/ 2011	1,000,000,000
20 / 12 / 2011	750,000,000

Total	2,750,000,000

56- At the end of September 2011 how much is it the balance of the ministry's bank account for capital investment projects?

934,569,205

Interactions with the territorial units and Governorates

57- Does the Ministry advertise tenders at governorate level?

No projects are executed in the provinces

58- Do the offices of the ministry in any governorate participated in organizing and performing any tender for 2011 capital investment projects of the Ministry?

None

59- Does any office of the Ministry in the governorates have participated in the process of acceptance of any finalized project during 2011?

None

60- Has the ministry transferred the execution of any capital investment project to any governor's office during 2011?

None

61- In case the answer to number 66 above is yes can you list them?

#	Governorate	Project name or description	Amount
1			
2			
3			

Internal operation

62- How many capital investment projects does the Ministry currently have under implementation?

Number of projects	Total Amount
3 projects	39,400,000,000

63- What is the total amount required to finalize all the current on going projects?

39,400,000,000

64- What is the longest implementing capital investment project the Ministry has currently undergoing?

Project the national network for human rights

65- For how long has the longest implementing capital investment project been going on?

Since 2008

66- When according to the original plan was the longest lasting capital investment project currently under implementation, scheduled to be finalized?

During 2012

67- Can you briefly describe the main problems faced so far in the implementation of the longest lasting capital investment project?

The difficulties in finding the lands in provinces to build the offices, and the insufficiency of annual allocation with the size of the project

68- When is it expected that the longest lasting capital investment project currently under implementation will be finalized?

During 2013

69- Can you name and indicate the value of the capital investment projects currently under implementation that are planned to require multiyear budget allocations? (to respond please feel free to add a page indicating the number of this question)

#	Project name	Planned total cost	Expected finalization date
1			
2			
3			
4			
5			
6			
7			
8			

70- Who inside the Ministry is in charge of requesting the adjudication of land for implementation of capital investment projects?

The offices of provinces affairs request from the GOs and follow up to receive the lands and then the allocation for the money to purchase the land by the finance department

71- How many requests for land by the Ministry are currently under processing?

We already possessed 10 lands in provinces and we are working to possess the rest of the lands except KR

72- What is the average time frame to obtain the adjudication of land for capital investment projects?

Not specified

73- Who decides the types of contracts that should be applied in each case for implementing the capital investment projects?

Based on the instruction of the head of the directorate

74- During 2011 what are the most commonly used types of contracts in the ministry to procure for capital investment projects?

None

75- Can you apportion the amount of capital investment funds contracted under each of the types of contracts mentioned in number 80 above, during the year 2011?

Type of contract	Mounts contracted under this type of contract

76- How many contracts to implement capital investment projects have been signed by September 2011?

Number of contracts	Value
None	

77- How many of the contracts celebrated in 2011 to implement capital investment projects have been based on public tenders and what is the value of these contracts?

Number of projects adjudicated via public tenders in 2011	Value
None	

78- During 2011 has the finance office had any role in the procurement committee?

No

79- Who is in charge of preparing tenders?

Contracting department in the ministry

80- In case the answers to number 83 above is yes: Can you list the cases and governorates where tenders have been advertised at?

Only the advertisement of the project " National institute for human rights'	

81- In the procurement committee inside the ministry functional?

Yes

82- Does the finance office reports to the heads of the ministry the rate of capital budget implementation?

Yes

83- In case the answer to number 82 above is yes: Can you specify the name and periodicity of these reports?

Quarterly reports of the capital investment projects were submitted to the directorate of studies

84- Does the finance office prepare an annual or monthly schedule of payments to contractors?

No

85- How long is the waiting time between the presentation of an invoice and the actual payment in the case of contractors of capital investment projects?

Only taking payment approvals from the respective entity

86- Is there any projection on how much of the ministry's 2011 capital investment budget would be actually utilized until December 2011? (Please attach a copy)

Yes

87- Who does this projection?

None

88- Do the heads of the Ministry receive the projection mentioned in number 86 and how often?

None

89- Who is in charge of opening letters of credit to advance overseas purchases for capital investment projects?

No such cases

90- Is the staff working in the finance department knowledgeable in the procedures for opening letters of credits to import materials, machinery and equipment?

Yes

91- How many letters of credit and for what amount have been opened by the ministry in 2011 to support the implementation of capital investment projects?

#	Number of letters of credit	Amount
	Three	2,550,000,000

92- What is the average time for this ministry to get a letter of credit approved?

93- How many persons work in the finance department of the ministry?

32 employees

94- Can you list the university educated personal in the finance office and their experience in the ministry or in the public sector? (please add a page if needed)

#	Position name	Education	Years of Experience
1			
2			
3			
4			
5			

6			
7			
8			
9			
10			
11			
12			

95- In your opinion: What functions inside the finance department are not well supported and what would be the way to improve the situation?

None

96- During 2011, how often had either the Supreme Audit Board or the Department of the Inspector General in the ministry held accountable the directorates for delays in the preparation of their statements and trial balances or in the case of their inaccuracy?

No delay

97- Does the finance office posses any type of computers (desk tops, lat tops, terminals of the ministry main frame or similar) to support its operation?

Yes

98- If the answer to number 97 above is yes: Can you identify the computers indicating their antiquity and hard drive capacity?

#	Computer brand and model	Memory capacity
1	Desktop	Good
2		
3		
4		
5		
6		
7		
8		

99- Does the Finance Office work its computers in a network environment?

No

100- If the answer to question 99 above is yes: Can you describe the basics of the network (how many sets and the capacity of the server)?

101- Can you identify what activities on the office are supported by computers?

#	Function or activity
1	Working on accounting system
2	
3	
4	
5	
6	
7	
8	

102- Can you mention the software utilized in the office for any activities?

#	Software name
1	Execution and investment budget accounting system
2	
3	

103- Does the finance office have internet access?

No

104- Is there any other type of electronic communication such as telex or fax or similar functional and available to the finance office nowadays that enables communication with the offices in the governorates?

No

105- How often and to what amounts has the ministry paid benefits to contractors for the finalization of capital investment works on time under the contract in 2011?

None

106- Is this office aware that the COR will promote non confidence votes for ministers that don't manage to implement at least 75% of the total annual allocation for capital investment in 2011?

Yes

107- Is this office in possession of a copy of the 2011 annual budget law with its tables?

Yes

Note: Regarding the training we would like to inform you the following:

1. Finance department / Sub-Department of investment budget, need training to develop the work in the field (investment projects)
2. insufficient number of staff in the sub-department of investment budget (3 employees only).

FISCAL MANAGEMENT CORE AREA

Assessment Questionnaire for Central Ministries

Dear participant,

Thank you for participating in this assessment. Tarabot is looking to confirm certain points prior identified by Iraqi government as problems that hinder expedient execution of the capital budget funds. Tarabot is also looking to identify additional elements that affect the best possible budget preparation and execution of capital investment funds in your agency. By answering these questions, you are not committing your self to any further work. This assessment is supported and authorized by the Council of Ministers and by your Minister, and your full and honest cooperation in answering these questions will be very helpful. When answering these questions, please feel free to add comments that you feel are required to make your answer satisfactorily clear. For that purpose, additional sheets of paper can be added to this questionnaire at will. In case one or more questions can not be answered by your office, please indicate which office you think could best answer the question.

Because many of the questions may require consulting many files, it is expected that this questionnaire will take up to two weeks to complete. The Tarabot fiscal management consultant will visit your ministry often to help the progress of the questionnaire.

We expect this survey to serve as a major input in efforts to improve the performance of the Ministry, and we ensure that your contribution is valued highly and will be considered during the improvement process.

Dear surveyor:

The following questionnaire aims to verify information and to further explore aspects of budget operation in the ministry that may need assistance to improve the execution of the capital investment budget. The questions are mainly open and it is important to encourage participants to provide substantive answers at every opportunity.

Although some questions request numeric data, this is mainly to test the easiness and availability of this information rather than to actually obtain the data. In this case, if the data is not immediately available or cannot be made ready in a reasonable amount of time, it would be enough to mention this in the space for answering the question.

Even if the opinion of the participants is key, it is important to note when the participant's answer appears to be a mere opinion, and it is important to try to contrast these answers with reality and facts whenever possible. For example, if the interviewed person's opinion is that the payments to contractors are made on time, it is necessary to verify how long it actually does take to pay an invoice.

The survey also looks to test officials' understanding and friendliness about subjects such as de-concentration and decentralization of their functions. In this sense, it is important to look for the attitude beyond the words and take the corresponding notes.

This questionnaire is a tool that will be completed with a mapping exercise of the financial management functions in the entities that volunteer to participate.

FISCAL MANAGEMENT CORE AREA
Assessment Questionnaire for Central Ministries

Date:_____11 Dec. 2011 _____

Ministry name:_ Ministry of Higher Education and Scientific Research _____

Code:_____

Office(s) Answering the Questionnaire:_____
_____

A. BUDGET PREPARATION STAGE

Interactions with the main financial and budget authorities

1- What office or team is in charge of consolidating the budget request for this ministry?

Fiscal Affairs Department, as of the execution budget the work teams prepare the budget and send it to fiscal affairs. While for the capital investment budget, it is proposed by universities, independent foundations, and ministry's HQ. and it get unified at the projects and reconstruction department to be sent to the ministry of planning.

2- Are you familiar with the Government's program or has the government's program been explained to the ministry officials?

NO

3- If the answer to the number 2 above is yes: Can you briefly describe how the Government's program is being applied in the Ministry—E.G. Sector policies, internal policies, specific sector programs?

…….

4- Are you familiar with the National Development Plan?

Yes

5- Can you briefly describe how is the National Development Plan being implemented in this sector by the ministry?

The NDP is being handled through out building the five years ministry plan compatible with the content of the education sector in the NDP and with the main points in the sector.

6- Are you familiar with the medium term capital investment strategy 2010-2014?

Yes / the capital investment strategy were suggested by the ministry with all of its departments and foundations.

7- How many of the 2011 capital investment projects come out of the strategy mentioned in number 6 above? Can you identify them by name and amount? (please feel free to add a page with the answer indicating the number of the question)

#	Project name	Amount
1		
2		
3		
4		
5		
6		

8- How many capital investment projects were introduced in the annual budget request for the 2011 capital investment budget of the Ministry?

298 continuous projects
22 new projects

9- How many of the requested projects were actually approved?

298 continuous projects
5 new projects

10- In case any of the requested capital investment projects was not included in the 2011 approved budget: Do you know the concrete reasons?

The lack of fiscal allocation as a result of the shrinking in the capital investment budget based on the instruction of the ministry of planning.

11- Who negotiates the capital investment budget with the Ministry of Planning?

The negotiation is being done through out many meetings between the directorate of projects and construction and the representatives of universities and the independent foundations, and between the ministry of planning represented by the directorate of sectors planning, the first meeting is held in our ministry with the general managers attending the meeting (general manager of sectors planning for MOP, general manger of the projects and construction directorate in MOHed and the manger of projects department)where the requirements of the universities and other foundations of the annual allocation and the new projects are being discussed, with the attendance of the manager of engineering department and the head of follow up unit in the specific university or foundation, This meeting is being held on September of each year. Then another meeting gets held in December to study the changes that happened on the current year annual budget execution and the effects on next year annual budget in order to amend the plan with the presence of the manger of projects department in our ministry and the representatives of the universities and foundations in addition to the representatives of sectors planning in the MOP.

12- Does the ministry have specialized personnel in the area of preparation of feasibility studies?

Yes/ because of the engineering and technical nature of our projects, our departments and foundations have engineers who are capable of preparing the feasibility studies which is a part of project report, and because our pro

13- When did the Ministry receive the budget call circular to present the 2011 draft budget?

In the second half of the fiscal year

14- Did the timing of the budget call circular represent any complexity for this ministry's operation?

NO

15- Does the minister get invited to the Council of Ministers to support the budget request or to negotiate reductions to the budget request and to determine sector priorities?

Yes

16- Is there a role for parliamentary committees on the budget process of the ministry (Such as the Education Committee in the budget process for the Ministry of Education)?

Yes

17- Is the ministry linked to any computer system to record and inscribe capital investment projects?

No

18- Who in the ministry prepares the standard forms for project analysis and inscription required by the Ministry of Planning?

Construction and Projects Directorate / Projects department and engineering department

19- How many projects have been fully transferred into the standard projects inscription form?

All of the projects

20- Have all the projects with inscription form been entered into the data base of the Ministry of Planning?

No

21- What office or specific official is in charge of up dating the computer system for capital investment projects established by the Ministry of Planning?

Not Available

22- Does the ministry have a terminal to enter the information and up dates on capital investment projects to the computer system of the ministry of planning or just sends documents for the processing at the Ministry of Planning?

Not Available

23- Does the Ministry have a terminal for consulting the data base of projects at the Ministry of Planning?

Not Available

Interaction with the territorial units and Governorates

24- Was any capital investment project approved in the Ministry's 2011 budget either consulted with or comes from a request by any of the 15 governors offices?

Yes

25- If the answer to number 24 above is yes: Can you please list the projects and the amounts budgeted for each governorate? (please fell free to add a sheet of paper indicating the number of the questions if needed)

Governorate	Name of project	Amount
Babil / District of AlQasim	University of AlQasim Alkhadraa	13 Billions IQD
Ninawa/ District of Talafer	Second University of Ninawa	6 Billions IQD

26- Was any capital investment project in the Ministry's 2011 budget either requested or prepared by any of the Ministry's offices in any of the Governorates?

Yes / the universities propose the projects they would like to add to their annual plan in accordance with their execution capabilities and their actual needs.

27- If the answer to number 26 above is yes: Can you please list the projects and the amounts?

Governorate	Name of project	Amount

Internal operation

28- Is there a strategy or plan inside the Ministry that extends more than a year and can be used in developing the annual budget?

Yes / there is a strategy for the years 2010 – 2014, a strategy for the ministry was built represented by the ministry's five years plan which contributes in sustainability and development of the annual budget

29- Are you familiar with the COMFAR III software for feasibility studies preparation?

No

30- Is there any office in the Ministry nowadays using the COMFAR III software?

No

31- Has any capital investment project to be implemented in 2011 been prepared based on the utilization of COMFAR III software?

No

32- Does the finance office of the Ministry participate in any aspect of the preparation of capital investment projects?

No

33- In case the answer to the number 32 above is yes: Can you please briefly describe what is it the concrete participation of the finance office? (please feel free to attach a separate page indicating the number of this question if needed)

……

34- Has the finance office or any other office in the ministry developed standard cost metrics to reference capital investment projects preparation? Can you provide with some examples?

The standard cost metrics are developed by the ministry's entities represented by the technical affairs and the engineering departments in the construction and projects directorate regarding the projects of the ministry.

35- Who in the Ministry prepares the bill of quantities for the proposed capital investment projects

The bills of quantities are prepared by the entity that designed the project, and this represent the consulting bureaus and the designers who the universities and the entities contract wit, and by the ministry (in regard to the ministry's projects).

36- Can you identify any specific instruction by any ministry regarding the requirements and rules for the preparations of a bill of quantities?

1. General requirements for the civil, mechanic, electrical engineering work.
2. Unified standard manual for quantitative survey works

37- Is the Finance Office familiar with the application of “Internal Return Rate” analysis to capital investment projects?

No

38- Does the finance office or any other office within the ministry apply the “Internal Return Rates” methodology to analyze capital investment projects?

No

39- If the answer to number 38 above is yes: Can you describe at what moment in the preparation of capital investment projects is the “Internal Return Rate” analysis applied?

,.....

40- If the answer to number 39 above is no: Is there any other cost/benefit methodology similar to the internal returns rate analysis, applied by the Ministry when prioritizing capital investment projects? Can you briefly describe it?

Not available

41- Is there a special committee inside the Ministry in charge to define the priorities on capital investment projects to be implemented?

The priorities for each university are defined through out the university council who present the projects priorities to be discussed and identify the projects that can be created in the university plan. And in the same procedure the ministry's projects priorities are defined.

42- Who in the ministry determines the priorities for capital investment projects to be implemented?

The same entities mentioned in the answer of question 41

43- Is there any internal manual or instruction indicating the way prioritization of capital investment projects should be done?

No written identified instruction available to define projects priorities.

44- Is it the priority of projects determined by any office or person individually?

The same entities mentioned in the answer of question 41

45- Does any committee determine projects priorities? Can you briefly describe the committee?

The same entities mentioned in the answer of question 41	

B. BUDGET EXECUTION

Interactions with the main financial and budget authorities

46- Has the Ministry added new projects to be implemented during 2011 from March up today?

Yes / 14 new projects

47- Has any additional money for 2011 capital investment budget been allocated to the Ministry after March 2011?

212 billion IQD (rolled over amounts from last year)

48- If the answer to number 47 above is yes: Can you please provide the details of amount and reason for the additional money?

Rolling over the un expended amounts of last year

49- Has any capital investment project whose implementation was approved for 2011 been canceled?

Yes

50- If the answer to question 49 above is yes: Can you please detail the projects' names and the amounts?

Project name	Amount
Building the gate and the fence of Maysan University	13500000000
Building the presidency of Maysan university	30000000000
Building the Dean's office of law college and the study departments	17000000000
Building the Dean's office of business and economics college	16650000000
Refurbishment and expansion of Maysan university	2000000000

51- Had the Ministry of Finance ever asked from the Ministry for an annual schedule of payments to contractors?

A monthly report is sent to the ministry of finance including the total expenditures including the contractors' expenditures.

52- Who in the ministry is in charge to prepare the request for disbursements to implement capital investment projects?

The technical affairs for universities and entities, and the engineering department in construction and projects directorate for the ministry's projects

53- Can you briefly mention and describe the steps to prepare and issue the request for disbursements?

The payment is requested to the supervising engineer who audit and approve it then present it to the engineering department in the university or the ministry according to the project's reference who audit it and send it to the finance department who send a letter from the capital investment plan unit in the finance department to the minister to get the approval for payment, and the same procedure is implemented for universities and the independent entities which is the authority of the chancellor or the head of the independent entity.

54- Had the Ministry of Finance ever asked from the Ministry for any monthly schedule of payments to contractors during the year?

Yes/ as in the answer of question 51

55- How many requests for disbursement for capital investment projects implementation and to what amounts, have been placed by the Ministry during 2011 up to date?

It can not be counted since the ministry's entities are independent administratively and financially.

56- During 2011, how often has the Ministry of Finance disbursed money for capital investment projects?

Date	Amount
For the entities, it is available at the finance department of each entity	
For the ministry	25000000000 IQD

57- At the end of September 2011 how much is it the balance of the ministry's bank account for capital investment projects?

For the ministry – 7541631811 IQD

Interactions with the territorial units and Governorates

58- Does the Ministry advertise tenders at governorate level?

The advertisement is being done in three daily wide broad newspaper as well as the ministry's website, as a result of that the provinces will know about.

59- Do the offices of the ministry in any governorate participated in organizing and performing any tender for 2011 capital investment projects of the Ministry?

There is no offices of the ministry in the provinces< there is ministry's entities represented by universities and they have the authority to prepare and execute any tender in accordance with the authorities given to the chancellor which must not exceed 11 billion IQD.

60- Does any office of the Ministry in the governorates have participated in the process of acceptance of any finalized project during 2011?

Yes as in the answer for question 59

61- Has the ministry transferred the execution of any capital investment project to any governor's office during 2011?

Not available

62- In case the answer to number 66 above is yes can you list them?

#	Governorate	Project name or description	Amount
1			
2			
3			

Internal operation

63- How many capital investment projects does the Ministry currently have under implementation?

Number of projects	Total Amount
353 projects	4,203,071,500,000

64- What is the total amount required to finalize all the current on going projects?

3,553,259,836,000

65- What is the longest implementing capital investment project the Ministry has currently undergoing?

6 years

66- For how long has the longest implementing capital investment project been going on?

Since 2006

67- Can you briefly describe the main problems faced so far in the implementation of the longest lasting capital investment project?

1. Buildings refurbishments continues within the plan because it serves the university buildings and the infrastructure in general and it represents refurbishment of these buildings and not maintenance. Which is a problem, and it contributes in the sustainability of the university buildings.
2. Having the university in a continuous development therefore the projects of studies and designing goes for long terms beside the new buildings.

68- When is it expected that the longest lasting capital investment project currently under implementation will be finalized?

Next year

69- When according to the original plan was the longest lasting capital investment project currently under implementation, scheduled to be finalized?

2012

70- Can you name and indicate the value of the capital investment projects currently under implementation that are planned to require multiyear budget allocations? (to respond please feel free to add a page indicating the number of this question)

#	Project name	Planned total cost	Expected finalization date
1			
2			
3			
4			
5			
6			
7			
8			

71- Who inside the Ministry is in charge of requesting the adjudication of land for implementation of capital investment projects?

Departments of (Contracting, Projects, Engineering)

72- How many requests for land by the Ministry are currently under processing?

Number of the requests for land including the new universities are 20 request

73- What is the average time frame to obtain the adjudication of land for capital investment projects?

1 – 5 years

74- Who decides the contractual vehicles under which capital investment expenditures are channeled?

Universities, independent entities, and the ministry for the amounts of monitoring and supervision amount

75- During 2011 what are the most commonly used types of contracts in the ministry to procure for capital investment projects?

1. contracting contracts
2. supplying contracts
3. consulting contracts

76- Can you apportion the amount of capital investment funds contracted under each of the types of contracts mentioned in number 80 above, during the year 2011?

Type of contract	Mounts contracted under this type of contract
Contracting 6	36,658,866,500
Supplying (not available)	
Consulting 1	163,716,000

77- How many contracts to implement capital investment projects have been signed by September 2011?

Number of contracts	Value
7 contracts	36,822,582,500

78- How many of the contracts celebrated in 2011 to implement capital investment projects have been based on public tenders and what is the value of these contracts?

Number of projects adjudicated via public tenders in 2011	Value
7 contracts	36,822,582,500

79- During 2011 has the finance office had any role in the procurement committee?

Yes

80- Who is in charge of preparing tenders?

Governmental contracts unit in the universities and independent entities, and the governmental contracts department in the ministry.

81- In case the answers to number 85 above is yes: Can you list the cases and governorates where tenders have been advertised at?

As of the attachment	

82- In the procurement committee inside the ministry functional?

Yes

83- Does the finance office reports to the heads of the ministry the rate of capital budget implementation?

No

84- In case the answer to number 88 above is yes: Can you specify the name and periodicity of these reports?

……

85- Does the finance office prepare an annual or monthly schedule of payments to contractors?

Yes

86- How long is the waiting time between the presentation of an invoice and the actual payment in the case of contractors of capital investment projects?

30 days

87- Is there any projection on how much of the ministry's 2011 capital investment budget would be actually utilized until December 2011?

The percentage of completion of the ministry is expected to be 70% by the end of this month.

88- Who does this projection?

Directorate of construction and projects / projects and contracting departments
Administrative and legal directorate / financial affairs department
General inspector directorate / department of monitoring and internal audit + contracts department
Ministry / department of monitoring and internal audit

89- Do the heads of the Ministry receive the projection mentioned in number 92 and how often?

Yes

90- Who is in charge of opening letters of credit to advance overseas purchases for capital investment projects?

Regarding opening the letters of credit related to the MOU (oil for food and medicine), it is opened through the contracting department and through the central bank, other than that it is opened through the finance department which had importing unit before 2003 which doesn't exist now since it is not active anymore.

91- Is the staff working in the finance department knowledgeable in the procedures for opening letters of credits to import materials, machinery and equipment?

The responsible employee for opening the LC in the contracting department, he is fully aware of the procedures.

92- How many letters of credit and for what amount have been opened by the ministry in 2011 to support the implementation of capital investment projects?

#	Number of letters of credit	Amount
	Not Available	

93- What is the average time for this ministry to get a letter of credit approved?

30 – 45 days

94- How many persons work in the finance department of the ministry?

88 employee including the study and maternity vacations

95- Can you list the university educated personal in the finance office and their experience in the ministry or in the public sector? (please add a page if needed)

#	Position name	Education	Years of Experience
1	As of the list attached		
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			

96- In your opinion: What functions inside the finance department are not well supported and what would be the way to improve the situation?

Doing all of the accounting procedures known in the unified ledger

97- During 2011, how often had either the Supreme Audit Board or the Department of the Inspector General in the ministry held accountable the directorates for delays in the preparation of their statements and trial balances or in the case of their inaccuracy?

Not available

98- Does the finance office posses any type of computers (desk tops, lat tops, terminals of the ministry main frame or similar) to support its operation?

Yes

99- If the answer to number 103 above is yes: Can you identify the computers indicating their antiquity and hard drive capacity?

#	Computer brand and model	Memory capacity
1	Desktop P4 (2)	40 G
2	Desktop P4 (49)	250G
3	Laptop p4 (3)	300G
4	Laptop p4 (2)	150G
5		
6		
7		
8		

100- Does the Finance Office work its computers in a network environment?

No

101- If the answer to question 106 above is yes: Can you describe the basics of the network (how many sets and the capacity of the server)?

…….

102- Can you identify what activities on the office are supported by computers?

#	Function or activity
1	Trial balance
2	Payroll system
3	Budget
4	Reporting
5	
6	
7	
8	

103- Can you mention the software utilized in the office for any activities?

#	Software name
1	Word
2	Excel
3	Access and Visual Basic

104- Does the finance office have internet access?

Yes / Not to all of the employees

105- Is there any other type of electronic communication such as telex or fax or similar functional and available to the finance office nowadays that enables communication with the offices in the governorates?

Not available

106- How often and to what amounts has the ministry paid benefits to contractors for the finalization of capital investment works on time under the contract in 2011?

Not available

107- Is this office aware that the COR will promote non confidence votes for ministers that don't manage to implement at least 75% of the total annual allocation for capital investment in 2011?

Yes

108- Is this office in possession of a copy of the 2011 annual budget law with its tables?

No

FISCAL MANAGEMENT CORE AREA

Assessment Questionnaire for Central Ministries

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Because many of the questions may require consulting many files, it is expected that this questionnaire will take up to two weeks to complete. The Tarabot fiscal management consultant will visit your ministry often to help the progress of the questionnaire.

We expect this survey to serve as a major input in efforts to improve the performance of the Ministry, and we ensure that your contribution is valued highly and will be considered during the improvement process.

Dear surveyor:

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Although some questions request numeric data, this is mainly to test the easiness and availability of this information rather than to actually obtain the data. In this case, if the data is not immediately available or cannot be made ready in a reasonable amount of time, it would be enough to mention this in the space for answering the question.

Even if the opinion of the participants is key, it is important to note when the participant's answer appears to be a mere opinion, and it is important to try to contrast these answers with reality and facts whenever possible. For example, if the interviewed person's opinion is that the payments to contractors are made on time, it is necessary to verify how long it actually does take to pay an invoice.

The survey also looks to test officials' understanding and friendliness about subjects such as de-concentration and decentralization of their functions. In this sense, it is important to look for the attitude beyond the words and take the corresponding notes.

This questionnaire is a tool that will be completed with a mapping exercise of the financial management functions in the entities that volunteer to participate.

Date:_____

Ministry name:_____ Ministry of Agriculture _____

Code:_____

Office(s) Answering the Questionnaire:_____
_____

A. BUDGET PREPARATION STAGE

Interactions with the main financial and budget authorities

1- What office or team is in charge of consolidating the budget request for this ministry?

A higher committee is formed to discuss the capital investment budget preparation in its final form, Finace Directorate / Budget department.

2- Are you familiar with the Government's program or has the government's program been explained to the ministry officials?

No

3- If the answer to the number 2 above is yes: Can you briefly describe how the Government's program is being applied in the Ministry—E.G. Sector policies, internal policies, specific sector programs?

…….

4- Are you familiar with the National Development Plan?

Yes

5- Can you briefly describe how is the National Development Plan being implemented in this sector by the ministry?

The ministry is working to execute its portion of the NDP through out focusing on a number of products (wheat, Potato) and focusing on the project of (Modern watering system).

6- Are you familiar with the medium term capital investment strategy 2010-2014?

Yes, The projects and the amounts are being prepared, according to the five years plan approved by the ministry.

7- How many of the 2011 capital investment projects come out of the strategy mentioned in number 6 above? Can you identify them by name and amount? (please feel free to add a page with the answer indicating the number of the question)

#	Project name	Amount
1	Attachment is a copy of 2011 budget, including projects and amounts.	
2		
3		
4		
5		
6		

8- How many capital investment projects were introduced in the annual budget request for the 2011 capital investment budget of the Ministry?

150 Projects

9- How many of the requested projects were actually approved?

14 Projects

10- In case any of the requested capital investment projects was not included in the 2011 approved budget: Do you know the concrete reasons?

Decreeing the financial allocations of the ministry of a 50% by the MOP

11- Who negotiates the capital investment budget with the Ministry of Planning?

A work team is being formed by the director general of the planning and follows up directorate and representative of the planning department and directors general of the entire ministry in addition to the managers of planning follow up department in the respective directorate.

12- Does the ministry have specialized personnel in the area of preparation of feasibility studies?

Yes but limited.

13- When did the Ministry receive the budget call circular to present the 2011 draft budget?

Mid June (Beginning of July) of each year.

14- Did the timing of the budget call circular represent any complexity for this ministry's operation?

Yes relatively.

15- Does the minister get invited to the Council of Ministers to support the budget request or to negotiate reductions to the budget request and to determine sector priorities?

Yes

16- Is there a role for parliamentary committees on the budget process of the ministry (Such as the Education Committee in the budget process for the Ministry of Education)?

No

17- Is the ministry linked to any computer system to record and inscribe capital investment projects?

Not linked to any system

18- Who in the ministry prepares the standard forms for project analysis and inscription required by the Ministry of Planning?

No standard forms are being used for projects.

19- How many projects have been fully transferred into the standard projects inscription form?

None

20- Have all the projects with inscription form been entered into the data base of the Ministry of Planning?

None

21- What office or specific official is in charge of up dating the computer system for capital investment projects established by the Ministry of Planning?

None

22- Does the ministry have a terminal to enter the information and up dates on capital investment projects to the computer system of the ministry of planning or just sends documents for the processing at the Ministry of Planning?

The budget details are being sent to the MOP as documents in order to process it.

23- Does the Ministry have a terminal for consulting the data base of projects at the Ministry of Planning?

Yes

Interaction with the territorial units and Governorates

24- Was any capital investment project approved in the Ministry's 2011 budget either consulted with or comes from a request by any of the 15 governors offices?

None

25- If the answer to number 24 above is yes: Can you please list the projects and the amounts budgeted for each governorate? (please fell free to add a sheet of paper indicating the number of the questions if needed)

Governorate	Name of project	Amount

26- Was any capital investment project in the Ministry's 2011 budget either requested or prepared by any of the Ministry's offices in any of the Governorates?

All of the projects are being organized and prepared by the beneficiary directorates according to studies and being presented by them to be analyzed at the center of the ministry to see the compatibility of it with the ministry strategy, and all of the agricultural directorates are involved in budget preparation.

27- If the answer to number 26 above is yes: Can you please list the projects and the amounts?

Governorate	Name of project	Amount

Internal operation

28- Is there a strategy or plan inside the Ministry that extends more than a year and can be used in developing the annual budget?

Yes

29- Are you familiar with the COMFAR III software for feasibility studies preparation?

Yes relatively

30- Is there any office in the Ministry nowadays using the COMFAR III software?

No

31- Has any capital investment project to be implemented in 2011 been prepared based on the utilization of COMFAR III software?

No

32- Does the finance office of the Ministry participate in any aspect of the preparation of capital investment projects?

No

33- In case the answer to the number 32 above is yes: Can you please briefly describe what is it the concrete participation of the finance office? (please feel free to attach a separate page indicating the number of this question if needed)

…….

34- Has the finance office or any other office in the ministry developed standard cost metrics to reference capital investment projects preparation? Can you provide with some examples?

No

35- Who in the Ministry prepares the bill of quantities for the proposed capital investment projects

Yes the specialized engineering department in every department.

36- Can you identify any specific instruction by any ministry regarding the requirements and rules for the preparations of a bill of quantities?

?

37- Is the Finance Office familiar with the application of “Internal Return Rate” analysis to capital investment projects?

There are no revenues

38- Does the finance office or any other office within the ministry apply the “Internal Return Rates” methodology to analyze capital investment projects?

There are no revenues

39- If the answer to number 38 above is yes: Can you describe at what moment in the preparation of capital investment projects is the “Internal Return Rate” analysis applied?

…….

40- If the answer to number 38 above is no: Is there any other cost/benefit methodology similar to the internal returns rate analysis, applied by the Ministry when prioritizing capital investment projects? Can you briefly describe it?

41- Is there a special committee inside the Ministry in charge to define the priorities on capital investment projects to be implemented?

Yes the higher committee of investment program discussion

42- Who in the ministry determines the priorities for capital investment projects to be implemented?

the higher committee of investment program discussion

43- Is there any internal manual or instruction indicating the way prioritization of capital investment projects should be done?

Yes, a copy of it is attached

44- Is it the priority of projects determined by any office or person individually?

It is determined by the directorate of planning and follow up in the ministry within the ministry strategy

B. BUDGET EXECUTION

Interactions with the main financial and budget authorities

45- Has the Ministry added new projects to be implemented during 2011 from March up today?

Yes

46- Has any additional money for 2011 capital investment budget been allocated to the Ministry after March 2011?

Yes, amounts were rolled over from 2010 budget to the budget of 2011, and no additional amounts were allocated.

47- If the answer to number 47 above is yes: Can you please provide the details of amount and reason for the additional money?

The decrees of fiscal allocation of our ministry.

48- Has any capital investment project whose implementation was approved for 2011 been canceled?

No

49- If the answer to question 49 above is yes: Can you please detail the projects' names and the amounts?

Project name	Amount
None	

50- Had the Ministry of Finance ever asked from the Ministry for an annual schedule of payments to contractors?

No

51- Had the Ministry of Finance ever asked from the Ministry for a monthly schedule of payments to contractors during the year?

No

52- Who in the ministry is in charge to prepare the request for disbursements to implement capital investment projects?

Capital investment budget coordination department.

53- Can you briefly mention and describe the steps to prepare and issue the request for disbursements?

After the approval of the federal budget, a letter is sent to the MOF

54- How many requests for disbursement for capital investment projects implementation and to what amounts, have been placed by the Ministry during 2011 up to date?

Two, the first was 50% of the ministry allocation and the second is the rest.

55- During 2011, how often has the Ministry of Finance disbursed money for capital investment projects?

Date	Amount
	50000000000
	10000000000

56- At the end of September 2011 how much is it the balance of the ministry's bank account for capital investment projects?

Interactions with the territorial units and Governorates

57- Does the Ministry advertise tenders at governorate level?

Yes, on the website of the contracting department in the ministry HQ, and the website of the general company of supplies.

58- Do the offices of the ministry in any governorate participated in organizing and performing any tender for 2011 capital investment projects of the Ministry?

All of the ministry directorates in the provinces and the general foundation across the provinces have executed the capital investment projects except the (Ma Bain al Nahrayn) company for seed production and the general company for agricultural supplies.

59- Does any office of the Ministry in the governorates have participated in the process of acceptance of any finalized project during 2011?

Yes, all of the agriculture managers in the 15 provinces are involved in the discussion of the budget plan in the MOP.

60- Has the ministry transferred the execution of any capital investment project to any governor's office during 2011?

No

61- In case the answer to number 66 above is yes can you list them?

#	Governorate	Project name or description	Amount
1	None		
2			
3			

Internal operation

62- How many capital investment projects does the Ministry currently have under implementation?

Number of projects	Total Amount
136 Projects	180,954,000,000

63- What is the total amount required to finalize all the current on going projects?

The total amount can not be identified as a result of the contradictions and problems (a copy is attached) which lead to the long duration and currency prices changing.

64- What is the longest implementing capital investment project the Ministry has currently undergoing?

The modern villages project that goes to 2023.

65- For how long has the longest implementing capital investment project been going on?

Since 2006

66- When according to the original plan was the longest lasting capital investment project currently under implementation, scheduled to be finalized?

Yes and it is a national program for the perfect use of water resources in Tigris and Euphrates.

67- Can you briefly describe the main problems faced so far in the implementation of the longest lasting capital investment project?

A copy of the problems is attached.

68- When is it expected that the longest lasting capital investment project currently under implementation will be finalized?

2023 and based on the released allocations for the ministry and the project is the modern villages.

69- Can you name and indicate the value of the capital investment projects currently under implementation that are planned to require multiyear budget allocations? (to respond please feel free to add a page indicating the number of this question)

#	Project name	Planned total cost	Expected finalization date
1			
2			
3			
4			
5			
6			
7			
8			

70- Who inside the Ministry is in charge of requesting the adjudication of land for implementation of capital investment projects?

The public foundation of agricultural lands.

71- How many requests for land by the Ministry are currently under processing?

72- What is the average time frame to obtain the adjudication of land for capital investment projects?

73- Who decides the types of contracts that should be applied in each case for implementing the capital investment projects?

The head of contracting side and based on the instruction.

74- During 2011 what are the most commonly used types of contracts in the ministry to procure for capital investment projects?

General bidding

75- Can you apportion the amount of capital investment funds contracted under each of the types of contracts mentioned in number 80 above, during the year 2011?

Type of contract	Mounts contracted under this type of contract

76- How many contracts to implement capital investment projects have been signed by September 2011?

Number of contracts	Value
186 contracts	72350000000

77- How many of the contracts celebrated in 2011 to implement capital investment projects have been based on public tenders and what is the value of these contracts?

Number of projects adjudicated via public tenders in 2011	Value
170 contracts	70000000000

78- During 2011 has the finance office had any role in the procurement committee?

Yes

79- Who is in charge of preparing tenders?

General contracting department

80- In case the answers to number 83 above is yes: Can you list the cases and governorates where tenders have been advertised at?

81- In the procurement committee inside the ministry functional?

Yes

82- Does the finance office reports to the heads of the ministry the rate of capital budget implementation?

Yes

83- In case the answer to number 82 above is yes: Can you specify the name and periodicity of these reports?

Submitted at the end of each month

84- Does the finance office prepare an annual or monthly schedule of payments to contractors?

Yes

85- How long is the waiting time between the presentation of an invoice and the actual payment in the case of contractors of capital investment projects?

One week

86- Is there any projection on how much of the ministry's 2011 capital investment budget would be actually utilized until December 2011? (Please attach a copy)

Yes

87- Who does this projection?

Investment budget accounting

88- Do the heads of the Ministry receive the projection mentioned in number 86 and how often?

Yes

89- Who is in charge of opening letters of credit to advance overseas purchases for capital investment projects?

90- Is the staff working in the finance department knowledgeable in the procedures for opening letters of credits to import materials, machinery and equipment?

No

91- How many letters of credit and for what amount have been opened by the ministry in 2011 to support the implementation of capital investment projects?

#	Number of letters of credit	Amount
	None	

92- What is the average time for this ministry to get a letter of credit approved?

……..

93- How many persons work in the finance department of the ministry?

9 in the ministry HQ

94- Can you list the university educated personal in the finance office and their experience in the ministry or in the public sector? (please add a page if needed)

#	Position name	Education	Years of Experience
1	Head of investment budget department	Bachelor	12
2	Expenditure employee	Bachelor	2
3	Deposit employee	Bachelor	1
4	Allocation employee	Bachelor	2

5	Daily book employee	Bachelor	8
6	Advances employee	Bachelor	5
7	Rest of the books	Bachelor	5
8	Payroll employee	Institute (Diplomat)	8
9	Following up employee	Institute (Diplomat)	
10			
11			
12			

95- In your opinion: What functions inside the finance department are not well supported and what would be the way to improve the situation?

Investment plan is a sub-department and not department

96- During 2011, how often had either the Supreme Audit Board or the Department of the Inspector General in the ministry held accountable the directorates for delays in the preparation of their statements and trial balances or in the case of their inaccuracy?

It is all presented at time

97- Does the finance office posses any type of computers (desk tops, lat tops, terminals of the ministry main frame or similar) to support its operation?

Yes

98- If the answer to number 97 above is yes: Can you identify the computers indicating their antiquity and hard drive capacity?

#	Computer brand and model	Memory capacity
1		
2		
3		
4		
5		
6		
7		
8		

99- Does the Finance Office work its computers in a network environment?

No

100- If the answer to question 99 above is yes: Can you describe the basics of the network (how many sets and the capacity of the server)?

…….

101- Can you identify what activities on the office are supported by computers?

#	Function or activity
1	
2	
3	
4	
5	
6	

7	
8	

102- Can you mention the software utilized in the office for any activities?

#	Software name
1	Full accounting system
2	
3	

103- Does the finance office have internet access?

No

104- Is there any other type of electronic communication such as telex or fax or similar functional and available to the finance office nowadays that enables communication with the offices in the governorates?

No

105- How often and to what amounts has the ministry paid benefits to contractors for the finalization of capital investment works on time under the contract in 2011?

No

106- Is this office aware that the COR will promote non confidence votes for ministers that don't manage to implement at least 75% of the total annual allocation for capital investment in 2011?

Yes

107- Is this office in possession of a copy of the 2011 annual budget law with its tables?

Yes

FISCAL MANAGEMENT CORE AREA

Assessment Questionnaire for Central Ministries

Dear participant,

Thank you for participating in this assessment. Tarabot is looking to confirm certain points prior identified by Iraqi government as problems that hinder expedient execution of the capital budget funds. Tarabot is also looking to identify additional elements that affect the best possible budget preparation and execution of capital investment funds in your agency. By answering these questions, you are not committing your self to any further work. This assessment is supported and authorized by the Council of Ministers and by your Minister, and your full and honest cooperation in answering these questions will be very helpful. When answering these questions, please feel free to add comments that you feel are required to make your answer satisfactorily clear. For that purpose, additional sheets of paper can be added to this questionnaire at will. In case one or more questions can not be answered by your office, please indicate which office you think could best answer the question.

Because many of the questions may require consulting many files, it is expected that this questionnaire will take up to two weeks to complete. The Tarabot fiscal management consultant will visit your ministry often to help the progress of the questionnaire.

We expect this survey to serve as a major input in efforts to improve the performance of the Ministry, and we ensure that your contribution is valued highly and will be considered during the improvement process.

Dear surveyor:

The following questionnaire aims to verify information and to further explore aspects of budget operation in the ministry that may need assistance to improve the execution of the capital investment budget. The questions are mainly open and it is important to encourage participants to provide substantive answers at every opportunity.

Although some questions request numeric data, this is mainly to test the easiness and availability of this information rather than to actually obtain the data. In this case, if the data is not immediately available or cannot be made ready in a reasonable amount of time, it would be enough to mention this in the space for answering the question.

Even if the opinion of the participants is key, it is important to note when the participant's answer appears to be a mere opinion, and it is important to try to contrast these answers with reality and facts whenever possible. For example, if the interviewed person's opinion is that the payments to contractors are made on time, it is necessary to verify how long it actually does take to pay an invoice.

The survey also looks to test officials' understanding and friendliness about subjects such as de-concentration and decentralization of their functions. In this sense, it is important to look for the attitude beyond the words and take the corresponding notes.

This questionnaire is a tool that will be completed with a mapping exercise of the financial management functions in the entities that volunteer to participate.

FISCAL MANAGEMENT CORE AREA
Assessment Questionnaire for Central Ministries

Date:_____25 / 1/ 2012_____

Ministry name:_____ MOCH / Housing Foundation _____

Code:_____

Office(s) Answering the Questionnaire:_____ DDG office / Finance Department _____
_____

A. BUDGET PREPARATION STAGE

Interactions with the main financial and budget authorities

1- What office or team is in charge of consolidating the budget request for this ministry?

The foundation prepares its plan and send it to the planning and follow up department in the ministry MOCH

2- Are you familiar with the Government's program or has the government's program been explained to the ministry officials?

No

3- If the answer to the number 2 above is yes: Can you briefly describe how the Government's program is being applied in the Ministry—E.G. Sector policies, internal policies, specific sector programs?

4- Are you familiar with the National Development Plan?

No

5- Can you briefly describe how is the National Development Plan being implemented in this sector by the ministry?

6- Are you familiar with the medium term capital investment strategy 2010-2014?

Yes/ it is being prepared by the housing foundation

7- How many of the 2011 capital investment projects come out of the strategy mentioned in number 6 above? Can you identify them by name and amount? (please feel free to add a page with the answer indicating the number of the question)

#	Project name	Amount
1	None	
2		
3		
4		
5		
6		

8- How many capital investment projects were introduced in the annual budget request for the 2011 capital investment budget of the Ministry?

33 continuous project
5 new projects
6 added new projects

9- How many of the requested projects were actually approved?

All projects were approved as well as adding new projects to the plan that was approved as well

10- In case any of the requested capital investment projects was not included in the 2011 approved budget: Do you know the concrete reasons?

11- Who negotiates the capital investment budget with the Ministry of Planning?

The foundation negotiates with the MOP with a representative of MOCH

12- Does the ministry have specialized personnel in the area of preparation of feasibility studies?

There is no specialization in this field as the feasibility study for the foundation projects is depending on the statistics of the housing shortage by the central statistic foundation in the provinces.

13- When did the Ministry receive the budget call circular to present the 2011 draft budget?

14- Did the timing of the budget call circular represent any complexity for this ministry's operation?

No

15- Does the minister get invited to the Council of Ministers to support the budget request or to negotiate reductions to the budget request and to determine sector priorities?

16- Is there a role for parliamentary committees on the budget process of the ministry (Such as the Education Committee in the budget process for the Ministry of Education)?

No

17- Is the ministry linked to any computer system to record and inscribe capital investment projects?

Yes / investment accounting – governmental accounting system

18- Who in the ministry prepares the standard forms for project analysis and inscription required by the Ministry of Planning?

None

19- How many projects have been fully transferred into the standard projects inscription form?

20- Have all the projects with inscription form been entered into the data base of the Ministry of Planning?

21- What office or specific official is in charge of up dating the computer system for capital investment projects established by the Ministry of Planning?

Eng. Israa Hanoon , Ajmal Toma/DDG office

22- Does the ministry have a terminal to enter the information and up dates on capital investment projects to the computer system of the ministry of planning or just sends documents for the processing at the Ministry of Planning?

No

23- Does the Ministry have a terminal for consulting the data base of projects at the Ministry of Planning?

Yes , but the information is not sufficient and not accurate

Interaction with the territorial units and Governorates

24- Was any capital investment project approved in the Ministry's 2011 budget either consulted with or comes from a request by any of the 15 governors offices?

Yes

25- If the answer to number 24 above is yes: Can you please list the projects and the amounts budgeted for each governorate? (please fell free to add a sheet of paper indicating the number of the questions if needed)

Governorate	Name of project	Amount
As of the attachment		

26- Was any capital investment project in the Ministry's 2011 budget either requested or prepared by any of the Ministry's offices in any of the Governorates?

No / the ministry's offices in the provinces role is to provide the lands, where the projects are executed by the foundation

27- If the answer to number 26 above is yes: Can you please list the projects and the amounts?

Governorate	Name of project	Amount
None		

Internal operation

28- Is there a strategy or plan inside the Ministry that extends more than a year and can be used in developing the annual budget?

Yes / 2010 – 2014 and 2015 – 2020, these plans are being modified based on the allocations of lands

29- Are you familiar with the COMFAR III software for feasibility studies preparation?

No

30- Is there any office in the Ministry nowadays using the COMFAR III software?

No

31- Has any capital investment project to be implemented in 2011 been prepared based on the utilization of COMFAR III software?

No

32- Does the finance office of the Ministry participate in any aspect of the preparation of capital investment projects?

No

33- In case the answer to the number 32 above is yes: Can you please briefly describe what is it the concrete participation of the finance office? (please feel free to attach a separate page indicating the number of this question if needed)

34- Has the finance office or any other office in the ministry developed standard cost metrics to reference capital investment projects preparation? Can you provide with some examples?

No

35- Who in the Ministry prepares the bill of quantities for the proposed capital investment projects

Department of housing planning and studies / quantitative surveying department

36- Can you identify any specific instruction by any ministry regarding the requirements and rules for the preparations of a bill of quantities?

There is no specific instruction for the bills of quantity, but there is a manual called " Standard methods for measurements manual" which is helpful in preparing the bills of quantity

37- Is the Finance Office familiar with the application of “Internal Return Rate” analysis to capital investment projects?

No

38- Does the finance office or any other office within the ministry apply the “Internal Return Rates” methodology to analyze capital investment projects?

No / as there is a special law for selling the housings units (housing law # 54 year 1962)

39- If the answer to number 38 above is yes: Can you describe at what moment in the preparation of capital investment projects is the “Internal Return Rate” analysis applied?

40- If the answer to number 38 above is no: Is there any other cost/benefit methodology similar to the internal returns rate analysis, applied by the Ministry when prioritizing capital investment projects? Can you briefly describe it?

None

41- Is there a special committee inside the Ministry in charge to define the priorities on capital investment projects to be implemented?

Yes

42- Who in the ministry determines the priorities for capital investment projects to be implemented?

Housing foundation / general manager and deputy in addition to the participation of the experts in this field.

43- Is there any internal manual or instruction indicating the way prioritization of capital investment projects should be done?

No

44- Is it the priority of projects determined by any office or person individually?

Same as Question 42

B. BUDGET EXECUTION

Interactions with the main financial and budget authorities

45- Has the Ministry added new projects to be implemented during 2011 from March up today?

Yes 6 projects

46- Has any additional money for 2011 capital investment budget been allocated to the Ministry after March 2011?

No

47- If the answer to number 47 above is yes: Can you please provide the details of amount and reason for the additional money?

48- Has any capital investment project whose implementation was approved for 2011 been canceled?

A project was replaced with another project

49- If the answer to question 49 above is yes: Can you please detail the projects' names and the amounts?

Project name	Amount
Building a housing compound in kirkuk	80,000,000,000
Was replaced by	
Building a housing compound in Babil	

50- Had the Ministry of Finance ever asked from the Ministry for an annual schedule of payments to contractors?

Yes

51- Had the Ministry of Finance ever asked from the Ministry for a monthly schedule of payments to contractors during the year?

Yes

52- Who in the ministry is in charge to prepare the request for disbursements to implement capital investment projects?

Finance department

53- Can you briefly mention and describe the steps to prepare and issue the request for disbursements?

In the beginning of the year the finance department sends a request to the MOCH which sends it to the MOP for approval of the plan, and then the request will be sent to MOF for disbursements. Then the finance department sends the requests later in the year referring to the MOP letter of the beginning of the year.

54- How many requests for disbursement for capital investment projects implementation and to what amounts, have been placed by the Ministry during 2011 up to date?

7 Requests	205,000,000,000

55- During 2011, how often has the Ministry of Finance disbursed money for capital investment projects?

Date	Amount
As of the attachment	

56- At the end of September 2011 how much is it the balance of the ministry's bank account for capital investment projects?

Cash bank balance 13,000,000,000 Book bank balance 12,000,000,000

Interactions with the territorial units and Governorates

57- Does the Ministry advertise tenders at governorate level?

Yes

58- Do the offices of the ministry in any governorate participated in organizing and performing any tender for 2011 capital investment projects of the Ministry?

No

59- Does any office of the Ministry in the governorates have participated in the process of acceptance of any finalized project during 2011?

No

60- Has the ministry transferred the execution of any capital investment project to any governor's office during 2011?

No

61- In case the answer to number 66 above is yes can you list them?

#	Governorate	Project name or description	Amount
1	None		
2			
3			

Internal operation

62- How many capital investment projects does the Ministry currently have under implementation?

Number of projects	Total Amount
36 projects	1,603,700,000,000

63- What is the total amount required to finalize all the current on going projects?

966,946,000,000

64- What is the longest implementing capital investment project the Ministry has currently undergoing?

8 years

65- For how long has the longest implementing capital investment project been going on?

2004

66- When according to the original plan was the longest lasting capital investment project currently under implementation, scheduled to be finalized?

20 months after the beginning date in 2004

67- Can you briefly describe the main problems faced so far in the implementation of the longest lasting capital investment project?

- security situation
- the insufficiency of contractors financially and technically
- the lack of skilled labor force to cover the size of the work in the provinces
- the annual inflation 2004 – 2008

68- When is it expected that the longest lasting capital investment project currently under implementation will be finalized?

First quarter of 2012

69- Can you name and indicate the value of the capital investment projects currently under implementation that are planned to require multiyear budget allocations? (to respond please feel free to add a page indicating the number of this question)

#	Project name	Planned total cost	Expected finalization date
1			
2			
3			
4			
5			
6			
7			
8			

70- Who inside the Ministry is in charge of requesting the adjudication of land for implementation of capital investment projects?

The representatives of the managers of the foundation offices in the provinces

71- How many requests for land by the Ministry are currently under processing?

Open number and the follow up is ongoing since the number of lands is less than the housing shortage

72- What is the average time frame to obtain the adjudication of land for capital investment projects?

Around 6 months

73- Who decides the types of contracts that should be applied in each case for implementing the capital investment projects?

Minister's authority in accordance with the federal instruction

74- During 2011 what are the most commonly used types of contracts in the ministry to procure for capital investment projects?

Priced bills of quantity

75- Can you apportion the amount of capital investment funds contracted under each of the types of contracts mentioned in number 80 above, during the year 2011?

Type of contract	Mounts contracted under this type of contract

76- How many contracts to implement capital investment projects have been signed by September 2011?

Number of contracts	Value
7	523,131,000,000

77- How many of the contracts celebrated in 2011 to implement capital investment projects have been based on public tenders and what is the value of these contracts?

Number of projects adjudicated via public tenders in 2011	Value

78- During 2011 has the finance office had any role in the procurement committee?

Yes / in the bids opening stage

79- Who is in charge of preparing tenders?

Department of studies and housing planning + legal department

80- In case the answers to number 83 above is yes: Can you list the cases and governorates where tenders have been advertised at?

81- Is the procurement committee inside the ministry functional?

Mid

82- Does the finance office reports to the heads of the ministry the rate of capital budget implementation?

Yes

83- In case the answer to number 82 above is yes: Can you specify the name and periodicity of these reports?

Almost 10 reports all of them are on a monthly basis and it include (technical and financial percentage of completion – monthly and accumulative project's expenditure – released money – rolled over expenditures)

84- Does the finance office prepare an annual or monthly schedule of payments to contractors?

No

85- How long is the waiting time between the presentation of an invoice and the actual payment in the case of contractors of capital investment projects?

As of the law , the period is 30 days
And here it dose not exceed 15 – 20 days from the engineer to the actual payment

86- Is there any projection on how much of the ministry's 2011 capital investment budget would be actually utilized until December 2011? (Please attach a copy)

There is no prior projection
In 2011 (195,086,000,000)

87- Who does this projection?

None

88- Do the heads of the Ministry receive the projection mentioned in number 86 and how often?

89- Who is in charge of opening letters of credit to advance overseas purchases for capital investment projects?

The foundation dose not work with the LC system

90- Is the staff working in the finance department knowledgeable in the procedures for opening letters of credits to import materials, machinery and equipment?

Yes we know the procedures but we don't use the LC system

91- How many letters of credit and for what amount have been opened by the ministry in 2011 to support the implementation of capital investment projects?

#	Number of letters of credit	Amount
	None	

92- What is the average time for this ministry to get a letter of credit approved?

93- How many persons work in the finance department of the ministry?

7

94- Can you list the university educated personal in the finance office and their experience in the ministry or in the public sector? (please add a page if needed)

#	Position name	Education	Years of Experience
1	As of the attachment		
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			

95- In your opinion: What functions inside the finance department are not well supported and what would be the way to improve the situation?

- Number of staff
- The lack of training and experiences in the fiscal field
- The none usage of computer systems

96- During 2011, how often had either the Supreme Audit Board or the Department of the Inspector General in the ministry held accountable the directorates for delays in the preparation of their statements and trial balances or in the case of their inaccuracy?

None

97- Does the finance office posses any type of computers (desk tops, lat tops, terminals of the ministry main frame or similar) to support its operation?

Yes

98- If the answer to number 97 above is yes: Can you identify the computers indicating their antiquity and hard drive capacity?

#	Computer brand and model	Memory capacity
1	9 computers with high features	80 GB
2		
3		
4		
5		
6		

7		
8		

99- Does the Finance Office work its computers in a network environment?

No

100- If the answer to question 99 above is yes: Can you describe the basics of the network (how many sets and the capacity of the server)?

…….

101- Can you identify what activities on the office are supported by computers?

#	Function or activity
1	Electronic governmental accounting system
2	
3	
4	
5	
6	
7	
8	

102- Can you mention the software utilized in the office for any activities?

#	Software name
1	Electronic governmental accounting system
2	
3	

103- Does the finance office have internet access?

Yes

104- Is there any other type of electronic communication such as telex or fax or similar functional and available to the finance office nowadays that enables communication with the offices in the governorates?

No

105- How often and to what amounts has the ministry paid benefits to contractors for the finalization of capital investment works on time under the contract in 2011?

None

106- Is this office aware that the COR will promote non confidence votes for ministers that don't manage to implement at least 75% of the total annual allocation for capital investment in 2011?

Yes

107- Is this office in possession of a copy of the 2011 annual budget law with its tables?

Yes

2012 Action Plan for the FM Core Area in the MOHed

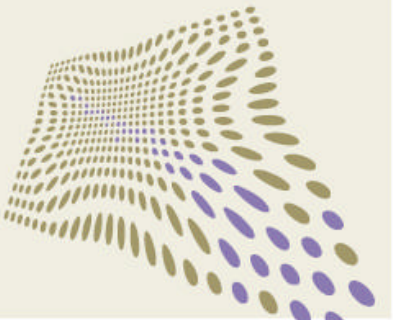
	Actions and activities	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1	**5 year cap Plan compatible with the Gov. Agenda**												
a	Designate team												
b	Analyze the Hed goals in the Gov. Agenda												
c	Report listing the suggestions												
d	Budget request according to suggestions												
2	**Enhancing the use of IERR analysis per project**												
a	Designate team												
b	browsing projects to identify IERR application												
c	Workshop on IERR												
d	Start revising and implementing IERR in new projects												
e	Revise IERR for on going projects												
f	Revise IERR for on going projects												
3	**Enhancing CIB execution ensuring project completeness**												
a	Identify new projects that are not complete												
b	Start completion of projects												
c	Only complete projects in the Budget request												
4	**Im proving project costing**												
a	Designate team												
b	Browse projects requiring cost increase for 2012												
c	Study specifying the reasons for cost increase												
d	Study corrections to routines affecting cost												
e	Budget request												
f	Apply corrections												
g	create program for cost quality control												
5	**Introduce procurement plan based cash flow estimates**												
a	Start with Tarabot procurement area												
b	Apply project plan method according to Tarabot procurement area												
6	**Further improving accounting and reporting systems with the Universities**												
a	Identify pilots												
b	Start analyzing information flows												
c	check for accounting capabilities												
d	identify improvements												
e	start up gradual application of improvements												
7	**Introduce ex post project evaluation**												
a	identify location of potential unit												
b	identify staffing needs for the unit												
c	identify candidates to staff the unit												
d	check for staffing feasibility												
e	prepare and advance staffing process												
f	Workshop on ex post project evaluation												
8	**Training needs**												
a	Assess needs												
b	propose program												
c	implement program												

2012-2015 development plan Capital Investment

		Actions and Activities	2012	2013	2014	2015
1		**5 year cap Plan compatible with the Gov. Agenda**				
	a	Identify compatibility needs				
	b	Revise compatibility				
	c	Revise compatibility				
	d	Revise compatibility				
2		**Enhancing the use of IERR analysis per project**				
	a	Identity the current level				
	b	Enhancement plan				
	c	Continue extending IERRR				
	d	Sustain IERR methodology				
	e	Sustain methodology				
3		**Enhancing CIB execution ensuring project completeness**				
	a	Identify incomplete projects				
	b	Apply project compleness in the Budget Request				
	c	Maintaining projects completeness				
	d	Maintaining projects completeness				
	e	Maintaining projects completeness				
4		**Improving project costing**				
	a	Identify cost problems				
	b	Prepare cost quality control plan				
	c	Sustain cost quality control				
	d	Sustain cost quality control				
	e	Sustain cost quality control				
5		**Introduce procurement plan based cash flow estimates**				
	a	According to developments in trabot's procurement area				
6		**Further improving accounting and reporting systems with the Universities**				
	a	Identify pilots and assess needs				
	b	Apply improvements				
	c	Extend improvements				
	d	Extend improvements				
7		**Introduce ex post project evaluation**				
	a	Study the creation of the unit				
	b	Establish the unit and produce the evaluation plan				
	c	Implement evaluation plan				
	d	Review and continue evaluation plan implementation				
8		**Training needs**				
	a	Assess needs and produce 4 year program				
	b	Implement program				
	c	Revise and implement program				
	d	Revise and implement program				

SUPPLY MARKET ANALYSIS

Guidance Note General 2



National Public Procurement Policy Unit

NPPPU

An Roinn Airgeadais
Department of Finance

Effective and efficient procurement policies, procedures and practices in contracting authorities can have a significant impact on obtaining value for money in the purchase of goods and services by the State.

In 2005 the NPPPU published the **National Public Procurement Policy Framework**. The policy requires that *procurement management reform* should be one of the key strategic priorities of the public sector in order to achieve value for money outcomes from procurement. *Procurement management reform* is to be achieved by encouraging contracting authorities to analyse their procurement structures and practices and through this process adopt improved procurement practices and procedures. Contracting authorities are required to achieve this policy objective through the development of Corporate Procurement Plans. The plans are expected to be underpinned by analysis of procurement expenditure and procurement practices, systems and structures. The plans should provide targeted and strategic direction to procurement planning in contracting authorities.

As part of the process of encouraging *procurement management reform* and the corporate procurement planning process, the NPPPU is committed to putting in place a suite of policy and guidance documents to support innovative and improved procurement practices. This series should help those who make strategic decisions on procurement, those who are responsible for developing their organisation's Corporate Procurement Plan and those who are responsible for implementing these decisions and plans.

This guidance note has been developed to help contracting authorities who want to understand the commercial environment in which purchases of goods and services are made.

Introduction

- While understanding of supply markets has improved, there needs to be better understanding in contracting authorities of the suppliers and the markets in which they operate and how these shape the nature and availability of goods or services used by these authorities.

- Supply market analysis is a technique which enables a contracting authority to understand how a market works, the direction in which a market is heading, the competitiveness of a market, the key suppliers and the value that suppliers place on the contracting authority as a customer. This can help inform, improve and shape the tendering process leading to improved procurement outcomes such as better value for money or service, reduced prices or achieving whole of government outcomes.

When should supply market analysis be carried out?

- Supply market analysis should be carried out in respect of the purchase of goods and/or services when they

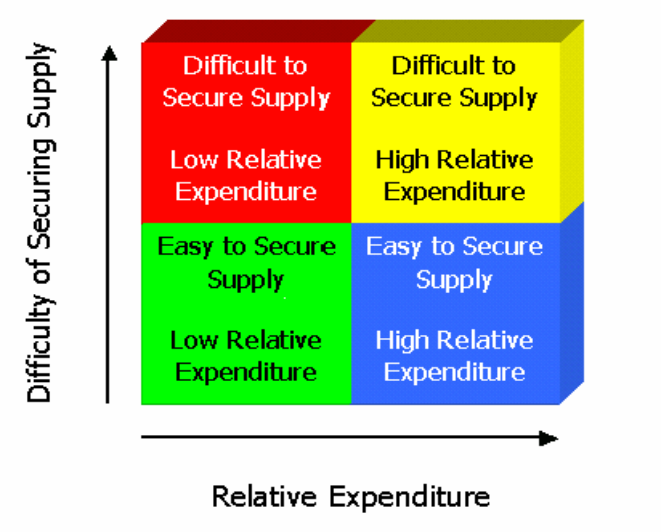
  - are difficult to purchase due to the complexity involved
  - involve a high level of expenditure
  - are critical to the ongoing business of the contracting authority

- Goods or services include large capital works, large transformational IT projects, specialised IT projects, purchases of specialised items such as chemicals.

- Less extensive supply market analysis should be carried out on goods or services which may be easy to acquire but where there is a significant cost involved. Goods or services include personal computers, printers or photocopiers.

- It is generally not necessary to carry out such analysis for goods or services where it is easy to secure supply and there is a low relative expenditure (e.g. stationery) or where goods or services are being acquired as part of an aggregated or framework arrangement.

- A broad framework for analysing supply markets based on the SUPREM (www.suprem.gov.ie) supply positioning model is set out in Appendix 1.



Reasons for analysing supply markets

- There are a number of reasons for analysing supplier markets:
    - Better knowledge of supplier strategy
    - Manage risk to the contracting authority
    - More informed contracting authority
    - Allows for the identification of opportunities to advance Government priorities

Better knowledge of supplier strategy

- Understanding how individual suppliers operate, their market position, why they want to deal with the contracting authority and understanding their longer term goals helps obtain value for money. Analysing supply markets may:

- Provide valuable information about suppliers' strengths and weaknesses. For example, the contracting authority may discover that a particular supplier is keen to win a Government contract or a supplier may have difficulty fulfilling orders.

- Identify comparable substitute goods and services that may be available from more competitive and less risky supply markets and could offer better value for money

- Understand which suppliers are more technologically advanced in particular sectors

- Identify opportunities to better manage the supply chain[1] that will reduce the cost of purchasing goods or services

[1] See page 11-12 of this document for comment on supply chain analysis

- Allow the contracting authority to become aware of all potential suppliers (in a market with a limited number of suppliers, it is advantageous for the contracting authority to encourage all suppliers to tender).

- Provide a sound understanding of the contracting authority's attractiveness as a customer for the supplier. The more important the contracting authority is to the supplier in terms of the business generated the more likely better service and price becomes available from that supplier.

Manage risk for the contracting authority

- Analysing supply markets assists in determining the risks involved in purchasing particular goods or services. It can also identify ways to manage these risks. Analysing supply markets may:

- Assist in the development of specifications to encourage competitive offers and reduce the possibility of purchasing goods or services which are not fit for purpose. Specifications are often set which are too restrictive and reduce the number of potential suppliers. This is often the result of a limited knowledge of alternatives.

- Identify opportunities to increase the base of suppliers to meet the needs of contracting authorities.

More informed contracting authority

- One of the aims of the procurement management reform process is to help create a more informed contracting authority. With market analysis, the contracting authority understands how technology and other factors are driving changes in the market for the particular goods or services it requires. The contracting authority understands how goods and services are priced and how service quality and standards are set by suppliers.

- Contracting authorities who understand markets and suppliers are better able to develop tenders which reflect conditions in that market. Indeed they are able to help develop the market or suppliers so it can provide the goods or services necessary to the functioning of the contracting authority. They are also able to deal with suppliers on a more equal basis when contracts are in place.

Allow for the identification of opportunities to advance government priorities

- Government policy requires value for money outcomes from procurement and this can include achieving whole of Government objectives. Procurement can assist in the development of environmental or social initiatives or it can become a force for innovation and help support small and medium enterprises to develop their potential.

- An informed knowledge of the market and the capabilities of suppliers can help bring a better approach to achieving whole of government objectives when contracting authorities are tendering. Thus, an informed knowledge of the ICT sector may allow for a tender which seeks an innovative response from the small business software sector. A better understanding of changes in environmentally friendly technology could help improve environmental outcomes from procurement.

Should contracting authorities rely only on advertising tenders or requests for information?

- Developing successful procurement strategies requires an awareness of current supply market information. Relying only on processes such as requests for information, quotations and tendering may not identify all the required information. A tendering process is unlikely to reveal to the contracting authority important information such as the level of competition in the market, supplier capability and environmental factors that may impact on the purchase. A tender process may not provide scope for identifying substitute or alternative goods and services, nor is it likely to identify the contracting authority's attractiveness to the market. Resources invested in analysing supply markets are usually more than offset by the benefits in value for money and risk reduction.

Conducting the analysis of supply markets

Introduction

- Before commencing any market analysis, the relevant individual or group in the contracting authority should consider the aims and objectives of this research so that the analysis will provide the answers required within the time available.

- For example the individual or group may want to consider whether the contracting authority is seeking

  - a reduction in cost and requires information on how the market prices a particular good or service

  - to understand the range of suppliers in the market and the goods/services they provide in order to develop an appropriate specification

  - to understand the latest trends in technology in a particular sector

  - achieve a specific whole of Government objective such as developing an innovative product or service, achieving a specific environmental standard or a particular social objective

- Once the aim of the research is understood, contracting authorities need to identify potential information sources; identify any potential costs and set a timetable for completing the research. <u>The level of detail in any</u>

research will vary with the complexity of the purchase and supply market. No two sets of work are likely to be the same and depend on the requirements of the contracting authority. The research needs to be flexible as new information gathered may change the direction of the research.

- Contracting authorities should conduct research and analysis at the same time. As information is researched, it needs to be analysed and initial analysts may lead to a requirement for more research and then further analysis based on new information.

- Individual contracting authorities should decide as to their own individual requirements on the level and extent of any analysis carried out by them.

Analytical framework for supply market analysis

- The information gathered during the research phase can be analysed using the supply market analysis framework which provides a structure for the analysis. This framework can be used to examine the supply market for a good or service and focuses on five key areas;

- Market structure
- Competition
- Supply chain
- Substitute goods and services
- The contracting authority's value as a customer.

This framework has been adopted from Michael Porter's "Five Forces Model of Competition".

- In addition, environmental factors such as legal, political, cultural, economic and technological elements that affect the supply market or the ability to purchase also need to be analysed.

- The questions provided under each heading are generic and can serve as a good starting point to analyse most supply markets. These questions should be used as a general guide, but remember that every supply market is different, so this list may be expanded or contracted where necessary. This type of research can often uncover unexpected information about the supply market. Be prepared to follow leads and review and update your research objectives.

Researching the market for a particular good or service may not require analysis under all five headings. The decision on which ones to use and which to omit is a matter for the contracting authority and depends on the complexity of the supply market analysis being carried out.

Market Structure

- Key areas to research:

  - How many suppliers are there in the market and what is each supplier's size (in terms of number of employees and production capabilities)
  - How are the suppliers geographically distributed
  - Which suppliers are the market leaders and which are the market followers
  - What are the type and level of barriers to entry and exit for potential suppliers (that is, the ease with which new firms can enter and secure a place in a viable market)
  - What is the size of the total market and relative size of each supplier (market share by revenue and/or profits)
  - What is the level of market concentration[2]? (Do a few large firms make up the bulk of all turnover)
  - Have there been any mergers and/or acquisitions in this industry recently, or are any predicted
  - What is the level of product differentiation[3] between firms
  - What are the role, profile and function of any key industry bodies
  - Which firms appear to lead in price increases or decreases
  - Do suppliers have interests in other markets
  - Do any of the suppliers tend towards horizontal[4] or vertical integration[5]

- Supply markets can range from the extreme situation where there are many firms each selling an identical or similar product or service to a situation where there is only one supplier (monopoly). In a developed

[2] Market concentration is the extent to which a small number of suppliers make up a large percentage of revenue. For example, if two or three large firms represent 90% of the turnover in the industry, the market could be referred to as highly concentrated.
[3] Product differentiation is the level and types of differences that suppliers have between their products.
[4] Horizontal integration means firms forming alliances or takeovers with companies in the same industry (competitors).
[5] Vertical integration means firms forming alliances or takeovers with companies that are in their supply chain (either upstream or downstream).

economy, the majority of markets fit somewhere between these two categories.

- As there is unlikely to be perfect competition in all markets, one of the greatest difficulties for contracting authorities is dealing with monopoly or monopoly like situations. In such situations, the power of the contracting authority is likely to be limited and power resides with the supplier(s) who can use their powers to set higher prices and influence the level of service available. Contracting authorities need to consider how they can develop innovative solutions to resolve potential difficulties with monopoly or near monopoly suppliers. Depending on the reason for the monopoly relationship (for example, due to buyer specifications or the limited size of the market), different options may be available to the contracting authority to redress the balance. These include:

  - Increase knowledge about the supplier to identify opportunities to leverage advantage
  - Increase mutual dependency with the supplier
  - Produce the good/service in-house
  - Support the development of alternative suppliers
  - Consider substitute goods and services.

- The type of market structure will be affected by the type and level of barriers to entry and exit in a particular market. High barriers to entry including patent and licensing rights, difficulties in sourcing capital or labour and government regulations. When barriers to entry are high, suppliers are likely to compete on product type and brand image rather than price. Supply markets with low barriers are likely to result in a greater number of competitors and price-based competition is more prevalent.

- Contracting authorities should consider classifying their supplier base into the following categories so that they understand where potential difficulties may emerge with the supply of particular goods or services. Suppliers can be categorised as:

  - Bottleneck – where substitution of existing goods provided by the supplier is difficult; where there are monopolistic markets; high entry barriers to the market

  - Non-critical suppliers – where there is availability of the particular goods or services and where there is standard specifications allowing the goods or services to be sourced from a range of suppliers and where substitution is possible.

  - Leverage suppliers – where there is adequate availability of the goods or services with numbers of alternative suppliers; where there are standard products available from these suppliers and it is possible to substitute the goods and services and the suppliers.

- Critical strategic suppliers – where the suppliers are strategically important; where substitution or alternative suppliers are difficult to source and they are of major importance for achieving the aims of the procurement strategy.

- Understanding the structure of a market gives contracting authorities an insight into the way firms operate and how they are likely to behave in a commercial environment when supplying the contracting authority.

Competition

- Key areas to research:

- Do suppliers compete on quality, service, price and/or other factors
- What are the trends in the supply market (for example, has product price consistently been reducing)
- Is there any obvious competitive advantage held by a supplier
- Are there any trade restrictions in the market
- Is there impact of any trade, consumer or environmental legislation
- What is the position of the product in its product life cycle, early, middle or late?

- Identifying the way in which suppliers compete in the market provides information about supply market dynamics and what to expect from the market.

- Some companies compete on the basis of one of a number of factors which includes price, service, distribution, product types or brand image. Some will compete on price where they have similar product, service and distribution. Other companies differentiate on the basis of brand image and quality and level of service and less on price. The value of the additional costs of branded goods and associated services to the contracting authority needs to be considered when evaluating suppliers.

- The level of competition can also be affected by the type and level of barriers to entry and exit in a particular market. As outlined above barriers to entry include patent and licensing rights; difficulties in sourcing capital or labour and government regulations.

- It is also worth carrying out research on the product life cycle of any good. If a product is sold early in the product cycle, it is likely to be expensive and it may be subject to teething problems. As the product is developed and becomes more mainstream, it is likely to become cheaper and of better quality. Finally a product reaches the mature stage where there are a number of manufacturers and retailers and the product is relatively cheap and easy to purchase. Purchasing goods in the late stage of the product cycle provided they are fit for purpose and are not likely to become obsolescent, can be of significant benefit to contracting authorities.

- It is useful to attempt to forecast future supply market situations. Following trends and examining the likelihood of competitors entering or leaving the market can help contracting authorities make better purchasing decisions. For example, the electricity industry is undergoing a process of deregulation. Prior to this, options for supply were restricted. Barriers to entry have been sequentially reduced resulting in more choices for buyers. This places the contracting authority in a potentially better position to seek a better deal.

Supply Chain

- A supply chain consists of all members involved in the process of creating a good or service from inputs through production, distribution and marketing to the end user. Supply chains need to be examined to identify the value added[6] element at each stage and to look for areas of possible supply vulnerability[7]. Normally each participant in a supply chain introduces a price mark-up for the goods or services as they progress though the chain to compensate them for the value they add to development, distribution and sales process.

- Key areas to research:

  - What firms make up the supply chain
  - How complex is the supply chain
  - What does each member of the supply chain contribute to the end product (the level of value-adding)
  - What are the delivery or transportation methods in the supply chain
  - Are there any potential areas of supply vulnerability within the chain
  - Are there any more efficient sources of supply

- For example, a domestic distributor of a specialist chemical sourced from outside the State would be expected to mark up the price to cover the importation and handling costs. The value adding component is the supplier managing the risks associated with importing and handling the chemical. Although it may be cheaper for a contracting authority to seek to purchase the chemical directly from the original supplier, the contracting authority would need to manage the importation and handling costs as well as the associated risks. It would need to compare the trade off between the two options and decide on the best option.

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[6] Value added - Each participant of the supply chain should be expected to add value by contributing benefits to what will be the final product. This may include such things as product packaging, product refinements, service, distribution, and/or management information reports. The value added component will be the particular contribution of the supplier to the end product.

[7] Supply vulnerability - These are the risks that may exist in the movement of products through the supply chain. These risks may include dangers in storage and handling, importation, and/or a supply chain participant's untimely exit from the market that may result in delays or stock-outs.

- It is also possible that there are unnecessary layers in the supply chain which do not add value but add cost and delay delivery. The efficiency of the supply chain also needs to be considered as some suppliers in the chain may be unreliable or poorly managed. The contracting authority needs to become aware of such issues and seek to manage them. Better management of the supply chain may include purchasing from a different level such as wholesale suppliers. Such an approach to purchasing would have to be weighed up against the benefits of purchasing from a local or SME supplier.

Substitute goods and services

- Key areas to research:

  - What goods and services are currently available to meet the needs of the contracting authority (Maintain a broad focus)
  - Are there any viable substitute goods or services that are currently under development that may be an alternative in the future?

- Focussing on the outcome required from the purchase and not the process often opens the market to a wider range of products and suppliers. For any goods or services, there may be a number of alternatives that are available that will meet the same need. Often product substitutes are missed because of a narrow focus or because specifications are too rigid. Sourcing substitute products increases the number of firms that may meet contracting authorities' needs and reduces the possibility of the contracting authority being in a vulnerable position in dealing with a monopoly supplier.

- Maintaining a whole market focus presents an increased number of opportunities to source alternative goods and services. This process needs to be conducted in conjunction with the end users of the goods or services to ensure their needs will be met by any alternative products or services.

- For example, a contracting authority may seek to replace existing printers with a new set of similar size and standard of printers without considering whether there are alternatives to providing its printing requirements which could provide better value for money. It could for example

  - replace the existing printers with printing pods with fewer but higher specification printers
  - replace the printers with a combination of networked photocopiers and fewer printers
  - purchase multi-functional devices for specific units which could replace both printers and photocopiers
  - purchase a combination of networked photocopiers, high specification printers for printing pods and some multi-functional devices

- The total cost of ownership of these combinations would have to be weighed against replacing the existing printers. Possible costs and efficiency issues associated with cultural and organisational opposition to a change from a printer environment would also have to be considered. However if the contracting authority does not consider alternatives to replacing existing equipment an opportunity to deliver better value for money would be missed.

The contracting authority's value as a customer

- Key areas of research:

  - What is the total turnover in the market
  - What is the turnover of individual suppliers that supply the product (This information will need to be compared to the contracting authority's current and predicted annual spend (if available) to provide its relative value as a customer.)
  - What is the contracting authority's market share as a customer
  - Does the way the contracting authority conducts its business make it attractive (or unattractive) as a customer?

- It is important to consider the contracting authority's value to the supply market and individual suppliers within the market. Suppliers can segment their customers based on their relative importance based on among other issues the revenue yield and the attractiveness of the customers. They tend to concentrate on more valuable customers and wish to retain them by being more competitive. They may be less interested in gaining or retaining new business, if it is not of sufficient interest or there is insufficient margin in the business for them.

- The relative value of a contracting authority to a supplier is based on their expenditure and attractiveness. Expenditure considerations include:

  - The percentage of a supplier's business that the contracting authority represents (if the contracting authority is an existing customer)
  - the percentage of a supplier's business that the contracting authority could represent (if the contracting authority was looking for a supplier and the contracting authority's business was to be won)
  - the contracting authority's spending relative to total market turnover (a contracting authority is generally considered significant if its business is 0.5 percent or greater of turnover in the market).

- Attractiveness includes:

  - the profitability of selling to the contracting authority (sales revenue less any costs of selling the product)
  - the reputation of the contracting authority
  - the ease of managing the contracting authority's accounts
  - guaranteed/certainty of payment and little danger of insolvency

- the potential to use the contracting authority as a marketing platform for the supplier (that is, the level of on-sell potential)

Environmental factors

- Understanding the competitiveness and reliability of the relevant supply market may also involve gathering information on external environmental factors affecting that supply market. Environmental factors include any legal, political, cultural, economic, or technological elements that affect the supply market. Generally the two factors that are most likely to affect purchasing decisions are legal factors (legislation; national and EU) and political factors (policies). Full and careful consideration also needs to be given to factors such as currency exchange rates if entering into large overseas transactions outside the Euro zone.

- It is important to conduct an evaluation of all potential environmental factors for all purchases which are of sufficiently high value or where there is some risk to the contracting authority arising from the purchase. Most factors are likely to be identified by consulting users of the product and assessing records of previous transactions with a view to identifying key issues or problems.

Retaining relevant information

- Documented information gained through analysing supply markets is a key source of market, industry and supplier intelligence. Such information should be updated on an ongoing basis, in particular where a contracting authority purchases high risk expensive goods or services on a regular basis. The supply base is constantly evolving and changing over time and suppliers are constantly updating their marketing and management strategies.

Sources of information

- Market and industry information is available from a variety of sources. Most of those involved in purchasing have access to on-line databases or research resources of their organisation.

- It is recommended that any research carried out uses secondary sources, which are already published before conducting any primary research (information found for the first time, such as conducting interviews or surveys). Secondary research usually provides good background information about the market and specific issues and/or suppliers. In terms of general market information this may include overall market size and other statistics, key suppliers in the market and the like. Specific supplier information may include goods and services supplied by particular firms, company reports and information about future plans.

- Once you have an initial understanding of the goods or services and the supply market arising from the secondary research, talking to suppliers

and product users (primary research) can help generate a clearer, more detailed understanding. These could be existing suppliers or suppliers sourced through secondary research. Primary research includes interviewing those in the best position to understand any issues about the goods or services required to meet their needs. This type of research should involve a range of potential suppliers both current and non-current. A well prepared interview with suppliers can provide useful information on products and market developments compared to significant secondary research. It is also likely to provide information on cost and pricing pressures and what is approach is being adopted to reduce or minimise these costs.

- There is need for caution in any research work with suppliers as they are likely to be biased towards promoting their own products and services. It is important that a range of suppliers are interviewed since this gives a wider picture of products and markets and reduces potential complaints about bias or favouritism.

- If you decide to talk to potential suppliers be careful not to make any representations or promises on behalf of the contracting authority or give away any information that is commercially valuable to the contracting authority.

- It is worth interviewing internal users of goods or services, including technical people and managers to obtain a good understanding of the issues. Targeting the appropriate person is important in getting the best information. Such individuals may also have a good understanding of the supply base and of the supply issues in that particular market and could provide a reality check on information obtained from primary or secondary sources. The information each person may supply is likely to be different but useful in building a complete picture of the range of suppliers and the nature of the supply market.

- The list of organisations and potential sources of information listed here is not exhaustive. Individuals involved in such a market analysis should use the sources listed here – but also seek out their own sources of information.

Possible secondary information sources

On line databases

- The national public procurement portal is www.etenders.gov.ie. It has links to the EU public procurement portal http://simap.eu.int and other useful sites. Many contracting authorities will have access to some research databases, for example Lexis Nexis http://www.lexis-nexis.com/.

Government services

- These bodies may have access to information about suppliers or particular markets.

- Central Statistics Office http://www.cso.ie/
- County Enterprise Boards (see relevant local ones)
- Shannon Development (Clare, Limerick, North Tipperary, West and South Offaly and North Kerry) www.shannon-dev.ie
- Udaras Na Gaeltachta covers Donegal, Mayo, Galway, Kerry, Cork, Meath and Waterford www.udaras.ie
- Enterprise Ireland http://www.enterprise-ireland.com/
- IDA Ireland http://www.idaireland.com/
- Economic and Social Research Institute http://www.esri.ie/

Media sources

- Media monitoring is a useful mechanism for obtaining information about newsworthy activities occurring in the supply market. Some useful sources and their websites include the following. There are many others worth consulting. There may also be specialist media sources for particular goods or services which could also be consulted.

  - RTÉ News http://www.rte.ie/news/
  - The Irish Times http://www.ireland.com/
  - The Irish Independent http://www.unison.ie/irish_independent/
  - The Irish Examiner http://www.irishexaminer.com/
  - The Economist http://www.economist.com/
  - The Financial Times http://www.ft.com/home/europe
  - Business and Finance magazine www.businessworld.ie
  - Harvard Business Review online http://harvardbusinessonline.hbsp.harvard.edu/b02/en/home/index.jhtm

Industry representative bodies

- There are a number of national bodies who may be able to provide information on suppliers and on supply markets. These are

  - Construction Industry Federation http://www.cif.ie/
  - Chambers Ireland http://www.chambers.ie
  - Irish Business and Employers Confederation http://www.ibec.ie
  - Irish Small and Medium Enterprises Association (ISME) www.isme.ie.
  - Small Firms Association http://www.sfa.ie/

- Trade Associations can provide a useful source of information for specific categories of products or services. The IPA annual yearbook or the business sections of the telephone directory can provide useful ways of sourcing such information.

Specialist commercial organisations

- Many commercial organisations have data that may be useful when gathering supply market information. It is also possible to purchase

secondary research from specialist research organisations. It is a matter of personal judgement to determine whether the value of such material justifies the purchase costs. These include

- http://www.business.ie/
- http://www.kompass.ie/
- http://www.researchandmarkets.com

Other sources of information

- Individuals researching a base of suppliers may also want to consider using local libraries or libraries in third level institutions to source relevant material.

Internet search engines

- Internet search engines can be used to point you in the direction of a great wealth of information. Some examples include:

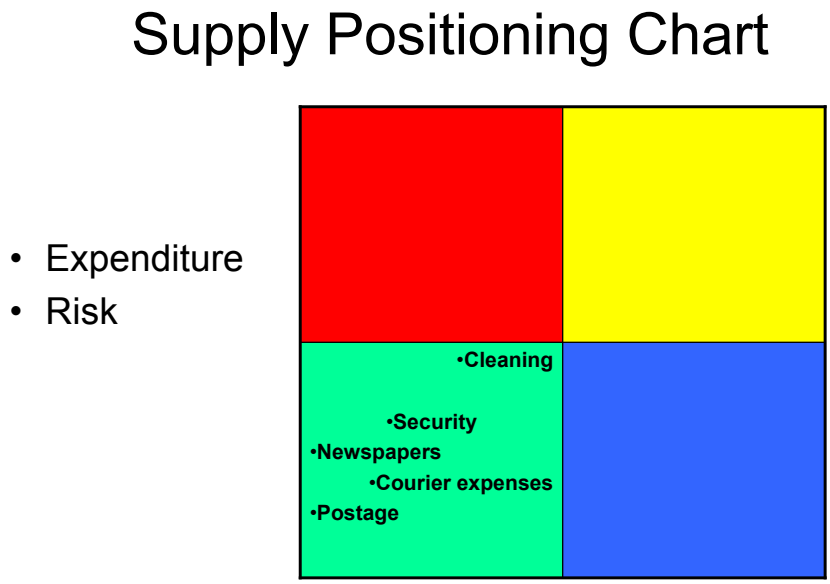
  - Alta Vista http://ie.altavista.com/
  - Google http://www.google.ie
  - Yahoo http://uk.yahoo.com/
  - Ask http://www.ask.com/

Company specific information

- If an individual is researching one supplier information in accounts and annual reports can often be found on the internet. If more detailed financial information is required (in Ireland) it can be acquired from the Companies Registration Office (CRO) http://www.cro.ie for a fee.

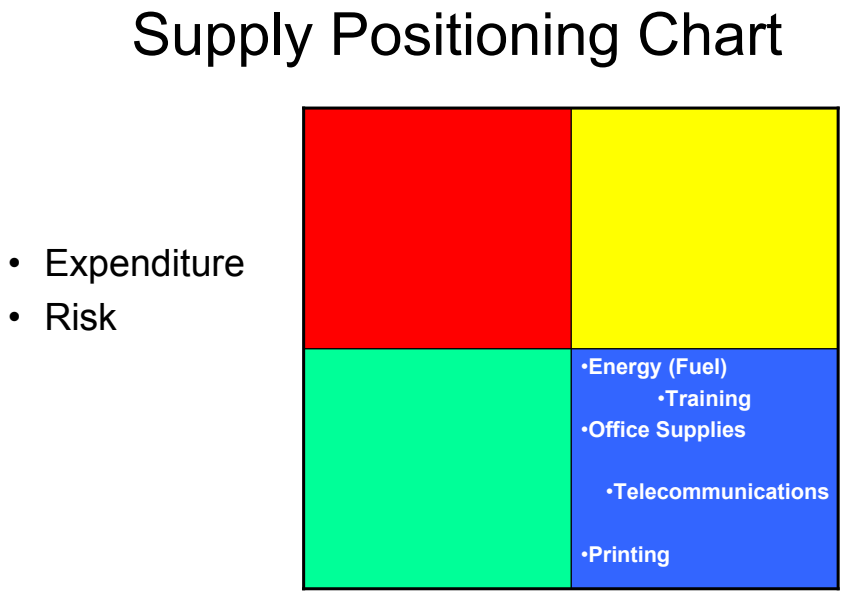
Appendix 1

Market analysis for easy to secure supply and low relative expenditure



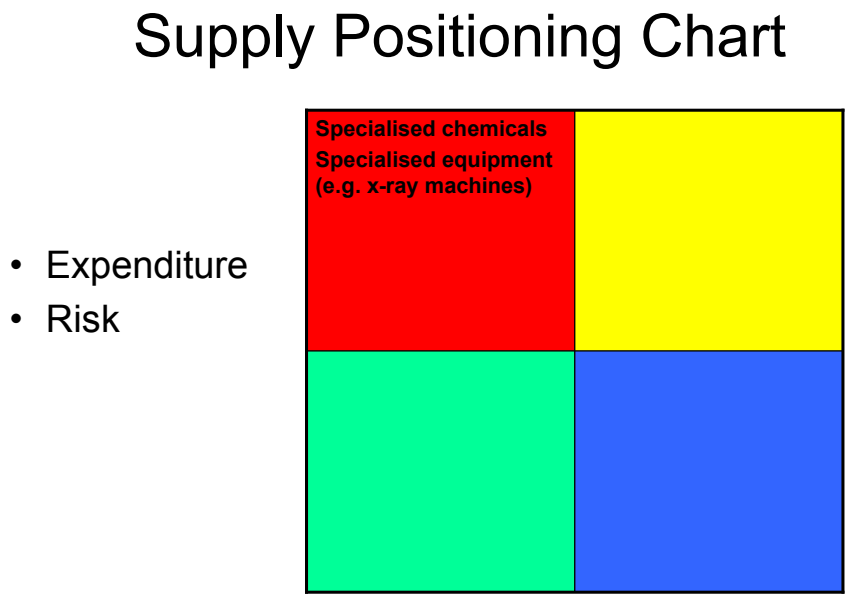
- Goods easier to acquire and are commonly available and any significant market analysis is not necessary
- Where market analysis is carried out it should focus on services (e.g. couriers, cleaning)
- What suppliers are in the market
- Who are the main suppliers
- How effective is their service provision
- Is there any difference in the services being supplied
- How important is your contract to the supplier

Market analysis for easy to secure supply and high relative expenditure



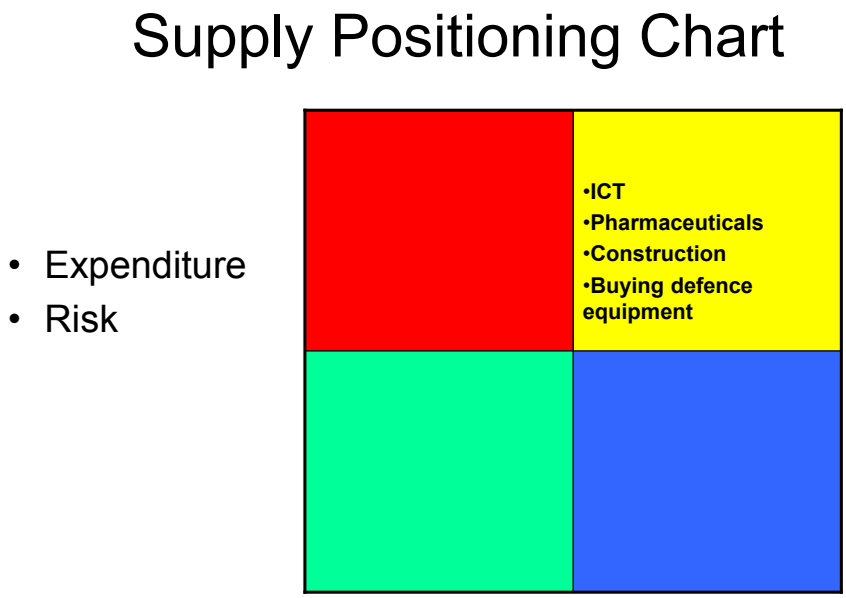
- Better understanding of markets needed here for <u>both</u> goods and services
- Markets for goods and services are more complex
- How many suppliers
- What is the differences in products or services provided
- Do suppliers compete on quality, price or both other factors
- What are the price trends in the market
- How important is your contract to the supplier
- What alternative goods or services exist to meet your needs

Market analysis for difficult to secure supply and low relative expenditure



- Better understanding of markets needed here for <u>both</u> goods and services
- Usually limited number of specialised suppliers
- Who are market leaders
- What is the level of product differentiation
- Do supplier compete on price, service or both
- Are there barriers to entry to the market
- What alternative goods or services are available to meet the needs of the department
- How important is the department/agency as a customer

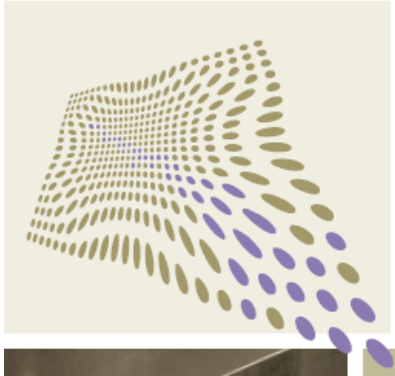
Market analysis for difficult to secure supply and high relative expenditure



- Better understanding of markets needed here for <u>both</u> goods and services
- How many suppliers are in the market
- What is the size of the total market and what is the relative size of each supplier
- Which suppliers are market leaders
- Is the market dominated by small or large suppliers or a mixture
- What is the level of product or service differences between different firms
- Do suppliers compete on price, service or both factors
- What are the barriers to entry and exit (ease with which suppliers can enter and exit the market)
- What are the price trends (increasing or decreasing)
- Is there any impact on trade, consumer or environmental legislation
- What firms make up the chain of suppliers
- How complex is the supply chain and what does each company contribute to it
- Are there alternative goods or services available
- What is the value of the department/agency as a customer

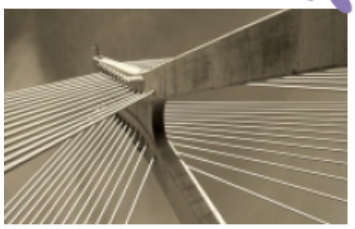
SUPPLY MARKET ANALYSIS

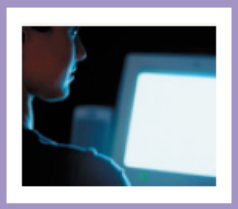
Guidance Note General 2



National Public Procurement Policy Unit

NPPPU





An Roinn Airgeadais
Department of Finance

Effective and efficient procurement policies, procedures and practices in contracting authorities can have a significant impact on obtaining value for money in the purchase of goods and services by the State.

In 2005 the NPPPU published the **National Public Procurement Policy Framework**. The policy requires that *procurement management reform* should be one of the key strategic priorities of the public sector in order to achieve value for money outcomes from procurement. *Procurement management reform* is to be achieved by encouraging contracting authorities to analyse their procurement structures and practices and through this process adopt improved procurement practices and procedures. Contracting authorities are required to achieve this policy objective through the development of Corporate Procurement Plans. The plans are expected to be underpinned by analysis of procurement expenditure and procurement practices, systems and structures. The plans should provide targeted and strategic direction to procurement planning in contracting authorities.

As part of the process of encouraging *procurement management reform* and the corporate procurement planning process, the NPPPU is committed to putting in place a suite of policy and guidance documents to support innovative and improved procurement practices. This series should help those who make strategic decisions on procurement, those who are responsible for developing their organisation's Corporate Procurement Plan and those who are responsible for implementing these decisions and plans.

This guidance note has been developed to help contracting authorities who want to understand the commercial environment in which purchases of goods and services are made.

Introduction

- While understanding of supply markets has improved, there needs to be better understanding in contracting authorities of the suppliers and the markets in which they operate and how these shape the nature and availability of goods or services used by these authorities.

- Supply market analysis is a technique which enables a contracting authority to understand how a market works, the direction in which a market is heading, the competitiveness of a market, the key suppliers and the value that suppliers place on the contracting authority as a customer. This can help inform, improve and shape the tendering process leading to improved procurement outcomes such as better value for money or service, reduced prices or achieving whole of government outcomes.

When should supply market analysis be carried out?

- Supply market analysis should be carried out in respect of the purchase of goods and/or services when they

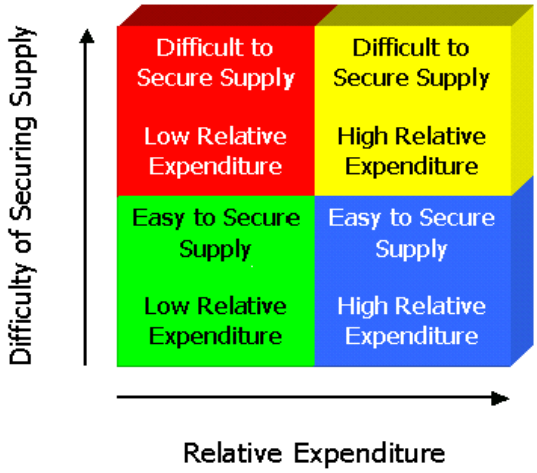
  - are difficult to purchase due to the complexity involved
  - involve a high level of expenditure
  - are critical to the ongoing business of the contracting authority

- Goods or services include large capital works, large transformational IT projects, specialised IT projects, purchases of specialised items such as chemicals.

- Less extensive supply market analysis should be carried out on goods or services which may be easy to acquire but where there is a significant cost involved. Goods or services include personal computers, printers or photocopiers.

- It is generally not necessary to carry out such analysis for goods or services where it is easy to secure supply and there is a low relative expenditure (e.g. stationery) or where goods or services are being acquired as part of an aggregated or framework arrangement.

- A broad framework for analysing supply markets based on the SUPREM (www.suprem.gov.ie) supply positioning model is set out in Appendix 1.



Reasons for analysing supply markets

- There are a number of reasons for analysing supplier markets:
    - Better knowledge of supplier strategy
    - Manage risk to the contracting authority
    - More informed contracting authority
    - Allows for the identification of opportunities to advance Government priorities

Better knowledge of supplier strategy

- Understanding how individual suppliers operate, their market position, why they want to deal with the contracting authority and understanding their longer term goals helps obtain value for money. Analysing supply markets may:

- Provide valuable information about suppliers' strengths and weaknesses. For example, the contracting authority may discover that a particular supplier is keen to win a Government contract or a supplier may have difficulty fulfilling orders.

- Identify comparable substitute goods and services that may be available from more competitive and less risky supply markets and could offer better value for money

- Understand which suppliers are more technologically advanced in particular sectors

- Identify opportunities to better manage the supply chain[1] that will reduce the cost of purchasing goods or services

[1] See page 11-12 of this document for comment on supply chain analysis

- Allow the contracting authority to become aware of all potential suppliers (in a market with a limited number of suppliers, it is advantageous for the contracting authority to encourage all suppliers to tender).

- Provide a sound understanding of the contracting authority's attractiveness as a customer for the supplier. The more important the contracting authority is to the supplier in terms of the business generated the more likely better service and price becomes available from that supplier.

Manage risk for the contracting authority

- Analysing supply markets assists in determining the risks involved in purchasing particular goods or services. It can also identify ways to manage these risks. Analysing supply markets may:

- Assist in the development of specifications to encourage competitive offers and reduce the possibility of purchasing goods or services which are not fit for purpose. Specifications are often set which are too restrictive and reduce the number of potential suppliers. This is often the result of a limited knowledge of alternatives.

- Identify opportunities to increase the base of suppliers to meet the needs of contracting authorities.

More informed contracting authority

- One of the aims of the procurement management reform process is to help create a more informed contracting authority. With market analysis, the contracting authority understands how technology and other factors are driving changes in the market for the particular goods or services it requires. The contracting authority understands how goods and services are priced and how service quality and standards are set by suppliers.

- Contracting authorities who understand markets and suppliers are better able to develop tenders which reflect conditions in that market. Indeed they are able to help develop the market or suppliers so it can provide the goods or services necessary to the functioning of the contracting authority. They are also able to deal with suppliers on a more equal basis when contracts are in place.

Allow for the identification of opportunities to advance government priorities

- Government policy requires value for money outcomes from procurement and this can include achieving whole of Government objectives. Procurement can assist in the development of environmental or social initiatives or it can become a force for innovation and help support small and medium enterprises to develop their potential.

- An informed knowledge of the market and the capabilities of suppliers can help bring a better approach to achieving whole of government objectives when contracting authorities are tendering. Thus, an informed knowledge of the ICT sector may allow for a tender which seeks an innovative response from the small business software sector. A better understanding of changes in environmentally friendly technology could help improve environmental outcomes from procurement.

Should contracting authorities rely only on advertising tenders or requests for information?

- Developing successful procurement strategies requires an awareness of current supply market information. Relying only on processes such as requests for information, quotations and tendering may not identify all the required information. A tendering process is unlikely to reveal to the contracting authority important information such as the level of competition in the market, supplier capability and environmental factors that may impact on the purchase. A tender process may not provide scope for identifying substitute or alternative goods and services, nor is it likely to identify the contracting authority's attractiveness to the market. Resources invested in analysing supply markets are usually more than offset by the benefits in value for money and risk reduction.

Conducting the analysis of supply markets

Introduction

- Before commencing any market analysis, the relevant individual or group in the contracting authority should consider the aims and objectives of this research so that the analysis will provide the answers required within the time available.

- For example the individual or group may want to consider whether the contracting authority is seeking

  - a reduction in cost and requires information on how the market prices a particular good or service

  - to understand the range of suppliers in the market and the goods/services they provide in order to develop an appropriate specification

  - to understand the latest trends in technology in a particular sector

  - achieve a specific whole of Government objective such as developing an innovative product or service, achieving a specific environmental standard or a particular social objective

- Once the aim of the research is understood, contracting authorities need to identify potential information sources; identify any potential costs and set a timetable for completing the research. <u>The level of detail in any</u>

research will vary with the complexity of the purchase and supply market. No two sets of work are likely to be the same and depend on the requirements of the contracting authority. The research needs to be flexible as new information gathered may change the direction of the research.

- Contracting authorities should conduct research and analysis at the same time. As information is researched, it needs to be analysed and initial analysts may lead to a requirement for more research and then further analysis based on new information.

- Individual contracting authorities should decide as to their own individual requirements on the level and extent of any analysis carried out by them.

Analytical framework for supply market analysis

- The information gathered during the research phase can be analysed using the supply market analysis framework which provides a structure for the analysis. This framework can be used to examine the supply market for a good or service and focuses on five key areas;

- Market structure
- Competition
- Supply chain
- Substitute goods and services
- The contracting authority's value as a customer.

This framework has been adopted from Michael Porter's "Five Forces Model of Competition".

- In addition, environmental factors such as legal, political, cultural, economic and technological elements that affect the supply market or the ability to purchase also need to be analysed.

- The questions provided under each heading are generic and can serve as a good starting point to analyse most supply markets. These questions should be used as a general guide, but remember that every supply market is different, so this list may be expanded or contracted where necessary. This type of research can often uncover unexpected information about the supply market. Be prepared to follow leads and review and update your research objectives.

Researching the market for a particular good or service may not require analysis under all five headings. The decision on which ones to use and which to omit is a matter for the contracting authority and depends on the complexity of the supply market analysis being carried out.

Market Structure

- Key areas to research:

  - How many suppliers are there in the market and what is each supplier's size (in terms of number of employees and production capabilities)
  - How are the suppliers geographically distributed
  - Which suppliers are the market leaders and which are the market followers
  - What are the type and level of barriers to entry and exit for potential suppliers (that is, the ease with which new firms can enter and secure a place in a viable market)
  - What is the size of the total market and relative size of each supplier (market share by revenue and/or profits)
  - What is the level of market concentration[2]? (Do a few large firms make up the bulk of all turnover)
  - Have there been any mergers and/or acquisitions in this industry recently, or are any predicted
  - What is the level of product differentiation[3] between firms
  - What are the role, profile and function of any key industry bodies
  - Which firms appear to lead in price increases or decreases
  - Do suppliers have interests in other markets
  - Do any of the suppliers tend towards horizontal[4] or vertical integration[5]

- Supply markets can range from the extreme situation where there are many firms each selling an identical or similar product or service to a situation where there is only one supplier (monopoly). In a developed

[2] Market concentration is the extent to which a small number of suppliers make up a large percentage of revenue. For example, if two or three large firms represent 90% of the turnover in the industry, the market could be referred to as highly concentrated.
[3] Product differentiation is the level and types of differences that suppliers have between their products.
[4] Horizontal integration means firms forming alliances or takeovers with companies in the same industry (competitors).
[5] Vertical integration means firms forming alliances or takeovers with companies that are in their supply chain (either upstream or downstream).

economy, the majority of markets fit somewhere between these two categories.

- As there is unlikely to be perfect competition in all markets, one of the greatest difficulties for contracting authorities is dealing with monopoly or monopoly like situations. In such situations, the power of the contracting authority is likely to be limited and power resides with the supplier(s) who can use their powers to set higher prices and influence the level of service available. Contracting authorities need to consider how they can develop innovative solutions to resolve potential difficulties with monopoly or near monopoly suppliers. Depending on the reason for the monopoly relationship (for example, due to buyer specifications or the limited size of the market), different options may be available to the contracting authority to redress the balance. These include:

  - Increase knowledge about the supplier to identify opportunities to leverage advantage
  - Increase mutual dependency with the supplier
  - Produce the good/service in-house
  - Support the development of alternative suppliers
  - Consider substitute goods and services.

- The type of market structure will be affected by the type and level of barriers to entry and exit in a particular market. High barriers to entry including patent and licensing rights, difficulties in sourcing capital or labour and government regulations. When barriers to entry are high, suppliers are likely to compete on product type and brand image rather than price. Supply markets with low barriers are likely to result in a greater number of competitors and price-based competition is more prevalent.

- Contracting authorities should consider classifying their supplier base into the following categories so that they understand where potential difficulties may emerge with the supply of particular goods or services. Suppliers can be categorised as:

  - Bottleneck – where substitution of existing goods provided by the supplier is difficult; where there are monopolistic markets; high entry barriers to the market

  - Non-critical suppliers – where there is availability of the particular goods or services and where there is standard specifications allowing the goods or services to be sourced from a range of suppliers and where substitution is possible.

  - Leverage suppliers – where there is adequate availability of the goods or services with numbers of alternative suppliers; where there are standard products available from these suppliers and it is possible to substitute the goods and services and the suppliers.

- Critical strategic suppliers – where the suppliers are strategically important; where substitution or alternative suppliers are difficult to source and they are of major importance for achieving the aims of the procurement strategy.

- Understanding the structure of a market gives contracting authorities an insight into the way firms operate and how they are likely to behave in a commercial environment when supplying the contracting authority.

Competition

- Key areas to research:

- Do suppliers compete on quality, service, price and/or other factors
- What are the trends in the supply market (for example, has product price consistently been reducing)
- Is there any obvious competitive advantage held by a supplier
- Are there any trade restrictions in the market
- Is there impact of any trade, consumer or environmental legislation
- What is the position of the product in its product life cycle, early, middle or late?

- Identifying the way in which suppliers compete in the market provides information about supply market dynamics and what to expect from the market.

- Some companies compete on the basis of one of a number of factors which includes price, service, distribution, product types or brand image. Some will compete on price where they have similar product, service and distribution. Other companies differentiate on the basis of brand image and quality and level of service and less on price. The value of the additional costs of branded goods and associated services to the contracting authority needs to be considered when evaluating suppliers.

- The level of competition can also be affected by the type and level of barriers to entry and exit in a particular market. As outlined above barriers to entry include patent and licensing rights; difficulties in sourcing capital or labour and government regulations.

- It is also worth carrying out research on the product life cycle of any good. If a product is sold early in the product cycle, it is likely to be expensive and it may be subject to teething problems. As the product is developed and becomes more mainstream, it is likely to become cheaper and of better quality. Finally a product reaches the mature stage where there are a number of manufacturers and retailers and the product is relatively cheap and easy to purchase. Purchasing goods in the late stage of the product cycle provided they are fit for purpose and are not likely to become obsolescent, can be of significant benefit to contracting authorities.

- It is useful to attempt to forecast future supply market situations. Following trends and examining the likelihood of competitors entering or leaving the market can help contracting authorities make better purchasing decisions. For example, the electricity industry is undergoing a process of deregulation. Prior to this, options for supply were restricted. Barriers to entry have been sequentially reduced resulting in more choices for buyers. This places the contracting authority in a potentially better position to seek a better deal.

Supply Chain

- A supply chain consists of all members involved in the process of creating a good or service from inputs through production, distribution and marketing to the end user. Supply chains need to be examined to identify the value added[6] element at each stage and to look for areas of possible supply vulnerability[7]. Normally each participant in a supply chain introduces a price mark-up for the goods or services as they progress though the chain to compensate them for the value they add to development, distribution and sales process.

- Key areas to research:

  - What firms make up the supply chain
  - How complex is the supply chain
  - What does each member of the supply chain contribute to the end product (the level of value-adding)
  - What are the delivery or transportation methods in the supply chain
  - Are there any potential areas of supply vulnerability within the chain
  - Are there any more efficient sources of supply

- For example, a domestic distributor of a specialist chemical sourced from outside the State would be expected to mark up the price to cover the importation and handling costs. The value adding component is the supplier managing the risks associated with importing and handling the chemical. Although it may be cheaper for a contracting authority to seek to purchase the chemical directly from the original supplier, the contracting authority would need to manage the importation and handling costs as well as the associated risks. It would need to compare the trade off between the two options and decide on the best option.

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[6] Value added - Each participant of the supply chain should be expected to add value by contributing benefits to what will be the final product. This may include such things as product packaging, product refinements, service, distribution, and/or management information reports. The value added component will be the particular contribution of the supplier to the end product.

[7] Supply vulnerability - These are the risks that may exist in the movement of products through the supply chain. These risks may include dangers in storage and handling, importation, and/or a supply chain participant's untimely exit from the market that may result in delays or stock-outs.

- It is also possible that there are unnecessary layers in the supply chain which do not add value but add cost and delay delivery. The efficiency of the supply chain also needs to be considered as some suppliers in the chain may be unreliable or poorly managed. The contracting authority needs to become aware of such issues and seek to manage them. Better management of the supply chain may include purchasing from a different level such as wholesale suppliers. Such an approach to purchasing would have to be weighed up against the benefits of purchasing from a local or SME supplier.

Substitute goods and services

- Key areas to research:

  - What goods and services are currently available to meet the needs of the contracting authority (Maintain a broad focus)
  - Are there any viable substitute goods or services that are currently under development that may be an alternative in the future?

- Focussing on the outcome required from the purchase and not the process often opens the market to a wider range of products and suppliers. For any goods or services, there may be a number of alternatives that are available that will meet the same need. Often product substitutes are missed because of a narrow focus or because specifications are too rigid. Sourcing substitute products increases the number of firms that may meet contracting authorities' needs and reduces the possibility of the contracting authority being in a vulnerable position in dealing with a monopoly supplier.

- Maintaining a whole market focus presents an increased number of opportunities to source alternative goods and services. This process needs to be conducted in conjunction with the end users of the goods or services to ensure their needs will be met by any alternative products or services.

- For example, a contracting authority may seek to replace existing printers with a new set of similar size and standard of printers without considering whether there are alternatives to providing its printing requirements which could provide better value for money. It could for example

  - replace the existing printers with printing pods with fewer but higher specification printers
  - replace the printers with a combination of networked photocopiers and fewer printers
  - purchase multi-functional devices for specific units which could replace both printers and photocopiers
  - purchase a combination of networked photocopiers, high specification printers for printing pods and some multi-functional devices

- The total cost of ownership of these combinations would have to be weighed against replacing the existing printers. Possible costs and efficiency issues associated with cultural and organisational opposition to a change from a printer environment would also have to be considered. However if the contracting authority does not consider alternatives to replacing existing equipment an opportunity to deliver better value for money would be missed.

The contracting authority's value as a customer

- Key areas of research:

  - What is the total turnover in the market
  - What is the turnover of individual suppliers that supply the product (This information will need to be compared to the contracting authority's current and predicted annual spend (if available) to provide its relative value as a customer.)
  - What is the contracting authority's market share as a customer
  - Does the way the contracting authority conducts its business make it attractive (or unattractive) as a customer?

- It is important to consider the contracting authority's value to the supply market and individual suppliers within the market. Suppliers can segment their customers based on their relative importance based on among other issues the revenue yield and the attractiveness of the customers. They tend to concentrate on more valuable customers and wish to retain them by being more competitive. They may be less interested in gaining or retaining new business, if it is not of sufficient interest or there is insufficient margin in the business for them.

- The relative value of a contracting authority to a supplier is based on their expenditure and attractiveness. Expenditure considerations include:

  - The percentage of a supplier's business that the contracting authority represents (if the contracting authority is an existing customer)
  - the percentage of a supplier's business that the contracting authority could represent (if the contracting authority was looking for a supplier and the contracting authority's business was to be won)
  - the contracting authority's spending relative to total market turnover (a contracting authority is generally considered significant if its business is 0.5 percent or greater of turnover in the market).

- Attractiveness includes:

  - the profitability of selling to the contracting authority (sales revenue less any costs of selling the product)
  - the reputation of the contracting authority
  - the ease of managing the contracting authority's accounts
  - guaranteed/certainty of payment and little danger of insolvency

- the potential to use the contracting authority as a marketing platform for the supplier (that is, the level of on-sell potential)

Environmental factors

- Understanding the competitiveness and reliability of the relevant supply market may also involve gathering information on external environmental factors affecting that supply market. Environmental factors include any legal, political, cultural, economic, or technological elements that affect the supply market. Generally the two factors that are most likely to affect purchasing decisions are legal factors (legislation; national and EU) and political factors (policies). Full and careful consideration also needs to be given to factors such as currency exchange rates if entering into large overseas transactions outside the Euro zone.

- It is important to conduct an evaluation of all potential environmental factors for all purchases which are of sufficiently high value or where there is some risk to the contracting authority arising from the purchase. Most factors are likely to be identified by consulting users of the product and assessing records of previous transactions with a view to identifying key issues or problems.

Retaining relevant information

- Documented information gained through analysing supply markets is a key source of market, industry and supplier intelligence. Such information should be updated on an ongoing basis, in particular where a contracting authority purchases high risk expensive goods or services on a regular basis. The supply base is constantly evolving and changing over time and suppliers are constantly updating their marketing and management strategies.

Sources of information

- Market and industry information is available from a variety of sources. Most of those involved in purchasing have access to on-line databases or research resources of their organisation.

- It is recommended that any research carried out uses secondary sources, which are already published before conducting any primary research (information found for the first time, such as conducting interviews or surveys). Secondary research usually provides good background information about the market and specific issues and/or suppliers. In terms of general market information this may include overall market size and other statistics, key suppliers in the market and the like. Specific supplier information may include goods and services supplied by particular firms, company reports and information about future plans.

- Once you have an initial understanding of the goods or services and the supply market arising from the secondary research, talking to suppliers

and product users (primary research) can help generate a clearer, more detailed understanding. These could be existing suppliers or suppliers sourced through secondary research. Primary research includes interviewing those in the best position to understand any issues about the goods or services required to meet their needs. This type of research should involve a range of potential suppliers both current and non-current. A well prepared interview with suppliers can provide useful information on products and market developments compared to significant secondary research. It is also likely to provide information on cost and pricing pressures and what is approach is being adopted to reduce or minimise these costs.

- There is need for caution in any research work with suppliers as they are likely to be biased towards promoting their own products and services. It is important that a range of suppliers are interviewed since this gives a wider picture of products and markets and reduces potential complaints about bias or favouritism.

- If you decide to talk to potential suppliers be careful not to make any representations or promises on behalf of the contracting authority or give away any information that is commercially valuable to the contracting authority.

- It is worth interviewing internal users of goods or services, including technical people and managers to obtain a good understanding of the issues. Targeting the appropriate person is important in getting the best information. Such individuals may also have a good understanding of the supply base and of the supply issues in that particular market and could provide a reality check on information obtained from primary or secondary sources. The information each person may supply is likely to be different but useful in building a complete picture of the range of suppliers and the nature of the supply market.

- The list of organisations and potential sources of information listed here is not exhaustive. Individuals involved in such a market analysis should use the sources listed here – but also seek out their own sources of information.

Possible secondary information sources

On line databases

- The national public procurement portal is www.etenders.gov.ie. It has links to the EU public procurement portal http://simap.eu.int and other useful sites. Many contracting authorities will have access to some research databases, for example Lexis Nexis http://www.lexis-nexis.com/.

Government services

- These bodies may have access to information about suppliers or particular markets.

- Central Statistics Office http://www.cso.ie/
- County Enterprise Boards (see relevant local ones)
- Shannon Development (Clare, Limerick, North Tipperary, West and South Offaly and North Kerry) www.shannon-dev.ie
- Udaras Na Gaeltachta covers Donegal, Mayo, Galway, Kerry, Cork, Meath and Waterford www.udaras.ie
- Enterprise Ireland http://www.enterprise-ireland.com/
- IDA Ireland http://www.idaireland.com/
- Economic and Social Research Institute http://www.esri.ie/

Media sources

- Media monitoring is a useful mechanism for obtaining information about newsworthy activities occurring in the supply market. Some useful sources and their websites include the following. There are many others worth consulting. There may also be specialist media sources for particular goods or services which could also be consulted.

  - RTÉ News http://www.rte.ie/news/
  - The Irish Times http://www.ireland.com/
  - The Irish Independent http://www.unison.ie/irish_independent/
  - The Irish Examiner http://www.irishexaminer.com/
  - The Economist http://www.economist.com/
  - The Financial Times http://www.ft.com/home/europe
  - Business and Finance magazine www.businessworld.ie
  - Harvard Business Review online http://harvardbusinessonline.hbsp.harvard.edu/b02/en/home/index.jhtm

Industry representative bodies

- There are a number of national bodies who may be able to provide information on suppliers and on supply markets. These are

  - Construction Industry Federation http://www.cif.ie/
  - Chambers Ireland http://www.chambers.ie
  - Irish Business and Employers Confederation http://www.ibec.ie
  - Irish Small and Medium Enterprises Association (ISME) www.isme.ie.
  - Small Firms Association http://www.sfa.ie/

- Trade Associations can provide a useful source of information for specific categories of products or services. The IPA annual yearbook or the business sections of the telephone directory can provide useful ways of sourcing such information.

Specialist commercial organisations

- Many commercial organisations have data that may be useful when gathering supply market information. It is also possible to purchase

secondary research from specialist research organisations. It is a matter of personal judgement to determine whether the value of such material justifies the purchase costs. These include

- http://www.business.ie/
- http://www.kompass.ie/
- http://www.researchandmarkets.com

Other sources of information

- Individuals researching a base of suppliers may also want to consider using local libraries or libraries in third level institutions to source relevant material.

Internet search engines

- Internet search engines can be used to point you in the direction of a great wealth of information. Some examples include:

  - Alta Vista http://ie.altavista.com/
  - Google http://www.google.ie
  - Yahoo http://uk.yahoo.com/
  - Ask http://www.ask.com/

Company specific information

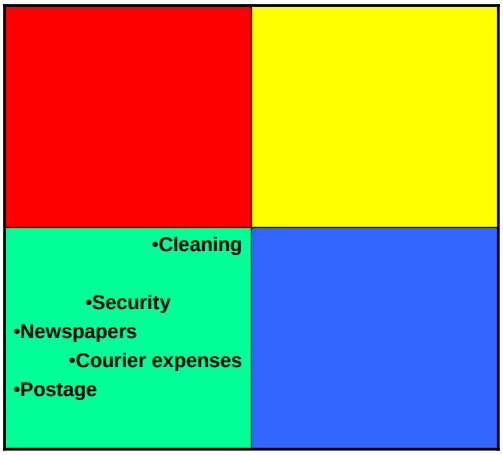
- If an individual is researching one supplier information in accounts and annual reports can often be found on the internet. If more detailed financial information is required (in Ireland) it can be acquired from the Companies Registration Office (CRO) http://www.cro.ie for a fee.

Appendix 1

Market analysis for easy to secure supply and low relative expenditure

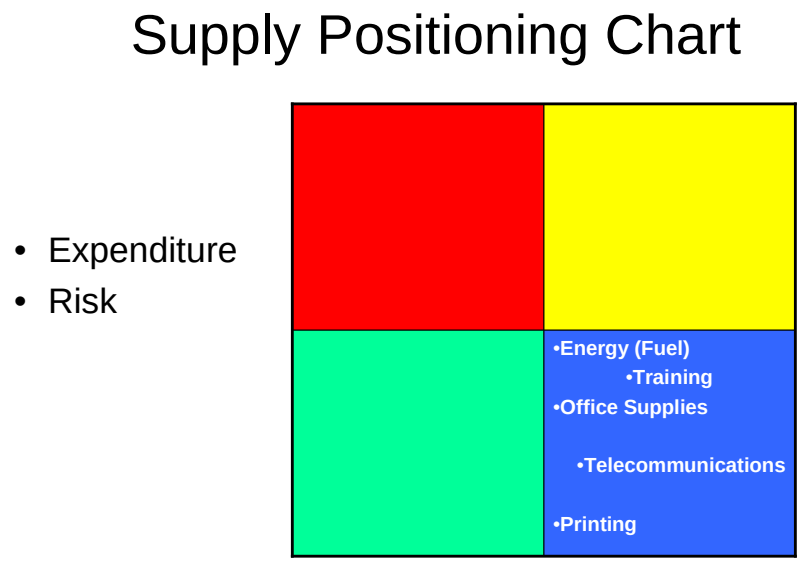
Supply Positioning Chart

- Expenditure
- Risk



- Goods easier to acquire and are commonly available and any significant market analysis is not necessary
- Where market analysis is carried out it should focus on services (e.g. couriers, cleaning)
- What suppliers are in the market
- Who are the main suppliers
- How effective is their service provision
- Is there any difference in the services being supplied
- How important is your contract to the supplier

Market analysis for easy to secure supply and high relative expenditure

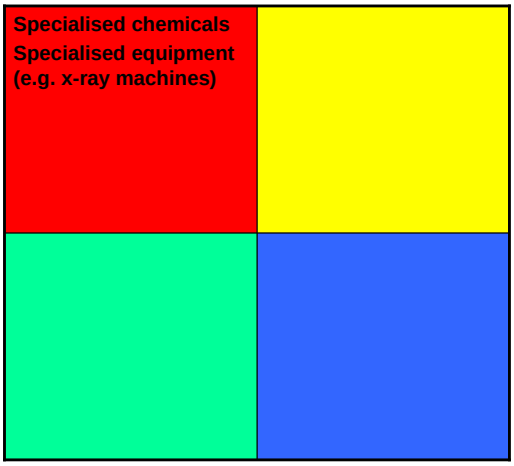


- Better understanding of markets needed here for <u>both</u> goods and services
- Markets for goods and services are more complex
- How many suppliers
- What is the differences in products or services provided
- Do suppliers compete on quality, price or both other factors
- What are the price trends in the market
- How important is your contract to the supplier
- What alternative goods or services exist to meet your needs

Market analysis for difficult to secure supply and low relative expenditure

Supply Positioning Chart

- Expenditure
- Risk

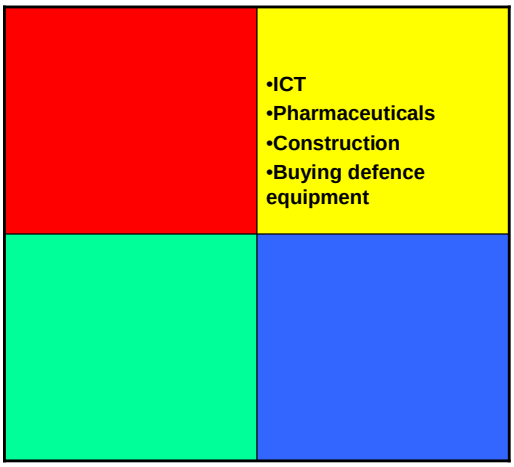


- Better understanding of markets needed here for <u>both</u> goods and services
- Usually limited number of specialised suppliers
- Who are market leaders
- What is the level of product differentiation
- Do supplier compete on price, service or both
- Are there barriers to entry to the market
- What alternative goods or services are available to meet the needs of the department
- How important is the department/agency as a customer

Market analysis for difficult to secure supply and high relative expenditure

Supply Positioning Chart

- Expenditure
- Risk



- Better understanding of markets needed here for <u>both</u> goods and services
- How many suppliers are in the market
- What is the size of the total market and what is the relative size of each supplier
- Which suppliers are market leaders
- Is the market dominated by small or large suppliers or a mixture
- What is the level of product or service differences between different firms
- Do suppliers compete on price, service or both factors
- What are the barriers to entry and exit (ease with which suppliers can enter and exit the market)
- What are the price trends (increasing or decreasing)
- Is there any impact on trade, consumer or environmental legislation
- What firms make up the chain of suppliers
- How complex is the supply chain and what does each company contribute to it
- Are there alternative goods or services available
- What is the value of the department/agency as a customer

Mastering procurement

A structured approach to strategic procurement

A guide for government agencies

March 2011

Acknowledgement and thanks

This guide is part of a Government initiative to support good procurement practice across government and help suppliers better engage with government agencies. It has been developed under the New Zealand Government Procurement Reform Programme (GPRP) after consultation and discussion with stakeholders, including:

- **GPRP Procurement Development Technical Advisory Group**: Input and guidance were received from an advisory group comprising senior procurement advisers from the following government agencies: the Ministry of Foreign Affairs and Trade, the Ministry of Social Development, the Auckland District Health Board, the Ministry of Agriculture and Forestry, the Ministry of Justice, Inland Revenue Department and Public Trust.

With special thanks to the following organisations for permission to use extracts from their material:

- Queensland Government Chief Procurement Office
- UK Office of Government Commerce
- PMMS Consulting Group

References used in this guide

The guide makes reference to other procurement good practice guidance, tools and templates. The following terms are used to identify the sources:

GPRP	Government Procurement Reform Programme within Ministry of Economic Development www.procurement.govt.nz
OAG	Office of the Auditor General www.oag.govt.nz
SSC	State Services Commission www.ssc.govt.nz
Treasury	The Treasury www.treasury.govt.nz

Terminology

The guide aims to use simple terminology. For example:

'agency'	government ministry, department, crown entity, non-public service department etc
'offer'	tender, proposal, bid, submission etc
'RFx'	a generic term for RFQ, EOI, ROI, RFP or RFT
'supplier'	vendor, seller, contractor, potential supplier, respondent etc
'tender'	a generic term used to describe making an approach to market ('going out to tender')

Training

The guide supports the GPRP 2-day training course *Demystifying Procurement*. Additional GPRP training courses are available on specialist topics. For a full listing of available courses refer to the training and education section at www.procurement.govt.nz. Specialist topics include: *Procurement planning. Managing procurement risk, Introduction to contract management, Supplier relationship management, Advanced contract management and Advanced category management.*

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Appendix 1: Procurement acronyms

Introduction

Purpose

This guide has been developed for government agencies. It supports good procurement practice. It takes a structured approach to strategic procurement.

Government spending

Governments exist to make a tangible difference to the lives of their country's citizens and residents. Consequently New Zealand, like many other countries, is placing greater emphasis on planning and actively managing for better results, improved outcomes and best value for money in the use of public funds.

Government spends billions of dollars each year in the provision of goods and services that are needed to deliver public policy and business objectives. Good public service outcomes depend on good procurement. Properly planned and effectively executed procurement is essential for all agencies.

Procurement

The term 'procurement' covers all aspects of the acquisition and delivery of goods or services, spanning the whole contract life cycle from the identification of needs to the end of a service contract, or the end of the useful life and subsequent disposal of an asset.

Planning and managing for results

When agencies are planning and managing for results they:

- *Have a good understanding of the environment that they operate in.*
- *Have a clear vision of why they exist, what they need to achieve and how much they are achieving.*
- *Plan their work whilst keeping in mind a clear set of objectives, activities, outputs, outcomes and measures of success.*
- *Deliver what they have planned – meeting budget, standards of timeliness, quality, accuracy and in a manner consistent with ethical practice.*
- *Take stock of progress by monitoring, measuring, reviewing and evaluating as they go.*
- *Learn from success and failure and modify what they do and how they do it.*
- *Report publicly on results to promote transparency.*
- *Seek continuous improvement.*

Adapted from the State Services Commission's *Guidance for Crown Entities – Planning & Managing for Results* (2005)

Mastering procurement

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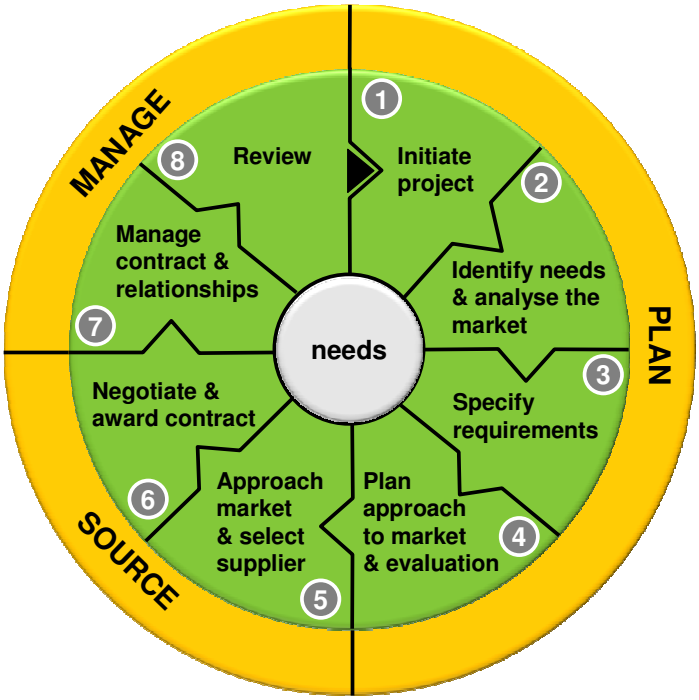
The procurement lifecycle chain of success

The procurement process consists of a number of logical stages. If executed well, each stage will deliver the required results and generate positive benefits.

The positive benefits from one stage will lead to stronger results in the next. This continuous 'chain of success' results in increasingly beneficial outcomes and stronger overall results.



The procurement lifecycle

This guide is based on the procurement lifecycle which separates procurement into three phases: planning, sourcing and managing. These phases are further divided into eight distinct, but interrelated stages which are:

1. Initiate project (page 12)
2. Identify needs and analyse the market (page 22)
3. Specify requirements (page 43)
4. Plan approach to market and evaluation (page 48)
5. Approach market and select supplier (page 65)
6. Negotiate and award contract (page 68)
7. Manage contract and relationships (page 70)
8. Review (page 72)

Structured approach to strategic procurement

Achieving strategic procurement outcomes involves setting strategic priorities and direction. The implementation links strategic planning with operational planning and financial planning and management. Adopting a structured approach to procurement planning results in robust, objective analysis that informs the best methodology to approach the market and achieve optimal procurement outcomes. All of this means that resources – time, money and people - need to be effectively allocated and successfully used.

For agencies, strategic procurement can be identified at two levels. Firstly, involving high-level strategic thinking and business planning secondly, at an operational level when dealing with individual acquisitions.

Overarching procurement strategy

Agencies are encouraged to take a strategic approach to managing public funds. For procurement activities, this often involves developing an overarching procurement strategy.

Each agency should develop an understanding of the importance of procurement to achieving its overall public policy outcomes and business objectives. The agency can then clearly identify the most effective and efficient ways to source and secure its goods and services.

The process is supported by a detailed analysis of historic and forecast spend to identify the volume, value and risk associated with the acquisition of different types, or categories, of goods and services.

Using the supply positioning model, procurements can be seen to range from high-volume, low-value, low-risk transactional purchases (where there are many suppliers), to high-risk, high-cost specialist goods and services (where there are a limited number of suppliers).

Supply Positioning Model

For more information on supply positioning go to page 33.

Through the supply positioning model an agency can plan how it will procure different categories of goods and services. This will inform the allocation of resources across the organisation as well as identifying appropriate procurement procedures.

For example, streamlining high-volume, low-risk transactional procurements (which could involve introducing p-cards) and focus effort on high-risk, high-value and complex procurements.

Critically the Procurement Strategy should place importance on those procurements required to deliver key public policy outcomes and business objectives and provide a framework for procurement activities across the agency.

Procurement Strategy

OAG provides guidance on strategic procurement planning. The following guides outline an approach as well as OAG expectations.

Part 3: Procurement guidance for public entities (June 2008)

Part 3: Public sector purchases, grants and gifts: Managing funding arrangements with external parties (June 2008)

P-cards

P-card is a form of company charge card, similar to a credit card. The card is preloaded for each user with financial limits and specific suppliers in accordance with the agencies procurement policy.

P-cards streamline high volume, low cost transactions, reduce administration and provide centralised spend data.

Individual strategic procurement

At an operational level, agencies are encouraged to take a strategic approach to individual procurements. This guide focuses on strategic procurement at an operational level.

The methodology and approach to strategic procurement involves robust research, analysis and planning that results in a procurement strategy that influences and shapes the market to meet your needs.

It demonstrates how:

- research and planning add value to sourcing, implementation and results
- collaborative cross-disciplinary team work leads to strengthened solutions
- good governance and project management ensure delivery is on time, on budget and to specification
- professionalism and ethics support due process, accountability and transparency.

Gateway

If your procurement involves major investment consider adopting the Gateway Review Process.

Gateway is a quality assurance methodology for large State sector projects. It is Cabinet mandated for high risk capital projects in departments and Crown Agencies and is adminstered by SSC.

It involves independent examination of the project at key decision points 'gates' to provide assurance that the project can progress successfully to the next stage.

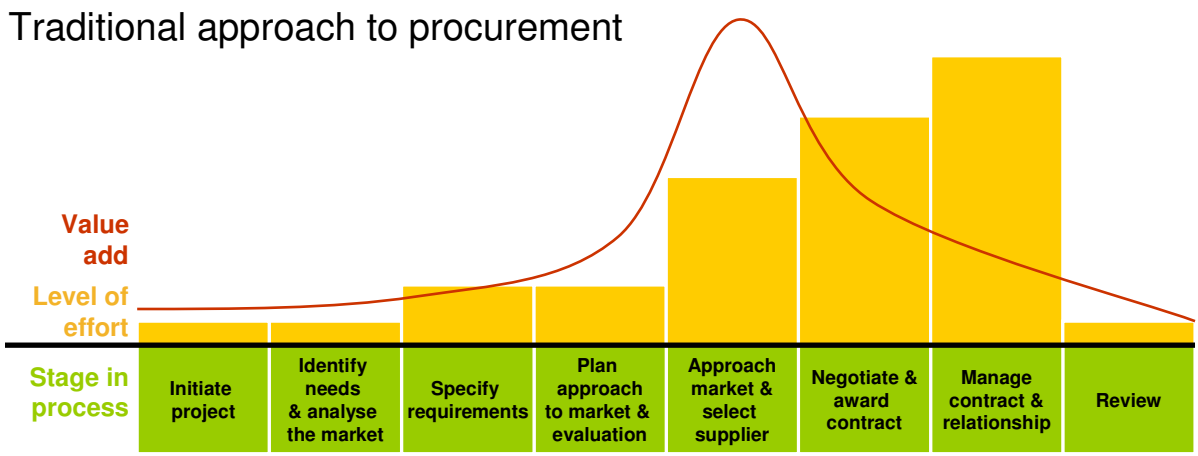
For more information visit: www.ssc.govt.nz

Traditional versus strategic procurement

There are several differences in methodology and execution between traditional approaches to individual procurements and strategic approaches.

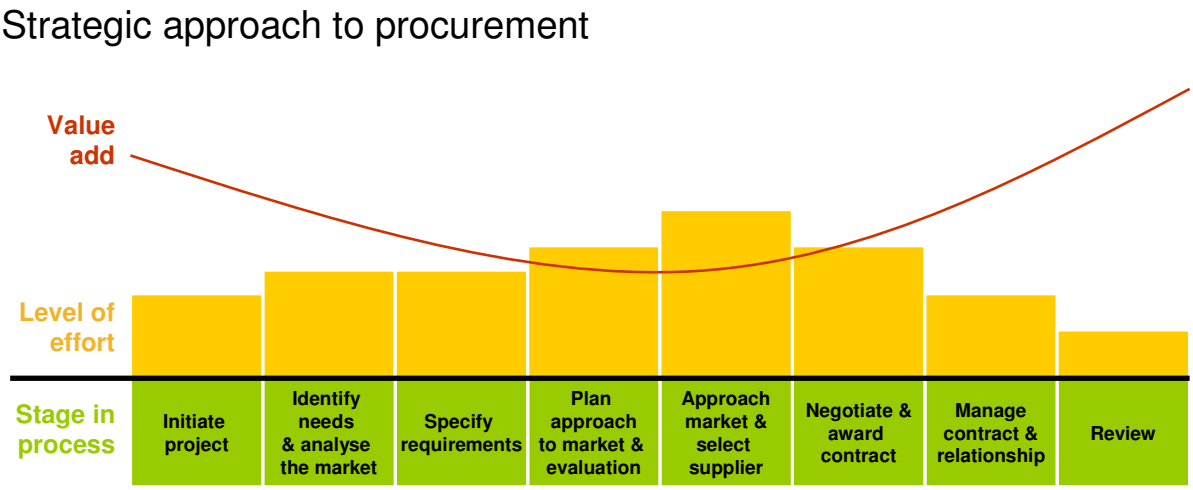
- A traditional approach to procurement is to view it as an administrative function for buying goods/services.
- A strategic approach involves understanding the importance of the procurement to the agency in achieving its outcomes, sourcing suppliers and managing relationships to successfully deliver against public policy objectives and business needs, whilst delivering overall value for money.

Diagram 1



This diagram illustrates a traditional approach to procurement where little time is spent on planning. Effort is generally brought to bear when it comes to approaching the market. As a consequence of insufficient analysis in the planning stages increasing levels of effort are required through contract and relationship management. If the procurement is not reviewed there is little opportunity to benefit from lessons learned.

Diagram 2



This diagram illustrates a strategic approach to procurement which methodically works through each stage in the procurement process. The time taken to plan, research and analyse add significant value to identifying solutions that will meet the needs. A focus on relationship development and management means that less time is spent resolving issues and more time applied to assessing quality in delivery and identifying opportunities for cost savings and benefit gains. A strategic approach delivers greater value.

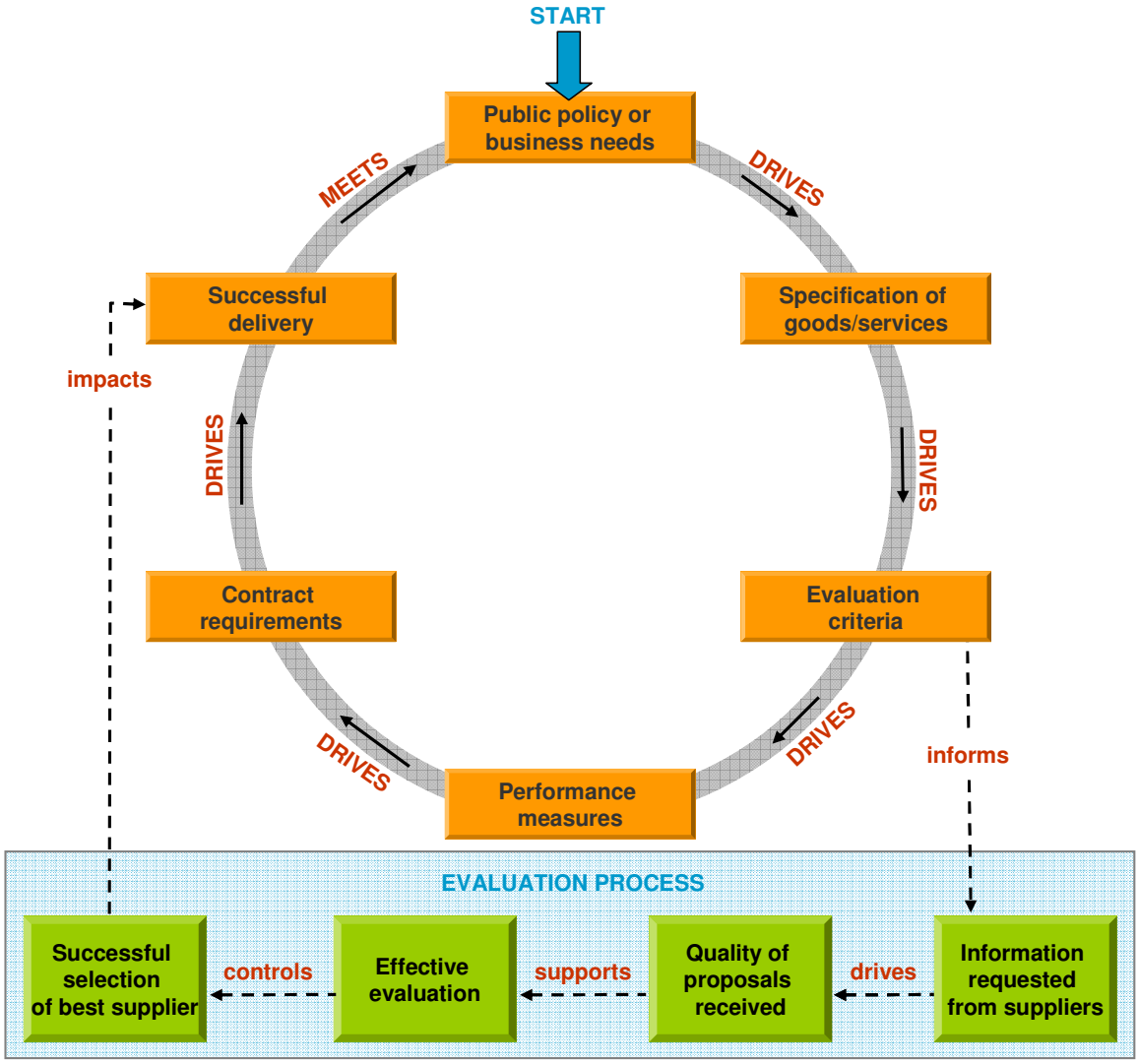
Drivers for successful procurement

This guide describes a strategic approach to procurement using the analogy of the procurement lifecycle chain of success. Each stage in the procurement process, if executed well, will lead to benefits. These benefits will positively impact on the next stages bringing about even more and increasingly valuable benefits and results.

The diagram below identifies key stages in the process. It demonstrates how the quality of analysis and thinking at each stage impacts on the next and adds increasing value impacting on overall success. For example:

- Without a full understanding of the public policy/business needs that are to be addressed it is impossible to write a comprehensive specification of the required goods or services.
- If the specification of requirements is lacking the resulting evaluation criteria will not target the critical factors which determine success.
- If the supplier is selected on the basis of poorly crafted evaluation criteria the supplier may not have the appropriate capacity and capability to successfully deliver against the needs.
- Without accurately describing the needs the resulting contract documentation, including the description of deliverables and key performance measures, will not lead to successful delivery. The needs will not be met and the procurement will have failed.

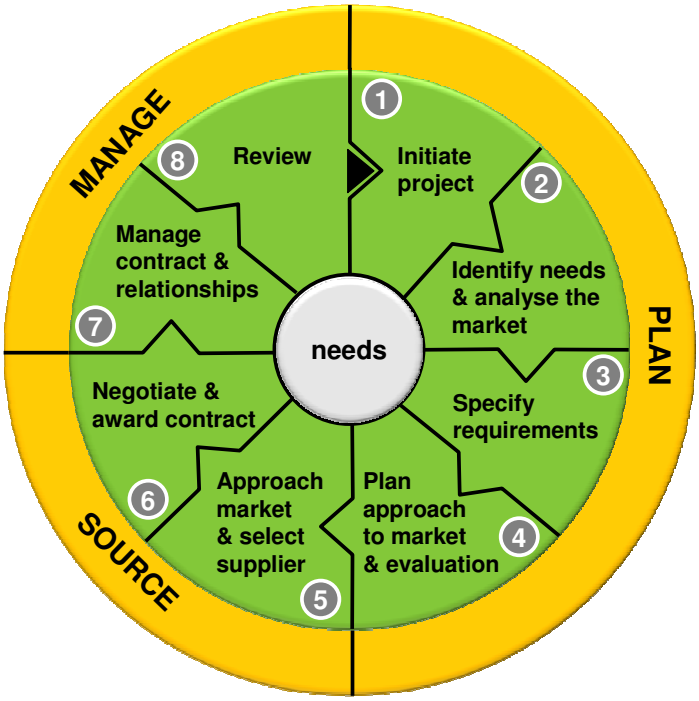
Diagram: **drivers to successful procurement**



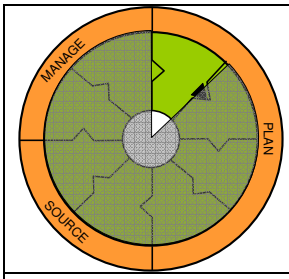
Procurement lifecycle

The remainder of this guide takes you through the procurement lifecycle. It provides, for each stage in the lifecycle, the following information:

- description of the intended outcomes
- note of key outputs
- list of tasks (to be tailored to the nature, scope, value, level of risk and complexity of each procurement)
- list of relevant guides, tools and templates



Note: for ease of explanation the Procurement Lifecycle is presented as a series of consecutive stages from 1 to 8. In real life however, some stages can sometimes be done concurrently. For example, identifying needs, market analysis and specifying requirements can sometimes be done as one exercise.



Stage 1 - Initiate Project (procurement activity)

Outcome

- The right people do the right things at the right time to ensure the procurement activity achieves optimal outcomes.

Outputs

- Initiate engagement with stakeholders.
- Establish project team.
- Establish project probity, governance & management framework.

Key Tasks

- Check the proposed procurement is included in agency's Annual Procurement Plan.
- Identify key internal and external stakeholder groups.
- Identify skills mix and composition of the project team.
- Appoint individuals to the project team and a project team leader.
- Obtain conflict of interest declarations and confidentiality agreements from each team member.
- Clarify the background and key objectives for the procurement.
- Establish high-level budget estimate for the procurement and associated process costs.
- Identify type of appropriation and expense category: departmental / non-departmental – opex / capex
- Identify financial delegations required.
- Identify other agency approvals or sign-offs required and at what stages.
- Identify relevant government/agency procurement policy requirements and approach to market options available.
- Identify time & resource constraints and project governance & management structure.
- Establish probity requirements.
- Identify project management related risk.
- Establish project document management system.

Guide:	Annual Procurement Plans (GPRP)
Template:	Annual Procurement Plan (GPRP)
Quick Guide:	Conflicts of Interest (GPRP)
Template:	Conflict of Interest & Confidentiality Declaration (GPRP)
Code:	Standards of Integrity & Conduct (SSC)
Guidance:	Managing Conflicts of Interest: Guidance for public entities (OAG)
Guide:	Procurement guidance for public entities (OAG)
Guide:	Probity in Procurement (GPRP)
Template:	Project Charter (GPRP)
Tool:	RASCI stakeholder categories & Stakeholder influence and interest matrix

Stakeholder engagement

It is essential to identify key stakeholders at the beginning of the procurement. Consider both internal and external stakeholders. Key stakeholders have interests and influence.

Conducting an analysis of stakeholders can help identify issues associated with the procurement and delivery as well as providing an opportunity to learn from their experiences and use this to improve the quality of future outcomes.

RASCI stakeholder categories

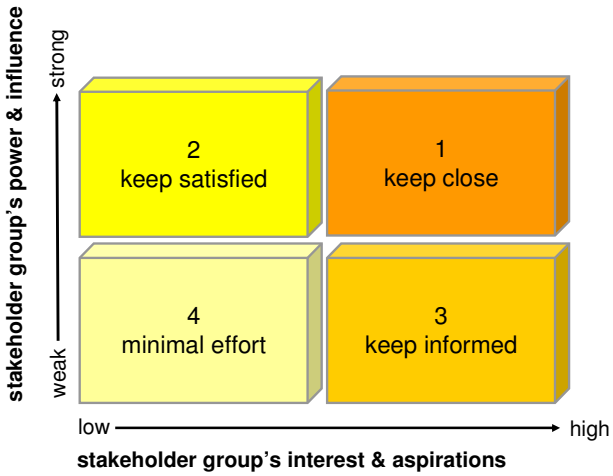
A useful tool to help identify different categories of stakeholder is RASCI

R = responsible	The person who is ultimately responsible for delivering the project and/or task successfully
A = accountable	The person who has ultimate accountability and authority; they are the person to whom 'R' is accountable
S = supportive	The person or team of individuals who are needed to do 'the real work'
C = consulted	Someone whose input adds value and is essential for successful implementation, or from whom you need to gain 'buy-in'
I = informed	The person or group who need to be notified of results or action taken or results achieved but don't need to be involved in the decision-making or delivery.

Satisfying stakeholder groups

You can develop a framework for managing different types of stakeholder relationships by identifying relevant stakeholders and mapping their power and influence against their interest and aspirations. The diagram below indicates a possible approach for different types of stakeholders.

***Diagram*: Stakeholder's interests and influence matrix**



Interest	Influence	Strategy
Low	Weak	Minimal effort
Low	Strong	Keep satisfied
High	Weak	Keep informed
High	Strong	Keep close

Project team

A key task at the beginning of the project is to assemble and facilitate a team of stakeholder representatives who will devote enough time and be prepared to think openly and creatively about solutions.

During the initial planning stages of the procurement, take time to establish a cross-disciplinary project team (the 'team'). The size and composition will depend on the nature, scope, value, level of risk and complexity of each procurement.

The team must possess an appropriate mix of skills and experience to provide representation across key areas such as technical and functional specialisations as well as policy expertise and knowledge of the agency's business or operational requirements. The team composition may include, for example:

- policy officer / business owner / project sponsor
- business user / recipient of services
- subject matter technical expert
- procurement specialist
- commercial / financial expert
- legal advisor

The procurement specialist is usually responsible for planning and managing the procurement process. This person is also usually appointed to chair the evaluation panel.

It is advantageous, if possible, to retain some or all of the original team members, or at least the core team throughout the procurement. In this way the team will be responsible for assessing the needs, defining the specification of requirements, designing an appropriate evaluation methodology, evaluating offers, inputting into performance standards, measures and developing contract requirements. Such continuity is likely to strengthen the process and outcomes.

Where stages in procurement are done by separate individuals or other groups it can compromise the quality of the outcomes. If a group that was not involved in defining the specification of requirements is tasked with developing criteria it may have an incomplete understanding of the public policy objectives or business needs which in turn could result in ineffective criteria and/or inappropriate weightings.

Establishing the procurement project team

For a simple procurement the team could be quite small e.g. policy officer/business owner and procurement specialist.

For more complex procurements you may want to establish a larger team with broader skills and expertise. This may involve engaging external expertise. For larger teams you could develop a Terms of Reference, or even a Project Charter.

You should also consider whether it is appropriate to appoint an independent probity auditor.

Conflict of Interest & Confidentiality

Every person involved in the procurement, whether on the team, or separately engaged in making financial approvals or accepting an evaluation panel recommendation, must make a conflict of interest declaration and sign a document recording it.

For team members these must be signed as soon as the person is appointed to the team.

For those making financial approvals or other key decisions a conflict of interest declaration can be provided at the time of making the decision.

Probity

The Government is committed to transparent, accountable procurement processes that ensure all potential suppliers are given impartial and equitable treatment. It is especially important that government procurement takes place in a genuine, open and fair environment.

As public servants we must comply with 5 interrelated principles of probity in procurement:

1. acting fairly, impartially and with integrity
2. being accountable and transparent
3. being trustworthy and acting lawfully
4. managing conflicts of interest
5. securing commercially sensitive and confidential information.

Procurement must be conducted with probity in mind, to enable purchasers and suppliers to deal with each other on the basis of mutual trust and respect, and enable business to be conducted with integrity. Probity principles should be integrated into all procurement planning, and not treated as a separate 'add-on'.

Agencies must ensure that systems, policies and procedures are established that provide accountability, are able to withstand public scrutiny and which preserve private sector confidence in the procurement process. This means undertaking due process, obtaining appropriate approvals and documenting decisions.

Achieving an ethical, transparent approach requires that the procurement rules are clearly stated, well understood and applied equally to all parties.

For major, complex or high-risk projects, you may consider appointing an independent probity auditor at the outset of the procurement project.

Principles of good procurement practice

Ensuring probity of action is every agency's duty. The basic principles of good practice that apply to all government spending are:

- Accountability
- Openness
- Value for money
- Lawfulness
- Fairness
- Integrity

By applying these principles sensibly, agencies can demonstrate they are spending public money carefully and properly managing the process for spending it.

Direct and competitive approaches

An initial consideration of whether a direct or competitive approach is appropriate may be able to be made at this stage. This will impact on the type and level of research and analysis to be done before making the approach to market. However, an open and competitive process is the preferred approach when the government buys goods/services.

Examples: competitive approach

Approach	Situation	Process
Closed Invitation to suitable suppliers to submit competitive quotes.	Low-value, low-risk goods and services	Request for quotation (RFQ) Request for tender (RFT) Request for proposal (RFP)
Open Invitation for all interested suppliers to submit competitive tenders.	Low to medium-value / risk goods and services	RFQ RFT RFP
Multi-stage (open then closed) Open invitation for all interested suppliers to respond. Agency assesses all responses and invites shortlisted suppliers to submit full tenders.	High-value, high-risk, complex or unique goods and services Where there may be many potential suppliers	Express/register interest (EOI/ROI) or pre-qualify (PQQ) Short listed suppliers invited to submit proposals/tenders (RFP/RFT)

Examples: direct approach

Approach	Situation	Process
Buy directly from any suitable supplier Agency must be able to demonstrate price is consistent with market rates.	Very low-value, low-risk purchases Typically goods	One-off purchase Procurement card Emergency procurement Qualified supplier list
Buy directly from pool of suppliers through a standing arrangement A group of eligible suppliers is established through an open, competitive process. Agency has ability to purchase from these suppliers for an agreed time at fixed rates or based on quotations.	High-value, low-risk goods or services	Syndicated contract All-of-government contract Panel contract Standing offer Collaborative or cluster arrangement
Buy selectively from a specific supplier Agency must be able to demonstrate price is consistent with market rates. Agency must be able to justify the decision not to use the open, competitive option.	Higher-value, higher-risk procurements where there are special circumstances, e.g. highly complex specification, or only one source and this can be verified, or only one supplier has the capacity to deliver on time and this can be verified.	Relational contract

Emergency Procurement

For more information on emergency procurement see the Quick Guide to Emergency Procurement (GPRP)

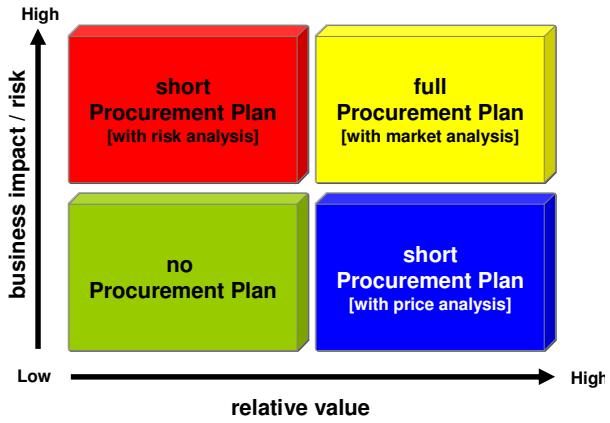
Governance and accountability

An agency's procurement strategy will inform its operational procurement procedures. Procurement procedures usually prescribe the nature of documents and approvals required for each type of procurement. Together the documents and approvals build a governance and accountability framework that supports transparency and probity.

Different agencies require different types of documents. Some agencies may require, for example, a separate business case and procurement plan for high-value, high-risk major new procurements and only a summary procurement plan for an ongoing low-value, low-risk existing project. Check you agency's policy guidelines to find out what the requirements are.

***Diagrams*: Example agency policy - documentation requirements**

a. Existing ongoing projects



b. New initiatives

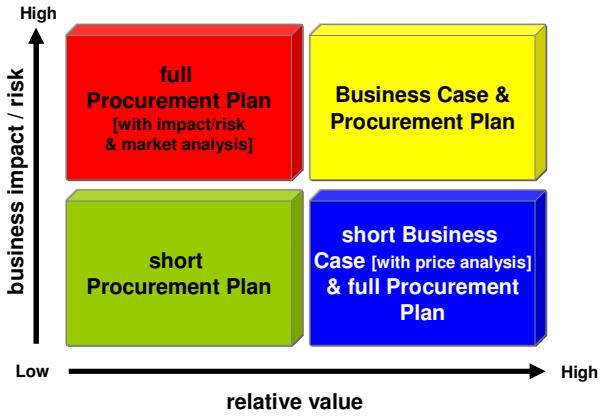


***Diagram:* Example documents and approvals for simple procurement**

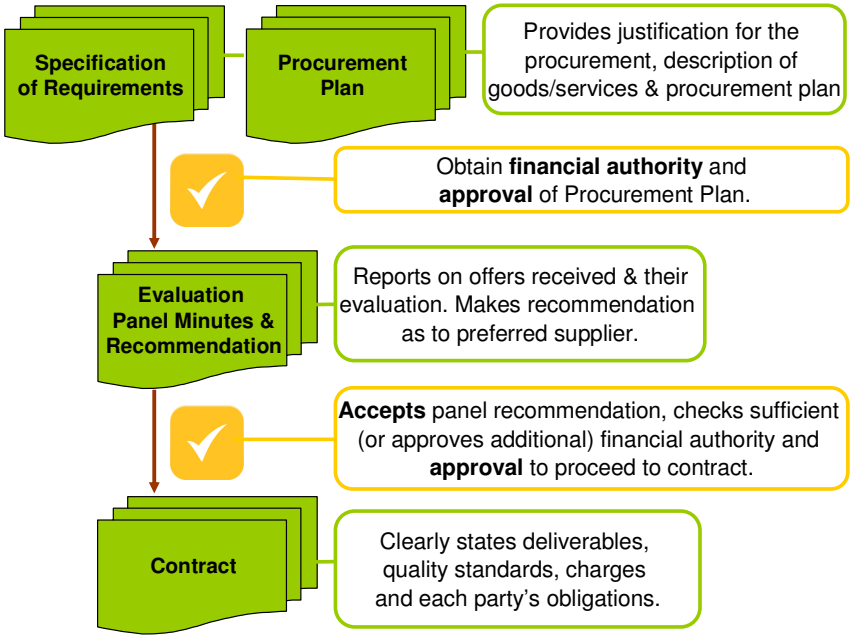
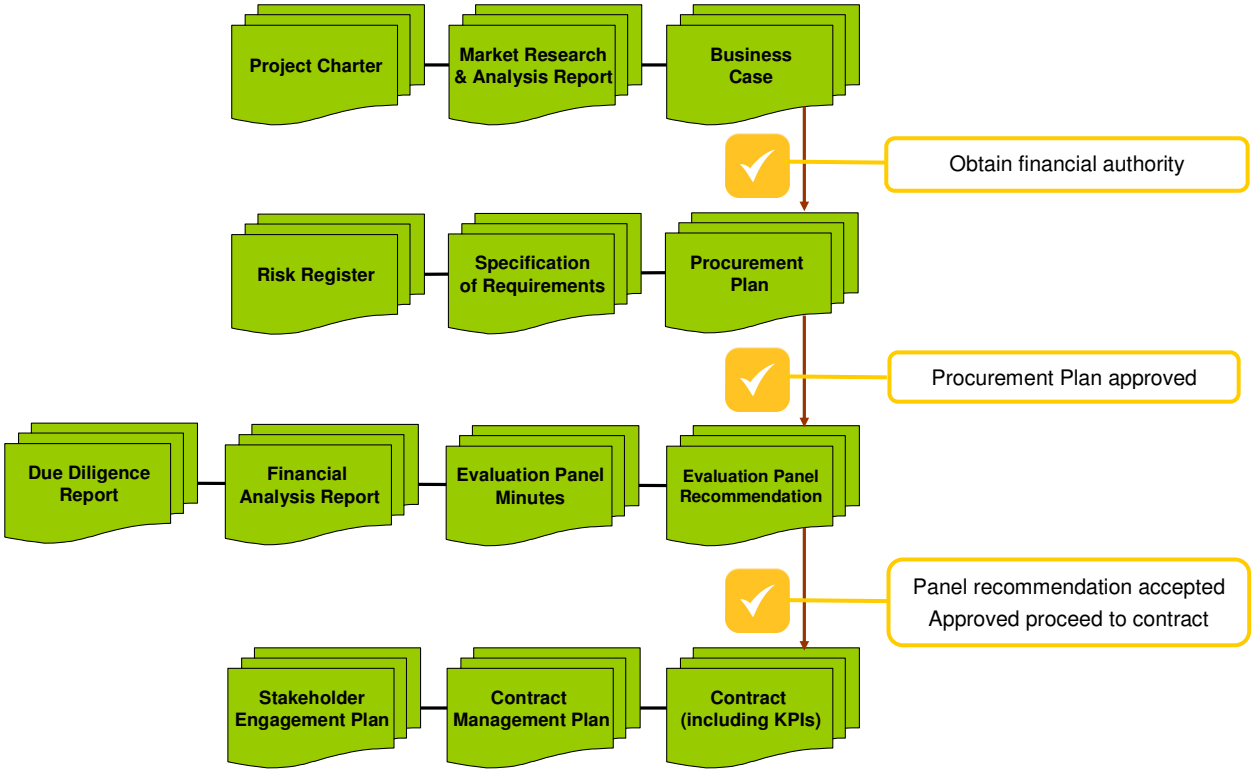


Diagram: **Example documents and approvals for complex/high-value/high-risk procurement**



Appropriate level of planning

The scale and scope of research, analysis and planning should be proportionate to the strategic importance of the procurement to the agency and its level of risk and relative value.

An agency's procurement policy should provide guidance of what is required including, for example, when a business case and procurement plan need to be prepared and what they should contain.

OAG Guidance

The Auditor General expects agencies to:

- prepare a business case to support the procurement of higher value and higher risk items, and
- require the business case to be part of the project approval process.

Reference Office of Auditor General's *Good practice guide: Procurement guidance for public entities (June 2008)*

Where a business case and procurement plan are required here is a simple guide to the differences between the two.

The business case

The business case provides justification for undertaking a project. It is built on evidence obtained from evaluating the benefits, costs and risks of alternative options and presents the rationale for the preferred solution. Its purpose is to obtain management commitment and approval for the investment or funding. The business case is owned by the project sponsor.

Business cases come in all shapes and sizes. They should, however, all have the same purpose, which is to:

- justify the resources and investment or funding necessary to undertake procurement over the whole-of-life
- provide a vehicle for approving funding which supports transparency and probity
- assist the agency to prioritise the project against other public policy / business initiatives.

Not all procurements need a business case. Check your agency's policy as to when a business case is required. Also, if the procurement is part of a larger project there may already be an approved business case in place.

The procurement plan

Procurement plans also come in all shapes and sizes. Regardless of their format, however, they should build on the business case (not repeat it), and provide a link from the business case to implementation and delivery. A procurement plan provides the methodology and approach, process and project management structure for implementation.

The purpose of a procurement plan is to:

- provide detailed planning for the approach to market, evaluation of offers and identification of the preferred supplier
- ensure the best supplier is selected for right reasons and at a price that represents value-for-money over the life of the contract
- assign roles and responsibilities in the cross-functional project team
- set a realistic timeline.

Links between business case and procurement plan

The business case provides the justification for undertaking the project. The procurement plan sets out the strategy to approach the market, controls implementation and expands on key components of the business case – not duplicate them. The following diagram demonstrates how the procurement plan builds on the business case.

***Diagram*: Business Case links to the Procurement Plan**

Business Case
key components

Identify the need

- Set context for the project.
- Demonstrate sufficient consultation with stakeholders.
- Identify and describe the needs.
- Link the needs to the agency's strategic outcomes and public policy/business objectives.
- Determine how critical the goods/services are to the agency.
- Demonstrate how the specified goods/services will successfully deliver against the business/public policy objectives need.
- Define 'fit for purpose' and identify what 'success' looks like.

Continuous improvement

- Where there has been a previous contract for supply of the goods or delivery of the services:
  - review contract outcomes and supplier performance
  - review agency's performance in managing the contract and the relationships with the supplier and stakeholders
  - identify and analyse whole-of-life costs
  - identify opportunities for cost/efficiency benefits/gains
  - indicate how lessons learned will be used to achieve better process/delivery/outcomes.

Market research

- Demonstrate an understanding of the market, current prices and price drivers.
- Identify the options for an approach to market and the preferred option with justification for its selection.
- Where the approach to market is contrary to government or agency procurement policy/procedure provide objective and compelling reasons justifying an exemption.

Procurement Plan
key components

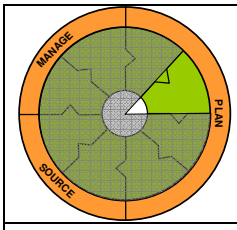
Approach to market strategy

- Detailed planning resulting in the approach to market strategy.

Evaluation methodology

- Evaluation model.
- Rating Scale.
- Panel decision making process.
- Evaluation criteria.
- Due diligence requirements.

Business Case key components	Procurement Plan key components
Identify solutions • Identify possible solutions to meeting the needs. • Undertake solutions options analysis. • Identify the preferred solution. • Provide rationale for preferred solution and the reasons for rejecting the others.	**Specification of Requirements** • Full scoping that results in detailed specification of requirements. **Contract Type** • Identify the type of contract together with the terms and conditions of contract that support effective delivery and contract management.
Indicative quality & performance • Identify the level of quality required. • Identify level of performance required. • Identify options for quality and performance standards and measures.	**Quality & performance measures** • Detailed specification of performance standards and measures.
Costs/Benefits analysis • Assess the costs, benefits and risks (include whole-of-life costs). • Examine whether the initiative is feasible. **Recommendation** • Seek management approval for the project to proceed. • Obtain financial approval for the estimated costs.	**Project management** • A plan to execute, monitor and control the procurement process. • Required approvals and probity measures. • Procurement project governance, management and reporting. • Milestones and realistic timeline. • Allocation of responsibilities. • Change control procedures. • Risk assessment and management. • Stakeholder communication and engagement. • Document process, decisions and outcomes.



Stage 2 - Identify needs & analyse the market

Outcomes

- Analytical strategic thinking leads to smarter procurement and better results.
- Informed decision-making optimises outcomes – an agency should not be disadvantaged through lack of knowledge.

Outputs

Documented analysis (could be recorded in a Business Case or equivalent):

- High level statement of needs.
- Links between the needs and the agency's strategic outcomes & public policy/business objectives.
- Comprehensive understanding of the market and operating environment.
- Indication of whole-of-life costs.
- Costs / benefits / risks analysis.
- Approach to market rationale.

Approvals:

- Financial approval for anticipated expenditure.
- If required by your agency - approval to proceed to approach the market.

Key Tasks

Identify the needs:

- Consult with stakeholders: perspectives, needs, wants, concerns, challenges, opportunities and risks.
- Identify and prioritise the needs.
- Develop a high level comprehensive statement of needs.

Review previous procurements:

- Review previous/current contract (if any) including:
  - quality of delivery - on time, on budget, to specification
  - calculate the whole-of-life cost
  - supplier's performance
  - agency's performance in managing the contract and relationships with the supplier and stakeholders
  - benefits, assumptions, intended & unintended consequences
  - opportunities for cost/efficiency benefits/gains.
- Identify and analyse spend from previous years and forecast future spend.

Supply positioning:

- Scan operating environment, including current and future policy considerations.
- Identify agency's strategic outcomes and specific public policy/business objectives that are to be addressed by the procurement.
- Identify sustainability opportunities/issues.

- Determine how critical the goods/services are to the agency – *Supply Positioning Matrix*

Analyse the market:

- Engage with the market and suppliers to review market, identify and analyse:
  - suppliers and their market shares = *supply*.
  - the number of buyers and their influence on the market = *demand*
  - degree of competition
  - current prices, pricing methodology and factors influencing price
  - market trends and regional differences
  - availability of alternative/substitute goods/services - *product differentiation*
  - degree of technological developments in the market
  - nature and quality of supply chain.

Analyse market behaviours:

- Review suppliers in the market, identify and analyse:
  - current market behaviours and implications for the buyer
  - future market behaviours that would better support successful delivery
  - the gaps between current and future market behaviours
  - strategies to close the gap and the preferred option.
- Determine how suppliers view the agency's business – *Supplier Preferencing Matrix*.

Solutions identification and options appraisal:

- Identify what is 'in scope' and what is 'out of scope'.
- Identify what 'success' looks like and define 'fit for purpose'.
- Identify different approaches to meeting the needs.
- Identify the range of solutions that are available to meet the needs.
- Undertake a solutions appraisal against criteria to identify the preferred solution.
- Determine the desired type of relationship with supplier (collaborative - competitive)

Approach to market options:

- Identify applicable government procurement policy (e.g. Mandatory Rules & OAG guidelines) and agency requirements.
- Analyse options for approaches to market & identify preferred strategy.

Tools:	SWOT – PESTEL - Porter's Five Forces – Power & Dependency matrix – Solutions Options Appraisal
Tool:	Supply Positioning Matrix & Supplier Preferencing Matrix
Template:	Business Case (GPRP)
Policy:	Mandatory Rules for Procurement (MED)
Guidance:	Government Procurement in NZ: Policy Guide for Purchasers (MED)
Guidance:	Procurement Guidance for Public Entities (OAG)
Guidance:	Public Sector Purchases, Grants & Gifts (OAG)
Guidance:	Guidelines for Contracting with NGOs for Services Sought by the Crown (Treasury)
Guidance:	Guidelines for Public Private Partnerships in New Zealand (Treasury)
Guide:	Sustainability: Identifying Sustainable Procurement Priorities (GPRP)
Guide:	Sustainability: Identifying Needs & Assess Risks (GPRP)
Policy:	NZ Timber & Wood Products Procurement Policy (MAF)
Policy:	Sustainable Government Procurement Project Category Reviews (MED)

Identify the needs

Stakeholder consultation

The quality of research and analysis, to identify the public policy/business needs, at this stage will seriously impact upon the quality of the solutions and results you achieve.

The first step is to consult with key stakeholders and develop a high level statement of needs. Consider the following:

- What is the purpose of the procurement?
- Who will be impacted by the procurement?
- Who are the key stakeholders and what are their expectations?
- Who are the major internal client's and what are their highest needs?
- Who are major external users or recipients of the goods/services and what are their highest needs?
- What similarities and differences become apparent between the needs of the two groups?

The consultation should aim to ensure that:

- stakeholders constructively engage and have 'buy-in'
- stakeholders are able to self-identify their current, predicted and emerging needs
- the consultation elicits information about individual and collective needs

From the consultation it will be important to:

- distinguish 'needs' from 'wants' and 'desires'
- remove ambiguity, achieve clarity and obtain consensus
- bundle needs into related groups
- prioritise groups and ranked
- develop an articulate, clear, comprehensive high-level statement of needs
- obtain stakeholder verification and endorsement of the statement of needs.

Statement of needs

The statement of needs will later inform:

- type and extent of market research and analysis
- sustainability opportunities, issues, risks – linking social, economic and environmental goals together
- identification of a range of solutions
- solutions options appraisal
- development of specification of requirements detailing the nature and scope of the goods/services that will be required to satisfy the needs
- development of evaluation criteria and weightings.

Statement of Needs

Through consultation with stakeholders identify individual, overlapping and competing needs.

Record these as a Statement of Needs. At this stage the Statement of Needs is a high level overview of the needs.

This will be developed, at a later stage, into a detailed Specification of Requirements.

Sustainability impacts

Consider the sustainability impacts that may result from the needs analysis.

- environment
  e.g. carbon impact, high waste production, hazardous substances
- economy
  e.g. job creation involving local business or loss of jobs where offshore companies used to supply
- society
  e.g. fair pay, equality, 'good employer' status

Review previous procurement

History of delivery

A review of previous procurement, from the identification of needs through supplier selection, performance and results, will greatly inform how you proceed with your project. It provides an opportunity to apply lessons learned.

- if it is not a new initiative there will be some history of previous delivery
- if it is a new initiative for your agency other agencies may have current or recent experience of delivery.

If a formal review of the previous procurement has been undertaken obtain a copy of the report.

Otherwise, actively seek feedback from everyone involved in the previous procurement to identify lessons learned. This means everyone from the business owner / sponsor, contract manager, end-users or recipients of services as well as the supplier. Consider how these lessons can inform and add value to your procurement going forward.

It may also be helpful to investigate the outcome of other agency's procurements for similar goods/services. Consider the problems they have encountered and successes they have achieved. How can this inform your thinking?

Spend analysis

A spend analysis involves identifying all expenditure (contract charges and other costs to the agency) related to the delivery of the goods/services over a period of time, for example the annual costs over a contract term of three years.

The purpose is to quantify the whole-of-life costs and spend and cost trends.

Compare this figure with your estimate budget. If they do not match reconsider the level of budget you may require. If the budget is fixed you may need to reconsider what level of needs can be met.

Analyse the market

The objectives of market analysis

The objective of market research and analysis is to develop a thorough understanding of the nature of the market, how it works and how this impacts upon your approach to the market and overall procurement strategy. It allows you to make informed decisions to get the best results.

Thorough supply market analysis supports strategic thinking, informed decision making and adds value to the procurement process and outcomes.

There are many avenues to obtain information about the market. The following diagram shows some common options.

***Diagram*: market research options**

Early engagement with suppliers

Sometimes the best approach is simply to talk to suppliers. Agencies are encouraged to engage early with suppliers to build improved knowledge and understanding of the goods/services available. This process must be completed before advertising the opportunity to bid. At that point all contact with suppliers must be strictly controlled.

In a situation where you can identify the needs, but are not sure of the solution you can seek supplier input through a Request for Information (RFI) or even organise a supplier briefing session. Make sure you consult a cross-section of businesses and are open to new players and new solutions.

Market research

Agencies must be able to demonstrate a good understanding of the market. The extent of the market research will depend on:

- *The nature and scope of the goods/services.*
- *The degree of difficulty in specifying the requirements.*
- *The total $ value of the whole-of-life cost.*
- *The level of risk to the agency if there is failure in the delivery.*
- *Whether it is a one-off purchase or ongoing procurement.*

Request for Information (RFI)

A RFI is a market research tool. It is used to seek information from suppliers as to the type of goods/services currently available.

It is not a type of RFx and must not be used, on its own, as a mechanism to select a supplier. If you decide to proceed with the procurement the RFI must be followed by a tender.

Balance of power

A simple tool to help determine where the balance of power lies in the market is Porter's Five Forces Model of Competition[1]. This tool assumes that there are five important forces that determine competition and rivalry. These are:

Supplier power: Here you assess how easy it is for suppliers to drive up prices. Factors include the number of suppliers, the uniqueness of their product, their control of buyers etc.

Buyer power: Here you assess how easy it is for buyers to drive prices down. Factors include the number of buyers, the importance of each buyer to the supplier's business, the cost of buyers switching suppliers etc.

Competitive rivalry: Here you asses the number and capability of suppliers. If there are many suppliers that all offer equally attractive goods/services then suppliers have little power. On the other hand if there are few suppliers or great distinction (differentiation) between goods/services suppliers have more power.

Threat of substitution: Here you assess how easy it is for buyers to find substitute (alternative) goods/services. If the goods/services are easily replicated there is a strong threat of substitution from other suppliers. This weakens suppliers' power.

Threat of new entry: Here you assess the ability of new suppliers to enter the market. The easier it is for new suppliers to enter the market the weaker the position of existing suppliers.

***Diagram*: Porter's Five Forces Model of Competition**

[1] M. E. Porter "Competitive Strategy" Free Press 1980

Plan your approach to market analysis

One approach to this exercise is to analyse the market by looking at each of its key components, as follows:

- market structure
- nature of competition
- supply chain dynamics
- availability of substitute goods/services
- industry impact assessment

Plan your analysis

Before undertaking your research and analysis take time to plan your approach.

- Clearly define the goals you wish to achieve through the analysis
- Define what information you need
- Identify potential sources of information
- Identify key activities e.g. meetings, internet searches, engaging specialists to help
- Develop a timeline for finalising the research and analysis

Market structure

This stage identifies and analyses:

- relevant market or segment of the market
- its total size
- key suppliers in the market and their respective market shares
- market concentration
- existing ownership structures in the market
- profitability of the different suppliers.

Relevant market

The first step in analysing the market structure is to define the market or market segment that is relevant to your procurement. This will help to focus your analysis and target the appropriate suppliers.

Defining the market entails determining the key characteristics of the goods/services, such as whether it is purely a product or service or a combination, and determining whether the market is divided into commercial, technical and/or geographic segments.

Once the market is defined a number of measurements can be taken to gain an overall understanding of its size and shape.

Market size

Firstly, the size of the total market should be determined in terms of sales ($ value) and volume/turnover. If the data is available, it is recommended that the market size be further analysed in terms of the private sector/public sector split.

Key suppliers and their market shares

Having determined the total market size, the next step is to determine who are the key suppliers and their respective market shares.

It is important to compare the overall market shares of suppliers with their respective market share of public sector sales. This may indicate whether a supplier is dominant across the market or just the public sector, and may also hint at potential dependency issues.

The number, size, and distribution of competitors in a market affect your negotiating power.

Regional analysis

There is often a geographic element to the competitive landscape. In defining market dominance, you must see to what extent a product, brand or supplier controls goods/services in a given geographic region – both nationally and internationally.

Profitability

To determine why some suppliers are more profitable than others, it may be useful to investigate whether they have a competitive advantage based on:

- low costs structures (lower costs and same price as other firms), or
- product differentiation (better product and higher price that other firms).

Competition

Some markets consist of suppliers who compete heavily on price whilst offering the same basic goods/services and service levels.

Other markets differentiate between suppliers by quality, level of service support, delivery etc. Suppliers within these markets may be less likely to negotiate on price, in the belief that the quality of the goods/service may be compromised.

Market concentration

Market concentration is about determining the extent to which a relatively small number of suppliers account for a relatively large percentage of the market. It analyses market dominance which is a measure of the strength of a brand, product, service, or firm, relative to other competitive offerings.

Existing ownership structures

Understanding corporate governance and business ownership structures amongst suppliers can often explain supplier behaviour. For example you may think that you are dealing with competing suppliers in a market when in fact one is a subsidiary of the other.

It is important to find out if there are any existing ownership structures or new transfers looming on the horizon. Also knowing whether a supplier is purely local or part of a large national or international organisation may indicate whether major decisions are made in-country or overseas.

Profitability of different suppliers

Profitability may indicate the viability of a supplier, whether a supplier will contribute to a continuing competitive market, or whether a supplier will withdraw, leading to a more concentrated market.

Competition

A sound understanding of how suppliers compete in the market provides essential information about market dynamics, including the availability and pricing of goods/services now and in the future.

The basis of competition

Analysing competition requires examining the way in which the suppliers in the market compete. Examples of different features suppliers compete on are:

- price
- quality
- level of support/service
- product types / range
- distribution
- delivery time
- brand image.

It is also worth investigating whether a supplier's perceptions of quality or brand image are warranted.

There are 4 basic types of markets

1. Perfect Competition
- Many buyers and suppliers
- Same or similar goods/services
- Suppliers have to accept market price

2. Imperfect Competition (Monopolistic)
- Many buyers and suppliers
- Differentiated goods/services
- Tiny monopoly over some products
- Suppliers have some control over price

3. Oligopoly
- Market dominated by small number of large firms
- Non-price competition
- Product differentiation
- Potential for collusion
- High profits

4. Monopoly
- Only one supplier
- Supplier controls price
- No choice for buyers
- High profits

Barriers to entry and exit

Market competition is affected by the type and level of barriers for new suppliers to enter and exit the market. High barriers to entry result in fewer competitors.

When barriers to entry are high, suppliers are likely to compete on product type and brand image rather than price. Whereas, markets with low barriers are likely to result in more suppliers and competition will be based on price.

For a market to remain competitive there must be potential for new suppliers to enter. In many cases, even where one supplier has a near monopoly status, even the potential for an alternative supplier to enter the market can sometimes achieve more competitive prices and improved service outcomes.

Changes to competition

Forecasting the future competitive environment can assist you to plan around changes in the market and, in some instances, to wait for circumstances to change in order to get a better deal or outcome.

For example, the telecommunications industry is fast changing and, with each change, progressively offers more choices for buyers at better prices.

Product life cycle

Understanding the position of the goods/services in the product life cycle will help you identify suppliers' likely marketing strategies and how suppliers will compete.

The product life cycle model consists of four stages:

- introduction
- growth
- maturity
- decline.

Each phase of the product life cycle tends to be characterised by different marketing strategies. For example, during the introduction phase, suppliers may seek partnerships with buyers to help develop their product. During growth and maturity phases, suppliers will endeavour to improve efficiencies and be cost competitive. In the decline phase, suppliers will seek to exit the market, often offer large discounts, find niche markets or attempt to revive interest.

Supply chain dynamics

The supply chain is the movement of materials or services as they flow from their source to the end customer. It is made up of the people, activities, information and resources involved in moving goods/services from their supplier to customer.

Typically supply chain activities transform natural resources into finished products. For example, the supply chain for most goods will encompass all participants from those:

- sourcing raw materials
- manufacturing parts for the product
- assembling parts
- assembling the product
- selling the product to retailers / intermediaries
- selling product to customers
- delivering
- servicing
- disposing.

In sophisticated supply chains used products that are recycled may re-enter the supply chain where they have some residual value.

Identifying the level of value-add

Supply chains need to be examined to identify whether each participant in the chain adds value (value-add) and to determine whether the level of value-add is worth the related cost.

It is important that you analyse supply chain participants, map what each participant does, where each is located in the supply chain, the costs and their individual goals. Waste is identified where a participant does not add value through their participation.

Value-add

Be careful not to underestimate the value-add that suppliers bring to the supply chain.

Carefully evaluate whether the opportunity cost of managing the activity yourself internally is less than paying a supplier to do it for you. Don't forget to factor in the supplier's expertise.

Supply chain dependencies

Any stage of the supply chain where a single supplier is dominant represents a risk to the buyer. Often, buyers are unable to fully recoup losses that are due to supply chain failure as they do not have contracts with suppliers further up the supply chain.

You need to be aware of such vulnerabilities. Investigate the impact a dominant supplier may have on the supply chain if the supplier restricts supply, or if their performance becomes unsatisfactory or they increase price.

Sustainability in the supply chain

Sustainability impacts of goods/services occur throughout the supply chain. An understanding of the supply chain and the relevant players within it will assist in identifying sustainability risks as well as opportunities for improved sustainability outcomes.

Where to buy in the supply chain

Many goods/services required for day-to-day operations are purchased directly from a supplier/retailer. However, there may be circumstances where the agency could realise better value for money by approaching the wholesale market or the manufacturer directly.

Even when a decision is made to purchase from a retailer, the whole supply chain should be analysed and understood to ensure that this decision is, and remains, appropriate.

Availability of substitute goods/services

Analysing substitute goods/services provides insight into alternative ways of meeting your agency's business requirements. A substitute option may meet the business requirements while providing better overall value for money.

Identifying substitutes

Focussing on the outcome, and not on existing goods/services, often opens up a wider range of solutions and suppliers.

A clear (unbiased) specification of the business need and a 'whole-of-market' focus are essential starting points. Often substitute goods/services are missed because:

- of a narrow focus
- existing specification is too rigid
- attachment to a particular brand.

A classic example is the emergence of the multi-function-device which filled the needs of organisations requiring printers, photocopiers, scanners and fax machines.

The identification of substitutes should be conducted in consultation with the end users of the goods/services to ensure that their needs will be met by a proposed alternative.

Industry impact assessment

The Government can be a significant buyer within some markets. For example, the aggregated spend in most of the All-of-Government contracts is about 8% of the New Zealand market for each category.

A significant procurement resulting in a virtual monopoly being created could have an adverse impact on the market and a regional economy. Equally opening up an opportunity through open competitive tendering could enable new suppliers to enter the market, improving competition. Consideration should be given to possible implications a procurement could have on local labour e.g. creating skills requirement in the region or outsourcing to another country.

What are substitute goods/services?

Substitute goods or services are where alternatives are available. These alternatives are more or less interchangeable, for example:

***Goods**: as a form of heating either gas or electricity*

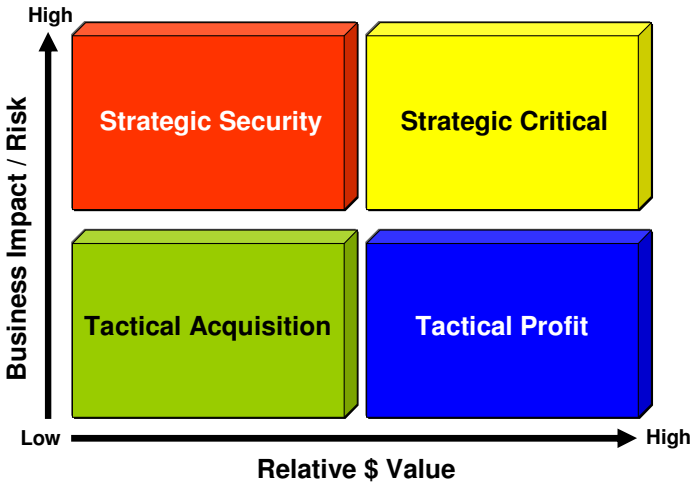
***Services**: standard plumbing services provided by different plumbers*

Supply positioning

Identifying how important the goods/services are to your agency will help inform the approach you take to the market as well as the amount of time and resources used in the procurement.

A useful tool to help this analysis is the Supply Positioning Matrix. This assesses the business impact and risk in the delivery of the goods/services against relative costs.

***Diagram*: Supply positioning matrix[2]**



Value	Impact/Risk	Supply Position
Low	High	Strategic Security
High	High	Strategic Critical
Low	Low	Tactical Acquisition
High	Low	Tactical Profit

Supply positioning matrix explained

Buyer's priority	Description	Approach	Arrangement
STRATEGIC SECURITY **Security of supply**	• Low-cost goods/services • Strategically important • Shortage of reliable suppliers	Ensure supply	• Long term contracts • Build reserve of stock • Consider alternative products
STRATEGIC CRITICAL **Security of supply at a good price**	• High costs specialist goods/services • Limited number of suppliers	Manage suppliers	• Med/long term contract • Contingency planning
TACTICAL ACQUISITION **Purchasing efficiency**	• Routine purchases • Low-value/low-risk goods/services • Many potential suppliers	Minimal attention	• One-off contracts/purchase orders • E-purchasing • Procurement cards
TACTICAL PROFIT **Improving profit through costs savings**	• High-cost/low-risk goods/services • Many potential suppliers	Drive savings	• Short term contracts • Ongoing active sourcing for competitive price

[2] The Supply Positioning Matrix was developed by PMMS Consulting Group

Supplier Preferencing Matrix

This tool, sometimes called 'customer segmentation' can assist you to examine how a supplier may view your agency as a customer.

Analyse market behaviours

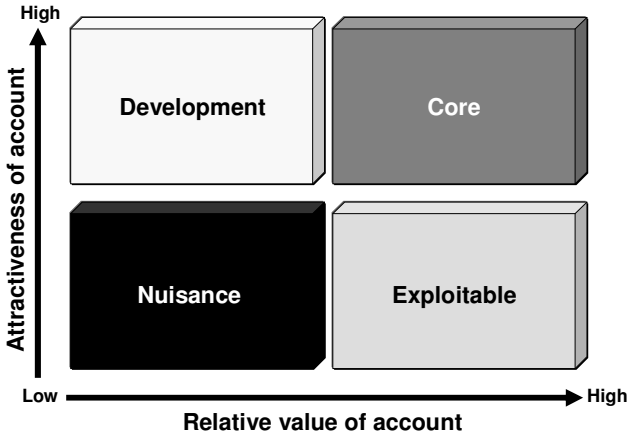
While the previous market analysis looked at how the market functions, this next piece of analysis attempts to 'walk in the suppliers shoes' and understand how suppliers view your business and how they behave as a result. Many businesses evaluate their customer's worth in order to determine the amount of effort they wish to exert to maintain the account.

Your value as a customer

By understanding the agency's value to suppliers different strategies can be developed based on the willingness or reluctance of suppliers to meet your agency's needs.

This analysis may identify changes an agency may need to make in order to be seen as a more attractive customer. If this happens, there will be more competition amongst suppliers to get your business.

***Diagram*: Supplier preferencing matrix**[3]



Value ($)	Attractiveness	Supplier's view
Low	Low	Nuisance
Low	High	Development
High	Low	Exploitable
High	High	Core business

Supplier preferencing matrix explained

Quadrant	Description	Action
Nuisance	• Low-value • Little profit	withdraw
Development	• Low-value • But still attractive	Get further business
Exploitable	• High-value • But not attractive	Maximise profits
Core	• High-value • Highly attractive • Supplier's core business	Retain & expand

[3] The Supplier Preferencing Matrix was developed by PMMS Consulting Group

Supplier Preference

It is important that you accurately gauge your value as a customer to suppliers as this will determine the extent to which you can influence a market and achieve better procurement outcomes.

If your agency is viewed as a **nuisance** account, the supplier may show little interest in your business. In some cases, you may wish to consider sourcing from other suppliers who value the agency's business more highly.

If your agency is viewed as having **development** potential the supplier may be willing (at least in the short term) to meet your requirements in order to win more business. For example, you may be seen as attractive because of the potential for more valuable business in future.

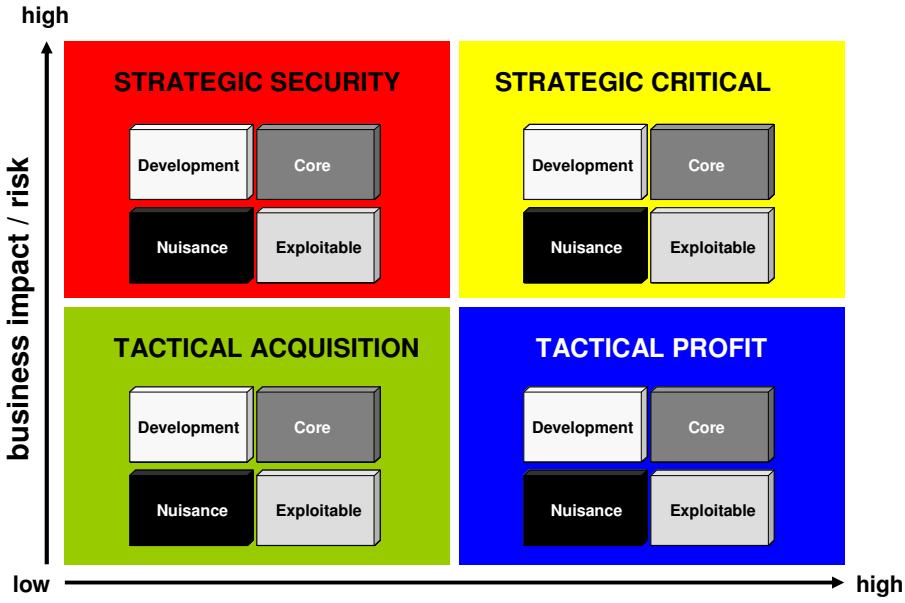
If your agency is viewed as being an **exploitable** account, the supplier may have a high volume of sales but the account is still regarded as unattractive. This may be due to low profitability, or other factors, such as the length of time it takes to get paid. Where suppliers seek to increase prices, you may wish to look for alternative suppliers or try to make the relationship more attractive by considering more efficient ways to do business.

If your agency is viewed as a **core** part of the supplier's business then in most cases it is possible to establish a rewarding business relationship in which both parties continually seek to add value. The supplier is generally keen to meet the buyer's requests, for example, responding to efficiency improvements or reducing the environmental impact of a procurement, and provide a high-level of service in order to retain the business.

See the full picture matrix

In order to understand the full picture you need to combine your findings from the Supply Positioning and Supplier Preferencing matrices. It is important to identify areas of potential risk. For example, if a service is one that you deem to be in the strategic critical quadrant, but your business is viewed by suppliers as 'nuisance' or 'exploitable', this creates a risk in supply. You may need to work to change suppliers' perceptions of you as a customer to increase their interest and move you to 'development'.

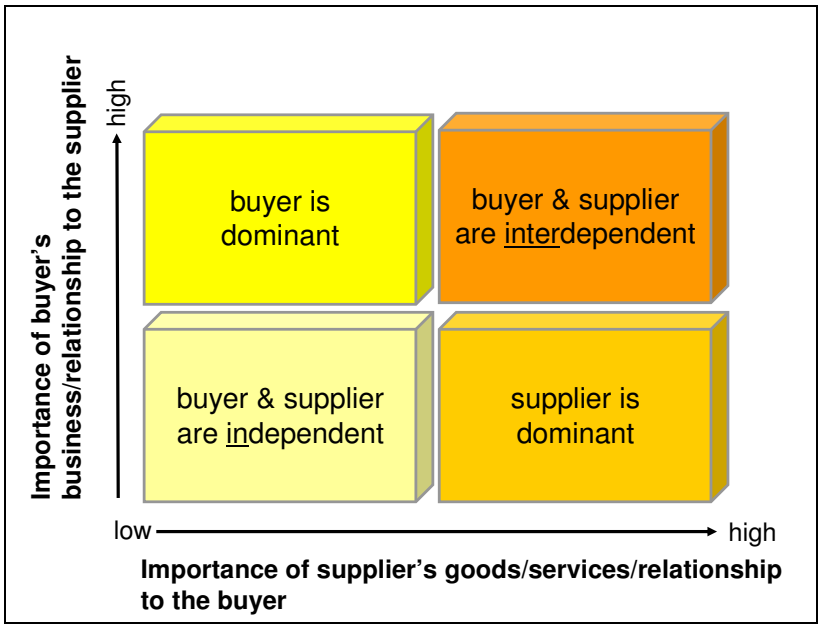
***Diagram*: Market management matrix**



Power and dependency

It can be important to assess the levels of power and dependency between your agency and individual suppliers. You need to be aware of situations where a supplier is highly dependent on your agency and vice versa. These can be high risk situations. If your agency is overly dependent upon a supplier you may be vulnerable to exploitation.

***Diagram*: Power & Dependency Matrix**[4]



Identify possible solutions

From your assessment of needs and market analysis you are now in a position to identify the range of solutions that could meet the needs and be fit for the purpose.

A simple example: internal stakeholders have expressed their needs as 20 printer/photocopies, 10 scanners and 5 faxes. Having done your analysis you may have found that the best solution will be 12 multifunctional devices, which although more expensive per unit will be cheaper over the whole-of-life, and perform faster and have a lower impact on the environment.

Environmental scan

Understanding the 'Big Picture' and the forces that operate in the wider environment is important. It helps:

- to ensure that what you are doing is aligned positively with the forces of change that are affecting our world. By taking advantage of change, you are much more likely to be successful than if your activities oppose it

[4] Developed by Cox and others in *Supply Chains, Markets and Power: Managing Buyer and Supplier Power Regimes.*

- avoid taking action that is condemned to failure from the outset, for reasons beyond your control
- break free of unconscious assumptions, and helps you quickly adapt to the realities of the new environment.

PESTEL Analysis

This tool allows you to scan your wider environment and identify external factors that could impact on your procurement.

PESTEL is also known as PEST, STEEPLE and SLEPT analysis.

PESTEL is a simple and useful tool to allow you to undertake a scan of your wider environment. PESTEL is a mnemonic standing for:

- **P**olitical
- **E**conomic
- **S**ocio/cultural/demographical
- **T**echnological
- **E**nvironmental
- **L**egal

Start by brainstorming each element of PESTEL. After the brainstorm think about what the findings mean for your procurement and identify factors that could impact positively and negatively. Then draw conclusions from this information that will inform the approach you will take.

Outcomes and appropriations

The golden rule of appropriations

Appropriations must only be used for the purpose for which they have been granted.

It is essential to link each procurement to the correct appropriation and SOI outcome.

In this way each agency can demonstrate how it is managing and performing against the government's investment.

For most agencies the nature and scope of its function together with its intended outcomes are summarised in its Statement of Intent (SOI). The SOI explains the actions that the agency will take to achieve its outcomes. It also provides a base against which the agency's actual performance will be assessed. The measures and standards applied evaluate what high-level strategic outcomes have been achieved as well as results against specific public policy and business objectives.

The SOI is aligned with the agency's annual appropriations from Parliament. Aligning these two sets of information facilitates reporting and accountability to Parliament for the use of public money. Rules about appropriations are contained in the Public Finance Act 1989 and other guidance issued by the Treasury.

Before initiating an approach to market it is important to estimate the total likely costs of the goods or services. Decide if the procurement is from the Departmental or Crown appropriations and whether it is capital expenditure (CAPEX) or operational expenditure (OPEX). This will dictate what type of financial approval is required and at what level.

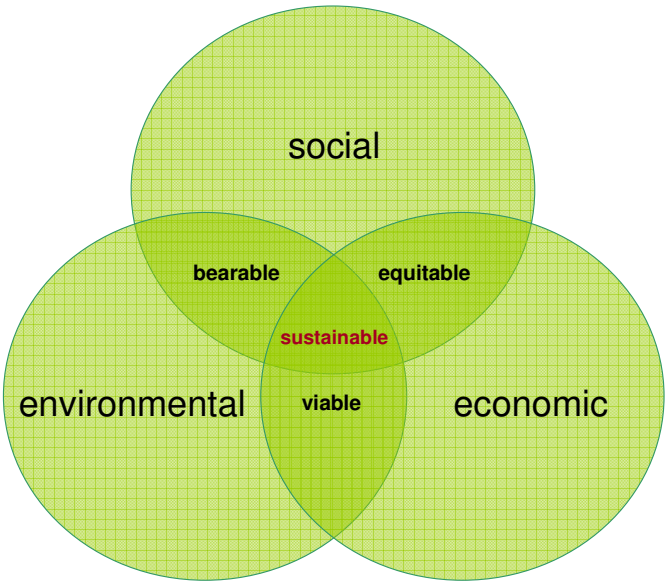
A financial approval in this amount must be obtained from:

- the correct appropriation
- an officer with sufficient delegated financial authority
- and sufficient funds remaining in the budget to cover the amount approved.

Sustainability

In essence, sustainability is about meeting the needs of today, without compromising the ability of future generations to meet their needs. We all operate within a social, environmental and economic context. These three components all impact on sustainability.

***Diagram*: triple bottom line of sustainability**



Issues that impact on sustainability include:

- climate change
- ozone depletion
- optimising use of natural resources
- minimise use of hazardous substances
- waste minimisation
- job creation
- health & safety
- equality
- fair pay for suppliers' staff
- economic regeneration
- build sustainable markets
- legal compliance
- public image protection and enhancement.

Proven benefits

Businesses that have adopted sustainable business practices have reported the following benefits:

- reduction in operating costs
- improved identification and management of risks
- created value through enhanced and positive customer/stakeholder response
- increased ability to attract and retain employees
- increased learning and innovation.

Questions for potential suppliers

You may want to ask potential suppliers how they deal with the following:

- environmental management systems
- employment practices
- corporate social responsibility practices
- approach to greenhouse gas emissions
- sustainability improvements already achieved
- approach to packaging

Sustainable procurement

Sustainable procurement means that when buying goods/services organisations will consider:

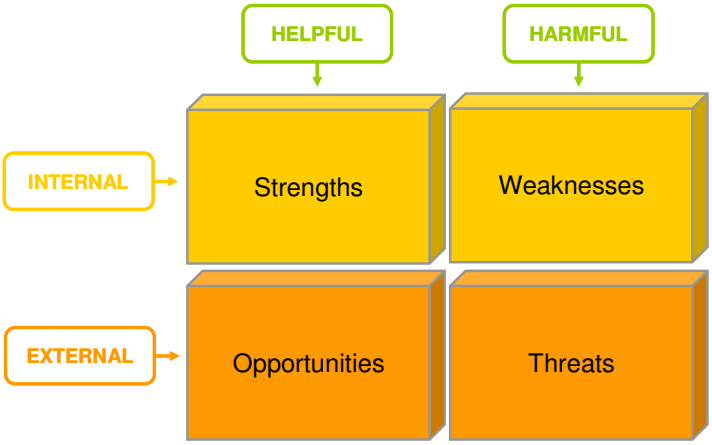
- strategies to avoid unnecessary consumption and manage demand
- minimising environmental impacts of the goods/services over the whole-of-life
- suppliers' socially responsible practices including compliance with legislative obligations to employees
- value for money over the whole-of-life, rather than just the initial cost.

Risk analysis

Almost everything we do involves a risk of some kind, for example, stakeholders' needs change, new suppliers appear on the market and factors outside our control could delay the procurement or delivery under the contract.

Formal risk analysis and risk management can help you to assess these risks and inform what actions to take to minimise disruptions. It will also help you to decide whether the strategies you could use to control risk are cost-effective. Whilst your agency will probably have its own risk management tool here is a simple explanation of the process.

***Diagram*: SWOT analysis**



SWOT Analysis assists:

- the identification of weaknesses and threats will inform your assessment of risk
- the identification of strengths and opportunities will inform solutions or approaches to managing the risks.

Strengths and **weaknesses** are generally internal to your organisation.

Opportunities and **threats** are generally external factors.

The following questions may help you with the SWOT analysis:

Strengths:	**Weaknesses:**
• What advantages does your agency have? • What do you do better than anyone else? • What resources do you have access to? • What do stakeholders see as your strengths? • What factors mean that you 'get the result'?	• What could you improve? • What should you avoid? • What are stakeholders likely to see as weaknesses? • What factors negatively impact on results?
Opportunities:	**Threats:**

• Where can you find good opportunities?
• What are the interesting trends you are aware of?
• Useful opportunities can come from such things as:
  ◦ changes in technology and markets on both a broad and narrow scale
  ◦ changes in government policy related to your field
  ◦ changes in social patterns, population profiles, lifestyle changes
  ◦ local events.
	• What would happen if delivery of the goods/services failed?
	• What obstacles do you face?
	• What do suppliers do that you should be worried about?
	• Are stakeholders' needs changing?
	• Is changing technology threatening your position?
	• Do you have budget restrictions?
	• Could any of your weaknesses seriously threaten your results?
	• Do you have systems and procedures in place to identify failure early?
	• What risk is there to the agency's or the Minister's reputation?
	• Are there any imminent political, policy or legal changes that could threaten the procurement?

Risk rating

Once you have identified specific threats/risks undertake a risk rating. This means identifying, for each threat/risk, the likelihood or probability of it happening and the consequences or impacts if it did happen.

Your agency will probably have its own risk assessment methodology. However, for the purpose of explaining the process a common type of risk analysis framework is set out below.

Step 1: Look at the likelihood of the risk happening and place this on a scale ranging from 'rare' to 'almost certain'.

Step 2: Look at the consequences that will follow if the risk materialises and place on a scale ranging from 'negligible' to 'extreme'.

Step 3: Use these two ratings to plot the risk on the matrix below. Each risk will be identified by an overall risk rating ranging from green to red. You should focus on risks with red and amber ratings first. Identify action that will:

- Mitigate the likelihood of the risk happening.
- Minimise the consequences if the risk eventuates.

***Diagram*: Risk analysis framework**

LIKELIHOOD of risk happening	Negligible	Low	Moderate	High	Extreme
Almost certain	amber	amber	red	red	red
Likely	yellow	amber	amber	red	red
Possible	yellow	yellow	amber	amber	red
Unlikely	green	yellow	yellow	amber	amber
Rare	green	green	yellow	yellow	amber

CONSEQUENCE if the risk happens

Likelihood	Consequence	Risk rating
rare	negligible	green
rare	low	green
unlikely	negligible	green
unlikely	low	yellow
rare	moderate	yellow
rare	high	yellow
unlikely	moderate	yellow
possible	negligible	yellow
possible	low	yellow
likely	negligible	yellow
rare	extreme	amber
unlikely	high	amber
possible	moderate	amber
possible	high	amber
likely	low	amber
likely	moderate	amber
almost certain	negligible	amber
almost certain	low	amber
unlikely	extreme	amber
possible	extreme	red
likely	high	red
likely	extreme	red
almost certain	moderate	red
almost certain	high	red
almost certain	extreme	red

Solutions options appraisal

Your identification of solutions may result in more than one possible solution. Where this happens carry out an options appraisal to determine which is the preferred solution. Develop you own matrix based on scored criteria as in the following example.

***Example*: Solutions options appraisal**

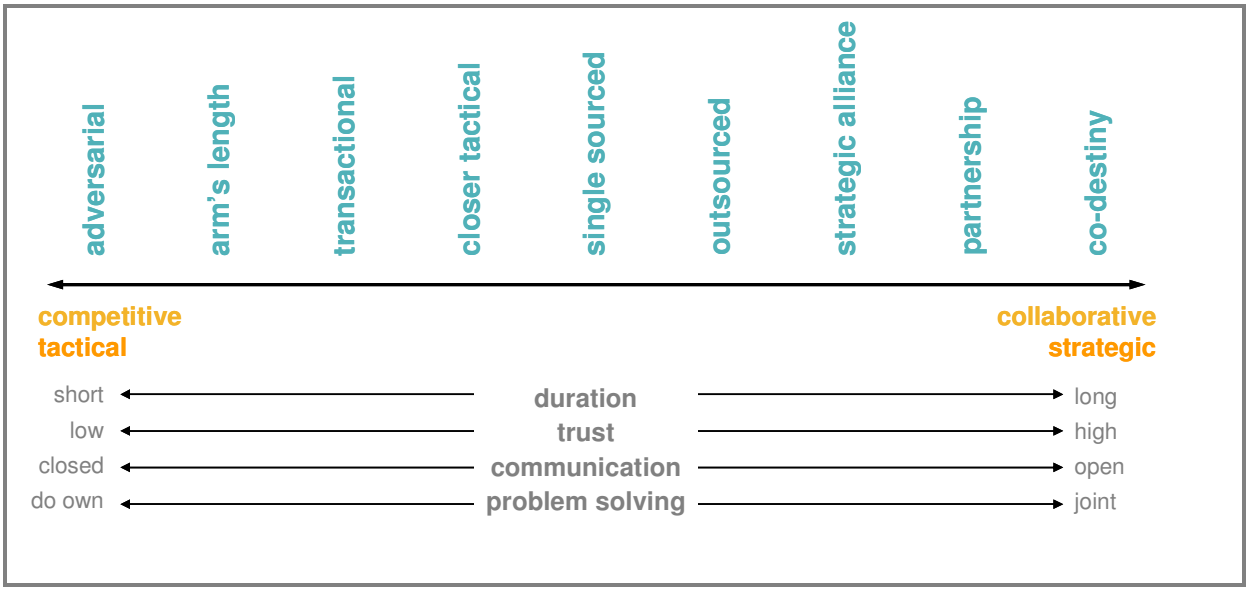
SCORES: poor = 1 low = 2 medium = 3 good = 4 excellent = 5

Solution	Price	Fit for purpose	Maintenance	Total	Ranking
Solution #1	Approx $350k *Score: Medium = 3*	Exact fit *Score: Excellent = 5*	Costly *Score: Low = 2*	**10**	2nd
Solution #2	Approx $300k *Score: Good = 4*	Good fit *Score: Good = 4*	Reasonable *Score: Medium = 3*	**11**	1st

Desired type of relationship with supplier

The relationship you develop with a supplier can range from competitive to collaborative. The diagram below shows the spectrum. A competitive relationship can be seen as 'win-lose'. This is where one party gains at the expense of the other. A collaborative relationship can be seen as 'win-win' where both parties benefit.

***Diagram*: the relationship spectrum**



Competitive approach

Buyers usually take a competitive approach to transactional relationships where some or all of the following are present:

- competitive bidding
- many suppliers and large supply market
- suppliers have little power
- typically for standard goods/services
- no need or benefit for high degree of trust between the parties
- the cost of switching to a new supplier is low.

Collaborative approach

Buyers usually take a collaborative approach to strategic relationships where some or all of the following are present:

- long term commitment where there is mutual trust, openness and transparency
- agreed shared interests and objectives
- relationship is one of equal partners
- agreement that there should be joint effort to eliminate waste and increase efficiencies and cost savings – both can benefit from seeking ways to add value.

Approach to market rationale

Procurement Policies and Rules

Unlike the private sector, public sector procurement is subject to higher levels of transparency. There are a range of government principles, rules, codes of conduct, policy and guidance that apply. In addition, each agency has its own code of conduct, procurement policy and procedures.

A starting point for any procurement is to check what policy, rules and procedures apply. In addition, each agency's procurement policy should set out when it is appropriate to, for example, go directly to a supplier or when the agency must advertise an open competitive tender on the Government Electronic Tender System (GETS).

Market Behaviours Strategy

In addition to identifying the appropriate approach to market, you may consider if there are any procurement marketing tactics you could use to improve competition and the range of solutions that are accessed. This is sometimes called 'market behaviours strategy' which aims to:

- identify the gap between current market behaviours and the desired future market behaviours – those that will better deliver against your procurement objectives
- identify the range of strategies you can use to influence the market and close the gap.

Procurement marketing: where you raise the suppliers' perceptions of the desirability of your agency as a 'favoured customer'. This may involve 'selling' the full range of benefits of supplying to your agency and/or the status of being associated with your agency.

Supplier development: offering to support, or assist with the development of a supplier or their goods/services. For example, openness to new innovative solutions and prototypes.

Partnership approach: either formally e.g. through a public private partnership arrangement, or informally through a close, collaborative approach which is mutually beneficial.

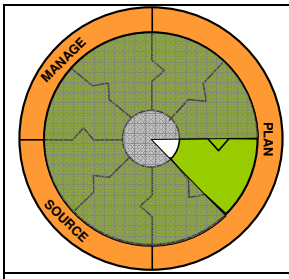
Financial incentives (share cost/price reduction through innovation) and risk-sharing arrangements.

Key government procurement polices & rules

- Standards of Integrity & Conduct *(SSC 2007)*
- Mandatory Rules for Procurement *(Cabinet 2006)*
- Government Procurement in NZ – Policy Guide for Purchasers *(MED 2007)*
- Procurement guidance for public entities *(OAG 2008)*
- Public sector purchases, grants and gifts: Managing funding arrangements with external parties *(OAG 2008)*
- Guidance on contracting with NGOs for services sought by the Crown *(Treasury 2009)*
- Guidance for Public Private Partnerships in NZ *(Treasury 2009)*

Key legislation

- Public Finance Act 1989
- Public Audit Act 2001
- Public Records Act 2005



Stage 3 – Specify requirements

Outcome

- You buy the right quality and quantity to be delivered at the right time and place for the right price.
- The intended results satisfy the needs.
- For a Request for Tender - the right solution (goods/services) is clearly articulated, or for a Request for Proposals the detailed public policy/business needs are clearly articulated.

Outputs

- Detailed specification of requirements.
- Specification endorsed by key stakeholders.

Key Tasks

Prepare specification of requirements

- From the high-level statement of needs develop the detailed scope.
- Consider cost and efficiency savings:
  - incorporate improvements from lessons learned
  - consider new technology
  - identify alternative delivery mechanisms and review for efficiency
  - amalgamate spend and decrease costs
- Identify mandatory and non-mandatory requirements.
- Identify timeline and key deliverable dates.
- Specify any sustainability requirements or preferences.

Quality & Standards:

- Specify quality standards and measures.
- Specify performance standards and measures.

Good practice:

- Have the draft specification of requirements checked and endorsed by key stakeholders.
- Check that the final specification of requirements:
  - addresses the targeted outcomes and public policy/business objectives
  - meets the agreed stakeholder needs
  - covers whole-of-life of the contract deliverables
- Ensure design of specification is not structured or divided to avoid the application of the Mandatory Rules of Procurement or any other government or agency procurement policy requirements.

Guide: Sustainability: Define Specifications & Invite Tenders (GPRP)

Points to consider

- Alternative/substitute goods/services on the market
- Aggregation is the coordination of procurement of similar goods/services
- Bundling is the aggregation of diverse, but related, goods/services
- Improvements from lessons learned
- New or emerging technology
- Alternative delivery mechanisms and efficiency savings
- Options which provide improved sustainability
- Seasonal fluctuations in demand
- Single supplier or lead supplier with sub-contractors
- Single contractor or panel of contractors
- Buy or lease
- 'Off-the-shelf' or design & build

Definition

At this stage, having defined the needs and researched suppliers and the market, it is now appropriate to clearly, concisely and articulately state the requirements.

Requirements can be written in various formats. Often the nature of the format will depend upon the type of procurement and the agency's own practice. Some popular formats include:

- Terms of reference
- Description of services
- Scope of work
- Service specification
- Specification of goods
- Statement of work
- Scope of requirements

Request for proposals or tenders?

Where the nature of the procurement is such that you are able to define what the outcomes are, but not necessarily how they will be delivered, you may opt to proceed to market by way of a Request for Proposals. This is where ***performance*** is the driver and can be clearly articulated. Suppliers can offer different solutions, so long as the performance meets your needs. In this scenario you are likely to be open to receiving innovative alternative solutions.

Where it is important to state how something needs to be done, then a ***conformance*** approach may be best. Suppliers must offer a solution that exactly matches your specification. In this situation you may opt to proceed to market by way of a Request for Tenders.

Writing concise requirements is a skill. Failure to get it right can be fatal to the procurement. If you can't describe what you want - you won't get what you need!

Key questions

The following questions may help in developing the specification of requirements:

- **Why** are we doing this?
- **What** results do we need to achieve?
- **How** will the goods/services be delivered?
- **How well** – what quality and standards apply?
- **How much** – what quantity or volume is required?
- **Where** will the goods/services be delivered?
- **When** will the goods/services be delivered – term of contract?
- **Who** will be involved in the delivery: supplier / contract manager etc?

Some key characteristic of good Requirements:

Characteristic	Explanation
Complete	The specification of requirements is contained in one document with no missing information. If the nature of the procurement requires more than one document, the documents must be clearly structured and linked with no repetition or overlap.
Unambiguous	Each requirement is concisely stated without recourse to technical jargon, acronyms (unless defined elsewhere in the document). It expresses objective facts, not subjective opinions. Vague language is avoided. Negative statements and compound statements are discouraged.
Consistent	Each requirement is consistent with all others and any external documents that are referenced.
Current	Each requirement is current and can, in some cases, be future focussed to meet planned or predicted future needs.
Feasible	Each requirement can be implemented within the constraints of the project including the budget.
Traceable	Each requirement can be traced back to a stated public policy/business/stakeholder need and is authoritatively documented.
Verifiable	The implementation of the requirement can be determined through one of four possible methods: inspection, demonstration, test or analysis.

The 5 Rights

"Not everything that counts can be counted, and not everything that can be counted counts"

Don't forget to test your specification of requirements against the 5 Rights:

- Right quality
- Right quantity
- Right place
- Right time
- Right price

Be SMART or event SMARTER

Objectives need to be measurable and meaningful, in other words 'SMART'.

In public sector the mnemonic SMARTER is sometimes use:

- Specific
- Measurable
- Achievable
- Relevant
- Time-bound
- Ethical
- Recorded

Technical specifications

Where technical specifications are prescribed they must:

- be specified in terms of performance and functional requirements, rather than design or descriptive characteristics
- be based on international standards, where applicable, or national technical regulations recognised national standards or building codes
- not refer to a particular trademark, trade name, patent, design or brand. If there is no other way of describing the requirement and you refer to a trademark then you must include the words 'or equivalent'
- be prepared without you seeking or accepting advice from someone who may have an interest in the procurement concerned.

Quality and standards

Performance standards and measures

Performance standards and measures are essential tools in procurement. There are usually called Key Performance Indicators (KPIs). When applied to the supply of goods/services they allow the buyer to clearly set the parameters for success. In applying the maxim 'what gets measured gets done' it is important not to lose sight of being able to measure what really matters.

The 10 Tests of a performance measure

It is important to plan what you expect and inspect what you plan. The 10 Tests can be a helpful check.

- **Truth test:** are we measuring what we set out to measure?
- **Focus test:** are we measuring only what we set out to measure, and not things that are out of scope?
- **Relevance test:** are we measuring the right thing?
- **Consistency test:** does the measure give a consistent result whenever and by whomever it is applied?
- **Access test:** can the data be easily accessed and understood?
- **Clarity test:** is there any ambiguity in interpreting the measure or the results?
- **'So-what' test:** will the result give us information that we can act upon?
- **Timeliness test:** will the data be available in time to affect action?
- **Cost test:** how much will it cost to measure and is this cost effective?
- **Gaming test:** what behaviours will the measure discourage and encourage? Is there a risk of unintended consequences?

Deliverables

The specification of requirements will lead to the identification of a deliverable or set of deliverables. A deliverable is something that must be provided under the contract. It is a tangible output. One, or several, deliverables may result in an outcome. Examples of deliverables include: a specified product, a report, a training session or the provision of hardware and the installation of software.

Contract deliverables can be tied to milestones. A milestone is a measurement of progress toward an outcome. For a typical review project, milestones might be the completion of review and delivery of a draft report, then revision of draft report and delivery of the final report.

Where a contract adopts a milestone approach payment to the supplier can be tied to the successful completion of each milestone. This allows for implementation to be tracked and monitored against budget.

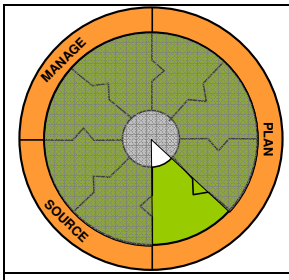
Sustainable deliverables

Sustainability considerations should be addressed as an important component of the overall procurement strategy and where appropriate detailed in the specification of requirements as deliverables. This is particularly the case if significant sustainability impacts have been identified during the business needs analysis.

Sustainability

Consider the following points when thinking about sustainability.

- strategies to avoid unnecessary consumption, improve efficiency and reduce waste
- minimise the environmental impact of the goods/services over the whole-of-life
- calculate value-for-money over whole-of-life – encompassing sustainability impacts and efficiencies
- consider the environmental credentials of the goods/services
- consider the suppliers' sustainability credentials
- consider the suppliers' approach to corporate social responsibility
- help foster a viable Australian and New Zealand market for sustainable products and services by supporting businesses and industry groups that demonstrate innovation in sustainability.



Stage 4 – Plan approach to market and evaluation

Outcomes

- Right methodology informs optimal choices.
- Probity assurance manages risks.

Outputs

Procurement Plan:

- Approach to market strategy
- Evaluation methodology
- Realistic timetable.

Procurement Plan approved:

- Procurement Plan endorsed by the team
- Procurement Plan approved by project sponsor (or equivalent).

Key Tasks

Approach to market:

- Identify if early supplier engagement is required & nature of engagement e.g. Request for Information, supplier briefings/workshops/one-on-one meetings.
- Clarify whether or not alternative solutions/proposals by suppliers will be considered.
- Select appropriate process options:
  - open/closed approach to market
  - single/multi-stage approach to market
  - Identify RFx document/s required: e.g. ROI plus RFP.
- Identify how prospective suppliers will be made aware of the opportunity: GETS/newspaper adverts/industry publications.
- Where a departure from government or agency procurement policy is proposed provide specific compelling reason/s justifying this approach together with senior manager approval of exemption.

Evaluation methodology:

- Decide evaluation methodology:
  - Evaluation model: lowest price/weighted attribute etc
  - One/two envelope system
  - Develop Rating Scale to guide evaluation panel scoring
  - Determine panel decision making process: mathematical average/panel moderation
  - Identify the information required from suppliers: supplier details/response to requirements/pricing/ format etc
  - Identify any required additional steps: interview/presentation/site visit etc.
  - Identify any optional additional steps: reserve the right to interview/presentation/site visit etc

- State due diligence requirements.

Evaluation criteria:

- Establish evaluation criteria
- Prioritise and weight the evaluation criteria.

Due Diligence:

- Identify what due diligence checks are appropriate
- Identify when each due diligence check will occur e.g. reference checks obtained prior to interviews with short listed suppliers.

Contract:

- Identify appropriate type of contractual arrangement: contract for services / supply of goods agreement / service level agreement etc.
- Identify specific legal risks that may arise as a result of the nature of the goods/services.
- Identify any intellectual property rights arising from the nature of the goods/services.
- Identify appropriate terms and conditions of contract.

Process plan and timetable:

- Identify key tasks and milestones in the various stages of the approach to market through to award of contract
- Identify stages where approvals or sign-offs required and by whom
- Identify individuals to be appointed to the evaluation panel
- Obtain Conflict of Interest and Confidentiality agreements
- Assign key tasks to team members.
- Set a realistic timeline for:
  - approach to market and submission of offers
  - evaluation of offers
  - identification of preferred supplier
  - due diligence
  - negotiations
  - contract development
  - handover from previous contract or lead time for new supplier to start delivering.

Procurement Plan:

- Record all of the above in a Procurement Plan
- Obtain sign-off.

Tool:	Flow Chart Tender Process (GPRP)
Tool:	Check List Tender Process (GPRP)
Template:	Tender Advert (GPRP)
Quick Guide:	Response Timeframes (GPRP)
Quick Guide:	Due Diligence (GPRP)
Check List:	Due Diligence (GPRP)
Guide:	Guidelines for the Treatment of Intellectual Property Rights in government ICT contracts (SSC)
Guide:	Sustainability: Evaluate & Select Suppliers (GPRP)
Template:	Procurement Plan (GPRP)

How detailed should my strategy be?

The level of detail and effort in developing a procurement plan should be commensurate with the nature, scope, complexity and value of the procurement.

RFPs & RFQs?

See *page 21* for an explanation of these acronyms.

Contracting for risk

Understanding the level and types of risk to be managed by the supplier can assist in determining the most appropriate type of contract arrangement.

Developing the right contractual framework entails determining what the agency is really contracting for, e.g:

inputs, *where the agency is well placed to internally manage all the major risk*

outputs, *where the contractor is likely to be well placed to manage lower level—input to output—risks, but not the overall risk (that the outputs will not yield the required outcome)*

outcomes*, where the contractor is well placed to manage all the major risk.*

Approach to market strategy

This stage involves deciding an appropriate approach to market, evaluation methodology, process plan and realistic timetable. It brings together your analysis and thinking to date. It results in a procurement plan.

There are several process options that need to be clarified. These include:

- Pre-tender supplier engagement?
- Open or closed tender?
- Single stage or multi-stage tender?
- Type of RFx document required (RFQ, ROI/EOI/PQQ, RFP/RFT)?
- Advertising the opportunity (GETS, industry publications/websites)?
- Will alternative proposals be considered?

Single or multi-stage tender

Options for a single stage process are Request for Quote, Request for Tender or Request for Proposal. Options for a two stage tender are Registration of Interest, Expressions of Interest or Pre-Qualification Questionnaire (through which suppliers are short listed) followed by a Request for Tender or Request for Proposal from short listed suppliers.

The decision as to which is most appropriate will vary depending upon the nature, scope, value, level of risk and complexity of the procurement. In an open tender where a large number of responses are anticipated it may be preferable to opt for a two stage approach. This means short listing after stage one. It ensures that only qualifying or eligible suppliers are put to the time and expense of preparing full tenders or proposals.

Evaluation methodology

Develop an evaluation methodology that will ensure that the best supplier is selected for the right reasons and at a price that represents value-for-money over whole-of-life. This includes consideration of:

- One or two envelope system?
- Evaluation model: lowest price / weighted attribute etc?
- Rating Scale to guide evaluation panel scoring (e.g. scoring system 0 to 5 or 1 to 100)?
- Panel decision making process (mathematical average or moderation)?
- Price – how will this be assessed?
- What additional process will be required (interviews, presentations)?
- What optional process will be required (interviews, presentations)?

One or Two envelopes

Where you want to ensure that price does not influence the evaluation on the merits a two envelope process can be used. In this case the supplier submits its offer in two sealed envelopes:

Envelope 1: the response to the requirements

Envelope 2: all pricing information.

It is essential that no pricing information is contained in the first envelope or seen by the evaluation panel before the evaluation and scoring on the merits is complete. Only once the scoring is completed should the pricing information be disclosed to the evaluation panel.

Evaluation model

There are numerous evaluation models available. The most commonly used[5] are:

- Lowest price
- Simple score
- Weighted-attribute (weighted score)
- Target price
- Brook's Law

It will depend on the nature, scope, value, level of risk and complexity of each procurement as to which methodology is most suitable. Here is a short description of each.

1. Lowest price

This is the most basic methodology also known as 'lowest-price conforming'. Offers are evaluated on the merits without price being disclosed to the panel. Only those suppliers who are clearly able to fully deliver against the requirements are short listed.

The assessment is made on a strict selection of only those offers which meet all prerequisite requirements. Start by determining which offers meet the requirements and are eligible to be selected. Look at the total price for each offer. The lowest priced eligible (conforming) offer is ranked first.

This methodology is appropriate if any additional quality, over and above the prerequisite requirements, is not deemed important – that is, it does not offer greater value for money.

Application

Use for simple procurements if the strongest emphasis is on price and all of the criteria have the same importance. It is usually more appropriate for procurement of goods.

This method is not recommended for complex procurements as it does not consider the relative importance of the criteria and the wider aspects of value for money.

2. Simple Score

This is a basic methodology which can be used if all criteria have roughly the same degree of importance. Agree a Rating Scale and score each offer against the criteria. Add the total scores for each offer. The highest scored offer is ranked first.

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[5] Another model, although less common, is the **Price Quality Formula** used by New Zealand Transport Agency and described in its *Procurement Manual for activities funded through the National Land Transport Programme* (as amended November 2009). For more information on how to use this model go to www.nzta.govt.nz

Application

Use for simple procurements where each criterion has roughly the same degree of importance.

3. Weighted-attribute (weighted score)

This is the most common methodology used in public sector procurement. It is used when criteria have different levels of importance.

Start by ranking the criteria in order of importance then decide a weighting for each. This is usually a % with the total weightings for all criteria adding to 100%. Agree a Rating Scale and score each offer against the criteria to obtain raw scores. Apply the weightings to the raw scores to obtain the weighted scores. Add the total weighted scores for each offer. The offer with the highest total weighted score is ranked first.

***Example*: weighted attribute model**

Criteria	Weighting	Raw Score (out of 10)	Weighted score
Criterion #1	40%	8	3.2
Criterion #2	35%	7	2.5
Criterion #3	25%	9	2.3
Total weighted score (out of 10)			**8**

Some methodologies include price as a weighted criterion. Others do not have price as a weighted criterion and treat the evaluation of price separately.

Options where price is not a weighted criterion

Where price is not a weighted criterion price information is usually kept from the evaluation panel until after the evaluation on the merits and scoring is finalised. A process to assess value-for-money is then undertaken.

a. Short listed mean/average price (two envelope approach)

This model involves reviewing the weighted scores and short listing only those offers that are clearly able to fully deliver against the requirements. Then disclose the price for the shortlisted offers and calculate the mean/average price.

Initiate negotiations with the supplier who has the highest score on the merits with the aim of achieving agreement at the mean/average price or within a pre-set % of that price (as determined by the team). If no agreement on price is reached the second ranked supplier is invited to negotiate with the same objective of reaching agreement at the mean/average price or within a % of the price. The process continues until a satisfactory agreement is negotiated. A supplier, once rejected from the process, should not be recalled for further negotiations.

***Example*: median price negotiation range**

Short listed supplier	Total weighted score	Price	Order or negotiation
A	7	$135,000	2nd (if not successful with B)
B	9	$140,000	1st
C	6	$100,000	3rd (if not successful with B & A)
	total	$375,000	
	median price	**$125,000**	**± 10% (negotiation range = $112,500 to $137,500)**

b. Cost-effectiveness ratio (two envelope approach)

This method is purely mathematically based. The total cost of the offer (cost dimension) is divided by the total of the total weighted score (effectiveness dimension). The offer with the lowest cost-effectiveness ratio is selected as the best value for money.

Example: (in this example the most cost effective offer is from supplier A)

Supplier	Total weighted Score	Price	Cost-effectiveness Ratio
A	9	$100,000	1 : 1.1
B	9	$150,000	1 : 1.6
C	9	$200,000	1 : 2.2
D	5	$100,000	1 : 2.0

c. Value-add price analysis (two envelope approach)

This model involves short listing (from the total weighted scores on the merits) only those suppliers who are clearly able to fully deliver against the requirements. Disclose the price for all shortlisted offers. The evaluation panel is then invited to identify differences between the offers that represent value-add and compare the relative prices. This discussion focuses on whether items of value-add are worth the additional cost. The panel is invited to reach a consensus on which short listed offer represents the best value for money.

Price is a weighted criterion

If price is a weighted criterion it is important to carry out some level of sensitivity analysis to ensure that the level of weighting is appropriate. Also, consideration should be given to the risk of unreasonable and unrealistically low priced offers achieving the highest overall weighted score where it is clear that the goods/services cannot be delivered within the quoted price and the offer has been structured to take advantage of the weighted price approach.

Application

Use for more complex procurements where criteria have different levels of importance. It is an effective methodology when seeking to balance the trade-offs between price and quality. It can be used for the procurement of both goods and services.

4. Target Price (one envelope approach)

The target-price model is useful when it is genuinely difficult to define the scope of the work in the specification of requirements or in situations where the budget that is available is the main constraint. In such instances, the agency would be likely to receive a range of offers with prices that are not easily compared, and that may exceed the available budget. The solution is to make the suppliers aware of the available budget (the 'target price') in the RFx as a guide for defining the scope of the goods/services, and then inviting suppliers to specify what they can deliver for that price. The focus of the evaluation is then on the quality and quantity of the goods/services to be provided rather than price.

Application

Suitable where it is genuinely difficult to define the scope of the requirements and there is a fixed budget.

5. Brook's Law (two envelope approach)

The Brooks' Law model is useful where quality is the most important factor. Offers are evaluated on the merits without price being disclosed to the panel. Only those suppliers who are clearly able to fully deliver against the requirements are short listed.

The highest ranked supplier is invited to negotiate. At this point the price for this supplier is disclosed. All other prices remain unopened. If the negotiation is successful the supplier is awarded the contract.

If no agreement is reached, the second ranked supplier is invited to negotiate. At this point the price for that supplier is disclosed. All other prices remain unopened. The process continues until a satisfactory agreement is negotiated. A supplier, once rejected, should not be recalled for further negotiations.

Application

This model can be suitable where the strongest emphasis is on quality rather than price.

Rating Scale

A Rating Scale sets out the range of scores used by the evaluation panel in scoring against criteria. It is important to understand the different types of Rating Scales and decide which is suitable in different procurement scenarios. Rating Scales provide a common understanding for the evaluation panel as well as consistency of scoring.

Options for scoring

The *Template: Evaluation Panel Instructions* (www.procurement.govt.nz reference: For Agencies / Tool Kit / Evaluation) contains three different examples of Rating Scales. You can choose one of these or use a different approach developed by your agency or the evaluation team.

Example Rating Scale [This example is based on the UK Office of Government Commerce rating scale]

Rating	Definition	Score
Excellent	Exceeds the requirement. Exceptional demonstration by the supplier of the relevant ability, understanding, experience, skills, resource and quality measures required to provide the goods / services. Response identifies factors that will offer potential added value, with supporting evidence.	**5**
Good	Satisfies the requirement with minor additional benefits. Above average demonstration by the supplier of the relevant ability, understanding, experience, skills, resource and quality measures required to provide the goods / services. Response identifies factors that will offer potential added value, with supporting evidence.	**4**
Acceptable	Satisfies the requirement. Demonstration by the supplier of the relevant ability, understanding, experience, skills, resource, and quality measures required to provide the goods / services, with supporting evidence.	**3**
Minor Reservations	Satisfies the requirement with minor reservations. Some minor reservations of the supplier's relevant ability, understanding, experience, skills, resource and quality measures required to provide the goods / services, with little or no supporting evidence.	**2**
Serious Reservations	Satisfies the requirement with major reservations. Considerable reservations of the supplier's relevant ability, understanding, experience, skills, resource and quality measures required to provide the goods / services, with little or no supporting evidence.	**1**
Unacceptable	Does not meet the requirement. Does not comply and/or insufficient information provided to demonstrate that the supplier has the ability, understanding, experience, skills, resource & quality measures required to provide the goods / services, with little or no supporting evidence.	**0**

Panel Decision Making Process

This step involves identifying what information is made available to the panel, and at what time and how the panel will reach its final decision. Panel decisions should aim to be based on consensus.

Scoring

It is normal to require each member of the evaluation panel to carry out their own initial evaluation of offers and scoring according to the Rating Scale. The evaluation panel chair can request that scores are submitted prior to the evaluation panel meeting. The chair can collate on an Excel spreadsheet and present to total weighted scores to the panel at the evaluation meeting.

There are a number of ways that final scores can be reached including:

- Mathematical average
- Panel moderation

Discussing individual scores and reaching a team consensus through a modification process is preferable to mathematical averaging, because it allows a score to be agreed based on consideration of all the evaluation panel members' assessments, observations and opinions.

1. Mathematical average

Averaging scores is a mathematical approach. Common types of averaging are 'mean', 'median' and 'mode'.

Mean average

The 'mean' is the 'average', where you add up all the numbers and then divide the total by the number of numbers. For example:

Scores: 13, 18, 13, 14, 13, 16, 14, 21, 13

To calculate the mean: (13 + 18 + 13 + 14 + 13 + 16 + 14 + 21 + 13) ÷ 9 **= 15**

Median average

The 'median' is the 'middle' value in the list of numbers. To find the median, your numbers have to be listed in numerical order, so you may have to rewrite your list first. Using the same scores as the above exercise as an example:

Scores in numerical order: 13, 13, 13, 13, 14, 14, 16, 18, 21

To calculate the median: there are nine numbers in the list, so the middle one will be (9 + 1) ÷ 2 = 10 ÷ 2 = 5th number. So the median **= 14**

Mode average

The 'mode' is the value that occurs most often. If no number is repeated, then there is no mode for the list. Using the same scores as the above exercise as an example:

Scores: 13, 13, 13, 13, 14, 14, 16, 18, 21

To calculate the mode: add how many times a number appears. 13 = 4 times, 14 = 2 times, 16, 18 and 21 each = 1 time. number repeated most **= 13**

From the above examples the different results for the same range of scores are:

Mean = 15
Median = 14
Mode = 13

2. Panel moderation

Panel moderation involves the evaluation panel reviewing the initial individual scores, discussing the individual and collective findings and coming to a consensus as to the appropriate moderated scores to be awarded. Only slight adjustments to the original scoring profile are allowed. Moderation involves comparing scores for individual criteria as well as comparing scores across all offers.

The benefits include having a wider debate as to the relative strengths and weaknesses of each offer; an opportunity for panel members to explain their rationale in awarding specific scores and a common agreement on what is an appropriate score taking into account the views of all panel members. The disadvantage is that the process takes longer.

Price

You will already have determined whether or not price is submitted separately to the response on the merits. Where it is separate, price is withheld from the panel until the evaluation on the merits and scoring has been completed. Depending upon the nature, scope, value, level of risk and complexity of the procurement the team may wish to appoint a financial specialist to separately analyse the price of all qualifying or eligible offers and present a report to the evaluation panel providing a comparative analysis.

Financial comparisons for competitive bidding usually consider issues such as:

- whole-of-life costs
- capital related costs
- financing / leasing options
- costs of contracting out
- costs of transitioning to a new supplier.

An offer that is priced very low in comparison with others should be scrutinised to determine:

- whether all costs have been included
- whether there is uncertainty in the response to the requirements that involve high-risk
- whether the price is ‘real’ and sustainable
- whether a new or innovative solution has been proposed which results in the dramatically different price
- whether the offer includes dumped or subsidised imports that would compete unfairly with domestic products and that could be subject to an application for trade remedies under the Dumping and Countervailing Duties Act 1988.

If there are any concerns about the price you should seek clarification from the supplier. However, the supplier must not be allowed to adjust their price in the process, other than where the quoted elements of the price have been wrongly added.

Adjustments to presentation of pricing information

It may be necessary to make adjustments to the way pricing information in offers is presented to allow prices to be evaluated on a like-for-like basis. Such adjustments must only be made for the purpose of the evaluation only. For example, an adjustment may be needed to be able to demonstrate:

- Firm and variable pricing components

- Inclusion or exclusion of extras
- Discounts for early payment.

Required additional information

Depending upon the nature of the procurement the team may want to decide in advance what additional information the panel should to take into account before reaching its decision. This could include:

- Presentation by short listed suppliers
- Site visit to the short listed supplier's premises
- Site visit to the short listed supplier's clients' premises
- Examination or testing of products or samples from short listed suppliers.

Optional additional information

The team may decide that the panel should have the option of requesting additional information before reaching its decision. This could include additional process following the initial evaluation on the merits based on the written offers:

- Reference checks for short listed suppliers where specific clarifications or issues, as determined by the panel, are tested
- Interviews with short listed suppliers where specific clarifications or issues, as determined by the panel, are tested.

Evaluation criteria

A criterion is a standard or test by which something may be compared and judged. To ensure that you ask the right questions you must develop a robust set of appropriate evaluation criteria. In the selection of suppliers criteria are used to compare the merits of individual offers and determine which best meets the requirements and provides value for money over the whole-of-life of the goods/services.

Before developing your criteria envisage what successful delivery of the contract will look like. Then identify the specific attributes of the goods/services and characteristics and qualities of the supplier that will be needed to achieve that success.

Value-for-money

The principle of value for money when procuring goods or services does not necessarily mean selecting the lowest price, but rather the best possible outcome for the total cost of ownership (or whole-of-life cost).

It allows the relative benefits of different offers to be measured by taking into account all costs including, e.g.

- purchase price & upfront costs
- installation & commissioning costs
- training
- servicing and maintenance
- improved quality in delivery
- improved efficiencies in delivery
- sustainability savings e.g. lower fuel consumption
- decommissioning and disposal costs.

It represents the optimum combination of total cost of ownership and quality (or fitness for purpose) to meet the buyer's requirements.

Types of criteria

Broadly there are three types of criteria that can be applied to evaluating offers. These are:

- Mandatory process conditions
- Preconditions
- Qualitative criteria / evaluation on the merits

It is for the team to determine which types of criteria are appropriate given the nature, scope, value, level of risk and complexity of the procurement and whether the tender is single or multi-stage.

Mandatory process conditions

Mandatory process conditions, sometimes called 'conditions of tender' or 'tender rules' are the requirements or rules that the buyer sets out in the tender document regarding the procedure for lodging an offer. They are scored as 'pass/fail' or 'yes/no'. Each offer must conform to these conditions to be eligible for further evaluation. An offer that fails to meet these conditions can be rejected.

It is important to highlight such conditions and provide clear guidance for suppliers on what they must do to meet them. Mandatory conditions could include such items as:

- hard copy offer received (no fax or e-mail offers being acceptable)
- offer received on time
- offer signed
- supplier name, address and contact details included
- correct documents submitted e.g. response on the merits, plus CVs plus separate sealed envelope containing pricing details
- correct number of copies included
- electronic copy of offer attached in correct format
- signed declaration of conflict of interest included.

An agency may decide that failure to meet all conditions results in an offer being rejected. Sometimes, however a degree of discretion is allowed for minor failures such as provision of five copies of the offer instead of six. This can be acceptable if the breach is minor, can quickly be rectified and the nature of the breach does not afford the supplier unfair advantage.

The buyer's tender documents must address whether or not late offers will be received. The general rule is that late offers should only be accepted in exceptional circumstances and only if:

- the agency can be certain that there is no possibility of unfair advantage
- the late supplier has no knowledge of other offers
- the late offer conforms in all other respects to the mandatory process conditions
- the lateness of the offer does not unduly delay the evaluation process.

Preconditions

Preconditions, sometimes called pre-qualifying criteria, are prerequisite requirements that must be met. Again they are scored as 'pass/fail' or 'yes/no'. Failure to meet a precondition will result in the offer being rejected. Preconditions should be used sparingly and only for critical requirements that are essential to the deliverables.

Be careful not to limit market competition through unnecessary or unduly onerous preconditions. Where there is a risk of this happening you could require instead that a condition is met now (at the time of submitting the tender), or will be met prior to commencement of the contract e.g. obtaining professional indemnity insurance.

In setting a precondition you must be explicit e.g. it is not sufficient to require that the supplier is 'fully accredited'. You should specify what accreditation/s you require e.g. 'is registered builder accredited for solar installations.'

Restrict the number of preconditions to only those that are essential. Although what is essential will vary with the nature of the procurement e.g. IT systems development where there may be many systems requirements that are of a mandatory nature.

E.G.

Examples of preconditions

- Laptop must have a minimum of 8GB data storage.
- Supplier must hold current New Zealand Law Society practicing certificate.
- Supplier must have current professional indemnity insurance up to NZ$5M.
- Supplier must hold current ISO 9001 Certification.
- Acceptance of the buyer's terms and conditions of contract.

The precondition should be stated in such a way that an assessment can quickly determine whether the offer 'meets' or 'does not meet' each precondition. If the offer only partially meets a precondition it is usually deemed not to meet that precondition. Failure to meet one precondition will result in the offer being rejected. In this case it does not proceed to the next stage of the evaluation.

Qualitative criteria

Qualitative criteria assess the merits of each offer. It is sometimes called 'non-mandatory criteria' or 'technical merits'. When price is not included it can sometimes be called 'non-price attributes'. Offers which meet all mandatory process conditions and preconditions (if applicable) become eligible to be scored against the qualitative criteria.

Where possible restrict the number of criteria to what is reasonable – both in terms of what you are asking suppliers to respond to and the evaluation panel members to assess e.g. for a simple tender where the goods/services are easy to describe, no more than six criteria.

Qualitative criteria usually include:

- technical merit (or fit for purpose)
- capability (of the supplier to deliver)
- value for money (based on whole-of-life cost)
- financial viability and risk assessment.

Examples of qualitative criteria include:

1. **Technical merit - fit for purpose**
   - Degree to which goods/services meet or exceed requirements
   - Quality of goods/service
   - Degree of innovation
   - Extent of risk.

2. **Capability - supplier's ability to deliver**
   - Size, structure and type of organisation, number of employees, annual turnover.
   - Organisation's track record in delivering similar goods/services.
   - Relevant experience and qualifications of key personnel and/or key sub-contractors.
   - Understanding of the requirements – methodology and approach to delivery.
   - IT capabilities, financial and project management systems and administrative support.
   - Identification and management of risk in delivery.
   - Quality system/processes.
   - Industry or quality awards.
   - Current commitments and availability to deliver on time.
   - Willingness to co-operate e.g. degree of acceptance of buyer's conditions of contract.
   - Relevant licences and accreditations (you must be specific).
   - Ability to offer products or services with low environmental impact or ability to reduce over life of contract e.g. carbon impact, waste reduction, avoiding hazardous substances.
   - Approach to corporate social responsibility.
3. **Value for money – total cost of ownership**
   - Purchase price based on fee rates and/or price per unit.
   - Total cost over the life of the goods/service.
   - Fixed or variable pricing.
   - Quantifiable financial benefits e.g. lower fuel consumption.
   - Financial impact of risk in innovation.

Prioritise evaluation criteria

It is important to identify the relative importance of each criterion. This prioritisation will often depend on the nature of your procurement. Prioritisation can be done by way of a simple ranking with the most important criterion ranked first, then listing the remaining in order of decreasing importance. Another method is having decided on the ranking to then assign a percentage weighting to each criterion.

Prioritisation Matrix

To help prioritise your criteria you could use a simple Prioritisation Matrix. Start by creating a table as per the example below with each criteria being identified as a letter in alphabetical order.

- Insert the criteria into the matrix twice – one in the horizontal rows and once in the vertical columns.
- Take each pairing in turn. Ask the team to determine which of the two is most important in this procurement e.g. compare criteria 'A' against 'B'. If the team decide that 'B' is most important then insert the letter 'B' in the box.
- Count the total number of 'A's, 'B's 'C's etc.
- The letter with the highest count is the most important and the letter with the lowest count is the least important.
- Prioritise as 1st, 2nd, 3rd etc on the basis of the highest count so that each criteria is ranked against the other.

- If you want you can then ask the panel to discuss and agree weightings.

***Example*: Simple Prioritisation Matrix**

Evaluation Criteria		Criterion #1	Criterion #2	Criterion #3
		A		
Criterion #1	A		B	
Criterion #2	B	B		C
Criterion #3	C	C	B	
Criterion #4	D	D	D	D

SCORES	PRIORITISATION	WEIGHTING
A = 0	4th	10%
B = 2	2nd	30%
C = 1	3rd	25%
D = 3	1st	35%

Due diligence

It is helpful to explore at this stage the nature and scope of due diligence that may be required. These include:

- reference checks
- Companies Office checks
- analysis of audited accounts
- credit checks
- production of appropriate and valid insurance certificate
- compliance certificates / accreditations
- police check or security clearance.

Verification matrix

A verification matrix will help you see if you have asked for, and will be able to obtain, all relevant information in order to satisfy the panel that the preferred supplier has the capacity and capability to deliver. The verification matrix shows how each criterion will be verified. For example evidence of the supplier's ability to deliver should be narrated in the written offer and could be verified through further reference checking and a site visit to the supplier's place of work.

Due diligence should be designed to test the supplier's ability to deliver not only now, but throughout the life of the contract.

***Example*: Verification Matrix**

Evaluation & due diligence options	Criteria		
	Fit for purpose	Ability to deliver	Value for money
Written offer / tender documents	✓	✓	✓
Buyer clarifications	✓	✓	✓
Reference checks	✓	✓	✓
Interview	✓	✓	
Presentation	✓	✓	
Site visit		✓	
Client site visit	✓	✓	✓
Product testing	✓		
Audited accounts		✓	✓
Credit check		✓	
Companies office check		✓	
Accepts contract T&Cs		✓	
Police / security check		✓	

Type of contract

Decide the type of contract that will best suit the nature of the procurement. It is usual to seek legal advice at this stage. Options could include, for example, contract for services, service level agreement or supply agreement for goods. Your agency may be able to use the Government Model Contract templates or already have an appropriate contract template that can be used, or your legal adviser may need to draft a bespoke contract. Check if it may be appropriate to use an industry specific contract, for example Institute of Professional Engineering NZ (IPENZ) Conditions of Contract for Consultancy Services.

There are two aspects to consider when choosing a contract form:

- Management of legal risk
- Control of delivery and costs

It is good practice to attach a copy of the intended contract to the RFx at the time of advertising the opportunity. It may be a condition of your tender that suppliers state whether or not, if successful, they would be prepared to be bound by the terms and conditions of the contract.

Timetable

The next task is to develop a realistic timetable for the procurement process. This involves identifying each step in the process, assigning responsibilities, ensuring sign-offs and approvals are built in and plenty of time is allowed. It is good practice to include an excerpt from your timeline in the RFx so that suppliers have an indication of when offers will be evaluated and when they may expect to know the outcome. Don't underestimate how long the overall process will take.

Response timeframes must be reasonable

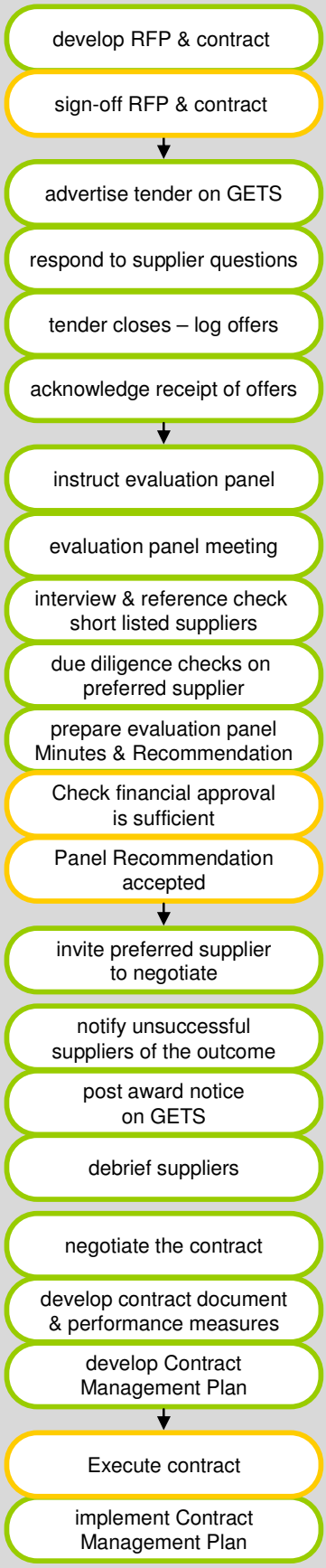
Suppliers must be given a reasonable timeframe to complete the required tasks and respond to tender opportunities, whether the tender is open or closed. If the Mandatory Rules for Procurement apply the minimum period is ten working days. For most procurements, however, this would be unrealistic. In your planning, consider how long it will take a supplier to:

- obtain the full tender documentation
- read and analyse the documents
- seek clarification, if required
- prepare pricing information
- develop and submit a responsive tender, and
- arrange for the tender to be delivered on time.

You should also consider the nature of the procurement activity and the circumstances of the approach to market, including:

- the goods or services you're purchasing
- the procurement's maximum estimated value over its lifespan
- the risks and their impacts on your agency's business
- how simple it is to define the deliverables
- the complexity of the procurement activity
- how much you need to engage with suppliers (you might need supplier briefings for unique or novel purchases)
- how much clarification suppliers might need, and
- the amount of information and level of detail the suppliers need to provide.

Example tender flow chart:



Process plan and timeline

Having decided the approach to market strategy, evaluation methodology, due diligence requirements, timetable and type of contract, all of this information should be recorded in a procurement plan. The procurement plan is a critical internal planning and control document for the management and conduct of the procurement.

Include in the procurement plan a well supported and logical submission explaining how the approach will best satisfy the procurement objectives. The level of effort in developing the procurement plan and detail contained in the plan should be commensurate with the nature, scope, value, level of risk and complexity of the procurement.

Probity

The procurement plan supports due process, robust decision making, value for money and provides for the development of a set of documents that record key information and decisions.

Although not normally released to suppliers, the procurement plan may be discoverable under the Official Information Act 1982. Following the procurement the plan and all key documents must be securely stored in compliance with the Public Records Act 2005.

Approval of procurement plan

It is good practice to have the procurement plan endorsed by the team and approved by an independent senior officer prior to making the approach to market. This provides probity in the process and reduces the risk of any accusation that the evaluation was designed to favour or prejudice a specific supplier.

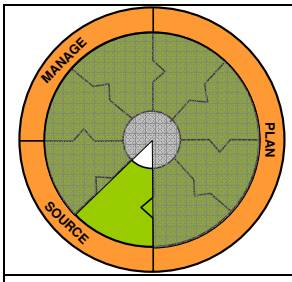
New Zealand business participation

It is important to ensure that, wherever possible, opportunities are given to New Zealand businesses to compete. This is especially the case with small to medium sized enterprises. Although agencies cannot favour New Zealand suppliers they must provide an even playing field and endeavour to ensure that local businesses and industry are given a full, fair and reasonable opportunity to compete for government opportunities.

Exclusions and exceptions

Whenever it is necessary to resort to a procurement procedure that is an exclusion or exemption to the Mandatory Rules for Procurement you should make and keep a record of the decision giving specific justification for the approach.

If your proposed approach proposes a departure from Government or your agency's own procurement policy you should seek a formal exemption from an independent senior manager. The exemption should record the specific reasons justifying the approach and must be approved before initiating any approach to the market.



Stage 5 – Approach market and select supplier

Outcomes

- Right suppliers submit quality offers.
- Best supplier selected for right reasons.

Outputs

- Record of evaluation of offers and panel recommendation of preferred supplier.
- Relevant senior manager acceptance of panel recommendation and approval to proceed to contract.

Key Tasks

- Initiate approach to market e.g. publish RFx on GETS.
- Supplier briefings, if appropriate.
- Respond to supplier questions seeking clarification.
- Publish additional information/answers to supplier questions, but keep answers that relate to commercially sensitive information from any supplier confidential.
- When tender closes two people open, date stamp, record details in tender log and check each offer meets all process requirements e.g. correct number of copies (unless you are using an e-tender system which automates these processes).
- Securely store offers.
- Contact suppliers and acknowledge receipt of offers.
- Check suppliers' conflict of interest declarations.
- Prepare instructions for evaluation panel.
- Brief or provide training to the panel, if required.
- Check conflict of interest declarations for the panel now that the suppliers are known.
- Convene panel and evaluate offers in accordance with the evaluation methodology.
- Identify whole-of-life costs and evaluate value for money.
- Be alert to any signs of bid-rigging or collusion amongst suppliers.
- Implement further process e.g. short list and request full tenders/proposals.
- Identify preferred supplier.
- Undertake due diligence.
- Prepare evaluation panel minutes and recommendation.
- Check price is within approved budget. If not seek additional financial authority.
- Present recommendation to independent senior officer for acceptance.
- Complete any outstanding due diligence.
- Write to the preferred supplier indicating points for negotiation.
- Write to unsuccessful suppliers advising that they have not been short listed.
- Retain all records relating to the procurement in a secure document management system.

Template:	Log: Supplier Questions (GPRP)
Template:	Log: Tenders Received (GPRP)
Template:	Letter: Receipt of Tenders (GPRP)
Template:	Letter: Unsuccessful Suppliers – late offers (GPRP)
Guidance:	Guide for evaluation panel chair (GPRP)
Template:	Evaluation Panel Instructions (GPRP)
Template:	Tender Criteria Evaluation (GPRP)
Template:	Evaluation of Mandatory Conditions (GPRP)
Check List:	Due Diligence (GPRP)
Template:	Evaluation Panel Minutes (GPRP)
Template:	Evaluation Panel Recommendation (GPRP) (coming soon)
Template:	Letter: Short Listed Suppliers (GPRP)
Template:	Letter: Preferred Supplier (Short Form) (GPRP)
Template:	Letter: Preferred Supplier (Long Form) (GPRP)
Template:	Letter: Unsuccessful Suppliers (GPRP)
Guidance:	on record keeping and the Public Records Act 2005 www.archives.govt.nz/advice
Guidance:	Guidelines for procurers – How to recognise and deter bid rigging (Commerce Commission)

Supplier selection

Suppliers must be treated fairly, impartially and equitably at all stages in the procurement process. This means that ethical standards of behaviour must be demonstrated by all people involved in the procurement at all stages in the procurement.

Supplier selection must be based on the process and methodology set out in the procurement plan. You should not deviate from the plan as this can affect the integrity of your process and may result in a legal challenge. If you must change any aspect of the process or methodology you are obliged to notify all potential suppliers and give them sufficient time to respond to the change being made. What is sufficient will depend on the nature of the change.

When implementing the procurement plan here are some key points to remember:

- Each offer must be carefully considered, on an equal basis, against the published evaluation criteria. Your process must follow the approach and methodology set out in the procurement plan and reflected in the RFx.
- The evaluation panel must determine the best supplier based on the information provided by suppliers in their offer. The evaluation should take into account capability, capacity and value for money over the whole-of-life of the procurement. Due diligence should be used to verify that the preferred supplier has the capacity and capability to successfully deliver against the specified requirements.
- Clear, succinct and comprehensive notes are to be taken of all evaluation panel discussions and findings. You should keep a full record of how each offer was assessed against the criteria and demonstrate that each received due and fair consideration. Where an offer is rejected the reasons for the rejection must relate to the criteria, be justifiable, clearly explained and recorded in writing.
- The panel recommendation must be documented with sufficient information to support the scores awarded and the ranking of offers. The rationale for the evaluation panel's recommendation must be based on the findings of the evaluation panel. The recommendation must by supported by clear, transparent and justifiable reasoning.

Commercially sensitive supplier questions

If the nature of the supplier's query relates to information that is commercially sensitive to the supplier care must be taken to protect the commercially sensitive information. This may mean not publishing the question and answer, or the part of the question and answer that is commercially sensitive.

Official Information Act 1982

Remember that all information held by your agency, and any third party acting on your behalf, is discoverable under the Official Information Act.

Due diligence

Due diligence is usually part of the evaluation process that flows through into contract negotiation.

Public Records Act 2005

'Records' are defined as any information that is compiled, recorded or stored in any format.

Supplier questions

Always provide prompt responses to questions from suppliers. Where the answer provides more information than is published in the RFx, and the information is material and of value to other suppliers, this should be made available to all suppliers so that no supplier gains an unfair advantage. Usually the information is made available by publishing supplementary information relating to a listed tender on GETS.

If the nature of the supplier's query relates to information that is commercially sensitive the onus is on the supplier to make this clear. Any information that is commercially sensitive must be protected.

Tender log

Where tenders are to be lodged in hard copy it is best to require delivery to a secure tender box. However, your agency may allow tenders to be sent and received electronically in which case the rules around submission and receipt of electronic tender need to be made clear.

It is important that when logging and opening tenders a second person is present to witness what was received. Both people sign the log.

Evaluating offers

Judge the financial, commercial and technical capacity of a supplier on the basis of both their global and New Zealand business activity.

Consider for award only those tenders which, at the time of opening, conform to the essential requirements of the RFx. Any tender failing to meet mandatory or prequalifying requirements must be eliminated from the process.

Due diligence

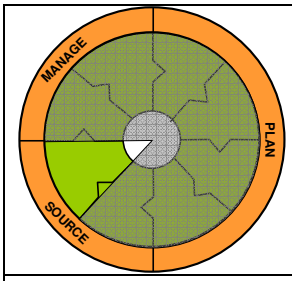
Due Diligence is about independently verifying the ability of the supplier to fully deliver against the contract, over the term of the contract. It is a matter of prudence and good business practice.

It is an opportunity for both parties to test their expectations and understanding of the deliverables and the contract. During this phase assumptions should be checked and roles and obligations clarified. If serious issues arise during due diligence that cannot be resolved your should find another supplier, which usually means selecting the second ranked supplier.

Record keeping

Under the Public Records Act 2005, all agencies are required to create and maintain full and accurate records in accordance with normal, prudent business practice. This includes activities carried out by contractors on an agency's behalf. These records must be available over time.

For procurement this means that all records relating to the planning, approach to market, supplier selection, negotiation, award of contract, contract management and review must be retained.



Stage 6 – Negotiate and award contract

Outcomes

- Best deal (quality goods/services representing value for money) agreed with best supplier.
- Contract drives performance.
- Agency regarded as fair and ethical buyer.

Outputs

- Negotiation plan.
- Signed contract.
- Post award notice published.
- Suppliers debriefed.

Key Tasks

- Prepare a negotiation plan and check list.
- Implement the negotiation plan.
- Develop key performance indicators/service levels.
- Negotiate terms & conditions of contract.
- Prepare contract document.
- Award contract and execute contract document.
- Debrief successful and unsuccessful suppliers.
- Internal communications of outcomes – initiate transition plan to new supplier (if appropriate).
- Post award notice on GETS.
- Prepare contract management plan.

Tools: Check List: Negotiations (GPRP)
Guide: Supplier Debrief (GPRP)
Tools: Check List: Supplier Debrief (GPRP)
Guide: Contract Management (GPRP)

Negotiation

Negotiation is about reaching agreement on the essential terms of the contract and the deliverables under the contract. It can be a form of trading where both parties are seeking something from the other, there is an exchange of offers, concessions and bargaining.

For collaborative relationships the focus will be on gaining a win-win solution. For tactical relationships the approach will be competitive.

***Diagram*: 5 steps to negotiation:**

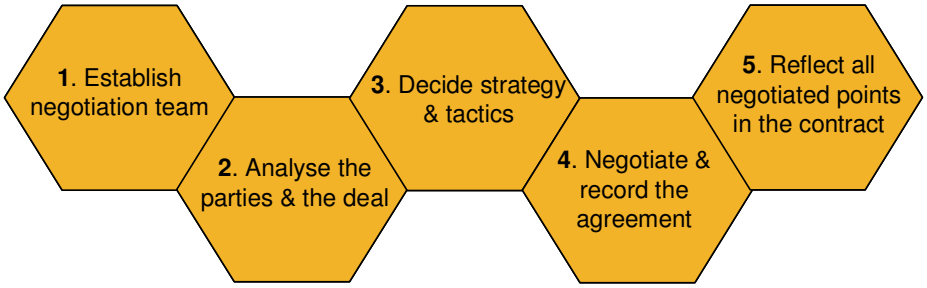
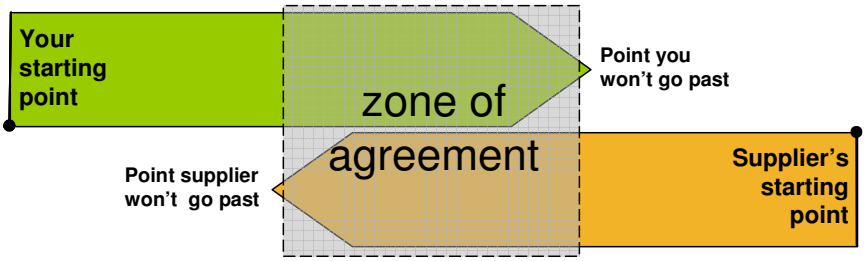


***Diagram:* identifying the zone of agreement**



Post negotiation

It is essential to record the exact terms of the negotiated agreement and reflect these in the contract. It is good practice to have an independent officer check and sign the contract. There should be a separation between the person signing the contract and the person who will have day-to-day responsibility for contract management. Most agencies adopt the 'one-up' system, where a manager at the next level up signs the contract.

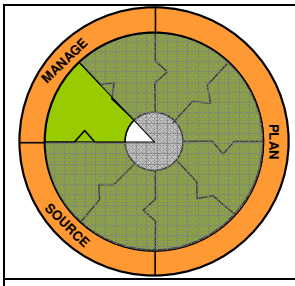
Supplier debriefs

A good debrief to both successful and unsuccessful suppliers at the end of a tender helps to identify areas where they can improve in future tenders. It gives suppliers the chance to ask questions about the process and to improve their knowledge and understanding of government procurement. It also allows you to show your transparency and accountability in awarding contracts. And it's a two-way street – suppliers can provide feedback to your agency and suggest ideas that could make it easier to do business with government.

Post award notification

The decision to award a contract is typically made when the evaluation panel's recommendation on the preferred supplier has been approved, and any conditions attached to the recommendation (e.g. subject to reference checks) have been resolved. To ensure transparency you need, at the very least, to communicate the two key decisions relating to the award:

Step 1: Once the contract award decision has been made, promptly inform all the suppliers that submitted tenders – either directly (by phone, e-mail or letter) or by publishing a notice.	**Step 2:** Once the contract has been awarded (signed by both parties), promptly publish a notice (the Post-Award Notice) on GETS.



Stage 7 – Manage contract and relationships

Outcomes

- What was intended to meet the needs is delivered to specification.
- Issues don't become problems.
- Agency, supplier and stakeholders collaborate - focus on continuous improvements and efficiency gains.

Outputs

- Regular reporting, monitoring and evaluation of delivery – Contract Management Plan.
- Development of effective working relationships with supplier and key stakeholders.
- End of contract strategy / transition plan.

Key Tasks

Implement contract management plan:

- Service delivery management, relationship management, contract administration
- Establish and implement relationship management structure and communications plan
- Control changes (scope and cost)
- Manage risks and issues resolution
- Asset management
- End of contract handover.

Performance management:

- Receive and review supplier's reports
- Regularly review supplier's performance and delivery against contract
- Aim for continual improvement
- Track and monitor to ensure delivery meets requirements including quality, standards and service levels
- Proactively manage under-performance.

Financial management:

- Check invoices and authorise payments
- Track and monitor budget/costs.

Guide: Managing contracts and relationships (GPRP)

Key activities

Contract management activities can be broadly grouped into three areas:

- **Service delivery management** ensures that the service is being delivered as agreed, to the required level of performance and quality.
- **Relationship management** keeps the relationship between the two parties open and constructive, aiming to resolve or ease tensions and identify problems early.
- **Contract administration** handles the formal governance of the contract and changes to the contract documentation.

All three areas must be managed successfully if the arrangement is to succeed.

Contract management

Contract management is the process that enables the agency and supplier to meet their obligations in order to deliver the objectives required from the contract, on time, to quality and specification and within budget.

This means actively tracking and monitoring delivery and costs, managing risks, and actively managing the relationships between the agency, the supplier and key stakeholders.

This process continues throughout the life of a contract and involves managing proactively to anticipate future needs as well as reacting to situations that arise.

Managing service delivery

Service level management is the process of managing the performance provided to the agency as specified in the contract's performance requirements, for example, key performance indicators or quality standard indicators.

In order to meet an agency's business needs the supplier has to optimise the relationship between cost and quality of the services delivered. Service level management plays an important role for the supplier in balancing these factors, in order to provide the agency with what it wants and best value for money.

Relationship management

Ultimately the success of the commercial relationship often comes down to the relationship between the agency and supplier - get it right and the benefits will flow. The benefits of developing and maintaining a good supplier relationship fall on both parties.

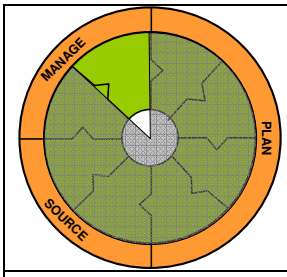
The three key factors for successful supplier relationships are:

- openness and excellent communications
- developing mutual trust and understanding
- a joint approach to managing delivery and any related problems.

Contract administration

Contract administration involves the formal governance of the contract and changes to the contract documentation including:

- maintaining documentation relating to the contract
- regulating change control
- monitoring charges and costs
- checking invoices and authorising payment
- reviewing reports and requesting information
- asset management.



Stage 8 – Review

Outcome

- Agency demonstrates that it is a learning organisation.
- Verification that good procurement delivers quality results.

Outputs

- Review outcomes / results.
- Identify lessons learned.

Key Tasks

- Have the anticipated benefits been received?
- Does the initiative represent value for money?
- Are there opportunities for further improvements?
- What lessons can be learned and how can these be implemented?

Importance of reviews

Review outcomes

A review checks whether the anticipated benefits have been achieved and identifies opportunities for further improvement.

Reviews are an important part of the overall procurement process. A review can improve procurement management and demonstrate public accountability by providing an honest independent appraisal of the procurement, the delivery of the contract and the outcomes achieved.

A review provides an opportunity to check if the anticipated benefits have been achieved, and if there are opportunities for improvements in what we do and how we do it.

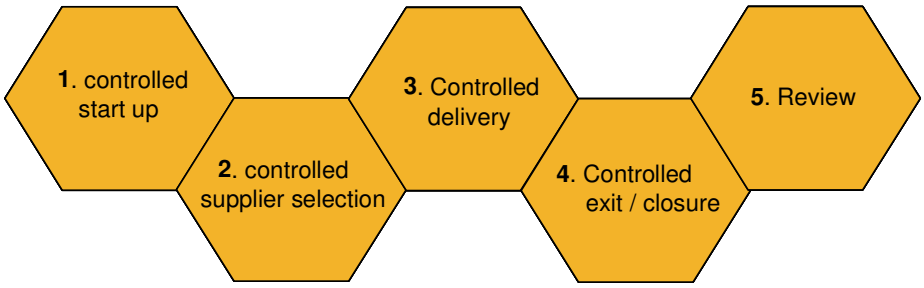
Reviews are a way of communicating the value of the procurement to the responsible Minister and to the New Zealand taxpayer.

Review recommendations must be implemented by the agency if a 'learning organisation' is to succeed and real opportunity for continuous improvement provided.

Governance and accountability

The roles and responsibilities for delivery (governance) and the transparency of the decisions made, money spent and results achieved (accountability) are all subject to review. This emphasises the need for due process at all stages of procurement.

***Diagram*: Project implementation**



Conduct of Reviews

Reviews must be conducted in an open manner. Agencies must be prepared to learn in order to get most value from a review. Participants must be prepared to make constructive criticism. It is only in this way that real lessons will be learned or improvements to policy or business objectives made.

If the review is to add real value its recommendations need to be implemented by the agency and key stakeholders. This may involve realigning policy settings or changing business systems or processes. Recommendations must be sufficiently robust for the agency to be able to act upon them.

Analysis

Analysis of the information gathered will involve comparing what actually happened against that which was predicted. It will examine what was done well and what was done badly. The data obtained

from the information gathering is brought together and coherent, useful and supportable recommendations are formulated.

Who do you involve in the review?

Who should be involved will depend upon the nature of the review and when the review is being undertaken. Usually the senior 'business owner' or 'sponsor' of the initiative, under review, is ultimately responsible for the review. Team members conducting the review will typically include:

- people with working knowledge of the procurement process
- people with working knowledge of the policy/business area under review
- people with relevant specialist or technical knowledge of the procurement initiative
- people involved in using the outcomes or receiving the benefits of the initiative.

Different types of reviews

Reviews can occur at different stages in the procurement and even after the contract has been completed. Deciding what to review and when to review should be part of your procurement plan. The type and depth of review will depend on the nature, scope, value, level of risk and complexity of the procurement.

Different types of review include options such as:

- On award of contract
- During contract implementation
- Post implementation

Review - on award of contract

It may be valuable to review the procurement process once the contract has been awarded. This review is tactical/operational and may consider such factors as:

- stakeholder engagement and relationship management
- quality of specification of requirements
- market research and approach to market strategy
- effectiveness of evaluation methodology and due diligence
- performance of the evaluation team
- conduct of negotiations
- award of contract
- outcomes against objectives
- lessons learned
- report back to sponsor and management team.

Regular reviews - contract implementation

As well as monitoring and tracking progress during the delivery of the contract it may, in longer term contracts, be helpful to have specified review points. This may be valuable to inform ongoing implementation and contribute to the process of continuous improvement.

Regular reviews during implementation are tactical/operational and may consider such factors as:

- deliverables against specification
- charges against contract price
- quality against key performance indicators/standards
- improvements in key performance indicators/standards
- opportunities for cost or efficiency gains
- supplier's performance
- agency's performance in contract management
- quality of relationships with supplier and key stakeholders
- identify lessons learned
- report back to contract manager, supplier and project sponsor.

Post implementation review

A post implementation review (PIR) is a formal review of a procurement initiative. It is used to answer the question: '*did we achieve what we set out to do, in business terms and if not, what should be done?*'

This type of review is undertaken when there has been time to demonstrate the business benefits of a new procurement initiative. It is usually appropriate for a procurement that represents a major financial investment, or a new initiative. It can be carried out as a single review or several reviews over time.

PIRs are strategic/high-level reviews and may consider such factors as:

- the achievement (to date) of business case objectives
- costs and benefits to date against forecast, and other benefits realised and expected
- continued alignment to the public policy/business strategy
- the effectiveness of revised public policy/business objectives
- ways of maximising benefits and minimising cost and risk
- the sensitivity of stakeholders to expected change
- end user satisfaction
- identify lessons learned
- report back to project sponsor and senior management.

Assessing benefits

Benefits will not materialise simply through the delivery of a contract. Benefits must be actively managed to be achieved.

PIR is a key element in managing benefits realisation because it assesses whether the changes that have taken place have improved effectiveness.

PIRs identify and appraise opportunities to improve effectiveness by maximising benefits and minimising costs and risks.

PIR timing

The timing of the first PIR will depend on the predicted benefits brought about by the procurement, as forecast in the business case. Although time must be allowed for benefits to accrue, it is important that the PIR is completed early enough to identify any problems. Remedial action can be taken promptly if predicted benefits are not realised. The initial PIR would usually be carried out 6-18 months after completion of the contract.

Key sources of information

The views of stakeholders and end users form the basis for information gathered at interviews and workshops. The main sources of documented information will include:

- the business case
- information kept to track costs and benefits
- previous review reports.

Reporting the results

The PIR is concerned mainly with maximising the effectiveness of the public policy/business change. Reporting of the results is typically to the leadership teams within the area(s) most able to influence changes to the day-to-day operation of the procurement arrangements.

Common problems

There are a number of common problems that may be encountered in carrying out PIRs and the review team needs to be aware of these, although they may not be able to solve all of them.

Common problems include:

- more than one organisation involved, where there is no common standard for measuring and recording the benefits and costs
- lack of documentation recording the procurement and contract implementation
- lack or inadequacy of baseline measures: for a PIR, measures of success can only be made accurately by comparing the level of performance before the project implementation against that at the time of the PIR
- sensitivities – examining the performance of project teams, or current operations against a predicted level may lead to feelings of insecurity or grievance for those who were involved with the project, or in the business area supported by the change
- management of expectations – although the use of reviews will improve the effectiveness of the agency, the review team should ensure that they raise expectations of public policy changes, system enhancements or business change. They may cost more to implement than the value of the benefits they would deliver
- the agency is too busy to do a PIR and never gets it done. There should be policies to ensure that reviews are carried out as part of the agency's normal practice.

Some actions that can be taken to avoid or reduce these problems:

- rigorous investment in ongoing appraisal and reviews
- identification of benefits and efficiency gains and a system to implement them
- careful selection of the project team to ensure independent review
- formal agreements with suppliers to participate in the post implementation review process.

Appendix 1

Procurement process acronyms

Procurement is full of acronyms and jargon. Here are explanations for some of the common terms used in procurement processes.

Acronym		Explanation
RFI	**Request for information**	The purpose of an RFI is to get more information on and gain a better understanding of the suppliers in the market and their goods/services. It helps identify the range of possible solutions available. It is not a request for offers and must not be used as a mechanism from which to directly select suppliers.
RFQ	**Request for quotation**	The purpose of an RFQ is to seek quotes from suppliers for specified goods/services. It is usually used in low-risk procurement where price is the main factor and the goods/services are easy to describe, 'stock standard' or 'off the shelf'.
EOI	**Expression of interest**	The purpose of an EOI is to enable an agency to identify and short list potential suppliers. The request for EOI seeks basic information from interested suppliers to allow an initial evaluation of their suitability. An EOI is the first stage of a multi-stage tender process. Shortlisted suppliers are asked to submit full proposals/tenders through a RFP/RFT. The responses provide more detailed information on capacity, capability, technical knowledge, experience and organisational and financial standing. This allows a full evaluation and selection of the preferred supplier. An EOI can be used where there are potentially very large numbers of suppliers and it is not sensible to invite all to submit full proposals/tenders. An EOI is the same as a ROI.
ROI	**Registration of interest**	An ROI is the same as an EOI.
PQQ	**Pre-qualification questionnaire**	A PQQ is similar to and EOI/ROI. It enables an agency to identify the most suitable suppliers to invite to submit proposals/tenders. This method asks interested suppliers to complete a pre-qualification questionnaire from which they can be short listed.
QSL **RSL**	**Qualified or Registered supplier list**	A process where potential suppliers are selected, based on their ability to deliver a specified good or service. On being listed the agency may purchase from listed suppliers direct (where cost is less than the Mandatory Rules value threshold – if this applies), or invite them to tender.
RFP	**Request for proposal**	An RFP is used if you want to receive proposals for goods/services. Typically, the agency is open to innovation in the type of product or how the services are delivered. The outputs and outcomes are important, rather than the process that the supplier follows to deliver them. Interested suppliers are invited to submit proposals, giving details of how their goods or services will deliver the outputs and outcomes, along with the proposed prices.
RFT	**Request for tender**	An RFT is used if you want to receive tenders for goods/services. Typically, the goods or services are easy to define and there is little room for flexibility or innovation in delivery. RFTs are used mostly for goods and services with highly technical requirements. The agency invites interested suppliers to submit tenders, giving detailed information on how their goods or services meet the specific requirements, along with their proposed prices.
RFx	**Request for x**	A generic term for RFQ, EOI, ROI, RFP or RFT

Procurement jargon buster

For more information on procurement terms and definitions refer to the *Procurement Jargon Buster* (GPRP) (coming soon).

MARKET SURVEY CAPABILITY ASSESSMENT
FOR:

Continuous Lower Energy, Emissions and Noise (CLEEN) Technologies Development

This is a market survey for the above identified requirements. The responses to this market survey will be used for informational purposes only. This is not a screening information request or request for proposal. The FAA is not seeking or accepting unsolicited proposals. The FAA is seeking interested sources that are capable of providing Continuous Lower Energy, Emissions and Noise (CLEEN) Technologies Development. **(See Attached Draft SOW.)**

In accordance with A.M.S. policy 3.2.1.2.1, this market survey is to solicit statements of interest and capabilities from interested business concerns including SBA certified 8(a) firms and other small business concerns. This market survey also seeks to identify potential vendors for this contract including groups of business teams. Furthermore, this survey will aid the FAA in its determination as to whether adequate competition exists to set-aside part or all of the competition amongst eligible socially and economically disadvantaged businesses that are certified by the Small Business Administration (SBA) for participation in the SBA's 8(a) Program, and other small businesses Service Disabled Veteran businesses or whether it is more appropriate to conduct this procurement as a full and open competition. The principal North American Industry Classification System (NAICS) code for this effort is 541711 Research and Development Engineering, Biotechnology.

In order to make this determination the FAA requires the following information from interested vendors:

1. **Capability Statement (Limited to 2 pages**) - This document should address your firm's capability to provide Continuous Lower Energy, Emissions and Noise (CLEEN) Technologies Development.

2. **Expected programmatic approach (in-house, teaming, subcontracting, etc.**) If respondent is an eligible 8(a) certified business or other small business, provide a strategy in terms of percentage of work to be completed by the 8(a) or small business respondent. **(Limited to 2 pages.)**

3. A list of all teaming partners with a description of each partner's responsibility. **(Limited to one page.)**

4. **Vendors shall address and provide feedback to the attached "Draft List of Questions for Market Survey."**

5. Comments concerning the draft SOW's are welcome and optional. The FAA may or may not respond to any comments received.

The functions identified in the Draft SOW's are to be continued throughout the period of performance of the procurement.

This market survey is for informational purposes only and shall not be construed as a commitment or a promise to contract by the Government.

All Submissions must be received by 11:00 am, June 9, 2008. Submission may be made electronically to chris.nietubyc@faa.gov in MS Office or PDF format.

All costs associated with the preparation or submission of responses is the responsibility of the potential source. The Government will not pay for any information received or costs incurred in preparing the response to the market survey. Therefore any cost associated with the market survey submission is solely at the interested vendor's expense.

**** NOTE**: The FAA is hosting a conference regarding this project on May 15, 2008. Information on the conference and on registration is available here:

http://www.faa.gov/news/conferences_events/2008_market_research_conference

EXTERNAL SOURCES FOR SUPPLY MARKET ANALYSIS

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Supply Market Analysis

1. Purchasing Specific			
Source and Link	**Description**	**Logon details**	**Associated costs?**
www.capsresearch.org/	CAPS Research is a US-based non-profit, independent research organization. Research on a regular basis.	Set up a personal account on first visit.	No charge for most reports.
www.cips.org/	Chartered Institute of Purchasing and Supply (CIPS) is an international education and qualification body representing purchasing and supply chain professionals.	Can search for free, but need membership to access specific pages	CIPS membership provides for free access to the website and SM magazine
www.ism.ws	Institute of Supply Mgmt is a US not-for-profit association that caters for SM professionals	Can search for free, but need membership to access specific pages	
www.supplymanagement.co.uk/	Biweekly purchasing magazine – online version	Can search for free, but need subscription to access specific pages	CIPS membership provides for free access to the website. Or can apply for SM subscription

2. Public Sector Specific			
Source and Link	**Description**	**Logon details**	**Associated costs?**
http://www.ogc.gov.uk/			
http://www.idea.gov.uk/			
http://www.hm-treasury.gov.uk/			
http://www.lga.gov.uk/			
http://www.sopo.org/			
http://www.info4local.gov.uk/			

Supply Market Analysis

3. News and Current Affairs			
Source and Link	**Description**	**Logon details**	**Associated costs?**
www.bloomberg.com	Data, electronic trading and financial news on global basis	Register to receive free market updates	N/A
www.bbc.co.uk	BBC's website for current and breaking news	N/A	N/A
www.cnn.com	CNN's website	N/A	N/A
www.dowjones.com	Dow Jones Indexes develops, maintains and licenses market indexes for use as benchmarks and as the basis of investment products.	N/A	N/A
www.ft.com		Register to receive mkt specific daily headlines	Costs for detailed updates/search etc
www.the-times.com	Website for the paper	N/A	N/A
www.telegraph.co.uk	Website for the paper	N/A	N/A
www.sky.com/skynews/home	Sky News's website	N/A	N/A
www.reuters.com	International news, finance and market research and updates. Many business related services.	Register to receive free services. Additional services require subscription fee	TBC

4. Economic Data			
Source and Link	**Description**	**Logon details**	**Associated costs?**
www.statistics.gov.uk	UK's home of official statistics, reflecting Britain's economy, population and society at national and local level. Summary stories and detailed data releases	N/A	N/A
www.nao.gov.uk	National Audit Office's website	N/A	N/A
www.uktradeinfo.com	HM Customs and Excise uktradeinfo website. Up to date knowledge on UK imports and exports	N/A	N/A
www.bubl.ac.uk	Aimed at the UK higher education community, but anywhere in the world can access the service	N/A	N/A

5. Market Research			
Source and Link	Description	**Logon details**	**Associated costs?**
www.mintel.com	Divided between UK-specific, European and USA reports, Mintel reports analyse market sizes and trends, market segmentation, and consumer attitudes and purchasing habits, as well as assessing the future of the market.	N/A	Reports cost
www.datamonitor.com	Detailed market and company intelligence – wide range of industries/categories	TBC	Some free information. Reports can cost £k
www.copernic.com	Meta search engine	TBC	TBC
www.fsa.gov.uk	FSA's website	N/A	N/A
www.eubusiness.com	The EUbusiness web provides info on EU legislation and policies affecting particular industry sectors etc	Register to receive free weekly updates	N/A
www.cbi.org.uk	CBI's website	N/A (membership discounts)	TBC

Supply Market Analysis

6. Company Overviews			
Source and Link	**Description**	**Logon details**	**Associated costs?**
www.onesource.com	The OneSource® **Business Browser** SM family of business information subscriptions provides robust, integrated information on public and private companies, industries & execs worldwide	TBC	TBC
www.carol.co.uk	Company Annual Reports Online. Annual reports for British, US and Asian companies are available.	Register for free unlimited access	N/A
www.factset.com	FactSet Research Systems Inc. is a provider of financial and economic information community.	TBC	TBC
www.ft.com		Register for free news updates	Subscription cost for detail/research
www.hoovers.com	Hoover's, Inc. delivers company, industry, and market intelligence	TBC	Detailed information/services to be paid for
www.dnb.com	Dunn & Bradstreet – can be used for Risk Mgmt Solutions to manage credit exposure, D&B Sales & Marketing Solutions to find profitable customers and D&B Supply Management Solutions to manage suppliers efficiently.	TBC	TBC
www.gs.com	Goldman Sachs	TBC	TBC
www.multex.com	Reuters, through its Multex services, provides global broker and independent research, business information worldwide. Plus events calendar, SEC filings, market data and other third-party information.	TBC	License costs
www.factiva.com	Knowledge and content mgmt and access to data – Dow Jones & Reuters company	TBC	Costs
www.equifax.co.uk	Business info services and latest news, to obtaining a copy of your credit file or accessing other services	TBC	TBC
www.companieshouse.com	Company information		Several charges per service

Supply Market Analysis

7. Categories

7a. Consultancy			
Source and Link	**Description**	**Logon details**	**Associated costs?**
www.imc.co.uk	Institute of Management Consultancy	N/A	N/A
www.mca.org.uk	Market and company updates. TA for the profession- MCA's free client Information Service assists potential users of management consultancy with confidential advice on the selection and use of consultants.	N/A	Costs for some reports
www.managementconsultancy.co.uk	Online magazine with news, articles, league tables, weblinks related to all aspects of mgmt consultancy	Register to receive free news bulletins	N/A
www.top-consultant.com	Global view on consultancy. News, headlines, editorials, company insights.	Register to receive free news bulletins	N/A
www.accountancyage.com	Online magazine for business and finance professionals	Register to receive free news bulletins	N/A
Key suppliers' websites	Set up links for key preferred suppliers		

Supply Market Analysis

7b. IT and Telco			
Source and Link	**Description**	**Logon details**	**Associated costs?**
www.idc.com	Market intelligence and advisory firm in IT and telco industries		Free registration – access to some services. Additional benefits/costs through subs.
www.forrester.com	Identifies and analyses trends in technology and their impact on business		Free guest registration – access to some services.
www.gartner.com	Research, Consulting, Measurement, Events and Executive Programs at different levels		Need registration – costs TBC
www.research.ibm.com	IBM's research website		Register free for weekly updates. Costs for products
www.research.microsoft.com	MSR maintain a database of computer science publications by MS researchers, as well as technical reports (which are typically pre-publication papers).		N/A
www.telecommagazine.com	*Telecommunications®* is aimed at fulfilling the information needs of service providers. US based but with international view also	N/A	N/A
www.itu.int/home/	International organization within the United Nations System where governments and the private sector coordinate global telecom networks and services		Register for updates
http://www.ofcom.org.uk/	The Office of Communications (Ofcom) is the regulator for the UK telecommunications industry	N/A	N/A
www.whatis.com	Useful for technical explanations	N/A	N/A
Key suppliers' websites	Set up links for key preferred suppliers		

7c. Print			
Source and Link	**Description**	**Logon details**	**Associated costs?**
www.britishprint.com	British Printing Industries Federation website (Trade Assoc). Industry news, facts, figures etc.	N/A	N/A
www.iop.co.uk	Institute of packaging is the professional body representing the interests of individuals pursuing a career within the Paper Industry.	N/A.	Current news is free.
www.pira.co.uk	online resource for printing, packaging, paper & publishing industries: Pira is a commercial consultancy	N/A Register for free weekly news	N/A
www.printweek.co.uk	Online news for print industry	N/A Register for free weekly news	N/A
www.paper.org.uk	The Confederation of Paper Industries is the trade association for the paper industry. Industry statistics, news, other sites etc	N/A	N/A
Key suppliers' websites	Set up links for key preferred suppliers		

Weaknesses and Strengths in the Current Management of Capital Expenditures in Iraq

	Activity	Strength	Weakness	Proposed solution
	Project preparation	-There is national planning process -There is a clear Government agenda -There are standards to prepare bills of quantities and technical designs -There are standards to conduct feasibility studies -Multiyear budgeting approach has just been started -Participatory planning processes at provincial level involving the population	-Low and uneven provincial capacity to prepare appraisals -Uneven capacity at central level ministries to prepare appraisals -Multiyear budgeting approach is at embryo stage -Dual budgeting structure presents traces of central planning approaches -Regulation for intergovernmental transfers and delegation of projects are not in place	-Introduce electronic aids such as specialized software to guide the feasibility studies -Introduce electronically assisted project cost comparison tolls -Reinforce the feasibility studies preparation units -Role of dual budgeting must end with the submission of the annual budget request -Projects must be ready and approved by MODPC before going into the annual budget request -Coordinated and complete regulations need to be issued
	Project selection		-Lack of utilization of the standard cost benefit analysis to prioritize projects -Introduction of incomplete projects in the budget request	-Introduce mandatory use of the standard project economic and financial evaluation tools--IERR and IFRR methodologies--to decide priority projects -Only fully compliant projects must be allowed into the budget request

	Project implementation	-There is a national database to track projects implementation -Relative abundance of financial resources to fund capital investment -High level of Government commitment to advance capital investment projects	-Overall poor project management capacity -Inadequate solution to multiyear projects needs versus budget calendar challenges -Unclear rules delay tender processes start up. -Lack of procurement plans -Lack of schedule of releases that are procurement plans based -Cumbersome process to obtain land -Dual budgeting inhibits coordination between implementation needs and timely funding -The national database to track projects implementation does not connect with the Ministry of Finance and is not yet implemented at provincial level -The new chart of accounts does not facilitate the identification of capital budget execution as such -Public information on budget execution is scarce by any standard -Projects quality assurance is insufficient by any standard	-Introduce standard project management routines -Adopt fully multiyear budgeting for capital investment within a Public Investment Program framework -Capital investment annual allocations must be in hands of the MOF -Introduce advance tenders and expression of interest processes -introduce mandatory procurement plans -Introduce procurement-plans-based schedule of releases -Simplify process and strengthen the land adjudication agency -Connect the National Database for projects tracking to the MOF and extend it to the provinces -Aggregate utilization of capital investment funds either in independent dedicated chapter or as additional financial report -Issue quarterly public reports on budget execution -Authorize outsourcing of projects' implementation and field monitoring functions—intervention contracts.

	Project post implementation (monitoring and maintenance)	-Maintenance routines are regulated -New projects ordered to do maintenance appraisal in the preparatory documents	-Project acceptance process is substandard -Focus on new projects leads to ignore maintenance needs -Dual budgeting approach obstacles enforcement of maintenance rules -Absence of routinely ex-post project implementation evaluations	-Authorize outsourcing of technical inspections for projects' acceptance. -Establish maintenance monitoring unit for the budget preparation process in the MOF -Centralize the duties for maintenance rules and enforcement in the MOF -Establish ex post project implementation evaluation unit either in the MOP or in the Board of Audit

Performance Management Activities		October - December 2012 - Q4 -	Outputs / Outcomes	Responsible advisors
4. Fiscal Management				
4,1				
4.1.1	Implement Budget execution Roadmap	Conduct three Hammurabi Knowledge Base for GOI counter part Provide assistance to GOI entities on the proper implementation of the Hammurabi Knowledge base	Knowledge Base disseminated to GOI entities	Nael Shabaro Fiscal Management Unit
4.1.2	Support to capital investment project budgeting	Finalize proposal to create unified Budgeting Units in counterpart entities, including job descriptions scope of work, and an organizational chart Present the proposal to create unified Cost Estimation Units in counterpart entities.	Roadmap for Budget unit completed	Nael Shabaro Fiscal Management Unit
4.1.3	Support to capital investment project budget execution	Complete assessment in five GOI entities on financial reports required by MOF Review the GFS / COFOG 2001 and seek the compliance opportunities by GOI chart of accounts	Financial reports practices improved	Nael Shabaro Fiscal Management Unit

	Performance Management Activities		January - March 2013	April - June 2013	July - September 2013	October - December 2013	Key Ministry Responsible	Outputs / Outcomes	Responsible MSI Advisors
4. Fiscal Management									
4,1	**PEFA (2008)**	**A. KEY CROSS-CUTTING ISSUES: Comprehensiveness and Transparency**							
4.1.1	PI- 1 (D) Aggregated expenditure outturn compared to original approved budget (exceeded by more than 15% in two of last three years)	Improving Counterparts Ministry Budget Unit Performance	1) Annual budget law reviewed, recommendations provided; 2) Review composition of expenditure out-turn to original approved budget; 2) Change management proposal developed and presented to five ministries	1) Preparing and reviewing draft multi-year expenditure plans (including- preparing and forecasting recurrent (O&M) budgets; 2) Prepare / draft Standard Operating Procedures for Budget Preparation and execution	1) Draft multi-year expenditure plans (including- preparing and forecasting recurrent (O&M) budgets Adjusted and approved; 2) Standard Operating Procedures reviewed, adjusted as of the counterparts inputs	1)Standard Operating Procedure approved by five ministries	MoF/MoPCD/Line Ministries	1) Line ministry standard operating procedures prepared and adopted; 2) Budget department systems utilizing standard procedures	Nael Shabaro / Public Financial Management Unit
4,2	**PEFA (2008)**	**B. Budget Cycle: Policy-Based Budgeting (Multi-year perspective in fiscal planning, expenditure policy and budgeting)**							
4.2.1	PI-12 (D+) (iii) Existence of sector strategies and multi year costing of recurrent and investment expenditure (D); (iv) Linkages between investment budgets and forward expenditure estimates (D)	Preparing indicative medium term budget framework	Workshops on: 1) Medium Term Expenditure forecasting; 2) Linking budgets to the national strategy; and, 3)Performance measures in the MTBF	Workshops on: 1) Multi-year expenditure planning - aligning budgets to the national development plan	Draft MTBF developed for three counterpart ministries	Draft Indicative multi-year expenditure plans	Counterpart ministries	Counterparts Staff trained and able to provide indicative medium term budget	Nael Shabaro / Public Financial Management Unit
4,3	**PEFA (2008)**	**C. Predictability and Control in Budget Execution**							
4.3.1	PI-16 (C) (i) Extent to which cash flows are forecast and monitored (C); (ii) Reliability and horizon of periodic in-year information to MDAs on ceilings and expenditure commitments (D);	Improving Counterparts ministries cash flow estimates	Gap analysis of Line Ministry Cash Forecasting (Budget outurns vs actual); 2)Review of alignment to procurement plans;	Recommendations from Gap analysis approved by counterparts ministries	Workshop: Ministerial cash flow forecasting and developing trend analysis.	Hands-on assistance in developing ministerial cash flow estimates	Line Ministries	1) Line Ministry Staff trained on cash flow forecasting; Three (3) credible ministry cash flows prepared	Nael Shabaro / Public Financial Management Unit
4,4	**PEFA (2008)**	**D. Accounting, Recording and Reporting**							
4.4.1	PI-23 (D) Availability of Information on resources received by service delivery unit (i) collection and processing of information to demonstrate the resources were actually received (in cash and kind) by the most common front-line service delivery units (D);	Improving Reporting formats and Processes	Gap analysis review program / Project financial assessment and reporting criteria.	Prepare / draft Standard Operating Procedures for financial appraisal of projects and financial reporting.	SOPs for financial appraisal of projects and financial reporting reviewed and approved	Workshops regarding financial appraisal of project and financial reporting.	Line Ministries	1) Three (3) Ministries with improved financial appraisal criteria; 2) (Draft) Standard Operating Procedures for Project Financial Appraisal and Reporting Submitted for review.	Nael Shabaro / Public Financial Management Unit

	Performance Management Activities		January - March 2013	April - June 2013	July - September 2013	October - December 2013	Key Ministry Responsible	Outputs / Outcomes	Responsible MSI Advisors
4. Fiscal Management									
4,1	**PEFA (2008)**	**A. KEY CROSS-CUTTING ISSUES: Comprehensiveness and Transparency**							
4.1.1	PI- 1 (D) Aggregated expenditure outturn compared to original approved budget (exceeded by more than 15% in two of last three years)	Improving Line Ministry Budget Unit Performance	1) Annual budget law reviewed, recommendations provided to MoF; 2) Review composition of expenditure out turn to original approved budget; 2) Change management proposal developed, presented, and approved by five ministries	1) Preparing multi-year expenditure plans (including- preparing and forecasting recurrent (O&M) budgets; 2) Prepare / draft Standard Operating Procedures for Budget Preparation and execution	1) Preparing multi-year expenditure plans (including- preparing and forecasting recurrent (O&M) budgets; 2) Draft Standard Operating Procedures,		MoF/MoPCD/Line Ministries	1) Budget Credibility Improved; 2) Five line ministry standard operating procedures prepared	Nael Shabaro / Fiscal Management Unit
4.1.2	PI-5 (C) Classification of the Budget	Compliance of GOI chart of account with GFS / COFOG 2001	Gap analysis of GFS 2001 COFOG, recommendations presented to MOF	Recommendations reviewed and approved	1) Workshop on Functional Classification Structures; 2) Preparation of CoFoG mapping tables. Functional budget presentations completed for 2010, 2011 and 2012.	Finalize CoFoG mapping tables with MoF. Functional budget presentations completed for 2010, 2011 and 2012 and reviewed by MOF	Ministry of Finance / Ministry of Planning	1) CoFoG mapping tables completed; 2) Functional budgets presented for previous 2009-2012.	Nael Shabaro / Fiscal Management Unit
4.1.3	PI-8 (C) Transparency of Inter-governmental fiscal relations (ii) Timeliness of reliable information to subnational entries on their allocations from central government (	Ensuring standardized monthly, quarterly reporting to Governorates	Gap analysis on Line Ministry/Directorate reporting framework	Recommendations reviewed and approved		1) Revise line ministry/directorate reporting (include budget versus actual, standardize internal reporting framework; 2) Prepare draft Standard Operating Procedures for Line Ministry/Directorate Reporting	Line Ministries	1) Line Ministry/Directorate standardized reporting accepted; 2) Three Ministries adopt procedures	Nael Shabaro / Fiscal Management Unit
4.1.4	PI-10 (D) Public access to key fiscal information	Iraqi national citizen budget	Outline for Citizen Budget completed & submitted to MOF	Draft presented to MOF	Iraqi National Citizen Budget Published		Ministry of Finance / Ministry of Planning	Annual national budget presented in a citizen friendly/user accessible	Nael Shabaro / Fiscal Management Unit
4,2	**PEFA (2008)**	**B. Budget Cycle: Policy-Based Budgeting (Multi-year perspective in fiscal planning, expenditure policy and budgeting)**							
4.2.1	PI-11 (C) Orderliness and participation in the annual budget process (i) Existence of and adherence to a fixed budget calendar (B); (ii) Clarity/comprehensiveness of an	Guidance to budget calendar to create space for medium term budgeting	Recommendations for budget calendar completed & submitted to MoF	Guidance for preparation of indicative budget call circular submitted to MOF	1) Indicative MTBF budget submission forms submitted to MOF; 2) Draft MTBF guidelines submitted to MOF			1) Draft indicative MTBF budget submission forms accepted; 2) Draft MTBF guidelines accepted by MOF	Nael Shabaro / Fiscal Management Unit
4.2.2	PI-12 (D+) (iii) Existence of sector strategies and multi year costing of recurrent and investment expenditure (D); (iv) Linkages between investment budgets and forward	Outline for Medium Term Budget Policy Statement -MTBPS-	Outline for MTBPS completed & submitted to MOF	Draft MTBPS proposal with MOF fiscal policy unit	Draft MTBPS reviewed by MOF	Medium Term Budget Policy Statement Proposal Accepted by MOF		Medium Term Budget Policy Statement Proposal Accepted by MOF	Nael Shabaro / Fiscal Management Unit

4.2.3	PI-12 (D+) (iii) Existence of sector strategies and multi year costing of recurrent and investment expenditure (D); (iv) Linkages between investment budgets and forward	Preparing indicative medium term budget framework	N/A	Workshops on: 1) Medium Term Expenditure forecasting; 2) Linking budgets to the national strategy; and, 3)Performance measures in the MTBF	Draft MTBF developed for three ministries			MOF / Line Ministry Staff trained and able to provide indicative medium term budget	Nael Shabaro / Fiscal Management Unit
4.2.4	PI-12 (D+) (iii) Existence of sector strategies and multi year costing of recurrent and investment expenditure (D); (iv) Linkages between investment budgets and forward	Introducing performance budgeting measures into the budget system	Prepare and deliver multi-year action plan to MOF and line Ministries	Action plan approved	Workshop: 1) Defining Effective Performance Indicators; 2) Preparing Basic Program/Subprogram Structures; 3) Developing Cost Estimates; 4) Program Budgeting – Integrating the Capital and Operating Budgets. Training provided to five (5) ministries. Expe	Advanced workshop: 1) Defining Effective Performance Indicators; 2) Preparing Basic Program/Subprogram Structures; 3) Developing Cost Estimates; 4) Program Budgeting – Integrating the Capital and Operating Budgets. Training provided to five (5) ministri	MoPCD/Line Ministries	Three (3) line ministry indicative program budgets prepared	Nael Shabaro / Fiscal Management Unit
4.2.5	PI-12 (D+) and PI-5 (C) PI-12 (iv) Linkages between investment budgets and forward expenditure estimates (D); and PI-5 Classification of the Budget ©	Revising the program budget segment in the chart of account	Chart of account segment reviewed, proposal for program budget submitted to MOF	Recommendations approved			Ministry of Finance / Ministry of Planning	Draft Program Budget segment of Chart of accounts submitted	Nael Shabaro / Fiscal Management Unit
4,3	**PEFA (2008)**	**C. Predictability and Control in Budget Execution**							
4.3.1	PI-16 (C) (i) Extent to which cash flows are forecast and monitored (C); (ii) Reliability and horizon of periodic in-year information to MDAs on ceilings and expenditure commitments (D);	Credible Ministry, Department, Agency (MDA) budgets facilitates realistic MDA cash requirement forecasting and reporting. Credible MDA budgets mitigate frequency of in-year requests for adjustments to budgets	Gap analysis of Line Ministry Cash Forecasting and review of alignment to Financial Management Legislation and Instructions for Executing the Federal Budget (section 9.7) (i.e Monthly cash flow forecasts, monthly unified use of funds, etc)	Recommendations from Gap analysis approved by MOF/Line ministry.	Workshop: Ministerial cash flow forecasting and developing trend analysis.	Hands-on assistance in developing ministerial cash flow statements	Line Ministries	Line Ministry Staff trained on cash flow forecasting; Five (5) credible ministry cash flows prepared	Nael Shabaro / Fiscal Management Unit
4,4	**PEFA (2008)**	**D. Accounting, Recording and Reporting**							
4.4.1	PI-23 (D) Availability of Information on resources received by service delivery unit (i) collection and processing of information to demonstrate the resources were actually received (in cash and kind) by	Budget disbursement and expenditure reports not in appropriate form either, in terms of the time period (fiscal year) or in accordance with economic, functional classification.	Gap analysis review program / Project financial assessment and reporting criteria.	Prepare / draft Standard Operating Procedures for financial appraisal of projects and financial reporting.	SOPs for financial appraisal of projects and financial reporting reviewed and approved	Workshops regarding financial appraisal of project and financial reporting.	Line Ministries	1) Five (5) Ministries with improved financial appraisal criteria; 2) (Draft) Standard Operating Procedures for Project Financial Appraisal and Reporting Submitted for review.	Nael Shabaro / Fiscal Management Unit

	Performance Management Activities		January - March 2014	April - June 2014	July - September 2014	October - December 2014	Key Ministry Responsible	Outputs / Outcomes	Responsible MSI Advisors
4. Fiscal Management									
4,1	**PEFA (2008)**	**A. KEY CROSS-CUTTING ISSUES: Comprehensiveness and Transparency**							
4.1.1	PI- 1 (D) Aggregated expenditure outturn compared to original approved budget (exceeded by more than 15% in two of last three years)	Upgrading Line Ministry Budget Unit Performance	1) Review composition of expenditure out-turn to original approved budget; 2) Change management proposal developed, presented, and approved by ministrie (five new ministries)	1) Preparing multi-year expenditure plans (including- preparing and forecasting recurrent (O&M) budgets; 2) Prepare / draft Standard Operating Procedures for Budget Preparation and execution for 5 ministries	1) Preparing multi-year expenditure plans (including- preparing and forecasting recurrent (O&M) budgets; 2) Draft Standard Operating Procedures,	1) Workshop on proposed Standard Operating Procedures to line ministry staff; 2) Standard Operating Procedure approved;	MoF/MoPCD/Line Ministries	1) Budget Credibility Improved; 2) Five line ministry standard operating procedures prepared	Nael Shabaro / Fiscal Management Unit
4.1.2	PI-8 (C) Transparency of Inter-governmental fiscal relations (ii) Timeliness of reliable information to subnational entries on their allocations from central government (D); and (iii) Extent to which consolidated fiscal data is collected and reported for general government according to sectoral categories (D)	Standardizing monthly, quarterly reporting to Governorates	1) Assess and evaluate current Line Ministry and Directorate General reporting structures and timing. 2) Provide recommendations to standarize reporting framework.	1) Revise line ministry/directorate reporting (standardize internal reporting framework; 2) Work with 10 ministries in preparing standardized monthly quarterly reports			MoF/MoP/Line Ministries	10 line ministry intergovernmental reporting structures standardized.	Nael Shabaro / Fiscal Management Unit
4.1.3	PI-10 (D) Public access to key fiscal information	Introducing Iraqi national citizen budget	Outline for Citizen Budget completed and presented to MOF for approval	Draft Citizens Budget presented to MOF	Iraqi National Citizen Budget Published		Ministry of Finance / Ministry of Planning	Annual national budget completed; Citizens Budget presented on internet in Arabic/English.	Nael Shabaro / Fiscal Management Unit
4,2	**PEFA (2008)**	**B. Budget Cycle: Policy-Based Budgeting (Multi-year perspective in fiscal planning, expenditure policy and budgeting)**							
4.2.1	PI-11 (C) Orderliness and participation in the annual budget process (i) Existence of and adherence to a fixed budget calendar (B); (ii) Clarity/comprehensiveness of an political involvement in the guidance on the preparation of Budget submissions (D)		Draft Budget Call Circular No 1 to include guidelines for Budget Policy Statement and Ministerial Medium Term Budgets	Guidance for preparation of indicative budget call circular submitted to MOF	1) Indicative MTBF budget submission forms submitted to MOF; 2) Draft MTBF guidelines submitted to MOF			1) Draft indicative MTBF budget submission forms accepted; 2) Draft MTBF guidelines accepted by MOF	Nael Shabaro / Fiscal Management Unit
4.2.2	PI-12 (D+) (iii) Existence of sector strategies and multi year costing of recurrent and investment expenditure (D); (iv) Linkages between investment budgets and forward expenditure estimates (D)	With Budget Policy/Fiscal Policy Unit Prepare outline for Medium Term Budget Policy Statement -MTBPS-	Outline for MTBPS completed & submitted to MOF	Draft MTBPS finalzied	Draft MTBPS reviewed by MOF	Medium Term Budget Policy Statement Proposal Accepted by MOF and COMSEC		1) Medium Term Budget Policy Statement Proposal Accepted by MOF; 2) MTBPS submitted to Council of Representatives	Nael Shabaro / Fiscal Management Unit

4.2.3	PI-12 (D+) (iii) Existence of sector strategies and multi year costing of recurrent and investment expenditure (D); (iv) Linkages between investment budgets and forward expenditure estimates (D)	Indicative medium term budget frameworks prepared by line ministries	N/A	Workshops on: 1) Medium Term Expenditure forecasting; 2) Linking budgets to the national strategy; and, 3)Performance measures in the MTBF	Draft MTBF developed for 5-10 ministries	Draft MTBF submitted for 5-10 ministries		MOF / Line Ministry Staff trained and able to provide indicative medium term budget	Nael Shabaro / Fiscal Management Unit
4.2.4	PI-12 (D+) (iii) Existence of sector strategies and multi year costing of recurrent and investment expenditure (D); (iv) Linkages between investment budgets and forward expenditure estimates (D)	Introducing performance budgeting measures into the budget system	Workshop: 1) Defining Effective Performance Indicators; 2) Preparing Basic Program/Subprogram Structures; 3) Developing Cost Estimates; 4) Program Budgeting – Integrating the Capital and Operating Budgets. Training provided to five (5) ministries. Expected outputs from the training: 1) Indicative Program Measures; 2) Indicative Program Structures; 3) Indicative (integrated) Program Budgets.	Advanced workshop: 1) Defining Effective Performance Indicators; 2) Preparing Basic Program/Subprogram Structures; 3) Developing Cost Estimates; 4) Program Budgeting – Integrating the Capital and Operating Budgets. Training provided to five (5) ministries. Expected outputs from the training: 1) Indicative Program Measures; 2) Indicative Program Structures; 3) Indicative (integrated) Program Budgets.	Five to Ten (5 to 10) line ministry indicative program budgets prepared	Five to Ten (5 to 10) line ministry indicative program budgets prepared	MoPCD/Line Ministries	Five to Ten (5 to 10) line ministry indicative program budgets completed	Nael Shabaro / Fiscal Management Unit
4,3	**PEFA (2008)**	**C. Predictability and Control in Budget Execution**							
4.3.1	PI-16 (C) (i) Extent to which cash flows are forecast and monitored (C); (ii) Reliability and horizon of periodic in-year information to MDAs on ceilings and expenditure commitments (D);	Credible Ministry, Department, Agency (MDA) budgets facilitates realistic MDA cash requirement forecasting and reporting. Credible MDA budgets mitigate frequency of in-year requests for adjustments to budgets	Workshop: Ministerial cash flow forecasting and developing trend analysis.	Hands-on assistance in developing ministerial cash flow statements	Hands-on assistance in developing ministerial cash flow statements		Line Ministries	Line Ministry Staff trained on cash flow forecasting; Five (5) to Ten (10) credible ministry cash flows prepared	Nael Shabaro / Fiscal Management Unit
4.3.2	PI-20 (D+) (i) Effectiveness of expenditure commitment controls (D); (ii) Comprehensiveness, relevance and underterstanding of other internal control rules/ procedures (C); (iii) Degree of compliance with rules for processing and recording transactions (C);	Credible internal Ministry and Directorate General financial controls	Workshop: Effective Expenditure Controls: Implementing at the Ministerial and DG Levels	1) Preparing outline for expenditure commitment control procedures (including: liquidity management procedures, contract specification rules, sanctions and oversight, standardizing rules for processing claims); 2) Verification rules for non-salary expenditures (documentary and approval requirements)	1) Workshop on suggested expenditure commitment controls; 2) Approval of expenditure commitment control ruls and procedures.	1) Control Procedures Documented and Distributed; 2) Hands-on assistance: 5-10 ministeries in implementing commitment control procedures..	Line Ministries	Five (5) to Ten (10) ministries with improved commitment control procedures.	Nael Shabaro / Fiscal Management Unit
4,4	**PEFA (2008)**	**D. Accounting, Recording and Reporting**							
4.4.1	PI-23 (D) Availability of Information on resources received by service delivery unit (i) collection and processing of information to demonstrate the resources were actually received (in cash and kind) by the most common front-line service delivery units (D);	Budget disbursement and expenditure reports not in appropriate form either, in terms of the time period (fiscal year) or in accordance with economic, functional classification.	Operationalizing and streamling Standard Operating Procedures for financial appraisal of projects and financial reporting.	Workshops regarding financial appraisal of project and financial reporting.	Hands-on assistance: 5-10 ministerial projects developed using project appraisal techniques.	Hands-on assistance: 5-10 ministerial projects developed using project appraisal techniques.	Line Ministries	1) Five to Ten (5 to 10) projects developed using standardized project appraisal techniques; 2) Projects introduced into 2015 proposed ministerial budgets	Nael Shabaro / Fiscal Management Unit

	Performance Management Activities		January - March 2015	April - June 2015	July - September 2015	October - December 2015	Key Ministry Responsible	d	Responsible MSI Advisors
4. Fiscal Management									
4,1	PEFA (2008)	A. KEY CROSS-CUTTING ISSUES: Comprehensiveness and Transparency							
4.1.1	PI- 1 (D) Aggregated expenditure outturn compared to original approved budget (exceeded by more than 15% in two of last three years)	Upgrading Line Ministry Budget Unit Performance		1) Preparing multi-year expenditure plans (including- preparing and forecasting recurrent (O&M) budgets;	1) Preparing multi-year expenditure plans (including- preparing and forecasting recurrent (O&M) budgets;		MoF/MoPCD/Line Ministries	1) Credible MDA Medium term budgets produced (10-Ministries); 2) Five line ministry standard operating procedures prepared	Nael Shabaro / Fiscal Management Unit
4.1.2	PI-8 (C) Transparency of Inter-governmental fiscal relations (ii) Timeliness of reliable information to subnational entries on their allocations from central government (D); and (iii) Extent to which consolidated fiscal data is collected and reported for general government according to sectoral categories (D)	Standardizing monthly, quarterly reporting to Governorates	Standardized reporting frameworks rolled out to additional ministries and Directorate Generals	Hands-on prepartion with Directorate Generals preparing standardized monthly quarterly reports	Hands-on prepartion with Directorate Generals preparing standardized monthly quarterly reports		MoF/MoP/Line Ministries	1) Credible standardized monthly/quarterly reports produced; 2) Ministerial budget variance reduced;	Nael Shabaro / Fiscal Management Unit
4.1.3	PI-10 (D) Public access to key fiscal information		Review Citizens Budget Prepartion Process		Iraqi National Citizen Budget Published		Ministry of Finance / Ministry of Planning	Citizens Budget presented on internet in Arabic/English.	Nael Shabaro / Fiscal Management Unit
4,2	PEFA (2008)	B. Budget Cycle: Policy-Based Budgeting (Multi-year perspective in fiscal planning, expenditure policy and budgeting)							
4.2.1	PI-11 (C) Orderliness and participation in the annual budget process (i) Existence of and adherence to a fixed budget calendar (B); (ii) Clarity/comprehensiveness of an political involvement in the guidance on the preparation of Budget submissions (D)		Draft Budget Call Circular No 1 to include guidelines for Budget Policy Statement and Ministerial Medium Term Budgets	1) Hands-on assistance in preparation of MTBF: 2) Indicative MTBF budget submission forms submitted to MOF;	1) Hands-on assistance in preparation of MTBF: 2) Indicative MTBF budget submission forms submitted to MOF;		D	5-10 ministries submit indicative MTBF budget to MOF	Nael Shabaro / Fiscal Management Unit
4.2.2	PI-12 (D+) (iii) Existence of sector strategies and multi year costing of recurrent and investment expenditure (D); (iv) Linkages between investment budgets and forward expenditure estimates (D)	With Budget Policy/Fiscal Policy Unit Prepare outline for Medium Term Budget Policy Statement -MTBPS;	Review MTBPS	Review MTBPS	MTBPS accepted by MoF and submitted to COMSEC	MTBPS approved by COMSEC		1) Medium Term Budget Policy Statement Proposal Accepted by MOF; 2) MTBPS submitted to COMSEC	Nael Shabaro / Fiscal Management Unit
4.2.3	PI-12 (D+) (iii) Existence of sector strategies and multi year costing of recurrent and investment expenditure (D); (iv) Linkages between investment budgets and forward expenditure estimates (D)	Indicative medium term budget frameworks prepared by line ministries	N/A	Workshops on: 1) Medium Term Expenditure forecasting; 2) Linking budgets to the national strategy; and, 3)Performance measures in the MTBF	Workshops on: 1) Medium Term Expenditure forecasting; 2) Linking budgets to the national strategy; and, 3)Performance measures in the MTBF			MOF / Line Ministry Staff trained and able to provide indicative medium term budget	Nael Shabaro / Fiscal Management Unit

4.2.4	PI-12 (D+) (iii) Existence of sector strategies and multi year costing of recurrent and investment expenditure (D); (iv) Linkages between investment budgets and forward expenditure estimates (D)	Introducing performance budgeting measures into the budget system	1) Review 5-10 line ministries indicative Budget Structures from previous year; 2) Training and review of Perforance Budgeting	Five to Ten (5 to 10) line ministry indicative program budgets prepared	Five to Ten (5 to 10) line ministry indicative program budgets prepared	Five to Ten (5 to 10) line ministry indicative program budgets submitted as Annexure to COMSEC and Council of Representatives	MoPCD/Line Ministries	Five to Ten (5 to 10) line ministry indicative programs submitted to COMSEC and Council of Representatives	Nael Shabaro / Fiscal Management Unit
4,3	**PEFA (2008)**	**C. Predictability and Control in Budget Execution**							
4.3.1	PI-16 (C) (i) Extent to which cash flows are forecast and monitored (C); (ii) Reliability and horizon of periodic in-year information to MDAs on ceilings and expenditure commitments (D);	Credible Ministry, Department, Agency (MDA) budgets facilitates realistic MDA cash requirement forecasting and reporting. Credible MDA budgets mitigate frequency of in-year requests for adjustments to budgets	1) Hands-on assistance in developing ministerial cash flow statements; 2) Cash flow plans linked to procurement plans;	1) Hands-on assistance in developing ministerial cash flow statements; 2) Cash flow plans linked to procurement plans;	1) Hands-on assistance in developing ministerial cash flow statements; 2) Cash flow plans linked to procurement plans;	Cash flow plans reviewed by MOF	Line Ministries	1) Ten (10) credible ministry cash flows prepared: 2) Reduction in in-year Virements	Nael Shabaro / Fiscal Management Unit
4.3.2	PI-20 (D+) (i) Effectiveness of expenditure commitment controls (D); (ii) Comprehensiveness, relevance and underterstanding of other internal control rules/ procedures (C); (iii) Degree of compliance with rules for processing and recording transactions (C);	Credible internal Ministry and Directorate General financial controls	Workshop: Effective Expenditure Controls: Implementing at the Ministerial and DG Levels	1) Control Procedures Documented and Distributed; 2) Hands-on assistance: 5-10 ministeries in implementing commitment control procedures.	Hands on assistance 5-10 ministries in implementing commitment control procedures.		Line Ministries	Five (5) to Ten (10) ministries with improved commitment control procedures.	Nael Shabaro / Fiscal Management Unit
4,4	**PEFA (2008)**	**D. Accounting, Recording and Reporting**							
4.4.1	PI-23 (D) Availability of Information on resources received by service delivery unit (i) collection and processing of information to demonstrate the resources were actually received (in cash and kind) by the most common front-line service delivery units (D);	Budget disbursement and expenditure reports not in appropriate form either, in terms of the time period (fiscal year) or in accordance with economic, functional classification.	Workshops regarding financial appraisal of project and financial reporting.	Hands-on assistance: 5-10 ministerial projects developed using project appraisal techniques.	Hands-on assistance: 5-10 ministerial projects developed using project appraisal techniques.	1) Line Ministry Project appraisal recommendations; 2) Approved projects to be included in following years budget	Line Ministries	1) Five to Ten (5 to 10) projects developed using standardized project appraisal techniques; 2) Projects introduced into 2016 proposed ministerial budgets	Nael Shabaro / Fiscal Management Unit

Objective	January - March 2013	April - June 2013	July - September 2013	October - December 2013	Outputs / Outcomes
A. KEY CROSS-CUTTING ISSUES: Comprehensiveness and Transparency					
Improving Line Ministry Budget Unit Performance	1) Annual budget law reviewed, recommendations provided to MoF; 2) Review composition of expenditure out-turn to original approved budget; 2) Change management proposal developed, presented, and approved by five ministries	1) Preparing multi-year expenditure plans (including-preparing and forecasting recurrent (O&M) budgets; 2) Prepare / draft Standard Operating Procedures for Budget Preparation and execution	1) Preparing multi-year expenditure plans (including-preparing and forecasting recurrent (O&M) budgets; 2) Draft Standard Operating Procedures,		1) Budget Credibility Improved; 2) Five line ministry standard operating procedures prepared
Compliance of GOI chart of account with GFS / COFOG 2001	Gap analysis of GFS 2001 COFOG, recommendations presented to MOF	Recommendations reviewed and approved	1) Workshop on Functional Classification Structures; 2) Preparation of CoFoG mapping tables. Functional budget presentations completed for 2010, 2011 and 2012.	Finalize CoFoG mapping tables with MoF. Functional budget presentations completed for 2010, 2011 and 2012 and reviewed by MOF	1) CoFoG mapping tables completed; 2) Functional budgets presented for previous 2009-2012.
Ensuring standardized monthly, quarterly reporting to Governorates	Gap analysis on Line Ministry/Directorate reporting framework	Recommendations reviewed and approved		1) Revise line ministry/directorate reporting (include budget versus actual, standardize internal reporting framework; 2) Prepare draft Standard Operating Procedures for Line Ministry/Directorate Reporting	1) Line Ministry/Directorate standardized reporting accepted; 2) Three Ministries adopt procedures
Iraqi national citizen budget	Outline for Citizen Budget completed & submitted to MOF	Draft presented to MOF	Iraqi National Citizen Budget Published		Annual national budget presented in a citizen friendly/user accessible form.
B. Budget Cycle: Policy-Based Budgeting (Multi-year perspective in fiscal planning, expenditure policy and budgeting)					
Guidance to budget calendar to create space for medium term budgeting	Recommendations for budget calendar completed & submitted to MoF	Guidance for preparation of indicative budget call circular submitted to MOF	1) Indicative MTBF budget submission forms submitted to MOF; 2) Draft MTBF guidelines submitted to MOF		1) Draft indicative MTBF budget submission forms accepted; 2) Draft MTBF guidelines accepted by MOF
Outline for Medium Term Budget Policy Statement -MTBPS-	Outline for MTBPS completed & submitted to MOF	Draft MTBPS proposal with MOF fiscal policy unit	Draft MTBPS reviewed by MOF	Medium Term Budget Policy Statement Proposal Accepted by MOF	Medium Term Budget Policy Statement Proposal Accepted by MOF
Preparing indicative medium term budget framework	N/A	Workshops on: 1) Medium Term Expenditure forecasting; 2) Linking budgets to the national strategy; and, 3)Performance measures in the MTBF	Draft MTBF developed for three ministries		MOF / Line Ministry Staff trained and able to provide indicative medium term budget

Introducing performance budgeting measures into the budget system	Prepare and deliver multi-year action plan to MOF and line Ministries	Action plan approved	Workshop: 1) Defining Effective Performance Indicators; 2) Preparing Basic Program/Subprogram Structures; 3) Developing Cost Estimates; 4) Program Budgeting – Integrating the Capital and Operating Budgets. Training provided to five (5) ministries. Expe	Advanced workshop: 1) Defining Effective Performance Indicators; 2) Preparing Basic Program/Subprogram Structures; 3) Developing Cost Estimates; 4) Program Budgeting – Integrating the Capital and Operating Budgets. Training provided to five (5) ministri	Three (3) line ministry indicative program budgets prepared
Revising the program budget segment in the chart of account	Chart of account segment reviewed, proposal for program budget submitted to MOF	Recommendations approved			Draft Program Budget segment of Chart of accounts submitted
C. Predictability and Control in Budget Execution					
Credible Ministry, Department, Agency (MDA) budgets facilitates realistic MDA cash requirement forecasting and reporting. Credible MDA budgets mitigate frequency of in-year requests for adjustments to budgets	Gap analysis of Line Ministry Cash Forecasting and review of alignment to Financial Management Legislation and Instructions for Executing the Federal Budget (section 9.7) (i.e Monthly cash flow forecasts, monthly unified use of funds, etc)	Recommendations from Gap analysis approved by MOF/Line ministry.	Workshop: Ministerial cash flow forecasting and developing trend analysis.	Hands-on assistance in developing ministerial cash flow statements	Line Ministry Staff trained on cash flow forecasting; Five (5) credible ministry cash flows prepared
D. Accounting, Recording and Reporting					
Budget disbursement and expenditure reports not in appropriate form either, in terms of the time period (fiscal year) or in accordance with economic, functional classification.	Gap analysis review program / Project financial assessment and reporting criteria.	Prepare / draft Standard Operating Procedures for financial appraisal of projects and financial reporting.	SOPs for financial appraisal of projects and financial reporting reviewed and approved	Workshops regarding financial appraisal of project and financial reporting.	1) Five (5) Ministries with improved financial appraisal criteria; 2) (Draft) Standard Operating Procedures for Project Financial Appraisal and Reporting Submitted for review.

September 23, 2012

To: Nael Shabaro
Deputy Chief of Party Administrative Decentralization

From: Michael Schaeffer (PFM Advisor)
Miraq Aljubouri (Senior Specialist)
Oday Almayahe (Senior Specialist)

Re: **2013 Indicative Work-plan Public Financial Management (PFM) Team**

I. Introduction

1. **This Public Financial Management tem reform agenda workplan is structured along four (4) common categories of PFM reform (i.e. Medium Term/Strategic Budgeting; Budget Integration; Introducing a Performance Focus; and Improving Budget Transparency).** The choice of reform categories involves a number of compromises but are largely derived from results from a ministerial survey (2012).

II. Focusing on Medium Term Expenditures at the Sectoral Level (Strategic Budgeting)

2. **In fiscal management, the cost of a policy in the next year is not always a good indication of costs (expenditures) over time.** To better manger the budget, a number of countries in the MENA region (United Arab Emirate (UAE), Jordan, West Bank Gaza (WBG)) are attempting to develop forward estimates of expenditures at the sectoral level as part of a Medium Term Budget Framework (MTBF) (3-to-5 year) reforms. This reform is resource intensive, requiring a medium term perspective for not only project expenditures but recurrent expenditures, which generally form the bulk of the budget.

Why is this reform important?

3. **In fiscal management, the cost of a policy in the next year is not always a good indication of its costs over time**. For example, capital expenditures for a new school in one year can lead to a need for additional operating expenditure in the future. While the Budget Law currently requires the focus be on the annual budget, it should be recognized that governments need to understand and make provision for future expenditure policies (3 to 5 years). To be implemented, this requires a 'bottom-up' assessment of the medium term cost of existing policy and 'forward estimates' as part of a medium term budget framework.

Challenges:

a. **Establishing a smooth linkage to the macro-fiscal unit:** The macro-fiscal unit in the Ministry of Finance is the cornerstone in attempting to develop a medium term fiscal framework (MTFF) to guide the preparation of the budget. The work is analytically demanding and in the Iraqi context has proven to be a challenge. Iraq has made substantial

progress in preparing its MTFF, although the link between this and the preparation of the budget needs to be improved.

b. The development of sectoral forward estimates as part of an MTBF is resource intensive.

c. Ensuring that:

i. **The MTBF is integrated with the core budget preparation process.** Although forward estimates beyond the budget year are not legally binding, they do provide sectoral ministries with additional confidence of future resources.

ii. **The preparation of forward estimates focuses on both the recurrent and capital budgets.** Identifying the future recurrent implications of current capital expenditures is one of the more important elements of forward estimates, but it is also important to identify changes in recurrent expenditure needs that are not directly linked to projects.

2013 Workplan - MTBF

4. As provided from above, the Medium Term Budget Framework refers to fiscal budget planning for the present and two following years. Tarabot PFM advisors will assist the Ministry of Finance (MoF) in:

- **Review and provide guidance to the Budget Calendar to create space for medium term budgeting.**
- **Preparing an outline for the Medium Term Budget Policy Statement (MTBPS) –** The MTBPS should be differentiated from the MTBF. The MTBS is the written document used as the policy basis for the Budget Framework. It is the policy underlying the figures and is published separately.
  - **MTBPS is generally published by the MOF/Treasury five-six months before the following year's budget is tabled in Parliament.**
  - **MTBPS does three things:**
    - Delineates the equitable division of revenue between the various spheres of government.
    - Provides the rationale for that division in terms of macro-economic context and assumptions; and,
    - Provides spending estimates for the next three years.
- **Provide Guidance for the preparation of indicative Budget Call Circulars to prepare an MTBF.**

5. **Tarabot PFM advisors will assist three line ministries (Ministry of Education, Health and Planning) to prepare indicative medium term budget frameworks.** The technical assistance provided includes:

a. The preparation of:

i. Indicative MTBF Budget Submission Forms:
ii. 'Draft" Medium Term Expenditure Framework Guidelines; and,
iii. Draft ministerial level MTBF (for three ministries to be determined) including identifying required activities and outputs that will be produced; and, planning and cost of the inputs required to implement the activities.

b. Training workshops on preparing medium term budgets;

III. Budget Integration to Improve Efficiency of Expenditure

6. **Iraq continues to have elements of a dual budgeting system, with separate arrangements for deciding the allocations for operating and capital expenditures.** These arrangements impede efforts to obtain the best value for money from expenditures, as they risk future financing gaps or duplication of expenditure; inconsistent expenditures, and perhaps the wrong expenditures both in aggregate and at the level of activities that are inappropriately aligned to the national development plan. While modest progress has been made to integrate the presentation of the budget, efforts to integrate primary elements of budget management have largely been elusive.

7. **In countries with a separate planning ministry (UAE, WBG, India, etc) managing the capital budget, institutional resistance to consolidating budgeting management in the Ministry of Finance still appears problematic.** Where consolidation of budget management within the Ministry of Finance does occur, one of the principal challenges is to ensure that the Ministry of Finance has the necessary analytical capacity to oversee the capital budget. For this reason, any transition to an integrated budget needs to be carefully planned.

Why is this reform important?

8. **By integrating the management of operating and capital expenditures in the budget, the quality of total government expenditure performance and reporting can be improved**. In dual budgeting systems, there are often inconsistencies between the two budgets (recurrent, capital). For example insufficient resources may be made available to maintain investments once they are complete. More generally, with a dual approach to budgeting, the link between policy interventions and the budget is weakened. High level allocations for the investment or operating budgets are more important in determining the final budget allocations than an assessment of the right mix of operating and capital expenditures for the sector.

Challenges:

a. **While it is possible that budget integration can be achieved without consolidating budget management in one ministry, in practice the transactions costs of managing this transition have proven difficult to provide for an effective integration.**

b. **One of the key challenges when shifting institutional responsibility for the management of the capital budget to the MoF is to develop the necessary analytical capacity in the relevant MoF staff.**

c. **The issue of budget integration will become more pressing as Iraq moves to introduce a performance focus to budget management.** It is anathema to performance budgeting to have process for managing the preparation of the budget based on the nature of the expenditure inputs. In a performance budgeting environment, it is essential to reduce restrictions on the use of inputs, which would make the budget split redundant. Moreover, it will be important to have a single process for monitoring the sectoral ministry as part of the accountability framework.

2013 Workplan – Budget Integration

9. Tarabot PFM advisors will assist line ministries and the Ministry of Finance (MoF) in:

Cost Estimation Unit

- **Change management proposal developed, presented, and approved by line ministries (3-5 line ministries).**

- **Cost Estimation Unit Employees Trained: Three training workshops for selected cost estimation unit employees for line ministries. Workshops include:** 1) Basics of Costing Goods and Services; 2) Logistics, Supply Chain and Data Collection; 3) Reviewing and Evaluating Application Forms.

- **On-the-job training for 3-5 line ministries.**

- **Output: Cost estimation unit established. Processes developed and implemented.**

Budget Unit

- **Review and analyze budget law to provide guidance on "roles and responsibilities" for Budget Officers.** Recommendations to be provided to MoF and line ministries.

- **Change management proposal developed, presented, and approved by line ministries (3-5 line ministries).**

- **Budget Unit Employees Trained.** Training workshops for selected budget unit employees for line ministries. Workshops include, but not limited to, this non-exclusive list: 1) Preparing multi-year expenditure plans (including- preparing and forecasting recurrent (O&M) budgets; and, 2) Best Practice Budget and PFM Laws.

- **On-the-job training for 3-5 line ministries.**

- **Output: Budget unit functions standardized. Processes developed and implemented.**

IV. Introducing a Performance Focus to the Budget

10. **The traditional input based budget in Iraq does not provide policy makers with sufficient information on what performance outputs government funding is attempting to achieve.** The idea of focusing on performance has been around for some time, and there is considerable interest in this reform in Iraq (and from other countries in the region). For this reason, TARABOT will seek to avoid conceptually sophisticated approaches to performance (program) budget to ensure that the approaching can be supporting by current, and future, public financial management systems.

Why is this reform important?

11. The traditional input based budget does not provide policy makers with information on the effectiveness of budget policy performance. In the absence of information, attempting to ensure the efficiency and effectiveness of expenditures is challenging. The aim of performance focused budgets is to aggregate inputs that are used to deliver a particular group of activities. Often, the reform is associated with some relaxation of input controls and, in more advanced applications, with introduction of an accountability framework based on performance.

Challenges:

a. **The slow progress in introducing a performance based approach in the region is in large part because it is necessary to have many of the basic elements of the public financial management system in place before it can work effectively** (GFMIS, Chart of Accounts, etc.).

b. **If a performance budget program design is too sophisticated, the exercise can become nothing more than an information gathering activity, which quickly loses sight of the objectives.** When fully developed a program structure can involve a range of programs, subprograms, and activities. Combines with the associated performance indicators, the information demands can be extensive. However, in an environment, like Iraq, where capacity constraints exist in both preparing and using information, the data collation process can become an end in itself, undermining the reform. **As such, it is inherent to keep the program budget structure extremely simple, and performance indicators to a manageable level.**

Workplan 2013 – Performance Focus

12. Tarabot PFM advisors will assist the Ministry of Finance (MoF) in:

- **Preparing a workplan (with indicative timelines) for the gradual evolution of introducing performance budgeting measures into the budget system.** Performance budget will be restricted to higher level programs/subprograms only (for the foreseeable future).

- **Training workshops to consist of: 1) Defining Effective Performance Indicators; 2) Preparing Basic Program/Subprogram Structures; 3) Developing Cost Estimates; 4) Program Budgeting – Integrating the Capital and Operating Budgets.** Training provided to five (5) ministries. Expected outputs from the training: 1) Indicative Program Measures; 2) Indicative Program Structures; 3) Indicative (integrated) Program Budgets.

- **Program Budget Segment in Chart of Account Reviewed and proposals for segment revision(s) presented to MoF.**

V. Improving Budget Transparency and Classification (Financial Reporting)

13. **Better information on budgeted expenditures can plan an important role in building the credibility of the government's fiscal policy with the public, parliament and civil society.** Reforming the budget classification is an important component of this broader objective. Many countries in the region (Jordan, Lebanon, UAE) have taken steps to improve the transparency of their budget documents, update their budget classifications, and strengthened their in-year budget reporting.

Why is this reform important?

14. **The need for better information on budgeted expenditures is one element of a general trend towards improved budget transparency.** This reflects the view that greater transparency in budget documents can play an important role in building the credibility of the government's fiscal policy with the public, parliament and civil society. Improving and reforming the budget classification is an important component of this broader component of this broader objective.

15. **While many countries in the region have focused reforms on the economic classification, other countries (Jordan) have developed a more comprehensive approach and developed a new chart of accounts as part of its GFMIS project.** The new chart of accounts in Jordan is in line with Government Financial Statistics (GFS) 2001, along with new administrative, functional, fund and geographic classifications.

16. **Changes (Adjustments) to the economic classification in various countries in the region have improved the quality of fiscal information**. The benefits of changes to the administrative classification are not as obvious, but are also important as they can improve the

accountability for budget allocations. As the administrative classification is often used to approximate the purpose of expenditure (function), it can be very important in improving the quality of information for policymakers.

Challenges:

a. **A major investment is required to train staff during the transition and implementation of a new budget classification system.** In Iraq, anecdotal evidence suggests, the train on the new classification system was less-than-sufficient, and this has reduced the quality of information produced.

b. **In addition to improving the budget classification, it is essential to improve the transparency of budget reporting.**

Workplan 2013 – Budget Transparency and Financial Reporting

17. Tarabot PFM advisors will assist the Ministry of Finance (MoF) in:

- **Assist MoF in preparing and disseminating "Iraqi National Government 'Citizens Budget'"**

- **Review GFS2001/CoFOG to determine gaps in 2001 compliance and present opportunities for GOI Chart of Accounts improvement** (moving towards 2001 GFS compliance).

- **CoFoG: a) Training on Functional Classification Stuctures; 2) Assist and prepare CoFoG mapping tables with MoF**. Functional budget presentations completed for 2010, 2011 and 2012.

Public Financial Management Advisory Unit

(PFM-AU)

Component 3: Administrative Decentralization

2012 – 2013 Work Plan & Concept

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مشروع الإصلاح الإداري العراقي

I. Introduction: Reforms at Different Stages of the Budget Cycle

II. Strategic Budgeting – MTBF

III. Budget Integration

IV. Introducing a Performance Focus

V. Improving Budget Transparency and Classification (Financial Reporting)

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Strategic Budgeting

- Macro-Fiscal Capacity
- Medium Term Sector Strategies
- Budget Integration to Improve Resource Allocation

Budget Preparation

- Broadening Budget Coverage
- Improving Budget Transparency and Classification
- Introducing a Performance Focus to the Budget

Resource Management

- Treasury Operations
- Reforms in Tax and Customs Administration
- Procurement Reform

Internal Control And Audit

- Expenditure Controls and Payroll Reform
- Strengthening Internal Audit

Accounting and Reporting

- Accounting Policy Reforms
- GFS2001/CoFOG

External Accountability

- Strengthening external audit

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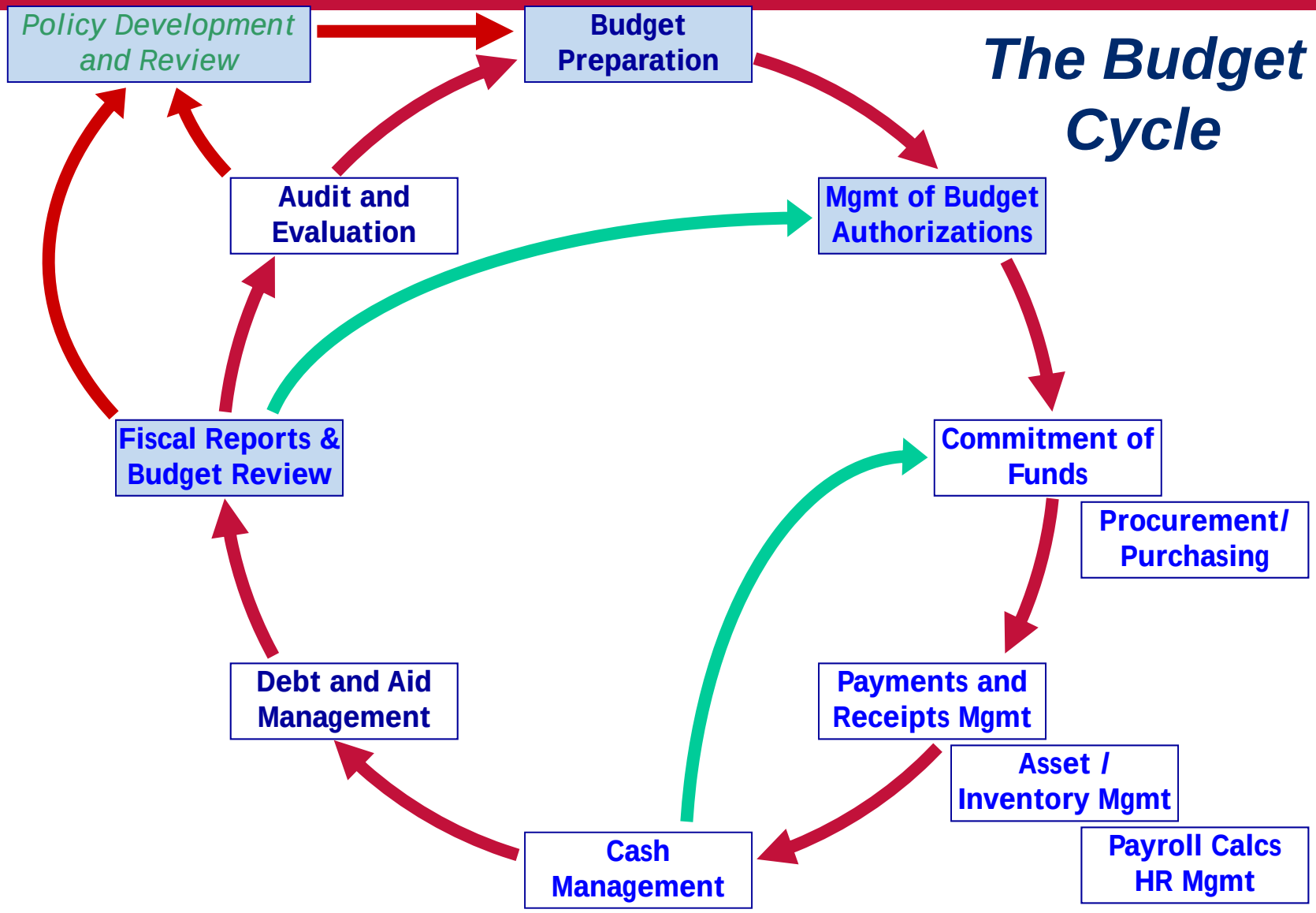
The Budget Cycle



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مشروع الإصلاح الإداري العراقي

Improving Budget Performance:

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- **Strategic Budgeting:**
  - Jordan, West Bank Gaza developing forward estimates of expenditure at sectoral level as part of MTBF
  - Reform is resource intensive
  - Requires integrating recurrent (O&M) and capital (investment) budget
- Why is the reform important?
  - Ministries need to understand and make provision for future expenditure policies (3-to-5 years)
  - Requires:
    - ‘Bottom-up’ assessment of the medium term cost of existing policy
    - ‘Forward estimates’ of part of the medium term budget framework

- Challenges:
  - Analytically demanding
  - Link between MTFF and Budget Still to be Improved
- Work plan to include:
  - Review of budget calendar
  - Outline for preparing medium term budget policy statement
  - Guidance on preparing budget call circulars
  - Indicative MTBF Budget submission forms (for line ministries)
  - Draft MTBF Guidelines
  - Indicative MTBF for three ministries
  - Workshops on preparing MTBF

Have the adopted MTBF delivered the desired outcomes?

- Improved macroeconomic balance, especially fiscal discipline
- Better inter- and intra-sectoral resource allocation aligned to national priorities
- Greater budgetary predictability for line ministries
- More efficient use of public monies
- Has annual budget preparation improved with change in budget behavior;
  - Better understanding of resource constraints

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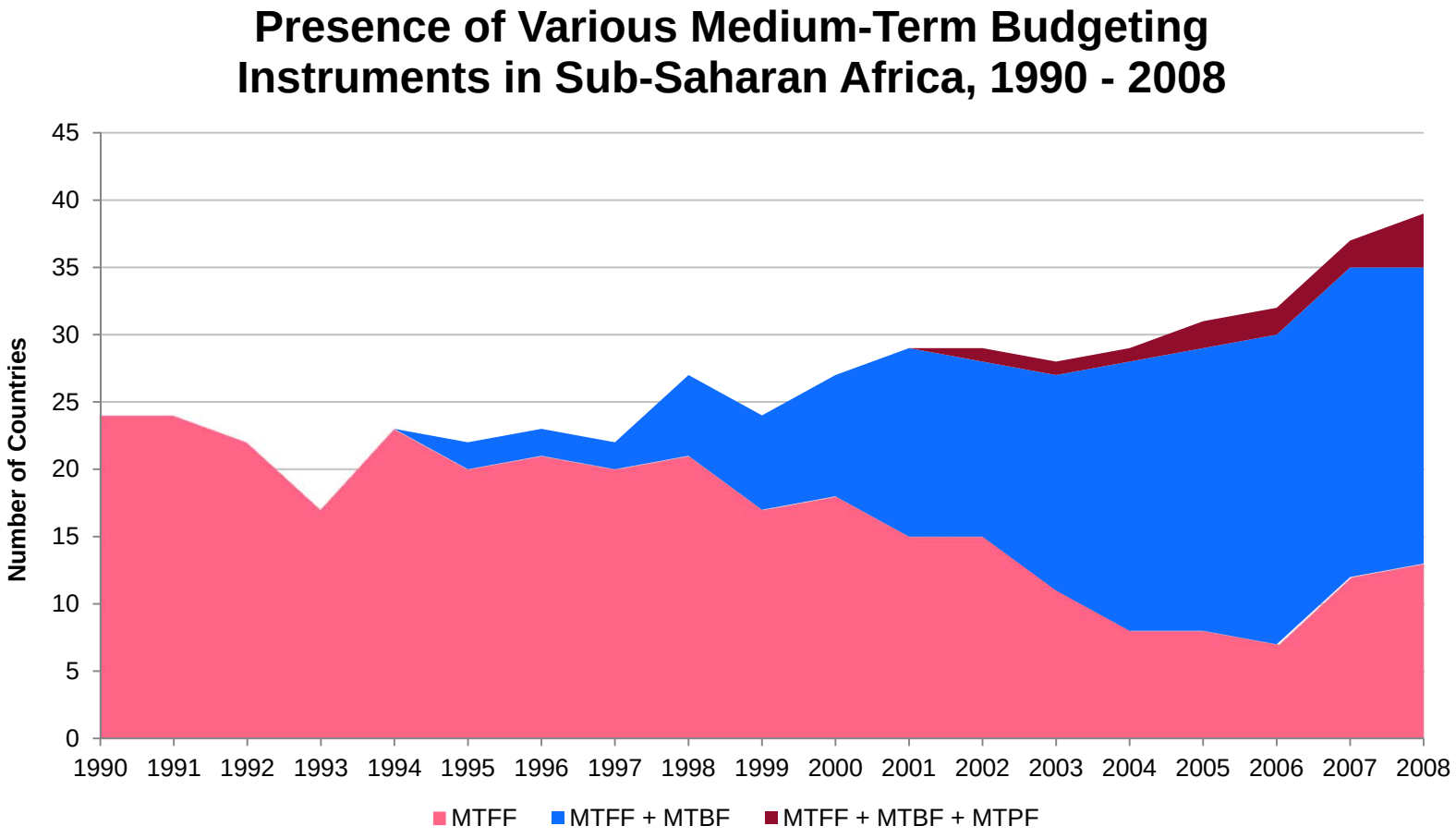
Development of MTFFs in Africa (source WB)



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Lessons: Some Capacity Related Issues

- Is the finance ministry empowered
  - If not, the risk is that MTBF will stall or not be sustained.
  - Are the top most politicians capacitated to deal with medium-term budgetary decisions at all levels?
- Inadequate institutional structures and capacities:
  - Fiscal and macro forecasting, policy analysis, planning, project programming etc
  - Inadequate structures and capacity in MoF to undertake "budget challenge function"

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- **Budget Integration: Improve Efficiency of Expenditure**
  - Dual budgeting system
  - Separate arrangements for deciding allocations for operating and capital expenditures
- Why is reform important?
  - Integrating recurrent and capital – the quality of total government expenditure performance and reporting can be improved
  - Link between policy interventions and budgets are strengthened
- Challenges:
  - Budget integration needs to be carefully planned and agreed
  - Developing the necessary analytical skills
  - Integration becomes more important as Iraq moves closer towards performance focus on the budget

- Work plan to include:
  - Cost estimation unit
    - Change management proposal, developed, presented approved
    - Workshops
  - Budget Unit
    - Review analyze budget/PFM law guidance on roles and responsibilities
    - Change management proposal, developed, presented approved
    - Workshops

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- **Introducing a Performance Focus to the Budget**
  - Traditional input based budget in Iraq does not provide sufficient information on performance outputs
- Why is this reform important?
  - Attempting to ensure efficiency and effectiveness of expenditures is challenging
  - Aim of performance focused budgets is to aggregate inputs that are used to deliver a particular group of activities
- Challenges:
  - Requires many basic elements of financial management to be in place
  - If performance budget program design too sophisticated, the exercise can become nothing more than an information gathering activity
  - Overall objectives can be lost

- Work plan to include:
  - Preparing a medium term (5-year) workplan with indicative timelines for gradual evolution of performance budgeting
  - Training workshops
  - Prepare 3 Ministerial “Indicative” program budgets at the highest level (Program)
  - Review Budget (program) segment of Chart of Accounts

Moving towards Performance Orientation

How much?
Quality?
When?
Cost?

Structure -

- Ministries
- Departments
- Agencies

Outcomes

Outputs

Programs = Budget

Effectiveness

Performance Agreements

Economy

Efficiency

Type of expense:

Salaries

Supplies & admin

Capital

Example: Health

Budget Summary	2009/10				2010/11	2011/12
	Total to be Appropriated	Current Payments	Transfers and Subsidies	Payments for Capital Assets		
Administration	236.6	230.8	0.3	5.5	260.1	280.9
Strategic Health Programmes	4692.3	407.6	4,269.3	15.4	5,587.2	5,980.5
Health Planning and Monitoring	357.1	96.2	258.2	2.8	382.9	398.2
Human Resources and development	1786.2	25.7	1,759.8	0.7	1,894.2	2,007.8
Health Services	9,898.9	91.5	9,804.3	3.1	11,388.9	12,081.7
Health Trade and Products	87.0	86.1	–	0.9	100.8	113.7
Total	17,058.1	937.9	16,091.8	28.3	19,614.0	20,862.8

Performance Indicators

Program	Performance Indicators				2010/11	2011/12
	Indicator	2006/07	2007/08	2008/09		
Strategic Health	% of Immunization coverage	82%	84%	87%	88%	88.5%
Strategic Health	Tuberculosis Cure Rate	51%	51.5%	53%	55%	56%
Health Services (total districts, 60)	# of Health Districts with 90% Immunization	12	19	20	21	22

- **Improving Budget Transparency and Classification (Financial Reporting)**
  - Need for better information on budgeted expenditures
- Why is this reform important?
  - Improving the budget classification is an important component of this broader objective of increasing financial transparency
- Challenges:
  - Major investment is required to update staff
  - Consultative process

- Work plan to include:
  - Assist MoF in preparing and disseminating “Iraqi National Government ‘Citizens Budget’”
  - Gap Analysis and Review GFS2001/CoFog
  - Workshop on functional classification structures and mapping table

TARABOT – Public Financial Management

I. Introduction

1. The Tarabot Public Financial Management work plan is structured along four (4) categories of public financial reform:

a. Developing multi-year budgets that are linked to the National Development Plan;
b. Improving the comprehensive of the budget and providing standard operating procedures for the budget process;
c. Improving budget predictability and budget control; and,
d. Improving ministerial accounting, reporting, and financial reporting.

2. The ministerial technical assistance program involves a number of compromises but is largely derived from results from a ministerial survey conducted during 2012.

II. National Level

1. To address the issue of **aligning ministerial budgets to the National Development Plan** Tarabot technical assistance at the national level will:

- Provide Guidance for the preparation of indicative Budget Call Circulars to prepare an MTBF.
- Assist in the preparation of: indicative medium term budget framework submission forms and draft" Medium Term Expenditure Framework Guidelines. Tarabot technical assistance will work with ministries to prepare and present a medium term (3-year) budget.

2. To address the issue of **improving the comprehensiveness and performance of the national budget** Tarabot technical assistance at the national level will:

- Review, analyze and provide recommendations and hands-on assistance to the FM and annual budget law on "roles and responsibilities" for Budget Officers.
- Developing change management proposals and work with ministries to develop standard operating procedures for the formulation, and execution of the annual budget.
- **Working with ministries to introduce performance budgeting measures into the budget system** including but not limited to: a) Developing effective performance indicators; b) Preparing basic program/subprogram structures; c) Improving cost estimates (by using price surveys) and project finance costing estimates; and d) Integrating the capital and operating budgets.

3. To address the issue of **budget predictability and budget control** Tarabot technical assistance at the national level will work with ministries:

- To **implement the standard operating procedures** which include improved budget control and monitoring procedure(s); and,
- To develop:
    - **Improved cash flow plans** that are more closely linked to the ministry procurement plans.
    - **Project financial analysis of capital (investment)** projects to: a) provide financial justification for projects and to improve the project prioritization procedures; and b) to ensure that future operational and maintenance expenses are introduced as part of standard budget procedures (to minimize future budget gaps).

4. To address the issue of **accounting, reporting and financial reporting** Tarabot technical assistance at the national level will work with ministries:

- Assist **MoF in preparing and disseminating "Iraqi National Government 'Citizens Budget'"**
- To review the vertical (Ministerial/Directorate) reporting procedures and provide recommendations and hands-on technical assistance to standardize reporting practices.

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USAID/National and Provincial Administration Reform Project FY2013 Workplan - Administrative Decentralization

About USAID/National and Provincial Administration Reform Project

The USAID/Iraq Administrative Reform Project, Tarabot, delivers assistance to support the Government of Iraq through strengthening public management institutions and improving service delivery processes through better governance and better management of human and fiscal resources. USAID selected Management Systems International to implement this project and to lead a group of select international development firms including RTI International, Louis Berger Group, The Kaizen Company, 4Point Solutions, AISDevelopment, and Jacobs Associates. Tarabot, scheduled for four years (2011-2015), takes a "whole of government" approach, focusing on improving the horizontal linkages (across ministries at the central level, and between provincial ministry departments and the provincial government) and vertical linkages (central to provincial) among a wide range of government agencies. Within this framework, Tarabot includes three components: Civil Service Reform, National Policy Management, and Administrative Decentralization. These components will assist the Government to initiate far-reaching changes, building upon Iraq's democratic public management progress of recent years.

Administrative Decentralization Strategy (FY 2011-2015)

Description: The Administrative Decentralization component program aims to improve the functions of GoI public institutions in order to improve service delivery processes through better governance and resource management approaches. This will be done through promoting horizontal and vertical linkages among civil servants at all levels of service delivery.

Objectives:

1. Reforms to de-concentrate or delegate decision-making authority to lower rungs of service delivery
2. Enhanced provincial resource management to accelerate the local development through better planning and execution of infrastructure projects essential to provide basic services to the Iraqi people
3. Enhanced organizational effectiveness of key GoI entities (line ministries and Governor's offices) in order to improve service delivery to the Iraqi people

Approach: We will provide civil servants with the necessary structures, administrative systems, skills, and other tools necessary to implement administrative decentralization reforms and improve performance in key service sectors

Expected Deliverables:

USAID - Tarabot will deliver the following results by the end of the project in 2015:

1. Enhanced Administrative Decentralization practices in Iraq
2. Strengthened capital investment projects planning in Iraq
3. Improved public fiscal management in Iraq in terms of budgeting and execution
4. Improved project management practices in Iraq
5. Enhanced public procurement performance in Iraq
6. Implemented Iraq Development Management System (IDMS) at all levels of the GoI
7. Improved delivery of targeted public services provided by GoI entities
8. Improved organizational effectiveness of key GoI entities
9. Re-engineered business processes for key functions of the GoI entities
10. Implemented quality and ISO standards at selected GoI entities
11. Implemented one-stop shop service centers
12. Enhanced general public administration capacity in targeted GoI entities

2013 Workplan: USAID-Tarabot's Administrative Decentralization component will continue its broad, relentless program of targeted systems reform, capacity-building, and organizational reform to improve service delivery to the Iraqi citizen. Building on the successful government-wide engagement, assessment, action-planning, and initial technical assistance phases carried out in the first year of the project, USAID-Tarabot is poised to bring unprecedented reforms and improvements to the whole of the GoI in 2013. The component will continue to catalyze improvements in the three following broad areas: 1) Service infrastructure development and improvements to Iraq's capital investment process, including planning, fiscal management, procurement, project management, and the introduction of the Iraq Development Management System (IDMS). 2) Service delivery improvement, including bolstering public accountability, promoting organizational development, re-engineering key service delivery processes, implementing systems for quality management, and introducing the "One-Stop Shop" service center. Finally, USAID-Tarabot will continue all of these initiatives under the auspices of 3) promoting administrative decentralization, including de-concentration of central ministry authorities to their provincial offices and the delegation of ministry authorities to provincial governments.

Counterpart GoI Entities and Other Institutions:

Central Ministries:
Ministry of Agriculture
Ministry of Communication
Ministry of Culture
Ministry of Displacement and Migration
Ministry of Education
Ministry of Electricity
Ministry of Environment
Ministry of Finance
Ministry of Higher Education
Ministry of Housing and Construction
Ministry of Human Rights
Ministry of Industry & Minerals
Ministry of Justice
Ministry of Labor and Social Affairs
Ministry of Municipalities & Public Works
Ministry of Oil
Ministry of Planning
Ministry of Science and Technology
Ministry of Transportation
Ministry of Water Resources
Ministry of Youth and Sports

Governors' Offices:
Anbar
Babil
Baghdad
Basrah
Diyala
Diwaniyah
Dhi Qar
Karbala
Kirkuk
Maysan
Muthanna
Najaf
Ninawa
Salah ad Din
Wasit

Other Institutions:
Decentralization Committee
Quality Committee
COMSEC

Administrative Decentralization Point of Contact:

Administrative Decentralization Component Leader: Nael Shabaro
E-mail: nshabaro@msi-iraq.com
Phone: 07901945578

AD Management Support - Joseph Scheibel, Evan Norris, Hala Fawzy, Marwa Alhassan
Ministries Team Leaders: Saad Muhey, Behnam Puttrus, Haider al Taie, Ahmed al Yassrey
Administrative Decentralization Advisor: Asseel Amair
Planning Advisors: Behnam Puttrus, Haider Abboud
Fiscal Management Advisors: Azzher Subhi, Miraq Abdulfattah
Project Management Advisors: Nihad al Khafaji, Alaa Raheem
Procurement Advisors: George Awwad, Sadeq al Ghazali
Service Improvement Advisors: Michael Heydari
Service Centers Advisors: Ali Shakir
Iraq Development Management System Advisor: Ahmed Juma, Mohammed Zuhair
Org. Development Advisors: Walid al Asmar, Khalid Ahmed, Ahmed Tariq
Process Development Advisors: Ammar Mahdi, Saad Karim Dhaher
Quality Management Advisors: Sherif Guindy, Abbas Al-Zayadi
Education Capacity Building Team: Qussay Al Taie

Acronyms

AD	Administrative Decentralization	MoF	Ministry of Finance
CDP	Capacity Development Plan	MoLSA	Ministry of Labor and Social Affairs
CoM	Council of Ministers	MoP	Ministry of Planning
COMSEC	Council of Ministers Secretariat	MoU	Memorandum of Understanding
DG	Director General	NDP	National Development Plan
FY	Fiscal Year	OD	Organizational Development
GO	Governor's Office	PM	Project Management
GoI	Government of Iraq	PMI	Project Management Institute
HQ	Headquarters	PSM	Public Sector Management
IDMS	Iraq Development Management System	RFP	Request for Proposals
INMS	Iraq National Monitoring System	SoP	Standard Operating Procedures
ISO	International Standards Organization	SoW	Scope of Work
IT	Information Technology	SSN	Social Safety Net
MoEd	Ministry of Education	TA	Technical Assistance

AD Component - Work Plan - FY 2013

	Performance Management Activities	October - December, 2012	January - March, 2013	April - June, 2013	July - September, 2013	Output/Outcome	Responsible Advisors
1. AD Component-Wide							
1,1	Formalized Partnerships	Conduct four MoU negotiation meetings with counterpart ministries and governors' offices Draft four (4) MoUs for counterpart institutions Carry out MoU signing ceremony	Conduct four MoU negotiation meetings with counterpart ministries and governors' offices Draft two (2) MoUs for counterpart institutions Carry out MoU signing ceremony			Administrative Decentralization component fully introduced to counterpart GoI entities and agreements on scope of work formed	Nael Shabaro Evan Norris Ministries Teams
1,2	Formalized Cost Sharing	Conduct four Cost-Share negotiation meetings with counterpart ministries or governors' offices Assemble four Cost-Share proposals in collaboration with ministries and governors' offices Draft preliminary cost-share proposals for two ministries or governors' offices for the 2012 partnership funds.	Conduct four Cost-Share negotiation meetings with counterpart ministries or governors' offices Assemble four Cost-Share proposals in collaboration with ministries and governors' offices Complete a report on cost share mechanisms and whether 2012 fund will reappear or transfer to 2013.	Conduct four Cost-Share negotiation meetings with counterpart ministries or governors' offices Assemble four Cost-Share proposals in collaboration with ministries and governors' offices Draft preliminary cost-share proposals for two ministries or governors' offices for the 2013 partnership funds if available.	Conduct four Cost-Share negotiation meetings with counterpart ministries or governors' offices Assemble four Cost-Share proposals in collaboration with ministries and governors' offices Draft preliminary cost-share proposals for two ministries or governors' offices for the 2013 partnership funds if available.	GoI awareness of cost-share mechanisms established and GoI entities' buy-in formalized with monetary contribution to further AD reform activities.	Nael Shabaro Evan Norris Ministries Teams
1,3	Public Sector Management (PSM) and Subcommittee Coordination	Conduct quarterly coordination and update meeting with PSM and relevant subcommittees: Restructuring Government, National and Provincial Services Delivery, and Public Financial Management Reform Discuss proposed AD component 2013 workplan activities with PSM committee and ask for feedback	Conduct quarterly coordination and update meeting with PSM or relevant subcommittees. Receive feedback from PSM and incorporate into pending activities as requested.	Conduct quarterly coordination and update meeting with PSM or relevant subcommittees. Receive feedback from PSM and incorporate into pending activities as requested.	Conduct quarterly coordination and update meeting with PSM or relevant subcommittees. Receive feedback from PSM and incorporate into pending activities as requested.	PSM Committee fully aware and supportive of USAID-Tarabot activities PSM committee and subcommittees supportive of USAID-Tarabot activities and assisting to facilitate increased buy-in from ministry and governors' office counterparts	Nael Shabaro
Decentralization							
2. Administrative Decentralization Support							
2,1	Facilitate an enabling environment for decentralization						
2.1.1	Build National Support for Administrative Decentralization	Meet with Minister of State for Provincial Affairs (MoSPA) and the National Committee for Decentralization to ascertain the GoI's framework for administrative delegation	Draft a white paper on the steps necessary to properly delegate administrative functions from ministries to governors' offices within Iraq's legal and administrative framework.	Conduct conference on administrative decentralization through delegation, highlighting needs and successes to-date. Distribute document describing steps necessary to delegate administrative functions from central authorities to provinces. (NOTE: DISTRIBUTE TO WHOM (i.e. conference attendees at the conference) and HOW MEASURE?)	Issue conference findings and recommendations to all ministries and governors' offices.	National support for administrative decentralization bolstered and a road map for delegation of central authorities to provinces developed.	Asseel Amair
2,2	Assist the government entities to implement administrative decentralization						

Performance Management Activities		October - December, 2012	January - March, 2013	April - June, 2013	July - September, 2013	Output/Outcome	Responsible Advisors
2.2.1	Ministry Functions Decentralized	Provide technical assistance to MoMPW, MoLSA, MoED, and MoENV to issue revisions to existing authority chains. Carry out assessments on needs and opportunities for decentralization in four additional partner ministries.	Work with MoMPW, MoEd, MoLSA, and MoENV to create a list of centralized powers that can be transfered or delegated to provincial governors Conduct research and draft summary of the current system for four additional ministries seeking to decentralize	Hold x number of workshops with central ministries and provincial directorates to raise awareness of reformed authority chains and facilitate transitions of responsibility. (NOTE: INSERT ACTUAL NUMBER OF WORKSHOPS) Develop briefing papers for MoMPW, MoEd, MoLSA, and MoENV detailing functions to explore delegating to the GOs.	Hold x number of workshops with central ministries and provincial directorates to raise awareness of reformed authority chains and facilitate transitions of responsibility. (NOTE: INSERT ACTUAL NUMBER OF WORKSHOPS) Hold x number of workshops with partner ministries to develop proposals for delegating targeted authorities to the governors' offices, in consultation with governors and ministry leadership.(NOTE: INSERT ACTUAL NUMBER OF WORKSHOPS)	Targeted central ministry administrative functions de-concentrated and a plan set forward to explore delegation of authorities to the governors' offices.	Nael Shabaro Asseel Amair
2.2.2	Devise Governor's Office (GO) decentralization guidelines	Conduct four awareness-raising workshops for GO counterparts and initiate discussions about partner ministry roles and responsibilities.	Conduct four awareness-raising workshops for GO counterparts Assist four GOs to develop draft transfer plans for targeted central ministry authorities	Conduct four awareness-raising workshops for GO counterparts Assist four GOs to develop draft transfer plans for targeted central ministry authorities	Conduct four awareness-raising workshops for GO counterparts Assist four GOs to develop draft transfer plans for targeted central ministry authorities	Awareness raised and first steps of ministry-to-GO delegation process is initiated	Nael Shabaro Asseel Amair
3. Projects Planning							
3,1	Improve National and Regional Planning System						
3.1.1	NDP Update	Assist MoP to finalize 12 new NDP sectoral papers.	Assemble full NDP draft for submission to the CoM. Draft English-translation of NDP.	Finalize design of Arabic and English NDP documents. Publish NDP.	Carry out NDP 2013-2017 Kick-Off conference Prepare NDP packet for all 24 partner ministries and 15 governorates. Assist MoP to issue general guidelines to promote harmony with NDP for the 2014 fiscal year.	Updated NDP published, distributed, and mechanism in place to encourage GoI entities to remain aligned with it.	Behnam Puttrus Planning Unit Nael Shabaro Joseph Scheibel
3.1.2	Iraq National Monitoring System Operationalized	Assist MoP to collect baseline information for 10 more indicators in the INMS, for a total of 60 Provide technical support to MoP on INMS system	Develop outline and draft 2012 NDP progress report. Provide technical support to MoP on INMS system.	Draft a comprehensive review of INMS indicators under context of new, approved NDP. Designate unchanged, unnecessary, and modifiable indicators. Assist MoP to generate progress report using the INMS for presentation to decision-makers	Draft a comprehensive review of INMS indicators under context of new, approved NDP. Assist MoP to update INMS system to reflect updated indicators.	Robust base of indicators receiving data and generating report information. Report on NDP progress generated. Monitoring system tailored to NDP 2013-2017 and monitoring mechanisms initiated.	Behnam Puttrus Hanna Salih
3.1.3	Establish Provincial Projects Steering Committees	Assist to establish projects steering committees in one province. Assist two existing steering committees to convene for initial meetings.	Assist to establish projects steering committees in one province. Assist one existing steering committee to convene for an initial meeting. Assist two existing steering committees to convene to review ministry and GO investment plans in their province and submit recommendations for revision.	Assist to establish projects steering committees in one province. Assist one existing steering committee to convene for an initial meeting. Assist two existing steering committees to convene to review ministry and GO investment plans in their province and submit recommendations for revision.	Assist to establish projects steering committees in one province. Assist one existing steering committee to convene for an initial meeting. Assist two existing steering committees to convene to review ministry and GO investment plans in their province and submit recommendations for revision.	Provincial Projects Steering Committees established in four provinces. Steering committees facilitating coordination and collaboration between ministries and GOs on projects and plans. Steering committee endorsesments or recommendations placed on plans submitted for 2014 budget.	Nael Shabaro Behnam Puttrus Planning Unit
3,2	Enhance Capital Investment Projects Planning and Prioritization						

Performance Management Activities		October - December, 2012	January - March, 2013	April - June, 2013	July - September, 2013	Output/Outcome	Responsible Advisors
3.2.1	Ministry Projects Prioritization	Provide technical assistance to two ministries to establish projects selection criteria. Provide technical assistance to two ministries to properly submit their project plans to the MoP. Assist two partner ministries to produce multi-year capital investment plans in-line with national and provincial goals.	Provide technical assistance to two ministries to establish projects selection criteria. Provide technical assistance to two ministries to properly submit their project plans to the MoP. Assist two partner ministries to produce multi-year capital investment plans in-line with national and provincial goals.	Provide technical assistance to two ministries to establish projects selection criteria. Provide technical assistance to two ministries to properly submit their project plans to the MoP. Assist two partner ministries to produce multi-year capital investment plans in-line with national and provincial goals.	Provide technical assistance to two ministries to establish projects selection criteria. Provide technical assistance to two ministries to properly submit their project plans to the MoP. Assist two partner ministries to produce multi-year capital investment plans in-line with national and provincial goals, for a total of 8	Ministries equipped with tools for selecting projects and developing multi-year capital investment projects plans that arein accordance with local stated needs, national-level objectives, and fit into MoP guidelines.	Nael Shabaro Behnam Puttrus Haider Abboud Planning Unit
4. Fiscal Management							
4,1							
4.1.1							
5. Project Management							
5,1	Assist to Improve the National Capital Investment Project Management System in Iraq						
5.1.1	Support the Iraqi national capital investment project management program	Develop a proposal for a government-wide system for PM based on internationally-recognized practices and aimed to address identified weaknesses and bottlenecks.	Present national PM system proposal to key stakeholders (MoP) and receive feedback. Revise proposal to incorporate feedback Develop system implementation plan and timeline, taking into account progress already made to-date.	Carry out PM system kick-off conference.	Draft implementation report covering achievements (PMOs formed, processes adopted, projects piloted) for presentation to MoP and COMSEC.	Requirements and recommendations for a national-level PM system developed National-level awareness of best PM practices raised	Nihad Al Khafaji Project Management Unit
5,2	Improve capital investment projects management at the ministerial and provincial levels						
5.2.1	Enhance the project management capacity of ministry counterparts	Provide targeted technical assistance and capacity building in highly technical PM fields (includes Risk Management, Earned Value Management, Estimations, Feasibility Studies, and the usage of MS Project) for four counterpart ministries.	Provide targeted technical assistance and capacity building in highly technical PM fields (includes Risk Management, Earned Value Management, Estimations, Feasibility Studies, and the usage of MS Project) for four counterpart ministries.	Assist four counterparts to adopt 5 of the 42 PM processes Assist one ministry to draft a proposal for a pilot project using the PM system	Assist four counterparts to adopt 5 of the 42 PM processes Assist one ministry to draft a proposal for a pilot project using the PM system	Ministries project management systems and practices increasingly in-line with internationally-recognized best practices	Nihad Al Khafaji Alaa Raheem Project Management Unit
5.2.2	Enhance the project management capacity of provincial counterparts	Provide targeted technical assistance and capacity building in highly technical PM fields (includes Risk Management, Earned Value Management, Estimations, Feasibility Studies, and the usage of MS Project) for four counterpart ministries.	Provide targeted technical assistance and capacity building in highly technical PM fields (includes Risk Management, Earned Value Management, Estimations, Feasibility Studies, and the usage of MS Project) for four counterpart ministries.	Assist four counterpart GOs to adopt 5 of the 42 PM processes	Assist four counterpart GOs to adopt 5 of the 42 PM processes	Provinces project management systems and practices increasingly in-line with internationally-recognized best practices	Nihad Al Khafaji Alaa Raheem Project Management Unit
6. Procurement							
6,1	Enhance Iraq's national public procurement system						

Performance Management Activities		October - December, 2012	January - March, 2013	April - June, 2013	July - September, 2013	Output/Outcome	Responsible Advisors
6.1.1	Improve national procurement system	Identify current problem bottlenecks and obstacles in the procurement system with the MoP (NOTE: WEREN'T THESE ALREADY IDENTIFIED IN YEAR 1?)	Prepare an action plan in consultation with stakeholders (MoP, MoF, CoM) on improvement and decentralization opportunities in the national procurement system (NOTE: THIS ACTION PLAN WAS COMPLETED IN YEAR 1) Achieve decision makers' approval of the action plan (NOTE: WASN'T APPROVAL GAINED IN YEAR 1?)	Identify bottlenecks and work with stakeholders to introduce improvements to the current system (NOTE: WEREN'T THESE ALREADY IDENTIFIED IN YEAR 1?) Disseminate proper information about the procedures of national procurement system (NOTE: THIS INFORMATION WAS REPORTED TO ALREADY BE ON MoP WEBSITE FOR EASY ACCESS TO ALL GoI COUNTERPARTS IN YEAR 1)	Identify areas to incorporate into future version of the IDMS Prepare an assessment report on the progress achieved	National procurement system improved and information disseminated	Nael Shabaro George Awwad Sadeq al Ghazali Procurement Unit
6,2	Improve procurement processes at the ministerial and provincial levels						
6.2.1	Implement standard procurement process			Hold a workshop to discuss proposed process with stakeholders	Provide technical assistance to implement the standardized process at all counterpart GoI entities (NOTE: WHICH NEW MINISTRIES WILL BE DONE SINCE THIS IS THE SAME TASK AS YEAR 1, OR HOW MANY IS ALL?)	Standardized procurement processes established at all GoI entities	Nael Shabaro George Awwad Sadeq al Ghazali Procurement Unit
6.2.2	Assist procurement planning		Develop annual procurement plans for counterpart ministries and governors' offices (NOTE: WHICH NEW ENTITIES DOES THIS INCLUDE SINCE PROCUREMENT PLANS WERE COMPLETED IN YEAR 1?)	Provide technical assistance in the form of workshops and on-the-job training to facilitate the annual procurement plans at all counterpart GoI entities (HOW MANY IS ALL? HOW CAN I MEASURE WHEN IT IS COMPLETED?)	Coach all counterparts to implement their annual procurement plan activities (NOTE: WHICH NEW MINISTRIES WILL BE DONE SINCE THIS IS THE SAME TASK AS YEAR 1, OR HOW MANY IS ALL?)	Procurement plans developed for counterparts at all GoI entities	Nael Shabaro George Awwad Sadeq al Ghazali Procurement Unit
6.2.3	Implement standard bidding documents	Assess the current practices at GoI entities in using bidding docurments (NOTE: WHICH NEW ENTITIES DOES THIS INCLUDE SINCE ASSESSMENTS WERE COMPLETED IN YEAR 1?)	Assist GoI entities to introduce or update their standard bidding documents (NOTE: HOW MANY?)	Provide technical assistance to implement relevant standard bidding documents	Coach all counterparts to effectively implement the standard bidding documents in ministry procurements (NOTE: WHICH NEW MINISTRIES WILL BE DONE SINCE THIS IS THE SAME TASK AS YEAR 1, OR HOW MANY IS ALL?)	Standard bidding documents in use by counterpart all GoI entities	Nael Shabaro George Awwad Sadeq al Ghazali Procurement Unit
6.2.4	Improve procurement records management system	Assess the current procurement document archiving systems at GoI entities (NOTE: WHICH NEW ENTITIES DOES THIS INCLUDE SINCE ASSESSMENTS WERE COMPLETED IN YEAR 1?)		Finalize procurement record management system (NOTE: PROPOSAL AND GUIDELINES WERE COMPLETED AND SUBMITTED TO MoP FOR REVIEW IN 2012. WHAT IS DIFFERENT IN YEAR 2?))	Provide follow-up technical assistance to implement the procurement record management system in all partner ministries (NOTE: WHICH NEW MINISTRIES WILL BE DONE SINCE THIS IS THE SAME TASK AS YEAR 1, OR HOW MANY IS ALL?)	Procurement record management system in place at counterpart all GoI entities	Nael Shabaro George Awwad Sadeq al Ghazali Procurement Unit
6.2.5	Develop procurement performance indicators and reporting system		Assist the GoI to develop procurement performance indicators to be used to monitor and improve procurement implementation in counterpart GoI entities (NOTE: LiST OF INDICATORS HAS ALREADY BEEN DEVELOPED IN YEAR 1, WHAT IS DIFFERENT IN YEAR 2? OR HOW MANY ENTITIES?) Finalize the procurement indicators (NOTE: SEE ABOVE)	Provide technical assistance to collect data based on established indicators	Assist all GoI counterparts to generate reports based on these indicators (executed contracts) (NOTE: WHICH NEW MINISTRIES WILL BE DONE SINCE THIS IS THE SAME TASK AS YEAR 1, OR HOW MANY IS ALL?)	Procurement peformance tracked and monitored under system	Nael Shabaro George Awwad Sadeq al Ghazali Procurement Unit

	Performance Management Activities	October - December, 2012	January - March, 2013	April - June, 2013	July - September, 2013	Output/Outcome	Responsible Advisors
7. Iraq Development Management System (IDMS)							
7,1	Automate Government Capital Investment Management and Monitoring in Iraq						
7.1.1	Operationalize the IDMS at the MoP	Provide technical assistance to the established MoP help desk	Provide technical assistance to the established MoP help desk	Assist MoP to generate reports using the IDMS for presentations to decision-makers	Identify opportunities to improve the IDMS	IDMS operationalized in key national coordinating entities and used to generate reports for key decision-makers	Nael Shabaro Ahmed Juma IDMS Unit
7,2	Operationalize the IDMS System						
7.2.1	Operationalize the IDMS in GoI entities	Coach GoI entities to utilize the IDMS Provide technical assistance for GoI entities to install the online and offline versions of the IDMS Draft proposal for the establishment of an IDMS committee in GoI entities	Coach GoI entities to utilize the IDMS Assist GoI entities to enter their data into the IDMS	Coach GoI entities to utilize the IDMS Assist GoI entities to enter their data into the IDMS	Coach GoI entities to utilize the IDMS Assist GoI entities to enter their data into the IDMS Provide technical asssitance for 50% of partner GoI entities to install to install the online or offline version of the IDMS	IDMS operationalized in partner GoI entities and feeding information into the system for inclusions into reports	Nael Shabaro Ahmed Juma IDMS Unit
Services Improvement							
8. Public Accountability							
8,1	Assist National Service Quality Initiative						
8.1.1	Compile comprehensive list of GoI services	Complete compilation of list of services delivered by GoI entities to Iraqi citizens	Priority rank services according to criteria adopted for service improvement. Assign a numerical value to each service based on ranking of each service along with weighting factors assigned to each criteria.	Complete report analyzing GOI data base of ranked services to determine best specific intervention for each selected service		Comprehensive list of GoI services offered to citizens assembled and analyzed to determine best specific interventions	Nael Shabaro Michael Heydari Service Improvement Unit
8,2	Assist to Improve Delivery of Public Services to Iraq's Citizens						
8.2.1	Promote the concepts and benefits of public sector accountability		Deliver two public accountability work shops for GOI partners involved in service improvement Distribute public accountability materials to GOI partners involved in service improvement (NOTE: HOW CAN I MEASURE THIS?)	Deliver two public accountability work shops for GOI partner involved in service improvement Continue distributution of public accountability materials to GOI partners involved in service improvement (NOTE: HOW CAN I MEASURE THIS?)	Deliver two public accountability work shops for GOI partners involved in service improvement Continue distribution of public accountability materials to GOI partners involved in service improvement (NOTE: HOW CAN I MEASURE THIS?)	Public accountability concepts introduced to GoI counterpart entities Counterpart entities aware of public accountability aspects of improved service delivery	Nael Shabaro Michael Heydari Service Improvement Unit
8.2.2	Promote concept of monitoring and tracking of service delivery for GOI partners	Develop a comprehensive tracking system for GOI partners to be used to register all stages of customer service delivery including customer complaints, service repair initiation and completion.	Assist two GOI Partners to adopt and implement the service monitoring and tracking system to track customer complaints and repair service	Using the monitoring and tracking system, produce a report analyzing data to assess the initial status quo situation and define performance indicators to be used to evaluate service improvement	Using the monitoring tracking system and performance indicators, produce a report assessing the after-improvement status and calculate objectively-defined impact on citizens	Support GOI partners with monitoring and tracking tools and systems to improve service delivery Enhance the culture of continued monitoring for programmatic improvement in service delivery	Nael Shabaro Michael Heydari Service Improvement Unit
8.2.3	Enhance the quality of public sector customer service in Iraq	Based on priority selection described in 8.1.1, and GOI's buy-in, select two customer services to improve Conduct Initial Assessment and define performance indicators to be used to evaluate impact for the two selected services	Conduct Business Process Re-Engineering and present recommendations for improvement of two selected services. Select two more customer services to improve.	Conduct Business Process Re-Engineering and present recommendations for improvement of two selected services. Select two more customer services to improve.	Develop impact report for interventions in service delivery improvement	Performance and efficiency of public sector customer services improved	Nael Shabaro Michael Heydari Service Improvement Unit

	Performance Management Activities	October - December, 2012	January - March, 2013	April - June, 2013	July - September, 2013	Output/Outcome	Responsible Advisors
9. Organizational Development							
9,1	Strengthen Organizational Development Capacity at National Level						
9.1.1	Promote the creation of a national system to support excellence in government	Present a proposal for the creation of an Iraqi Center for Excellence in Government (ICEG) to the high committee for administrative decentralization			Sign an agreement with the high committee for administrative decentralization to faciliate ICEG with Tarabot in a support role	Develop a national system for excellence in government	Nael Shabaro Walid al Asmar Org Development Unit
9,2	Strengthen Organizational Development Capacity in Iraqi Public Organizations						
9.2.1	Promote institutionalization of organizational development (OD) functions		Submit proposals to five new partner organizations to create internal OD units.		Receive agreements from five partner organizations to provide technical asssitance in creating permanent OD units, or augmenting existing units with OD functions Complete training for dedicated staff of five OD units	Key institutions equipped with appropriate structures and improved capacity for organizational development	Nael Shabaro Walid al Asmar Org Development Unit
9.2.2	Facilitate organizational development (OD) in GoI entities		Conduct needs assessments with five organizations	Sign agreements with five organizations to faciliate an OD methodology cycle	Complete OD cycle with five partner orgnaizations	Partner organizations have OD tools to support sustainable improvement in their levels of transparency and their effectiveness in providing citizen services	Nael Shabaro Walid al Asmar Org Development Unit
10. Process Development							
10,1	Improve Key Administrative and Service Delivery Processes						
10.1.1	Improve target administrative or service-delivery processes		Produce a report that Identifies and documents five key adminsitrative processes	Sign agreements with partner organizations on action plans for business process re-engineering of five identified processes	Design a process chart for the COMSEC citizen complaint system	Improved business processes in partner organizations	Nael Shabaro Walid al Asmar Org Development Unit
10.1.2	Complete organizational design analysis		Complete organizational design analysis for two organizations			Improved organizational structures for more efficient administrative operations	Nael Shabaro Walid al Asmar Org Development Unit
11. Quality Management							
11,1	Build National GoI Level Quality Management Awareness						
11.1.1	Raise awareness of quality standards in Iraq		Disseminate conference recommendations to GoI entities (HOW MANY ENTITIES OR HOW TO MEASURE WHEN COMPLETED?) Conduct quarterly coordination and update meeting with National Quality Committee	Build awareness of ISO 17025 and ISO 15189 (laboratory accreditation) through a multi-entity workshop Conduct quarterly coordination and update meeting with National Quality Committee	Distribute a paper on the technical and managerial requirements for laboratory accreditation (HOW TO MEASURE WHEN COMPLETED?) Conduct quarterly coordination and update meeting with National Quality Committee	Broader awareness of quality practices and benefits in targeted GoI entities Broader awareness of specific internationally-recognized quality standards in targeted GoI entities	Sherif Al Guindy Nael Shabaro Quality Management Unit
11,2	Improve the Quality Management Systems of GoI Entities						
11.2.1	International quality standards compliance		Draft quality policy, quality manual, and quality procedures according to ISO requirements for one GoI counterpart entity	Draft quality policy, quality manual, and quality procedures according to ISO requirements for one GoI counterpart entity	Draft quality policy, quality manual, and quality procedures according to ISO requirements for one GoI counterpart entity	Selected GoI counterpart entities progressing towards ISO compliance Selected GoI entities prepared to pursue formal certification	Sherif Al Guindy Nael Shabaro Quality Management Unit

Performance Management Activities		October - December, 2012	January - March, 2013	April - June, 2013	July - September, 2013	Output/Outcome	Responsible Advisors
11.2.2	ISO certification		Provide workshop for interested GOI counterpart ministries on international ISO certification process and next steps.	Provide workshop for interested GOI counterpart ministries on international ISO certification process and next steps Conduct a workshop to gauge counterpart ministry desire and ability to take coming steps towards ISO certification Conduct workshop on drafting RFPs and procurement process for viable GoI entities in hiring ISO consultant services to work towards certification	Provide workshop for interested GOI counterpart ministries on international ISO certification process and next steps Conduct a workshop to gauge counterpart ministry desire and ability to take coming steps towards ISO certification Conduct workshop on drafting RFPs and procurement process for viable GoI entities in hiring ISO consultant services to work towards certification	GoI entities adequately aware of the process and step necessary to reach ISO certification. GoI entities adequately prepared from technical contracting standpoint to pursue certification through consultancies.	Sherif Al Guindy Nael Shabaro Quality Management Unit Procurement Advisory Unit
11.2.3	Facilitate quality management organizational improvements in partner GoI entities	Assess two (2) GOI entities existing quality systems and viability of a quality unit within their structure. Present general Quality Management Unit proposal to existing interested GoI entity	Produce a report assessing two (2) ministries' existing quality systems and viability of a quality unit within their structure. Develop tailored Quality Unit proposal for identified interested GoI entity	Finalize tailored Quality Unit proposals including SOW, job descriptions, and org charts for one (1) identified GoI entity Issue the proposal to one (1) identified GoI entity	Finalize tailored Quality Unit proposals including SOW, job descriptions, and org charts for one (1) identified GoI entity Issue the proposal to one (1) identified GoI entity	GoI organizational reforms underway to bolster quality management functions.	Sherif Al Guindy Nael Shabaro Quality Management Unit
12. "One-Stop Shop" Service Centers							
SC	Improve the Facilities and Systems of Key GoI Public Services						
SC1	Implement "One-Stop Shop" Service Center Infrastructure	Finalize design of model "One-Stop Shop" Service Center Carry out one meeting to explain the OSS cervice center design to one ministry	Carry out one meeting to explain the OSS cervice center design to the GoI ministries. Provide TA to partner GoI entities to develop tenders for infrastructure design of Service Centers based on their services' requirements	Carry out one meeting to explain the OSS cervice center design to the GoI ministries. Provide TA to partner GoI entities to develop tenders for infrastructure design of Service Centers based on their services' requirements		"One-Stop Shop" Service Center model architecture completed and GoI counterparts provided with resources to assist the procurement of new service centers	Ali Shakir Service Centers Unit
SC2	Initiate "One-Stop Shop" Media Campaign		Submit a report on the progress of implementing the one stop shop SC at the GoI ministries.	Develop SC marketing package for all ministries' external distribution	Carry out first SC conference, bring in ministry partners like MoHED, MoMD, and MoMPW to talk about plans and unveil the model SC publically	Media "baseline" established for future promotional materials highlighting the status of the service delivery	Ali Shakir Service Centers Unit Communication department
SC3	Select and improve "One-Stop Shop" services	Complete a draft report on mapping and analysis of service processes for one partner ministry Re-engineer selected service processes for one SC	Complete a draft report on mapping and analysis of service processes for one partner ministry Re-engineer selected service processes for one SC Develop service guidelines or service SOPs for one SC	Formalize a list of service guidelines or service SOPs for one SC		One-Stop-Shop services selected, mapped, and reengineered	Ali Shakir Service Centers Unit
SC4	Automate "One-Stop Shop" services	Provide TA to assist partner GoI entities to develop software based on requirements derived from their TOR	Provide TOR to automate the selected re-engineered service processes in applicable circumstances Draft summary automation plan for each services	Provide TA to assist partner GoI entities to develop software based on requirements derived from their TOR	Provide TA to assist partner GoI entities to develop software based on requirements derived from their TOR	The software automation process in progress	Nael Shabaro Ali Shakir Joseph Scheibel Service Centers Unit
13. Education Capacity-Building Initiative							
13,1	Ministry of Education staff develop skills in core areas of public administration						

Performance Management Activities		October - December, 2012	January - March, 2013	April - June, 2013	July - September, 2013	Output/Outcome	Responsible Advisors
13.1.1	Financial Management and Budgeting	Conduct 2 training courses	Conduct 2 training courses	Conduct 2 training courses	Conduct 1 training course	Mid-level and senior level staff develop improved knowledge of GOI budget law and budget preparation process Improved capacity to provide budget training at HQ and in the provinces Budget unit capable of preparing MoEd budget for MoF and ministry expenditures	Qussay Al Taie Haitem Salman Education Team
13.1.2	Leadership and Communication	Conduct 2 training courses	Conduct 2 training courses	Conduct 2 training courses	Conduct 2 training courses	Mid-level and senior-level officials, provides participants with the necessary skills and knowledge in communication and leadership, as well as the opportunity to develop effective approaches to analyzing, defining, and guiding organizational and management change. Mid-level and senior-level officials, focuses on the strategic aspects of leadership, on problem-solving, decision-making, time-management, and communications for public organizations with an emphasis on both internal and external relationships with key stakeholders	Qussay Al Taie Leadership and Communication Advisor Education Team
13.1.3	Project Management	Conduct 1 training course	Conduct 1 training course	Conduct 1 training course	Conduct 1 training course	Mid-level and senior-level officials responsible for managing projects will have the basic skills and knowledge of the principles of project management and best practices to achieve goals and objectives. Provide mid-level and senior-level project managers with the leadership and teambuilding skills required to plan, analyze feasibility, direct, and coordinate effectively to successfully implement projects (for MoEd Advanced graduates)	Qussay Al Taie Nihad Khafaji Education Team AD Team
13.1.4	IT Management	Conduct 2 training courses	Conduct 2 training courses	Conduct 2 training courses	Conduct 1 training courses	Staff have basic skills to use computers to do daily work Staff will have electronic communication skills for official use by typing/printing reports, sending official letters and reports via email, and modifying, saving and sharing documents electronically Staff will be able to design and edit web sites in HTML and PHP as well as create and maintain web pages	Qussay Al Taie IT Advisor Education Team

Performance Management Activities		October - December, 2012	January - March, 2013	April - June, 2013	July - September, 2013	Output/Outcome	Responsible Advisors
13.1.5	Procurement	Conduct 1 training course	Conduct 1 training course	Conduct 1 training course	Conduct 1 training course	MoEd staff are trained in 1) international best practices in procurement; and 2) how to create standard bidding templates (for MoEd Advanced graduate)	Qussay Al Taie George Awwad Education Team AD Team
13.1.6	Special Workshops / Focus Groups including initiation of ToT level	Conduct 1 special workshop / focus group	Conduct 1 special workshop / focus group	Conduct 1 special workshop / focus group	Conduct 1 special workshop / focus group	Feedback from past participants to customize materials to Education Sector Content Candidates for more advanced training courses gain skills and practice Upper level management gain perspective on the topics of the training courses to help facilitate the positive change their employees gained from the workshops Prepare and initiate ToT package	Qussay Al Taie Education Team
14. Social Safety Net (SSN)							
14,1							
14.1.1							
14.1.2							
14.1.3							

Acronyms

AD	Administrative Decentralization
BPR	Business Process Re-engineering
CDP	Capacity Development Plan
CoM	Council of Ministers
COMSEC	Council of Ministers Secretariat
DG	Director General
DPMO	Deputy Prime Minister's Office
FY	Fiscal Year
GoI	Government of Iraq
HQ	Headquarters
IDMS	Iraq Development Management System
INMS	Iraq National Monitoring System
ISO	International Standards Organization
IT	Information Technology
MoF	Ministry of Finance
MoLSA	Ministry of Labor and Social Affairs
MoP	Ministry of Planning
MoU	Memorandum of Understanding
NDP	National Development Plan
OSTP	Organizational Self-Assessment and Transformation Program
PDP	Provincial Development Plan
PMI	Project Management Institute
PMO	Prime Minister's Office
PSM	Public Sector Management
SSN	Social Safety Net
SoW	Scope of Work

Notes

Activity 5.2.1 Q3-4	The highly technical PM fields referred to in this activity include include Risk Management, Earned Value Management, Estimations, Feasiblity Studies, and the usage of MS Project.

January 22, 2013

To: Nael Shabaro
Claire Pullon

From: Michael Schaeffer
PFM Advisor

Re: **2013 Indicative Work-plan Public Financial Management (PFM) Team**

I. Introduction

1. This Public Financial Management team 2013 work-plan is structured along the following key objectives:

a. Assist the GOI to develop multi-year budgets that are linked to the National Development Plan;
b. Assist key ministries to improve the comprehensive of their budgets; and,
c. Assist key ministries to improve their budget predictability and budget control.

<u>Means of Achieving Objectives</u>

2. To address the issue of **aligning ministerial budgets to the National Development Plan** Tarabot technical assistance at the national level will:

- Assist in the preparation of: **indicative medium term budget framework submission forms and draft" Medium Term Expenditure Framework Guidelines**. Tarabot technical assistance will work with ministries to prepare and present a medium term (3-year) budget.

3. To address the issue of **budget predictability and budget control** Tarabot technical assistance at the national level will work with ministries:

- To **improve cash flow plans** that are more closely linked to the ministry procurement plans (for 3-5 ministries).

II. Focusing on Medium Term Expenditures at the Sectoral Level (Strategic Budgeting)

Why is this reform important?

4. **In fiscal management, the cost of a policy in the next year is not always a good indication of its costs over time**. For example, capital expenditures for a new school in one year can lead to a need for additional operating expenditure in the future. While the Budget Law currently requires the focus be on the annual budget, it should be recognized that governments need to understand and make provision for future expenditure policies (3 to 5 years). To be

implemented, this requires a 'bottom-up' assessment of the medium term cost of existing policy and 'forward estimates' as part of a medium term budget framework.

Challenges:

a. **Establishing a smooth linkage to the macro-fiscal unit:** The macro-fiscal unit in the Ministry of Finance is the cornerstone in attempting to develop a medium term fiscal framework (MTFF) to guide the preparation of the budget. The work is analytically demanding and in the Iraqi context has proven to be a challenge.

b. **The development of sectoral forward estimates as part of an MTBF is resource intensive.**

c. **Ensuring that the preparation of forward estimates focuses on both the recurrent and capital budgets.** Identifying the future recurrent implications of current capital expenditures is one of the more important elements of forward estimates, but it is also important to identify changes in recurrent expenditure needs that are not directly linked to projects.

MTBF in the 2013 Work-plan

5. As provided from above, the Medium Term Budget Framework refers to fiscal budget planning for the present and two following years. Tarabot PFM advisors will assist the three-to five core line ministries **to prepare indicative medium term budget frameworks.** The technical assistance provided includes:

a. The preparation of:

i. Indicative MTBF Budget Submission Forms:
ii. 'Draft" Medium Term Expenditure Framework Guidelines; and,
iii. Draft ministerial level MTBF (for three ministries to be determined) including identifying required activities and outputs that will be produced; and, planning and cost of the inputs required to implement the activities.

b. Training workshops on preparing medium term budgets;

Why is this reform important?

6. The most recent Public Expenditure Financial Assessment (PEFA) (2008) scores for Iraq with respect to medium term strategic budgeting are as follows:

Performance Indicator -12 (D+)

(iii) Existence of sector strategies and multi-year costing of recurrent and investment expenditure (D);
(iv) Linkages between investment budgets and forward expenditure estimates (D)

- **By integrating the management of operating and capital expenditures in the budget over a medium** term budget framework, the quality of total government expenditure performance and reporting can be improved.
- Three to five ministries with Medium Term Budget Framework (MTBF) developed and submitted.
- Line Ministry budgets aligned to the national development strategy.

III. Improving Cash Flow Plans

7. As present from above, to improve budget predictability and to improve budget execution, cash flows tightly aligned to procurement schedules are essential.

8. Why is this reform important?

9. The most recent Public Expenditure Financial Assessment (PEFA) (2008) scores for Iraq with respect to medium term strategic budgeting are as follows:

Performance Indicator-16 (C)

(i) Extent to which cash flows are forecast and monitored (C);
(ii) Reliability and horizon of periodic in-year information to MDAs on ceilings and expenditure commitments (D);

- **By improving line ministry cash flow plans in-year information as to budgeted expenditures versus actual will significantly improve, and there will be reduction in monthly budget execution variance.**
- Three-to-five ministries with annual cash flow plans developed, incorporating procurement plans, seasonal and economic variations.

TARABOT – Public Financial Management

Objectives:

a. Assist the GOI to develop multi-year budgets that are linked to the National Development Plan;
b. Assist key ministries to improve the comprehensive of their budgets; and,
c. Assist key ministries to improve their budget predictability and budget control.

Means of Achieving Objectives:

I. National Level

1. To address the issue of **aligning ministerial budgets to the National Development Plan** Tarabot technical assistance at the national level will:

- Assist in the preparation of: **indicative medium term budget framework submission forms and draft" Medium Term Expenditure Framework Guidelines**. Tarabot technical assistance will work with ministries to prepare and present a medium term (3-year) budget.

2. To address the issue of **budget predictability and budget control** Tarabot technical assistance at the national level will work with ministries:

- To **improve cash flow plans** that are more closely linked to the ministry procurement plans.

Action Plan Objective	January - March 2013	April - June 2013	July - September 2013	October - December 2013	Outputs / Outcomes
A. KEY CROSS-CUTTING ISSUES: Comprehensiveness and Transparency					
Improving Line Ministry Budget Unit Performance	1) Review composition of expenditure out-turn to original approved budget; 2) Change management proposal developed, presented, and approved by five ministries	1) Preparing multi-year expenditure plans (including- preparing and forecasting recurrent (O&M) budgets; 2) Prepare / draft MTBF preparation procedures.	Preparing multi-year expenditure plans (including- preparing and forecasting recurrent (O&M) budgets;		1) Budget Credibility Improved; 2) Three - Five line ministry standard operating procedures prepared
B. Budget Cycle: Policy-Based Budgeting (Multi-year perspective in fiscal planning, expenditure policy and budgeting)					
Preparing indicative medium term budget framework	N/A	Workshops on: 1) Medium Term Expenditure forecasting; 2) Linking budgets to the national strategy; and, 3)Performance measures in the MTBF	Draft MTBF developed for three ministries		MOF / Line Ministry Staff trained and able to provide indicative medium term budget
C. Predictability and Control in Budget Execution					
Credible Ministry, Department, Agency (MDA) budgets facilitates realistic MDA cash requirement forecasting and reporting. Credible MDA budgets mitigate frequency of in-year requests for adjustments to budgets	Gap analysis of Line Ministry Cash Forecasting and review of alignment to Financial Management Legislation and Instructions for Executing the Federal Budget (section 9.7) (i.e Monthly cash flow forecasts, monthly unified use of funds, etc)	Recommendations from Gap analysis approved by MOF/Line ministry.	Workshop: Ministerial cash flow forecasting and developing trend analysis.	Hands-on assistance in developing ministerial cash flow statements	Line Ministry Staff trained on cash flow forecasting; Five (5) credible ministry cash flows prepared

					GFS Compatible 2007 Revenue COA								
2006 COA Coding						New 2007 COA Coding							[MoF use only]
Section	Chapter	Item	Type	Type Detail	Description	Section	Level 1	Level 2	Level 3	Level 4	Level 5		GFS Coding
					Revenues	*1*							1
					Taxes	*1*	01						11
					Tax on income, profits and capital gains	*1*	*01*	*01*					111
					Payable by individuals	*1*	*01*	*01*	*01*				1111
					Public sector	*1*	*01*	*01*	*01*	*01*			
1	**01**	**01**	**002**	**01**	**Tax on salaries of public sector employees**	**1**	**01**	**01**	**01**	**01**	**01**		
1	**01**	**01**	**003**	**01**	**Tax on salaries of official government employees**	**1**	**01**	**01**	**01**	**01**	**02**		
					Private sector	*1*	*01*	*01*	*01*	*02*			
1	**01**	**01**	**004**	**01**	**Tax on salaries of private sector employees**	**1**	**01**	**01**	**01**	**02**	**01**		
1	**01**	**01**	**005**	**01**	**Tax on self employed individuals**	**1**	**01**	**01**	**01**	**02**	**02**		
					Payable by corporations and other enterprises	*1*	*01*	*01*	*02*				1112
					Private Sector Companies	*1*	*01*	*01*	*02*	*01*			
1	**01**	**01**	**001**	**01**	**Tax on profits of private sector companies**	**1**	**01**	**01**	**02**	**01**	**01**		
					Taxes on payroll and workforce (GFS)	*1*	*01*	*02*					112
					Taxes on property	*1*	*01*	*03*					113
					Recurrent Taxes on Immovable Property	*1*	*01*	*03*	*01*				1131
					Real estate taxes	*1*	*01*	*03*	*01*	*01*			
1	**01**	**03**	**001**	**01**	**Basic tax on real estate**	**1**	**01**	**03**	**01**	**01**	**01**		
1	**01**	**03**	**002**	**01**	**Additional tax on real estate**	**1**	**01**	**03**	**01**	**01**	**02**		
1	**01**	**04**	**001**	**01**	**Basic vacant land tax**	**1**	**01**	**03**	**01**	**01**	**03**		
1	**01**	**04**	**002**	**01**	**Additional vacant land tax**	**1**	**01**	**03**	**01**	**01**	**04**		
1	**01**	**05**	**001**	**01**	**Residual tax on agricultural land**	**1**	**01**	**03**	**01**	**01**	**05**		
					Recurrent Taxes on Net Worth (GFS)	*1*	*01*	*03*	*02*				1132
					Estate, Inheritance and Gift Taxes	*1*	*01*	*03*	*03*				1133
					Inheritances Tax	*1*	*01*	*03*	*03*	*01*			
1	**01**	**02**	**001**	**01**	**Inheritances Tax**	**1**	**01**	**03**	**03**	**01**	**01**		
					Taxes on Financial and Capital Transactions	*1*	*01*	*03*	*04*				1134
					Other nonrecurrent Taxes on Property	*1*	*01*	*03*	*05*				1135
					Other Recurrent Taxes on Property (GFS)	*1*	*01*	*03*	*06*				1136
					Taxes on goods and services	*1*	*01*	*04*					114
					General taxes on goods and services	*1*	*01*	*04*	*01*				1141
					Value-added taxes (GFS)	*1*	*01*	*04*	*01*	*01*			11411
					General sales tax on services	*1*	*01*	*04*	*01*	*02*			11412
1	**02**	**04**	**001**	**01**	**Tourist service tax - hotels & first class restaurants**	**1**	**01**	**04**	**01**	**02**	**01**		
					Turnover and other taxes on goods and services	*1*	*01*	*04*	*01*	*03*			11413
1	**03**	**04**	**002**	**01**	**Vehicle ownership transfer charges**	**1**	**01**	**04**	**01**	**03**	**01**		
					Excises	*1*	*01*	*04*	*02*				1142
					Excises	*1*	*01*	*04*	*02*	*01*			
1	**02**	**02**	**001**	**01**	**Gasoline excise**	**1**	**01**	**04**	**02**	**01**	**01**		
1	**02**	**02**	**002**	**01**	**Kerosene excise**	**1**	**01**	**04**	**02**	**01**	**02**		
1	**02**	**02**	**003**	**01**	**Engine oil excise**	**1**	**01**	**04**	**02**	**01**	**03**		
1	**02**	**02**	**004**	**01**	**Praveen wax excise**	**1**	**01**	**04**	**02**	**01**	**04**		
1	**02**	**03**	**001**	**01**	**Automobile production excise**	**1**	**01**	**04**	**02**	**01**	**05**		
1	**02**	**03**	**002**	**01**	**Cigarettes production excise**	**1**	**01**	**04**	**02**	**01**	**06**		
1	**02**	**03**	**003**	**01**	**Gaseous drinks excise**	**1**	**01**	**04**	**02**	**01**	**07**		
1	**02**	**03**	**004**	**01**	**Beer prodution excise**	**1**	**01**	**04**	**02**	**01**	**08**		
1	**02**	**03**	**005**	**01**	**Sugar prodution excise**	**1**	**01**	**04**	**02**	**01**	**09**		

لأستخدامات وزارة		الترميز الجديد لهيكل						هيكل حسابات الأيرادات لسنة 2007 بالتوافق مع	ترميز هيكل حسابات				
المالية فقط		حسابات سنة 2007						التبويب الدولي (GFS)	سنة 2006				
ترميز GFS		المستوى الخامس	المستوى الرابع	المستوى الثالث	المستوى الثاني	المستوى الاول	القسم	البيان	تفاصيل النوع	النوع	المادة	الفصل	القسم
1						*1*	*1*	*الايرادات*					
11						01	*1*	*الضرائب*					
111					*01*	*01*	*1*	*الضرائب على الدخول والارباح والمكاسب الرأسمالية*					
1111				*01*	*01*	*01*	*1*	*الضرائب على دخول الافراد*					
			01	*01*	*01*	*01*	*1*	*القطاع العام*					
		01	**01**	**01**	**01**	**01**	**1**	**الضريبة على رواتب منتسبي القطاع العام**	**01**	**002**	**01**	**01**	**1**
		02	**01**	**01**	**01**	**01**	**1**	**الضريبة على رواتب منتسبي دوائر الدولة الرسمية**	**01**	**003**	**01**	**01**	**1**
			02	*01*	*01*	*01*	*1*	*القطاع الخاص*					
		01	**02**	**01**	**01**	**01**	**1**	**الضريبة على رواتب منتسبي القطاع الخاص**	**01**	**004**	**01**	**01**	**1**
		02	**02**	**01**	**01**	**01**	**1**	**الضريبة على أصحاب الاعمال والمهن**	**01**	**005**	**01**	**01**	**1**
1112				*02*	*01*	*01*	*1*	*الضرائب على أرباح المؤسسات (الشركات)*					
			01	*02*	*01*	*01*	*1*	*شركات القطاع الخاص*					
		01	**01**	**02**	**01**	**01**	**1**	**الضريبة على شركات القطاع الخاص**	**01**	**001**	**01**	**01**	**1**
112					*02*	*01*	*1*	*ضرائب القطاع العام على الرواتب والقوة العاملة (GFS)*					
113					*03*	*01*	*1*	*الضرائب على الممتلكات*					
1131				*01*	*03*	*01*	*1*	*ضرائب دورية على الممتلكات الثابتة*					
			01	*01*	*03*	*01*	*1*	*الضرائب العقارية*					
		01	**01**	**01**	**03**	**01**	**1**	**ضريبة العقار الاساسية**	**01**	**001**	**03**	**01**	**1**
		02	**01**	**01**	**03**	**01**	**1**	**ضريبة العقار الاضافية**	**01**	**002**	**03**	**01**	**1**
		03	**01**	**01**	**03**	**01**	**1**	**ضريبة العرصات الاساسية**	**01**	**001**	**04**	**01**	**1**
		04	**01**	**01**	**03**	**01**	**1**	**الضريبة الاضافية على العرصات**	**01**	**002**	**04**	**01**	**1**
		05	**01**	**01**	**03**	**01**	**1**	**بقايا ضريبة الاراضي الزراعية**	**01**	**001**	**05**	**01**	**1**
1132				*02*	*03*	*01*	*1*	*ضرائب دورية على صافي الثروة (GFS)*					
1133				*03*	*03*	*01*	*1*	*ضرائب التركات والأيلولة والهبات*					
			01	*03*	*03*	*01*	*1*	*ضريبة التركات*					
		01	**01**	**03**	**03**	**01**	**1**	**ضريبة التركات**	**01**	**001**	**02**	**01**	**1**
1134				*04*	*03*	*01*	*1*	*ضرائب على العمليات المالية والرأسمالية*					
1135				*05*	*03*	*01*	*1*	*ضرائب غير دورية أخرى على الممتلكات*					
1136				*06*	*03*	*01*	*1*	*الضرائب الدورية الأخرى على الممتلكات (GFS)*					
114					*04*	*01*	*1*	*الضرائب على السلع والخدمات*					
1141				*01*	*04*	*01*	*1*	*ضرائب عامة على السلع والخدمات*					
11411			*01*	*01*	*04*	*01*	*1*	*ضريبة القيمة المضافة (GFS)*					
11412			*02*	*01*	*04*	*01*	*1*	*ضريبة المبيعات العامة على الخدمات*					
		01	**02**	**01**	**04**	**01**	**1**	**ضريبة الخدمات السياحية للفنادق والمطاعم للدرجتين الممتازة والاولى**	**01**	**001**	**04**	**02**	**1**
11413			*03*	*01*	*04*	*01*	*1*	*الضريبة على دورة رأس المال والسلع والخدمات الاخرى*					
		01	**03**	**01**	**04**	**01**	**1**	**رسوم على نقل ملكية السيارات**	**01**	**002**	**04**	**03**	**1**
1142				*02*	*04*	*01*	*1*	*المكس على الانتاج*					
			01	*02*	*04*	*01*	*1*	*المكس على الانتاج*					
		01	**01**	**02**	**04**	**01**	**1**	**مكس البنزين**	**01**	**001**	**02**	**02**	**1**
		02	**01**	**02**	**04**	**01**	**1**	**مكس الكيروسين**	**01**	**002**	**02**	**02**	**1**
		03	**01**	**02**	**04**	**01**	**1**	**المكس على زيوت المحركات**	**01**	**003**	**02**	**02**	**1**
		04	**01**	**02**	**04**	**01**	**1**	**مكس شمع البرافين**	**01**	**004**	**02**	**02**	**1**
		05	**01**	**02**	**04**	**01**	**1**	**مكس أنتاج صناعة السيارات**	**01**	**001**	**03**	**02**	**1**
		06	**01**	**02**	**04**	**01**	**1**	**مكس أنتاج صناعة السكاير**	**01**	**002**	**03**	**02**	**1**
		07	**01**	**02**	**04**	**01**	**1**	**ضريبة أنتاج صناعة المشروبات الغازية**	**01**	**003**	**03**	**02**	**1**
		08	**01**	**02**	**04**	**01**	**1**	**مكس أنتاج صناعة البيرة**	**01**	**004**	**03**	**02**	**1**
		09	**01**	**02**	**04**	**01**	**1**	**مكس أنتاج السكر**	**01**	**005**	**03**	**02**	**1**

					GFS Compatible 2007 Revenue COA							
2006 COA Coding						New 2007 COA Coding						[MoF use only]
Section	Chapter	Item	Type	Type Detail	Description	Section	Level 1	Level 2	Level 3	Level 4	Level 5	GFS Coding
1	02	03	006	01	**Cement prodution excise**	1	01	04	02	01	10	
1	02	03	007	01	**Alcoholic drinks production excise**	1	01	04	02	01	11	
1	02	03	008	01	**Vegetable oils and refiners production excise**	1	01	04	02	01	12	
1	02	03	009	01	**Medical industries production excise**	1	01	04	02	01	13	
1	02	03	010	01	**Industrial, general and mixed sector excises**	1	01	04	02	01	14	
1	02	03	011	01	**Private food industries sector excises**	1	01	04	02	01	15	
					Profits of fiscal monopolies (GFS)	*1*	*01*	*04*	*03*			1143
					Taxes on specific services	*1*	*01*	*04*	*04*			1144
					Taxes on specific services	*1*	*01*	*04*	*04*	*01*		
1	09	02	001	01	**Lotteries**	1	01	04	04	01	01	
					Taxes on use of goods, permission to use goods or perform activities	*1*	*01*	*04*	*05*			1145
					Motor vehicle taxes	*1*	*01*	*04*	*05*	*01*		11451
1	03	04	001	01	**Vehicle registration**	1	01	04	05	01	01	
					Other taxes on use of goods, permission to use goods or perform activities	*1*	*01*	*04*	*05*	*02*		11452
1	03	05	005	01	**Coffin transit & burial of foreigners**	1	01	04	05	02	01	
1	03	05	006	01	**Corpse fees for foreigners brought to Iraq**	1	01	04	05	02	02	
1	03	06	001	01	**Trade company & agency registration**	1	01	04	05	02	03	
1	03	06	002	01	**Registration and publishing and profession ongoing fees**	1	01	04	05	02	04	
1	03	06	003	01	**Commercial Advertising Charges**	1	01	04	05	02	05	
1	03	06	004	01	**Trade marks levies**	1	01	04	05	02	06	
1	03	06	005	01	**Contractors registration charges**	1	01	04	05	02	07	
1	03	07	001	01	**Granting & renewal professional practice**	1	01	04	05	02	08	
1	03	07	002	01	**Explosive materials & weapons permits**	1	01	04	05	02	09	
1	03	07	003	01	**Grant & renew construction licenses**	1	01	04	05	02	10	
1	03	07	004	01	**Import license charges**	1	01	04	05	02	11	
1	03	07	005	01	**Publication and advertising office license charges**	1	01	04	05	02	12	
1	03	07	006	01	**Fishing license charges**	1	01	04	05	02	13	
1	03	07	007	01	**Fishing boats license charges**	1	01	04	05	02	14	
1	03	07	008	01	**Universities & private colleges establishment**	1	01	04	05	02	15	
1	03	07	009	01	**Goldsmiths licensing and renewal charges**	1	01	04	05	02	16	
1	03	07	010	01	**Foreign investment project licensing charges**	1	01	04	05	02	17	
1	03	07	011	01	**Non-governmental consultative offices licensing charges**	1	01	04	05	02	18	
1	03	07	012	01	**Airworthiness certificate fees**	1	01	04	05	02	19	
1	08	07	015	01	**Fees for using Iraqi airspace**	1	01	04	05	02	20	
1	03	08	001	01	**Cinemas entrance charges**	1	01	04	05	02	21	
1	03	08	002	01	**Pavement charges**	1	01	04	05	02	22	
1	03	08	003	01	**ID card issuing & renewal**	1	01	04	05	02	23	
1	03	08	004	01	**Patent and industrial patterns charges**	1	01	04	05	02	24	
1	03	08	005	01	**Civil airplanes passenger fees**	1	01	04	05	02	25	
1	03	08	006	01	**Foreign investment project establishment application charges**	1	01	04	05	02	26	
1	03	08	007	01	**Other charges**	1	01	04	05	02	90	
					Taxes on international trade and transactions	*1*	*01*	*05*				115
					Customs and other import duties	*1*	*01*	*05*	*01*			1151
					Customs and other import duties	*1*	*01*	*05*	*01*	*01*		
1	02	01	001	01	**Customs import tax**	1	01	05	01	01	01	
1	02	01	004	01	**Reconstruction levy**	1	01	05	01	01	02	
1	03	05	004	01	**Medical accessories import tax**	1	01	05	01	01	03	

لأستخدامات وزارة المالية فقط		الترميز الجديد لهيكل حسابات سنة 2007						هيكل حسابات الأيرادات لسنة 2007 بالتوافق مع التبويب الدولي (GFS)	ترميز هيكل حسابات سنة 2006				
ترميز GFS		المستوى الخامس	المستوى الرابع	المستوى الثالث	المستوى الثاني	المستوى الاول	القسم	البيان	تفاصيل النوع	النوع	المادة	الفصل	القسم
		10	01	02	04	01	1	مكس أنتاج السمنت	01	006	03	02	1
		11	01	02	04	01	1	مكس أنتاج المشروبات الروحية	01	007	03	02	1
		12	01	02	04	01	1	مكس أنتاج الزيوت النباتية والمنظفات	01	008	03	02	1
		13	01	02	04	01	1	مكس أنتاج الصناعات الدوائية	01	009	03	02	1
		14	01	02	04	01	1	مكس أنتاج القطاع الصناعي المختلط والعام	01	010	03	02	1
		15	01	02	04	01	1	مكس على منتجات قطاع الصناعات الغذائية الخاص	01	011	03	02	1
1143				*03*	*04*	*01*	*1*	*ارباح عمليات الاحتكارات المالية (GFS)*					
1144				*04*	*04*	*01*	*1*	*الضرائب على الخدمات الخاصة*					
			01	*04*	*04*	*01*	*1*	*الضرائب على الخدمات الخاصة*					
		01	01	04	04	01	1	اليانصيب	01	001	02	09	1
1145				*05*	*04*	*01*	*1*	*ضرائب على أستخدام السلع والترخيص بأستخدامها وتأدية الانشطة*					
11451			*01*	*05*	*04*	*01*	*1*	*ضرائب المركبات*					
		01	01	05	04	01	1	رسوم تسجيل المركبات و تجديدها	01	001	04	03	1
11452			*02*	*05*	*04*	*01*	*1*	*ضرائب أخرى على أستخدام السلع والترخيص بأستخدامها وتأدية الانشطة*					
		01	02	05	04	01	1	رسوم دفن ومرور الجنائز للاجانب	01	005	05	03	1
		02	02	05	04	01	1	رسوم أدخال جثمان العراقي الاصل المتجنس بجنسية اخرى الى العراق	01	006	05	03	1
		03	02	05	04	01	1	رسوم تسجيل و نشر الشركات و الوكالات التجارية و فروعها	01	001	06	03	1
		04	02	05	04	01	1	رسوم تسجيل و نشر ومزاولة مهنة التجارة	01	002	06	03	1
		05	02	05	04	01	1	رسوم الاعلان التجاري	01	003	06	03	1
		06	02	05	04	01	1	رسوم العلامات التجارية	01	004	06	03	1
		07	02	05	04	01	1	رسوم تسجيل المقاولين	01	005	06	03	1
		08	02	05	04	01	1	رسوم منح وتجديد اجازات ممارسة المهن	01	001	07	03	1
		09	02	05	04	01	1	رسوم أجازة أستخدام السلاح و المواد القابلة للانفجار	01	002	07	03	1
		10	02	05	04	01	1	رسوم منح و تجديد اجازات البناء	01	003	07	03	1
		11	02	05	04	01	1	رسوم أجازات الاستيراد	01	004	07	03	1
		12	02	05	04	01	1	رسوم أجازة مكاتب الدعاية والنشر والاعلان	01	005	07	03	1
		13	02	05	04	01	1	رسوم أجازات صيد الاسماك	01	006	07	03	1
		14	02	05	04	01	1	رسوم أجازات سفن الصيد	01	007	07	03	1
		15	02	05	04	01	1	رسوم اجازة تاسيس الجامعات و الكليات الاهلية	01	008	07	03	1
		16	02	05	04	01	1	رسوم منح وتجديد اجازات الصياغ	01	009	07	03	1
		17	02	05	04	01	1	رسم منح أجازة مشروع الاستثمار الخارجي	01	010	07	03	1
		18	02	05	04	01	1	رسوم منح أجازة المكاتب الاستشارية غير الحكومية	01	011	07	03	1
		19	02	05	04	01	1	رسوم منح أجازات الطيران	01	012	07	03	1
		20	02	05	04	01	1	اجور استخدام المجال الجوي للعراق	01	015	07	08	1
		21	02	05	04	01	1	رسوم الدخول الى صالات العرض	01	001	08	03	1
		22	02	05	04	01	1	رسوم التبليط	01	002	08	03	1
		23	02	05	04	01	1	رسوم الهويات و تجديدها	01	003	08	03	1
		24	02	05	04	01	1	رسوم براءة الاختراع والنماذج الصناعية	01	004	08	03	1
		25	02	05	04	01	1	رسوم المسافرين بالطائرات المدنية	01	005	08	03	1
		26	02	05	04	01	1	رسوم طلب تأسيس مشروع الاستثمار الخارجي	01	006	08	03	1
		90	02	05	04	01	1	الرسوم الاخرى	01	007	08	03	1
115					*05*	*01*	*1*	*ضرائب التجارة الدولية*					
1151				*01*	*05*	*01*	*1*	*ضرائب على الواردات*					
			01	*01*	*05*	*01*	*1*	*ضرائب على الواردات*					
		01	01	01	05	01	1	ضريبة الوارد الكمركي / ضرائب الاستيراد	01	001	01	02	1
		02	01	01	05	01	1	ضريبة أعادة الاعمار	01	004	01	02	1
		03	01	01	05	01	1	رسوم أستيراد المستحضرات الطبية	01	004	05	03	1

					GFS Compatible 2007 Revenue COA									لأستخدامات وزارة						هيكل حسابات الأيرادات لسنة 2007 بالتوافق مع	ترميز هيكل حسابات			
2006 COA Coding						New 2007 COA Coding							[MoF use only]	المالية فقط		الترميز الجديد لهيكل حسابات سنة 2007				التبويب الدولي (GFS)	سنة 2006			
Section	Chapter	Item	Type	Type Detail	Description	Section	Level 1	Level 2	Level 3	Level 4	Level 5		GFS Coding	ترميز GFS		المستوى الخامس	المستوى الرابع	المستوى الثالث	المستوى الثاني	المستوى الاول	القسم	البيان	تفاصيل النوع	النوع	المادة	الفصل	القسم
					Taxes on exports	*1*	*01*	*05*	*02*				1152	1152				*02*	*05*	*01*	*1*	*الضرائب على الصادرات*					
					Taxes on exports	*1*	*01*	*05*	*02*	*01*							*01*	*02*	*05*	*01*	*1*	*الضرائب على الصادرات*					
1	**02**	**01**	**002**	**01**	**Customs export tax**	**1**	**01**	**05**	**02**	**01**	**01**					**01**	**01**	**02**	**05**	**01**	**1**	**ضريبة الصادر الكمركي / ضرائب الصادرات**	**01**	**002**	**01**	**02**	**1**
					Profits of export or import monopolies (GFS)	*1*	*01*	*05*	*03*				1153	1153				*03*	*05*	*01*	*1*	*أرباح الشركات المحتكرة للسلع المستوردة أو المصدرة (GFS)*					
					Exchange profits (GFS)	*1*	*01*	*05*	*04*				1154	1154				*04*	*05*	*01*	*1*	*أرباح التبادل (GFS)*					
					Exchange taxes (GFS)	*1*	*01*	*05*	*05*				1155	1155				*05*	*05*	*01*	*1*	*ضرائب التبادل (GFS)*					
					Other taxes on international trade and transactions	*1*	*01*	*05*	*06*				1156	1156				*06*	*05*	*01*	*1*	*ضرائب اخرى على المعاملات والتجارة الدولية*					
					Other taxes on international trade and transactions	*1*	*01*	*05*	*06*	*01*							*01*	*06*	*05*	*01*	*1*	*ضرائب اخرى على المعاملات والتجارة الدولية*					
1	**02**	**01**	**003**	**01**	**Transit tax**	**1**	**01**	**05**	**06**	**01**	**01**					**01**	**01**	**06**	**05**	**01**	**1**	**ضريبة المرور - الترانسيت**	**01**	**003**	**01**	**02**	**1**
1	**02**	**01**	**005**	**01**	**Trailer Truck Tax**	**1**	**01**	**05**	**06**	**01**	**02**					**02**	**01**	**06**	**05**	**01**	**1**	**ضريبة على الشاحنات**	**01**	**005**	**01**	**02**	**1**
					Social contributions	*1*	*02*						12	12						*02*	*1*	*المساهمات الاجتماعية*					
					Social security contributions	*1*	*02*	*01*					121	121					*01*	*02*	*1*	*مساهمات الضمان الاجتماعي*					
					Social security - employee contributions	*1*	*02*	*01*	*01*				1211	1211				*01*	*01*	*02*	*1*	*الضمان الاجتماعي - مساهمات الموظفين*					
					Social security - employee contributions	*1*	*02*	*01*	*01*	*01*							*01*	*01*	*01*	*02*	*1*	*الضمان الاجتماعي - مساهمات الموظفين*					
1	**07**	**02**	**003**	**01**	**Social security contributions**	**1**	**02**	**01**	**01**	**01**	**01**					**01**	**01**	**01**	**01**	**02**	**1**	**بدل اشتراكات الضمان الاجتماعي**	**01**	**003**	**02**	**07**	**1**
					Other social contributions	*1*	*02*	*02*					122	122					*02*	*02*	*1*	*مساهمات أجتماعية أخرى*					
					Other social contributions	*1*	*02*	*02*	*01*				1221	1221				*01*	*02*	*02*	*1*	*مساهمات أجتماعية أخرى*					
					Other social contributions - employees	*1*	*02*	*02*	*01*	*01*							*01*	*01*	*02*	*02*	*1*	*مساهمات أجتماعية أخرى - مساهمات الموظفين*					
1	**07**	**03**	**001**	**01**	**Employee health insurance contributions**	**1**	**02**	**02**	**01**	**01**	**01**					**01**	**01**	**01**	**02**	**02**	**1**	**ايرادات التامين الصحي**	**01**	**001**	**03**	**07**	**1**
1	**07**	**03**	**002**	**01**	**Obligatory Insurance**	**1**	**02**	**02**	**01**	**01**	**02**					**02**	**01**	**01**	**02**	**02**	**1**	**ايرادات التامين الالزامي**	**01**	**002**	**03**	**07**	**1**
					Grants	*1*	*03*						13	13						*03*	*1*	*المنح*					
					Grants from foreign governments	*1*	*03*	*01*					131	131					*01*	*03*	*1*	*منح من حكومات أجنبية*					
					Current	*1*	*03*	*01*	*01*				1311	1311				*01*	*01*	*03*	*1*	*جارية*					
					Arab government grants	*1*	*03*	*01*	*01*	*01*							*01*	*01*	*01*	*03*	*1*	*منح الحكومات العربية*					
					Arab government grants	**1**	**03**	**01**	**01**	**01**	**01**					**01**	**01**	**01**	**01**	**03**	**1**	**منح الحكومات العربية**					
					Islamic government grants	*1*	*03*	*01*	*01*	*02*							*02*	*01*	*01*	*03*	*1*	*منح الحكومات الاسلامية*					
					Islamic government grants	**1**	**03**	**01**	**01**	**02**	**01**					**01**	**02**	**01**	**01**	**03**	**1**	**منح الحكومات الاسلامية**					
					Other foreign government grants	*1*	*03*	*01*	*01*	*03*							*03*	*01*	*01*	*03*	*1*	*منح الحكومات الأجنبية أخرى*					
					Other foreign government grants	**1**	**03**	**01**	**01**	**03**	**01**					**01**	**03**	**01**	**01**	**03**	**1**	**منح الحكومات الاجنبية الأخرى**					
					Capital	*1*	*03*	*01*	*02*				1312	1312				*02*	*01*	*03*	*1*	*رأسمالية*					
					Arab government grants	*1*	*03*	*01*	*02*	*01*							*01*	*02*	*01*	*03*	*1*	*منح الحكومات العربية*					
1	**07**	**10**	**002**	**01**	**Arab government grants**	**1**	**03**	**01**	**02**	**01**	**01**					**01**	**01**	**02**	**01**	**03**	**1**	**منح الحكومات العربية**	**01**	**002**	**10**	**07**	**1**
					Islamic government grants	*1*	*03*	*01*	*02*	*02*							*02*	*02*	*01*	*03*	*1*	*منح الحكومات الاسلامية*					
1	**07**	**10**	**003**	**01**	**Islamic government grants**	**1**	**03**	**01**	**02**	**02**	**01**					**01**	**02**	**02**	**01**	**03**	**1**	**منح الحكومات الاسلامية**	**01**	**003**	**10**	**07**	**1**
					Other foreign government grants	*1*	*03*	*01*	*02*	*03*							*03*	*02*	*01*	*03*	*1*	*منح حكومات أجنبية أخرى*					
1	**07**	**10**	**001**	**01**	**Other foreign government grants**	**1**	**03**	**01**	**02**	**03**	**01**					**01**	**03**	**02**	**01**	**03**	**1**	**منح الحكومات الاجنبية الأخرى**	**01**	**001**	**10**	**07**	**1**
					Grants from international organizations	*1*	*03*	*02*					132	132					*02*	*03*	*1*	*منح من منظمات دولية*					
					Current	*1*	*03*	*02*	*01*				1321	1321				*01*	*02*	*03*	*1*	*جارية*					
					Arab organizations grants	*1*	*03*	*02*	*01*	*01*							*01*	*01*	*02*	*03*	*1*	*منح المنظمات العربية*					
1	**07**	**10**	**005**	**01**	**Arab organizations grants**	**1**	**03**	**02**	**01**	**01**	**01**					**01**	**01**	**01**	**02**	**03**	**1**	**منح المنظمات العربية**	**01**	**005**	**10**	**07**	**1**
					Islamic organizations grants	*1*	*03*	*02*	*01*	*02*							*02*	*01*	*02*	*03*	*1*	*منح المنظمات الاسلامية*					
1	**07**	**10**	**005**	**01**	**Islamic organizations grants**	**1**	**03**	**02**	**01**	**02**	**01**					**01**	**02**	**01**	**02**	**03**	**1**	**منح المنظمات الأسلامية**	***01***	***005***	***10***	***07***	***1***
					Other international organizations grants	*1*	*03*	*02*	*01*	*03*							*03*	*01*	*02*	*03*	*1*	*منح منظمات دولية أخرى*					
1	**07**	**10**	**004**	**01**	**Other international organizations grants**	**1**	**03**	**02**	**01**	**03**	**01**					**01**	**03**	**01**	**02**	**03**	**1**	**منح المنظمات الدولية الأخرى**	**01**	**004**	**10**	**07**	**1**
					Capital	*1*	*03*	*02*	*02*				1322	1322				*02*	*02*	*03*	*1*	*رأسمالية*					

2006 COA Coding					GFS Compatible 2007 Revenue COA	New 2007 COA Coding						[MoF use only]
Section	Chapter	Item	Type	Type Detail	Description	Section	Level 1	Level 2	Level 3	Level 4	Level 5	GFS Coding
					Arab organizations grants	*1*	*03*	*02*	*02*	*01*		
					Arab organizations grants	**1**	**03**	**02**	**02**	**01**	**01**	
					Islamic organizations grants	*1*	*03*	*02*	*02*	*02*		
					Islamic organizations grants	**1**	**03**	**02**	**02**	**02**	**01**	
					Other international organizations grants	*1*	*03*	*02*	*02*	*03*		
					Other international organizations grants	**1**	**03**	**02**	**02**	**03**	**01**	
					Grants from other general government units	*1*	*03*	*03*				133
					Current	*1*	*03*	*03*	*01*			1331
					Other Revenues including Oil Sales	*1*	*04*					14
					Property income	*1*	*04*	*01*				141
					Interest	*1*	*04*	*01*	*01*			1411
					Domestic interest	*1*	*04*	*01*	*01*	*01*		
1	**07**	**05**	**001**	**01**	**Interest on internal loans**	**1**	**04**	**01**	**01**	**01**	**01**	
1	**07**	**05**	**003**	**01**	**Interest on internal accounts and deposits**	**1**	**04**	**01**	**01**	**01**	**02**	
1	**07**	**05**	**005**	**01**	**Internal financial investment profits**	**1**	**04**	**01**	**01**	**01**	**03**	
					Foreign interest	*1*	*04*	*01*	*01*	*02*		
1	**07**	**05**	**002**	**01**	**Interest on external loans**	**1**	**04**	**01**	**01**	**02**	**01**	
1	**07**	**05**	**004**	**01**	**Interest on external accounts and deposits**	**1**	**04**	**01**	**01**	**02**	**02**	
1	**07**	**05**	**006**	**01**	**External financial investment profits**	**1**	**04**	**01**	**01**	**02**	**03**	
					Interest on US $ Treasury Bills and Bonds	**1**	**04**	**01**	**01**	**02**	**04**	
					Interest on other bonds	**1**	**04**	**01**	**01**	**02**	**05**	
					Dividends	*1*	*04*	*01*	*02*			1412
					Financial Sector Dividends [Government Share]	*1*	*04*	*01*	*02*	*01*		
1	**04**	**02**	**001**	**01**	**Central Bank of Iraq**	**1**	**04**	**01**	**02**	**01**	**01**	
1	**04**	**02**	**002**	**01**	**Rafidain bank**	**1**	**04**	**01**	**02**	**01**	**02**	
1	**04**	**02**	**003**	**01**	**Co-operative Agricultural Bank**	**1**	**04**	**01**	**02**	**01**	**03**	
1	**04**	**02**	**004**	**01**	**Industrial bank**	**1**	**04**	**01**	**02**	**01**	**04**	
1	**04**	**02**	**005**	**01**	**National Insurance company**	**1**	**04**	**01**	**02**	**01**	**05**	
1	**04**	**02**	**006**	**01**	**National re- insurance company**	**1**	**04**	**01**	**02**	**01**	**06**	
1	**04**	**02**	**007**	**01**	**Iraqi Insurance company**	**1**	**04**	**01**	**02**	**01**	**07**	
1	**04**	**02**	**008**	**01**	**Rasheed bank**	**1**	**04**	**01**	**02**	**01**	**08**	
1	**04**	**02**	**009**	**01**	**Real Estate bank**	**1**	**04**	**01**	**02**	**01**	**09**	
1	**04**	**02**	**010**	**01**	**Bank of Iraq**	**1**	**04**	**01**	**02**	**01**	**10**	
1	**04**	**02**	**011**	**01**	**Iraqi banking services company**	**1**	**04**	**01**	**02**	**01**	**11**	
					Industrial Sector Dividends [Government Share]	*1*	*04*	*01*	*02*	*02*		
1	**04**	**03**	**006**	**01**	**General company for Automobiles Industry**	**1**	**04**	**01**	**02**	**02**	**01**	
1	**04**	**03**	**023**	**01**	**General company for northern cement**	**1**	**04**	**01**	**02**	**02**	**02**	
1	**04**	**03**	**024**	**01**	**General company for southern cement**	**1**	**04**	**01**	**02**	**02**	**03**	
1	**04**	**03**	**025**	**01**	**General company for iraqi cement**	**1**	**04**	**01**	**02**	**02**	**04**	
1	**04**	**03**	**042**	**01**	**General company for fertilizers industry/southern region**	**1**	**04**	**01**	**02**	**02**	**05**	
1	**04**	**03**	**043**	**01**	**General company for fertilizers industry/northern region**	**1**	**04**	**01**	**02**	**02**	**06**	
1	**04**	**03**	**047**	**01**	**General company for petrochemical industries**	**1**	**04**	**01**	**02**	**02**	**07**	
					Trade Sector Dividends [Government Share]	*1*	*04*	*01*	*02*	*03*		
					Transportation Sector Dividends [Government Share]	*1*	*04*	*01*	*02*	*04*		
1	**04**	**05**	**001**	**01**	**General company for Iraq harbors**	**1**	**04**	**01**	**02**	**04**	**01**	
1	**04**	**05**	**005**	**01**	**General company of delegations transportation**	**1**	**04**	**01**	**02**	**04**	**02**	

لأستخدامات وزارة المالية فقط	الترميز الجديد لهيكل حسابات سنة 2007						هيكل حسابات الأيرادات لسنة 2007 بالتوافق مع التبويب الدولي (GFS)	ترميز هيكل حسابات سنة 2006				
ترميز GFS	المستوى الخامس	المستوى الرابع	المستوى الثالث	المستوى الثاني	المستوى الأول	القسم	البيان	تفاصيل النوع	النوع	المادة	الفصل	القسم
		01	*02*	*02*	*03*	*1*	*منح المنظمات العربية*					
	01	**01**	**02**	**02**	**03**	**1**	**منح المنظمات العربية**					
		02	*02*	*02*	*03*	*1*	*منح المنظمات الاسلامية*					
	01	**02**	**02**	**02**	**03**	**1**	**منح المنظمات الأسلامية**					
		03	*02*	*02*	*03*	*1*	*منح منظمات دولية أخرى*					
	01	**03**	**02**	**02**	**03**	**1**	**منح المنظمات الدولية الأخرى**					
133				*03*	*03*	*1*	*منح من وحدات حكومية عامة أخرى*					
1331			*01*	*03*	*03*	*1*	*جارية*					
14					*04*	*1*	*الايرادات الاخرى بضمنها مبيعات النفط*					
141				*01*	*04*	*1*	*عوائد الملكية*					
1411			*01*	*01*	*04*	*1*	*الفوائد*					
		01	*01*	*01*	*04*	*1*	*الفوائد المحلية*					
	01	**01**	**01**	**01**	**04**	**1**	**فوائد القروض الداخلية**	**01**	**001**	**05**	**07**	**1**
	02	**01**	**01**	**01**	**04**	**1**	**فوائد على الحسابات والودائع الداخلية**	**01**	**003**	**05**	**07**	**1**
	03	**01**	**01**	**01**	**04**	**1**	**ارباح استثمارات مالية داخلية**	**01**	**005**	**05**	**07**	**1**
		02	*01*	*01*	*04*	*1*	*الفوائد الخارجية*					
	01	**02**	**01**	**01**	**04**	**1**	**فوائد القروض الخارجية**	**01**	**002**	**05**	**07**	**1**
	02	**02**	**01**	**01**	**04**	**1**	**فوائد على الحسابات والودائع الخارجية**	**01**	**004**	**05**	**07**	**1**
	03	**02**	**01**	**01**	**04**	**1**	**ارباح استثمارات مالية خارجية**	**01**	**006**	**05**	**07**	**1**
	04	**02**	**01**	**01**	**04**	**1**	**فوائد على سندات الخزينة الأمريكية**					
	05	**02**	**01**	**01**	**04**	**1**	**فوائد على سندات أخرى**					
1412			*02*	*01*	*04*	*1*	*أرباح الاسهم (مقسوم الارباح)*					
		01	*02*	*01*	*04*	*1*	*حصة الخزينة من أرباح القطاع المالي*					
	01	**01**	**02**	**01**	**04**	**1**	**البنك المركزي العراقي**	**01**	**001**	**02**	**04**	**1**
	02	**01**	**02**	**01**	**04**	**1**	**مصرف الرافدين**	**01**	**002**	**02**	**04**	**1**
	03	**01**	**02**	**01**	**04**	**1**	**المصرف الزراعي التعاوني**	**01**	**003**	**02**	**04**	**1**
	04	**01**	**02**	**01**	**04**	**1**	**المصرف الصناعي**	**01**	**004**	**02**	**04**	**1**
	05	**01**	**02**	**01**	**04**	**1**	**شركة التأمين الوطنية**	**01**	**005**	**02**	**04**	**1**
	06	**01**	**02**	**01**	**04**	**1**	**شركة أعادة التأمين الوطنية**	**01**	**006**	**02**	**04**	**1**
	07	**01**	**02**	**01**	**04**	**1**	**شركة التأمين العراقية**	**01**	**007**	**02**	**04**	**1**
	08	**01**	**02**	**01**	**04**	**1**	**مصرف الرشيد**	**01**	**008**	**02**	**04**	**1**
	09	**01**	**02**	**01**	**04**	**1**	**المصرف العقاري**	**01**	**009**	**02**	**04**	**1**
	10	**01**	**02**	**01**	**04**	**1**	**مصرف العراق**	**01**	**010**	**02**	**04**	**1**
	11	**01**	**02**	**01**	**04**	**1**	**الشركة العراقية للخدمات المصرفية**	**01**	**011**	**02**	**04**	**1**
		02	*02*	*01*	*04*	*1*	*حصة الخزينة من أرباح القطاع الصناعي*					
	01	**02**	**02**	**01**	**04**	**1**	**الشركة العامة لصناعة السيارات**	**01**	**006**	**03**	**04**	**1**
	02	**02**	**02**	**01**	**04**	**1**	**الشركة العامة للسمنت الشمالية**	**01**	**023**	**03**	**04**	**1**
	03	**02**	**02**	**01**	**04**	**1**	**الشركة العامة للسمنت الجنوبية**	**01**	**024**	**03**	**04**	**1**
	04	**02**	**02**	**01**	**04**	**1**	**الشركة العامة للسمنت العراقية**	**01**	**025**	**03**	**04**	**1**
	05	**02**	**02**	**01**	**04**	**1**	**الشركة العامة لصناعة الاسمدة / المنطقة الجنوبية**	**01**	**042**	**03**	**04**	**1**
	06	**02**	**02**	**01**	**04**	**1**	**الشركة العامة لصناعة الاسمدة / المنطقة الشمالية**	**01**	**043**	**03**	**04**	**1**
	07	**02**	**02**	**01**	**04**	**1**	**الشركة العامة للصناعات البتروكيمياوية**	**01**	**047**	**03**	**04**	**1**
		03	*02*	*01*	*04*	*1*	*حصة الخزينة من أرباح القطاع التجاري*					
		04	*02*	*01*	*04*	*1*	*حصة الخزينة من أرباح قطاع النقل*					
	01	**04**	**02**	**01**	**04**	**1**	**الشركة العامة لموانئ العراق**	**01**	**001**	**05**	**04**	**1**
	02	**04**	**02**	**01**	**04**	**1**	**الشركة العامة لنقل الوفود**	**01**	**005**	**05**	**04**	**1**

					GFS Compatible 2007 Revenue COA							
2006 COA Coding						New 2007 COA Coding						[MoF use only]
Section	Chapter	Item	Type	Type Detail	Description	Section	Level 1	Level 2	Level 3	Level 4	Level 5	GFS Coding
1	04	05	006	01	**General company of water transportation**	1	04	01	02	04	03	
1	04	05	008	01	**General company of Iraqi Airlines**	1	04	01	02	04	04	
					Agricultural Sector Dividends [Government Share]	*1*	*04*	*01*	*02*	*05*		
1	04	06	001	01	**General company for farm equipments**	1	04	01	02	05	01	
1	04	06	002	01	**Mabain alnahrain General company for seed**	1	04	01	02	05	02	
					Public Services Sector Dividends [Government Share]	*1*	*04*	*01*	*02*	*06*		
1	04	07	005	01	**General Cultural Affairs House**	1	04	01	02	06	01	
1	04	07	008	01	**Share of Treasury of consultative offices**	1	04	01	02	06	02	
					Construction and Erection Sector Dividends [Government Share]	*1*	*04*	*01*	*02*	*07*		
1	04	08	006	01	**Al Mansour general com. for constructive contracting**	1	04	01	02	07	01	
					Oil Sector Dividends [Government Share]	*1*	*04*	*01*	*02*	*08*		
1	04	09	001	01	**Oil pipelines com.**	1	04	01	02	08	01	
1	04	09	002	01	**Oil projects com.**	1	04	01	02	08	02	
1	04	09	003	01	**Oil and gas production distribution com.**	1	04	01	02	08	03	
1	04	09	004	01	**General company for oil refining/northern region**	1	04	01	02	08	04	
1	04	09	005	01	**South refining com.**	1	04	01	02	08	05	
1	04	09	006	01	**General company for gas industry /northern region**	1	04	01	02	08	06	
1	04	09	007	01	**Oil marketing Company**	1	04	01	02	08	07	
1	04	09	008	01	**Iraqi drilling com.**	1	04	01	02	08	08	
1	04	09	009	01	**North oil com.**	1	04	01	02	08	09	
1	04	09	010	01	**South oil com.**	1	04	01	02	08	10	
1	04	09	011	01	**Iraqi oil com.**	1	04	01	02	08	11	
1	04	09	012	01	**Oil discoveries com.**	1	04	01	02	08	12	
1	04	09	013	01	**Gas filling com.**	1	04	01	02	08	13	
1	04	09	014	01	**South gas com.**	1	04	01	02	08	14	
1	04	09	015	01	**North gas com.**	1	04	01	02	08	15	
1	04	09	016	01	**Oil refins com.**	1	04	01	02	08	16	
1	04	09	017	01	**North refins com.**	1	04	01	02	08	17	
					Telecommunications sector Dividends [Government Share]	*1*	*04*	*01*	*02*	*09*		
					General company for Internet services	1	04	01	02	09	01	
					General company for telecommunications & post	1	04	01	02	09	02	
					Withdrawals from income of quasi-corporations	*1*	*04*	*01*	*03*			1413
					Withdrawals from income of self-funded organizations	*1*	*04*	*01*	*03*	*01*		
1	07	07	001	01	**Transferred revenues-general sector units-financial liquidity/excess revenue**	1	04	01	03	01	01	
1	09	06	008	01	**Iraqi family association revenues**	1	04	01	03	01	02	
					Property income attributable to insurance policyholders (GFS)	*1*	*04*	*01*	*04*			1414
					Rent	*1*	*04*	*01*	*05*			1415
					Rent	*1*	*04*	*01*	*05*	*01*		
1	06	02	001	01	**Rent of non-agricultural land**	1	04	01	05	01	01	
1	06	02	002	01	**Rent agricultural land**	1	04	01	05	01	02	
1	06	04	001	01	**Quarries and mines and salinas**	1	04	01	05	01	03	
					Sales of goods and services [including Oil Sales]	*1*	*04*	*02*				142
					Sales by market establishments [including Oil Sales]	*1*	*04*	*02*	*01*			1421
					Oil Exports	*1*	*04*	*02*	*01*	*01*		
1	04	01	001	01	**Crude Oil export revenues**	1	04	02	01	01	01	
					Other sales by market establishments	*1*	*04*	*02*	*01*	*02*		
1	06	01	001	01	**Accommodation Buildings rent**	1	04	02	01	02	01	

لأستخدامات وزارة		الترميز الجديد لهيكل						هيكل حسابات الأيرادات لسنة 2007 بالتوافق مع	ترميز هيكل حسابات				
المالية فقط		حسابات سنة 2007						التبويب الدولي (GFS)	سنة 2006				
ترميز GFS		المستوى الخامس	المستوى الرابع	المستوى الثالث	المستوى الثاني	المستوى الاول	القسم	البيان	تفاصيل النوع	النوع	المادة	الفصل	القسم
		03	04	02	01	04	1	**الشركة العامة للنقل المائي**	01	006	05	04	1
		04	04	02	01	04	1	**الشركة العامة للخطوط الجوية العراقية**	01	008	05	04	1
			05	*02*	*01*	*04*	*1*	*حصة الخزينة من أرباح القطاع الزراعي*					
		01	05	02	01	04	1	**الشركة العامة للتجهيزات الزراعية**	01	001	06	04	1
		02	05	02	01	04	1	**شركة مابين النهرين العامة للبذور**	01	002	06	04	1
			06	*02*	*01*	*04*	*1*	*حصة الخزينة من أرباح قطاع الخدمات العامة*					
		01	06	02	01	04	1	**دار الشوون الثقافية العامة**	01	005	07	04	1
		02	06	02	01	04	1	**حصة الخزينة من المكاتب الاستشارية**	01	008	07	04	1
			07	*02*	*01*	*04*	*1*	*حصة الخزينة من أرباح قطاع التشييد والبناء*					
		01	07	02	01	04	1	**شركة المنصور العامة للمقاولات الانشائية**	01	006	08	04	1
			08	*02*	*01*	*04*	*1*	*حصة الخزينة من أرباح القطاع النفطي*					
		01	08	02	01	04	1	**شركة خطوط الانابيب النفطية**	01	001	09	04	1
		02	08	02	01	04	1	**شركة المشاريع النفطية**	01	002	09	04	1
		03	08	02	01	04	1	**شركة توزيع المنتجات النفطية والغاز**	01	003	09	04	1
		04	08	02	01	04	1	**الشركة العامة لتصفية النفط / المنطقة الشمالية**	01	004	09	04	1
		05	08	02	01	04	1	**شركة مصافي الجنوب**	01	005	09	04	1
		06	08	02	01	04	1	**الشركة العامة لصناعة الغاز / المنطقة الشمالية**	01	006	09	04	1
		07	08	02	01	04	1	**هيئة تسويق النفط**	01	007	09	04	1
		08	08	02	01	04	1	**شركة الحفر العراقية**	01	008	09	04	1
		09	08	02	01	04	1	**شركة نفط الشمال**	01	009	09	04	1
		10	08	02	01	04	1	**شركة نفط الجنوب**	01	010	09	04	1
		11	08	02	01	04	1	**شركة ناقلات النفط العراقية**	01	011	09	04	1
		12	08	02	01	04	1	**شركة الاستكشافات النفطية**	01	012	09	04	1
		13	08	02	01	04	1	**شركة تعبئة الغاز**	01	013	09	04	1
		14	08	02	01	04	1	**شركة غاز الجنوب**	01	014	09	04	1
		15	08	02	01	04	1	**شركة غاز الشمال**	01	015	09	04	1
		16	08	02	01	04	1	**شركة مصافي الوسط**	01	016	09	04	1
		17	08	02	01	04	1	**شركة مصافي الشمال**	01	017	09	04	1
			09	*02*	*01*	*04*	*1*	*حصة الخزينة من أرباح قطاع الأتصالات*					
		01	09	02	01	04	1	**الشركة العامة لخدمات الشبكة الدولية**					
		02	09	02	01	04	1	**الشركة العامة للأتصالات والبريد**					
1413				*03*	*01*	*04*	*1*	*مسحوبات دخل من مؤسسات غير هادفة للربحية*					
			01	*03*	*01*	*04*	*1*	*مسحوبات دخل من منظمات ممولة ذاتيا*					
		01	01	03	01	04	1	**ايرادات المحولة من وحدات القطاع العام ذات السيولة العالية / فوائض نقدية**	01	001	07	07	1
		02	01	03	01	04	1	**ايرادات جمعية تنظيم الاسرة العراقية**	01	008	06	09	1
1414				*04*	*01*	*04*	*1*	*دخل الملكية المنسوب الى حاملي وثائق التأمين (GFS)*					
1415				*05*	*01*	*04*	*1*	*الايجار*					
			01	*05*	*01*	*04*	*1*	*الايجار*					
		01	01	05	01	04	1	**ايجار الاراضي غير الزراعية**	01	001	02	06	1
		02	01	05	01	04	1	**ايجار الاراضي الزراعية**	01	002	02	06	1
		03	01	05	01	04	1	**أيجار المقالع والمناجم والممالح**	01	001	04	06	1
142					*02*	*04*	*1*	*حصيلة بيع السلع والخدمات (بضمنها مبيعات النفط)*					
1421				*01*	*02*	*04*	*1*	*مبيعات بواسطة مؤسسات سوقية (بضمنها مبيعات النفط)*					
			01	*01*	*02*	*04*	*1*	*تصدير النفط*					
		01	01	01	02	04	1	**أيرادات تصدير النفط الخام**	01	001	01	04	1
			02	*01*	*02*	*04*	*1*	*مبيعات أخرى بواسطة مؤسسات سوقية*					
		01	02	01	02	04	1	**ايجار مباني سكنية**	01	001	01	06	1

					GFS Compatible 2007 Revenue COA							
2006 COA Coding						New 2007 COA Coding						[MoF use only]
Section	Chapter	Item	Type	Type Detail	Description	Section	Level 1	Level 2	Level 3	Level 4	Level 5	GFS Coding
1	06	01	002	01	Canteens & Restaurants rent	1	04	02	01	02	02	
1	06	01	003	01	Trade Shops & Markets rent	1	04	02	01	02	03	
1	06	01	004	01	Warehouses rent	1	04	02	01	02	04	
1	06	01	005	01	Kiosk rent	1	04	02	01	02	05	
1	06	01	006	01	Studios & Equipment rent	1	04	02	01	02	06	
					Administrative fees and levies	*1*	*04*	*02*	*02*			1422
					Administrative levies	*1*	*04*	*02*	*02*	*01*		
1	03	01	001	01	Levies of Financial Stamps	1	04	02	02	01	01	
1	03	01	002	01	Levies of issuing passports	1	04	02	02	01	02	
1	03	02	001	01	Courts levies	1	04	02	02	01	03	
1	03	02	002	01	Certification levies	1	04	02	02	01	04	
1	03	02	003	01	Executing Directorates levies	1	04	02	02	01	05	
1	03	02	004	01	Other Directorates Levies	1	04	02	02	01	06	
1	03	03	002	01	Survey Charges & Maps Fees	1	04	02	02	01	07	
1	03	03	003	01	Recording & Checking levies / real estate registration	1	04	02	02	01	08	
1	03	03	004	01	Levies of renewed registration of real estate	1	04	02	02	01	09	
1	03	04	003	01	Charges Vehicles leaving Iraq	1	04	02	02	01	10	
1	03	03	001	01	Levies of estate registration	1	04	02	02	01	11	
1	03	07	013	01	Visa levies	1	04	02	02	01	12	
					Administrative Fees	*1*	*04*	*02*	*02*	*02*		
1	08	02	001	01	Public services fees of traffic police and police	1	04	02	02	02	01	
1	08	02	002	01	Lamination fees for the Identification cards & licenses	1	04	02	02	02	02	
1	08	02	003	01	Civil defense services fees	1	04	02	02	02	03	
1	08	03	001	01	Audit and supervision services fees	1	04	02	02	02	04	
1	08	03	002	01	Translation services fees	1	04	02	02	02	05	
1	08	03	003	01	Customs services fees	1	04	02	02	02	06	
1	08	03	004	01	Training services fees	1	04	02	02	02	07	
1	08	03	005	01	Fees of stamping of the Jewelries & weights & Standards	1	04	02	02	02	08	
1	08	03	006	01	Miscellaneous consultative services fees	1	04	02	02	02	09	
1	08	03	007	01	Inspection fees	1	04	02	02	02	10	
1	08	03	009	01	Services fees of nationality & accommodation certification	1	04	02	02	02	11	
1	08	03	011	01	Fertilization and pest protection services fees	1	04	02	02	02	12	
1	08	03	012	01	Label fees	1	04	02	02	02	13	
1	08	03	013	01	Documents certification services fees	1	04	02	02	02	14	
1	08	03	014	01	Airplanes landing services fees	1	04	02	02	02	15	
1	08	04	004	01	Advertisements services fees	1	04	02	02	02	16	
1	08	07	001	01	Transportation fees	1	04	02	02	02	17	
1	08	07	007	01	IDs of social care salaries services fees	1	04	02	02	02	18	
1	08	07	008	01	Transportation & Carriage fees	1	04	02	02	02	19	
1	08	07	009	01	Transaction and cases fees	1	04	02	02	02	20	
1	08	07	011	01	Judicial services fees	1	04	02	02	02	21	
1	08	07	012	01	Companies registration and renewal services fees	1	04	02	02	02	22	
1	08	07	014	01	Irrigation Fees	1	04	02	02	02	23	
1	09	04	008	01	Fees of issuance & renewal of cars registration plates	1	04	02	02	02	24	
1	09	06	003	01	Hajj services fees	1	04	02	02	02	25	
1	09	06	007	01	Fees from families receiving food aid	1	04	02	02	02	26	
1	03	05	001	01	Health Insurance cards fees	1	04	02	02	02	27	

لأستخدامات وزارة		الترميز الجديد لهيكل						هيكل حسابات الأيرادات لسنة 2007 بالتوافق مع	ترميز هيكل حسابات				
المالية فقط		حسابات سنة 2007						التبويب الدولي (GFS)	سنة 2006				
ترميز GFS		المستوى الخامس	المستوى الرابع	المستوى الثالث	المستوى الثاني	المستوى الاول	القسم	البيان	تفاصيل النوع	النوع	المادة	الفصل	القسم
		02	02	01	02	04	1	ايجار مطاعم و حوانيت	01	002	01	06	1
		03	02	01	02	04	1	ايجار اسواق و محلات	01	003	01	06	1
		04	02	01	02	04	1	ايجار مسقفات و مخازن	01	004	01	06	1
		05	02	01	02	04	1	ايجار كشك	01	005	01	06	1
		06	02	01	02	04	1	ايجار استوديوهات و اجهزة	01	006	01	06	1
1422				02	02	04	1	*رسوم و أجور أدارية*					
			01	02	02	04	1	*رسوم أدارية*					
		01	01	02	02	04	1	رسوم الطوابع المالية	01	001	01	03	1
		02	01	02	02	04	1	رسوم طوابع جوازات السفر	01	002	01	03	1
		03	01	02	02	04	1	رسوم المحاكم	01	001	02	03	1
		04	01	02	02	04	1	رسوم التصديق	01	002	02	03	1
		05	01	02	02	04	1	رسوم دوائر التنفيذ	01	003	02	03	1
		06	01	02	02	04	1	رسوم في دوائر الدولة الاخرى	01	004	02	03	1
		07	01	02	02	04	1	رسوم المسح و اجور الخرائط	01	002	03	03	1
		08	01	02	02	04	1	رسوم الفحص و القيدية	01	003	03	03	1
		09	01	02	02	04	1	ايرادات التسجيل المجدد	01	004	03	03	1
		10	01	02	02	04	1	رسوم على السيارات التي تغادر العراق	01	003	04	03	1
		11	01	02	02	04	1	رسوم التسجيل العقاري	01	001	03	03	1
		12	01	02	02	04	1	رسوم سمة الدخول	01	013	07	03	1
			02	02	02	04	1	*أجور أدارية*					
		01	02	02	02	04	1	اجور الخدمات العامة للشرطة والمرور	01	001	02	08	1
		02	02	02	02	04	1	اجور كبس الهويات والاجازات	01	002	02	08	1
		03	02	02	02	04	1	اجور لقاء خدمات الدفاع المدني	01	003	02	08	1
		04	02	02	02	04	1	اجور خدمات التدقيق والرقابة	01	001	03	08	1
		05	02	02	02	04	1	اجور خدمات الترجمة الفورية	01	002	03	08	1
		06	02	02	02	04	1	اجور خدمات كمركية	01	003	03	08	1
		07	02	02	02	04	1	اجور خدمات التدريب والتأهيل	01	004	03	08	1
		08	02	02	02	04	1	اجور خدمات وسم المصوغات والمقاييس والاوزان	01	005	03	08	1
		09	02	02	02	04	1	اجور خدمات استشارية متخصصة مختلفة	01	006	03	08	1
		10	02	02	02	04	1	اجور الكشف	01	007	03	08	1
		11	02	02	02	04	1	اجور خدمات تأييد السكن والقومية	01	009	03	08	1
		12	02	02	02	04	1	اجور خدمات المكافحة والتلقيح	01	011	03	08	1
		13	02	02	02	04	1	اجور خدمات تأشيرة الليبل	01	012	03	08	1
		14	02	02	02	04	1	اجور خدمات التصديق	01	013	03	08	1
		15	02	02	02	04	1	اجور خدمات هبوط وأيواء الطائرات	01	014	03	08	1
		16	02	02	02	04	1	اجور خدمات الاعلانات	01	004	04	08	1
		17	02	02	02	04	1	خدمات النقل والانتقال	01	001	07	08	1
		18	02	02	02	04	1	اجور خدمات طبع هويات رواتب الرعاية الاجتماعية	01	007	07	08	1
		19	02	02	02	04	1	اجور النقل والحمالية	01	008	07	08	1
		20	02	02	02	04	1	اجور التبليغ في الدعاوي والمعاملات	01	009	07	08	1
		21	02	02	02	04	1	اجور خدمات قضائية	01	011	07	08	1
		22	02	02	02	04	1	خدمات تسجيل الشركات لاول مرة وتجديدها	01	012	07	08	1
		23	02	02	02	04	1	اجور السقي من المزارعين	01	014	07	08	1
		24	02	02	02	04	1	بيع لوحات تسجيل السيارات وتجديدها	01	008	04	09	1
		25	02	02	02	04	1	ايرادات الحج	01	003	06	09	1
		26	02	02	02	04	1	الأجور المستحصلة من العوائل المستفيدة من المساعدات الغذائية	01	007	06	09	1
		27	02	02	02	04	1	أجور بطاقات التامين الصحي	01	001	05	03	1

					GFS Compatible 2007 Revenue COA																	
2006 COA Coding						New 2007 COA Coding							[MoF use only]	لأستخدامات وزارة المالية فقط	الترميز الجديد لهيكل حسابات سنة 2007						هيكل حسابات الأيرادات لسنة 2007 بالتوافق مع التبويب الدولي (GFS)	ترميز هيكل حسابات سنة 2006				
Section	Chapter	Item	Type	Type Detail	Description	Section	Level 1	Level 2	Level 3	Level 4	Level 5		GFS Coding	ترميز GFS	المستوى الخامس	المستوى الرابع	المستوى الثالث	المستوى الثاني	المستوى الاول	القسم	البيان	تفاصيل النوع	النوع	المادة	الفصل	القسم
1	08	03	008	01	Miscellaneous services fees	1	04	02	02	02	90				90	02	02	02	04	1	اجور خدمات متنوعة	01	008	03	08	1
					Incidental sales by nonmarket establishments	*1*	*04*	*02*	*03*				1423	1423			*03*	*02*	*04*	*1*	*مقابل خدمات من مؤسسات لا تهدف للربح*					
					Rent	*1*	*04*	*02*	*03*	*01*						*01*	*03*	*02*	*04*	*1*	*الايجار*					
1	06	01	007	01	Rent of foreign dominations and stations	1	04	02	03	01	01				01	01	03	02	04	1	ايجار السيطرات الخارجية والمحطات	01	007	01	06	1
1	06	01	008	01	Highway and bridges prohibited rent	1	04	02	03	01	02				02	01	03	02	04	1	ايجار أكتاف ومحرمات الطرق الخارجية والجسور	01	008	01	06	1
1	06	01	009	01	Halls and service utility rent	1	04	02	03	01	03				03	01	03	02	04	1	ايجار قاعات ومرافق خدمية	01	009	01	06	1
1	06	02	003	01	Rent of sidewalks and storage fees	1	04	02	03	01	04				04	01	03	02	04	1	ايجار الارصفة واجور ارضية	01	003	02	06	1
1	06	02	004	01	Rent of squares and courtyard and other buildings	1	04	02	03	01	05				05	01	03	02	04	1	ايجار ساحات وعرصات وابنية اخرى	01	004	02	06	1
1	06	03	001	01	Rent of machines and equipments and devices and tools	1	04	02	03	01	06				06	01	03	02	04	1	ايجار المكائن والالات والمعدات والاجهزة	01	001	03	06	1
1	06	03	002	01	Transportation &transition device	1	04	02	03	01	07				07	01	03	02	04	1	ايجار وسائط النقل والانتقال	01	002	03	06	1
1	06	03	003	01	Barns and glass houses	1	04	02	03	01	08				08	01	03	02	04	1	ايجار الاحواض المائية والبيوت الزجاجية	01	003	03	06	1
1	06	03	004	01	Needs and other equipments	1	04	02	03	01	09				09	01	03	02	04	1	ايجار لوازم وتجهيزات اخرى	01	004	03	06	1
1	06	04	002	01	Wells and rivers and faucets	1	04	02	03	01	10				10	01	03	02	04	1	ايجار الابار والانهر والمبازل	01	002	04	06	1
					Other sales and services	*1*	*04*	*02*	*03*	*02*						*02*	*03*	*02*	*04*	*1*	*مبيعات وخدمات أخرى*					
1	07	06	005	01	Animals & agricultural products sale	1	04	02	03	02	01				01	02	03	02	04	1	بيع الانتاج الزراعي والحيواني	01	005	06	07	1
1	07	06	006	01	Manufacturing Industries products sales	1	04	02	03	02	02				02	02	03	02	04	1	الصناعات التحويلية	01	006	06	07	1
1	07	06	007	01	Incidental products (by-products)	1	04	02	03	02	03				03	02	03	02	04	1	منتجات عرضية	01	007	06	07	1
1	07	06	008	01	Other converted revenues	1	04	02	03	02	04				04	02	03	02	04	1	ايرادات تحويلية أخرى	01	008	06	07	1
1	08	01	001	01	Analyze and lab. Test and ray fees	1	04	02	03	02	05				05	02	03	02	04	1	اجور التحليل والفحوص المختبرية والاشعة	01	001	01	08	1
1	08	01	002	01	Treatment in specialized clinics fees	1	04	02	03	02	06				06	02	03	02	04	1	اجور المعالجة في الغرف الخاصة والعيادات المتخصصة	01	002	01	08	1
1	08	01	003	01	Treatment fees	1	04	02	03	02	07				07	02	03	02	04	1	اجور الدخول والعلاج	01	003	01	08	1
1	08	01	004	01	Arab and non-residents treatment fees	1	04	02	03	02	08				08	02	03	02	04	1	اجور معالجة العرب والاجانب غير المقيمين	01	004	01	08	1
1	08	01	005	01	HIV test fees	1	04	02	03	02	09				09	02	03	02	04	1	اجور فحص العوز المناعي للوافدين الى القطر	01	005	01	08	1
1	08	01	006	01	CT scan fees	1	04	02	03	02	10				10	02	03	02	04	1	اجور الفحص بالمفراس	01	006	01	08	1
1	08	01	007	01	Sales of veterinary serum, vaccine and medicine	1	04	02	03	02	11				11	02	03	02	04	1	مبيعات المصول واللقاحات والادوية البيطرية	01	007	01	08	1
1	08	04	001	01	Films and video cassettes test services fees	1	04	02	03	02	12				12	02	03	02	04	1	خدمات فحص وتغليف الرقوق السينمائية واشرطة الفيديو والكاسيت والتيب والاسطوانة	01	001	04	08	1
1	08	04	002	01	Tourist places entrance fees	1	04	02	03	02	13				13	02	03	02	04	1	خدمات الدخول الى الاماكن السياحية والاثرية	01	002	04	08	1
1	08	04	003	01	Fair and museums entrance fees	1	04	02	03	02	14				14	02	03	02	04	1	خدمات الدخول الى المتاحف والمعارض	01	003	04	08	1
1	08	04	005	01	Copy of video cassette	1	04	02	03	02	15				15	02	03	02	04	1	استنساخ وطبع اشرطة الفيديو والكاسيت	01	005	04	08	1
1	08	04	008	01	Photograph in Museums and in remains places	1	04	02	03	02	16				16	02	03	02	04	1	اجور السماح بالتصوير في المتاحف والمواقع الاثرية	01	008	04	08	1
1	08	05	001	01	Swimming pools and play yards revenues	1	04	02	03	02	17				17	02	03	02	04	1	ايرادات المسابح والملاعب	01	001	05	08	1
1	08	05	002	01	Conventions and display halls and theatres revenues	1	04	02	03	02	18				18	02	03	02	04	1	ايرادات المسارح وصالات العرض وقاعات المؤتمرات	01	002	05	08	1
1	08	05	004	01	Nursery houses revenues	1	04	02	03	02	19				19	02	03	02	04	1	ايرادات دور الحضانة	01	004	05	08	1
1	08	05	005	01	Rest Rooms revenues	1	04	02	03	02	20				20	02	03	02	04	1	ايرادات دور الاستراحة والضيافة	01	005	05	08	1
1	08	06	001	01	Buildings and constructions maintenance services fees	1	04	02	03	02	21				21	02	03	02	04	1	اجور خدمات صيانة المباني والانشاءات	01	001	06	08	1
1	08	06	002	01	Equipments and tools maintenance services fees	1	04	02	03	02	22				22	02	03	02	04	1	اجور خدمات صيانة المكائن والاجهزة والالات	01	002	06	08	1
1	08	06	003	01	Offices Funiture maintenance services fees	1	04	02	03	02	23				23	02	03	02	04	1	اجور خدمات صيانة الاثاث واجهزة المكاتب	01	003	06	08	1
1	08	06	004	01	Other assets maintenance services fees	1	04	02	03	02	24				24	02	03	02	04	1	اجور خدمات صيانة موجودات اخرى	01	004	06	08	1
1	08	06	005	01	Well maintenance services fees	1	04	02	03	02	25				25	02	03	02	04	1	اجور خدمات صيانة الابار	01	005	06	08	1
1	08	07	002	01	Aviation communications fees	1	04	02	03	02	26				26	02	03	02	04	1	خدمات الاتصالات	01	002	07	08	1
1	08	07	003	01	Brokers sales commission fees	1	04	02	03	02	27				27	02	03	02	04	1	اجور خدمات العمولات والدلالية	01	003	07	08	1
1	08	07	004	01	Employees service to Others	1	04	02	03	02	28				28	02	03	02	04	1	خدمات المنتسبين للغير	01	004	07	08	1
1	08	07	005	01	Affiliation and subscription fees	1	04	02	03	02	29				29	02	03	02	04	1	بدلات الانتساب والاشتراك	01	005	07	08	1
1	08	07	010	01	Photocopy and print services	1	04	02	03	02	30				30	02	03	02	04	1	خدمات الطبع والاستنساخ	01	010	07	08	1
1	09	04	002	01	Clothes sale	1	04	02	03	02	31				31	02	03	02	04	1	بيع الملابس	01	002	04	09	1
1	09	04	004	01	Books and magazines sale	1	04	02	03	02	32				32	02	03	02	04	1	بيع الكتب والمجلات	01	004	04	09	1
1	09	04	005	01	Cassettes sale	1	04	02	03	02	33				33	02	03	02	04	1	بيع كاسيتات	01	005	04	09	1

					GFS Compatible 2007 Revenue COA																		
2006 COA Coding						New 2007 COA Coding						[MoF use only]	لأستخدامات وزارة المالية فقط		ترميز الجديد لهيكل حسابات سنة 2007						هيكل حسابات الأيرادات لسنة 2007 بالتوافق مع التبويب الدولي (GFS)	ترميز هيكل حسابات سنة 2006				
Section	Chapter	Item	Type	Type Detail	Description	Section	Level 1	Level 2	Level 3	Level 4	Level 5	GFS Coding	ترميز GFS		المستوى الخامس	المستوى الرابع	المستوى الثالث	المستوى الثاني	المستوى الاول	القسم	البيان	تفاصيل النوع	النوع	المادة	الفصل	القسم
1	09	04	006	01	Medicine sales	1	04	02	03	02	34				34	02	03	02	04	1	بيع الادوية	01	006	04	09	1
1	09	04	007	01	Sale of residual / sample gold from testing / jewelry marking	1	04	02	03	02	35				35	02	03	02	04	1	بيع سبائك ذهبية من مخلفات فحص عينات ذهبية في قسم وسم المصوغات	01	007	04	09	1
1	09	04	009	01	Sale of misc equipments and offices devices	1	04	02	03	02	36				36	02	03	02	04	1	بيع تجهيزات اخرى	01	009	04	09	1
1	09	05	001	01	Official forms fees	1	04	02	03	02	37				37	02	03	02	04	1	الاستمارات ذات الثمن	01	001	05	09	1
1	09	05	002	01	Sale of official Gazette	1	04	02	03	02	38				38	02	03	02	04	1	الجريدة الرسمية للدولة	01	002	05	09	1
1	09	05	003	01	Financial stamps sale	1	04	02	03	02	39				39	02	03	02	04	1	بيع الطوابع المالية	01	003	05	09	1
1	09	05	004	01	Sale of official publications	1	04	02	03	02	40				40	02	03	02	04	1	المطبوعات والكراريس	01	004	05	09	1
1	09	06	005	01	School shops revenues	1	04	02	03	02	41				41	02	03	02	04	1	ايرادات الحوانيت المدرسية	01	005	06	09	1
1	09	06	009	01	Budget share from ministry of labor shops revenues	1	04	02	03	02	42				42	02	03	02	04	1	حصة الخزينة من ايرادات حوانيت وزارة العمل والشؤون الاجتماعية	01	009	06	09	1
1	03	05	002	01	External Clinics Entrance Charges	1	04	02	03	02	43				43	02	03	02	04	1	رسوم الدخول الى العيادات الخارجية	01	002	05	03	1
1	08	07	006	01	Miscellaneous Incidental sale revenues	1	04	02	03	02	90				90	02	03	02	04	1	ايرادات مبيعات عرضية	01	006	07	08	1
					Fines, penalties and forfeits	*1*	*04*	*03*				143	143					*03*	*04*	*1*	*الغرامات , العقوبات , والمصادرات*					
					Fines, penalties and forfeits	*1*	*04*	*03*	*01*								*01*	*03*	*04*	*1*	*الغرامات , العقوبات , والمصادرات*					
					Fines and penalties	*1*	*04*	*03*	*01*	*01*						*01*	*01*	*03*	*04*	*1*	*الغرامات والعقوبات*					
1	09	01	001	01	Tax and trade laws violators	1	04	03	01	01	01				01	01	01	03	04	1	مخالفي القوانين الضريبية والتجارية	01	001	01	09	1
1	09	01	002	01	Traffic law violators	1	04	03	01	01	02				02	01	01	03	04	1	مخالفي قانون المرور	01	002	01	09	1
1	09	01	003	01	Stamps levies law violators	1	04	03	01	01	03				03	01	01	03	04	1	مخالفي قانون رسم الطابع	01	003	01	09	1
1	09	01	004	01	Judicial fines	1	04	03	01	01	04				04	01	01	03	04	1	الغرامات القضائية	01	004	01	09	1
1	09	01	005	01	Fines on violators - law of residence organization	1	04	03	01	01	05				05	01	01	03	04	1	غرامات مخالفي قانون تنظيم محلات السكن	01	005	01	09	1
1	09	01	006	01	Administrative fines of commitment violation	1	04	03	01	01	06				06	01	01	03	04	1	الغرامات الادارية من المخلين بالتزاماتهم	01	006	01	09	1
1	09	01	007	01	Fines and compensations of public property damage	1	04	03	01	01	07				07	01	01	03	04	1	الغرامات والتعويضات عن الاضرار بالاموال العامة	01	007	01	09	1
1	09	01	009	01	Foreign exchange fines	1	04	03	01	01	08				08	01	01	03	04	1	غرامات التحويل الخارجي	01	009	01	09	1
1	09	01	010	01	Fines on weapons license non-renewal	1	04	03	01	01	09				09	01	01	03	04	1	غرامات عدم تجديد اجازة السلاح	01	010	01	09	1
1	09	01	011	01	Fines of violators of the Foreigners Residence law	1	04	03	01	01	10				10	01	01	03	04	1	غرامات مخالفي قانون أقامة الاجانب	01	011	01	09	1
1	09	01	012	01	Fines on violators in economic issues	1	04	03	01	01	11				11	01	01	03	04	1	الغرامات على مخالفين بقضايا اقتصادية	01	012	01	09	1
1	09	01	013	01	Fines on violators transferring vehicle ownership	1	04	03	01	01	12				12	01	01	03	04	1	الغرامات المترتبة على المتخلفين عن نقل الملكية للسيارات	01	013	01	09	1
1	09	01	014	01	Fines on grain harvest violators	1	04	03	01	01	13				13	01	01	03	04	1	غرامات المتخلفين عن حصد الحنطة والشعير	01	014	01	09	1
1	09	01	015	01	Mills fines	1	04	03	01	01	14				14	01	01	03	04	1	غرامات المطاحن	01	015	01	09	1
1	09	01	016	01	Fines on losing house or shop's number plate violators	1	04	03	01	01	15				15	01	01	03	04	1	غرامة فقدان لوحة ترقيم الدار والمحل التجاري أو الصناعي	01	016	01	09	1
1	09	01	017	01	Fines on fishing period set violators	1	04	03	01	01	16				16	01	01	03	04	1	غرامات مخالفي المدة المفروضة لصيد السمك	01	017	01	09	1
1	09	01	018	01	Shots firing fines	1	04	03	01	01	17				17	01	01	03	04	1	غرامات الاطلاقات النارية	01	018	01	09	1
1	09	01	019	01	Employees insurance fining	1	04	03	01	01	18				18	01	01	03	04	1	تضمين الموظفين	01	019	01	09	1
1	09	01	020	01	Bill Payment	1	04	03	01	01	20				20	01	01	03	04	1	تسديد كفالة	01	020	01	09	1
1	09	01	021	01	Interest on late fines and penalties	1	04	03	01	01	21				21	01	01	03	04	1	الفوائد التأخيرية	01	021	01	09	1
1	09	01	022	01	Compensation	1	04	03	01	01	22				22	01	01	03	04	1	التعويضات	01	022	01	09	1
1	09	01	008	01	Miscellaneous fines	1	04	03	01	01	90				90	01	01	03	04	1	عقوبات مختلفة	01	008	01	09	1
					Forfeits	*1*	*04*	*03*	*01*	*02*						*02*	*01*	*03*	*04*	*1*	*المصادرات*					
1	09	03	001	01	Funds held from violators in national security	1	04	03	01	02	01				01	02	01	03	04	1	المصادرة من المدانين بقضايا الامن القومي	01	001	03	09	1
1	09	03	002	01	Funds held from violators in economic issues	1	04	03	01	02	01				01	02	01	03	04	1	الاموال المصادرة من المخالفين بقضايا اقتصادية	01	002	03	09	1
1	09	03	003	01	Forfeited unclaimed debts and monies by prescription	1	04	03	01	02	01				01	02	01	03	04	1	الاموال والديون الساقطة بالتقادم الزمني	01	003	03	09	1
					Voluntary transfers other than grants	*1*	*04*	*04*				144	144					*04*	*04*	*1*	*التحويلات الاختيارية غير المنح*					
					Current	*1*	*04*	*04*	*01*			1441	1441				*01*	*04*	*04*	*1*	*جارية*					
					Domestic aid and donations	*1*	*04*	*04*	*01*	*01*						*01*	*01*	*04*	*04*	*1*	*مساعدات وتبرعات محلية*					
1	07	06	001	01	Donations and subsidies	1	04	04	01	01	01				01	01	01	04	04	1	تبرعات واعانات	01	001	06	07	1
					Capital (GFS)	*1*	*04*	*04*	*02*			1442	1442				*02*	*04*	*04*	*1*	*راسمالية (GFS)*					
					Domestic aid and donations	*1*	*04*	*04*	*02*	*01*						*01*	*02*	*04*	*04*	*1*	*مساعدات وتبرعات محلية*					
					Foreign aid and donations	*1*	*04*	*04*	*03*	*02*						*02*	*03*	*04*	*04*	*1*	*مساعدات وتبرعات أجنبية*					

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2006 COA Coding						New 2007 COA Coding						[MoF use only]	لأستخدامات وزارة المالية فقط		ترميز الجديد لهيكل حسابات سنة 2007						هيكل حسابات الأيرادات لسنة 2007 بالتوافق مع التبويب الدولي (GFS)	ترميز هيكل حسابات سنة 2006				
Section	Chapter	Item	Type	Type Detail	Description	Section	Level 1	Level 2	Level 3	Level 4	Level 5	GFS Coding	ترميز GFS	المستوى الخامس	المستوى الرابع	المستوى الثالث	المستوى الثاني	المستوى الاول	القسم	البيان	تفاصيل النوع	النوع	المادة	الفصل	القسم
					Miscellaneous and Unidentified Revenues	*1*	*04*	*05*				145	145				*05*	*04*	*1*	*الايرادات المتنوعة وغير المعروفة*					
					Miscellaneous Revenues	*1*	*04*	*05*	*01*							*01*	*05*	*04*	*1*	*ايرادات متنوعة*					
					Current miscellaneous revenues	*1*	*04*	*05*	*01*	*01*					*01*	*01*	*05*	*04*	*1*	*ايرادات متنوعة جارية*					
1	07	04	003	01	**Returned Expenditures from scholarship students**	1	04	05	01	01	01			01	01	01	05	04	1	نفقات مستردة من طلاب البعثات الدراسية	01	003	04	07	1
1	07	04	004	01	**Returned Expenditures from failed employee students**	1	04	05	01	01	02			02	01	01	05	04	1	نفقات مستردة من الطلاب الفاشلين في الدراسة	01	004	04	07	1
1	07	04	005	01	**Returned Expenditures from resigned members of public service**	1	04	05	01	01	03			03	01	01	05	04	1	نفقات مستردة من المنتسبين المستقيلين من الخدمة العامة	01	005	04	07	1
1	07	04	006	01	**Repayments from cancelled Contracts**	1	04	05	01	01	04			04	01	01	05	04	1	نفقات مستردة من ألغاء العقود	01	006	04	07	1
1	07	04	007	01	**Repayments about Expenses for previous years**	1	04	05	01	01	05			05	01	01	05	04	1	نفقات مستردة من مصروفات أخرى عن سنوات سابقة	01	007	04	07	1
1	07	06	003	01	**Conversion of Directorate of Minors Care expenses**	1	04	05	01	01	06			06	01	01	05	04	1	تحويل نفقات رئاسة دائرة رعاية القاصرين	01	003	06	07	1
1	09	02	002	01	**Rewards of companies & administration board membership**	1	04	05	01	01	07			07	01	01	05	04	1	مكافآت عضوية مجلس الادارة والشركات	01	002	02	09	1
1	09	06	002	01	**Salaries and rewards returned to treasury**	1	04	05	01	01	08			08	01	01	05	04	1	الرواتب والمكافآت المعادة الى الخزينة	01	002	06	09	1
					Military Weapons sale and ammunition	1	04	05	01	01	09			09	01	01	05	04	1	مبيعات الأسلحة والأعتدة العسكرية					
1	09	06	004	01	**Share of fees related to general treasury**	1	04	05	01	01	10			10	01	01	05	04	1	الحصة من الاتعاب المحكوم بها لصالح الخزينة العامة	01	004	06	09	1
1	03	05	003	01	**Health Insurance Fees [Deducted from Employees]**	1	04	05	01	01	11			11	01	01	05	04	1	رسوم التامين الصحي المستقطعة من الموظفين	01	003	05	03	1
1	07	01	001	01	**Difference in exchange price of foreign currency**	1	04	05	01	01	12			12	01	01	05	04	1	فرق سعر صرف العملة الأجنبية	01	001	01	07	1
1	07	01	002	01	**Price difference between sale price and actual cost**	1	04	05	01	01	13			13	01	01	05	04	1	فرق السعر بين أسعار البيع والكلفة الفعلية	01	002	01	07	1
1	09	06	001	01	**Other miscellaneous revenue**	1	04	05	01	01	90			90	01	01	05	04	1	الايرادات المتنوعة	01	001	06	09	1
					Sales of Non-Financial Assets	*1*	*31*					31	31					*31*	*1*	*بيع الموجودات غير المالية*					
					Fixed Assets	*1*	*31*	*01*				311	311				*01*	*31*	*1*	*الموجودات الثابتة*					
					Buildings & Structures	*1*	*31*	*01*	*01*			3111	3111			*01*	*01*	*31*	*1*	*مباني وإنشاءات*					
					Dwellings	*1*	*31*	*01*	*01*	*01*		31111	31111		*01*	*01*	*01*	*31*	*1*	*المساكن*					
					Dwellings - Residential Buildings	1	31	01	01	01	01			01	01	01	01	31	1	المباني السكنية					
					Non-Residential Buildings	*1*	*31*	*01*	*01*	*02*		31112	31112		*02*	*01*	*01*	*31*	*1*	*المباني غير السكنية*					
					Non-Residential Buildings	1	31	01	01	02	01			01	02	01	01	31	1	المباني غير السكنية					
					Other Structures	*1*	*31*	*01*	*01*	*03*		31113	31113		*03*	*01*	*01*	*31*	*1*	*انشاءات أخرى*					
					Security Barriers	1	31	01	01	03	01			01	03	01	01	31	1	الحواجز الأمنية					
					Mines and Wells	1	31	01	01	03	02			02	03	01	01	31	1	ابار و مناجم					
					Machinery, Equipment	*1*	*31*	*01*	*02*			3112	3112			*02*	*01*	*31*	*1*	*الآت ومعدات*					
					Transport Equipment	*1*	*31*	*01*	*02*	*01*		31121	31121		*01*	*02*	*01*	*31*	*1*	*وسائط نقل*					
					Motor vehicles	1	31	01	02	01	01			01	01	02	01	31	1	سيارات الصالون					
					Trucks	1	31	01	02	01	02			02	01	02	01	31	1	سيارات الحمل / اللوريات					
					Work Vehicles	1	31	01	02	01	03			03	01	02	01	31	1	سيارات العمل					
					Buses	1	31	01	02	01	04			04	01	02	01	31	1	الحافلات					
					Special Purpose Vehicles	1	31	01	02	01	05			05	01	02	01	31	1	سيارات ذات مواصفات خاصة					
					Ships	1	31	01	02	01	06			06	01	02	01	31	1	السفن					
					Boats	1	31	01	02	01	07			07	01	02	01	31	1	الزوارق					
					Trains	1	31	01	02	01	08			08	01	02	01	31	1	القاطرات					
					Jeeps & All Terrain vehicles	1	31	01	02	01	09			09	01	02	01	31	1	العجلات					
					Airplanes	1	31	01	02	01	10			10	01	02	01	31	1	الطائرات					
					Bicycle & Motorcycles	1	31	01	02	01	11			11	01	02	01	31	1	الدراجات الهوائية و البخارية					
					Other Machinery, Equipment and Furniture	*1*	*31*	*01*	*02*	*02*		31122	31122		*02*	*02*	*01*	*31*	*1*	*الآت ومعدات أخرى*					
					Wooden Furniture	1	31	01	02	02	01			01	02	02	01	31	1	الاثاث الخشبي					
					Metal furniture	1	31	01	02	02	02			02	02	02	01	31	1	الاثاث المعدني					
					Other furniture	1	31	01	02	02	03			03	02	02	01	31	1	الاثاث الاخرى					
					Machines	1	31	01	02	02	04			04	02	02	01	31	1	المكائن					
					Devices	1	31	01	02	02	05			05	02	02	01	31	1	الاجهزة					
					Photocopiers	1	31	01	02	02	06			06	02	02	01	31	1	اجهزة الاستنساخ					

					GFS Compatible 2007 Revenue COA								
2006 COA Coding						New 2007 COA Coding							[MoF use only]
Section	Chapter	Item	Type	Type Detail	Description	Section	Level 1	Level 2	Level 3	Level 4	Level 5		GFS Coding
					Telecommunication Devices	**1**	**31**	**01**	**02**	**02**	**07**		
					Computers	**1**	**31**	**01**	**02**	**02**	**08**		
					Other major devices	**1**	**31**	**01**	**02**	**02**	**09**		
					Police Weapons & Ammunition	**1**	**31**	**01**	**02**	**02**	**10**		
					Theatre Requirements	**1**	**31**	**01**	**02**	**02**	**11**		
					Musical Instruments	**1**	**31**	**01**	**02**	**02**	**12**		
					Other Security Equipment	**1**	**31**	**01**	**02**	**02**	**13**		
					Other Fixed Assets	*1*	*31*	*01*	*03*				3113
					Cultivated Assets	*1*	*31*	*01*	*03*	*01*			31131
					Animals	**1**	**31**	**01**	**03**	**01**	**01**		
					Non-Produced Assets	*1*	*31*	*02*					314
					Non-Produced Assets	*1*	*31*	*02*	*01*				
					Land	*1*	*31*	*02*	*01*	*01*			
1	**05**	**01**	**002**	**01**	**Agricultural Land**	**1**	**31**	**02**	**01**	**01**	**01**		3141
1	**05**	**01**	**001**	**01**	**Non Agricultural Land**	**1**	**31**	**02**	**01**	**01**	**02**		

لأستخدامات وزارة المالية فقط		الترميز الجديد لهيكل حسابات سنة 2007						هيكل حسابات الأيرادات لسنة 2007 بالتوافق مع التبويب الدولي (GFS)	ترميز هيكل حسابات سنة 2006				
ترميز GFS		المستوى الخامس	المستوى الرابع	المستوى الثالث	المستوى الثاني	المستوى الاول	القسم	البيان	تفاصيل النوع	النوع	المادة	الفصل	القسم
		07	**02**	**02**	**01**	**31**	**1**	**الات الاتصال**					
		08	**02**	**02**	**01**	**31**	**1**	**الحاسبات الالكترونية**					
		09	**02**	**02**	**01**	**31**	**1**	**الات كبيرة أخرى**					
		10	**02**	**02**	**01**	**31**	**1**	**الاسلحة و الاعتدة (الشرطة)**					
		11	**02**	**02**	**01**	**31**	**1**	**المسارح و لوازمها**					
		12	**02**	**02**	**01**	**31**	**1**	**الاجهزة الموسيقية**					
		13	**02**	**02**	**01**	**31**	**1**	**معدات أمنية أخرى**					
3113				*03*	*01*	*31*	*1*	*موجودات ثابتة أخرى*					
31131			*01*	*03*	*01*	*31*	*1*	*ثروة حيوانية ومائية (أصول زراعية)*					
		01	**01**	**03**	**01**	**31**	**1**	**الحيوانات**					
314					*02*	*31*	*1*	*الأصول طبيعية (غير المنتجة)*					
				01	*02*	*31*	*1*	*الأصول طبيعية (غير المنتجة)*					
			01	*01*	*02*	*31*	*1*	*الأراضي*					
3141		**01**	**01**	**01**	**02**	**31**	**1**	**الاراضي الزراعية**	**01**	**002**	**01**	**05**	**1**
		02	**01**	**01**	**02**	**31**	**1**	**الاراضي غير الزراعية**	**01**	**001**	**01**	**05**	**1**

2006 COA Coding					GFS Compatible 2007 Non-Financial Assets	New 2007 COA Coding						[MoF use only]	لاستخدامات وزارة المالية فقط	الترميز الجديد لهيكل حسابات سنة 2007						هيكل حسابات الموجودات غير المالية لسنة 2007 المتوافق مع GFS	ترميز هيكل حسابات سنة 2006 القديم				
Section	Chapter	Item	Type	Type Detail	Description	Section	Level 1	Level 2	Level 3	Level 4	Level 5	GFS 2001 Coding	ترميز GFS لسنة 2001	المستوى الخامس	المستوى الرابع	المستوى الثالث	المستوى الثاني	المستوى الاول	القسم	البيان	تفاصيل النوع	النوع	المادة	الفصل	القسم
					Non-Financial Assets	*31*													*31*	*الموجودات غير المالية*					
					Purchase of Non-Financial Assets	*31*	*01*					31	31					*01*	*31*	*شراء الموجودات غير المالية*					
					Fixed Assets	*31*	*01*	*01*				311	311				*01*	*01*	*31*	*الموجودات الثابتة*					
					Buildings & Structures	*31*	*01*	*01*	*01*			3111	3111			*01*	*01*	*01*	*31*	*مباني وانشاءات*					
					Dwellings	*31*	*01*	*01*	*01*	*01*		31111	31111		*01*	*01*	*01*	*01*	*31*	*المساكن*					
2	05	06	001	01	**Dwellings - Residential Buildings**	**31**	**01**	**01**	**01**	**01**	**01**			**01**	**01**	**01**	**01**	**01**	**31**	**المباني السكنية**	**01**	**001**	**06**	**05**	**2**
					Non-Residential Buildings	*31*	*01*	*01*	*01*	*02*		31112	31112		*02*	*01*	*01*	*01*	*31*	*المباني غير السكنية*					
2	05	06	002	01	**Non-Residential Buildings**	**31**	**01**	**01**	**01**	**02**	**01**			**01**	**02**	**01**	**01**	**01**	**31**	**المباني غير السكنية**	**01**	**002**	**06**	**05**	**2**
					Other Structures	*31*	*01*	*01*	*01*	*03*		31113	31113		*03*	*01*	*01*	*01*	*31*	*أنشاءات أخرى*					
2	05	15	001	01	**Security Barriers**	**31**	**01**	**01**	**01**	**03**	**01**			**01**	**03**	**01**	**01**	**01**	**31**	**الحواجز الأمنية**	**01**	**001**	**15**	**05**	**2**
2	05	14	001	01	**Mines and Wells**	**31**	**01**	**01**	**01**	**03**	**02**			**02**	**03**	**01**	**01**	**01**	**31**	**ابار و مناجم**	**01**	**001**	**14**	**05**	**2**
					Machinery, Equipment	*31*	*01*	*01*	*02*			3112	3112			*02*	*01*	*01*	*31*	*الأت ومعدات*					
					Transport Equipment	*31*	*01*	*01*	*02*	*01*		31121	31121		*01*	*02*	*01*	*01*	*31*	*وسائط نقل*					
2	05	02	001	01	**Motor vehicles**	**31**	**01**	**01**	**02**	**01**	**01**			**01**	**01**	**02**	**01**	**01**	**31**	**سيارات الصالون**	**01**	**001**	**02**	**05**	**2**
2	05	02	002	01	**Trucks**	**31**	**01**	**01**	**02**	**01**	**02**			**02**	**01**	**02**	**01**	**01**	**31**	**سيارات الحمل / اللوريات**	**01**	**002**	**02**	**05**	**2**
2	05	02	003	01	**Work Vehicles**	**31**	**01**	**01**	**02**	**01**	**03**			**03**	**01**	**02**	**01**	**01**	**31**	**سيارات العمل**	**01**	**003**	**02**	**05**	**2**
2	05	02	004	01	**Buses**	**31**	**01**	**01**	**02**	**01**	**04**			**04**	**01**	**02**	**01**	**01**	**31**	**الحافلات**	**01**	**004**	**02**	**05**	**2**
2	05	02	005	01	**Special Purpose Vehicles**	**31**	**01**	**01**	**02**	**01**	**05**			**05**	**01**	**02**	**01**	**01**	**31**	**سيارات ذات مواصفات خاصة**	**01**	**005**	**02**	**05**	**2**
2	05	03	001	01	**Ships**	**31**	**01**	**01**	**02**	**01**	**06**			**06**	**01**	**02**	**01**	**01**	**31**	**السفن**	**01**	**001**	**03**	**05**	**2**
2	05	03	002	01	**Boats**	**31**	**01**	**01**	**02**	**01**	**07**			**07**	**01**	**02**	**01**	**01**	**31**	**الزوارق**	**01**	**002**	**03**	**05**	**2**
2	05	03	003	01	**Trains**	**31**	**01**	**01**	**02**	**01**	**08**			**08**	**01**	**02**	**01**	**01**	**31**	**القاطرات**	**01**	**003**	**03**	**05**	**2**
2	05	03	004	01	**Jeeps & All Terrain vehicles**	**31**	**01**	**01**	**02**	**01**	**09**			**09**	**01**	**02**	**01**	**01**	**31**	**العجلات**	**01**	**004**	**03**	**05**	**2**
2	05	03	005	01	**Airplanes**	**31**	**01**	**01**	**02**	**01**	**10**			**10**	**01**	**02**	**01**	**01**	**31**	**الطائرات**	**01**	**005**	**03**	**05**	**2**
2	05	03	006	01	**Bicycle & Motorcycles**	**31**	**01**	**01**	**02**	**01**	**11**			**11**	**01**	**02**	**01**	**01**	**31**	**الدراجات الهوائية و البخارية**	**01**	**006**	**03**	**05**	**2**
					Other Machinery, Equipment and Furniture	*31*	*01*	*01*	*02*	*02*		31122	31122		*02*	*02*	*01*	*01*	*31*	*الأت ومعدات أخرى*					
2	05	01	001	01	**Wooden Furniture**	**31**	**01**	**01**	**02**	**02**	**01**			**01**	**02**	**02**	**01**	**01**	**31**	**الاثاث الخشبي**	**01**	**001**	**01**	**05**	**2**
2	05	01	002	01	**Metal furniture**	**31**	**01**	**01**	**02**	**02**	**02**			**02**	**02**	**02**	**01**	**01**	**31**	**الاثاث المعدني**	**01**	**002**	**01**	**05**	**2**
2	05	01	003	01	**Other furniture**	**31**	**01**	**01**	**02**	**02**	**03**			**03**	**02**	**02**	**01**	**01**	**31**	**الاثاث الاخرى**	**01**	**003**	**01**	**05**	**2**
2	05	04	001	01	**Machines**	**31**	**01**	**01**	**02**	**02**	**04**			**04**	**02**	**02**	**01**	**01**	**31**	**المكائن**	**01**	**001**	**04**	**05**	**2**
2	05	04	002	01	**Devices**	**31**	**01**	**01**	**02**	**02**	**05**			**05**	**02**	**02**	**01**	**01**	**31**	**الاجهزة**	**01**	**002**	**04**	**05**	**2**
2	05	04	005	01	**Photocopiers**	**31**	**01**	**01**	**02**	**02**	**06**			**06**	**02**	**02**	**01**	**01**	**31**	**اجهزة الاستنساخ**	**01**	**005**	**04**	**05**	**2**
2	05	04	007	01	**Telecommunication Devices**	**31**	**01**	**01**	**02**	**02**	**07**			**07**	**02**	**02**	**01**	**01**	**31**	**الات الاتصال**	**01**	**007**	**04**	**05**	**2**
2	05	04	008	01	**Computers**	**31**	**01**	**01**	**02**	**02**	**08**			**08**	**02**	**02**	**01**	**01**	**31**	**الحاسبات الالكترونية**	**01**	**008**	**04**	**05**	**2**
2	05	04	009	01	**Other major devices**	**31**	**01**	**01**	**02**	**02**	**09**			**09**	**02**	**02**	**01**	**01**	**31**	**ألات كبيرة أخرى**	**01**	**009**	**04**	**05**	**2**

					GFS Compatible 2007 Non-Financial Assets								لاستخدامات وزارة		التمريز الجديد لهيكل						هيكل حسابات الموجودات غير المالية لسنة 2007 المتوافق مع GFS	ترميز هيكل حسابات				
2006 COA Coding						New 2007 COA Coding						[MoF use only]	المالية فقط		حسابات سنة 2007							سنة 2006 القديم				
Section	Chapter	Item	Type	Type Detail	Description	Section	Level 1	Level 2	Level 3	Level 4	Level 5	GFS 2001 Coding	ترميز GFS لسنة 2001		المستوى الخامس	المستوى الرابع	المستوى الثالث	المستوى الثاني	المستوى الاول	القسم	البيان	تفاصيل النوع	النوع	المادة	الفصل	القسم
2	05	09	001	01	Police Weapons & Ammunition	31	01	01	02	02	10				10	02	02	01	01	31	الاسلحة و الاعتدة (الشرطة)	01	001	09	05	2
2	05	10	001	01	Theatre Requirements	31	01	01	02	02	11				11	02	02	01	01	31	المسارح و لوازمها	01	001	10	05	2
2	05	10	002	01	Musical Instruments	31	01	01	02	02	12				12	02	02	01	01	31	الاجهزة الموسيقية	01	002	10	05	2
2	05	12	001	01	Other Security Equipment	31	01	01	02	02	13				13	02	02	01	01	31	معدات أمنية أخرى	01	001	12	05	2
					Other Fixed Assets	*31*	*01*	*01*	*03*			3113	3113				*03*	*01*	*01*	*31*	*موجودات ثابتة أخرى*					
					Cultivated Assets	*31*	*01*	*01*	*03*	*01*		31131	31131			*01*	*03*	*01*	*01*	*31*	*ثروة حيوانية ومائية (أصول زراعية)*					
2	05	11	001	01	Animals	31	01	01	03	01	01				01	01	03	01	01	31	الحيوانات	01	001	11	05	2
					Non-Produced Assets	*31*	*01*	*02*				314	314					*02*	*01*	*31*	*الأصول طبيعية (غير المنتجة)*					
					Non-Produced Assets	*31*	*01*	*02*	*01*								*01*	*02*	*01*	*31*	*الأصول طبيعية (غير المنتجة)*					
					Non-Produced Assets	*31*	*01*	*02*	*01*	*01*						*01*	*01*	*02*	*01*	*31*	*الأصول طبيعية (غير المنتجة)*					
2	05	05	001	01	Land	31	01	02	01	01	01	3141	3141		01	01	01	02	01	31	الاراضي	01	001	05	05	2

نظام المصروفات الموحد لشهر اذار 2007

تصنيف المصاريف لسنة 2007 المتوافق مع GFS		الترميز الجديد لهيكل						جدول	المصروفات	النهائية
		حسابات سنة 2007						لشهر		لرئاسةالجامعة
البيان	القسم	المستوى الاول	المستوى الثاني	المستوى الثالث	المستوى الرابع	المستوى الخامس		مصروفات الشهر السابق	مصروفات الشهر الحالي	المجموع
نفقات	2								0	0
تعويضات الموظفين	2	01							0	0
رواتب وأجور	2	01	01						0	0
رواتب وأجور نقدية	2	01	01	01					0	0
الرواتب والأجور الأساسية	2	01	01	01	01				0	0
رواتب	**2**	**01**	**01**	**01**	**01**	**01**				0
المكافات للمنتسبين	**2**	**01**	**01**	**01**	**01**	**02**				0
اجور المتعاقدين	**2**	**01**	**01**	**01**	**01**	**03**				0
اجور المحاضرات	**2**	**01**	**01**	**01**	**01**	**04**				0
اجور الامتحانات	**2**	**01**	**01**	**01**	**01**	**05**				0
اجور اللجان	**2**	**01**	**01**	**01**	**01**	**06**				0
المجازين دراسيا	**2**	**01**	**01**	**01**	**01**	**07**				0
المخصصات	2	01	01	01	02				**0**	0
مخصصات الخطورة	**2**	**01**	**01**	**01**	**02**	**01**				0
الاعمال الاضافية	**2**	**01**	**01**	**01**	**02**	**02**				0
مخصصات السكن	**2**	**01**	**01**	**01**	**02**	**03**				0
مخصصات الضيافة	**2**	**01**	**01**	**01**	**02**	**04**				0
مخصصات استثنائية	**2**	**01**	**01**	**01**	**02**	**05**				0
مخصصات رقابية	**2**	**01**	**01**	**01**	**02**	**06**				0
مخصصات المنصب	**2**	**01**	**01**	**01**	**02**	**07**				0
مخصصات الخدمة الجامعية	**2**	**01**	**01**	**01**	**02**	**08**				0
نفقات بدل خطورة امنية	**2**	**01**	**01**	**01**	**02**	**09**				0
الأجور والرواتب العينيــة	2	01	01	02					0	0
الأجور والرواتب العينيــة	2	01	01	02	01				0	0
التأمين على الحياة	**2**	**01**	**01**	**02**	**01**	**01**				0
التأمين ضد الحوادث و الاصابات	**2**	**01**	**01**	**02**	**01**	**02**				0
المساهمات الإجتماعية (الرواتب والمكافآت التقاعدية)	2	01	02						0	0
مساهمات اجتماعية فعلية	2	01	02	01					0	0

النهائية	المصروفات	جدول	الترميز الجديد لهيكل						تصنيف المصاريف لسنة 2007 المتوافق مع GFS
لرئاسةالجامعة		لشهر	حسابات سنة 2007						
المجموع	مصروفات الشهر الحالي	مصروفات الشهر السابق	المستوى الخامس	المستوى الرابع	المستوى الثالث	المستوى الثاني	المستوى الاول	القسم	البيان
0	0			01	01	02	01	2	مساهمات التقاعد الحكومية
0			01	01	01	02	01	2	مساهمات التقاعد الحكومية
0	0				02	02	01	2	مساهمات اجتماعية محتسبة
0	0			01	02	02	01	2	مساهمات اجتماعية محتسبة - (الرواتب التقاعدية)
0			01	01	02	02	01	2	الرواتب التقاعدية (المدنية)
0			02	01	02	02	01	2	المكافات التقاعدية (المدنية)
0			03	01	02	02	01	2	الرواتب التقاعدية (العسكرية)
0			04	01	02	02	01	2	المكافات التقاعدية (العسكرية)
0	0						02	2	السلع والخدمات
0	0					01	02	2	المستلزمات السلعية
0	0				01	01	02	2	المستلزمات السلعية
0	0			01	01	01	02	2	قرطاسية ومطبوعات
0			01	01	01	01	02	2	القرطاسية
0			02	01	01	01	02	2	المطبوعات
0	0			02	01	01	02	2	كتب ومجلات
0			01	02	01	01	02	2	الكتب
0			02	02	01	01	02	2	المجلات
0			03	02	01	01	02	2	الوثائق
0			04	02	01	01	02	2	المخطوطات
0			05	02	01	01	02	2	افلام الميكروفيلم
0	0			03	01	01	02	2	الماء والمجاري
0			01	03	01	01	02	2	اجور الماء
0			02	03	01	01	02	2	اجور المجاري
0	0			04	01	01	02	2	الكهرباء
0			01	04	01	01	02	2	اجور الكهرباء
0			02	04	01	01	02	2	نفقات أستيراد الطاقة الكهربائية
0	0			05	01	01	02	2	الوقود
0			01	05	01	01	02	2	الوقود
0			02	05	01	01	02	2	نفقات شراء الوقود المستورد لمحطات توليد الطاقة الكهربائية
0			03	05	01	01	02	2	نفقات استيراد الوقود

تصنيف المصاريف لسنة 2007 المتوافق مع GFS	الترميز الجديد لهيكل						جدول	المصروفات	النهائية
	حسابات سنة 2007						لشهر		لرئاسةالجامعة
البيان	القسم	المستوى الاول	المستوى الثاني	المستوى الثالث	المستوى الرابع	المستوى الخامس	مصروفات الشهر السابق	مصروفات الشهر الحالي	المجموع
الملابس	2	02	01	01	06			0	0
ملابس الموظفين	2	02	01	01	06	01			0
ملابس قوى الامن الداخلي	2	02	01	01	06	02		0	0
ملابس العسكريين	2	02	01	01	06	03			0
ملابس اخرى	2	02	01	01	06	04			0
مواد المكافحة والوقاية	2	02	01	01	08			0	0
مواد المكافحة	2	02	01	01	08	01			0
مواد الوقاية	2	02	01	01	08	02			0
المواد واللوازم	2	02	01	01	09			0	0
اللوازم المختبرية	2	02	01	01	09	01			0
اللوازم الطبية	2	02	01	01	09	02			0
اللوازم المدرسية	2	02	01	01	09	03			0
اللوازم الصناعية	2	02	01	01	09	04			0
اللوازم الزراعية	2	02	01	01	09	05			0
اللوازم الاخرى	2	02	01	01	09	06			0
سلعية متنوعة	2	02	01	01	11			0	0
الكتب المدرسية	2	02	01	01	11	01			0
الادوية	2	02	01	01	11	02			0
التجهيزات و اللوازم الرياضية	2	02	01	01	11	03			0
علف الحيوانات	2	02	01	01	11	04			0
القرطاسية و لوازم الطلاب	2	02	01	01	11	05			0
لوازم الغسيل	2	02	01	01	11	06			0
تجهيزات النزلاء و الاحداث	2	02	01	01	11	07			0
الاسلحة و الاعتدة (العسكرية)	2	02	01	01	11	08			0
افلام روائية (سينمائية)	2	02	01	01	11	09			0
افلام تسجيلية (وثائقية)	2	02	01	01	11	10			0
الألات الحاسبة	2	02	01	01	11	11			0
الألات الطابعة	2	02	01	01	11	12			0
اجهزة التصوير و الميكروفيلم	2	02	01	01	11	13			0
أجهزة مكتبية صغيرة أخرى	2	02	01	01	11	14			0

تصنيف المصاريف لسنة 2007 المتوافق مع GFS	الترميز الجديد لهيكل						جدول	المصروفات	النهائية
	حسابات سنة 2007						لشهر		لرئاسةالجامعة
البيان	القسم	المستوى الاول	المستوى الثاني	المستوى الثالث	المستوى الرابع	المستوى الخامس	مصروفات الشهر السابق	مصروفات الشهر الحالي	المجموع
المستلزمات الخدمية	*2*	*02*	*02*					0	0
المستلزمات الخدمية	*2*	*02*	*02*	*01*				0	0
مخصصات ونفقات السفر	*2*	*02*	*02*	*01*	*01*			0	0
المخصصات الليلية	**2**	**02**	**02**	**01**	**01**	**01**			0
وسائط النقل	**2**	**02**	**02**	**01**	**01**	**02**			0
نفقات السفر	**2**	**02**	**02**	**01**	**01**	**03**			0
النفقات الاخرى	**2**	**02**	**02**	**01**	**01**	**04**			0
مخصصات ونفقات الايفاد	*2*	*02*	*02*	*01*	*02*			0	0
المخصصات الليلية	**2**	**02**	**02**	**01**	**02**	**01**			0
وسائط النقل	**2**	**02**	**02**	**01**	**02**	**02**			0
نفقات السكن	**2**	**02**	**02**	**01**	**02**	**03**			0
النفقات الاخرى	**2**	**02**	**02**	**01**	**02**	**04**			0
نفقات الانتقال	*2*	*02*	*02*	*01*	*03*			0	0
المخصصات الليلية	**2**	**02**	**02**	**01**	**03**	**01**			0
اجوروسائط النقل	**2**	**02**	**02**	**01**	**03**	**02**			0
النفقات الاخرى	**2**	**02**	**02**	**01**	**03**	**03**			0
النشر والاعلام	*2*	*02*	*02*	*01*	*04*			0	0
نفقات النشر	**2**	**02**	**02**	**01**	**04**	**01**			0
نفقات الاعلام	**2**	**02**	**02**	**01**	**04**	**02**			0
الاشتراك في الصحف	**2**	**02**	**02**	**01**	**04**	**03**			0
أيجار المباني	*2*	*02*	*02*	**01**	*05*			0	0
ايجار المباني	**2**	**02**	**02**	**01**	**05**	**01**			0
ايجار المخازن	**2**	**02**	**02**	**01**	**05**	**02**			0
ايجارات اخرى	**2**	**02**	**02**	**01**	**05**	**03**		0	0
أيجار مكائن ومعدات	*2*	*02*	*02*	*01*	*06*			0	0
ايجار المكائن و المعدات	**2**	**02**	**02**	**01**	**06**	**01**			0
ايجار الحاسبات الالكترونية	**2**	**02**	**02**	**01**	**06**	**02**			0
ايجار اثاث و لوازم	**2**	**02**	**02**	**01**	**06**	**03**			0
ايجارات اخرى	**2**	**02**	**02**	**01**	**06**	**04**			0
ايجار وسائط النقل	**2**	**02**	**02**	**01**	**06**	**05**			0

تصنيف المصاريف لسنة 2007 المتوافق مع GFS	الترميز الجديد لهيكل						جدول	المصروفات	النهائية
	حسابات سنة 2007						لشهر		لرئاسةالجامعة
البيان	القسم	المستوى الاول	المستوى الثاني	المستوى الثالث	المستوى الرابع	المستوى الخامس	مصروفات الشهر السابق	مصروفات الشهر الحالي	المجموع
الترفيه الرسمي	*2*	*02*	*02*	*01*	*07*			0	0
الضيافة و الوفود و العلاقات العامة	2	02	02	01	07	01			0
الاحتفالات	2	02	02	01	07	02			0
البريد	*2*	*02*	*02*	01	*08*			0	0
طوابع بريدية	2	02	02	01	08	01			0
نقل البريد الدبلوماسي	2	02	02	01	08	02			0
الاتصالات والبرق	*2*	*02*	*02*	*01*	*09*			0	0
اجور المكالمات الهاتفية	2	02	02	01	09	01			0
نصب و نقل اجهزة الاتصالات	2	02	02	01	09	02			0
ايجار اجهزة الاتصالات	2	02	02	01	09	03			0
النقل المباشر عبر الاقمار الصناعية	2	02	02	01	09	04			0
خدمات شبكة المعلومات	2	02	02	01	09	05			0
شبكة الميكرويف	2	02	02	01	09	06		0	0
اجور الخبراء والاستشاريين	*2*	*02*	*02*	*01*	*10*			0	0
استشارات خصخصة	2	02	02	01	10	01			0
استشارات اقتصادية ومالية	2	02	02	01	10	02			0
الاستشارات العلمية	2	02	02	01	10	03			0
أستشارات قانونية (اجور المحامين توكيل)	2	02	02	01	10	04			0
الاستشارات الاخرى	2	02	02	01	10	05			0
اجور الخدمات الامنية	*2*	*02*	*02*	*01*	*11*			0	0
اجور حراسة الافراد	2	02	02	01	11	01			0
اجور حراسة المنشات	2	02	02	01	11	02			0
المساهمة في كلفة أنتاج النفط الخام المصدر	*2*	*02*	*02*	01	*12*			0	0
المساهمة في كلفة أنتاج النفط الخام المصدر	2	02	02	01	12	01			0
خدمية متنوعة	*2*	*02*	*02*	*01*	*13*			0	0
ايجار الصناديق لدى المصارف	2	02	02	01	13	01			0
المؤتمرات و الندوات	2	02	02	01	13	02			0
الطبع	2	02	02	01	13	03			0
الاشتراك في الدورات التدريبية	2	02	02	01	13	04			0
مسح و تحديد الاراضي	2	02	02	01	13	05			0

تصنيف المصاريف لسنة 2007 المتوافق مع GFS	الترميز الجديد لهيكل						جدول	المصروفات	النهائية
	حسابات سنة 2007						لشهر		لرئاسةالجامعة
البيان	القسم	المستوى الاول	المستوى الثاني	المستوى الثالث	المستوى الرابع	المستوى الخامس	مصروفات الشهر السابق	مصروفات الشهر الحالي	المجموع
نقل الشهود	2	02	02	01	13	06			0
تنظيف الدائرة	2	02	02	01	13	07			0
التعضيد و الترجمة و التاليف	2	02	02	01	13	08			0
اجور الخدمات المصرفية	2	02	02	01	13	09			0
اجور الانتساب الى المؤسسات العلمية	2	02	02	01	13	10			0
طبع الطوابع المالية	2	02	02	01	13	11			0
الدعاية	2	02	02	01	13	12			0
وسم المصوغات	2	02	02	01	13	13			0
اجور حراس حماية المنشأت	2	02	02	01	13	14			0
خدمات اخرى (المتنوعة)	2	02	02	01	13	90			0
الصيانة	*2*	*02*	*03*					0	0
الصيانة	*2*	*02*	*03*	*01*				0	0
صيانة التأسيسات المائية والكهربائية	*2*	*02*	*03*	*01*	*02*			0	0
صيانة التاسيسات المائية	2	02	03	01	02	01			0
صيانة التاسيسات الكهربائية	2	02	03	01	02	02			0
صيانة وسائط النقل	*2*	*02*	*03*	*01*	*03*			0	0
صيانة سيارات الصالون	2	02	03	01	03	01			0
صيانة سيارات الحمل	2	02	03	01	03	02			0
صيانة سيارات العمل	2	02	03	01	03	03			0
صيانة الطائرات	2	02	03	01	03	04			0
صيانة الزوارق	2	02	03	01	03	05			0
صيانة وسائط النقل الاخرى	2	02	03	01	03	06			0
مصاريف صيانة متنوعة	*2*	*02*	*03*	*01*	*05*			0	0
صيانة الاثاث	2	02	03	01	05	01			0
صيانة المباني	2	02	03	01	05	02			0
صيانة المكائن و الاجهزة و الالات	2	02	03	01	05	03			0
صيانة أسلحة الشرطة	2	02	03	01	05	04			0
صيانة الحدائق و المتنزهات و البساتين	2	02	03	01	05	05			0
صيانة المعامل	2	02	03	01	05	06			0
صيانة المحطات الاذاعية و التلفزيونية	2	02	03	01	05	07			0

تصنيف المصاريف لسنة 2007 المتوافق مع GFS	الترميز الجديد لهيكل						جدول	المصروفات	النهائية
	حسابات سنة 2007						لشهر		لرئاسةالجامعة
البيان	القسم	المستوى الاول	المستوى الثاني	المستوى الثالث	المستوى الرابع	المستوى الخامس	مصروفات الشهر السابق	مصروفات الشهر الحالي	المجموع
صيانة المواقع واللقى الأثرية	2	02	03	01	05	08			0
صيانة الأسلحة العسكرية	2	02	03	01	05	09			0
صيانة الكتب	2	02	03	01	05	10			0
صيانة السجلات	2	02	03	01	05	11			0
صيانة الوثائق	2	02	03	01	05	12			0
صيانة وثائق التسجيل الاخرى	2	02	03	01	05	13			0
المصروفات الاخرى	2	08						0	0
مصاريف ملكية غير الفوائد	2	08	01						
إستنجار الاصول غير المنتجة	2	08	01	04					
إستنجار الاصول غير المنتجة	2	08	01	04	01				
إيجار الاراضي	2	08	01	04	01	01			
نفقات أخرى متنوعة	2	08	02					0	0
جارية	2	08	02	01				0	0
مكافئآت لغير المنتسبين	2	08	02	01	01			0	0
مكافات	2	08	02	01	01	01			0
مكافات المخبرين و المتعاونين	2	08	02	01	01	02			0
الاوسمة	2	08	02	01	01	03			0
مخصصات وبعثات الطلاب	2	08	02	01	02			0	0
مخصصات التلاميذ	2	08	02	01	02	01			0
بعثات الطلاب	2	08	02	01	02	02			0
أقساط التأمين على غير الحياة	2	08	02	01	03			0	0
تامين المسؤولية الشخصية	2	08	02	01	03	01			0
تامين الاموال و الموجودات الثابتة	2	08	02	01	03	02			0
تعويضات وغرامات	2	08	02	01	04			0	0
تعويضات حرب الكويت	2	08	02	01	04	01			0
تعويضات الضحايا	2	08	02	01	04	02			0
تعويضات مختلفة	2	08	02	01	04	03			0
الرسوم والضرائب	2	08	02	01	05			0	0
الرسوم القضائية	2	08	02	01	05	01			0

تصنيف المصاريف لسنة 2007 المتوافق مع GFS										
	الترميز الجديد لهيكل						جدول	المصروفات	النهائية
	حسابات سنة 2007						لشهر		لرئاسةالجامعة
البيان	القسم	المستوى الاول	المستوى الثاني	المستوى الثالث	المستوى الرابع	المستوى الخامس	مصروفات الشهر السابق	مصروفات الشهر الحالي	المجموع
الضرائب	2	08	02	01	05	02			0
مصاريف أخرى	*2*	*08*	*02*	*01*	*06*			**0**	0
الأسترجاع والأسترداد	2	08	02	01	06	01			0
رديات مختلفة	2	08	02	01	06	02			0
منح الجمعيات الخيرية والدينية	2	08	02	01	06	03			0
منح وتحويلات أخرى	2	08	02	01	06	04			0
النشاط الكشفي	2	08	02	01	06	05			0
أحتياطي الطوارئ	2	08	02	01	06	06			0
ضرر مبادلة العملة	2	08	02	01	06	07			0
عمولة بيع الطوابع المالية	2	08	02	01	06	08			0
اطفاء الديون	2	08	02	01	06	09			0
النشاطات الرياضية	2	08	02	01	06	10			0
النشاطات المدرسية	2	08	02	01	06	11			0
التسوية النقدية للديون الصغيرة للقطاع الخاص في الخارج	2	08	02	01	06	12			0

المنظم **مدير الحسابات** **مدير المالية** **مدير التدقيق**

محمد فريد مهدي الموسوى

تصنيف المصاريف لسنة 2007 المتوافق مع GFS									
	الترميز الجديد لهيكل						جدول	المصروفات	النهائية
	حسابات سنة 2007						لشهر		لرئاسةالجامعة
البيان	القسم	المستوى الاول	المستوى الثاني	المستوى الثالث	المستوى الرابع	المستوى الخامس	مصروفات الشهر السابق	مصروفات الشهر الحالي	المجموع

GFS Compatible Memorandum Accounts COA													[MoF use only]	لاستخدامات وزارة المالية فقط		الترميز الجديد لهيكل حسابات سنة 2007						هيكل الحسابات للحسابات النظامية المتوافق مع أحصائيات مالية الحكومة GFS	ترميز هيكل حسابات سنة 2006				
2006 COA Coding						New 2007 COA Coding																						
Section	Chapter (Level 1)	Item (Level 2)	Type (Level 3)	Type Detail (Level 4)	Description	Section	Chapter (Level 1)	Item (Level 2)	Type (Level 3)	Type Detail (Level 4)	Level 5		GFS Coding	ترميز GFS		المستوى الخامس	تفاصيل النوع (المستوى الرابع)	النوع (المستوى الثالث)	المادة (المستوى الثاني)	الفصل (المستوى الأول)	القسم	البيان	تفاصيل النوع (المستوى الرابع)	النوع (المستوى الثالث)	المادة (المستوى الثاني)	الفصل (المستوى الأول)	القسم
					Memorandum Assets Accounts	*98*															*98*	*حسابات الموجودات النظامية*					
					Memorandum Accounts	*98*	*01*													*01*	*98*	*الحسابات النظامية*					
					Other Accounts Receivable	*98*	*01*	*13*											*13*	*01*	*98*	*حسابات مدينة أخرى*					
					Personal debt accounts	*98*	*01*	*13*	*01*									*01*	*13*	*01*	*98*	*حسابات شخصية مدينة*					
					Debtors of marriage advances	*98*	*01*	*13*	*01*	*01*							*01*	*01*	*13*	*01*	*98*	*مدينو سلف الزواج*					
3	**13**	**01**	**001**	**01**	**Debtors of marriage advances**	**98**	**01**	**13**	**01**	**01**	**01**					**01**	**01**	**01**	**13**	**01**	**98**	**مدينو سلف الزواج**	**01**	**001**	**01**	**13**	**3**
					Debtors of Pension Awards Advances	*98*	*01*	*13*	*01*	*02*							*02*	*01*	*13*	*01*	*98*	*مدينوا سلف المكافآت التقاعدية*					
3	**13**	**01**	**002**	**01**	**Debtors of Pension Awards advances**	**98**	**01**	**13**	**01**	**02**	**01**					**01**	**02**	**01**	**13**	**01**	**98**	**مدينوا سلف المكافآت التقاعدية**	**01**	**002**	**01**	**13**	**3**
					Embezzlement debtors of Government cash funds	*98*	*01*	*13*	*01*	*03*							*03*	*01*	*13*	*01*	*98*	*مدينوا اختلاس اموال الدولة النقدية*					
3	**13**	**01**	**003**	**01**	**Embezzlement debtors of Government cash funds**	**98**	**01**	**13**	**01**	**03**	**01**					**01**	**03**	**01**	**13**	**01**	**98**	**مدينوا اختلاس اموال الدولة النقدية**	**01**	**003**	**01**	**13**	**3**
					Debtors for Treasury Account	*98*	*01*	*13*	*01*	*04*							*04*	*01*	*13*	*01*	*98*	*مدينون لحساب الخزينة*					
3	**13**	**01**	**004**	**01**	**Debtors for Treasury Account**	**98**	**01**	**13**	**01**	**04**	**01**					**01**	**04**	**01**	**13**	**01**	**98**	**مدينون لحساب الخزينة**	**01**	**004**	**01**	**13**	**3**
					Transporting & Furnishing Advances for External Service e	*98*	*01*	*13*	*01*	*05*							*05*	*01*	*13*	*01*	*98*	*مدينو سلف النقل والتاثيث لموظفي الخدمة الخارجية*					
3	**13**	**01**	**005**	**01**	**Transporting & Furnishing Advances for External Serv**	**98**	**01**	**13**	**01**	**05**	**01**					**01**	**05**	**01**	**13**	**01**	**98**	**مدينو سلف النقل والتاثيث لموظفي الخدمة الخارجية**	**01**	**005**	**01**	**13**	**3**
					Debtors of rejected cheques	*98*	*01*	*13*	*01*	*06*							*06*	*01*	*13*	*01*	*98*	*مدينو مبالغ الصكوك المرفوضة*					
3	**13**	**01**	**006**	**01**	**Debtors of rejected cheques**	**98**	**01**	**13**	**01**	**06**	**01**					**01**	**06**	**01**	**13**	**01**	**98**	**مدينو مبالغ الصكوك المرفوضة**	**01**	**006**	**01**	**13**	**3**
					Other Debtors	*98*	*01*	*13*	*01*	*07*							*07*	*01*	*13*	*01*	*98*	*مدينون مختلفون*					
3	**13**	**01**	**009**	**01**	**Other Debtors**	**98**	**01**	**13**	**01**	**07**	**01**					**01**	**07**	**01**	**13**	**01**	**98**	**مدينون مختلفون**	**01**	**009**	**01**	**13**	**3**
					Debtors of Studying Expenditures	*98*	*01*	*13*	*02*									*02*	*13*	*01*	*98*	*مدينون نفقات دراسية*					
					Debtors of student account funds borrowing	*98*	*01*	*13*	*02*	*01*							*01*	*02*	*13*	*01*	*98*	*مدينون ح/صناديق تسليف الطلبة*					
3	**13**	**02**	**001**	**01**	**Debtors of student account funds borrowing**	**98**	**01**	**13**	**02**	**01**	**01**					**01**	**01**	**02**	**13**	**01**	**98**	**مدينون ح/صناديق تسليف الطلبة**	**01**	**001**	**02**	**13**	**3**
					Debtors of scholastic failures account	*98*	*01*	*13*	*02*	*02*							*02*	*02*	*13*	*01*	*98*	*مدينون ح/ الفاشلين دراسيا*					
3	**13**	**02**	**002**	**01**	**Debtors of scholastic failures account**	**98**	**01**	**13**	**02**	**02**	**01**					**01**	**02**	**02**	**13**	**01**	**98**	**مدينون ح/ الفاشلين دراسيا**	**01**	**002**	**02**	**13**	**3**
					Directorates debt of studying expenditures	*98*	*01*	*13*	*02*	*03*							*03*	*02*	*13*	*01*	*98*	*مديونية الدوائر عن نفقات دراسية*					
3	**13**	**02**	**003**	**01**	**Directorates debt of studying expenditures**	**98**	**01**	**13**	**02**	**03**	**01**					**01**	**03**	**02**	**13**	**01**	**98**	**مديونية الدوائر عن نفقات دراسية**	**01**	**003**	**02**	**13**	**3**
					Debtors from accounting mistakes	*98*	*01*	*13*	*03*									*03*	*13*	*01*	*98*	*مدينون عن الاخطاء الحسابية*					
					Shortage in cash	*98*	*01*	*13*	*03*	*01*							*01*	*03*	*13*	*01*	*98*	*النقص في الصندوق*					
3	**13**	**03**	**001**	**01**	**Shortage in cash**	**98**	**01**	**13**	**03**	**01**	**01**					**01**	**01**	**03**	**13**	**01**	**98**	**النقص في الصندوق**	**01**	**001**	**03**	**13**	**3**
					Shortage in stores	*98*	*01*	*13*	*03*	*02*							*02*	*03*	*13*	*01*	*98*	*النقص في المخازن*					

GFS Compatible Memorandum Accounts COA												[MoF use only]
2006 COA Coding						New 2007 COA Coding						
Section	Chapter (Level 1)	Item (Level 2)	Type (Level 3)	Type Detail (Level 4)	Description	Section	Chapter (Level 1)	Item (Level 2)	Type (Level 3)	Type Detail (Level 4)	Level 5	GFS Coding
3	13	03	002	01	**Shortage in stores**	98	01	13	03	02	01	
					Over spending	*98*	*01*	*13*	*03*	*03*		
3	13	03	003	01	**Over spending**	98	01	13	03	03	01	
					Shortage in Revenues	*98*	*01*	*13*	*03*	*04*		
3	13	03	004	01	**Shortage in Revenues**	98	01	13	03	04	01	
					Settlement of old debit accounts	*98*	*01*	*13*	*09*			
					Settlement of old debit accounts	*98*	*01*	*13*	*09*	*01*		
3	13	09	001	01	**Settlement of old debit accounts**	98	01	13	09	01	01	
					Adjustment debit account	*98*	*01*	*16*				
					Adjustment debit account	*98*	*01*	*16*	*01*			
					Revenues due & not received	*98*	*01*	*16*	*01*	*01*		
3	16	01	001	01	**Revenues due & not received**	98	01	16	01	01	01	
					Prepaid expenses	*98*	*01*	*16*	*01*	*02*		
3	16	02	001	01	**Prepaid expenses**	98	01	16	01	02	01	
					Debit memorandum accounts	*98*	*01*	*19*				
					Letters of guarantee received from others	*98*	*01*	*19*	*01*			
					Letters of guarantee received from others	*98*	*01*	*19*	*01*	*01*		
3	19	01	001	01	**Letters of guarantee received from others**	98	01	19	01	01	01	
					Contra of Letters of guarantee issued for others	*98*	*01*	*19*	*02*			
					Contra of Letters of guarantee issued for others	*98*	*01*	*19*	*02*	*01*		
3	19	02	001	01	**Contra of Letters of guarantee issued for others**	98	01	19	02	01	01	
					Monetary asset for financial independent units	*98*	*01*	*19*	*03*			
					Monetary asset for financial independent units	*98*	*01*	*19*	*03*	*01*		
3	11	03	001	01	**Monetary asset for financial independent units**	98	01	19	03	01	01	
					Fixed assets	*98*	*01*	*19*	*04*			
					Lands	*98*	*01*	*19*	*04*	*01*		
3	19	04	001	01	**Lands**	98	01	19	04	01	01	
					Buildings & establishments	*98*	*01*	*19*	*04*	*02*		
3	19	04	002	01	**Buildings & establishments**	98	01	19	04	02	01	
					Machines & equipments	*98*	*01*	*19*	*04*	*03*		
3	19	04	003	01	**Machines & equipments**	98	01	19	04	03	01	
					Means of transport	*98*	*01*	*19*	*04*	*04*		
3	19	04	004	01	**Means of transport**	98	01	19	04	04	01	
					Tools and moulds	*98*	*01*	*19*	*04*	*05*		

لاستخدامات وزارة المالية فقط	الترميز الجديد لهيكل حسابات سنة 2007						هيكل الحسابات للحسابات النظامية المتوافق مع أحصائيات مالية الحكومة GFS	ترميز هيكل حسابات سنة 2006				
ترميز GFS	المستوى الخامس	تفاصيل النوع (المستوى الرابع)	النوع (المستوى الثالث)	المادة (المستوى الثاني)	الفصل (المستوى الأول)	القسم	البيان	تفاصيل النوع (المستوى الرابع)	النوع (المستوى الثالث)	المادة (المستوى الثاني)	الفصل (المستوى الأول)	القسم
	01	02	03	13	01	98	**النقص في المخازن**	01	002	03	13	3
		03	*03*	*13*	*01*	*98*	*الصرف بصورة زائدة*					
	01	03	03	13	01	98	**الصرف بصورة زائدة**	01	003	03	13	3
		04	*03*	*13*	*01*	*98*	*النقص في الايرادات*					
	01	04	03	13	01	98	**النقص في الايرادات**	01	004	03	13	3
			09	*13*	*01*	*98*	*تصفية الارصدة المدينة القديمة*					
		01	*09*	*13*	*01*	*98*	*تصفية الارصدة المدينة القديمة*					
	01	01	09	13	01	98	**تصفية الارصدة المدينة القديمة**	01	001	09	13	3
				16	*01*	*98*	*حسابات التسوية المدينة*					
			01	*16*	*01*	*98*	*حسابات التسوية المدينة*					
		01	*01*	*16*	*01*	*98*	*ايرادات مستحقة غير مقبوضة*					
	01	01	01	16	01	98	**ايرادات مستحقة غير مقبوضة**	01	001	01	16	3
		02	*01*	*16*	*01*	*98*	*مصاريف مدفوعة مقدما*					
	01	02	01	16	01	98	**مصاريف مدفوعة مقدما**	01	001	02	16	3
				19	*01*	*98*	*الحسابات النظامية المدينة*					
			01	*19*	*01*	*98*	*خطابات ضمان مستلمة من الغير*					
		01	*01*	*19*	*01*	*98*	*خطابات ضمان مستلمة من الغير*					
	01	01	01	19	01	98	**خطابات ضمان مستلمة من الغير**	01	001	01	19	3
			02	*19*	*01*	*98*	*مقابل خطابات ضمان صادرة للغير*					
		01	*02*	*19*	*01*	*98*	*مقابل خطابات ضمان صادرة للغير*					
	01	01	02	19	01	98	**مقابل خطابات ضمان صادرة للغير**	01	001	02	19	3
			03	*19*	*01*	*98*	*موجود نقدي لوحدات مستقلة ماليا*					
		01	*03*	*19*	*01*	*98*	*موجود نقدي لوحدات مستقلة ماليا*					
	01	01	03	19	01	98	**موجود نقدي لوحدات مستقلة ماليا**	01	001	03	11	3
			04	*19*	*01*	*98*	*الموجودات الثابتة*					
		01	*04*	*19*	*01*	*98*	*الاراضي*					
	01	01	04	19	01	98	**الاراضي**	01	001	04	19	3
		02	*04*	*19*	*01*	*98*	*المباني والمنشات*					
	01	02	04	19	01	98	**المباني والمنشات**	01	002	04	19	3
		03	*04*	*19*	*01*	*98*	*الالات والمعدات*					
	01	03	04	19	01	98	**الالات والمعدات**	01	003	04	19	3
		04	*04*	*19*	*01*	*98*	*وسائط النقل*					
	01	04	04	19	01	98	**وسائط النقل**	01	004	04	19	3
		05	*04*	*19*	*01*	*98*	*عدد وقوالب*					

GFS Compatible Memorandum Accounts COA												[MoF use only]
2006 COA Coding						New 2007 COA Coding						
Section	Chapter (Level 1)	Item (Level 2)	Type (Level 3)	Type Detail (Level 4)	Description	Section	Chapter (Level 1)	Item (Level 2)	Type (Level 3)	Type Detail (Level 4)	Level 5	GFS Coding
3	19	04	005	01	**Tools and moulds**	98	01	19	04	05	01	
					Furniture & Directorate appliances	*98*	*01*	*19*	*04*	*06*		
3	19	04	006	01	**Furniture & Directorate appliances**	98	01	19	04	06	01	
					Animals and plants	*98*	*01*	*19*	*04*	*07*		
3	19	04	007	01	**Animals and plants**	98	01	19	04	07	01	
					Other assets	*98*	*01*	*19*	*04*	*08*		
3	19	04	008	01	**Other assets**	98	01	19	04	08	01	
					Inventory	*98*	*01*	*19*	*05*			
					Raw material store	*98*	*01*	*19*	*05*	*01*		
3	19	05	001	01	**Raw material store**	98	01	19	05	01	01	
					Spare parts store	*98*	*01*	*19*	*05*	*02*		
3	19	05	002	01	**Spare parts store**	98	01	19	05	02	01	
					Fuel & oil store	*98*	*01*	*19*	*05*	*03*		
3	19	05	003	01	**Fuel & oil store**	98	01	19	05	03	01	
					Miscellaneous store	*98*	*01*	*19*	*05*	*04*		
3	19	05	004	01	**Miscellaneous store**	98	01	19	05	04	01	
					Production store	*98*	*01*	*19*	*05*	*05*		
3	19	05	005	01	**Production store**	98	01	19	05	05	01	
					Goods for sale store	*98*	*01*	*19*	*05*	*06*		
3	19	05	006	01	**Goods for sale store**	98	01	19	05	06	01	
					Other store	*98*	*01*	*19*	*05*	*07*		
3	19	05	007	01	**Other store**	98	01	19	05	07	01	

لاستخدامات وزارة المالية فقط		الترميز الجديد لهيكل حسابات سنة 2007						هيكل الحسابات للحسابات النظامية المتوافق مع أحصائيات مالية الحكومة GFS	ترميز هيكل حسابات سنة 2006				
ترميز GFS		المستوى الخامس	تفاصيل النوع (المستوى الرابع)	النوع (المستوى الثالث)	المادة (المستوى الثاني)	الفصل (المستوى الأول)	القسم	البيان	تفاصيل النوع (المستوى الرابع)	النوع (المستوى الثالث)	المادة (المستوى الثاني)	الفصل (المستوى الأول)	القسم
		01	05	04	19	01	98	**عدد وقوالب**	01	005	04	19	3
			06	*04*	*19*	*01*	*98*	*اثاث واجهزة مكاتب*					
		01	06	04	19	01	98	**اثاث واجهزة مكاتب**	01	006	04	19	3
			07	*04*	*19*	*01*	*98*	*نباتات وحيوانات*					
		01	07	04	19	01	98	**نباتات وحيوانات**	01	007	04	19	3
			08	*04*	*19*	*01*	*98*	*موجودات اخرى*					
		01	08	04	19	01	98	**موجودات اخرى**	01	008	04	19	3
				05	*19*	*01*	*98*	*المخزن*					
			01	*05*	*19*	*01*	*98*	*مخزن مواد اولية*					
		01	01	05	19	01	98	**مخزن مواد اولية**	01	001	05	19	3
			02	*05*	*19*	*01*	*98*	*مخزن مواد احتياطية*					
		01	02	05	19	01	98	**مخزن مواد احتياطية**	01	002	05	19	3
			03	*05*	*19*	*01*	*98*	*مخزن وقود*					
		01	03	05	19	01	98	**مخزن وقود**	01	003	05	19	3
			04	*05*	*19*	*01*	*98*	*مخزن متنوعات*					
		01	04	05	19	01	98	**مخزن متنوعات**	01	004	05	19	3
			05	*05*	*19*	*01*	*98*	*مخزن انتاج*					
		01	05	05	19	01	98	**مخزن انتاج**	01	005	05	19	3
			06	*05*	*19*	*01*	*98*	*مخزن بضائع بفرض البيع*					
		01	06	05	19	01	98	**مخزن بضائع بفرض البيع**	01	006	05	19	3
			07	*05*	*19*	*01*	*98*	*مخزن اخرى*					
		01	07	05	19	01	98	**مخزن اخرى**	01	007	05	19	3

GFS Compatible Memorandum Accounts COA													[MoF use only]	لاستخدامات وزارة المالية فقط		الترميز الجديد لهيكل حسابات سنة 2007						هيكل الحسابات للحسابات النظامية المتوافق مع أحصائيات مالية الحكومة GFS	ترميز هيكل حسابات سنة 2006				
2006 COA Coding						New 2007 COA Coding																						
Section	Chapter (Level 1)	Item (Level 2)	Type (Level 3)	Type Detail (Level 4)	Description	Section	Chapter (Level 1)	Item (Level 2)	Type (Level 3)	Type Detail (Level 4)	Level 5		GFS Coding	ترميز GFS		المستوى الخامس	تفاصيل النوع (المستوى الرابع)	النوع (المستوى الثالث)	المادة (المستوى الثاني)	الفصل (المستوى الأول)	القسم	البيان	تفاصيل النوع (المستوى الرابع)	النوع (المستوى الثالث)	المادة (المستوى الثاني)	الفصل (المستوى الأول)	القسم
					Memorandum Liabilities Accounts	99															99	*حسابات المطلوبات النظامية*					
					Memorandum Accounts	99	01													01	99	*الحسابات النظامية*					
					Other Accounts Payable	99	01	23											23	01	99	*حسابات دائنة أخرى (الدائنون)*					
					Creditors of returned salaries and wages	99	01	23	01									01	23	01	99	*دائنوا الرواتب والاجور المعادة*					
					Creditors of returned salaries and wages	99	01	23	01	01							01	01	23	01	99	*دائنوا الرواتب والاجور المعادة / أمانات الضرائب*					
4	**23**	**01**	**001**	**01**	**Creditors of returned salaries and wages**	**99**	**01**	**23**	**01**	**01**	**01**					**01**	**01**	**01**	**23**	**01**	**99**	**دائنوا الرواتب والاجور المعادة**	**01**	**001**	**01**	**23**	**4**
					Creditors of study expenditures	99	01	23	02									02	23	01	99	*دائنوا النفقات الدراسية*					
					Ministry of Higher Education	99	01	23	02	01							01	02	23	01	99	*وزارة التعليم العالي*					
4	**23**	**02**	**001**	**01**	**Ministry of Higher Education**	**99**	**01**	**23**	**02**	**01**	**01**					**01**	**01**	**02**	**23**	**01**	**99**	**وزارة التعليم العالي**	**01**	**001**	**02**	**23**	**4**
					Ministry of Foreign Affairs	99	01	23	02	03							03	02	23	01	99	*وزارة الخارجية*					
4	**23**	**02**	**002**	**01**	**Ministry of Foreign Affairs**	**99**	**01**	**23**	**02**	**03**	**01**					**01**	**03**	**02**	**23**	**01**	**99**	**وزارة الخارجية**	**01**	**002**	**02**	**23**	**4**
					Treatment of accounting mistake payable	99	01	23	03									03	23	01	99	*معالجة الاخطاء الحسابية الدائنة*					
					Treatment of increase in cash and bank	99	01	23	03	01							01	03	23	01	99	*معالجة الزيادة في الصندوق والبنك*					
4	**23**	**03**	**001**	**01**	**Treatment of increase in cash and bank**	**99**	**01**	**23**	**03**	**01**	**01**					**01**	**01**	**03**	**23**	**01**	**99**	**معالجة الزيادة في الصندوق والبنك**	**01**	**001**	**03**	**23**	**4**
					Treatment of increase in inventory	99	01	23	03	02							02	03	23	01	99	*معالجة الزيادة في المواد المخزنية*					
4	**23**	**03**	**002**	**01**	**Treatment of increase in inventory**	**99**	**01**	**23**	**03**	**02**	**01**					**01**	**02**	**03**	**23**	**01**	**99**	**معالجة الزيادة في المواد المخزنية**	**01**	**002**	**03**	**23**	**4**
					Treatment of increase in receipts	99	01	23	03	03							03	03	23	01	99	*معالجة الزيادة في المقبوضات*					
4	**23**	**03**	**003**	**01**	**Treatment of increase in receipts**	**99**	**01**	**23**	**03**	**03**	**01**					**01**	**03**	**03**	**23**	**01**	**99**	**معالجة الزيادة في المقبوضات**	**01**	**003**	**03**	**23**	**4**
					Treatment of increase in revenues	99	01	23	03	04							04	03	23	01	99	*معالجة الزيادة في الايرادات*					
4	**23**	**03**	**004**	**01**	**Treatment of increase in revenues**	**99**	**01**	**23**	**03**	**04**	**01**					**01**	**04**	**03**	**23**	**01**	**99**	**معالجة الزيادة في الايرادات**	**01**	**004**	**03**	**23**	**4**
					Deductions for others	99	01	23	04									04	23	01	99	*الاستقطاعات لحساب الغير*					
					Banks	99	01	23	04	01							01	04	23	01	99	*المصارف*					
4	**23**	**04**	**001**	**01**	**Rafadaeen bank**	**99**	**01**	**23**	**04**	**01**	**01**					**01**	**01**	**04**	**23**	**01**	**99**	**مصرف الرافدين**	**01**	**001**	**04**	**23**	**4**
4	**23**	**04**	**001**	**02**	**Rasheed bank**	**99**	**01**	**23**	**04**	**01**	**02**					**02**	**01**	**04**	**23**	**01**	**99**	**مصرف الرشيد**	**02**	**001**	**04**	**23**	**4**
4	**23**	**04**	**001**	**03**	**Real estate bank**	**99**	**01**	**23**	**04**	**01**	**03**					**03**	**01**	**04**	**23**	**01**	**99**	**المصرف العقاري**	**03**	**001**	**04**	**23**	**4**
4	**23**	**04**	**001**	**04**	**Agriculture bank**	**99**	**01**	**23**	**04**	**01**	**04**					**04**	**01**	**04**	**23**	**01**	**99**	**المصرف الزراعي**	**04**	**001**	**04**	**23**	**4**
4	**23**	**04**	**001**	**05**	**Iraq bank**	**99**	**01**	**23**	**04**	**01**	**05**					**05**	**01**	**04**	**23**	**01**	**99**	**مصرف العراق**	**05**	**001**	**04**	**23**	**4**
					Execution Directorates	99	01	23	04	02							02	04	23	01	99	*دوائر التنفيذ*					
4	**23**	**04**	**002**	**01**	**Execution Directorates**	**99**	**01**	**23**	**04**	**02**	**01**					**01**	**02**	**04**	**23**	**01**	**99**	**دوائر التنفيذ**	**01**	**002**	**04**	**23**	**4**
					Insurance Companies	99	01	23	04	03							03	04	23	01	99	*شركات التامين*					
4	**23**	**04**	**003**	**01**	**Insurance Companies**	**99**	**01**	**23**	**04**	**03**	**01**					**01**	**03**	**04**	**23**	**01**	**99**	**شركات التامين**	**01**	**003**	**04**	**23**	**4**
					General Companies	99	01	23	04	04							04	04	23	01	99	*الشركات العامة*					
4	**23**	**04**	**004**	**01**	**General Companies**	**99**	**01**	**23**	**04**	**04**	**01**					**01**	**04**	**04**	**23**	**01**	**99**	**الشركات العامة**	**01**	**004**	**04**	**23**	**4**
					Government Sector Directorates	99	01	23	04	05							05	04	23	01	99	*دوائر القطاع الحكومي*					
4	**23**	**04**	**005**	**01**	**Government Sector Directorates**	**99**	**01**	**23**	**04**	**05**	**01**					**01**	**05**	**04**	**23**	**01**	**99**	**دوائر القطاع الحكومي**	**01**	**005**	**04**	**23**	**4**

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2006 COA Coding						New 2007 COA Coding																						
Section	Chapter (Level 1)	Item (Level 2)	Type (Level 3)	Type Detail (Level 4)	Description	Section	Chapter (Level 1)	Item (Level 2)	Type (Level 3)	Type Detail (Level 4)	Level 5		GFS Coding	ترميز GFS		المستوى الخامس	تفاصيل النوع (المستوى الرابع)	النوع (المستوى الثالث)	المادة (المستوى الثاني)	الفصل (المستوى الأول)	القسم	البيان	تفاصيل النوع (المستوى الرابع)	النوع (المستوى الثالث)	المادة (المستوى الثاني)	الفصل (المستوى الأول)	القسم
					Associations & organizations & clubs	99	01	23	04	06							06	04	23	01	99	*الجمعيات والمنظمات والنوادي*					
4	23	04	006	01	**Associations & organizations & clubs**	99	01	23	04	06	01					01	06	04	23	01	99	**الجمعيات والمنظمات والنوادي**	01	006	04	23	4
					Other parties & directorates	99	01	23	04									04	23	01	99	*دوائر وجهات اخرى*					
4	23	04	009	01	**Other parties & directorates**	99	01	23	04	09	01					01	09	04	23	01	99	**دوائر وجهات اخرى**	01	009	04	23	4
					Credit accounts for contractors & suppliers	99	01	23	05									05	23	01	99	*ح/دائنة للمقاولين والمتعهدين*					
					Primary trusts	99	01	23	05	01							01	05	23	01	99	*التامينات الاولية*					
4	23	05	001	01	**Primary trusts**	99	01	23	05	01	01					01	01	05	23	01	99	**التامينات الاولية**	01	001	05	23	4
					Memorandum trusts	99	01	23	05	02							02	05	23	01	99	*التامينات النظامية*					
4	23	05	002	01	**Memorandum trusts**	99	01	23	05	02	01					01	02	05	23	01	99	**التامينات النظامية**	01	002	05	23	4
					Cash deductions trusts	99	01	23	05	03							03	05	23	01	99	*تامينات الاستقطاعات النقدية*					
4	23	05	003	01	**Cash deductions trusts**	99	01	23	05	03	01					01	03	05	23	01	99	**تامينات الاستقطاعات النقدية**	01	003	05	23	4
					Deductions from contractors for others	99	01	23	05	04							04	05	23	01	99	*استقطاعات من مقاولين للغير*					
4	23	05	004	01	**Deductions from contractors for others**	99	01	23	05	04	01					01	04	05	23	01	99	**استقطاعات من مقاولين للغير**	01	004	05	23	4
					Deductions for demurrages	99	01	23	05	05							05	05	23	01	99	*استقطاعات غرامات تاخيرية*					
4	23	05	005	01	**Deductions for demurrages**	99	01	23	05	05	01					01	05	05	23	01	99	**استقطاعات غرامات تاخيرية**	01	005	05	23	4
					Miscellaneous Credit accounts	99	01	23	06									06	23	01	99	*حسابات دائنة متنوعة*					
					Outstanding cheques	99	01	23	06	01							01	06	23	01	99	*صكوك غير مسحوبة*					
4	23	06	001	01	**Outstanding cheques**	99	01	23	06	01	01					01	01	06	23	01	99	**صكوك غير مسحوبة**	01	001	06	23	4
					Trusts received from others	99	01	23	06	02							02	06	23	01	99	*تامينات مستلمة من الغير*					
4	23	06	002	01	**Trusts received from others**	99	01	23	06	02	01					01	02	06	23	01	99	**تامينات مستلمة من الغير**	01	002	06	23	4
					Trusts of funding the other projects	99	01	23	06	03							03	06	23	01	99	*تامينات تمويل مشروع للغير*					
4	23	06	003	01	**Trusts of funding the other projects**	99	01	23	06	03	01					01	03	06	23	01	99	**تامينات تمويل مشروع للغير**	01	003	06	23	4
					Settlement for old balances	99	01	23	09									09	23	01	99	*تصفية الارصدة القديمة*					
					Settlement of old balances	99	01	23	09	01							01	09	23	01	99	*تصفية الارصدة القديمة*					
4	23	09	001	01	**Settlement of old balances**	99	01	23	09	01	01					01	01	09	23	01	99	**تصفية الارصدة القديمة**	01	001	09	23	4
					Settlement credit accounts	99	01	*26*											*26*	01	99	*حسابات التسوية الدائنة*					
					Revenues received in advances	99	01	*26*	*01*									*01*	*26*	01	99	*ايرادات مستلمة مقدما*					
					Revenues received in advances	99	01	26	01	01							01	01	26	01	99	*ايرادات مستلمة مقدما*					
4	26	01	001	01	**Revenues received in advances**	99	01	26	01	01	01					01	01	01	26	01	99	**ايرادات مستلمة مقدما**	01	001	01	26	4
					Due expenses unpaid	*99*	*01*	*26*	*02*									*02*	*26*	*01*	*99*	*مصاريف مستحقة غير مدفوعة*					
					Due expenses unpaid	99	01	26	02	01							01	02	26	01	99	*مصاريف مستحقة غير مدفوعة*					
4	26	02	001	01	**Due expenses unpaid**	99	01	26	02	01	01					01	01	02	26	01	99	**مصاريف مستحقة غير مدفوعة**	01	001	02	26	4
					Allocations for unreceived shipping documents	*99*	*01*	*26*	*03*									*03*	*26*	*01*	*99*	*تخصيصات لقاء مستندات شحن غير مستلمة*					
					Allocations for unreceived shipping documents	99	01	26	03	01							01	03	26	01	99	*تخصيصات لقاء مستندات شحن غير مستلمة*					
4	26	03	001	01	**Allocations for unreceived shipping documents**	99	01	26	03	01	01					01	01	03	26	01	99	**تخصيصات لقاء مستندات شحن غير مستلمة**	01	001	03	26	4

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2006 COA Coding						New 2007 COA Coding								المالية فقط		حسابات سنة 2007						الحكومة GFS	سنة 2006				
Section	Chapter (Level 1)	Item (Level 2)	Type (Level 3)	Type Detail (Level 4)	Description	Section	Chapter (Level 1)	Item (Level 2)	Type (Level 3)	Type Detail (Level 4)	Level 5		GFS Coding	ترميز GFS		المستوى الخامس	تفاصيل النوع (المستوى الرابع)	النوع (المستوى الثالث)	المادة (المستوى الثاني)	الفصل (المستوى الأول)	القسم	البيان	تفاصيل النوع (المستوى الرابع)	النوع (المستوى الثالث)	المادة (المستوى الثاني)	الفصل (المستوى الأول)	القسم
					Allocations for paid shipping documents	*99*	*01*	*26*	*04*									*04*	*26*	*01*	*99*	*تخصيصات لقاء مستندات شحن مدفوعة*					
					Allocations for paid shipping documents	99	01	26	04	01							01	04	26	01	99	*تخصيصات لقاء مستندات شحن مدفوعة*					
4	**26**	**04**	**001**	**01**	**Allocations for paid shipping documents**	**99**	**01**	**26**	**04**	**01**	**01**					**01**	**01**	**04**	**26**	**01**	**99**	**تخصيصات لقاء مستندات شحن مدفوعة**	**01**	**001**	**04**	**26**	**4**
					Current account for finance	99	01	27											27	01	99	*حسابات جارية للتمويل*					
					Current accounts between Accounting Directorate & Treasu	99	01	27	01									01	27	01	99	*حـ/ جارية بين دائرة المحاسبة والخزائن*					
					Current accounts between Accounting Directorate & Treasuries/expenditures	99	01	27	01	01							01	01	27	01	99	*حـ/ جارية بين دائرة المحاسبة والخزائن/النفقات*					
4	**27**	**01**	**001**	**01**	**Current accounts between Accounting Directorate & Treasuries/expenditures**	**99**	**01**	**27**	**01**	**01**	**01**					**01**	**01**	**01**	**27**	**01**	**99**	**حـ/ جارية بين دائرة المحاسبة والخزائن/النفقات**	**01**	**001**	**01**	**27**	**4**
					Current accounts between Accounting Directorate & Treasuries/closed	*99*	*01*	*27*	*01*	*02*							*02*	*01*	*27*	*01*	*99*	*حـ/ جارية بين دائرة المحاسبة والخزائن/المغلق*					
4	**27**	**01**	**002**	**01**	**Current accounts between Accounting Directorate & Treasuries/closed**	**99**	**01**	**27**	**01**	**02**	**01**					**01**	**02**	**01**	**27**	**01**	**99**	**حـ/ جارية بين دائرة المحاسبة والخزائن/المغلق**	**01**	**002**	**01**	**27**	**4**
					Current accounts between Accounting Directorate & Decentralized Directorates	99	01	27	02									02	27	01	99	*حـ/جارية بين دائرة المحاسبة ودوائر النظام اللامركزي*					
					Current accounts between Accounting Directorate & Decentralized Directorates/expenditures	99	01	27	02	01							01	02	27	01	99	*حـ/جارية بين دائرة المحاسبة ودوائر النظام اللامركزي/النفقات*					
4	**27**	**02**	**001**	**01**	**Current accounts between Accounting Directorate & Decentralized Directorates/expenditures**	**99**	**01**	**27**	**02**	**01**	**01**					**01**	**01**	**02**	**27**	**01**	**99**	**حـ/جارية بين دائرة المحاسبة ودوائر النظام اللامركزي/النفقات**	**01**	**001**	**02**	**27**	**4**
					Current accounts between Accounting Directorate & Decentralized Directorates/closed	**99**	**01**	**27**	**02**	**01**							**01**	**02**	**27**	**01**	**99**	*حـ/جارية بين دائرة المحاسبة ودوائر النظام اللامركزي/المغلق*					
4	**27**	**02**	**002**	**01**	**Current accounts between Accounting Directorate & Decentralized Directorates/closed**	**99**	**01**	**27**	**02**	**02**	**01**					**01**	**02**	**02**	**27**	**01**	**99**	**حـ/جارية بين دائرة المحاسبة ودوائر النظام اللامركزي/المغلق**	**01**	**002**	**02**	**27**	**4**
					Current accounts between Accounting Directorate & Decentralized Directorates/DFI	**99**	**01**	**27**	**02**	**03**							**03**	**02**	**27**	**01**	**99**	*حـ/جارية بين دائرة المحاسبة ودوائر النظام اللامركزي/ DFI*					
4	**27**	**02**	**003**	**01**	**Current accounts between Accounting Directorate & Decentralized Directorates/DFI**	**99**	**01**	**27**	**02**	**03**	**01**					**01**	**03**	**02**	**27**	**01**	**99**	**حـ/جارية بين دائرة المحاسبة ودوائر النظام اللامركزي/ DFI**	**01**	**003**	**02**	**27**	**4**
					Current accounts between Branches and Main Directorate	99	01	27	03									03	27	01	99	*ح/جارية بين الوحدات الرئيسية وفروعها*					
					Current accounts between Treasuries and Branches	99	01	27	03	01							01	03	27	01	99	*ح/ جارية بين الخزائن وفروعها*					
4	**27**	**03**	**001**	**01**	**Current accounts between Treasuries and Branches**	**99**	**01**	**27**	**03**	**01**	**01**					**01**	**01**	**03**	**27**	**01**	**99**	**ح/ جارية بين الخزائن وفروعها**	**01**	**001**	**03**	**27**	**4**
					Current accounts between Main Directorate and its Branches	99	01	27	03	*02*							*02*	03	27	01	99	*ح/جارية بين دوائر النظام اللامركزي وفروعها*					
4	**27**	**03**	**002**	**01**	**Current accounts between Main Directorate and its Branches**	**99**	**01**	**27**	**03**	**02**	**01**					**01**	**02**	**03**	**27**	**01**	**99**	**ح/جارية بين دوائر النظام اللامركزي وفروعها**	**01**	**002**	**03**	**27**	**4**
					Current accounts between Treasuries and Decentralized Directorates	*99*	*01*	*27*	*03*	*03*							*03*	*03*	*27*	*01*	*99*	*ح/جارية بين الخزائن ودوائر النظام اللامركزي*					
4	**27**	**03**	**003**	**01**	**Current accounts between Treasuries and Decentralized Directorates**	**99**	**01**	**27**	**03**	**03**	**01**					**01**	**03**	**03**	**27**	**01**	**99**	**ح/جارية بين الخزائن ودوائر النظام اللامركزي**	**01**	**003**	**03**	**27**	**4**
					Result Account	99	01	28	01									01	28	01	99	*حساب النتيجة*					
					Result Account	99	01	28	01	01							01	01	28	01	99	*حساب النتيجة*					
4	**28**	**01**	**001**	**01**	**Result Account**	**99**	**01**	**28**	**01**	**01**	**01**					**01**	**01**	**01**	**28**	**01**	**99**	**حساب النتيجة**	**01**	**001**	**01**	**28**	**4**
					Credit systematic accounts	*99*	*01*	*29*											*29*	*01*	*99*	*الحسابات النظامية الدائنة*					
					Letters of guarantee issued from directorate to others	99	01	29	01									01	29	01	99	*خطابات ضمان من الدائرة للغير*					
					Letters of guarantee issued from directorate to others	99	01	29	01	01							01	01	29	01	99	*خطابات ضمان من الدائرة للغير*					
4	**29**	**01**	**001**	**01**	**Letters of guarantee issued for others**	**99**	**01**	**29**	**01**	**01**	**01**					**01**	**01**	**01**	**29**	**01**	**99**	**خطابات ضمان من الدائرة للغير**	**01**	**001**	**01**	**29**	**4**
					Contra letters of guarantee received from others	*99*	*01*	*29*	*02*									*02*	*29*	*01*	*99*	*مقابل خطابات ضمان من الغير*					
					Contra letters of guarantee received from others	99	01	29	02	01							01	02	29	01	99	*مقابل خطابات ضمان من الغير*					
4	**29**	**02**	**001**	**01**	**Contra letters of guarantee received from others**	**99**	**01**	**29**	**02**	**01**	**01**					**01**	**01**	**02**	**29**	**01**	**99**	**مقابل خطابات ضمان من الغير**	**01**	**001**	**02**	**29**	**4**
					Contra monetary assets for financial independent units	99	01	29	03									03	29	01	99	*مقابل موجود نقدي لوحدات مستقلة ماليا*					
					Contra monetary assets for financial independent units	*99*	*01*	*29*	*03*	*01*							*01*	*03*	*29*	*01*	*99*	*مقابل موجود نقدي لوحدات مستقلة ماليا*					

GFS Compatible Memorandum Accounts COA													[MoF use only]	لاستخدامات وزارة المالية فقط		الترميز الجديد لهيكل حسابات سنة 2007						هيكل الحسابات للحسابات النظامية المتوافق مع أحصائيات مالية الحكومة GFS	ترميز هيكل حسابات سنة 2006				
2006 COA Coding						New 2007 COA Coding																						
Section	Chapter (Level 1)	Item (Level 2)	Type (Level 3)	Type Detail (Level 4)	Description	Section	Chapter (Level 1)	Item (Level 2)	Type (Level 3)	Type Detail (Level 4)	Level 5		GFS Coding	ترميز GFS		المستوى الخامس	تفاصيل النوع (المستوى الرابع)	النوع (المستوى الثالث)	المادة (المستوى الثاني)	الفصل (المستوى الأول)	القسم	البيان	تفاصيل النوع (المستوى الرابع)	النوع (المستوى الثالث)	المادة (المستوى الثاني)	الفصل (المستوى الأول)	القسم
4	29	06	001	01	**Contra monetary assets for financial independent units**	99	01	29	03	01	01					01	01	03	29	01	99	**مقابل موجود نقدي لوحدات مستقلة ماليا**	01	001	06	29	4
					Contra fixed assets	99	01	29	04									04	29	01	99	*مقابل الموجودات الثابتة*					
					Contra Land	99	01	29	04	01							01	04	29	01	99	*مقابل الأراضي*					
4	29	04	001	01	**Contra Land**	99	01	29	04	01	01					01	01	04	29	01	99	**مقابل الأراضي**	01	001	04	29	4
					Contra building & establishments	99	01	29	*04*	*02*							*02*	*04*	29	01	99	*مقابل المباني والمنشات*					
4	29	04	002	01	**Contra building & establishments**	99	01	29	04	02	01					01	02	04	29	01	99	**مقابل المباني والمنشات**	01	002	04	29	4
					Contra machines & equipments	99	01	29	*04*	*03*							*03*	*04*	29	01	99	*مقابل الالات والمعدات*					
4	29	04	003	01	**Contra machines & equipments**	99	01	29	04	03	01					01	03	04	29	01	99	**مقابل الالات والمعدات**	01	003	04	29	4
					Contra means of transport	99	01	29	*04*	*04*							*04*	*04*	29	01	99	*مقابل وسائط النقل*					
4	29	04	004	01	**Contra means of transport**	99	01	29	04	04	01					01	04	04	29	01	99	**مقابل وسائط النقل**	01	004	04	29	4
					Contra tools and moulds	99	01	29	*04*	*05*							*05*	*04*	29	01	99	*مقابل العدد والقوالب*					
4	29	04	005	01	**Contra tools and moulds**	99	01	29	04	05	01					01	05	04	29	01	99	**مقابل العدد والقوالب**	01	005	04	29	4
					Contra furniture and Directorate supplies	99	01	29	*04*	*06*							*06*	*04*	29	01	99	*مقابل الاثاث واجهزة المكاتب*					
4	29	04	006	01	**Contra furniture and Directorate supplies**	99	01	29	04	06	01					01	06	04	29	01	99	**مقابل الاثاث واجهزة المكاتب**	01	006	04	29	4
					Contra other assets	99	01	29	*04*	*07*							*07*	*04*	29	01	99	*مقابل موجودات اخرى*					
4	29	04	008	01	**Contra other assets**	99	01	29	04	07	01					01	07	04	29	01	99	**مقابل موجودات اخرى**	01	008	04	29	4
					Contra store	99	01	29	05									05	29	01	99	*مقابل المخزن*					
					Contra raw material store	*99*	01	29	05	*01*							*01*	05	29	01	*99*	*مقابل مخزن المواد الاولية*					
4	29	05	001	01	**Contra raw material store**	99	01	29	05	01	01					01	01	05	29	01	99	**مقابل مخزن المواد الاولية**	01	001	05	29	4
					Contra spare parts store	*99*	01	29	05	*02*							*02*	05	29	01	*99*	*مقابل مخزن الادوات الاحتياطية*					
4	29	05	002	01	**Contra spare parts store**	99	01	29	05	02	01					01	02	05	29	01	99	**مقابل مخزن الادوات الاحتياطية**	01	002	05	29	4
					Contra fuel and oil store	*99*	01	29	05	*03*							*03*	05	29	01	*99*	*مقابل مخزن الوقود*					
4	29	05	003	01	**Contra fuel and oil store**	99	01	29	05	03	01					01	03	05	29	01	99	**مقابل مخزن الوقود**	01	003	05	29	4
					Contra sundry store	99	01	29	05	***04***							***04***	05	29	01	99	*مقابل مخزن المتنوعات*					
4	29	05	004	01	**Contra sundry store**	99	01	29	05	04	01					01	04	05	29	01	99	**مقابل مخزن المتنوعات**	01	004	05	29	4
					Contra production store	*99*	01	29	05	*05*							*05*	05	29	01	*99*	*مقابل مخزن الانتاج*					
4	29	05	005	01	**Contra production store**	99	01	29	05	05	01					01	05	05	29	01	99	**مقابل مخزن الانتاج**	01	005	05	29	4
					Contra goods for sale store	*99*	01	29	05	*06*							*06*	05	29	01	*99*	*مقابل مخزن بضائع بغرض البيع*					
4	29	05	006	01	**Contra goods for sale store**	99	01	29	05	06	01					01	06	05	29	01	99	**مقابل مخزن بضائع بغرض البيع**	01	006	05	29	4
					Contra other store	*99*	01	29	05	*07*							*07*	05	29	01	*99*	*مقابل مخزن اخرى*					
4	29	05	007	01	**Contra other store**	99	01	29	05	07	01					01	07	05	29	01	99	**مقابل مخزن اخرى**	01	007	05	29	4

GFS Compatible Financial Assets & Liabilities COA																									
2006 COA Coding						New 2007 COA Coding							[MoF use only]	لاستخدامات وزارة المالية فقط		الترميز الجديد لهيكل حسابات سنة 2007						هيكل حسابات الموجودات والمطلوبات المالية لسنة 2007 المتوافق مع أحصائيات مالية الحكومة GFS		ترميز هيكل حسابات سنة 2006				
Section	Chapter (Level 1)	Item (Level 2)	Type (Level 3)	Type Detail (Level 4)	Description	Section	Chapter (Level 1)	Item (Level 2)	Type (Level 3)	Type Detail (Level 4)	Level 5		GFS Coding	ترميز GFS		المستوى الخامس	تفاصيل النوع (المستوى الرابع)	النوع (المستوى الثالث)	المادة (المستوى الثاني)	الفصل (المستوى الأول)	القسم	البيان		تفاصيل النوع (المستوى الرابع)	النوع (المستوى الثالث)	المادة (المستوى الثاني)	الفصل (المستوى الأول)	القسم
					Financial Assets	*32*							32	32							*32*	*الموجودات المالية*						
					Domestic	*32*	*01*						321	321						*01*	*32*	*المحلية*						
					Currency and Deposits (Cash)	*32*	*01*	*02*					3212	3212					*02*	*01*	*32*	*عملة وودائع (نقد)*						
					Cash in hand	*32*	*01*	*02*	*01*									*01*	*02*	*01*	*32*	*نقد في الصندوق*						
					Cash in Hand	*32*	*01*	*02*	*01*	*01*							*01*	*01*	*02*	*01*	*32*	*نقد في الصندوق*						
3	**11**	**01**	**001**	**01**	**Cash in Hand**	**32**	**01**	**02**	**01**	**01**	**01**					**01**	**01**	**01**	**02**	**01**	**32**	**نقد في الصندوق**	**01**	**001**	**01**	**11**	**3**
					Cash in Bank	*32*	*01*	*02*	*02*									*02*	*02*	*01*	*32*	*نقد في المصرف*						
					Normal expenditure Bank/Dinar Account	*32*	*01*	*02*	*02*	*01*							*01*	*02*	*02*	*01*	*32*	*بنك النفقات الاعتيادي / الدينار*						
3	**11**	**02**	**001**	**01**	**Normal expenditure Bank/Dinar Account**	**32**	**01**	**02**	**02**	**01**	**01**					**01**	**01**	**02**	**02**	**01**	**32**	**بنك النفقات الاعتيادي / الدينار**	**01**	**001**	**02**	**11**	**3**
					Foreign currency bank Account	32	01	02	02	02							02	02	02	01	32	*بنك العملات الاجنبية*						
3	**11**	**02**	**002**	**01**	**Foreign currency bank/US Dollar Account (DFI)**	**32**	**01**	**02**	**02**	**02**	**01**					**01**	**02**	**02**	**02**	**01**	**32**	**بنك العملات الاجنبية / الدولار**	**01**	**002**	**02**	**11**	**3**
3	**11**	**02**	**002**	**02**	**Foreign currency bank/EURO Account**	**32**	**01**	**02**	**02**	**02**	**02**					**02**	**02**	**02**	**02**	**01**	**32**	**بنك العملات الاجنبية / اليورو**	**02**	**002**	**02**	**11**	**3**
					Closed Revenue Bank	32	01	02	02	03							03	02	02	01	32	*بنك الايرادات المغلق*						
3	**11**	**02**	**003**	**01**	**Closed Revenue Bank/Dinar Account**	**32**	**01**	**02**	**02**	**03**	**01**					**01**	**03**	**02**	**02**	**01**	**32**	**بنك الايرادات المغلق / الدينار**	**01**	**003**	**02**	**11**	**3**
3	**11**	**02**	**003**	**02**	**Closed Revenue Bank/US Dollar Account**	**32**	**01**	**02**	**02**	**03**	**02**					**02**	**03**	**02**	**02**	**01**	**32**	**بنك الايرادات المغلق/الدولار**	**02**	**003**	**02**	**11**	**3**
					Trusts Bank Account	32	01	02	02	04							04	02	02	01	32	*بنك الامانات*						
3	**11**	**02**	**004**	**01**	**Trusts Bank/Dinar Account**	**32**	**01**	**02**	**02**	**04**	**01**					**01**	**04**	**02**	**02**	**01**	**32**	**بنك الامانات /الدينار**	**01**	**004**	**02**	**11**	**3**
3	**11**	**02**	**004**	**02**	**Trusts Bank /US dollar Account**	**32**	**01**	**02**	**02**	**04**	**02**					**02**	**04**	**02**	**02**	**01**	**32**	**بنك الامانات /الدولار**	**02**	**004**	**02**	**11**	**3**
					Loans Bank	32	01	02	02	06							06	02	02	01	32	*بنك القرض*						
3	**11**	**02**	**006**	**01**	**Loans Receipt Bank Account**	**32**	**01**	**02**	**02**	**06**	**01**					**01**	**06**	**02**	**02**	**01**	**32**	**بنك القرض**	**01**	**006**	**02**	**11**	**3**
					Grants Bank	32	01	02	02	07							07	02	02	01	32	*بنك المنح*						
3	**11**	**02**	**007**	**01**	**Grants Receipt Bank Account**	**32**	**01**	**02**	**02**	**07**	**01**					**01**	**07**	**02**	**02**	**01**	**32**	**بنك المنح**	**01**	**007**	**02**	**11**	**3**
					Monetary asset for delayed payments	*32*	*01*	*02*	*04*									*04*	*02*	*01*	*32*	*الموجود النقدي للدفع الاجل*						
					Monetary asset for delayed payments	*32*	*01*	*02*	*04*	*01*							*01*	*04*	*02*	*01*	*32*	*الموجود النقدي للدفع الاجل*						
3	**11**	**04**	**001**	**01**	**Monetary asset for delayed payments**	**32**	**01**	**02**	**04**	**01**	**01**					**01**	**01**	**04**	**02**	**01**	**32**	**الموجود النقدي للدفع الاجل**	**01**	**001**	**04**	**11**	**3**
					Monetary Asset from foreign currency	*32*	*01*	*02*	*05*									*05*	*02*	*01*	*32*	*موجود نقدي من عملات اجنبية*						
					Monetary Asset from foreign currency	*32*	*01*	*02*	*05*	*01*							*01*	*05*	*02*	*01*	*32*	*موجود نقدي من عملات اجنبية*						
3	**11**	**05**	**001**	**01**	**Monetary asset from foreign currency**	**32**	**01**	**02**	**05**	**01**	**01**					**01**	**01**	**05**	**02**	**01**	**32**	**موجود نقدي من عملات اجنبية**	**01**	**001**	**05**	**11**	**3**
					Monetary asset for gold	*32*	*01*	*02*	*06*									*06*	*02*	*01*	*32*	*الموجود النقدي للذهب*						
					Monetary asset for gold	*32*	*01*	*02*	*06*	*01*							*01*	*06*	*02*	*01*	*32*	*الموجود النقدي للذهب*						
3	**11**	**06**	**001**	**01**	**Monetary asset for Gold**	**32**	**01**	**02**	**06**	**01**	**01**					**01**	**01**	**06**	**02**	**01**	**32**	**الموجود النقدي للذهب**	**01**	**001**	**06**	**11**	**3**
					Monetary asset from external remittances	*32*	*01*	*02*	*07*									*07*	*02*	*01*	*32*	*موجود نقدي من حوالات خارجية*						
					Monetary asset from external remittances	*32*	*01*	*02*	*07*	*01*							*01*	*07*	*02*	*01*	*32*	*موجود نقدي من حوالات خارجية*						
3	**11**	**07**	**001**	**01**	**Monetary asset from external remittances**	**32**	**01**	**02**	**07**	**01**	**01**					**01**	**01**	**07**	**02**	**01**	**32**	**موجود نقدي من حوالات خارجية**	**01**	**001**	**07**	**11**	**3**
					Securities Other than Shares	*32*	*01*	*03*					3213	3213					*03*	*01*	*32*	*أوراق مالية عدا الأسهم*						
					Internal Investment in bonds	*32*	*01*	*03*	*01*									*01*	*03*	*01*	*32*	*استثمارات داخلية في سندات*						
					Internal Investment in bonds	*32*	*01*	*03*	*01*	*01*							*01*	*01*	*03*	*01*	*32*	*استثمارات داخلية في سندات*						
3	**15**	**01**	**002**	**01**	**Internal Investment in bonds**	**32**	**01**	**03**	**01**	**01**	**01**					**01**	**01**	**01**	**03**	**01**	**32**	**استثمارات داخلية في سندات**	**01**	**002**	**01**	**15**	**3**
					Loans	*32*	*01*	*04*					3214	3214					*04*	*01*	*32*	*قروض*						
					Internal Lending	*32*	*01*	*04*	*01*									*01*	*04*	*01*	*32*	*الاقراض الداخلي*						
					Short internal lending	*32*	*01*	*04*	*01*	*01*							*01*	*01*	*04*	*01*	*32*	*أقراض داخلي قصير*						
3	**14**	**01**	**001**	**01**	**Short internal lending**	**32**	**01**	**04**	**01**	**01**	**01**					**01**	**01**	**01**	**04**	**01**	**32**	**أقراض داخلي قصير**	**01**	**001**	**01**	**14**	**3**
					Long internal lending	*32*	*01*	*04*	*02*	*01*							*01*	*02*	*04*	*01*	*32*	*اقراض داخلي طويل*						

GFS Compatible Financial Assets & Liabilities COA																													
2006 COA Coding						New 2007 COA Coding							[MoF use only]	لاستخدامات وزارة المالية فقط		الترميز الجديد لهيكل حسابات سنة 2007						هيكل حسابات الموجودات والمطلوبات المالية لسنة 2007 المتوافق مع أحصائيات مالية الحكومة GFS		ترميز هيكل حسابات سنة 2006				
Section	Chapter (Level 1)	Item (Level 2)	Type (Level 3)	Type Detail (Level 4)	Description	Section	Chapter (Level 1)	Item (Level 2)	Type (Level 3)	Type Detail (Level 4)	Level 5		GFS Coding	ترميز GFS		المستوى الخامس	تفاصيل النوع (المستوى الرابع)	النوع (المستوى الثالث)	المادة (المستوى الثاني)	الفصل (المستوى الأول)	القسم	البيان		تفاصيل النوع (المستوى الرابع)	النوع (المستوى الثالث)	المادة (المستوى الثاني)	الفصل (المستوى الأول)	القسم
3	14	01	002	01	**Long internal lending**	32	01	04	02	01	01					01	01	02	04	01	32	**اقراض داخلي طويل**		01	002	01	14	3
					Shares and Other Equity	*32*	*01*	*05*					3215	3215					*05*	*01*	*32*	*أسهم وحصص ملكية أخرى*						
					Internal Investment in shares	*32*	*01*	*05*	*01*									*01*	*05*	*01*	*32*	*استثمارات داخلية*						
					Internal Investment in shares	*32*	*01*	*05*	*01*	*01*							*01*	*01*	*05*	*01*	*32*	*استثمارات داخلية في أسهم*						
3	15	01	001	01	**Internal Investment in shares**	32	01	05	01	01	01					01	01	01	05	01	32	**استثمارات داخلية في أسهم**		01	001	01	15	3
					Internal Investment in other equity	*32*	*01*	*05*	*01*	*02*							*02*	*01*	*05*	*01*	*32*	*استثمارات داخلية في حصص ملكية أخرى*						
2	06	40	001	01	**Development of Regional Banks**	32	01	05	01	02	01					01	02	01	05	01	32	**تنمية المصارف الأقليمية**		01	001	40	06	2
					Other Accounts Receivable	*32*	*01*	*08*					3218	3218					*08*	*01*	*32*	*حسابات دائنة أخرى*						
					Cash Advances	*32*	*01*	*08*	*01*									*01*	*08*	*01*	*32*	*السلف النقدية*						
					Temporary Advances	*32*	*01*	*08*	*01*	*01*							*01*	*01*	*08*	*01*	*32*	*السلف المؤقتة*						
3	12	01	001	01	**Implementation advances for works and services**	32	01	08	01	01	01					01	01	01	08	01	32	**سلف تنفيذ اعمال وخدمات**		01	001	01	12	3
3	12	01	002	01	**Committees advances**	32	01	08	01	01	02					02	01	01	08	01	32	**سلف لجان**		01	002	01	12	3
3	12	01	003	01	**Advertising advances**	32	01	08	01	01	03					03	01	01	08	01	32	**سلف الاعلان**		01	003	01	12	3
3	12	01	009	01	**Other temporary advances**	32	01	08	01	01	04					04	01	01	08	01	32	**سلف مؤقتة اخرى**		01	009	01	12	3
					Advances for employees	*32*	*01*	*08*	*01*	*02*							*02*	*01*	*08*	*01*	*32*	*سلف للافراد العاملين*						
3	12	02	001	01	**Travel advances**	32	01	08	01	02	01					01	02	01	08	01	32	**سلف السفر**		01	001	02	12	3
3	12	02	002	01	**Delegations advances**	32	01	08	01	02	02					02	02	01	08	01	32	**سلف الايفاد**		01	002	02	12	3
3	12	02	003	01	**Transfer advances**	32	01	08	01	02	03					03	02	01	08	01	32	**سلف التحويل**		01	003	02	12	3
3	12	02	004	01	**Salary advances**	32	01	08	01	02	04					04	02	01	08	01	32	**سلف الراتب**		01	004	02	12	3
3	12	02	005	01	**Pilgrimage advances**	32	01	08	01	02	05					05	02	01	08	01	32	**سلف الحج**		01	005	02	12	3
					Permanent advances	*32*	*01*	*08*	*01*	*03*							*03*	*01*	*08*	*01*	*32*	*السلف المستديمة*						
3	12	03	001	01	**Petty cash advances**	32	01	08	01	03	01					01	03	01	08	01	32	**سلف مستديمة للصرف النقدي / نثرية**		01	001	03	12	3
3	12	03	002	01	**Permanent Advances to Treasuries for cash payments**	32	01	08	01	03	02					02	03	01	08	01	32	**سلف مستديمة للدفع النقدي/الخزائن**		01	002	03	12	3
3	12	03	003	01	**Permanent advances for Fuel Purchasing**	32	01	08	01	03	03					03	03	01	08	01	32	**سلف مستديمة لشراء الوقود**		01	003	03	12	3
3	12	03	004	01	**Permanent advances for Maintenance**	32	01	08	01	03	04					04	03	01	08	01	32	**سلف مستديمة للصيانة**		01	004	03	12	3
3	12	03	009	01	**Permanent advances for Purchasing committee**	32	01	08	01	03	05					05	03	01	08	01	32	**سلف مستديمة لاغراض لجان المشتريات**		01	009	03	12	3
					Letters of Credit advances	*32*	*01*	*08*	*01*	*04*							*04*	*01*	*08*	*01*	*32*	*سلف الاعتمادات*						
3	12	04	001	01	**Advances for Letters of Credit**	32	01	08	01	04	01					01	04	01	08	01	32	**سلف الاعتمادات المستندية**		01	001	04	12	3
3	12	04	002	01	**Advances for Simple Letters of Credit**	32	01	08	01	04	02					02	04	01	08	01	32	**سلف الاعتمادات البسيطة**		01	002	04	12	3
3	12	04	003	01	**External withdrawal advances**	32	01	08	01	04	03					03	04	01	08	01	32	**سلف السحوبات الخارجية**		01	003	04	12	3
3	12	04	004	01	**Advances of External Remittances**	32	01	08	01	04	04					04	04	01	08	01	32	**سلف الحوالات الخارجية**		01	004	04	12	3
					Contractors Advances	*32*	*01*	*08*	*01*	05							05	*01*	*08*	*01*	*32*	*سلف المقاولين*						
3	12	05	001	01	**Advances of primary payments**	32	01	08	01	05	01					01	05	01	08	01	32	**سلف الدفعات الاولية**		01	001	05	12	3
3	12	05	002	01	**Advances for machines and equipment**	32	01	08	01	05	02					02	05	01	08	01	32	**سلف على المكائن والمعدات**		01	002	05	12	3
3	12	05	003	01	**Advances for contractors and vendors**	32	01	08	01	05	03					03	05	01	08	01	32	**سلف المقاولين والمتعهدين**		01	003	05	12	3
					Advances of lawsuits	*32*	*01*	*08*	*01*	*06*							*06*	*01*	*08*	*01*	*32*	*سلف الدعاوي*						
3	12	06	001	01	**Advances of lawsuits**	32	01	08	01	06	01					01	06	01	08	01	32	**سلف الدعاوي**		01	001	06	12	3
					Financing advances of projects implemented by others	*32*	*02*	*08*	*01*	*07*							*07*	*01*	*08*	*02*	*32*	*سلف تمويل مشروعات ينفذها الغير*						
3	13	06	001	01	**Financing advances of projects implemented by others**	32	02	08	01	07	01					01	07	01	08	02	32	**سلف تمويل مشروعات ينفذها الغير**		01	001	06	13	3
					Foreign	*32*	*02*						322	322						*02*	*32*	*أجنبية*						
					Currency and Deposits	*32*	*02*	*02*					3222	3222					*02*	*02*	*32*	*عملة وودائع*						

GFS Compatible Financial Assets & Liabilities COA																												
2006 COA Coding						New 2007 COA Coding							[MoF use only]	لاستخدامات وزارة المالية فقط		الترميز الجديد لهيكل حسابات سنة 2007						هيكل حسابات الموجودات والمطلوبات المالية لسنة 2007 المتوافق مع أحصائيات مالية الحكومة GFS		ترميز هيكل حسابات سنة 2006				
Section	Chapter (Level 1)	Item (Level 2)	Type (Level 3)	Type Detail (Level 4)	Description	Section	Chapter (Level 1)	Item (Level 2)	Type (Level 3)	Type Detail (Level 4)	Level 5		GFS Coding	ترميز GFS		المستوى الخامس	تفاصيل النوع (المستوى الرابع)	النوع (المستوى الثالث)	المادة (المستوى الثاني)	الفصل (المستوى الأول)	القسم	البيان		تفاصيل النوع (المستوى الرابع)	النوع (المستوى الثالث)	المادة (المستوى الثاني)	الفصل (المستوى الأول)	القسم
					Deposits	*32*	*02*	*02*	*01*									*01*	*02*	*02*	*32*	*ودائع*						
					Foreign Banks	*32*	*02*	*02*	*02*	*01*							*01*	*02*	*02*	*02*	*32*	*البنوك الاجنبية*						
3	**11**	**02**	**008**	**01**	**New York Bank (DFI)**	**32**	**02**	**02**	**02**	**01**	**01**					**01**	**01**	**02**	**02**	**02**	**32**	**بنك نيويورك**		**01**	**008**	**02**	**11**	**3**
					Securities Other than Shares	*32*	*02*	*03*					3223	3223					*03*	*02*	*32*	*أوراق مالية عدا الأسهم*						
					Bonds and other securities	*32*	*02*	*03*	*01*									*01*	*03*	*02*	*32*	*سندات وأوراق مالية أخرى*						
					Bonds	*32*	*02*	*03*	*01*	*01*							*01*	*01*	*03*	*02*	*32*	*السندات*						
3	**15**	**02**	**002**	**01**	**Investment in US Treasury Bills**	**32**	**02**	**03**	**01**	**01**	**01**					**01**	**01**	**01**	**03**	**02**	**32**	**الاستثمارات في سندات الخزينة الأمريكية**		**01**	**002**	**02**	**15**	**3**
					Loans	*32*	*02*	*04*					3224	3224					*04*	*02*	*32*	*قروض*						
					Arabian Lending	*32*	*02*	*04*	*01*									*01*	*04*	*02*	*32*	*الاقراض العربي*						
					Short Arabian lending	*32*	*02*	*04*	*01*	*01*							*01*	*01*	*04*	*02*	*32*	*اقراض عربي قصير*						
3	**14**	**02**	**001**	**01**	**Short Arabian lending**	**32**	**02**	**04**	**01**	**01**	**01**					**01**	**01**	**01**	**04**	**02**	**32**	**اقراض عربي قصير**		**01**	**001**	**02**	**14**	**3**
					Long Arabian lending	*32*	*02*	*04*	*01*	*02*							*02*	*01*	*04*	*02*	*32*	*اقراض عربي طويل*						
3	**14**	**02**	**001**	**02**	**Long Arabian lending**	**32**	**02**	**04**	**01**	**02**	**01**					**01**	**02**	**01**	**04**	**02**	**32**	**اقراض عربي طويل**		**02**	**001**	**02**	**14**	**3**
					Foreign Lending	*32*	*02*	*04*	*02*									*02*	*04*	*02*	*32*	*الاقراض الاجنبي*						
					Short Foreign lending	*32*	*02*	*04*	*02*	*01*							*01*	*02*	*04*	*02*	*32*	*اقراض اجنبي قصير*						
3	**14**	**02**	**002**	**01**	**Short Foreign lending**	**32**	**02**	**04**	**02**	**01**	**01**					**01**	**01**	**02**	**04**	**02**	**32**	**اقراض اجنبي قصير**		**01**	**002**	**02**	**14**	**3**
					Long Foreign lending	*32*	*02*	*04*	*02*	*02*							*02*	*02*	*04*	*02*	*32*	*اقراض اجنبي طويل*						
3	**14**	**02**	**002**	**02**	**Long Foreign lending**	**32**	**02**	**04**	**02**	**02**	**01**					**01**	**02**	**02**	**04**	**02**	**32**	**اقراض اجنبي طويل**		**02**	**002**	**02**	**14**	**3**
					Shares and Other Equity	*32*	*02*	*05*					3225	3225					*05*	*02*	*32*	*أسهم وحصص ملكية أخرى*						
					External investment in Shares	*32*	*02*	*05*	*01*									*01*	*05*	*02*	*32*	*استثمارات خارجية في أسهم*						
					External investment in Shares	*32*	*02*	*05*	*01*	*01*							*01*	*01*	*05*	*02*	*32*	*استثمارات خارجية في أسهم*						
3	**15**	**02**	**001**	**01**	**External investment in Shares**	**32**	**02**	**05**	**01**	**01**	**01**					**01**	**01**	**01**	**05**	**02**	**32**	**استثمارات خارجية في أسهم**		**01**	**001**	**02**	**15**	**3**
					Other Accounts Receivable	*32*	*02*	*08*					3228	3228					*08*	*02*	*32*	*حسابات مدينة أخرى*						
					Other temporary advances for foreign agreements	*32*	*02*	*08*	*01*									*01*	*08*	*02*	*32*	*سلف موقتة اخرى للاتفاقيات الخارجية*						
					Other temporary advances for foreign agreements	*32*	*02*	*08*	*01*	*01*							*01*	*01*	*08*	*02*	*32*	*سلف موقتة اخرى للاتفاقيات الخارجية*						
3	**12**	**01**	**010**	**01**	**Economic affairs**	**32**	**02**	**08**	**01**	**01**	**01**					**01**	**01**	**01**	**08**	**02**	**32**	**الشؤون الاقتصادية**		**01**	**010**	**01**	**12**	**3**
3	**12**	**01**	**010**	**02**	**Oil sales**	**32**	**02**	**08**	**01**	**01**	**02**					**02**	**01**	**01**	**08**	**02**	**32**	**مبيعات النفط الاسود**		**02**	**010**	**01**	**12**	**3**
3	**12**	**01**	**010**	**03**	**Syrian agreement**	**32**	**02**	**08**	**01**	**01**	**03**					**03**	**01**	**01**	**08**	**02**	**32**	**الاتفاقية السورية**		**03**	**010**	**01**	**12**	**3**
3	**12**	**01**	**010**	**04**	**Turkey agreement**	**32**	**02**	**08**	**01**	**01**	**04**					**04**	**01**	**01**	**08**	**02**	**32**	**الاتفاقية التركية**		**04**	**010**	**01**	**12**	**3**
3	**12**	**01**	**010**	**05**	**Jordanian agreement**	**32**	**02**	**08**	**01**	**01**	**05**					**05**	**01**	**01**	**08**	**02**	**32**	**الاتفاقية الاردنية**		**05**	**010**	**01**	**12**	**3**
3	**12**	**01**	**010**	**06**	**Egyptian agreement**	**32**	**02**	**08**	**01**	**01**	**06**					**06**	**01**	**01**	**08**	**02**	**32**	**الاتفاقية المصرية**		**06**	**010**	**01**	**12**	**3**
					Other temporary advances for DFI purposes/New york	*32*	*02*	*08*	*01*	*02*							*02*	*01*	*08*	*02*	*32*	*سلف مؤقتة أخرى لأغراض DFI / نيويورك*						
3	**12**	**01**	**011**	**01**	**Other temporary advances for DFI purposes/New york**	**32**	**02**	**08**	**01**	**02**	**01**					**01**	**02**	**01**	**08**	**02**	**32**	**سلف مؤقتة أخرى لأغراض DFI / نيويورك**		**01**	**011**	**01**	**12**	**3**

GFS Compatible Financial Assets & Liabilities COA																												
2006 COA Coding						New 2007 COA Coding							[MoF use only]	لاستخدامات وزارة المالية فقط		الترميز الجديد لهيكل حسابات سنة 2007						هيكل حسابات الموجودات والمطلوبات المالية لسنة 2007 المتوافق مع أحصائيات مالية الحكومة GFS		ترميز هيكل حسابات سنة 2006				
Section	Chapter (Level 1)	Item (Level 2)	Type (Level 3)	Type Detail (Level 4)	Description	Section	Chapter (Level 1)	Item (Level 2)	Type (Level 3)	Type Detail (Level 4)	Level 5		GFS Coding	ترميز GFS		المستوى الخامس	تفاصيل النوع (المستوى الرابع)	النوع (المستوى الثالث)	المادة (المستوى الثاني)	الفصل (المستوى الأول)	القسم	البيان		تفاصيل النوع (المستوى الرابع)	النوع (المستوى الثالث)	المادة (المستوى الثاني)	الفصل (المستوى الأول)	القسم
					Financial Liabilities	33							33	33							33	*المطلوبات المالية*						
					Domestic	33	01						331	331						01	33	*محلية*						
					Credit cash account	33	01	02					3312	3312					02	01	33	*الحسابات النقدية الدائنة*						
					Bank/overdraft	33	01	02	01									01	02	01	33	*البنك / سحب على المكشوف*						
					Bank/overdraft	33	01	02	01	01							01	01	02	01	33	*البنك / سحب على المكشوف*						
4	21	01	001	01	**Bank/overdraft**	33	01	02	01	01	01					01	01	01	02	01	33	**البنك / سحب على المكشوف**	01	001	01	21	4
					Posting cash balance	33	01	02	02									02	02	01	33	*الرصيد النقدي المدور*						
					Transferred cash balance	33	01	02	02	01							01	02	02	01	33	*الرصيد النقدي المدور*						
4	21	02	001	01	**Transferred cash balance**	33	01	02	02	01	01					01	01	02	02	01	33	**الرصيد النقدي المدور**	01	001	02	21	4
					Borrowing	33	01	04					3314	3314					04	01	33	*الأقتراض*						
					Internal borrowing	33	01	04	01									01	04	01	33	*الأقتراض الداخلي*						
					Treasury bonds	33	01	04	01	01							01	01	04	01	33	*أذونات الخزينة*						
4	24	01	001	01	**Treasury Bills 91 days**	33	01	04	01	01	01					01	01	01	04	01	33	**اذونات خزينة لمدة 91 يوم**	01	001	01	24	4
4	24	01	001	02	**Treasury Bills 63 days**	33	01	04	01	01	02					02	01	01	04	01	33	**اذونات خزينة لمدة 63 يوم**	02	001	01	24	4
4	24	01	001	03	**Treasury Bills 28 days**	33	01	04	01	01	03					03	01	01	04	01	33	**اذونات خزينة لمدة 28 يوم**	03	001	01	24	4
					Iraqi Government Bonds	33	01	04	01	02							02	01	04	01	33	*سندات قرض حكومة العراق*						
4	24	01	002	01	**Iraqi Government Bonds**	33	01	04	01	02	01					01	02	01	04	01	33	**سندات قرض حكومة العراق**	01	002	01	24	4
					Other accounts payable	33	01	08					3318	3318					08	01	33	*حسابات دائنة أخرى*						
					Trusts of guaranteeing revenues collections	33	01	08	01									01	08	01	33	*امانات ضمان تحصيل الايرادات*						
					Trusts of Taxes	33	01	08	01	01							01	01	08	01	33	*امانات الضرائب*						
4	22	01	001	01	**Trusts of Taxes**	33	01	08	01	01	01					01	01	01	08	01	33	**امانات الضرائب**	01	001	01	22	4
					Trusts of customs directorates	33	01	08	01	02							02	01	08	01	33	*امانات دوائر الكمارك*						
4	22	01	002	01	**Trusts of customs directorates**	33	01	08	01	02	01					01	02	01	08	01	33	**امانات دوائر الكمارك**	01	002	01	22	4
					Trusts of DFI account	33	*01*	08	*01*	*03*							*03*	*01*	08	*01*	33	*امانات حساب DFI*						
4	22	01	009	02	**Trusts of DFI account**	33	01	08	01	03	03					03	03	01	08	01	33	**امانات حساب DFI**	02	009	01	22	4
					Miscellaneous Other Trusts	33	*01*	08	*01*	*09*							*09*	*01*	08	*01*	33	*امانات اخرى متنوعة*						
4	22	01	009	01	**Miscellaneous Other Trusts**	33	01	08	01	09	01					01	09	01	08	01	33	**امانات اخرى متنوعة**	01	009	01	22	4
					Personal trusts	33	01	08	02									02	08	01	33	*الامانات الشخصية*						
					Courts Trusts	33	01	08	02	01							01	02	08	01	33	*امانات المحاكم*						
4	22	02	001	01	**Courts Trusts**	33	01	08	02	01	01					01	01	02	08	01	33	**امانات المحاكم**	01	001	02	22	4
					Execution Trusts	33	*01*	08	*02*	*02*							*02*	*02*	08	*01*	33	*امانات التنفيذ*						
4	22	02	002	01	**Execution Trusts**	33	01	08	02	02	01					01	02	02	08	01	33	**امانات التنفيذ**	01	002	02	22	4
					Minors welfare Trusts	33	*01*	08	*02*	*03*							*03*	*02*	08	*01*	33	*امانات رعاية القاصرين*						
4	22	02	003	01	**Minors welfare Trusts**	33	01	08	02	03	01					01	03	02	08	01	33	**امانات رعاية القاصرين**	01	003	02	22	4
					Real estate registration Trusts	33	*01*	08	*02*	*04*							*04*	*02*	08	*01*	33	*امانات التسجيل العقاري*						
4	22	02	004	01	**Real estate registration Trusts**	33	01	08	02	04	01					01	04	02	08	01	33	**امانات التسجيل العقاري**	01	004	02	22	4
					Endowment Trusts	33	*01*	08	*02*	*05*							*05*	*02*	08	*01*	33	*امانات الاوقاف*						
4	22	02	005	01	**Endowment Trusts**	33	01	08	02	05	01					01	05	02	08	01	33	**امانات الاوقاف**	01	005	02	22	4
					Municipalities Trusts	33	*01*	08	*02*	*06*							*06*	*02*	08	*01*	33	*امانات البلديات*						
4	22	02	006	01	**Municipalities Trusts**	33	01	08	02	06	01					01	06	02	08	01	33	**امانات البلديات**	01	006	02	22	4
					Trusts of real estate for unions & professional institutions	33	*01*	08	*02*	*07*							*07*	*02*	08	*01*	33	*أمانات أيجارات العقارات للمنظمات والنقابات المهنية*						
4	22	02	007	01	**Trusts of real estate for unions & professional institutions**	33	01	08	02	07	01					01	07	02	08	01	33	**أمانات أيجارات العقارات للمنظمات والنقابات المهنية**	01	007	02	22	4
					Other Directories Trusts	33	*01*	08	*02*	*09*							*09*	*02*	08	*01*	33	*امانات الدوائر الاخرى*						

GFS Compatible Financial Assets & Liabilities COA																									
2006 COA Coding						New 2007 COA Coding							[MoF use only]	لاستخدامات وزارة المالية فقط		الترميز الجديد لهيكل حسابات سنة 2007						هيكل حسابات الموجودات والمطلوبات المالية لسنة 2007 المتوافق مع أحصائيات مالية الحكومة GFS		ترميز هيكل حسابات سنة 2006				
Section	Chapter (Level 1)	Item (Level 2)	Type (Level 3)	Type Detail (Level 4)	Description	Section	Chapter (Level 1)	Item (Level 2)	Type (Level 3)	Type Detail (Level 4)	Level 5		GFS Coding	ترميز GFS		المستوى الخامس	تفاصيل النوع (المستوى الرابع)	النوع (المستوى الثالث)	المادة (المستوى الثاني)	الفصل (المستوى الأول)	القسم	البيان	تفاصيل النوع (المستوى الرابع)	النوع (المستوى الثالث)	المادة (المستوى الثاني)	الفصل (المستوى الأول)	القسم
4	**22**	**02**	**009**	**01**	**Other Directories Trusts**	**33**	**01**	**08**	**02**	**09**	**01**					**01**	**09**	**02**	**08**	**01**	**33**	**امانات الدوائر الاخرى**	**01**	**009**	**02**	**22**	**4**
					Distribution Trusts	33	01	08	03									03	08	01	33	*امانات التوزيع*					
					Distribution Trusts	33	01	08	03	01							01	03	08	01	33	*امانات التوزيع*					
4	**22**	**03**	**001**	**01**	**Distribution Trusts**	**33**	**01**	**08**	**03**	**01**	**01**					**01**	**01**	**03**	**08**	**01**	**33**	**امانات التوزيع**	**01**	**001**	**03**	**22**	**4**
					Foreign	33	02						332	332						02	33	*أجنبية*					
					Currency and Deposits	33	02	02					3322	3322					02	02	33	*عملة وودائع*					
					Securities other than shares	33	02	03					3323	3323					03	02	33	*أوراق مالية عدا الأسهم*					
					Loans	33	02	04					3324	3324					04	02	33	*قروض*					
					Arabian borrowing	33	02	04	01									01	04	02	33	*اقتراض عربي*					
					Arabian borrowing	33	02	04	01	01							01	01	04	02	33	*اقتراض عربي*					
4	**24**	**02**	**001**	**01**	**Arabian borrowing**	**33**	**02**	**04**	**01**	**01**	**01**					**01**	**01**	**01**	**04**	**02**	**33**	**اقتراض عربي**	**01**	**001**	**02**	**24**	**4**
					Foreign borrowing	33	02	04	02									02	04	02	33	*اقتراض اجنبي*					
					Foreign borrowing	33	02	04	02	01							01	02	04	02	33	*اقتراض اجنبي*					
4	**24**	**02**	**002**	**01**	**Foreign borrowing**	**32**	**02**	**04**	**02**	**01**	**01**					**01**	**01**	**02**	**04**	**02**	**32**	**اقتراض اجنبي**	**01**	**002**	**02**	**24**	**4**
					Other Accounts Payable	33	02	08					3328	3328					08	02	33	*حسابات دائنة أخرى*					

	Proposed GFS Compatible 2007 Organization COA															
2006 COA Coding			2007 COA Coding				[MoF use only]	(لأستخدامات وزارة المالية فقط)					هيكل الحسابات المنظماتي المقترح لسنة 2007 المتوافق مع GFS			
								ترميز هيكل حسابات 2007								
Ministry	Sub-Organization	Description	Ministry	Sub-Organization	Responsibility Center	Location Code	GFS Coding	الترميز الوظيفي GFS	رمز الموقع	مركز المسؤولية	القسم	الوزارة	البيان	القسم	الوزارة
01		National Assembly	01									01	الجمعية الوطنية		01
01	01	National Assembly	01	01			70111	70111			01	01	الجمعية الوطنية	01	01
02		Presidency	02									02	رئاسة الجمهورية		02
02	01	Presidency	02	01			70111	70111			01	02	رئاسة الجمهورية	01	02
03		Cabinet	03									03	مجلس الوزراء		03
03	01	Cabinet Secretariat	03	01			70111	70111			01	03	امانة مجلس الوزراء	01	03
03	02	Office of the Prime Minister	03	02			70111	70111			02	03	مكتب رئيس مجلس الوزراء	02	03
03	03	National Security Council	03	03			70111	70111			03	03	مجلس الامن الوطني	03	03
03	04	Public Integrity Commission	03	04			70111	70111			04	03	المفوضية العامة للنزاهة	04	03
03	05	Iraqi Commission for Radiation	03	05			70111	70111			05	03	الهيئة العراقية للسيطرة على المصادر المشعة	05	03
04		Foreign Affairs	04									04	الخارجية		04
04	01	Ministry Center	04	01			70113	70113			01	04	مركز الوزارة	01	04
04	02	Consulate and Political Representation	04	02			70113	70113			02	04	الممثليات السياسية والقنصلية	02	04
05		Finance	05									05	المالية		05
05	01	Ministry Center	05	01			70112	70112			01	05	مركز الوزارة	01	05
05	02	General Directorate of Pensions	05	02			70112	70112			02	05	دائرة التقاعد العامة	02	05
05	03	General Directorate of Government Real estate	05	03			70112	70112			03	05	دائرة عقارات الدولة	03	05
05	09	General Commission for Taxes	05	09			70112	70112			09	05	الهيئة العامة للضرائب	09	05
05	10	Customs General Directorate	05	10			70112	70112			10	05	الهيئة العامة للكمارك	10	05
05	11	Center of Finance and Accounting Training	05	11			70112	70112			11	05	مركز التدريب المالي والمحاسبي	11	05
05	12	General Commission of Treasuries in Governorates	05	12			70112	70112			12	05	الهيئة العامة للخزائن في المحافظات	12	05
05	13	Information Technology Directorate	05	13			70112	70112			13	05	دائرة تكنلوجيا المعلومات	13	05
06		Interior	06									06	لداخلية		06
06	01	Ministry Center	06	01			70310	70310			01	06	مركز الوزارة	01	06
06	02	General Directorate for Travel & Citizenship (Nationality)	06	02			70310	70310			02	06	المديرية العامة للسفر والجنسية	02	06
06	05	Civil Defense General Directorate	06	05			70220	70220			05	06	مديرية الدفاع المدني العامة	05	06
06	06	Police Force Command	06	06			70310	70310			06	06	قيادة قوات الشرطة	06	06
06	07	Border Forces Command	06	07			70310	70310			07	06	مديرية قيادة قوات الحدود	07	06

Proposed GFS Compatible 2007 Organization COA

2006 COA Coding			2007 COA Coding				[MoF use only]
Ministry	Sub-Organization	Description	Ministry	Sub-Organization	Responsibility Center	Location Code	GFS Coding
06	08	Traffic Police General Directorate	06	08			70310
08		Labor and Social Affairs	08				
08	01	Ministry Center	08	01			70412
08	04	Social Care Directorate	08	04			71090
08	08	Juveniles Correction Directorate	08	08			70340
08	09	Labor and Social Security Directorate	08	09			70412
08	10	Employment and Training Center	08	10			71050
09		Health	09				
09	01	Ministry Center	09	01			70760
09	10	Basra Health Directorate	09	10			70760
09	11	Ninawa Health Directorate	09	11			70760
09	14	Al Karkh Medical Directorate	09	14			70760
09	15	Dhi Qar Health Directorate	09	15			70760
09	16	Diyala Health Directorate	09	16			70760
09	17	Babil Health Directorate	09	17			70760
09	18	Al Anbar Health Directorate	09	18			70760
09	19	Maysan Health Directorate	09	19			70760
09	20	Wasit Health Directorate	09	20			70760
09	21	Al Ta'amim Health Directorate	09	21			70760
09	22	Najaf Health Directorate	09	22			70760
09	23	Al Qadisiya Health Directorate	09	23			70760
09	24	Al Muthanna Health Directorate	09	24			70760
09	25	Karbala Health Directorate	09	25			70760
09	26	Salah Al Din Health Directorate	09	26			70760
09	27	Medical City Directorate	09	27			70760
09	31	Baghdad Health Directorate/Al Rusafa	09	31			70760
10		Defense	10				
10	01	Ministry Center	10	01			70210

هيكل الحسابات المنظماتي المقترح لسنة 2007 المتوافق مع GFS

(لأستخدامات وزارة المالية فقط)				ترميز هيكل حسابات 2007		
الترميز الوظيفي GFS	رمز الموقع	مركز المسؤولية	القسم	الوزارة	البيان	القسم	الوزارة
70310			08	06	مديرية المرور العامة	08	06
				08	العمل والشؤون الاجتماعية		08
70412			01	08	مركز الوزارة	01	08
71090			04	08	دائرة الرعاية الاجتماعية	04	08
70340			08	08	دائرة أصلاح الأحداث	08	08
70412			09	08	دائرة العمل والضمان الاجتماعي	09	08
71050			10	08	مركز التشغيل والتدريب	10	08
				09	الصحة		09
70760			01	09	مركز الوزارة	01	09
70760			10	09	دائرة صحة محافظة البصرة	10	09
70760			11	09	دائرة صحة محافظة نينوى	11	09
70760			14	09	دائرة صحة محافظة بغداد \ الكرخ	14	09
70760			15	09	دائرة صحة محافظة ذي قار	15	09
70760			16	09	دائرة صحة محافظة ديالى	16	09
70760			17	09	دائرة صحة محافظة بابل	17	09
70760			18	09	دائرة صحة محافظة الانبار	18	09
70760			19	09	دائرة صحة محافظة ميسان	19	09
70760			20	09	دائرة صحة محافظة واسط	20	09
70760			21	09	دائرة صحة محافظة التاميم	21	09
70760			22	09	دائرة صحة محافظة النجف	22	09
70760			23	09	دائرة صحة محافظة القادسية	23	09
70760			24	09	دائرة صحة محافظة المثنى	24	09
70760			25	09	دائرة صحة محافظة كربلاء	25	09
70760			26	09	دائرة صحة محافظة صلاح الدين	26	09
70760			27	09	دائرة مدينة الطب	27	09
70760			31	09	دائرة صحة محافظة بغداد \ الرصافة	31	09
				10	الدفاع		10
70210			01	10	مركز الوزارة	01	10

	Proposed GFS Compatible 2007 Organization COA														
	2006 COA Coding			2007 COA Coding				[MoF use only]	(لأستخدامات وزارة المالية فقط)				ترميز هيكل حسابات 2007	هيكل الحسابات المنظماتي المقترح لسنة 2007 المتوافق مع GFS	
Ministry	Sub-Organization	Description	Ministry	Sub-Organization	Responsibility Center	Location Code	GFS Coding	الترميز الوظيفي GFS	رمز الموقع	مركز المسؤولية	القسم	الوزارة	البيان	القسم	الوزارة
10	02	Veterans Directorate	10	02			71020	71020			02	10	دائرة شؤون المحاربين	02	10
11		Justice	11									11	العدل		11
11	01	Ministry center	11	01			70360	70360			01	11	مركز الوزارة	01	11
11	02	Office of Foreign Litigation	11	02			70330	70330			02	11	مكتب الدعاوي الخارجية	02	11
11	04	Real Estate Registration General Directorate	11	04			70330	70330			04	11	مديرية التسجيل العقاري العامة	04	11
11	05	Minors Care Directorate	11	05			70330	70330			05	11	دائرة رعاية القاصرين	05	11
11	06	Public Notary Directorate	11	06			70330	70330			06	11	دائرة الكتاب العدول	06	11
11	08	Executive Office	11	08			70330	70330			08	11	دائرة التنفيذ	08	11
11	09	Iraqi Correctional Facility	11	09			70340	70340			09	11	دائرة الاصلاح العراقية	09	11
11	12	Justice Institute	11	12			70330	70330			12	11	المعهد القضائي	12	11
12		Education	12									12	التربية		12
12	01	Ministry Center	12	01			70980	70980			01	12	مركز الوزارة	01	12
12	05	General Directorate for Vocational Education	12	05			70950	70950			05	12	المديرية العامة للتعليم المهني	05	12
12	06	Fine Arts Institutions and Central Institutions	12	06			70980	70980			06	12	معاهد الفنون الجميلة والمعاهد المركزية	06	12
12	09	General Directorate General Education/Administration	12	09			70980	70980			09	12	المديرية العامة للتعليم العام / النفقات الادارية	09	12
12	10	General Directorate General Education/Secondary	12	10			70921	70921			10	12	المديرية العامة للتعليم العام / التعليم الثانوي	10	12
12	11	General Directorate General Education/Primary	12	11			70912	70912			11	12	المديرية العامة للتعليم العام / التعليم الأبتدائي	11	12
12	12	General Directorate General Education/Kindergarten	12	12			70911	70911			12	12	المديرية العامة للتعليم العام / رياض الأطفال	12	12
12	13	Baghdad College Secondary School	12	13			70921	70921			13	12	ثانوية كلية بغداد	13	12
13		Youth and Sport	13									13	الشباب والرياضة		13
13	01	Ministry Center	13	01			70860	70860			01	13	مركز الوزارة	01	13
14		Trade	14									14	التجارة		14
14	01	Ministry Center	14	01			70411	70411			01	14	مركز الوزارة	01	14
15		Culture	15									15	الثقافة		15
15	01	Ministry Center	15	01			70820	70820			01	15	مركز الوزارة	01	15
15	02	Cultural Relationships	15	02			70820	70820			02	15	العلاقات الثقافية	02	15
15	03	Musical Arts Directorate	15	03			70820	70820			03	15	دائرة الفنون الموسيقية	03	15
15	05	Childrens Culture House	15	05			70820	70820			05	15	دار ثقافة الاطفال	05	15

	Proposed GFS Compatible 2007 Organization COA														
2006 COA Coding			2007 COA Coding				[MoF use only]	(لأستخدامات وزارة المالية فقط)				ترميز هيكل حسابات 2007		هيكل الحسابات المنظماتي المقترح لسنة 2007 المتوافق مع GFS	
Ministry	Sub-Organization	Description	Ministry	Sub-Organization	Responsibility Center	Location Code	GFS Coding	الترميز الوظيفي GFS	رمز الموقع	مركز المسؤولية	القسم	الوزارة	البيان	القسم	الوزارة
15	06	Ma'amoon House for Translation and Publication	15	06			70820	70820			06	15	دار المأمون للترجمة والنشر	06	15
15	07	Iraqi House for Fashion	15	07			70820	70820			07	15	الدار العراقية للازياء	07	15
15	11	Books and Documents House	15	11			70820	70820			11	15	دار الكتب والوثائق	11	15
15	15	Convention Center Directorate	15	15			70820	70820			15	15	دائرة قصر المؤتمرات	15	15
15	21	Kurdish Culture and Publishing House	15	21			70820	70820			21	15	دار الثقافة والنشر الكردية	21	15
15	22	General Directorate of Archaelogy and Heritage	15	22			70820	70820			22	15	الهيئة العامة للآثار والتراث	22	15
16		Transportation	16									16	النقل		16
16	01	Ministry Center	16	01			70450	70450			01	16	مركز الوزارة	01	16
16	02	Meteorological and Seismological Center	16	02			70950	70950			02	16	الهيئة العامة للأنواء الجوية و الرصد الزلزالي	02	16
16	04	Arabian Gulf Academy for Maritime Studies	16	04			70950	70950			04	16	اكاديمية الخليج العربي للدراسات البحرية	04	16
16	06	General Foundation for Civil Aviation	16	06			70454	70454			06	16	المنشأة العامة للطيران المدني	06	16
17		Municipalities and Works	17									17	البلديات والاشغال العامة		17
17	01	Ministry Center	17	01			70620	70620			01	17	مركز الوزارة	01	17
17	02	Construction Planning Directorate	17	02			70620	70620			02	17	مديرية التخطيط العمراني	02	17
17	03	Planning and Following up Directorate	17	03			70620	70620			03	17	مديرية التخطيط والمتابعة	03	17
17	08	Municipalities General Directorate	17	08			70111	70111			08	17	مديرية البلديات العامة	08	17
17	09	General and Local Administration - Governorates	17	09			70111	70111			09	17	الادارة العامة و المحلية في المحافظات	09	17
18		Housing and Reconstruction	18									18	الاعمار والاسكان		18
18	01	Ministry Center	18	01			70610	70610			01	18	مركز الوزارة	01	18
18	06	National Center for Construction Labs	18	06			70650	70650			06	18	المركز الوطني للمختبرات الانشائية	06	18
18	07	National center for Consultancies	18	07			70610	70610			07	18	المركز الوطني للاستشارات	07	18
18	08	Roads and Bridges General Commission	18	08			70451	70451			08	18	الهيئة العامة للطرق و الجسور	08	18
18	13	Buildings General Commission	18	13			70443	70443			13	18	الهيئة العامة للمباني	13	18
18	14	Housing Directorate	18	14			70610	70610			14	18	دائرة الاسكان	14	18
18	16	Engineering Directorate	18	16			70443	70443			16	18	الدائرة الهندسية	16	18
18	17	Military Works Directorate	18	17			70443	70443			17	18	الاشغال العسكرية	17	18
19		Agriculture	19									19	الزراعة		19
19	01	Ministry Center	19	01			70421	70421			01	19	مركز الوزارة	01	19

	Proposed GFS Compatible 2007 Organization COA															
									(لأستخدامات وزارة					هيكل الحسابات المنظماتي المقترح لسنة 2007 المتوافق مع GFS		
2006 COA Coding			2007 COA Coding				[MoF use only]		المالية فقط)	ترميز هيكل حسابات 2007						
Ministry	Sub-Organization	Description	Ministry	Sub-Organization	Responsibility Center	Location Code	GFS Coding		الترميز الوظيفي GFS	رمز الموقع	مركز المسؤولية	القسم	الوزارة	البيان	القسم	الوزارة
19	02	Basrah Governorate Agriculture Directorate	19	02			70421		70421			02	19	مديرية زراعة محافظة البصرة	02	19
19	03	Ninawa Governorate Agriculture Directorate	19	03			70421		70421			03	19	مديرية زراعة محافظة نينوى	03	19
19	04	Dhi Qar Governorate Agriculture Directorate	19	04			70421		70421			04	19	مديرية زراعة محافظة ذي قار	04	19
19	05	Diyala Governorate Agriculture Directorate	19	05			70421		70421			05	19	مديرية زراعة محافظة ديالى	05	19
19	06	Babil Governorate Agriculture Directorate	19	06			70421		70421			06	19	مديرية زراعة محافظة بابل	06	19
19	07	Al Anbar Governorate Agriculture Directorate	19	07			70421		70421			07	19	مديرية زراعة محافظة الانبار	07	19
19	08	Maysan Governorate Agriculture Directorate	19	08			70421		70421			08	19	مديرية زراعة محافظة ميسان	08	19
19	09	Wasit GovernorateAgriculture Directorate	19	09			70421		70421			09	19	مديرية زراعة محافظة واسط	09	19
19	10	Al Ta'amim Governorate Agriculture Directorate	19	10			70421		70421			10	19	مديرية زراعة محافظة التاميم	10	19
19	11	Najaf Governorate Agriculture Directorate	19	11			70421		70421			11	19	مديرية زراعة محافظة النجف	11	19
19	12	Al Qadisiya Governorate Agriculture Directorate	19	12			70421		70421			12	19	مديرية زراعة محافظة القادسية	12	19
19	13	Al Muthanna Governorate Agriculture Directorate	19	13			70421		70421			13	19	مديرية زراعة محافظة المثنى	13	19
19	14	Karbala Governorate Agriculture Directorate	19	14			70421		70421			14	19	مديرية زراعة محافظة كربلاء	14	19
19	15	Salah Al Din Agriculture Directorate	19	15			70421		70421			15	19	مديرية زراعة محافظة صلاح الدين	15	19
19	16	Baghdad Governorate Agriculture Directorate	19	16			70421		70421			16	19	مديرية زراعة محافظة بغداد	16	19
19	20	Agricultural Lands General Directorate	19	20			70421		70421			20	19	المديرية العامة للاراضي الزراعية	20	19
19	21	Guidance and Cooperation General Directorate	19	21			70421		70421			21	19	المديرية العامة للارشاد والتعاون الزراعي	21	19
19	22	Agricultural Researches General Directorate	19	22			70421		70421			22	19	المديرية العامة للبحوث الزراعية	22	19
19	26	Plants Prevention Commission	19	26			70421		70421			26	19	المديرية العامة لوقاية المزروعات	26	19
19	37	Seed Testing & Certification General Directorate	19	37			70421		70421			37	19	المديرية العامة لفحص وتصديق البذور	37	19
20		Water Resources	20										20	الموارد المائية		20
20	01	Ministry Center	20	01			70474		70474			01	20	مركز الوزارة	01	20
20	23	General Directorate for Irrigation Proj & Reclamation	20	23			70474		70474			23	20	المديرية العامة لمشاريع الري والاستصلاح	23	20
20	24	General Directorate for Area	20	24			70474		70474			24	20	المديرية العامة للمساحة	24	20
20	25	General Directorate for Dams & Tanks	20	25			70474		70474			25	20	المديرية العامة للسدود والخزانات	25	20
20	27	Water Resources Administration Directorate	20	27			70474		70474			27	20	المديرية العامة لادارة الموارد المائية العامة	27	20
20	28	General Directorate for River Dredging	20	28			70474		70474			28	20	المديرية العامة لكري الانهر	28	20
20	29	General Directorate - Project Maintenance & Exec	20	29			70474		70474			29	20	المديرية العامة لتنفيذ و صيانة المشاريع	29	20

	Proposed GFS Compatible 2007 Organization COA														
2006 COA Coding			2007 COA Coding				[MoF use only]	(لأستخدامات وزارة المالية فقط)				ترميز هيكل حسابات 2007		هيكل الحسابات المنظماتي المقترح لسنة 2007 المتوافق مع GFS	
Ministry	Sub-Organization	Description	Ministry	Sub-Organization	Responsibility Center	Location Code	GFS Coding	الترميز الوظيفي GFS	رمز الموقع	مركز المسؤولية	القسم	الوزارة	البيان	القسم	الوزارة
20	30	General Directorate for Engineering Design	20	30			70474	70474			30	20	المديرية العامة للتصاميم الهندسية	30	20
20	31	General Directorate for Digging Water Wells	20	31			70474	70474			31	20	المديرية العامة لحفر الابار المائية	31	20
20	33	General Directorate Operating & Maintaining Projects	20	33			70474	70474			33	20	المديرية العامة لتشغيل وصيانة المشاريع	33	20
21		Oil	21									21	النفط		21
21	01	Ministry Center	21	01			70432	70432			01	21	مركز الوزارة	01	21
22		Planning & Development Coordination	22									22	التخطيط و التعاون الانمائي		22
22	01	Ministry Center	22	01			70132	70132			01	22	مركز الوزارة	01	22
22	02	Center for Statistics and IT	22	02			70132	70132			02	22	الجهاز المركزي للاحصاء وتكنلوجيا المعلومات	02	22
22	03	National Center for Consultants & Managerial Dev.	22	03			70132	70132			03	22	المركز الوطني للأستشارات والتطوير الأداري	03	22
22	04	National Commission for Demining	22	04			70530	70530			04	22	الهيئة الوطنية لشؤون الألغام	04	22
22	05	Center for Standards & Qualty Control	22	05			70411	70411			05	22	الجهاز المركزي للتقييس والسيطرة النوعية	05	22
23		Industry and Minierals	23									23	الصناعة والمعادن		23
23	01	Ministry Center	23	01			70441	70441			01	23	مركز الوزارة	01	23
24		Higher Education	24									24	التعليم العالي و البحث العلمي		24
24	01	Ministry Center	24	01			70941	70941			01	24	مركز الوزارة	01	24
24	02	University of Baghdad	24	02			70941	70941			02	24	جامعة بغداد	02	24
24	03	University of Mosul	24	03			70941	70941			03	24	جامعة الموصل	03	24
24	04	University of Basrah	24	04			70941	70941			04	24	جامعة البصرة	04	24
24	06	University of Mustansiriya	24	06			70941	70941			06	24	الجامعة المستنصرية	06	24
24	07	University of Technology	24	07			70941	70941			07	24	الجامعة التكنولوجية	07	24
24	08	Technical Education Commission	24	08			70941	70941			08	24	هيئة التعليم التقني	08	24
24	10	University of Al Anbar	24	10			70941	70941			10	24	جامعة الانبار	10	24
24	11	University of Kufa	24	11			70941	70941			11	24	جامعة الكوفة	11	24
24	12	University of Al Qadisiya	24	12			70941	70941			12	24	جامعة القادسية	12	24
24	13	University of Tikrit	24	13			70941	70941			13	24	جامعة تكريت	13	24
24	14	Iraqi Council for Medical Specialization	24	14			70941	70941			14	24	المجلس العراقي للاختصاصات الطبية	14	24
24	15	University of Babil	24	15			70941	70941			15	24	جامعة بابل	15	24
24	17	Psychology Research Center	24	17			70941	70941			17	24	مركز البحوث النفسية (البارا سايكولوجي)	17	24

	Proposed GFS Compatible 2007 Organization COA															
2006 COA Coding			2007 COA Coding				[MoF use only]	(لأستخدامات وزارة المالية فقط)				ترميز هيكل حسابات 2007				هيكل الحسابات المنظماتي المقترح لسنة 2007 المتوافق مع GFS		
Ministry	Sub-Organization	Description	Ministry	Sub-Organization	Responsibility Center	Location Code	GFS Coding	الترميز الوظيفي GFS	رمز الموقع	مركز المسؤولية	القسم	الوزارة	البيان	القسم	الوزارة
24	18	Iraqi Commission for Computers and Information	24	18			70941	70941			18	24	الهيئة العراقية للحاسبات والمعلوماتية	18	24
24	19	Iraqi Center for Cancer	24	19			70941	70941			19	24	المركز العراقي للسرطان	19	24
24	20	University of Diyala	24	20			70941	70941			20	24	جامعة ديالى	20	24
24	21	University of Dhi Qar	24	21			70941	70941			21	24	جامعة ذي قار	21	24
24	22	University of Karbala	24	22			70941	70941			22	24	جامعة كربلاء	22	24
24	23	University of Wasit	24	23			70941	70941			23	24	جامعة واسط	23	24
24	24	University of Kirkut	24	24			70941	70941			24	24	جامعة كركوك	24	24
24	26	University of Islamic Science	24	26			70941	70941			26	24	جامعة العلوم الاسلامية	26	24
24	27	University of Al - Nahrain	24	27			70941	70941			27	24	جامعة النهرين	27	24
29		Electricity	29									29	الكهرباء		29
29	01	Ministry Center	29	01			70435	70435			01	29	مركز الوزارة	01	29
30		Science and Technology	30									30	العلوم والتكنولوجيا		30
30	01	Ministry Center	30	01			70150	70150			01	30	مركز الوزارة	01	30
30	02	Information Technology Directorate	30	02			70150	70150			02	30	دائرة تكنلوجيا المعلومات	02	30
30	03	Foundation for Controlling Weapons of Mass Destruction	30	03			70530	70530			03	30	مؤسسة الرقابة على اسلحة الدمار الشامل	03	30
30	04	Iraqi National Academy for Science	30	04			70150	70150			04	30	الأكاديمية الوطنية العراقية للعلوم	04	30
31		Telecommunications	31									31	الاتصالات		31
31	01	Ministry Center	31	01			70460	70460			01	31	مركز الوزارة	01	31
32		Environment	32									32	البيئة		32
32	01	Ministry Center	32	01			70560	70560			01	32	مركز الوزارة	01	32
33		Displacement and Migration	33									33	المهجرين والمهاجرين		33
33	01	Ministry Center	33	01			71070	71070			01	33	مركز الوزارة	01	33
35		Human Rights	35									35	حقوق الانسان		35
35	01	Ministry Center	35	01			70330	70330			01	35	مركز الوزارة	01	35
40		Kurdistan Regional Government	40									40	حكومة أقليم كردستان		40
40	01	Sulaymanyah	40	01			70111	70111			01	40	السليمانية	01	40
40	02	Arbil	40	02			70111	70111			02	40	اربيل	02	40
41		Board of Supreme Audit	41									41	ديوان الرقابة المالية		41

	Proposed GFS Compatible 2007 Organization COA						
2006 COA Coding			2007 COA Coding				[MoF use only]
Ministry	Sub-Organization	Description	Ministry	Sub-Organization	Responsibility Center	Location Code	GFS Coding
41	01	Dewan Center	41	01			70111
42		Awqaf (Religious Endowments)	42				
42	05	Sh'ia Endowment Council	42	05			70840
42	06	Suni Endowment Council	42	06			70840
42	07	Other Denominations Council	42	07			70840
43		Other Directorates	43				
43	01	Other Directorates (TBD)	43	01			
45		High Judicial Council	45				
45	01	Judicial Council	45	01			70330
45	02	Federal Cassation Court	45	02			70330
45	03	High Federal Court	45	03			70330

					هيكل الحسابات المنظماتي المقترح لسنة 2007 المتوافق مع GFS		
(لأستخدامات وزارة المالية فقط)				ترميز هيكل حسابات 2007			
الترميز الوظيفي GFS	رمز الموقع	مركز المسؤولية	القسم	الوزارة	البيان	القسم	الوزارة
70111			01	41	مركز الديوان	01	41
				42	دواوين الاوقاف والشؤون الدينية		42
70840			05	42	ديوان الوقف الشيعي	05	42
70840			06	42	ديوان الوقف السني	06	42
70840			07	42	ديوان الطوائف الاخرى	07	42
				43	دوائر أخرى		43
			01	43	دوائر أخرى (يتم تحديدها فيما بعد)	01	43
				45	مجلس القضاء الأعلى		45
70330			01	45	مجلس القضاء	01	45
70330			02	45	محكمة التمييز الأتحادية	02	45
70330			03	45	المحكمة الأتحادية العليا	03	45

			Proposed GFS Compatible 2007 Organization COA															
2006 COA Coding				2007 COA Coding				[MoF use only]	(لأستخدامات وزارة المالية فقط)					هيكل الحسابات المنظماتي المقترح لسنة 2007 المتوافق مع GFS	ترميز هيكل حسابات 2006		
									ترميز هيكل حسابات 2007								
Ministry	Sub-Organization	Responsibility Cente	Description	Ministry	Sub-Organization	Responsibility Cente	Location Code	GFS Coding	الترميز الوظيفي GFS	رمز الموقع	مركز المسؤولية	القسم	الوزارة	البيان	مركز المسؤولية	القسم	الوزارة
01			National Assembly	01									01	الجمعية الوطنية			01
01	01		National Assembly	01	01							01	01	الجمعية الوطنية		01	01
01	**01**	**1**	**National Assembly**	**01**	**01**	**001**	**0100**	70111	70111	**0100**	**001**	**01**	**01**	**الجمعية الوطنية**	**1**	**01**	**01**
02			Presidency	02									02	رئاسة الجمهورية			02
02	01		Presidency	02	01							01	02	رئاسة الجمهورية		01	02
02	**01**	**1**	**Presidency**	**02**	**01**	**001**	**0100**	70111	70111	**0100**	**001**	**01**	**02**	**رئاسة الجمهورية**	**1**	**01**	**02**
03			Cabinet	03									03	مجلس الوزراء			03
03	01		Cabinet Secretariat	03	01							01	03	امانة مجلس الوزراء		01	03
03	**01**	**1**	**Cabinet Secretariat**	**03**	**01**	**001**	**0100**	70111	70111	**0100**	**001**	**01**	**03**	**امانة مجلس الوزراء**	**1**	**01**	**03**
03	02		Office of the Prime Minister	03	02							02	03	مكتب رئيس مجلس الوزراء		02	03
03	**02**	**1**	**Office of the Prime Minister**	**03**	**02**	**001**	**0100**	70111	70111	**0100**	**001**	**02**	**03**	**مكتب رئيس مجلس الوزراء**	**1**	**02**	**03**
03	03		National Security Council	03	03							03	03	مجلس الامن الوطني		03	03
03	**03**	**1**	**National Security Council**	**03**	**03**	**001**	**0100**	70111	70111	**0100**	**001**	**03**	**03**	**مجلس الامن الوطني**	**1**	**03**	**03**
03	04		Public Integrity Commission	03	04							04	03	المفوضية العامة للنزاهة		04	03
03	**04**	**1**	**Public Integrity Commission**	**03**	**04**	**001**	**0100**	70111	70111	**0100**	**001**	**04**	**03**	**المفوضية العامة للنزاهة**	**1**	**04**	**03**
03	05		Iraqi Commission for Radiation	03	05							05	03	الهيئة العراقية للسيطرة على المصادر المشعة		05	03
03	**05**	**1**	**Iraqi Commission for Radiation**	**03**	**05**	**001**	**0100**	70111	70111	**0100**	**001**	**05**	**03**	**الهيئة العراقية للسيطرة على المصادر المشعة**	**1**	**05**	**03**
04			Foreign Affairs	04									04	الخارجية			04
04	01		Ministry Center	04	01							01	04	مركز الوزارة		01	04
04	**01**	**1**	**Ministry Center**	**04**	**01**	**001**	**0100**	70113	70113	**0100**	**001**	**01**	**04**	**مركز الوزارة**	**1**	**01**	**04**
04	02		Consulate and Political Representation	04	02							02	04	الممثليات السياسية والقنصلية		02	04
04	**02**	**1**	**Consulate and Political Representation**	**04**	**02**	**001**	**0100**	70113	70113	**0100**	**001**	**02**	**04**	**الممثليات السياسية والقنصلية**	**1**	**02**	**04**
05			Finance	05									05	المالية			05
05	01		Ministry Center	05	01							01	05	مركز الوزارة		01	05
05	**01**	**1**	**Ministry Center**	**05**	**01**	**001**	**0100**	70112	70112	**0100**	**001**	**01**	**05**	**مركز الوزارة**	**1**	**01**	**05**
			General Treasury	**05**	**01**	**002**	**0100**	70112	70112	**0100**	**002**	**01**	**05**	**الخزينة العامة**			
			DFI Account Management	**05**	**01**	**003**	**0100**	70112	70112	**0100**	**003**	**01**	**05**	**أدارة حساب DFI**			
05	02		General Directorate of Pensions	05	02							02	05	دائرة التقاعد العامة		02	05
05	**02**	**1**	**General Directorate of Pensions**	**05**	**02**	**001**	**0100**	70112	70112	**0100**	**001**	**02**	**05**	**دائرة التقاعد العامة**	**1**	**02**	**05**
			Kirkuk Retitirement Directorate	**05**	**02**	**004**	**0400**	70112	70112	**0400**	**004**	**02**	**05**	**دائرة تقاعد كركوك**			
			Diyala Retirements Directorate	**05**	**02**	**021**	**0500**	70112	70112	**0500**	**021**	**02**	**05**	**مديرية تقاعد ديالى**			

			Proposed GFS Compatible 2007 Organization COA					
2006 COA Coding				2007 COA Coding				[MoF use only]
Ministry	Sub-Organization	Responsibility Cente	Description	Ministry	Sub-Organization	Responsibility Cente	Location Code	GFS Coding
			Al-Anbar Retirements Directorate	05	02	023	0300	70112
			Babel Retirements Directorate	05	02	024	0800	70112
			Waset Retirements Directorate	05	02	025	0900	70112
			Karbala Retirements Directorate	05	02	026	0700	70112
			Najaf Retirements Directorate	05	02	028	1100	70112
			Dhiqar Retirements Directorate	05	02	031	1200	70112
			Qadisiyah Retirements Directorate	05	02	033	1500	70112
			Muthanna Retirements Directorate	05	02	034	1300	70112
			Al-Basra Retirements Directorate	05	02	035	1400	70112
			Salah-al-Din Retirements Directorate	05	02	036	0600	70112
05	03		General Directorate of Government Real estate	05	03			
05	03	1	General Directorate of Government Real estate	05	03	001	0100	70112
			Kirkuk Real Estate Directorate	05	03	004	0400	70112
			Ninawa Real Estate Directorate	05	03	012	0200	70112
			Diyala Real estate Directorate	05	03	021	0500	70112
			Al-Anbar Real Estate Directorate	05	03	023	0300	70112
			Babel Real Estate Directorate	05	03	024	0800	70112
			Waset Real Estate Directorate	05	03	025	0900	70112
			Karbala Real Estate Directorate	05	03	026	0700	70112
			Najaf Real Estate Directorate	05	03	028	1100	70112
			Dhiqar Real Estate Directorate	05	03	031	1200	70112
			Maysan Real Estate Directorate	05	03	032	1000	70112
			Qadisiyah Real Estate Directorate	05	03	033	1500	70112
			Muthanna Real Estate Directorate	05	03	034	1300	70112
			Al-Basra Real Estate Directorate	05	03	035	1400	70112
			Salah-al-Din Real Estate Directorate	05	03	036	0600	70112
05	09		General Commission for Taxes	05	09			
05	09	1	General Commission for Taxes	05	09	001	0100	70112
			Kirkuk 1 - Commission for Taxes	05	09	004	0400	70112
			Kirkuk 2 - Commission for Taxes	05	09	005	0400	70112
			Ninawa - Commission for Taxes/Left Side	05	09	012	0200	70112

(لأستخدامات وزارة المالية فقط)					هيكل الحسابات المنظماتي المقترح لسنة 2007 المتوافق مع GFS	ترميز هيكل حسابات 2006		
	ترميز هيكل حسابات 2007							
الترميز الوظيفي GFS	رمز الموقع	مركز المسؤولية	القسم	الوزارة	البيان	مركز المسؤولية	القسم	الوزارة
70112	0300	023	02	05	مديرية تقاعد الانبار			
70112	0800	024	02	05	مديرية تقاعد بابل			
70112	0900	025	02	05	دائرة تقاعد محافظة واسط			
70112	0700	026	02	05	مديرية تقاعد محافظة كربلاء			
70112	1100	028	02	05	مديرية تقاعد النجف			
70112	1200	031	02	05	مديرية تقاعد ذي قار			
70112	1500	033	02	05	مديرية تقاعد القادسية			
70112	1300	034	02	05	دائرة التقاعد المثنى			
70112	1400	035	02	05	مديرية تقاعد البصرة			
70112	0600	036	02	05	دائرة تقاعد صلاح الدين			
			03	05	دائرة عقارات الدولة		03	05
70112	0100	001	03	05	دائرة عقارات الدولة	1	03	05
70112	0400	004	03	05	مديرية عقارات الدولة - كركوك			
70112	0200	012	03	05	عقارات الدولة -نينوى			
70112	0500	021	03	05	مديرية عقارات الدولة - ديالى			
70112	0300	023	03	05	مديرية عقارات الدولة - الانبار			
70112	0800	024	03	05	مديرية عقارات الدولة - بابل			
70112	0900	025	03	05	دائرة عقارات الدولة -واسط			
70112	0700	026	03	05	مديرية عقارات الدولة -كربلاء			
70112	1100	028	03	05	مديرية عقارات الدولة - النجف			
70112	1200	031	03	05	مديرية عقارات -ذي قار			
70112	1000	032	03	05	دائرة عقارات الدولة - ميسان			
70112	1500	033	03	05	مديرية عقارات الدولة القادسية			
70112	1300	034	03	05	دائرة عقارات الدولة-المثنى			
70112	1400	035	03	05	مديرية عقارات الدولة- البصرة			
70112	0600	036	03	05	مديرية عقارات الدولة -صلاح الين			
			09	05	الهيئة العامة للضرائب		09	05
70112	0100	001	09	05	الهيئة العامة للضرائب	1	09	05
70112	0400	004	09	05	الهيئة العامة للضرائب -كركوك 1			
70112	0400	005	09	05	الهيئة العامة للضرائب- كركوك 2			
70112	0200	012	09	05	الهيئة العامة للضرائب - نينوى/ الجانب الأيسر			

			Proposed GFS Compatible 2007 Organization COA					
2006 COA Coding				2007 COA Coding				[MoF use only]
Ministry	Sub-Organization	Responsibility Cente	Description	Ministry	Sub-Organization	Responsibility Cente	Location Code	GFS Coding
			Ninawa - Commission for Taxes/Right Side	05	09	013	0200	70112
			Ninawa - Commission for Taxes/Al-Jazera/Telafer	05	09	014	0200	70112
			Diyala Commission for Taxes	05	09	021	0500	70112
			Al-Anbar Commission for Taxes	05	09	023	0300	70112
			Babel Commission for Taxes	05	09	024	0800	70112
			Waset Commission for Taxes	05	09	025	0900	70112
			Karbala Commission for Taxes	05	09	026	0700	70112
			Najaf Commission for Taxes	05	09	028	1100	70112
			Dhiqar Commission for Taxes	05	09	031	1200	70112
			Maysan Commission for Taxes	05	09	032	1000	70112
			Qadisiyah Commission for Taxes	05	09	033	1500	70112
			Muthanna Commission for Taxes	05	09	034	1300	70112
			Al-Basra Commission for Taxes	05	09	035	1400	70112
			Salah-al-Din Branch Commission for Taxes	05	09	036	0600	70112
			Al-Ashar Branch Commission for Taxes	05	09	041	1400	70112
05	10		Customs General Directorate	05	10			
05	10	1	Customs General Directorate	05	10	001	0100	70112
05	11		Center of Finance and Accounting Training	05	11			
05	11	1	Center of Finance and Accounting Training	05	11	001	0100	70112
05	12		General Commission of Treasuries in Governorates	05	12			
05	12	1	General Commission of Treasuries in Governorates	05	12	001	0100	70112
			Kirkuk Treasury	05	12	004	0400	70112
			Ninawa Treasury Directorate	05	12	012	0200	70112
			Diyala Treasury Directorate	05	12	021	0500	70112
			Baghdad Treasury Directorate	05	12	022	0100	70112
			Al-Anbar Treasury Directorate	05	12	023	0300	70112
			Babel Treasury Directorate	05	12	024	0800	70112
			Waset Treasury Directorate	05	12	025	0900	70112
			Karbala Treasury Directorate	05	12	026	0700	70112
			Najaf Treasury Directorate	05	12	028	1100	70112
			Dhiqar Treasury Directorate	05	12	031	1200	70112

(لأستخدامات وزارة المالية فقط)					هيكل الحسابات المنظماتي المقترح لسنة 2007 المتوافق مع GFS	ترميز هيكل حسابات 2006		
	ترميز هيكل حسابات 2007							
الترميز الوظيفي GFS	رمز الموقع	مركز المسؤولية	القسم	الوزارة	البيان	مركز المسؤولية	القسم	الوزارة
70112	0200	013	09	05	الهيئة العامة للضرائب - نينوى/ الجانب الأيمن			
70112	0200	014	09	05	الهيئة العامة للضرائب - نينوى/ الجزيرة / تلعفر			
70112	0500	021	09	05	الهيئة العامة للضرائب- ديالى			
70112	0300	023	09	05	الهيئة العامة للضرائب -الانبار			
70112	0800	024	09	05	الهيئة العامة للضرائب -بابل			
70112	0900	025	09	05	الهيئة العامة للضرائب -واسط			
70112	0700	026	09	05	هيئة الضرائب -كربلاء			
70112	1100	028	09	05	الهيئة العامة للضرائب -نجف			
70112	1200	031	09	05	الهيئة العامة للضرائب -ذي قار			
70112	1000	032	09	05	الهيئة العامة للضرائب -ميسان			
70112	1500	033	09	05	الهيئة العامة للضرائب القادسية			
70112	1300	034	09	05	الهيئة العامة للضرائب- مثنى			
70112	1400	035	09	05	الهيئة العامة للضرائب - البصرة			
70112	0600	036	09	05	الهيئة العامة للضرائب- صلاح الدين			
70112	1400	041	09	05	الهيئة العامة للضرائب - العشار			
			10	05	الهيئة العامة للكمارك		10	05
70112	0100	001	10	05	الهيئة العامة للكمارك	1	10	05
			11	05	مركز التدريب المالي والمحاسبي		11	05
70112	0100	001	11	05	مركز التدريب المالي والمحاسبي	1	11	05
			12	05	الهيئة العامة للخزائن في المحافظات		12	05
70112	0100	001	12	05	الهيئة العامة للخزائن في المحافظات	1	12	05
70112	0400	004	12	05	مديرية خزينة محافظة كركوك			
70112	0200	012	12	05	مديرية خزينة نينوى			
70112	0500	021	12	05	مديرية خزينة ديالى			
70112	0100	022	12	05	مديرية خزينة محافظة بغداد			
70112	0300	023	12	05	مديرية خزينة محافظة الأنبار			
70112	0800	024	12	05	مديرية خزينة بابل			
70112	0900	025	12	05	مديرية خزينة محافظة واسط			
70112	0700	026	12	05	مديرية خزينة محافظة كربلاء			
70112	1100	028	12	05	مديرية خزينة النجف			
70112	1200	031	12	05	مديرية خزينة ذي قار			

			Proposed GFS Compatible 2007 Organization COA					
2006 COA Coding				2007 COA Coding				[MoF use only]
Ministry	Sub-Organization	Responsibility Cente	Description	Ministry	Sub-Organization	Responsibility Cente	Location Code	GFS Coding
			Maysan Treasury Directorate	05	12	032	1000	70112
			Qadisiyah Treasury Directorate	05	12	033	1500	70112
			Muthanna Treasury Directorate	05	12	034	1300	70112
			Al-Basra Treasury Directorate	05	12	035	1400	70112
			Salah-al-Din Treasury Directorate	05	12	036	0600	70112
			Al-Hawega Financial Sector/Kirkut	05	12	041	0400	70112
			Al-Zab Financial Sector/Kirkut	05	12	042	0400	70112
			Al-Reyath Financial Sector/Kirkut	05	12	043	0400	70112
			Dakook Financial Sector/Kirkut	05	12	044	0400	70112
			Al-Debes Financial Sector/Kirkut	05	12	045	0400	70112
			Alton Kobree Financial Sector/Kirkut	05	12	046	0400	70112
			Taza Financial Sector/Kirkut	05	12	047	0400	70112
			Koraa Hasan Financial Sector/Kirkut	05	12	048	0400	70112
			Hamam Al-Aleel Financial Sector/Ninawa	05	12	049	0200	70112
			Basheka Financial Sector/Ninawa	05	12	050	0200	70112
			Al-Qayara Financial Sector/Ninawa	05	12	051	0200	70112
			Telkaf Financial Sector/Ninawa	05	12	052	0200	70112
			Alqoosh Financial Sector/Ninawa	05	12	053	0200	70112
			Al-Sheeqan Financial Sector/Ninawa	05	12	054	0200	70112
			Al-Farooq Financial Sector/Ninawa	05	12	055	0200	70112
			Aqra Financial Sector/Ninawa	05	12	056	0200	70112
			Al-Hamdaneya Financial Sector/Ninawa	05	12	057	0200	70112
			Bartela Financial Sector/Ninawa	05	12	058	0200	70112
			Namrood Financial Sector/Ninawa	05	12	059	0200	70112
			Telafer Financial Sector/Ninawa	05	12	060	0200	70112
			Zemar Financial Sector/Ninawa	05	12	061	0200	70112
			Rabeea Financial Sector/Ninawa	05	12	062	0200	70112
			Sengar Financial Sector/Ninawa	05	12	063	0200	70112
			Al-Shemal Financial Sector/Ninawa	05	12	064	0200	70112
			Al-Baag Financial Sector/Ninawa	05	12	065	0200	70112
			Al-Hather Financial Sector/Ninawa	05	12	066	0200	70112

(لأستخدامات وزارة المالية فقط)					هيكل الحسابات المنظماتي المقترح لسنة 2007 المتوافق مع GFS	ترميز هيكل حسابات 2006	
	ترميز هيكل حسابات 2007						
الترميز الوظيفي GFS	رمز الموقع	مركز المسؤولية	القسم	الوزارة	البيان	مركز المسؤولية	القسم	الوزارة
70112	1000	032	12	05	مديرية خزينة ميسان			
70112	1500	033	12	05	مديرية خزينة القادسية			
70112	1300	034	12	05	مديرية خزينة محافظة المثنى			
70112	1400	035	12	05	مديرية خزينة محافظة البصرة			
70112	0600	036	12	05	خزينة محافظة صلاح الدين			
70112	0400	041	12	05	مالية قضاء الحويجة- كركوك			
70112	0400	042	12	05	مالية ناحية الزاب -كركوك			
70112	0400	043	12	05	مالية ناحية الرياض - كركوك			
70112	0400	044	12	05	مالية قضاء داقوق - كركوك			
70112	0400	045	12	05	مالية قضاء الدبس - كركوك			
70112	0400	046	12	05	مالية قضاء التون كبري- كركوك			
70112	0400	047	12	05	مالية قضاء تازة- كركوك			
70112	0400	048	12	05	مالية قضاء قره حسن- كركوك			
70112	0200	049	12	05	مالية قضاء حمام العليل- نينوى			
70112	0200	050	12	05	مالية قضاء بعشيقة- نينوى			
70112	0200	051	12	05	مالية قضاء القيارة- نينوى			
70112	0200	052	12	05	مالية قضاء تلكيف- نينوى			
70112	0200	053	12	05	مالية قضاء القوش- نينوى			
70112	0200	054	12	05	مالية قضاء الشيخان- نينوى			
70112	0200	055	12	05	مالية ناحية الفاروق- نينوى			
70112	0200	056	12	05	مالية قضاء عقرة- نينوى			
70112	0200	057	12	05	مالية قضاء الحمدانية- نينوى			
70112	0200	058	12	05	مالية قضاء برطلة- نينوى			
70112	0200	059	12	05	مالية قضاء نمرود- نينوى			
70112	0200	060	12	05	مالية قضاء تلعفر- نينوى			
70112	0200	061	12	05	مالية ناحية زمار- نينوى			
70112	0200	062	12	05	مالية ناحية ربيعة- نينوى			
70112	0200	063	12	05	مالية قضاء سنجار- نينوى			
70112	0200	064	12	05	مالية ناحية الشمال- نينوى			
70112	0200	065	12	05	مالية قضاء البعاج- نينوى			
70112	0200	066	12	05	مالية قضاء الحضر- نينوى			

			Proposed GFS Compatible 2007 Organization COA							ترميز هيكل	هيكل الحسابات المنظماتي المقترح لسنة 2007 المتوافق مع GFS				
2006 COA Coding				2007 COA Coding				[MoF use only]	(لأستخدامات وزارة المالية فقط)	ترميز هيكل حسابات 2007				حسابات 2006		
Ministry	Sub-Organization	Responsibility Cente	Description	Ministry	Sub-Organization	Responsibility Cente	Location Code	GFS Coding	الترميز الوظيفي GFS	رمز الموقع	مركز المسؤولية	القسم	الوزارة	البيان	مركز المسؤولية	القسم	الوزارة
			Makmoor Financial Sector/Ninawa	05	12	067	0200	70112	70112	0200	067	12	05	مالية قضاء مخمور- نينوى			
			Bane-Saad Financial District/Diyala	05	12	068	0500	70112	70112	0500	068	12	05	مالية قضاء ناحية بني سعد- ديالى			
			Kanan Financial District/Diyala	05	12	069	0500	70112	70112	0500	069	12	05	مالية ناحية كنعان- ديالى			
			Al-Khales Financial District/Diyala	05	12	070	0500	70112	70112	0500	070	12	05	مالية ناحية الخالص- ديالى			
			Hebheb Financial District/Diyala	05	12	071	0500	70112	70112	0500	071	12	05	مالية ناحية هبهب- ديالى			
			Al-Mansoreya Financial District/Diyala	05	12	072	0500	70112	70112	0500	072	12	05	مالية ناحية المنصورية- ديالى			
			Al-Othem Financial District/Diyala	05	12	073	0500	70112	70112	0500	073	12	05	مالية ناحية العظيم- ديالى			
			Al-Moqdadeya Financial District/Diyala	05	12	074	0500	70112	70112	0500	074	12	05	مالية قضاء المقدادية- ديالى			
			Al-Wageheya Financial District/Diyala	05	12	075	0500	70112	70112	0500	075	12	05	مالية ناحية الوجيهية- ديالى			
			Abe Sayda Financial District/Diyala	05	12	076	0500	70112	70112	0500	076	12	05	مالية ناحية ابي صيدا- ديالى			
			Balad Roz Financial District/Diyala	05	12	077	0500	70112	70112	0500	077	12	05	مالية قضاء بلد روز- ديالى			
			Mandele Financial District/Diyala	05	12	078	0500	70112	70112	0500	078	12	05	مالية ناحية مندلي- ديالى			
			Qazaneya Financial District/Diyala	05	12	079	0500	70112	70112	0500	079	12	05	مالية ناحية قزانية- ديالى			
			Kneqeen Financial District/Diyala	05	12	080	0500	70112	70112	0500	080	12	05	مالية قضاء خانقين- ديالى			
			Jalawola Financial District/Diyala	05	12	081	0500	70112	70112	0500	081	12	05	مالية ناحية جلولاء- ديالى			
			Al-Sadeya Financial District/Diyala	05	12	082	0500	70112	70112	0500	082	12	05	مالية ناحية السعدية- ديالى			
			Kafree Financial District/Diyala	05	12	083	0500	70112	70112	0500	083	12	05	مالية قضاء كفري- ديالى			
			Karteya Financial District/Diyala	05	12	084	0500	70112	70112	0500	084	12	05	مالية ناحية قره تية- ديالى			
			Al-Mahaweel Financial District/Babel	05	12	085	0800	70112	70112	0800	085	12	05	مالية المحاويل-بابل			
			Al-Emaam Financial District/Babel	05	12	086	0800	70112	70112	0800	086	12	05	مالية الامام-بابل			
			Al-Mashroo Financial District/Babel	05	12	087	0800	70112	70112	0800	087	12	05	مالية المشروع-بابل			
			Al-Kefel Financial District/Babel	05	12	088	0800	70112	70112	0800	088	12	05	مالية الكفل-بابل			
			Al-Hashemeya Financial District/Babel	05	12	089	0800	70112	70112	0800	089	12	05	مالية الهاشمية-بابل			
			Al-Shomali Financial District/Babel	05	12	090	0800	70112	70112	0800	090	12	05	مالية الشوملي-قادسية			
			Al-Medhateya Financial District/Babel	05	12	091	0800	70112	70112	0800	091	12	05	مالية المدحتية-قادسية			
			Al-Qasem Financial District/Babel	05	12	092	0800	70112	70112	0800	092	12	05	مالية القاسم-بابل			
			Al-Mosayab Financial District/Babel	05	12	093	0800	70112	70112	0800	093	12	05	مالية المسيب-بابل			
			Al-Sada Financial District/Babel	05	12	094	0800	70112	70112	0800	094	12	05	مالية السدة-بابل			
			Al-Eskandareya Financial District/Babel	05	12	095	0800	70112	70112	0800	095	12	05	مالية الاسكندرية-بابل			
			Abi-Qarak Financial District/Babel	05	12	096	0800	70112	70112	0800	096	12	05	مالية ابى غرق-بابل			
			Al-Taleaa Financial District/Babel	05	12	097	0800	70112	70112	0800	097	12	05	مالية الطليعة-بابل			

			Proposed GFS Compatible 2007 Organization COA							(لأستخدامات وزارة المالية فقط)					هيكل الحسابات المنظماتي المقترح لسنة 2007 المتوافق مع GFS	ترميز هيكل حسابات 2006		
2006 COA Coding				2007 COA Coding				[MoF use only]		ترميز هيكل حسابات 2007								
Ministry	Sub-Organization	Responsibility Cente	Description	Ministry	Sub-Organization	Responsibility Cente	Location Code	GFS Coding	التـرميز الوظيفي GFS	رمز الموقع	مركز المسؤولية	القسم	الوزارة	البيان	مركز المسؤولية	القسم	الوزارة
			Sokh AL-Sheyokh Financial District/Dhiqar	05	12	098	1200	70112	70112	1200	098	12	05	مالية قضاء سوق الشيوخ-ناصرية			
			Al-Ftheleya District Financial Directorate/Dhiqar	05	12	099	1200	70112	70112	1200	099	12	05	مأمورية مال ناحية الفضيلية-ناصرية			
			Al-Karma District Financial Directorate/Dhiqar	05	12	100	1200	70112	70112	1200	100	12	05	مأمورية مال ناحية الكرمة-ناصرية			
			Al-Oqaeleya District Financial Directorate/Dhiqar	05	12	101	1200	70112	70112	1200	101	12	05	مأمورية مال ناحية الوكيلية-ناصرية			
			Al-Shatra District Financial Directorate/Dhiqar	05	12	102	1200	70112	70112	1200	102	12	05	مديرية مال قضاء الشطرة -ناصرية			
			Al-Dawaya District Financial Directorate/Dhiqar	05	12	103	1200	70112	70112	1200	103	12	05	مالية ناحية الدواية-ناصرية			
			Al-Garaf District Financial Directorate/Dhiqar	05	12	104	1200	70112	70112	1200	104	12	05	مالية ناحية الغراف-ناصرية			
			Al-Refaee District Financial Directorate/Dhiqar	05	12	105	1200	70112	70112	1200	105	12	05	مأمورية مال ناحية الرفاعي-ناصرية			
			Qalat Sokar District Financial Directorate/Dhiqar	05	12	106	1200	70112	70112	1200	106	12	05	مأمورية مال ناحية قلعة سكر-ناصرية			
			Al-Fager District Financial Directorate/Dhiqar	05	12	107	1200	70112	70112	1200	107	12	05	مأمورية مال ناحية الفجر-ناصرية			
			Al-Gebayesh District Financial Directorate/Dhiqar	05	12	108	1200	70112	70112	1200	108	12	05	مديرية مال ناحية الجبايش-ناصرية			
			Al-Maymona District	05	12	109	1000	70112	70112	1000	109	12	05	مالية قضاء الميمونة ميسان-عمارة			
			Al-Megar AL-Kabeer District	05	12	110	1000	70112	70112	1000	110	12	05	مالية قضاء المجر الكبير ميسان-عمارة			
			Al-Adel District	05	12	111	1000	70112	70112	1000	111	12	05	مالية ناحية العدل ميسان-عمارة			
			Qalat Saleh District	05	12	112	1000	70112	70112	1000	112	12	05	مالية قضاء قلعة صالح ميسان-عمارة			
			Al-Kahlaa District	05	12	113	1000	70112	70112	1000	113	12	05	مالية قضاء الكحلاء ميسان-عمارة			
			Ali Al-Qarbe District	05	12	114	1000	70112	70112	1000	114	12	05	مالية قضاء علي الغربي ميسان-عمارة			
			Al-Rumetha Financial District	05	12	115	1400	70112	70112	1400	115	12	05	مالية قضاء الرميثة- البصرة			
			Abo AL-Khaseb Financial Destrict	05	12	116	1400	70112	70112	1400	116	12	05	مديرية مال قضاء ابي الخصيب / بصرة			
			Al-Zobeer Financial Destrict	05	12	117	1400	70112	70112	1400	117	12	05	مديرية مال قضاء الزبير/ بصرة			
			Al-Qorna Financial Destrict	05	12	118	1400	70112	70112	1400	118	12	05	مديرية مال قضاءالقرنة/ بصرة			
			Al-Madena Financial Destrict	05	12	119	1400	70112	70112	1400	119	12	05	مديرية مال قضاء المدينة/ بصرة			
			Shat Al-Arab Financial Destrict	05	12	120	1400	70112	70112	1400	120	12	05	مديرية مال قضاء شط العرب/ بصرة			
			Al-Faw Financial Destrict	05	12	121	1400	70112	70112	1400	121	12	05	مديرية مال قضاء الفاو/ بصرة			
			Al-Shorqat District Finance	05	12	122	0600	70112	70112	0600	122	12	05	مالية قضاء الشرقاط تكريت/صلاح الدين			
			Bige District Finance	05	12	123	0600	70112	70112	0600	123	12	05	مالية قضاء بيجي تكريت/صلاح الدين			
			Al-Dor District Finance	05	12	124	0600	70112	70112	0600	124	12	05	مالية قضاء الدور تكريت/صلاح الدين			
			Toz District Finance	05	12	125	0600	70112	70112	0600	125	12	05	مالية قضاء طوز تكريت/صلاح الدين			
			Samera District Finance	05	12	126	0600	70112	70112	0600	126	12	05	مالية قضاء سامراء تكريت/صلاح الدين			
			Balad District Finance	05	12	127	0600	70112	70112	0600	127	12	05	مالية قضاء بلد تكريت/صلاح الدين			
			Al-Dejiall District Finance	05	12	128	0600	70112	70112	0600	128	12	05	مالية قضاء الدجيل تكريت/صلاح الدين			

			Proposed GFS Compatible 2007 Organization COA																
2006 COA Coding				2007 COA Coding				[MoF use only]	(لأستخدامات وزارة المالية فقط)	ترميز هيكل حسابات 2007				هيكل الحسابات المنظماتي المقترح لسنة 2007 المتوافق مع GFS	ترميز هيكل حسابات 2006		
Ministry	Sub-Organization	Responsibility Cente	Description	Ministry	Sub-Organization	Responsibility Cente	Location Code	GFS Coding	التمريز الوظيفي GFS	رمز الموقع	مركز المسؤولية	القسم	الوزارة	البيان	مركز المسؤولية	القسم	الوزارة
			Al-Sadr District Finance	05	12	129	0100	70112	70112	0100	129	12	05	مالية مدينة الصدر بغداد			
			Al-Tarmeir District Finance	05	12	130	0100	70112	70112	0100	130	12	05	مالية الطارمية بغداد			
			Al-Aladhamiyah District Finance	05	12	131	0100	70112	70112	0100	131	12	05	مالية الاعظمية بغداد			
			Al-Zuhur District Finance	05	12	132	0100	70112	70112	0100	132	12	05	مالية الزهور بغداد			
			Al-Rasheed District Finance	05	12	133	0100	70112	70112	0100	133	12	05	مالية ناحية الرشيد بغداد			
			Al-Rashadeer District Finance	05	12	134	0100	70112	70112	0100	134	12	05	مالية ناحية الراشدية بغداد			
			Al-Mamudeer District Finance	05	12	135	0100	70112	70112	0100	135	12	05	مالية المحمودية بغداد			
			Al-Madan District Finance	05	12	136	0100	70112	70112	0100	136	12	05	مالية المدائن بغداد			
			Al-Kadhimiua District Finance	05	12	137	0100	70112	70112	0100	137	12	05	مالية الكاظمية بغداد			
			Al-Taga District Finance	05	12	138	0100	70112	70112	0100	138	12	05	مالية التاجي بغداد			
			Al-Usufia District Finance	05	12	139	0100	70112	70112	0100	139	12	05	مالية اليوسفية بغداد			
			Al-Latifia District Finance	05	12	140	0100	70112	70112	0100	140	12	05	مالية اللطيفية بغداد			
			Abu Gareb District Finance	05	12	141	0100	70112	70112	0100	141	12	05	مالية قضاء ابو غريب بغداد			
			Al-Jeser District Finance	05	12	142	0100	70112	70112	0100	142	12	05	مالية الجسر بغداد			
			That Al-Salaasal District Finance	05	12	143	0100	70112	70112	0100	143	12	05	مالية ذات السلاسل بغداد /الشعلة			
			Al-Nassar wa Al-Salaam District Finance	05	12	144	0100	70112	70112	0100	144	12	05	مالية النصر والسلام بغداد			
			Al-Wa'dh District Finance	05	12	145	0100	70112	70112	0100	145	12	05	مالية قضاء الوحدة بغداد			
			Al-Kuther District Finance	05	12	146	0100	70112	70112	0100	146	12	05	مالية قضاء الخضر بغداد			
			Al-Hussainiaa Financial District	05	12	147	0700	70112	70112	0700	147	12	05	مالية ناحية الحسين / كربلاء			
			Al-Jadoal Al-Garby Financial District	05	12	148	0700	70112	70112	0700	148	12	05	مالية ناحية الجدول العربي / كربلاء			
			Al-Hendeya Financial District	05	12	149	0700	70112	70112	0700	149	12	05	مالية قضاء الهندية / كربلاء			
			Eann Tammer Financial District	05	12	150	0700	70112	70112	0700	150	12	05	مالية قضاء عين تمر/ كربلاء			
			Al-Kiraat Financial District	05	12	151	0700	70112	70112	0700	151	12	05	مالية ناحية الخيرات /كربلاء			
			Al-Horr Financial District	05	12	152	0700	70112	70112	0700	152	12	05	مالية ناحية الخر/ كربلاء			
			Al-Souiraa Financial District	05	12	153	0900	70112	70112	0900	153	12	05	مديرية مالية الصويرة واسط			
			Al-Hay Financial District	05	12	154	0900	70112	70112	0900	154	12	05	مديرية مالية الحي واسط			
			Al-Numaania Financial District	05	12	155	0900	70112	70112	0900	155	12	05	مديرية مالية النعمانية واسط			
			Al-Azizia Financial District	05	12	156	0900	70112	70112	0900	156	12	05	مديرية مالية العزيزية واسط			
			Badraa Financial District	05	12	157	0900	70112	70112	0900	157	12	05	مديرية مالية بدرة واسط			
			Shieek Saad Financial District	05	12	158	0900	70112	70112	0900	158	12	05	مديرية مالية شيخ سعد واسط			
			Waset Financial District	05	12	159	0900	70112	70112	0900	159	12	05	مأمورية مال واسط			

			Proposed GFS Compatible 2007 Organization COA																
2006 COA Coding				2007 COA Coding				[MoF use only]	(لأستخدامات وزارة المالية فقط)	ترميز هيكل حسابات 2007				هيكل الحسابات المنظماتي المقترح لسنة 2007 المتوافق مع GFS	ترميز هيكل حسابات 2006		
Ministry	Sub-Organization	Responsibility Cente	Description	Ministry	Sub-Organization	Responsibility Cente	Location Code	GFS Coding	الترميز الوظيفي GFS	رمز الموقع	مركز المسؤولية	القسم	الوزارة	البيان	مركز المسؤولية	القسم	الوزارة
			Al-Hafriaa Financial District	05	12	160	0900	70112	70112	0900	160	12	05	مأمورية مال الحفرية واسط			
			Al-Ahraar Financial District	05	12	161	0900	70112	70112	0900	161	12	05	مأمورية مال الاحرار واسط			
			Al-Moufaqia Financial District	05	12	162	0900	70112	70112	0900	162	12	05	مأمورية مال الموفقية واسط			
			Al-Zubidia Financial District	05	12	163	0900	70112	70112	0900	163	12	05	مالية قضاء الزبيدية واسط			
			Jasaan Financial District	05	12	164	0900	70112	70112	0900	164	12	05	مالية قضاء جصان واسط			
			Al-Shuorra Financial District	05	12	165	0200	70112	70112	0200	165	12	05	مديرية مال الشورة/ نينوى			
			Faidaa Financial District	05	12	166	0200	70112	70112	0200	166	12	05	مديرية مال فائدة / نينوى			
			Al-Taar Financial District	05	12	167	1200	70112	70112	1200	167	12	05	مديرية مال الطار / ذي قار			
			Al-Aqiqa Financial District	05	12	168	1200	70112	70112	1200	168	12	05	مديرية مال العكيكة/ ذي قار			
			Ur Financial District	05	12	169	1200	70112	70112	1200	169	12	05	مديرية مال اور / ذي قار			
			Al-Batehhaa Financial District	05	12	170	1200	70112	70112	1200	170	12	05	مديرية مال البطحاء / ذي قار			
			Al-Haamar Financial District	05	12	171	1200	70112	70112	1200	171	12	05	مديرية مال ناحية الحمار / ذي قار			
			Al-Fouhhwod Financial District	05	12	172	1200	70112	70112	1200	172	12	05	مديرية مال الفهود / ذي قار			
			Afeak Financial District	05	12	173	1500	70112	70112	1500	173	12	05	مالية قضاء عفك / القادسية			
			Al-Hamzaa Financial District	05	12	174	1500	70112	70112	1500	174	12	05	مالية قضاء الحمزة / القادسية			
			Al-Shamiea Financial District	05	12	175	1500	70112	70112	1500	175	12	05	مالية قضاء الشامية / القادسية			
			Al-Degarra Financial District	05	12	176	1500	70112	70112	1500	176	12	05	مالية قضاء الدغارة / القادسية			
			Al-Mehhinawia Financial District	05	12	177	1500	70112	70112	1500	177	12	05	مالية قضاء المهناوية / القادسية			
			Al-Shanafia Financial District	05	12	178	1500	70112	70112	1500	178	12	05	مالية قضاء الشنافية / القادسية			
			Nafer Financial District	05	12	179	1500	70112	70112	1500	179	12	05	مالية قضاء نفر / القادسية			
			Al-Badieer Financial District	05	12	180	1500	70112	70112	1500	180	12	05	مالية قضاء البدير / القادسية			
			Al-Shaffiea Financial District	05	12	181	1500	70112	70112	1500	181	12	05	مالية قضاء الشافعية / القادسية			
			Al-Salahhiea Financial District	05	12	182	1500	70112	70112	1500	182	12	05	مالية قضاء الصلاحية / القادسية			
			Gamaas Financial District	05	12	183	1500	70112	70112	1500	183	12	05	مالية قضاء غماس / القادسية			
			Al-saniea Financial District	05	12	184	1500	70112	70112	1500	184	12	05	مالية قضاء السنية / القادسية			
			Sumer Financial District	05	12	185	1500	70112	70112	1500	185	12	05	مالية قضاء سومر / القادسية			
			Kufa Financial District	05	12	186	0700	70112	70112	0700	186	12	05	مالية قضاء الكوفة / كربلاء			
			Manadira Financial District	05	12	187	0700	70112	70112	0700	187	12	05	مالية قضاء المناذرة / كربلاء			
05	13		Information Technology Directorate	05	13			70112	70112			13	05	دائرة تكنلوجيا المعلومات		13	05
05	13	001	Information Technology Directorate	05	13	001	0100	70112	70112	0100	001	13	05	دائرة تكنلوجيا المعلومات	001	13	05
06			Interior	06									06	لداخلية			06

			Proposed GFS Compatible 2007 Organization COA					
2006 COA Coding				2007 COA Coding				[MoF use only]
Ministry	Sub-Organization	Responsibility Cente	Description	Ministry	Sub-Organization	Responsibility Cente	Location Code	GFS Coding
06	01		Ministry Center	06	01			
06	01	1	Ministry Center	06	01	001	0100	70310
06	02		General Directorate for Travel & Citizenship (Nationality)	06	02			
06	02	1	General Directorate for Travel & Citizenship (Nationality)	06	02	001	0100	70310
			Kirkuk Nationality Directorate	06	02	004	0400	70310
			Ninawa Nationality Directorate/ Expenditures	06	02	012	0200	70310
			Ninawa Nationality Directorate/ Salaries	06	02	013	0200	70310
			Dohook Security/ Passports	06	02	014	0200	70310
			Ninawa Security/ Passports	06	02	015	0200	70310
			Diyala Nationality Directorate	06	02	021	0500	70310
			Al-Anbar Nationality Directorate	06	02	023	0300	70310
			Babel Nationality Directorate	06	02	024	0800	70310
			Waset Nationality Directorate	06	02	025	0900	70310
			Karbala Nationality Directorate	06	02	026	0700	70310
			Najaf Nationality Directorate	06	02	028	1100	70310
			Dhiqar Nationality Directorate	06	02	031	1200	70310
			Maysan Nationality Directorate	06	02	032	1000	70310
			Qadisiyah Nationality Directorate	06	02	033	1500	70310
			Muthanna Nationality Directorate	06	02	034	1300	70310
			Al-Basra Nationality Directorate	06	02	035	1400	70310
			Salah-al-Din Nationality Directorate	06	02	036	0600	70310
06	05		Civil Defense General Directorate	06	05			
06	05	1	Civil Defense General Directorate	06	05	001	0100	70220
			Kirkuk Civil Defense Directorate	06	05	004	0400	70220
			Ninawa Civil Defense Directorate	06	05	012	0200	70220
			Diyala Civil Defense Directorate	06	05	021	0500	70220
			Al-Anbar Civil Defense Directorate	06	05	023	0300	70220
			Babel Civil Defense Directorate	06	05	024	0800	70220
			Waset Civil Defense Directorate	06	05	025	0900	70220
			Karbala Civil Defense Directorate	06	05	026	0700	70220
			Najaf Civil Defense Directorate	06	05	028	1100	70220

(لأستخدامات وزارة المالية فقط)					هيكل الحسابات المنظماتي المقترح لسنة 2007 المتوافق مع GFS	ترميز هيكل حسابات 2006		
	ترميز هيكل حسابات 2007							
الترميز الوظيفي GFS	رمز الموقع	مركز المسؤولية	القسم	الوزارة	البيان	مركز المسؤولية	القسم	الوزارة
			01	06	مركز الوزارة		01	06
70310	0100	001	01	06	مركز الوزارة	1	01	06
			02	06	المديرية العامة للسفر والجنسية		02	06
70310	0100	001	02	06	المديرية العامة للسفر والجنسية	1	02	06
70310	0400	004	02	06	مديرية الجنسية والاحوال المدنية في كركوك			
70310	0200	012	02	06	مديرية جنسية نينوى / المصاريف			
70310	0200	013	02	06	مديرية جنسية نينوى / الرواتب			
70310	0200	014	02	06	امن دهوك / الجوازات			
70310	0200	015	02	06	امن نينوى / الجوازات			
70310	0500	021	02	06	مديرية الجنسية - ديالى			
70310	0300	023	02	06	مديرية الجنسية - الانبار			
70310	0800	024	02	06	مديرية السفر والجنسية - بابل			
70310	0900	025	02	06	مديرية السفر والجنسية - واسط			
70310	0700	026	02	06	مديرية الجنسية والاحوال المدنية - كربلاء			
70310	1100	028	02	06	مديرية الجنسية والاحوال المدنية - نجف			
70310	1200	031	02	06	مديرية الجنسية والاحوال المدنية - ذي قار			
70310	1000	032	02	06	مديرية جنسية - ميسان			
70310	1500	033	02	06	مديرية السفر والجنسية القادسية			
70310	1300	034	02	06	مديرية الجنسية والجوازات- المثنى			
70310	1400	035	02	06	مديرية السفر والجنسية - البصرة			
70310	0600	036	02	06	مديرية الجنسية والاحوال المدنية - صلاح الدين			
			05	06	مديرية الدفاع المدني العامة		05	06
70220	0100	001	05	06	مديرية الدفاع المدني العامة	1	05	06
70220	0400	004	05	06	مديرية الدفاع المدني-كركوك			
70220	0200	012	05	06	الدفاع المدني- نينوى			
70220	0500	021	05	06	مديرية الدفاع المدني-ديالى			
70220	0300	023	05	06	مديرية الدفاع المدني-الأنبار			
70220	0800	024	05	06	مديرية الدفاع المدني-بابل			
70220	0900	025	05	06	مديرية الدفاع المدني- واسط			
70220	0700	026	05	06	مديرية الدفاع المدني في محافظة كربلاء			
70220	1100	028	05	06	الدفاع المدني-نجف			

			Proposed GFS Compatible 2007 Organization COA							(لأستخدامات وزارة المالية فقط)					هيكل الحسابات المنظماتي المقترح لسنة 2007 المتوافق مع GFS	ترميز هيكل حسابات 2006		
2006 COA Coding				2007 COA Coding				[MoF use only]		ترميز هيكل حسابات 2007								
Ministry	Sub-Organization	Responsibility Cente	Description	Ministry	Sub-Organization	Responsibility Cente	Location Code	GFS Coding	التمريز الوظيفي GFS	رمز الموقع	مركز المسؤولية	القسم	الوزارة	البيان	مركز المسؤولية	القسم	الوزارة
			Dhiqar Civil Defence Directorate	06	02	031	1200	70220	70220	1200	031	02	06	مديرية الدفاع المدني ذي قار			
			Maysan Civil Defense Directorate	06	05	032	1000	70220	70220	1000	032	05	06	مديرية الدفاع المدني-ميسان			
			Qadisiyah Civil Defense Directorate	06	05	033	1500	70220	70220	1500	033	05	06	مديرية الدفاع المدني- القادسية			
			Muthanna Civil Defense Directorate	06	05	034	1300	70220	70220	1300	034	05	06	مديرية الدفاع المدني-مثنى			
			Al-Basra Civil Defense Directorate	06	05	035	1400	70220	70220	1400	035	05	06	مديرية الدفاع المدني-البصرة			
			Salah-al-Din Civil Defense Directorate	06	05	036	0600	70220	70220	0600	036	05	06	مديرية الدفاع المدني-صلاح الدين			
06	06		Police Force Command	06	06							06	06	قيادة قوات الشرطة		06	06
06	06	1	Police Force Command	06	06	001	0100	70310	70310	0100	001	06	06	قيادة قوات الشرطة	1	06	06
			Kirkuk Police Directorate	06	06	004	0400	70310	70310	0400	004	06	06	قيادة شرطة - كركوك			
			Ninawa Police Directorate	06	06	012	0200	70310	70310	0200	012	06	06	مديرية شرطة - نينوى			
			Diyala Police Directorate	06	06	021	0500	70310	70310	0500	021	06	06	مديرية شرطة - ديالى			
			Al-Anbar Police Directorate	06	06	023	0300	70310	70310	0300	023	06	06	مديرية شرطة - الانبار			
			Babel Police Directorate	06	06	024	0800	70310	70310	0800	024	06	06	قيادة شرطة - بابل			
			Waset Police Directorate	06	06	025	0900	70310	70310	0900	025	06	06	قيادة قوات الشرطة - واسط			
			Karbala Police Directorate	06	06	026	0700	70310	70310	0700	026	06	06	مديرية شرطة محافظة كربلاء			
			Najaf Police Directorate	06	06	028	1100	70310	70310	1100	028	06	06	مديرية شرطة - نجف			
			Dhiqar Police Directorate	06	06	031	1200	70310	70310	1200	031	06	06	مديرية شرطة محافظة ذي قار			
			Maysan Police Directorate	06	06	032	1000	70310	70310	1000	032	06	06	مديرية شرطة - ميسان			
			Qadisiyah Police Directorate	06	06	033	1500	70310	70310	1500	033	06	06	مديرية شرطة - القادسية			
			Muthanna Police Directorate	06	06	034	1300	70310	70310	1300	034	06	06	مديرية شرطة المثنى والاتصالات			
			Al-Basra Police Directorate	06	06	035	1400	70310	70310	1400	035	06	06	مديرية شرطة - البصرة			
			Salah-al-Din Police Directorate	06	06	036	0600	70310	70310	0600	036	06	06	قيادة شرطة - صلاح الدين			
			Al-Basra Police Academy	06	06	041	1400	70310	70310	1400	041	06	06	اكاديمية شرطة -البصره			
			Waset FPS Guards	06	06	042	0900	70310	70310	0900	042	06	06	حماية المنشآت -واسط			
			Maysan Security Protection Accounting Unit	06	06	043	1000	70310	70310	1000	043	06	06	وحدة حسابات حماية امن ميسان			
			Maysan Special Communications	06	06	044	1000	70310	70310	1000	044	06	06	الاتصالات الخاصة - ميسان			
			Police Customs south region\ Basrah	06	06	046	1400	70310	70310	1400	046	06	06	شرطة كمرك المنطقة الجنوبية / البصرة			
06	07		Border Forces Command	06	07							07	06	مديرية قيادة قوات الحدود		07	06
06	07	1	Border Forces Command	06	07	001	0100	70310	70310	0100	001	07	06	مديرية قيادة قوات الحدود	1	07	06
			Ninawa Customs Police Directorate	06	07	012	0200	70310	70310	0200	012	07	06	مديرية حرس الحدود- نينوى			
			Northern Area Border Complexes Directorate	06	07	013	0200	70310	70310	0200	013	07	06	مديرية المجمعات الحدودية- المنطقة الشمالية-نينوى			

			Proposed GFS Compatible 2007 Organization COA							هيكل الحسابات المنظماتي المقترح لسنة 2007 المتوافق مع GFS					ترميز هيكل		
2006 COA Coding				2007 COA Coding				[MoF use only]	(لأستخدامات وزارة المالية فقط)	ترميز هيكل حسابات 2007					حسابات 2006		
Ministry	Sub-Organization	Responsibility Cente	Description	Ministry	Sub-Organization	Responsibility Cente	Location Code	GFS Coding	الترميز الوظيفي GFS	رمز الموقع	مركز المسؤولية	القسم	الوزارة	البيان	مركز المسؤولية	القسم	الوزارة
			Ninawa Border Guards Directorate	06	07	014	0200	70310	70310	0200	014	07	06	مديرية حراس حدود -نينوى			
			Border Guards Command/First Area	06	07	015	0200	70310	70310	0200	015	07	06	قيادة حرس الحدود ديالى/ المنطقة الأولى			
			Diyala Customs & Border Directorate	06	07	021	0500	70310	70310	0500	021	07	06	مديرية حدود وكمارك محافظة ديالى			
			Al-Anbar Border police Directorate	06	07	023	0300	70310	70310	0300	023	07	06	مديرية شرطة الحدود - الأنبار			
			Waset Border Police Directorate	06	07	025	0900	70310	70310	0900	025	07	06	مديرية قيادة قوات الحدود - واسط			
			Al-Nakheeb Border Police Directorate	06	07	026	0900	70310	70310	0900	026	07	06	مديرية شرطة الحدود - النخيب كربلاء			
			Najaf Border Police Directorate	06	07	028	1100	70310	70310	1100	028	07	06	مديرية حدود وكمرك - النجف			
			Maysan Border Police Directorate	06	07	032	1000	70310	70310	1000	032	07	06	مديرية حدود وكمرك- ميسان			
			Muthanna Border Police Directorate	06	07	034	1300	70310	70310	1300	034	07	06	مديرية حدود وشرطة الكمارك - المثنى			
			Al-Basra Border Police Directorate	06	07	035	1400	70310	70310	1400	035	07	06	مديرية حرس حدود - البصرة			
			Salah-al-Din (Second Area) Border Police Directorate	06	07	036	0600	70310	70310	0600	036	07	06	قيادة حرس الحدود صلاح الدين			
			Al-Basrah Borders Complex (Fourth Area)	06	07	040	1400	70310	70310	1400	040	07	06	مديرية المجمعات الحدودية في البصرة (المنطقة الرابعة)			
			Al-Basrah Fouth Area Border Directorate	06	07	041	1400	70310	70310	1400	041	07	06	مديرية حدود المنطقة الرابعة (البصرة)			
			Al-Basrah Bay Watch Directorate	06	07	042	1400	70310	70310	1400	042	07	06	مديرية خفر السواحل والمياه الداخلية -البصره			
			Diyala Border Guards Command/Third Area	06	07	044	0500	70310	70310	0500	044	07	06	قيادة حراس الحدود ديالى /المنطقة الثالثة			
			Diyala Customs Police Directorate/Third Area	06	07	045	0500	70310	70310	0500	045	07	06	مديرية شرطة كمارك ديالى/ المنطقة الثالثة			
			Diyala Border Complexes Directorate/Third Area	06	07	046	0500	70310	70310	0500	046	07	06	مديرية مجمع الحدودي في ديالى - المنطقة الثالثة			
			Najaf Borders and Customs Directorate	06	07	047	1100	70310	70310	1100	047	07	06	مديرية حدود وكمرك - نجف			
			Najaf Border Guards Directorate/Fifth Area	06	07	048	1100	70310	70310	1100	048	07	06	قيادة حراس حدود وكمرك النجف - المنطقة الخامسة			
			Najaf Customs Ploice Directorate/Fifth Area	06	07	049	1100	70310	70310	1100	049	07	06	مديرية شرطة كمرك نجف -المنطقة الخامسة			
			Waset Third Border Forces Comman	06	07	050	0900	70310	70310	0900	050	07	06	مديرية قيادة قوات الحدود الثالثة- واسط			
06	08		Traffic Police General Directorate	06	08							08	06	مديرية المرور العامة		08	06
06	**08**	**1**	**Traffic Police General Directorate**	**06**	**08**	**001**	**0100**	70310	70310	**0100**	**001**	**08**	**06**	**مديرية المرور العامة**	**1**	**08**	**06**
			Kirkuk Traffic Police Directorate	06	08	004	0400	70310	70310	0400	004	08	06	مديرية مرور -كركوك			
			Ninawa Traffic Police Directorate	06	08	012	0200	70310	70310	0200	012	08	06	مديرية مرور - نينوى النفقات			
			Ninawa Traffic Police Directorate/ Salaries	06	08	013	0200	70310	70310	0200	013	08	06	مديرية مرور نينوى/ الرواتب			
			Diyala Traffic Police Directorate	06	08	021	0500	70310	70310	0500	021	08	06	مديرية مرور - ديالى			
			Al-Anbar Traffic Police Directorate	06	08	023	0300	70310	70310	0300	023	08	06	مديرية مرور - الأنبار			
			Babel Traffic Police Directorate	06	08	024	0800	70310	70310	0800	024	08	06	مديرية مرور - بابل			
			Waset Traffic Police Directorate	06	08	025	0900	70310	70310	0900	025	08	06	مديرية مرور محافظة واسط			
			Karbala Traffic Police Directorate	06	08	026	0700	70310	70310	0700	026	08	06	مديرية مرور - كربلاء			

			Proposed GFS Compatible 2007 Organization COA																
2006 COA Coding				2007 COA Coding				[MoF use only]	(لأستخدامات وزارة المالية فقط)	ترميز هيكل حسابات 2007				هيكل الحسابات المنظماتي المقترح لسنة 2007 المتوافق مع GFS	ترميز هيكل حسابات 2006		
Ministry	Sub-Organization	Responsibility Cente	Description	Ministry	Sub-Organization	Responsibility Cente	Location Code	GFS Coding	الترميز الوظيفي GFS	رمز الموقع	مركز المسؤولية	القسم	الوزارة	البيان	مركز المسؤولية	القسم	الوزارة
			Najaf Traffic Police Directorate	06	08	028	1100	70310	70310	1100	028	08	06	مديرية مرور - نجف			
			Dhiqar Traffic Police Directorate	06	08	031	1200	70310	70310	1200	031	08	06	مديرية مرور - ذي قار			
			Maysan Traffic Police Directorate	06	08	032	1000	70310	70310	1000	032	08	06	مديرية مرور - ميسان			
			Qadisiyah Traffic Police Directorate	06	08	033	1500	70310	70310	1500	033	08	06	مديرية شرطة مرور - القادسية			
			Muthanna Traffic Police Directorate	06	08	034	1300	70310	70310	1300	034	08	06	مديرية مرور - المثنى			
			Al-Basra Traffic Police Directorate	06	08	035	1400	70310	70310	1400	035	08	06	مديرية مرور - البصرة			
			Salah-al-Din Traffic Police Directorate	06	08	036	0600	70310	70310	0600	036	08	06	مديرية مرور - صلاح الدين			
08			Labor and Social Affairs	08									08	العمل والشؤون الاجتماعية			08
08	01		Ministry Center	08	01							01	08	مركز الوزارة		01	08
08	01	1	Ministry Center	08	01	001	0100	70412	70412	0100	001	01	08	مركز الوزارة	1	01	08
08	04		Social Care Directorate	08	04							04	08	دائرة الرعاية الاجتماعية		04	08
08	04	1	Social Care Directorate	08	04	001	0100	71090	71090	0100	001	04	08	دائرة الرعاية الاجتماعية	1	04	08
			Social Care Department/Kirkuk	08	04	004	0400	71090	71090	0400	004	04	08	قسم الرعاية الاجتماعية -كركوك			
			Social Care Department/Ninawa	08	04	012	0200	71090	71090	0200	012	04	08	مديرية الرعاية الاجتماعية - نينوى			
			Social Welfare Department/ Al-Anbar	08	04	023	0300	71090	71090	0300	023	04	08	مديرية الضمان الاجتماعية - الأنبار			
			Social Care Department/ Babel	08	04	024	0800	71090	71090	0800	024	04	08	قسم الرعاية الاجتماعية - بابل			
			Social Care Department/ Waset	08	04	025	0900	71090	71090	0900	025	04	08	مديرية الرعاية الاجتماعية - واسط			
			Social Care Department/ Karbala	08	04	026	0700	71090	71090	0700	026	04	08	مديرية الرعاية الاجتماعية - كربلاء			
			Social Care Department/ Najaf	08	04	028	1100	71090	71090	1100	028	04	08	الرعاية الاجتماعية - النجف			
			Social Care Department/ Dhiqar	08	04	031	1200	71090	71090	1200	031	04	08	دائرة الرعاية الاجتماعية - ذي قار			
			Social Care Department/ Maysan	08	04	032	1000	71090	71090	1000	032	04	08	الرعاية الاجتماعية - ميسان			
			Social Care Department/ Qadisiyah	08	04	033	1500	71090	71090	1500	033	04	08	قسم الرعاية الاجتماعية - القادسية			
			Social Care Department/ Muthanna	08	04	034	1300	71090	71090	1300	034	04	08	دائرة الرعاية الاجتماعية - مثنى			
			Social Care Department/ Al-Basra	08	04	035	1400	71090	71090	1400	035	04	08	قسم الرعاية الاجتماعية - البصرة			
			Social Care Department/ Salah-al-Din	08	04	036	0600	71090	71090	0600	036	04	08	دائرة الرعاية الاجتماعية - صلاح الدين			
08	08		Juveniles Correction Directorate	08	08							08	08	دائرة أصلاح الأحداث		08	08
08	08	1	Juveniles Correction Directorate	08	08	001	0100	70340	70340	0100	001	08	08	دائرة أصلاح الأحداث	1	08	08
			Ninawa Juvenile Correctional Directorate	08	08	012	0200	70340	70340	0200	012	08	08	دائرة اصلاح الأحداث - نينوى			
			Dhiqar Minors Correctional Directorate	08	08	031	1200	70340	70340	1200	031	08	08	مديرية رعاية القاصرين- ذي قار			
08	09		Labor and Social Security Directorate	08	09							09	08	دائرة العمل والضمان الاجتماعي		09	08
08	09	1	Labor and Social Security Directorate	08	09	001	0100	70412	70412	0100	001	09	08	دائرة العمل والضمان الاجتماعي	1	09	08

			Proposed GFS Compatible 2007 Organization COA					
2006 COA Coding				2007 COA Coding				[MoF use only]
Ministry	Sub-Organization	Responsibility Cente	Description	Ministry	Sub-Organization	Responsibility Cente	Location Code	GFS Coding
			Labor and Social Security Department/Kirkuk	08	09	004	0400	70412
			Labor and Social Security Department/Ninawa	08	09	012	0200	70412
			Labor and Social Security Department/Al-Anbar	08	09	023	0300	70412
			Labor and Social Security Department/Babel	08	09	024	0800	70412
			Labor and Social Security Department/Waset	08	09	025	0900	70412
			Labor and Social Security Department/Karbala	08	09	026	0700	70412
			Labor and Social Security Department/Najaf	08	09	028	1100	70412
			Labor and Social Security Department/Dhiqar	08	09	031	1200	70412
			Labor and Social Security Department/Maysan	08	09	032	1000	70412
			Labor and Social Security Department/Qadisiyah	08	09	033	1500	70412
			Labor and Social Security Department/Muthanna	08	09	034	1300	70412
			Labor and Social Security Department/Basra	08	09	035	1400	70412
			Labor and Social Security Department/Salah-al-Din	08	09	036	0600	70412
08	10		Employment and Training Center	08	10			
08	10	1	Employment and Training Center	08	10	001	0100	71050
09			Health	09				
09	01		Ministry Center	09	01			
09	01	1	Ministry Center	09	01	001	0100	70760
09	10		Basra Health Directorate	09	10			
09	10	1	Basra Health Directorate	09	10	001	1400	70760
09	11		Ninawa Health Directorate	09	11			
09	11	1	Ninawa Health Directorate	09	11	001	0200	70760
09	14		Al Karkh Medical Directorate	09	14			
09	14	1	Al Karkh Health Directorate	09	14	001	0100	70760
09	15		Dhi Qar Health Directorate	09	15			
09	15	1	Dhi Qar Health Directorate	09	15	001	1200	70760
09	16		Diyala Health Directorate	09	16			
09	16	1	Diyala Health Directorate	09	16	001	0500	70760
09	17		Babil Health Directorate	09	17			
09	17	1	Babil Health Directorate	09	17	001	0800	70760
09	18		Al Anbar Health Directorate	09	18			

(لأستخدامات وزارة المالية فقط)					هيكل الحسابات المنظماتي المقترح لسنة 2007 المتوافق مع GFS	ترميز هيكل حسابات 2006		
	ترميز هيكل حسابات 2007							
الترميز الوظيفي GFS	رمز الموقع	مركز المسؤولية	القسم	الوزارة	البيان	مركز المسؤولية	القسم	الوزارة
70412	0400	004	09	08	قسم العمل والضمان الاجتماعي -كركوك			
70412	0200	012	09	08	دائرة العمل والضمان - نينوى			
70412	0300	023	09	08	دائرة العمل والضمان الاجتماعي - الأنبار			
70412	0800	024	09	08	العمل والضمان الاجتماعي - بابل			
70412	0900	025	09	08	قسم عمل وضمان - واسط			
70412	0700	026	09	08	مديرية العمل والشؤون الاجتماعية - كربلاء			
70412	1100	028	09	08	دائرة العمل والضمان الاجتماعي - نجف			
70412	1200	031	09	08	دائرة العمل والضمان الاجتماعي - ذي قار			
70412	1000	032	09	08	دائرة العمل والضمان الاجتماعي - ميسان			
70412	1500	033	09	08	مديرية العمل والضمان - القادسية			
70412	1300	034	09	08	دائرة العمل والضمان الاجتماعي - المثنى			
70412	1400	035	09	08	قسم العمل والضمان الاجتماعي - بصرة			
70412	0600	036	09	08	دائرة العمل والضمان الاجتماعي - صلاح الدين			
			10	08	مركز التشغيل والتدريب		10	08
71050	0100	001	10	08	مركز التشغيل والتدريب	1	10	08
				09	الصحة			09
			01	09	مركز الوزارة		01	09
70760	0100	001	01	09	مركز الوزارة	1	01	09
			10	09	دائرة صحة محافظة البصرة		10	09
70760	1400	001	10	09	دائرة صحة محافظة البصرة	1	10	09
			11	09	دائرة صحة محافظة نينوى		11	09
70760	0200	001	11	09	دائرة صحة محافظة نينوى	1	11	09
			14	09	دائرة صحة محافظة بغداد \ الكرخ		14	09
70760	0100	001	14	09	دائرة صحة محافظة بغداد \ الكرخ	1	14	09
			15	09	دائرة صحة محافظة ذي قار		15	09
70760	1200	001	15	09	دائرة صحة محافظة ذي قار	1	15	09
			16	09	دائرة صحة محافظة ديالى		16	09
70760	0500	001	16	09	دائرة صحة محافظة ديالى	1	16	09
			17	09	دائرة صحة محافظة بابل		17	09
70760	0800	001	17	09	دائرة صحة محافظة بابل	1	17	09
			18	09	دائرة صحة محافظة الانبار		18	09

			Proposed GFS Compatible 2007 Organization COA					
2006 COA Coding				2007 COA Coding				[MoF use only]
Ministry	Sub-Organization	Responsibility Cente	Description	Ministry	Sub-Organization	Responsibility Cente	Location Code	GFS Coding
09	**18**	**1**	**Al Anbar Health Directorate**	**09**	**18**	**001**	**0300**	*70760*
09	*19*		*Maysan Health Directorate*	*09*	*19*			
09	**19**	**1**	**Maysan Health Directorate**	**09**	**19**	**001**	**1000**	*70760*
09	*20*		*Wasit Health Directorate*	*09*	*20*			
09	**20**	**1**	**Wasit Health Directorate**	**09**	**20**	**001**	**0900**	*70760*
09	*21*		*Al Ta'amim Health Directorate*	*09*	*21*			
09	**21**	**1**	**Al Ta'amim Health Directorate**	**09**	**21**	**001**	**0400**	*70760*
09	*22*		*Najaf Health Directorate*	*09*	*22*			
09	**22**	**1**	**Najaf Health Directorate**	**09**	**22**	**001**	**1100**	*70760*
09	*23*		*Al Qadisiya Health Directorate*	*09*	*23*			
09	**23**	**1**	**Al Qadisiya Health Directorate**	**09**	**23**	**001**	**1500**	*70760*
09	*24*		*Al Muthanna Health Directorate*	*09*	*24*			
09	**24**	**1**	**Al Muthanna Health Directorate**	**09**	**24**	**001**	**1300**	*70760*
09	*25*		*Karbala Health Directorate*	*09*	*25*			
09	**25**	**1**	**Karbala Health Directorate**	**09**	**25**	**001**	**0700**	*70760*
09	*26*		*Salah Al Din Health Directorate*	*09*	*26*			
09	**26**	**1**	**Salah Al Din Health Directorate**	**09**	**26**	**001**	**0600**	*70760*
09	*27*		*Medical City Directorate*	*09*	*27*			
09	**27**	**1**	**Medical City Directorate**	**09**	**27**	**001**	**0100**	*70760*
09	*31*		*Baghdad Health Directorate/Al Rusafa*	*09*	*31*			
09	**31**	**1**	**Baghdad Health Directorate/Al Rusafa**	**09**	**31**	**001**	**0100**	*70760*
10			*Defense*	*10*				
10	*01*		*Ministry Center*	*10*	*01*			
10	**01**	**1**	**Ministry Center**	**10**	**01**	**001**	**0100**	*70210*
10	*02*		*Veterans Directorate*	*10*	*02*			
10	**02**	**001**	**Veterans Directorate**	**10**	**02**	**001**	**0100**	*71020*
11			*Justice*	*11*				
11	*01*		*Ministry center*	*11*	*01*			
11	**01**	**1**	**Ministry center**	**11**	**01**	**001**	**0100**	*70360*
11	*02*		*Office of Foreign Litigation*	*11*	*02*			
11	**02**	**1**	**Office of Foreign Litigation**	**11**	**02**	**001**	**0100**	*70330*

(لأستخدامات وزارة المالية فقط)					هيكل الحسابات المنظماتي المقترح لسنة 2007 المتوافق مع GFS	ترميز هيكل حسابات 2006		
	ترميز هيكل حسابات 2007							
الترميز الوظيفي GFS	رمز الموقع	مركز المسؤولية	القسم	الوزارة	البيان	مركز المسؤولية	القسم	الوزارة
70760	**0300**	**001**	**18**	**09**	**دائرة صحة محافظة الانبار**	**1**	**18**	**09**
			19	*09*	*دائرة صحة محافظة ميسان*		*19*	*09*
70760	**1000**	**001**	**19**	**09**	**دائرة صحة محافظة ميسان**	**1**	**19**	**09**
			20	*09*	*دائرة صحة محافظة واسط*		*20*	*09*
70760	**0900**	**001**	**20**	**09**	**دائرة صحة محافظة واسط**	**1**	**20**	**09**
			21	*09*	*دائرة صحة محافظة التاميم*		*21*	*09*
70760	**0400**	**001**	**21**	**09**	**دائرة صحة محافظة التاميم**	**1**	**21**	**09**
			22	*09*	*دائرة صحة محافظة النجف*		*22*	*09*
70760	**1100**	**001**	**22**	**09**	**دائرة صحة محافظة النجف**	**1**	**22**	**09**
			23	*09*	*دائرة صحة محافظة القادسية*		*23*	*09*
70760	**1500**	**001**	**23**	**09**	**دائرة صحة محافظة القادسية**	**1**	**23**	**09**
			24	*09*	*دائرة صحة محافظة المثنى*		*24*	*09*
70760	**1300**	**001**	**24**	**09**	**دائرة صحة محافظة المثنى**	**1**	**24**	**09**
			25	*09*	*دائرة صحة محافظة كربلاء*		*25*	*09*
70760	**0700**	**001**	**25**	**09**	**دائرة صحة محافظة كربلاء**	**1**	**25**	**09**
			26	*09*	*دائرة صحة محافظة صلاح الدين*		*26*	*09*
70760	**0600**	**001**	**26**	**09**	**دائرة صحة محافظة صلاح الدين**	**1**	**26**	**09**
			27	*09*	*دائرة مدينة الطب*		*27*	*09*
70760	**0100**	**001**	**27**	**09**	**دائرة مدينة الطب**	**1**	**27**	**09**
			31	*09*	*دائرة صحة محافظة بغداد \ الرصافة*		*31*	*09*
70760	**0100**	**001**	**31**	**09**	**دائرة صحة محافظة بغداد \ الرصافة**	**1**	**31**	**09**
				10	*الدفاع*			*10*
			01	*10*	*مركز الوزارة*		*01*	*10*
70210	**0100**	**001**	**01**	**10**	**مركز الوزارة**	**1**	**01**	**10**
			02	*10*	*دائرة شؤون المحاربين*		*02*	*10*
71020	**0100**	**001**	**02**	**10**	**دائرة شؤون المحاربين**	**001**	**02**	**10**
				11	*العدل*			*11*
			01	*11*	*مركز الوزارة*		*01*	*11*
70360	**0100**	**001**	**01**	**11**	**مركز الوزارة**	**1**	**01**	**11**
			02	*11*	*مكتب الدعاوي الخارجية*		*02*	*11*
70330	**0100**	**001**	**02**	**11**	**مكتب الدعاوي الخارجية**	**1**	**02**	**11**

			Proposed GFS Compatible 2007 Organization COA						
2006 COA Coding				2007 COA Coding					[MoF use only]
Ministry	Sub-Organization	Responsibility Cente	Description	Ministry	Sub-Organization	Responsibility Cente	Location Code	GFS Coding	
11	04		Real Estate Registration General Directorate	11	04				
11	04	1	Real Estate Registration General Directorate	11	04	001	0100	70330	
			Kirkuk Real Estate Registration Directorate	11	04	004	0400	70330	
			Ninawa Real Estate Registration Directorate	11	04	012	0200	70330	
			Real Estate Registration/Al Zohour	11	04	013	0200	70330	
			Diyala Real Estate Registration	11	04	021	0500	70330	
			Al-Anbar Real Estate Registration	11	04	023	0300	70330	
			Babel Real Estate Registration	11	04	024	0800	70330	
			Waset Estate Registration Directorate	11	04	025	0900	70330	
			Karbala Real Estate Registration Directorate	11	04	026	0700	70330	
			Najaf Estate Registration Directorate	11	04	028	1100	70330	
			Dhiqar Estate Registration Directorate	11	04	031	1200	70330	
			Maysan Estate Registration Directorate	11	04	032	1000	70330	
			Qadisiyah Estate Registration Directorate	11	04	033	1500	70330	
			Muthanna Estate Registration Directorate	11	04	034	1300	70330	
			Al-Basra Estate Registration Directorate	11	04	035	1400	70330	
			Salah-al-Din Estate Registration Directorate	11	04	036	0600	70330	
			Al-Hashemeya Estate Registration Directorate	11	04	041	0800	70330	
			Al-Mosayab Estate Registration Directorate	11	04	042	0800	70330	
			Al-Mahaweel Estate Registration Directorate	11	04	043	0800	70330	
			Karbala 2nd Real Estate registration	11	04	044	0700	70330	
			Al-Rusafa 1st Estate Registration Directorate	11	04	051	0100	70330	
			Al-Rusafa 2nd Estate Registration Directorate	11	04	052	0100	70330	
			Al-Karkh 1st Estate Registration Directorate	11	04	053	0100	70330	
			Al-Karkh 2nd Estate Registration Directorate	11	04	054	0100	70330	
			Al-Zohor Estate Registration Directorate	11	04	055	0100	70330	
			Al-Kademeya Estate Registration Directorate	11	04	056	0100	70330	
			Al-Bayaa Estate Registration Directorate	11	04	057	0100	70330	
			Abu-Greeb Estate Registration Directorate	11	04	058	0100	70330	
			Al-Thaworaa Estate Registration Directorate	11	04	059	0100	70330	
			Al-Madaeen Estate Registration Directorate	11	04	060	0100	70330	

					هيكل الحسابات المنظماتي المقترح لسنة 2007 المتوافق مع GFS	ترميز هيكل		
(لأستخدامات وزارة المالية فقط)	ترميز هيكل حسابات 2007					حسابات 2006		
الترميز الوظيفي GFS	رمز الموقع	مركز المسؤولية	القسم	الوزارة	البيان	مركز المسؤولية	القسم	الوزارة
			04	11	مديرية التسجيل العقاري العامة		04	11
70330	0100	001	04	11	مديرية التسجيل العقاري العامة	1	04	11
70330	0400	004	04	11	مديرية التسجيل العقاري /كركوك/1			
70330	0200	012	04	11	دائرة التسجيل العقاري نينوى			
70330	0200	013	04	11	مديرية التسجيل العقاري / الزهور			
70330	0500	021	04	11	مديرية التسجيل العقاري ديالى			
70330	0300	023	04	11	مديرية التسجيل العقاري الأنبار			
70330	0800	024	04	11	مديرية التسجيل العقاري بابل			
70330	0900	025	04	11	مديرية التسجيل العقاري / كوت			
70330	0700	026	04	11	مديرية التسجيل العقاري الاولى كربلاء			
70330	1100	028	04	11	مديرية التسجيل العقاري النجف			
70330	1200	031	04	11	مديرية التسجيل العقاري ذي قار			
70330	1000	032	04	11	مديرية التسجيل العقاري ميسان			
70330	1500	033	04	11	مديرية التسجيل العقاري القادسية			
70330	1300	034	04	11	مديرية التسجيل العقاري المثنى			
70330	1400	035	04	11	مديرية التسجيل العقاري البصرة			
70330	0600	036	04	11	مديرية التسجيل العقاري صلاح الدين			
70330	0800	041	04	11	مديرية التسجيل العقاري الهاشمية -بابل			
70330	0800	042	04	11	مديرية التسجيل العقاري المسيب -بابل			
70330	0800	043	04	11	مديرية التسجيل العقاري المحاويل -بابل			
70330	0700	044	04	11	مديرية التسجيل العقاري الثانية كربلاء			
70330	0100	051	04	11	مديرية التسجيل العقاري في الرصافة الاولى			
70330	0100	052	04	11	مديرية التسجيل العقاري في الرصافة الثانية			
70330	0100	053	04	11	مديرية التسجيل العقاري في الكرخ الاولى			
70330	0100	054	04	11	مديرية التسجيل العقاري في الكرخ الثانية			
70330	0100	055	04	11	مديرية التسجيل العقاري في الزهور- بغداد			
70330	0100	056	04	11	مديرية التسجيل العقاري في الكاظمية -بغداد			
70330	0100	057	04	11	مديرية التسجيل العقاري في البياع-بغداد			
70330	0100	058	04	11	مديرية التسجيل العقاري ابي غريب-بغداد			
70330	0100	059	04	11	مديرية التسجيل العقاري الثورة -بغداد			
70330	0100	060	04	11	مديرية التسجيل العقاري في المدائن-بغداد			

			Proposed GFS Compatible 2007 Organization COA					
2006 COA Coding				2007 COA Coding				[MoF use only]
Ministry	Sub-Organization	Responsibility Cente	Description	Ministry	Sub-Organization	Responsibility Cente	Location Code	GFS Coding
			Al-Mahmodeyaa Estate Registration Directorate	11	04	061	0100	70330
			Al-Adameyaa Estate Registration Directorate	11	04	062	0100	70330
			Al-Heindia Real Estate Registration Office	11	04	063	0700	70330
11	05		Minors Care Directorate	11	05			
11	05	1	Minors Care Directorate	11	05	001	0100	70330
			Kirkuk Minors Care Directorate	11	05	004	0400	70330
			Ninawa Minors Care Directorate	11	05	012	0200	70330
			Diyala Minors Care Directorate	11	05	021	0500	70330
			Al-Anbar Minors Care Directorate	11	05	023	0300	70330
			Babel Minors Care Directorate	11	05	024	0800	70330
			Waset Minors Care Directorate	11	05	025	0900	70330
			Karbala Minors Care Directorate	11	05	026	0700	70330
			Najaf Minors Care Directorate	11	05	028	1100	70330
			Dhiqar Minors Care Directorate	11	05	031	1200	70330
			Maysan Minors Care Directorate	11	05	032	1000	70330
			Diwaniya Minors Care Directorate	11	05	033	1500	70330
			Muthanna Minors Care Directorate	11	05	034	1300	70330
			Al-Basra Minors Care Directorate	11	05	035	1400	70330
			Salah-al-Din Minors Care Directorate	11	05	036	0600	70330
11	06		Public Notary Directorate	11	06			
11	06	1	Public Notary Directorate	11	06	001	0100	70330
			Kirkuk Public Notary Directorate	11	06	004	0400	70330
			Mosul Public Notary Directorate	11	06	012	0200	70330
			Ninawa Public Notary Directorate	11	06	013	0200	70330
			Diyala Public Notary Directorate	11	06	021	0500	70330
			Al-Anbar Public Notary Directorate	11	06	023	0300	70330
			Babel Public Notary Directorate	11	06	024	0800	70330
			Al-Kut Public Notary Directorate	11	06	025	0900	70330
			Karbala Public Notary Directorate	11	06	026	0700	70330
			Najaf Public Notary Directorate	11	06	028	1100	70330
			Dhiqar Public Notary Directorate	11	06	031	1200	70330

(لأستخدامات وزارة المالية فقط)					هيكل الحسابات المنظماتي المقترح لسنة 2007 المتوافق مع GFS	ترميز هيكل حسابات 2006		
	ترميز هيكل حسابات 2007							
الترميز الوظيفي GFS	رمز الموقع	مركز المسؤولية	القسم	الوزارة	البيان	مركز المسؤولية	القسم	الوزارة
70330	0100	061	04	11	مديرية التسجيل العقاري في المحمودية-بغداد			
70330	0100	062	04	11	مديرية التسجيل العقاري في الاعظمية			
70330	0700	063	04	11	ملاحظية التسجيل العقاري الهندية/ كربلاء			
			05	11	دائرة رعاية القاصرين		05	11
70330	0100	001	05	11	دائرة رعاية القاصرين	1	05	11
70330	0400	004	05	11	دائرة رعاية القاصرين/ كركوك			
70330	0200	012	05	11	مديرية اموال القاصرين/ نينوى			
70330	0500	021	05	11	مديرية رعاية القاصرين/ ديالى			
70330	0300	023	05	11	دائرة رعاية القاصرين/ الأنبار			
70330	0800	024	05	11	مديرية رعاية القاصرين/ بابل			
70330	0900	025	05	11	مديرية رعاية القاصرين/ كوت			
70330	0700	026	05	11	مديرية رعاية القاصرين/ كربلاء			
70330	1100	028	05	11	مديرية رعاية القاصرين/ النجف			
70330	1200	031	05	11	مديرية رعاية اموال القاصرين/ ذي قار			
70330	1000	032	05	11	دائرة رعاية القاصرين/ ميسان			
70330	1500	033	05	11	مديرية اموال القاصرين/ القادسية			
70330	1300	034	05	11	مديرية اموال القاصرين/ المثنى			
70330	1400	035	05	11	مديرية اموال القاصرين/ البصرة			
70330	0600	036	05	11	مديرية رعاية القاصرين/ صلاح الدين			
			06	11	دائرة الكتاب العدول		06	11
70330	0100	001	06	11	دائرة الكتاب العدول	1	06	11
70330	0400	004	06	11	دائرة كاتب العدل في كركوك			
70330	0200	012	06	11	كاتب عدل الموصل			
70330	0200	013	06	11	كاتب عدل نينوى			
70330	0500	021	06	11	مديرية كاتب العدل ديالى			
70330	0300	023	06	11	مديرية كاتب العدل الانبار			
70330	0800	024	06	11	دائرة كاتب العدل الحلة			
70330	0900	025	06	11	دائرة كاتب عدل الكوت			
70330	0700	026	06	11	دائرة كاتب العدل في كربلاء			
70330	1100	028	06	11	دائرة الكتاب العدول في النجف			
70330	1200	031	06	11	كاتب العدل ذي قار			

			Proposed GFS Compatible 2007 Organization COA					
2006 COA Coding				2007 COA Coding				[MoF use only]
Ministry	Sub-Organization	Responsibility Cente	Description	Ministry	Sub-Organization	Responsibility Cente	Location Code	GFS Coding
			Maysan Public Notary Directorate	11	06	032	1000	70330
			Qadisiyah Public Notary Directorate	11	06	033	1500	70330
			Muthanna Public Notary Directorate	11	06	034	1300	70330
			Al-Basra Public Notary Directorate	11	06	035	1400	70330
			Salah-al-Din Public Notary Directorate	11	06	036	0600	70330
			Al-Sowera Public Notary Directorate	11	06	040	0900	70330
			Al-Helaa Public Notary Directorate	11	06	041	0800	70330
			Al-Medhateya Public Notary Directorate	11	06	042	0800	70330
11	08		Executive Office	11	08			
11	08	1	Executive Office	11	08	001	0100	70330
			Kirkuk Executive Directorate	11	08	004	0400	70330
			Mosul Executive Directorate	11	08	012	0200	70330
			Diyala Executive Directorate	11	08	021	0500	70330
			Al-Anbar Executive Directorate	11	08	023	0300	70330
			Al-Kut Executive Directorate	11	08	025	0900	70330
			Karbala Executive Directorate	11	08	026	0700	70330
			Najaf Executive Directorate	11	08	028	1100	70330
			Dhiqar Executive Directorate	11	08	031	1200	70330
			Al-Emara (Maysan) Executive Directorate	11	08	032	1000	70330
			Qadisiyah Executive Directorate	11	08	033	1500	70330
			Muthanna Executive Directorate	11	08	034	1300	70330
			Al-Basra Executive Directorate	11	08	035	1400	70330
			Salah-al-Din Executive Directorate	11	08	036	0600	70330
			Al-Helaa Executive Directorate	11	08	041	0800	70330
			Al-Mosayab Executive Directorate	11	08	042	0800	70330
			Al-Askandaria Executive Directorate	11	08	043	0800	70330
			Al-Sadaa Executive Directorate	11	08	044	0800	70330
11	09		Iraqi Correctional Facility	11	09			
11	09	1	Iraqi Correctional Directorate	11	09	001	0100	70340
			Ninawa Correctional Department	11	09	012	0200	70340
			Diyala Correctional Department	11	09	021	0500	70340

(لأستخدامات وزارة المالية فقط)					هيكل الحسابات المنظماتي المقترح لسنة 2007 المتوافق مع GFS	ترميز هيكل حسابات 2006		
	ترميز هيكل حسابات 2007							
الترميز الوظيفي GFS	رمز الموقع	مركز المسؤولية	القسم	الوزارة	البيان	مركز المسؤولية	القسم	الوزارة
70330	1000	032	06	11	دائرة كاتب العدل في ميسان			
70330	1500	033	06	11	دائرة كاتب العدل القادسية			
70330	1300	034	06	11	دائرة كاتب عدل في المثنى			
70330	1400	035	06	11	كاتب عدل البصرة			
70330	0600	036	06	11	دائرة كاتب العدل في صلاح الدين			
70330	0900	040	06	11	دائرة كاتب العدل في الصويرة-واسط			
70330	0800	041	06	11	دائرة كاتب العدل / الحلة			
70330	0800	042	06	11	دائرة كاتب العدل / المدحتية - بابل			
			08	11	دائرة التنفيذ		08	11
70330	0100	001	08	11	دائرة التنفيذ	1	08	11
70330	0400	004	08	11	دائرة التنفيذ كركوك			
70330	0200	012	08	11	تنفيذ نينوى			
70330	0500	021	08	11	مديرية التنفيذ ديالى			
70330	0300	023	08	11	دائرة التنفيذ الأنبار			
70330	0900	025	08	11	دائرة التنفيذ الكوت			
70330	0700	026	08	11	مديرية تنفيذ كربلاء			
70330	1100	028	08	11	دائرة التنفيذ النجف			
70330	1200	031	08	11	مديرية تنفيذ ذي قار			
70330	1000	032	08	11	تنفيذ العمارة			
70330	1500	033	08	11	دائرة التنفيذ القادسية			
70330	1300	034	08	11	دائرة التنفيذ المثنى			
70330	1400	035	08	11	مديرية تنفيذ البصرة			
70330	0600	036	08	11	مديرية تنفيذ صلاح الدين			
70330	0800	041	08	11	دائرة التنفيذ الحلة - بابل			
70330	0800	042	08	11	دائرة التنفيذ المسيب-بابل			
70330	0800	043	08	11	مديرية تنفيذ الاسكندرية-بابل			
70330	0800	044	08	11	مديرية تنفيذ السدة-بابل			
			09	11	دائرة الاصلاح العراقية		09	11
70340	0100	001	09	11	دائرة الاصلاح العراقية	1	09	11
70340	0200	012	09	11	المجمع الاقليمي الاصلاحي/ اصلاح الكبار/ نينوى			
70340	0500	021	09	11	دائرة اصلاح ديالى			

			Proposed GFS Compatible 2007 Organization COA					
2006 COA Coding				2007 COA Coding				[MoF use only]
Ministry	Sub-Organization	Responsibility Cente	Description	Ministry	Sub-Organization	Responsibility Cente	Location Code	GFS Coding
			Babel Correctional Department	11	09	024	0800	70340
			Dhiqar Correctional Department	11	09	031	1200	70340
			Maysan Correctional Directorate	11	09	032	1000	70340
			Muthanna Correctional Directorate	11	09	034	1300	70340
			Al-Basra Correctional Directorate	11	09	035	1400	70340
11	12		Justice Institute	11	12			
11	12	1	Justice Institute	11	12	001	0100	70330
12			Education	12				
12	01		Ministry Center	12	01			
12	01	1	Ministry Center	12	01	001	0100	70980
12	05		General Directorate for Vocational Education	12	05			
12	05	1	General Directorate for Vocational Education	12	05	001	0100	70950
			Kirkuk Directorate for Vocational Education	12	05	004	0400	70950
			Mosul Directorate for Vocational Education	12	05	012	0200	70950
			Diyala Directorate for Vocational Education	12	05	021	0500	70950
			Al Anbar Directorate for Vocational Education	12	05	023	0300	70950
			Babel Directorate for Vocational Education	12	05	024	0800	70950
			Wasit Directorate for Vocational Education	12	05	025	0900	70950
			Karbala Directorate for Vocational Education	12	05	026	0700	70950
			Najaf Directorate for Vocational Education	12	05	028	1100	70950
			Dhiqar Directorate for Vocational Education	12	05	031	1200	70950
			Maysan Directorate for Vocational Education	12	05	032	1000	70950
			Qadisiyah Directorate for Vocational Education	12	05	033	1500	70950
			Muthanna Directorate for Vocational Education	12	05	034	1300	70950
			Al-Basra Directorate for Vocational Education	12	05	035	1400	70950
			Salah Al Din Directorate for Vocational Education	12	05	036	0600	70950
12	06		Fine Arts Institutions and Central Institutions	12	06			
12	06	1	Fine Arts Institutions and Central Institutions	12	06	001	0100	70980
			Kirkuk Fine Arts Institute	12	06	004	0400	70980
			Fine Arts Institute/ Ninewa	12	06	012	0200	70980
			Diyala Fine Arts Institute	12	06	021	0500	70980

(لأستخدامات وزارة المالية فقط)					هيكل الحسابات المنظماتي المقترح لسنة 2007 المتوافق مع GFS	ترميز هيكل حسابات 2006		
	ترميز هيكل حسابات 2007							
الترميز الوظيفي GFS	رمز الموقع	مركز المسؤولية	القسم	الوزارة	البيان	مركز المسؤولية	القسم	الوزارة
70340	0800	024	09	11	قسم اصلاح الكبار بابل			
70340	1200	031	09	11	دائرة الاصلاح العراقية ذي قار			
70340	1000	032	09	11	دائرة اصلاح ميسان			
70340	1300	034	09	11	دائرة اصلاح الكبارالمثنى			
70340	1400	035	09	11	دائرة اصلاح البصرة			
			12	11	المعهد القضائي		12	11
70330	0100	001	12	11	المعهد القضائي	1	12	11
				12	التربية			12
			01	12	مركز الوزارة		01	12
70980	0100	001	01	12	مركز الوزارة	1	01	12
			05	12	المديرية العامة للتعليم المهني		05	12
70950	0100	001	05	12	المديرية العامة للتعليم المهني	1	05	12
70950	0400	004	05	12	مديرية تربية كركوك التعليم المهني			
70950	0200	012	05	12	المديرية العامة التعليم المهني -نينوى			
70950	0500	021	05	12	مديرية التعليم المهني -ديالى			
70950	0300	023	05	12	المديرية العامة للتعليم المهني الأنبار			
70950	0800	024	05	12	المديرية العامة التعليم المهني -بابل			
70950	0900	025	05	12	المديرية العامة التعليم المهني -واسط			
70950	0700	026	05	12	المديرية العامة التعليم المهني -كربلاء			
70950	1100	028	05	12	مديرية التعليم المهني- نجف			
70950	1200	031	05	12	المديرية العامة للتعليم المهني- ذي قار			
70950	1000	032	05	12	مديرية التعليم المهني- ميسان			
70950	1500	033	05	12	المديرية العامة التعليم المهني- القادسية			
70950	1300	034	05	12	مديرية التعليم المهني- المثنى			
70950	1400	035	05	12	المديرية العامة التعليم المهني- البصرة			
70950	0600	036	05	12	مديرية التعليم المهني- صلاح الدين			
			06	12	معاهد الفنون الجميلة والمعاهد المركزية		06	12
70980	0100	001	06	12	معاهد الفنون الجميلة والمعاهد المركزية	1	06	12
70980	0400	004	06	12	معاهد الفنون الجميلة والمعاهد المركزية - كركوك			
70980	0200	012	06	12	معهد الفنون الجميلة - نينوى			
70980	0500	021	06	12	معاهد الفنون الجميلة والمعاهد المركزية - ديالى			

			Proposed GFS Compatible 2007 Organization COA					
2006 COA Coding				2007 COA Coding				[MoF use only]
Ministry	Sub-Organization	Responsibility Cente	Description	Ministry	Sub-Organization	Responsibility Cente	Location Code	GFS Coding
			Al Anbar Fine Arts Institute	12	06	023	0300	70980
			Babel Fine Arts Institute	12	06	024	0800	70980
			Wasit Fine Arts Institute	12	06	025	0900	70980
			Karbala Fine Arts Institute	12	06	026	0700	70980
			Najaf Fine Arts Institute	12	06	028	1100	70980
			Dhiqar Fine Arts Institute	12	06	031	1200	70980
			Maysan Fine Arts Institute	12	06	032	1000	70980
			Qadisiyah Fine Arts Institute	12	06	033	1500	70980
			Muthanna Fine Arts Institute	12	05	034	1300	70980
			Fine Arts Institute/ Al-Basra	12	06	035	1400	70980
			Fine Arts Institute/ Salah Al Din	12	06	036	0600	70980
12	09		General Directorate General Education/Administration	12	09			
12	09	1	General Directorate General Education/Administration	12	09	001	0100	70980
			Kirkuk General Education Directorate	12	09	004	0400	70980
			Ninawa General Education Directorate	12	09	012	0200	70980
			Diyala General Education Directorate	12	09	021	0500	70980
			Al-Anbar Education Directorate	12	09	023	0300	70980
			Babel General Education Directorate	12	09	024	0800	70980
			Waset General Education Directorate	12	09	025	0900	70980
			Karbala General Education Directorate	12	09	026	0700	70980
			Najaf General Education Directorate	12	09	028	1100	70980
			Dhiqar General Education Directorate	12	09	031	1200	70980
			Maysan General Education Directorate	12	09	032	1000	70980
			Qadisiyah General Education Directorate	12	09	033	1500	70980
			Muthana General Education Directorate	12	09	034	1300	70980
			Al-Basra General Education Directorate	12	09	035	1400	70980
			Salah-al-Din General Education Directorate	12	09	036	0600	70980
12	10		General Directorate General Education/Secondary	12	10			
12	10	1	General Directorate General Education/Secondary	12	10	001	0100	70921
			Kirkuk Directorate General Education/Secondary	12	10	004	0400	70921
			Ninawa Directorate General Education/Secondary	12	10	012	0200	70921

(لأستخدامات وزارة المالية فقط)					هيكل الحسابات المنظماتي المقترح لسنة 2007 المتوافق مع GFS	ترميز هيكل حسابات 2006		
	ترميز هيكل حسابات 2007							
الترميز الوظيفي GFS	رمز الموقع	مركز المسؤولية	القسم	الوزارة	البيان	مركز المسؤولية	القسم	الوزارة
70980	0300	023	06	12	معاهد الفنون الجميلة والمعاهد المركزية - الأنبار			
70980	0800	024	06	12	معاهد الفنون الجميلة والمعاهد المركزية - بابل			
70980	0900	025	06	12	معاهد الفنون الجميلة والمعاهد المركزية - واسط			
70980	0700	026	06	12	معاهد الفنون الجميلة والمعاهد المركزية - كربلاء			
70980	1100	028	06	12	معاهد الفنون الجميلة والمعاهد المركزية - نجف			
70980	1200	031	06	12	معاهد الفنون الجميلة والمعاهد المركزية - ذي قار			
70980	1000	032	06	12	معاهد الفنون الجميلة والمعاهد المركزية - ميسان			
70980	1500	033	06	12	معاهد الفنون الجميلة والمعاهد المركزية - القادسية			
70980	1300	034	05	12	معاهد الفنون الجميلة والمعاهد المركزية - المثنى			
70980	1400	035	06	12	معهد الفنون الجميلة - البصرة			
70980	0600	036	06	12	معاهد الفنون الجميلة والمعاهد المركزية -صلاح الدين			
			09	12	المديرية العامة للتعليم العام / النفقات الادارية		09	12
70980	0100	001	09	12	المديرية العامة للتعليم العام / النفقات الادارية	1	09	12
70980	0400	004	09	12	المديرية العامة لتربية كركوك			
70980	0200	012	09	12	المديرية العامة لتربية نينوى			
70980	0500	021	09	12	المديرية العامة لتربية -ديالى			
70980	0300	023	09	12	المديرية العامة لتربية -الأنبار			
70980	0800	024	09	12	المديرية العامة للتعليم العام نفقات ادارية بابل			
70980	0900	025	09	12	المديرية العامة لتربية - واسط			
70980	0700	026	09	12	المديرية العامة لتربية - كربلاء			
70980	1100	028	09	12	المديرية العامة لتربية - نجف			
70980	1200	031	09	12	المديرية العامة للتعليم العام نفقات ادارية-ذي قار			
70980	1000	032	09	12	المديرية العامة لتربية - ميسان			
70980	1500	033	09	12	المديرية العامة للتعليم العام /النفقات الادارية القادسية			
70980	1300	034	09	12	المديرية العامة لتربية - مثنى			
70980	1400	035	09	12	المديرية العامة للتعليم العام النفقات الادارية- البصرة			
70980	0600	036	09	12	المديرية العامة للتعليم العام نفقات ادارية-صلاح الدين			
			10	12	المديرية العامة للتعليم العام / التعليم الثانوي		10	12
70921	0100	001	10	12	المديرية العامة للتعليم العام / التعليم الثانوي	1	10	12
70921	0400	004	10	12	المديرية العامة لتربية كركوك- الثانوي			
70921	0200	012	10	12	المديرية العامة لتربية نينوى- الثانوي			

			Proposed GFS Compatible 2007 Organization COA					
2006 COA Coding				2007 COA Coding				[MoF use only]
Ministry	Sub-Organization	Responsibility Cente	Description	Ministry	Sub-Organization	Responsibility Cente	Location Code	GFS Coding
			Diyala General Education Directorate/Secondary	12	10	021	0500	70921
			Al Anbar Directorate General Education/Secondary	12	10	023	0300	70921
			Babel General Education Directorate/Secondary	12	10	024	0800	70921
			Waset General Education/Secondary	12	10	025	0900	70921
			Karbala General Education/Secondary	12	10	026	0700	70921
			Najaf General Education/Secondary	12	10	028	1100	70921
			Dhiqar General Education/Secondary	12	10	031	1200	70921
			Maysan General Education/Secondary	12	10	032	1000	70921
			Qadisiyah General Education Directorate/Secondary	12	10	033	1500	70921
			Muthana General Education Directorate/Secondary	12	10	034	1300	70921
			Al-Basra General Education Directorate/Secondary	12	10	035	1400	70921
			Salah Al Din General Education Directorate/Secondary	12	10	036	0600	70921
12	11		General Directorate General Education/Primary	12	11			
12	11	1	General Directorate General Education/Primary	12	11	001	0100	70912
			Kirkuk Directorate General Education/Primary	12	11	004	0400	70912
			Ninawa Directorate General Education/Primary	12	11	012	0200	70912
			Diyala Directorate General Education/Primary	12	11	021	0500	70912
			Al Anbar Directorate General Education/Primary	12	11	023	0300	70912
			Babel General Education Directorate/Secondary	12	11	024	0800	70912
			Waset General Education/Primary	12	11	025	0900	70912
			Karbala General Education/Primary	12	11	026	0700	70912
			Najaf General Education/Primary	12	11	028	1100	70912
			Dhiqar General Education/Primary	12	11	031	1200	70912
			Maysan Directorate General Education/Primary	12	11	032	1000	70912
			Qadisiyah General Education Directorate/Primary	12	11	033	1500	70912
			Muthana General Education Directorate/Primary	12	11	034	1300	70912
			Al-Basra General Education Directorate/Primary	12	11	035	1400	70912
			Salah Al Din General Education Directorate/Primary	12	11	036	0600	70912
12	12		General Directorate General Education/Kindergarten	12	12			
12	12	1	General Directorate General Education/Kindergarten	12	12	001	0100	70911
			Kirkuk Directorate General Education/Kindergarten	12	12	004	0400	70911

(لأستخدامات وزارة المالية فقط)					هيكل الحسابات المنظماتي المقترح لسنة 2007 المتوافق مع GFS	ترميز هيكل حسابات 2006		
	ترميز هيكل حسابات 2007							
الترميز الوظيفي GFS	رمز الموقع	مركز المسؤولية	القسم	الوزارة	البيان	مركز المسؤولية	القسم	الوزارة
70921	0500	021	10	12	المديرية العامة لتربية -ديالى			
70921	0300	023	10	12	المديرية العامة لتربية -الأنبار			
70921	0800	024	10	12	المديرية العامة للتعليم العام نفقات ادارية بابل			
70921	0900	025	10	12	المديرية العامة لتربية - واسط			
70921	0700	026	10	12	المديرية العامة لتربية - كربلاء			
70921	1100	028	10	12	المديرية العامة لتربية - نجف			
70921	1200	031	10	12	المديرية العامة للتعليم العام نفقات ادارية-ذي قار			
70921	1000	032	10	12	المديرية العامة لتربية - ميسان			
70921	1500	033	10	12	المديرية العامة للتعليم العام /النفقات الادارية القادسية			
70921	1300	034	10	12	المديرية العامة لتربية - مثنى			
70921	1400	035	10	12	المديرية العامة للتعليم العام النفقات الادارية- البصرة			
70921	0600	036	10	12	المديرية العامة للتعليم العام النفقات الادارية- صلاح الدين			
			11	12	المديرية العامة للتعليم العام / التعليم الأبتدائي		11	12
70912	0100	001	11	12	المديرية العامة للتعليم العام / التعليم الأبتدائي	1	11	12
70912	0400	004	11	12	المديرية العامة لتربية كركوك- الابتدائي			
70912	0200	012	11	12	المديرية العامة للتعليم العام الابتدائي نينوى			
70912	0500	021	11	12	المديرية العامة لتربية ديالى- الابتدائي			
70912	0300	023	11	12	المديرية العامة للتعليم العام -الأنبار- الابتدائي			
70912	0800	024	11	12	المديرية العامة للتعليم العام -بابل- الابتدائي			
70912	0900	025	11	12	المديرية العامة للتعليم العام -واسط- الابتدائي			
70912	0700	026	11	12	المديرية العامة للتعليم العام -كربلاء- الابتدائي			
70912	1100	028	11	12	المديرية العامة للتعليم العام -نجف- الابتدائي			
70912	1200	031	11	12	المديرية العامة للتعليم العام -ذي قار- الابتدائي			
70912	1000	032	11	12	المديرية العامة لتربية -ميسان- الابتدائي			
70912	1500	033	11	12	المديرية العامة للتعليم العام الابتدائي القادسية			
70912	1300	034	11	12	المديرية العامة للتعليم العام -المثنى- الابتدائي			
70912	1400	035	11	12	المديرية العامة للتعليم العام -بصرة- الابتدائي			
70912	0600	036	11	12	المديرية العامة للتعليم العام -صلاح الدين- الابتدائي			
			12	12	المديرية العامة للتعليم العام / رياض الأطفال		12	12
70911	0100	001	12	12	المديرية العامة للتعليم العام / رياض الأطفال	1	12	12
70911	0400	004	12	12	المديرية العامة للتعليم العام / رياض الأطفال / كركوك			

			Proposed GFS Compatible 2007 Organization COA																
2006 COA Coding				2007 COA Coding				[MoF use only]	(لأستخدامات وزارة المالية فقط)	ترميز هيكل حسابات 2007				هيكل الحسابات المنظماتي المقترح لسنة 2007 المتوافق مع GFS	ترميز هيكل حسابات 2006		
Ministry	Sub-Organization	Responsibility Cente	Description	Ministry	Sub-Organization	Responsibility Cente	Location Code	GFS Coding	الترميز الوظيفي GFS	رمز الموقع	مركز المسؤولية	القسم	الوزارة	البيان	مركز المسؤولية	القسم	الوزارة
			Ninawa Directorate General Education/Kindergarten	12	12	012	0200	70911	70911	0200	021	12	12	المديرية العامة للتعليم العام / رياض الأطفال/ نينوى			
			Diyala Directorate General Education/Kindergarten	12	12	021	0500	70911	70911	0500	021	12	12	المديرية العامة للتعليم العام / رياض الأطفال/ديالى			
			Al Anbar Directorate General Education/Kindergarten	12	12	023	0300	70911	70911	0300	023	12	12	المديرية العامة للتعليم العام / رياض الأطفال/الأنبار			
			Babel General Education Directorate/Kindergarten	12	12	024	0800	70911	70911	0800	024	12	12	المديرية العامة للتعليم العام / رياض الأطفال/بابل			
			Waset General Education/Kindergarten	12	12	025	0900	70911	70911	0900	025	12	12	المديرية العامة للتعليم العام / رياض الأطفال/واسط			
			Karbala General Education/Kindergarten	12	12	026	0700	70911	70911	0700	026	12	12	المديرية العامة للتعليم العام / رياض الأطفال/كربلاء			
			Najaf General Education/Kindergarten	12	12	028	1100	70911	70911	1100	028	12	12	المديرية العامة للتعليم العام / رياض الأطفال/النجف			
			Dhiqar General Education/Kindergarten	12	12	031	1200	70911	70911	1200	031	12	12	المديرية العامة للتعليم العام / رياض الأطفال/ ذي قار			
			Maysan Directorate General Education/Kindergarten	12	12	032	1000	70911	70911	1000	032	12	12	المديرية العامة للتعليم العام / رياض الأطفال/ ميسان			
			Qadisiyah General Education Directorate/Kindergarten	12	12	033	1500	70911	70911	1500	033	12	12	المديرية العامة للتعليم العام / رياض الأطفال/ القادسية			
			Muthana General Education Directorate/Kindergarten	12	12	034	1300	70911	70911	1300	034	12	12	المديرية العامة للتعليم العام / رياض الأطفال/المثنى			
			Al-Basra General Education Directorate/Kindergarten	12	12	035	1400	70911	70911	1400	035	12	12	المديرية العامة للتعليم العام / رياض الأطفال/بصرة			
			Salah Al Din General Education Directorate/Kindergarten	12	12	036	0600	70911	70911	0600	036	12	12	المديرية العامة للتعليم العام / رياض الأطفال/ صلاح الدين			
12	13		Baghdad College Secondary School	12	13							13	12	ثانوية كلية بغداد		13	12
12	13	1	Baghdad College Secondary School	12	13	001	0100	70921	70921	0100	001	13	12	ثانوية كلية بغداد	1	13	12
13			Youth and Sport	13									13	الشباب والرياضة			13
13	01		Ministry Center	13	01							01	13	مركز الوزارة		01	13
13	01	1	Ministry Center	13	01	001	0100	70860	70860	0100	001	01	13	مركز الوزارة	1	01	13
			Youth & Sports Directorate Kirkuk	13	01	004	0400	70860	70860	0400	004	01	13	دائرة الشباب والرياضة- كركوك			
			Youth & Sports Directorate/ Maysan	13	01	032	1000	70860	70860	1000	032	01	13	مديرية شباب ورياضة - ميسان			
14			Trade	14									14	التجارة			14
14	01		Ministry Center	14	01							01	14	مركز الوزارة		01	14
14	01	1	Ministry Center	14	01	001	0100	70411	70411	0100	001	01	14	مركز الوزارة	1	01	14
15			Culture	15									15	الثقافة			15
15	01		Ministry Center	15	01							01	15	مركز الوزارة		01	15
15	01	1	Ministry Center	15	01	001	0100	70820	70820	0100	001	01	15	مركز الوزارة	1	01	15
15	02		Cultural Relationships	15	02							02	15	العلاقات الثقافية		02	15
15	02	1	Cultural Relationships	15	02	001	0100	70820	70820	0100	001	02	15	العلاقات الثقافية	1	02	15
15	03		Musical Arts Directorate	15	03							03	15	دائرة الفنون الموسيقية		03	15
15	03	1	Musical Arts Directorate	15	03	001	0100	70820	70820	0100	001	03	15	دائرة الفنون الموسيقية	1	03	15
15	05		Childrens Culture House	15	05							05	15	دار ثقافة الاطفال		05	15

			Proposed GFS Compatible 2007 Organization COA																
2006 COA Coding				2007 COA Coding				[MoF use only]	(لأستخدامات وزارة المالية فقط)					هيكل الحسابات المنظماتي المقترح لسنة 2007 المتوافق مع GFS			ترميز هيكل حسابات 2006		
										ترميز هيكل حسابات 2007									
Ministry	Sub-Organization	Responsibility Cente	Description	Ministry	Sub-Organization	Responsibility Cente	Location Code	GFS Coding	الترميز الوظيفي GFS	رمز الموقع	مركز المسؤولية	القسم	الوزارة	البيان	مركز المسؤولية	القسم	الوزارة
15	05	1	Childrens Culture House	15	05	001	0100	70820	70820	0100	001	05	15	دار ثقافة الاطفال	1	05	15
15	06		Ma'amoon House for Translation and Publication	15	06							06	15	دار المأمون للترجمة والنشر		06	15
15	06	1	Ma'amoon House for Translation and Publication	15	06	001	0100	70820	70820	0100	001	06	15	دار المأمون للترجمة والنشر	1	06	15
15	07		Iraqi House for Fashion	15	07							07	15	الدار العراقية للازياء		07	15
15	07	1	Iraqi House for Fashion	15	07	001	0100	70820	70820	0100	001	07	15	الدار العراقية للازياء	1	07	15
15	11		Books and Documents House	15	11							11	15	دار الكتب والوثائق		11	15
15	11	1	Books and Documents House	15	11	001	0100	70820	70820	0100	001	11	15	دار الكتب والوثائق	1	11	15
15	15		Convention Center Directorate	15	15							15	15	دائرة قصر المؤتمرات		15	15
15	15	1	Convention Center Directorate	15	15	001	0100	70820	70820	0100	001	15	15	دائرة قصر المؤتمرات	1	15	15
15	21		Kurdish Culture and Publishing House	15	21							21	15	دار الثقافة والنشر الكردية		21	15
15	21	1	Kurdish Culture and Publishing House	15	21	001	0100	70820	70820	0100	001	21	15	دار الثقافة والنشر الكردية	1	21	15
15	22		General Directorate of Archaelogy and Heritage	15	22							22	15	الهيئة العامة للآثار والتراث		22	15
15	22	1	General Directorate of Archaelogy and Heritage	15	22	001	0100	70820	70820	0100	001	22	15	الهيئة العامة للآثار والتراث	1	22	15
			Archaeology Directorate/ Babel	15	22	024	0800	70820	70820	0800	024	22	15	دائرة الآثار في بابل			
			Archaeology Directorate/ Karbala	15	22	026	0700	70820	70820	0700	026	22	15	دائرة الآثار في كربلاء			
			Archaeology Directorate/ Al-Muthana	15	22	034	1300	70820	70820	1300	034	22	15	دائرة الآثار في المثنى			
16			Transportation	16									16	النقل			16
16	01		Ministry Center	16	01							01	16	مركز الوزارة		01	16
16	01	1	Ministry Center	16	01	001	0100	70450	70450	0100	001	01	16	مركز الوزارة	1	01	16
16	02		Meteorological and Seismological Center	16	02							02	16	الهيئة العامة للأنواء الجوية و الرصد الزلزالي		02	16
16	02	1	Meteorological and Seismological Center	16	02	001	0100	70950	70950	0100	001	02	16	الهيئة العامة للأنواء الجوية و الرصد الزلزالي	1	02	16
			Meteorological and Seismological Center/Najaf	16	02	028	1100	70950	70950	1100	028	02	16	الانواء الجوية - نجف			
16	04		Arabian Gulf Academy for Maritime Studies	16	04							04	16	اكاديمية الخليج العربي للدراسات البحرية		04	16
16	04	1	Arabian Gulf Academy for Maritime Studies	16	04	001	1400	70950	70950	1400	001	04	16	اكاديمية الخليج العربي للدراسات البحرية	1	04	16
16	06		General Foundation for Civil Aviation	16	06							06	16	المنشأة العامة للطيران المدني		06	16
16	06	1	General Foundation for Civil Aviation	16	06	001	0100	70454	70454	0100	001	06	16	المنشأة العامة للطيران المدني	1	06	16
			Al-Mosul Airport	16	06	012	0200	70454	70454	0200	012	06	16	مطار الموصل			
			Basrah International Airport	16	06	035	1400	70454	70454	1400	035	06	16	مطار البصرة الدولي			
17			Municipalities and Works	17									17	البلديات والاشغال العامة			17
17	01		Ministry Center	17	01							01	17	مركز الوزارة		01	17
17	01	1	Ministry Center	17	01	001	0100	70620	70620	0100	001	01	17	مركز الوزارة	1	01	17

			Proposed GFS Compatible 2007 Organization COA					
2006 COA Coding				2007 COA Coding				[MoF use only]
Ministry	Sub-Organization	Responsibility Cente	Description	Ministry	Sub-Organization	Responsibility Cente	Location Code	GFS Coding
17	*02*		*Construction Planning Directorate*	*17*	*02*			
17	**02**	**1**	**Construction Planning Directorate**	**17**	**02**	**001**	**0100**	70620
			Construction Planning Directorate Kirkuk	**17**	**02**	**004**	**0400**	70620
			Construction Planning Directorate Ninawa	**17**	**02**	**012**	**0200**	70620
			Construction Planning Directorate Diyala	**17**	**02**	**021**	**0500**	70620
			Construction Planning Directorate Al-Anbar	**17**	**02**	**023**	**0300**	70620
			Construction Planning Directorate Babel	**17**	**02**	**024**	**0800**	70620
			Construction Planning Directorate Waset	**17**	**02**	**025**	**0900**	70620
			Construction Planning Directorate Karbala	**17**	**02**	**026**	**0700**	70620
			Construction Planning Directorate Najaf	**17**	**02**	**028**	**1100**	70620
			Construction Planning Directorate Dhiqar	**17**	**02**	**031**	**1200**	70620
			Construction Planning Directorate Maysan	**17**	**02**	**032**	**1000**	70620
			Construction Planning Directorate Qadisiyah	**17**	**02**	**033**	**1500**	70620
			Construction Planning Directorate Muthanna	**17**	**02**	**034**	**1300**	70620
			Construction Planning Directorate Basrah	**17**	**02**	**035**	**1400**	70620
			Construction Planning Directorate Salahadin	**17**	**02**	**036**	**1400**	70620
17	*03*		*Planning and Following up Directorate*	*17*	*03*			
17	**03**	**1**	**Planning and Following up Directorate**	**17**	**03**	**001**	**0100**	70620
			Planning and Following up Directorate/ Kirkuk	**17**	**03**	**004**	**0400**	
			Planning and Following up Directorate/ Ninawa	**17**	**03**	**012**	**0200**	70620
			Planning and Following up Directorate/ Diyala	**17**	**03**	**021**	**0500**	70620
			Planning and Following up Directorate/ Al-Anbar	**17**	**03**	**023**	**0300**	70620
			Planning and Following up Directorate/ Babel	**17**	**03**	**024**	**0800**	70620
			Planning and Following up Directorate/ Waset	**17**	**03**	**025**	**0900**	70620
			Planning and Following up Directorate/ Karbala	**17**	**03**	**026**	**0700**	70620
			Planning and Following up Directorate/ Najaf	**17**	**03**	**028**	**1100**	70620
			Planning and Following up Directorate/ Dhiqar	**17**	**03**	**031**	**1200**	70620
			Planning and Following up Directorate/ Qadisiyah	**17**	**03**	**033**	**1500**	70620
			Planning and Following up Directorate/ Muthanna	**17**	**03**	**034**	**1300**	70620
			Planning and Following up Directorate/ Al-Basra	**17**	**03**	**035**	**1400**	70620
			Planning and Following up Directorate/Salah-al-Din	**17**	**03**	**036**	**0600**	70620

(لأستخدامات وزارة المالية فقط)					هيكل الحسابات المنظماتي المقترح لسنة 2007 المتوافق مع GFS	ترميز هيكل حسابات 2006		
	ترميز هيكل حسابات 2007							
الترميز الوظيفي GFS	رمز الموقع	مركز المسؤولية	القسم	الوزارة	البيان	مركز المسؤولية	القسم	الوزارة
			02	*17*	*مديرية التخطيط العمراني*		*02*	*17*
70620	**0100**	**001**	**02**	**17**	**مديرية التخطيط العمراني**	**1**	**02**	**17**
70620	**0400**	**004**	**02**	**17**	**دائرة التخطيط العمراني - كركوك**			
70620	**0200**	**012**	**02**	**17**	**التخطيط العمراني- نينوى**			
70620	**0500**	**021**	**02**	**17**	**التخطيط العمراني- ديالى**			
70620	**0300**	**023**	**02**	**17**	**التخطيط العمراني- الانبار**			
70620	**0800**	**024**	**02**	**17**	**مديرية التخطيط العمراني- بابل**			
70620	**0900**	**025**	**02**	**17**	**مديرية التخطيط العمراني- واسط**			
70620	**0700**	**026**	**02**	**17**	**مديرية التخطيط العمراني- كربلاء**			
70620	**1100**	**028**	**02**	**17**	**التخطيط العمراني- النجف**			
70620	**1200**	**031**	**02**	**17**	**مديرية التخطيط العمراني لمحافظة ذي قار**			
70620	**1000**	**032**	**02**	**17**	**التخطيط العمراني- ميسان**			
70620	**1500**	**033**	**02**	**17**	**مديرية التخطيط العمراني القادسية**			
70620	**1300**	**034**	**02**	**17**	**التخطيط العمراني- المثنى**			
70620	**1400**	**035**	**02**	**17**	**مديرية التخطيط العمراني- البصرة**			
70620	**1400**	**036**	**02**	**17**	**مديرية التخطيط العمراني- صلاح الدين**			
			03	*17*	*مديرية التخطيط والمتابعة*		*03*	*17*
70620	**0100**	**001**	**03**	**17**	**مديرية التخطيط والمتابعة**	**1**	**03**	**17**
	0400	**004**	**03**	**17**	**المديرية العامة للتخطيط والمتابعة- كركوك**			
70620	**0200**	**012**	**03**	**17**	**التخطيط والمتابعة- نينوى**			
70620	**0500**	**021**	**03**	**17**	**المديرية العامة للتخطيط والمتابعة- ديالى**			
70620	**0300**	**023**	**03**	**17**	**المديرية العامة للتخطيط والمتابعة- الأنبار**			
70620	**0800**	**024**	**03**	**17**	**المديرية العامة للتخطيط والمتابعة- بابل**			
70620	**0900**	**025**	**03**	**17**	**التخطيط والمتابعة- واسط**			
70620	**0700**	**026**	**03**	**17**	**التخطيط والمتابعة- كربلاء**			
70620	**1100**	**028**	**03**	**17**	**مديرية التخطيط والمتابعة- النجف**			
70620	**1200**	**031**	**03**	**17**	**مديرية التخطيط والمتابعة- ذي قار**			
70620	**1500**	**033**	**03**	**17**	**مديرية التخطيط والمتابعة- القادسية**			
70620	**1300**	**034**	**03**	**17**	**التخطيط والمتابعة- مثنى**			
70620	**1400**	**035**	**03**	**17**	**مديرية التخطيط والمتابعة- البصرة**			
70620	**0600**	**036**	**03**	**17**	**مديرية التخطيط والمتابعة- صلاح الدين**			

			Proposed GFS Compatible 2007 Organization COA							(لأستخدامات وزارة المالية فقط)					هيكل الحسابات المنظماتي المقترح لسنة 2007 المتوافق مع GFS	ترميز هيكل حسابات 2006		
2006 COA Coding				2007 COA Coding					[MoF use only]		ترميز هيكل حسابات 2007							
Ministry	Sub-Organization	Responsibility Cente	Description	Ministry	Sub-Organization	Responsibility Cente	Location Code	GFS Coding		الترميز الوظيفي GFS	رمز الموقع	مركز المسؤولية	القسم	الوزارة	البيان	مركز المسؤولية	القسم	الوزارة
17	*08*		*Municipalities General Directorate*	*17*	*08*								*08*	*17*	*مديرية البلديات العامة*		*08*	*17*
17	**08**	**1**	**Municipalities General Directorate**	**17**	**08**	**001**	**0100**	70111		70111	**0100**	**001**	**08**	**17**	**مديرية البلديات العامة**	**1**	**08**	**17**
			Kirkut Municipalities Directorate	**17**	**08**	**004**	**0400**	70111		70111	**0400**	**004**	**08**	**17**	**مديرية البلديات -كركوك**			
			General Secretariat for Municipalities/ Ninawa	**17**	**08**	**012**	**0200**	70111		70111	**0200**	**012**	**08**	**17**	**الامانة العامة للبلديات والمصايف-نينوى**			
			Ninawa Municipalities	**17**	**08**	**013**	**0200**	70111		70111	**0200**	**013**	**08**	**17**	**بلديات نينوى**			
			Diyala Municipalities Directorate	**17**	**08**	**021**	**0500**	70111		70111	**0500**	**021**	**08**	**17**	**مديرية البلديات -ديالى**			
			Al-Anbar Municipalities Directorate	**17**	**08**	**023**	**0300**	70111		70111	**0300**	**023**	**08**	**17**	**مديرية البلديات -الانبار**			
			Babel Municipalities Directorate	**17**	**08**	**024**	**0800**	70111		70111	**0800**	**024**	**08**	**17**	**مديرية البلديات - بابل**			
			Waset Municipalities Directorate	**17**	**08**	**025**	**0900**	70111		70111	**0900**	**025**	**08**	**17**	**مديرية بلديات محافظة واسط**			
			Karbala Municipalities Directorate	**17**	**08**	**026**	**0700**	70111		70111	**0700**	**026**	**08**	**17**	**مديرية بلديات محافظة كربلاء**			
			Najaf Municipalities Directorate	**17**	**08**	**028**	**1100**	70111		70111	**1100**	**028**	**08**	**17**	**البلديات - نجف**			
			Dhiqar Municipalities Directorate	**17**	**08**	**031**	**1200**	70111		70111	**1200**	**031**	**08**	**17**	**مديرية بلديات محافظة ذي قار**			
			Maysan Municipalities Directorate	**17**	**08**	**032**	**1000**	70111		70111	**1000**	**032**	**08**	**17**	**البلديات - ميسان**			
			Qadisiyah Municipalities Directorate	**17**	**08**	**033**	**1500**	70111		70111	**1500**	**033**	**08**	**17**	**مديرية بلديات - القادسية**			
			Muthanna Municipalities Directorate	**17**	**08**	**034**	**1300**	70111		70111	**1300**	**034**	**08**	**17**	**مديرية البلديات العامة- مثنى**			
			Al-Basra Municipalities Directorate	**17**	**08**	**035**	**1400**	70111		70111	**1400**	**035**	**08**	**17**	**مديرية بلديات - البصرة**			
			Salah-al-Din Municipalities Directorate	**17**	**08**	**036**	**0600**	70111		70111	**0600**	**036**	**08**	**17**	**مديرية البلديات في صلاح الدين**			
17	*09*		*General and Local Administration - Governorates*	*17*	*09*								*09*	*17*	*الادارة العامة و المحلية في المحافظات*		*09*	*17*
17	**09**	**1**	**General and Local Administration - Governorates**	**17**	**09**	**001**	**0100**	70111		70111	**0100**	**001**	**09**	**17**	**الادارة العامة و المحلية في المحافظات**	**1**	**09**	**17**
			Kirkut Governorate	**17**	**09**	**004**	**0400**	70111		70111	**0400**	**004**	**09**	**17**	**محافظة كركوك**			
			Ninawa Governorate	**17**	**09**	**012**	**0200**	70111		70111	**0200**	**012**	**09**	**17**	**محافظة نينوى**			
			Diyala Governorate	**17**	**09**	**021**	**0500**	70111		70111	**0500**	**021**	**09**	**17**	**محافظة ديالى**			
			Al-Anbar Governorate	**17**	**09**	**023**	**0300**	70111		70111	**0300**	**023**	**09**	**17**	**محافظة الانبار**			
			Babel Governorate	**17**	**09**	**024**	**0800**	70111		70111	**0800**	**024**	**09**	**17**	**محافظة بابل**			
			Waset Governorate	**17**	**09**	**025**	**0900**	70111		70111	**0900**	**025**	**09**	**17**	**محافظة واسط**			
			Karbala Governorate	**17**	**09**	**026**	**0700**	70111		70111	**0700**	**026**	**09**	**17**	**الادارة المحلية العامة محافظة كربلاء**			
			Najaf Governorate	**17**	**09**	**028**	**1100**	70111		70111	**1100**	**028**	**09**	**17**	**محافظة النجف**			
			Dhiqar Governorate	**17**	**09**	**031**	**1200**	70111		70111	**1200**	**031**	**09**	**17**	**الادارة العامة والمحلية ذي قار**			
			Maysan Governorate	**17**	**09**	**032**	**1000**	70111		70111	**1000**	**032**	**09**	**17**	**محافظة ميسان**			
			Qadisiyah Governorate	**17**	**09**	**033**	**1500**	70111		70111	**0500**	**033**	**09**	**17**	**الادارة العامة والمحلية في المحافظات / القادسية**			
			Muthanna Governorate	**17**	**09**	**034**	**1300**	70111		70111	**1300**	**034**	**09**	**17**	**الادارة المحلية والعامة / مثنى**			

			Proposed GFS Compatible 2007 Organization COA							(لأستخدامات وزارة					هيكل الحسابات المنظماتي المقترح لسنة 2007 المتوافق مع GFS	ترميز هيكل		
2006 COA Coding				2007 COA Coding					[MoF use only]	المالية فقط)	ترميز هيكل حسابات 2007					حسابات 2006		
Ministry	Sub-Organization	Responsibility Cente	Description	Ministry	Sub-Organization	Responsibility Cente	Location Code	GFS Coding		الترميز الوظيفي GFS	رمز الموقع	مركز المسؤولية	القسم	الوزارة	البيان	مركز المسؤولية	القسم	الوزارة
			Al-Basra Governorate	17	09	035	1400	70111		70111	1400	035	09	17	محافظة البصرة			
			Salah-al-Din Governorate	17	09	036	0600	70111		70111	0600	036	09	17	محافظة صلاح الدين			
18			Housing and Reconstruction	18										18	الاعمار والاسكان			18
18	01		Ministry Center	18	01								01	18	مركز الوزارة		01	18
18	01	1	Ministry Center	18	01	001	0100	70610		70610	0100	001	01	18	مركز الوزارة	1	01	18
18	06		National Center for Construction Labs	18	06								06	18	المركز الوطني للمختبرات الانشائية		06	18
18	06	1	National Center for Construction Labs	18	06	001	0100	70650		70650	0100	001	06	18	المركز الوطني للمختبرات الانشائية	1	06	18
18	07		National center for Consultancies	18	07								07	18	المركز الوطني للاستشارات		07	18
18	07	1	National center for Consultancies	18	07	001	0100	70610		70610	0100	001	07	18	المركز الوطني للاستشارات	1	07	18
18	08		Roads and Bridges General Commission	18	08								08	18	الهيئة العامة للطرق و الجسور		08	18
18	08	1	Roads and Bridges General Commission	18	08	001	0100	70451		70451	0100	001	08	18	الهيئة العامة للطرق و الجسور	1	08	18
18	13		Buildings General Commission	18	13								13	18	الهيئة العامة للمباني		13	18
18	13	1	Buildings General Commission	18	13	001	0100	70443		70443	0100	001	13	18	الهيئة العامة للمباني	1	13	18
18	14		Housing Directorate	18	14								14	18	دائرة الاسكان		14	18
18	14	1	Housing Directorate	18	14	001	0100	70610		70610	0100	001	14	18	دائرة الاسكان	1	14	18
18	16		Engineering Directorate	18	16								16	18	الدائرة الهندسية		16	18
18	16	1	Engineering Directorate	18	16	001	0100	70443		70443	0100	001	16	18	الدائرة الهندسية	1	16	18
18	17		Military Works Directorate	18	17								17	18	الاشغال العسكرية		17	18
18	17	1	Military Works Directorate	18	17	001	0100	70443		70443	0100	001	17	18	الاشغال العسكرية	1	17	18
19			Agriculture	19										19	الزراعة			19
19	01		Ministry Center	19	01								01	19	مركز الوزارة		01	19
19	01	1	Ministry Center	19	01	001	0100	70421		70421	0100	001	01	19	مركز الوزارة	1	01	19
19	02		Basrah Governorate Agriculture Directorate	19	02								02	19	مديرية زراعة محافظة البصرة		02	19
19	02	1	Basrah Governorate Agriculture Directorate	19	02	001	1400	70421		70421	1400	001	02	19	مديرية زراعة محافظة البصرة	1	02	19
19	03		Ninawa Governorate Agriculture Directorate	19	03								03	19	مديرية زراعة محافظة نينوى		03	19
19	03	1	Ninawa Governorate Agriculture Directorate	19	03	001	0200	70421		70421	0200	001	03	19	مديرية زراعة محافظة نينوى	1	03	19
19	04		Dhi Qar Governorate Agriculture Directorate	19	04								04	19	مديرية زراعة محافظة ذي قار		04	19
19	04	1	Dhi Qar Governorate Agriculture Directorate	19	04	001	1200	70421		70421	1200	001	04	19	مديرية زراعة محافظة ذي قار	1	04	19
19	05		Diyala Governorate Agriculture Directorate	19	05								05	19	مديرية زراعة محافظة ديالى		05	19
19	05	1	Diyala Governorate Agriculture Directorate	19	05	001	0500	70421		70421	0500	001	05	19	مديرية زراعة محافظة ديالى	1	05	19
19	06		Babil Governorate Agriculture Directorate	19	06								06	19	مديرية زراعة محافظة بابل		06	19

		Proposed GFS Compatible 2007 Organization COA																	
2006 COA Coding				2007 COA Coding				[MoF use only]	(لأستخدامات وزارة المالية فقط)					هيكل الحسابات المنظماتي المقترح لسنة 2007 المتوافق مع GFS	ترميز هيكل حسابات 2006		
									ترميز هيكل حسابات 2007								
Ministry	Sub-Organization	Responsibility Cente	Description	Ministry	Sub-Organization	Responsibility Cente	Location Code	GFS Coding	الترميز الوظيفي GFS	رمز الموقع	مركز المسؤولية	القسم	الوزارة	البيان	مركز المسؤولية	القسم	الوزارة
19	06	1	Babil Governorate Agriculture Directorate	19	06	001	0800	70421	70421	0800	001	06	19	مديرية زراعة محافظة بابل	1	06	19
19	07		Al Anbar Governorate Agriculture Directorate	19	07							07	19	مديرية زراعة محافظة الانبار		07	19
19	07	1	Al Anbar Governorate Agriculture Directorate	19	07	001	0300	70421	70421	0300	001	07	19	مديرية زراعة محافظة الانبار	1	07	19
19	08		Maysan Governorate Agriculture Directorate	19	08							08	19	مديرية زراعة محافظة ميسان		08	19
19	08	1	Maysan Governorate Agriculture Directorate	19	08	001	1000	70421	70421	1000	001	08	19	مديرية زراعة محافظة ميسان	1	08	19
19	09		Wasit GovernorateAgriculture Directorate	19	09							09	19	مديرية زراعة محافظة واسط		09	19
19	09	1	Wasit GovernorateAgriculture Directorate	19	09	001	0900	70421	70421	0900	001	09	19	مديرية زراعة محافظة واسط	1	09	19
19	10		Al Ta'amim Governorate Agriculture Directorate	19	10							10	19	مديرية زراعة محافظة التاميم		10	19
19	10	1	Al Ta'amim Governorate Agriculture Directorate	19	10	001	0400	70421	70421	0400	001	10	19	مديرية زراعة محافظة التاميم	1	10	19
19	11		Najaf Governorate Agriculture Directorate	19	11							11	19	مديرية زراعة محافظة النجف		11	19
19	11	1	Najaf Governorate Agriculture Directorate	19	11	001	1100	70421	70421	1100	001	11	19	مديرية زراعة محافظة النجف	1	11	19
19	12		Al Qadisiya Governorate Agriculture Directorate	19	12							12	19	مديرية زراعة محافظة القادسية		12	19
19	12	1	Al Qadisiya Governorate Agriculture Directorate	19	12	001	1500	70421	70421	1500	001	12	19	مديرية زراعة محافظة القادسية	1	12	19
19	13		Al Muthanna Governorate Agriculture Directorate	19	13							13	19	مديرية زراعة محافظة المثنى		13	19
19	13	1	Al Muthanna Governorate Agriculture Directorate	19	13	001	1300	70421	70421	1300	001	13	19	مديرية زراعة محافظة المثنى	1	13	19
19	14		Karbala Governorate Agriculture Directorate	19	14							14	19	مديرية زراعة محافظة كربلاء		14	19
19	14	1	Karbala Governorate Agriculture Directorate	19	14	001	0700	70421	70421	0700	001	14	19	مديرية زراعة محافظة كربلاء	1	14	19
19	15		Salah Al Din Agriculture Directorate	19	15							15	19	مديرية زراعة محافظة صلاح الدين		15	19
19	15	1	Salah Al Din Agriculture Directorate	19	15	001	0600	70421	70421	0600	001	15	19	مديرية زراعة محافظة صلاح الدين	1	15	19
19	16		Baghdad Governorate Agriculture Directorate	19	16							16	19	مديرية زراعة محافظة بغداد		16	19
19	16	1	Baghdad Governorate Agriculture Directorate	19	16	001	0100	70421	70421	0100	001	16	19	مديرية زراعة محافظة بغداد	1	16	19
19	20		Agricultural Lands General Directorate	19	20							20	19	المديرية العامة للاراضي الزراعية		20	19
19	20	1	Agricultural Lands General Directorate	19	20	001	0100	70421	70421	0100	001	20	19	المديرية العامة للاراضي الزراعية	1	20	19
19	21		Guidance and Cooperation General Directorate	19	21							21	19	المديرية العامة للارشاد والتعاون الزراعي		21	19
19	21	1	Guidance and Cooperatioin General Directorate	19	21	001	0100	70421	70421	0100	001	21	19	المديرية العامة للارشاد والتعاون الزراعي	1	21	19
19	22		Agricultural Researches General Directorate	19	22							22	19	المديرية العامة للبحوث الزراعية		22	19
19	22	1	Agricultural Researches General Directorate	19	22	001	0100	70421	70421	0100	001	22	19	المديرية العامة للبحوث الزراعية	1	22	19
19	26		Plants Prevention Commission	19	26							26	19	المديرية العامة لوقاية المزروعات		26	19
19	26	1	Plants Prevention Commission	19	26	001	0100	70421	70421	0100	001	26	19	المديرية العامة لوقاية المزروعات	1	26	19
19	37		Seed Testing & Certification General Directorate	19	37							37	19	المديرية العامة لفحص وتصديق البذور		37	19
19	37	1	Seed Testing & Certification General Directorate	19	37	001	0100	70421	70421	0100	001	37	19	المديرية العامة لفحص وتصديق البذور	1	37	19

			Proposed GFS Compatible 2007 Organization COA					
2006 COA Coding				2007 COA Coding				[MoF use only]
Ministry	Sub-Organization	Responsibility Cente	Description	Ministry	Sub-Organization	Responsibility Cente	Location Code	GFS Coding
20			Water Resources	20				
20	01		Ministry Center	20	01			
20	**01**	**1**	**Ministry Center**	**20**	**01**	**001**	**0100**	70474
20	23		General Directorate for Irrigation Proj & Reclamation	20	23			
20	**23**	**1**	**General Directorate for Irrigation Proj & Reclamation**	**20**	**23**	**001**	**0100**	70474
20	24		General Directorate for Area	20	24			
20	**24**	**1**	**General Directorate for Area**	**20**	**24**	**001**	**0100**	70474
20	25		General Directorate for Dams & Tanks	20	25			
20	**25**	**1**	**General Directorate for Dams & Tanks**	**20**	**25**	**001**	**0100**	70474
			Mosul Dam Project	**20**	**25**	**012**	**0200**	70474
			Al Anbar Dams Directorate	**20**	**25**	**023**	**0300**	70474
20	27		Water Resources Administration Directorate	20	27			
20	**27**	**1**	**Water Resources Administration Directorate**	**20**	**27**	**001**	**0100**	70474
20	28		General Directorate for River Dredging	20	28			
20	**28**	**1**	**General Directorate for River Dredging**	**20**	**28**	**001**	**0100**	70474
20	29		General Directorate - Project Maintenance & Exec	20	29			
20	**29**	**1**	**General Directorate - Project Maintenance & Exec**	**20**	**29**	**001**	**0100**	70474
20	30		General Directorate for Engineering Design	20	30			
20	**30**	**1**	**General Directorate for Engineering Design**	**20**	**30**	**001**	**0100**	70474
20	31		General Directorate for Digging Water Wells	20	31			
20	**31**	**1**	**General Directorate for Digging Water Wells**	**20**	**31**	**001**	**0100**	70474
20	33		General Directorate Operating & Maintaining Projects	20	33			
20	**33**	**1**	**General Directorate Operating & Maintaining Projects**	**20**	**33**	**001**	**0100**	70474
			Kirkut Irrigation Directorate	**20**	**33**	**004**	**0400**	70474
			Ninawa Irrigation Directorate	**20**	**33**	**012**	**0200**	70474
			Diyala Irrigation Directorate	**20**	**33**	**021**	**0500**	70474
			Al-Anbar Irrigation Directorate	**20**	**33**	**023**	**0300**	70474
			babel Irrigation Directorate	**20**	**33**	**024**	**0800**	70474
			Wasit Irrigation Directorate	**20**	**33**	**025**	**0900**	70474
			Karbala Irrigation Directorate	**20**	**33**	**026**	**0700**	70474
			Najaf Irrigation Directorate	**20**	**33**	**028**	**1100**	70474

(لأستخدامات وزارة المالية فقط)					هيكل الحسابات المنظماتي المقترح لسنة 2007 المتوافق مع GFS	ترميز هيكل حسابات 2006		
	ترميز هيكل حسابات 2007							
الترميز الوظيفي GFS	رمز الموقع	مركز المسؤولية	القسم	الوزارة	البيان	مركز المسؤولية	القسم	الوزارة
				20	الموارد المائية			20
			01	20	مركز الوزارة		01	20
70474	**0100**	**001**	**01**	**20**	**مركز الوزارة**	**1**	**01**	**20**
			23	20	المديرية العامة لمشاريع الري والاستصلاح		23	20
70474	**0100**	**001**	**23**	**20**	**المديرية العامة لمشاريع الري والاستصلاح**	**1**	**23**	**20**
			24	20	المديرية العامة للمساحة		24	20
70474	**0100**	**001**	**24**	**20**	**المديرية العامة للمساحة**	**1**	**24**	**20**
			25	20	المديرية العامة للسدود والخزانات		25	20
70474	**0100**	**001**	**25**	**20**	**المديرية العامة للسدود والخزانات**	**1**	**25**	**20**
70474	**0200**	**012**	**25**	**20**	**المديرية العامة للسدود والخزانات / مشروع سد الموصل / نينوى**			
70474	**0300**	**023**	**25**	**20**	**المديرية العامة للسدود والخزانات الأنبار**			
			27	20	المديرية العامة لادارة الموارد المائية العامة		27	20
70474	**0100**	**001**	**27**	**20**	**المديرية العامة لادارة الموارد المائية العامة**	**1**	**27**	**20**
			28	20	المديرية العامة لكري الانهر		28	20
70474	**0100**	**001**	**28**	**20**	**المديرية العامة لكري الانهر**	**1**	**28**	**20**
			29	20	المديرية العامة لتنفيذ و صيانة المشاريع		29	20
70474	**0100**	**001**	**29**	**20**	**المديرية العامة لتنفيذ و صيانة المشاريع**	**1**	**29**	**20**
			30	20	المديرية العامة للتصاميم الهندسية		30	20
70474	**0100**	**001**	**30**	**20**	**المديرية العامة للتصاميم الهندسية**	**1**	**30**	**20**
			31	20	المديرية العامة لحفر الابار المائية		31	20
70474	**0100**	**001**	**31**	**20**	**المديرية العامة لحفر الابار المائية**	**1**	**31**	**20**
			33	20	المديرية العامة لتشغيل وصيانة المشاريع		33	20
70474	**0100**	**001**	**33**	**20**	**المديرية العامة لتشغيل وصيانة المشاريع**	**1**	**33**	**20**
70474	**0400**	**004**	**33**	**20**	**مديرية ري كركوك**			
70474	**0200**	**012**	**33**	**20**	**مديرية ري نينوى**			
70474	**0500**	**021**	**33**	**20**	**مديرية ري محافظة ديالى**			
70474	**0300**	**023**	**33**	**20**	**مديرية ري الأنبار**			
70474	**0800**	**024**	**33**	**20**	**المديرية العامة لتشغيل وصيانة المشاريع بابل**			
70474	**0900**	**025**	**33**	**20**	**المديرية العامة لتشغيل وصيانة المشاريع واسط**			
70474	**0700**	**026**	**33**	**20**	**مديرية ري محافظة كربلاء**			
70474	**1100**	**028**	**33**	**20**	**مديرية ري النجف**			

			Proposed GFS Compatible 2007 Organization COA					
2006 COA Coding				2007 COA Coding				[MoF use only]
Ministry	Sub-Organization	Responsibility Cente	Description	Ministry	Sub-Organization	Responsibility Cente	Location Code	GFS Coding
			Dhiqar Irrigation Directorate	20	33	031	1200	70474
			Maysan Irrigation Directorate	20	33	032	1000	70474
			Qadisiyah Irrigation Directorate	20	33	033	1500	70474
			Water Resources Directorate/ Muthanna	20	33	034	1300	70474
			Al-Basra Irrigation Directorate	20	33	035	1400	70474
			Water Resources Directorate/ Salah-al-Din	20	33	036	0600	70474
21			Oil	21				
21	01		Ministry Center	21	01			
21	01	1	Ministry Center	21	01	001	0100	70432
22			Planning & Development Coordination	22				
22	01		Ministry Center	22	01			
22	01	1	Ministry Center	22	01	001	0100	70132
22	02		Center for Statistics and IT	22	02			
22	02	1	Center for Statistics and IT	22	02	001	0100	70132
			Kirkuk Statistics Directorate	22	02	004	0400	70132
			Ninawa Statistics Directorate	22	02	012	0200	70132
			Babel Statistics Directorate	22	02	024	0800	70132
			Waset Statistics Directorate	22	02	025	0900	70132
			Karbala Statistics Directorate	22	02	026	0900	70132
			Najaf Statistics Directorate	22	02	028	1100	70132
			Dhiqar Statistics Directorate	22	02	031	1200	70132
			Maysan Statistics Directorate	22	02	032	1000	70132
			Diwaniya Statistics Directorate	22	02	033	1500	70132
			Muthanna Statistics Directorate	22	02	034	1300	70132
			Al-Basra Statistics Directorate	22	02	035	1400	70132
			Salah-al-Din Statistics Directorate	22	02	036	0600	70132
22	03		National Center for Consultants & Managerial Dev	22	03			
22	03	1	National Center for Consultants & Managerial Dev	22	03	001	0100	70132
22	04		National Commission for Demining	22	04			
22	04	1	National Commission for Demining	22	04	001	0100	70530
22	05		Center for Standards & Qualty Control	22	05			

(لأستخدامات وزارة المالية فقط)					هيكل الحسابات المنظماتي المقترح لسنة 2007 المتوافق مع GFS	ترميز هيكل حسابات 2006		
	ترميز هيكل حسابات 2007							
الترميز الوظيفي GFS	رمز الموقع	مركز المسؤولية	القسم	الوزارة	البيان	مركز المسؤولية	القسم	الوزارة
70474	1200	031	33	20	المديرية العامة لتشغيل وصيانة المشاريع/ذي قار			
70474	1000	032	33	20	المديرية العامة لتشغيل وصيانة المشاريع/ ميسان			
70474	1500	033	33	20	المديرية العامة لتشغيل وصيانة المشاريع/ قادسية			
70474	1300	034	33	20	المديرية العامة لتشغيل وصيانة المشاريع/ المثنى			
70474	1400	035	33	20	مديرية ري البصرة			
70474	0600	036	33	20	المديرية العامة لتشغيل وصيانة المشاريع/ صلاح الدين			
				21	النفط			21
			01	21	مركز الوزارة		01	21
70432	0100	001	01	21	مركز الوزارة	1	01	21
				22	التخطيط و التعاون الانمائي			22
			01	22	مركز الوزارة		01	22
70132	0100	001	01	22	مركز الوزارة	1	01	22
			02	22	الجهاز المركزي للاحصاء وتكنلوجيا المعلومات		02	22
70132	0100	001	02	22	الجهاز المركزي للاحصاء وتكنلوجيا المعلومات	1	02	22
70132	0400	004	02	22	مديرية احصاء كركوك			
70132	0200	012	02	22	احصاء نينوى			
70132	0800	024	02	22	مديرية احصاء بابل			
70132	0900	025	02	22	مديرية احصاء محافظة واسط			
70132	0900	026	02	22	مديرية احصاء محافظة كربلاء			
70132	1100	028	02	22	مديرية احصاء النجف			
70132	1200	031	02	22	مديرية احصاء محافظة ذي قار			
70132	1000	032	02	22	احصاء ميسان			
70132	1500	033	02	22	مديرية احصاء القادسية			
70132	1300	034	02	22	الجهاز المركزي للاحصاء المثنى			
70132	1400	035	02	22	مديرية احصاء البصرة			
70132	0600	036	02	22	دائرة احصاء في صلاح الدين			
			03	22	المركز الوطني للأستشارات والتطوير الأداري		03	22
70132	0100	001	03	22	المركز الوطني للأستشارات والتطوير الأداري	1	03	22
			04	22	الهيئة الوطنية لشؤون الألغام		04	22
70530	0100	001	04	22	الهيئة الوطنية لشؤون الألغام	1	04	22
			05	22	الجهاز المركزي للتقييس والسيطرة النوعية		05	22

			Proposed GFS Compatible 2007 Organization COA					
2006 COA Coding				2007 COA Coding				[MoF use only]
Ministry	Sub-Organization	Responsibility Cente	Description	Ministry	Sub-Organization	Responsibility Cente	Location Code	GFS Coding
22	**05**	**1**	**Center for Standards & Qualty Control**	**22**	**05**	**001**	**0100**	70411
23			*Industry and Minierals*	*23*				
23	*01*		*Ministry Center*	*23*	*01*			
23	**01**	**1**	**Ministry Center**	**23**	**01**	**001**	**0100**	70441
24			*Higher Education*	*24*				
24	*01*		*Ministry Center*	*24*	*01*			
24	**01**	**1**	**Ministry Center**	**24**	**01**	**001**	**0100**	70941
24	*02*		*University of Baghdad*	*24*	*02*			
24	**02**	**1**	**University of Baghdad**	**24**	**02**	**001**	**0100**	70941
24	*03*		*University of Mosul*	*24*	*03*			
24	**03**	**1**	**University of Mosul**	**24**	**03**	**001**	**0200**	70941
24	*04*		*University of Basrah*	*24*	*04*			
24	**04**	**1**	**University of Basrah**	**24**	**04**	**001**	**1400**	70941
24	*06*		*University of Mustansiriya*	*24*	*06*			
24	**06**	**1**	**University of Mustansiriya**	**24**	**06**	**001**	**0100**	70941
24	*07*		*University of Technology*	*24*	*07*			
24	**07**	**1**	**University of Technology**	**24**	**07**	**001**	**0100**	70941
24	*08*		*Technical Education Commission*	*24*	*08*			
24	**08**	**1**	**Technical Education Commission**	**24**	**08**	**001**	**0100**	70941
24	*10*		*University of Al Anbar*	*24*	*10*			
24	**10**	**1**	**University of Al Anbar**	**24**	**10**	**001**	**0300**	70941
24	*11*		*University of Kufa*	*24*	*11*			
24	**11**	**1**	**University of Kufa**	**24**	**11**	**001**	**1100**	70941
24	*12*		*University of Al Qadisiya*	*24*	*12*			
24	**12**	**1**	**University of Al Qadisiya**	**24**	**12**	**001**	**1500**	70941
24	*13*		*University of Tikrit*	*24*	*13*			
24	**13**	**1**	**University of Tikrit**	**24**	**13**	**001**	**0600**	70941
24	*14*		*Iraqi Council for Medical Specialization*	*24*	*14*			
24	**14**	**1**	**Iraqi Council for Medical Specialization**	**24**	**14**	**001**	**0100**	70941
24	*15*		*University of Babil*	*24*	*15*			
24	**15**	**1**	**University of Babil**	**24**	**15**	**001**	**0800**	70941

(لأستخدامات وزارة المالية فقط)					هيكل الحسابات المنظماتي المقترح لسنة 2007 المتوافق مع GFS	ترميز هيكل حسابات 2006		
	ترميز هيكل حسابات 2007							
الترميز الوظيفي GFS	رمز الموقع	مركز المسؤولية	القسم	الوزارة	البيان	مركز المسؤولية	القسم	الوزارة
70411	**0100**	**001**	**05**	**22**	**الجهاز المركزي للتقييس والسيطرة النوعية**	**1**	**05**	**22**
				23	*الصناعة والمعادن*			*23*
			01	*23*	*مركز الوزارة*		*01*	*23*
70441	**0100**	**001**	**01**	**23**	**مركز الوزارة**	**1**	**01**	**23**
				24	*التعليم العالي و البحث العلمي*			*24*
			01	*24*	*مركز الوزارة*		*01*	*24*
70941	**0100**	**001**	**01**	**24**	**مركز الوزارة**	**1**	**01**	**24**
			02	*24*	*جامعة بغداد*		*02*	*24*
70941	**0100**	**001**	**02**	**24**	**جامعة بغداد**	**1**	**02**	**24**
			03	*24*	*جامعة الموصل*		*03*	*24*
70941	**0200**	**001**	**03**	**24**	**جامعة الموصل**	**1**	**03**	**24**
			04	*24*	*جامعة البصرة*		*04*	*24*
70941	**1400**	**001**	**04**	**24**	**جامعة البصرة**	**1**	**04**	**24**
			06	*24*	*الجامعة المستنصرية*		*06*	*24*
70941	**0100**	**001**	**06**	**24**	**الجامعة المستنصرية**	**1**	**06**	**24**
			07	*24*	*الجامعة التكنولوجية*		*07*	*24*
70941	**0100**	**001**	**07**	**24**	**الجامعة التكنولوجية**	**1**	**07**	**24**
			08	*24*	*هيئة التعليم التقني*		*08*	*24*
70941	**0100**	**001**	**08**	**24**	**هيئة التعليم التقني**	**1**	**08**	**24**
			10	*24*	*جامعة الانبار*		*10*	*24*
70941	**0300**	**001**	**10**	**24**	**جامعة الانبار**	**1**	**10**	**24**
			11	*24*	*جامعة الكوفة*		*11*	*24*
70941	**1100**	**001**	**11**	**24**	**جامعة الكوفة**	**1**	**11**	**24**
			12	*24*	*جامعة القادسية*		*12*	*24*
70941	**1500**	**001**	**12**	**24**	**جامعة القادسية**	**1**	**12**	**24**
			13	*24*	*جامعة تكريت*		*13*	*24*
70941	**0600**	**001**	**13**	**24**	**جامعة تكريت**	**1**	**13**	**24**
			14	*24*	*المجلس العراقي للاختصاصات الطبية*		*14*	*24*
70941	**0100**	**001**	**14**	**24**	**المجلس العراقي للاختصاصات الطبية**	**1**	**14**	**24**
			15	*24*	*جامعة بابل*		*15*	*24*
70941	**0800**	**001**	**15**	**24**	**جامعة بابل**	**1**	**15**	**24**

			Proposed GFS Compatible 2007 Organization COA																
2006 COA Coding				2007 COA Coding				[MoF use only]	(لأستخدامات وزارة المالية فقط)	ترميز هيكل حسابات 2007				هيكل الحسابات المنظماتي المقترح لسنة 2007 المتوافق مع GFS	ترميز هيكل حسابات 2006		
Ministry	Sub-Organization	Responsibility Cente	Description	Ministry	Sub-Organization	Responsibility Cente	Location Code	GFS Coding	الترميز الوظيفي GFS	رمز الموقع	مركز المسؤولية	القسم	الوزارة	البيان	مركز المسؤولية	القسم	الوزارة
24	17		Psychology Research Center	24	17							17	24	مركز البحوث النفسية (الباراسايكولوجي)		17	24
24	17	1	Psychology Research Center	24	17	001	0100	70941	70941	0100	001	17	24	مركز البحوث النفسية (الباراسايكولوجي)	1	17	24
24	18		Iraqi Commission for Computers and Information	24	18							18	24	الهيئة العراقية للحاسبات والمعلوماتية		18	24
24	18	1	Iraqi Commission for Computers and Information	24	18	001	0100	70941	70941	0100	001	18	24	الهيئة العراقية للحاسبات والمعلوماتية	1	18	24
24	19		Iraqi Center for Cancer	24	19							19	24	المركز العراقي للسرطان		19	24
24	19	1	Iraqi Center for Cancer	24	19	001	0100	70941	70941	0100	001	19	24	المركز العراقي للسرطان	1	19	24
24	20		University of Diyala	24	20							20	24	جامعة ديالى		20	24
24	20	1	University of Diyala	24	20	001	0500	70941	70941	0500	001	20	24	جامعة ديالى	1	20	24
24	21		University of Dhi Qar	24	21							21	24	جامعة ذي قار		21	24
24	21	1	University of Dhi Qar	24	21	001	1200	70941	70941	1200	001	21	24	جامعة ذي قار	1	21	24
24	22		University of Karbala	24	22							22	24	جامعة كربلاء		22	24
24	22	1	University of Karbala	24	22	001	0700	70941	70941	0700	001	22	24	جامعة كربلاء	1	22	24
24	23		University of Wasit	24	23							23	24	جامعة واسط		23	24
24	23	1	University of Wasit	24	23	001	0900	70941	70941	0900	001	23	24	جامعة واسط	1	23	24
24	24		University of Kirkut	24	24							24	24	جامعة كركوك		24	24
24	24	1	University of Kirkut	24	24	001	0400	70941	70941	0400	001	24	24	جامعة كركوك	1	24	24
24	26		University of Islamic Science	24	26							26	24	جامعة العلوم الاسلامية		26	24
24	26	1	University of Islamic Science	24	26	001	0100	70941	70941	0100	001	26	24	جامعة العلوم الاسلامية	1	26	24
24	27		University of Al - Nahrain	24	27							27	24	جامعة النهرين		27	24
24	27	1	University of Al - Nahrain	24	27	001	0100	70941	70941	0100	001	27	24	جامعة النهرين	1	27	24
29			Electricity	29									29	الكهرباء			29
29	01		Ministry Center	29	01							01	29	مركز الوزارة		01	29
29	01	1	Ministry Center	29	01	001	0100	70435	70435	0100	001	01	29	مركز الوزارة	1	01	29
30			Science and Technology	30									30	العلوم والتكنولوجيا			30
30	01		Ministry Center	30	01							01	30	مركز الوزارة		01	30
30	01	1	Ministry Center	30	01	001	0100	70150	70150	0100	001	01	30	مركز الوزارة	1	01	30
30	02		Information Technology Directorate	30	02							02	30	دائرة تكنلوجيا المعلومات		02	30
30	02	1	Information Technology Directorate	30	02	001	0100	70150	70150	0100	001	02	30	دائرة تكنلوجيا المعلومات	1	02	30
30	03		Foundation for Controlling Weapons of Mass Destruction	30	03							03	30	مؤسسة الرقابة على اسلحة الدمار الشامل		03	30
30	03	1	Foundation for Controlling Weapons of Mass Destruction	30	03	001	0100	70530	70530	0100	001	03	30	مؤسسة الرقابة على اسلحة الدمار الشامل	1	03	30
30	04		Iraqi National Academy for Science	30	04							04	30	الأكاديمية الوطنية العراقية للعلوم		04	30

			Proposed GFS Compatible 2007 Organization COA					
2006 COA Coding				2007 COA Coding				[MoF use only]
Ministry	Sub-Organization	Responsibility Cente	Description	Ministry	Sub-Organization	Responsibility Cente	Location Code	GFS Coding
30	**04**	**1**	**Iraqi National Academy for Science**	**30**	**04**	**001**	**0100**	70150
31			*Telecommunications*	*31*				
31	*01*		*Ministry Center*	*31*	*01*			
31	**01**	**1**	**Ministry Center**	**31**	**01**	**001**	**0100**	70460
32			*Environment*	*32*				
32	*01*		*Ministry Center*	*32*	*01*			
32	**01**	**1**	**Ministry Center**	**32**	**01**	**001**	**0100**	70560
			Ninawa Environment Directorate	**32**	**01**	**012**	**0200**	70560
			Babel Environment Directorate	**32**	**01**	**024**	**0800**	70560
			Karbala Environment Directorate	**32**	**01**	**026**	**0700**	70560
			Najaf Environment Directorate	**32**	**01**	**028**	**1100**	70560
			Qadisiyah Environment Directorate	**32**	**01**	**033**	**1500**	70560
			Muthanna Environment Directorate	**32**	**01**	**034**	**1300**	70560
			Al-Basra Environment Directorate	**32**	**01**	**035**	**1400**	70560
			Salah-al-Din Environment Directorate	**32**	**01**	**036**	**0600**	70560
33			*Displacement and Migration*	*33*				
33	*01*		*Ministry Center*	*33*	*01*			
33	**01**	**1**	**Ministry Center**	**33**	**01**	**001**	**0100**	71070
35			*Human Rights*	*35*				
35	*01*		*Ministry Center*	*35*	*01*			
35	**01**	**1**	**Ministry Center**	**35**	**01**	**001**	**0100**	70330
40			*Kurdistan Regional Government*	*40*				
40	*01*		*Sulaymanyah*	*40*	*01*			
40	**01**	**1**	**Sulaymanyah**	**40**	**01**	**001**		70111
40	*02*		*Arbil*	*40*	*02*			
40	**02**	**1**	**Arbil**	**40**	**02**	**001**		70111
41			*Board of Supreme Audit*	*41*				
41	*01*		*Dewan Center*	*41*	*01*			
41	**01**	**1**	**Dewan Center**	**41**	**01**	**001**	**0100**	70111
42			*Awqaf (Religious Endowments)*	*42*				
42	*05*		*Sh'ia Endowment Council*	*42*	*05*			

(لأستخدامات وزارة المالية فقط)					هيكل الحسابات المنظماتي المقترح لسنة 2007 المتوافق مع GFS	ترميز هيكل حسابات 2006		
	ترميز هيكل حسابات 2007							
الترميز الوظيفي GFS	رمز الموقع	مركز المسؤولية	القسم	الوزارة	البيان	مركز المسؤولية	القسم	الوزارة
70150	**0100**	**001**	**04**	**30**	**الأكاديمية الوطنية العراقية للعلوم**	**1**	**04**	**30**
				31	*الاتصالات*			*31*
			01	*31*	*مركز الوزارة*		*01*	*31*
70460	**0100**	**001**	**01**	**31**	**مركز الوزارة**	**1**	**01**	**31**
				32	*البيئة*			*32*
			01	*32*	*مركز الوزارة*		*01*	*32*
70560	**0100**	**001**	**01**	**32**	**مركز الوزارة**	**1**	**01**	**32**
70560	**0200**	**012**	**01**	**32**	**حماية البيئة نينوى**			
70560	**0800**	**024**	**01**	**32**	**دائرة بيئة بابل**			
70560	**0700**	**026**	**01**	**32**	**بيئة كربلاء**			
70560	**1100**	**028**	**01**	**32**	**بيئة النجف**			
70560	**1500**	**033**	**01**	**32**	**مديرية حماية البيئة القادسية**			
70560	**1300**	**034**	**01**	**32**	**دائرة البيئة في المثنى**			
70560	**1400**	**035**	**01**	**32**	**مديرية البيئة في البصرة**			
70560	**0600**	**036**	**01**	**32**	**مديرية البيئة في صلاح الدين**			
				33	*المهجرين والمهاجرين*			*33*
			01	*33*	*مركز الوزارة*		*01*	*33*
71070	**0100**	**001**	**01**	**33**	**مركز الوزارة**	**1**	**01**	**33**
				35	*حقوق الانسان*			*35*
			01	*35*	*مركز الوزارة*		*01*	*35*
70330	**0100**	**001**	**01**	**35**	**مركز الوزارة**	**1**	**01**	**35**
				40	*حكومة أقليم كردستان*			*40*
			01	*40*	*السليمانية*		*01*	*40*
70111		**001**	**01**	**40**	**السليمانية**	**1**	**01**	**40**
			02	*40*	*اربيل*		*02*	*40*
70111		**001**	**02**	**40**	**اربيل**	**1**	**02**	**40**
				41	*ديوان الرقابة المالية*			*41*
			01	*41*	*مركز الديوان*		*01*	*41*
70111	**0100**	**001**	**01**	**41**	**مركز الديوان**	**1**	**01**	**41**
				42	*دواوين الاوقاف والشؤون الدينية*			*42*
			05	*42*	*ديوان الوقف الشيعي*		*05*	*42*

			Proposed GFS Compatible 2007 Organization COA					
2006 COA Coding				2007 COA Coding				[MoF use only]
Ministry	Sub-Organization	Responsibility Cente	Description	Ministry	Sub-Organization	Responsibility Cente	Location Code	GFS Coding
42	05	1	Sh'ia Endowment Council	42	05	001	0100	70840
			Sh'ia Endowment General Directorate/ Kirkut	42	05	004	0400	70840
			Sh'ia Endowment General Directorate/ Ninawa	42	05	012	0200	70840
			Sh'ia Endowment General Directorate/ Diyala	42	05	021	0500	70840
			Sh'ia Endowment General Directorate/ Babel	42	05	024	0800	70840
			Sh'ia Endowment General Directorate/ Waset	42	05	025	0900	70840
			Sh'ia Endowment General Directorate/ Karbala	42	05	026	0700	70840
			Sh'ia Endowment General Directorate/ Najaf	42	05	028	1100	70840
			Sh'ia Endowment General Directorate/ Dhiqar	42	05	031	1200	70840
			Sh'ia Endowment General Directorate/ Maysan	42	05	032	1000	70840
			Sh'ia Endowment General Directorate/ Diwaniya	42	05	033	1500	70840
			Sh'ia Endowment General Directorate/ Muthanna	42	05	034	1300	70840
			Sh'ia Endowment General Directorate/ Basrah	42	05	035	1400	70840
42	06		Suni Endowment Council	42	06			
42	06	1	Suni Endowment Council	42	06	001	0100	70840
			Suni Endowment Council/ Kirkut	42	06	004	0400	70840
			Suni Endowment Council/ Ninawa	42	06	012	0200	70840
			Suni Endowment Council/ Diyala	42	06	021	0500	70840
			Suni Endowment Council/ Al-Anbar	42	06	023	0300	70840
			Suni Endowment Council/ Babel	42	06	024	0800	70840
			Suni Endowment Council/ Maysan	42	06	032	1000	70840
			Suni Endowment Council/ Basra	42	06	035	1400	70840
			Suni Endowment Council/ Salah-al-Din	42	06	036	0600	70840
42	07		Other Denominations Council	42	07			
42	07	1	Other Denominations Council	42	07	001	0100	70840
			Other Denominations Council/ Ninawa	42	07	012	0200	70840
			Other Denominations Council/ Basrah	42	07	035	1400	70840
43			Other Directorates	43				
43	01		Other Directorates (TBD)	43	01			
43	01	1	Other Directorates (TBD)	43	01	001	0100	
45			High Judicial Council	45				

(لأستخدامات وزارة المالية فقط)					هيكل الحسابات المنظماتي المقترح لسنة 2007 المتوافق مع GFS	ترميز هيكل حسابات 2006		
	ترميز هيكل حسابات 2007							
الترميز الوظيفي GFS	رمز الموقع	مركز المسؤولية	القسم	الوزارة	البيان	مركز المسؤولية	القسم	الوزارة
70840	0100	001	05	42	ديوان الوقف الشيعي	1	05	42
70840	0400	004	05	42	مديرية الأوقاف والشؤون الدينية -شيعي - كركوك			
70840	0200	012	05	42	الوقف الشيعي- نينوى			
70840	0500	021	05	42	ديوان الوقف الشيعي في محافظة ديالى			
70840	0800	024	05	42	مديرية الوقف الشيعي بابل			
70840	0900	025	05	42	مديرية الوقف الشيعي محافظة واسط			
70840	0700	026	05	42	المديرية العامة للوقف الشيعي -كربلاء			
70840	1100	028	05	42	ديوان الوقف الشيعي في النجف			
70840	1200	031	05	42	ديوان الوقف الشيعي ذي قار			
70840	1000	032	05	42	مديرية الوقف الشيعي محافظة ميسان			
70840	1500	033	05	42	مديرية الوقف الشيعي القادسية			
70840	1300	034	05	42	الاوقاف المثنى			
70840	1400	035	05	42	مديرية الوقف الشيعي المنطقة الجنوبية -البصرة			
			06	42	*ديوان الوقف السني*		06	42
70840	0100	001	06	42	ديوان الوقف السني	1	06	42
70840	0400	004	06	42	مديرية الوقف السني كركوك			
70840	0200	012	06	42	الوقف السني- نينوى			
70840	0500	021	06	42	ديوان الوقف السني في محافظة ديالى			
70840	0300	023	06	42	ديوان الوقف السني في محافظة الانبار			
70840	0800	024	06	42	مديرية الوقف السني بابل			
70840	1000	032	06	42	مديرية الوقف السني محافظة ميسان			
70840	1400	035	06	42	مديرية الوقف السني المنطقة الجنوبية -البصرة			
70840	0600	036	06	42	ديوان الوقف السني في صلاح الدين			
			07	42	*ديوان الطوائف الاخرى*		07	42
70840	0100	001	07	42	ديوان الطوائف الاخرى	1	07	42
70840	0200	012	07	42	ديوان الطوائف الاخرى- نينوى			
70840	1400	035	07	42	ديوان الطوائف الاخرى- البصره			
				43	*دوائر أخرى*			43
			01	43	*دوائر أخرى (يتم تحديدها فيما بعد)*		01	43
	0100	001	01	43	دوائر أخرى (يتم تحديدها فيما بعد)	1	01	43
				45	*مجلس القضاء الأعلى*			45

			Proposed GFS Compatible 2007 Organization COA																
2006 COA Coding				2007 COA Coding				[MoF use only]	(لأستخدامات وزارة المالية فقط)	ترميز هيكل حسابات 2007				هيكل الحسابات المنظماتي المقترح لسنة 2007 المتوافق مع GFS	ترميز هيكل حسابات 2006		
Ministry	Sub-Organization	Responsibility Cente	Description	Ministry	Sub-Organization	Responsibility Cente	Location Code	GFS Coding	الترميز الوظيفي GFS	رمز الموقع	مركز المسؤولية	القسم	الوزارة	البيان	مركز المسؤولية	القسم	الوزارة
45	01		*Judicial Council*	45	01							01	45	*مجلس القضاء*		01	45
45	**01**	**1**	**Judicial Council**	**45**	**01**	**001**	**0100**	70330	70330	**0100**	**001**	**01**	**45**	**مجلس القضاء**	**1**	**01**	**45**
			Kirkuk Appeal Court	**45**	**01**	**004**	**0400**	70330	70330	**0400**	**004**	**01**	**45**	**رئاسة محكمة استئناف كركوك**			
			Kirkuk Prosecution Court	**45**	**01**	**005**	**0400**	70330	70330	**0400**	**005**	**01**	**45**	**الادعاء العام كركوك**			
			Al-Zab Preliminary Court	**45**	**01**	**006**	**0400**	70330	70330	**0400**	**006**	**01**	**45**	**محكمة بداءة الزاب**			
			Ninawa Appeal Court	**45**	**01**	**010**	**0200**	70330	70330	**0200**	**010**	**01**	**45**	**محكمة استئناف نينوى**			
			Ninawa Prosecution Court	**45**	**01**	**011**	**0200**	70330	70330	**0200**	**011**	**01**	**45**	**الادعاء العام نينوى**			
			Mosul Preliminary Court	**45**	**01**	**012**	**0200**	70330	70330	**0200**	**012**	**01**	**45**	**محكمة بداءة الموصل**			
			Mosul Minors Court	**45**	**01**	**013**	**0200**	70330	70330	**0200**	**013**	**01**	**45**	**محكمة الاحداث بالموصل**			
			Ninawa Investigation Court	**45**	**01**	**014**	**0200**	70330	70330	**0200**	**014**	**01**	**45**	**محكمة تحقيق نينوى**			
			Ninawa Felony Court	**45**	**01**	**015**	**0200**	70330	70330	**0200**	**015**	**01**	**45**	**محكمة الجنايات نينوى**			
			Ninawa Tribunal Correctional Court	**45**	**01**	**016**	**0200**	70330	70330	**0200**	**016**	**01**	**45**	**محكمة الجنح نينوى**			
			Hamam Al-Aleel Preliminary Court	**45**	**01**	**018**	**0200**	70330	70330	**0200**	**018**	**01**	**45**	**محكمة بداءة حمام العليل-نينوى**			
			Telkaf Preliminary Court	**45**	**01**	**019**	**0200**	70330	70330	**0200**	**019**	**01**	**45**	**محكمة بداءة تلكيف-نينوى**			
			Aqra Preliminary Court	**45**	**01**	**020**	**0200**	70330	70330	**0200**	**020**	**01**	**45**	**محكمة بداءة عقرة-نينوى**			
			Al-Sheeqan Preliminary Court	**45**	**01**	**021**	**0200**	70330	70330	**0200**	**021**	**01**	**45**	**محكمة بداءة الشيخان-نينوى**			
			Diyala Appeal Court	**45**	**01**	**025**	**0500**	70330	70330	**0500**	**025**	**01**	**45**	**محكمة استئناف ديالى**			
			Babel Prosecution Court	**45**	**01**	**026**	**0800**	70330	70330	**0800**	**026**	**01**	**45**	**الادعاء العام بابل**			
			Al-Mahaweel Court	**45**	**01**	**028**	**0800**	70330	70330	**0800**	**028**	**01**	**45**	**محكمة المحاويل**			
			Al-Kefel Court	**45**	**01**	**029**	**0800**	70330	70330	**0800**	**029**	**01**	**45**	**محكمة الكفل**			
			Babel Appeal Court	**45**	**01**	**030**	**0800**	70330	70330	**0800**	**030**	**01**	**45**	**محكمة استئناف بابل**			
			Al-Helaa Preliminary Court	**45**	**01**	**031**	**0800**	70330	70330	**0800**	**031**	**01**	**45**	**محكمة بداءة الحلة**			
			Al-Mashroo Preliminary Court	**45**	**01**	**032**	**0800**	70330	70330	**0800**	**032**	**01**	**45**	**محكمة بداءة المشروع**			
			Al-Hashemeya Preliminary Court	**45**	**01**	**033**	**0800**	70330	70330	**0800**	**033**	**01**	**45**	**محكمة بداءة الهاشمية**			
			Al-Medhateya Preliminary Court	**45**	**01**	**034**	**0800**	70330	70330	**0800**	**034**	**01**	**45**	**محكمة بداءة المدحتية**			
			Al-Qasem Preliminary Court	**45**	**01**	**035**	**0800**	70330	70330	**0800**	**035**	**01**	**45**	**محكمة بداءة القاسم**			
			Al-Mosayab Preliminary Court	**45**	**01**	**036**	**0800**	70330	70330	**0800**	**036**	**01**	**45**	**محكمة بداءة المسيب**			
			Al-Sada Preliminary Court	**45**	**01**	**037**	**0800**	70330	70330	**0800**	**037**	**01**	**45**	**محكمة بداءة السدة**			
			Al-Eskandareya Preliminary Court	**45**	**01**	**038**	**0800**	70330	70330	**0800**	**038**	**01**	**45**	**محكمة بداءة الأسكندرية**			
			Waset Prosecution Directorate	**45**	**01**	**039**	**0900**	70330	70330	**0900**	**039**	**01**	**45**	**الادعاء العام واسط**			
			Waset Appeal Court	**45**	**01**	**040**	**0900**	70330	70330	**0900**	**040**	**01**	**45**	**محكمة استئناف واسط الاتحادية**			

			Proposed GFS Compatible 2007 Organization COA					
2006 COA Coding				2007 COA Coding				[MoF use only]
Ministry	Sub-Organization	Responsibility Cente	Description	Ministry	Sub-Organization	Responsibility Cente	Location Code	GFS Coding
			Al-Haey Preliminary Court	45	01	041	0900	70330
			Karbala Prosecution Court	45	01	042	0700	70330
			Karbala Preliminary Court	45	01	043	0700	70330
			Al-Husseinya Preliminary Cout	45	01	044	0700	70330
			Al-Hendeya Preliminary Court	45	01	045	0700	70330
			Najaf Appeal Court	45	01	046	1100	70330
			Dhiqar Appeal Court	45	01	047	1200	70330
			Maysan Prosecution Court	45	01	048	1000	70330
			Maysan Preliminary Court	45	01	049	1000	70330
			Qadisiyah Preliminary Court	45	01	050	1500	70330
			Muthanna Criminal Court	45	01	051	1300	70330
			Al-Basra Appeals Court	45	01	052	1400	70330
			Al-Basra Criminal Court	45	01	053	1400	70330
			Al-Basra Prosecution Directorate	45	01	054	1400	70330
			Al-Maakei Preliminary Court	45	01	055	1400	70330
			Safwan Preliminary Court	45	01	056	1400	70330
			Salah-al-Din Appeal Court	45	01	057	0600	70330
			Salah-al-Din Preliminary Court	45	01	058	0600	70330
			Al-Anbar Preliminary Court	45	01	060	0300	70330
			Al-Anbar Appeals Court	45	01	061	0300	70330
			Eyn Tamor District Primary Court	45	01	062	0700	70330
			Al-Hamdania Primary Court	45	01	063	0200	70330
			Telafar Primary Court	45	01	064	0200	70330
			Rabiea Primary Court	45	01	065	0200	70330
			Senjar Primary Court	45	01	066	0200	70330
			Al-Shimal Primary Court	45	01	067	0200	70330
			Al-Beaaj Primary Court	45	01	068	0200	70330
			Al-Hatheer Primary Court	45	01	069	0200	70330
			Makmor Primary Court	45	01	070	0200	70330
45	*02*		*Federal Cassation Court*	*45*	*02*			
45	**02**	**1**	**Federal Cassation Court**	**45**	**02**	**001**	**0100**	70330

(لأستخدامات وزارة المالية فقط)					هيكل الحسابات المنظماتي المقترح لسنة 2007 المتوافق مع GFS	ترميز هيكل حسابات 2006		
	ترميز هيكل حسابات 2007							
الترميز الوظيفي GFS	رمز الموقع	مركز المسؤولية	القسم	الوزارة	البيان	مركز المسؤولية	القسم	الوزارة
70330	0900	041	01	45	محكمة بداءة الحي-واسط			
70330	0700	042	01	45	دائرة الادعاء العام كربلاء			
70330	0700	043	01	45	رئاسة محكمة الجنايات في محافظة كربلاء			
70330	0700	044	01	45	محكمة بداءة الحسينية-كربلاء			
70330	0700	045	01	45	محكمة بداءة الهندية-كربلاء			
70330	1100	046	01	45	محكمة استئناف نجف			
70330	1200	047	01	45	رئاسة استئناف ذي قار			
70330	1000	048	01	45	دائرة المدعي العام ميسان			
70330	1000	049	01	45	محكمة بداءة ميسان			
70330	1500	050	01	45	محكمة استئناف القادسية			
70330	1300	051	01	45	محكمة جنايات ومجلس القضاء المثنى			
70330	1400	052	01	45	رئاسة محكمة الاستئناف البصرة			
70330	1400	053	01	45	محكمة جنايات البصرة			
70330	1400	054	01	45	الادعاء العام البصرة			
70330	1400	055	01	45	محكمة بداءة المعقل-بصرة			
70330	1400	056	01	45	محكمة بداءة صفوان-بصرة			
70330	0600	057	01	45	محكمة استئناف صلاح الدين			
70330	0600	058	01	45	محكمة بداءة صلاح الدين			
70330	0300	060	01	45	محكمة بداءة الأنبار			
70330	0300	061	01	45	محكمة استئناف الأنبار			
70330	0700	062	01	45	محكمة بداءة قضاء عين التمر/ كربلاء			
70330	0200	063	01	45	محكمة بداءة الحمدانية/ نينوى			
70330	0200	064	01	45	محكمة بداءة تلعفر/ نينوى			
70330	0200	065	01	45	محكمة بداءة ربيعة/ نينوى			
70330	0200	066	01	45	محكمة بداءة سنجار / نينوى			
70330	0200	067	01	45	محكمة بداءة الشمال/ نينوى			
70330	0200	068	01	45	محكمة بداءة البعاج/ نينوى			
70330	0200	069	01	45	محكمة بداءة الحضر/ نينوى			
70330	0200	070	01	45	محكمة بداءة مخمور/ نينوى			
			02	*45*	*محكمة التمييز الأتحادية*		*02*	*45*
70330	0100	001	02	45	محكمة التمييز الأتحادية	1	02	45

			Proposed GFS Compatible 2007 Organization COA					
2006 COA Coding				2007 COA Coding				[MoF use only]
Ministry	Sub-Organization	Responsibility Cente	Description	Ministry	Sub-Organization	Responsibility Cente	Location Code	GFS Coding
45	*03*		*High Federal Court*	*45*	*03*			
45	**03**	**1**	**High Federal Court**	**45**	**03**	**001**	**0100**	70330

(لأستخدامات وزارة المالية فقط)					هيكل الحسابات المنظماتي المقترح لسنة 2007 المتوافق مع GFS	ترميز هيكل حسابات 2006		
	ترميز هيكل حسابات 2007							
الترميز الوظيفي GFS	رمز الموقع	مركز المسؤولية	القسم	الوزارة	البيان	مركز المسؤولية	القسم	الوزارة
			03	*45*	*المحكمة الأتحادية العليا*		*03*	*45*
70330	**0100**	**001**	**03**	**45**	**المحكمة الأتحادية العليا**	**1**	**03**	**45**

GFS Classification of the Functions of Government (COFOG) Iraq Chart of Accounts 2007		تصنيف GFS لوظائف الحكومة (COFOG) هيكل الحسابات العراقي 2007	
701	*General Public Services*	*الخدمات العمومية العامة*	*701*
7011	*Executive and Legislative Organs, Financial and Fiscal Affairs, External Affairs*	*الاجهزة التنفيذية والتشريعية , والشؤون المالية وشؤون المالية العامة والشؤون الخارجية*	*7011*
70111	**Executive and legislative organs**	**الاجهزة التنفيذية والتشريعية**	**70111**
70112	**Financial and fiscal affairs**	**الشؤون المالية وشؤون المالية العامة**	**70112**
70113	**External affairs**	**الشؤون الخارجية**	**70113**
7013	*General Services*	*خدمات عامة*	*7013*
70132	**Overall Planning and Statistical Services (CS)**	**خدمات تخطيطية وأحصائية شاملة (CS)**	**70132**
7014	*Basic Research*	*البحوث الأساسية*	*7014*
70140	**Basic Research (CS)**	**البحوث الأساسية (CS)**	**70140**
7015	R&D General Public Services	*البحوث والتطوير في مجال الخدمات العمومية العامة*	*7015*
70150	**R&D General Public Services (CS)**	**البحوث والتطوير في مجال الخدمات العمومية العامة (CS)**	**70150**
7016	*General Public Services (N.E.C.)*	*خدمات عمومية عامة غير مصنفة في مكان آخر*	*7016*
70160	**General Public Services (N.E.C.)**	**خدمات عمومية عامة غير مصنفة في مكان آخر**	**70160**
702	*Defense*	*الدفاع*	*702*
7021	*Military Defense*	*الدفاع العسكري*	*7021*
70210	**Military Defense**	**الدفاع العسكري**	**70210**
7022	*Civil Defense*	*الدفاع المدني*	*7022*
70220	**Civil Defense (CS)**	**الدفاع المدني (CS)**	**70220**
703	*Public Order and Safety*	*النظام العام وشؤون السلامة العامة*	*703*
7031	*Police Services*	*خدمات الشرطة*	*7031*
70310	**Police Services (CS)**	**خدمات الشرطة (CS)**	**70310**
7033	*Law Courts*	*المحاكم*	*7033*
70330	**Law Courts (CS)**	**المحاكم (CS)**	**70330**
7034	*Prisons*	*السجون*	*7034*
70340	**Prisons (CS)**	**السجون (CS)**	**70340**
7036	*Public Order and Safety N.E.C.*	*شؤون النظام العام وشؤون السلامة العامة غير المصنفة في مكان آخر*	*7036*
70360	**Public Order and Safety N.E.C.**	**شؤون النظام العام وشؤون السلامة العامة غير المصنفة في مكان آخر (CS)**	**70360**
704	*Economic Affairs*	*الشؤون الاقتصادية*	*704*
7041	*General Economic, Commercial, and Labor Affairs*	*الشؤون الاقتصادية والتجارية وشؤون العمالة العامة*	*7041*
70411	**General economic, commercial, and labor affairs (CS)**	**الشؤون الاقتصادية والتجارية (CS)**	**70411**
70412	**General labor affairs (CS)**	**شؤون العمالة العامة (CS)**	**70412**
7042	*Agriculture, Forestry, Fishing and Hunting*	*الزراعة والحراجة والصيد البحري والبري*	*7042*

GFS Classification of the Functions of Government (COFOG) Iraq Chart of Accounts 2007		تصنيف GFS لوظائف الحكومة (COFOG) هيكل الحسابات العراقي 2007	
70421	**Agriculture (CS)**	**الزراعة (CS)**	**70421**
7043	*Fuel and Energy*	*الوقود والطاقة*	*7043*
70432	**Petroleum and natural gas (CS)**	**البترول والغاز الطبيعي (CS)**	**70432**
70435	**Electricity (CS)**	**الكهرباء (CS)**	**70435**
7044	*Mining, Manufacturing, and Construction*	*التعدين والصناعة التحويلية والتشييد*	*7044*
70441	**Mining of mineral resources other than mineral fuels (CS)**	**تعدين الموارد المعدنية بخلاف الوقود المعدني (CS)**	**70441**
70443	**Construction (CS)**	**التشييد (CS)**	**70443**
7045	*Transport*	*النقل*	*7045*
70450	**Transport n.e.c.**	**النقل غير المصنف في مكان آخر**	**70450**
70451	**Road Transport (CS)**	**النقل البري (CS)**	**70451**
70454	**Air Transport (CS)**	**النقل الجوي (CS)**	**70454**
7046	*Communication*	*الاتصالات*	*7046*
70460	**Communication (CS)**	**الاتصالات (CS)**	**70460**
7047	*Other Industries*	*صناعات أخرى*	*7047*
70474	**Multipurpose development projects (CS)**	**مشاريع التنمية متعددة الاغراض (CS)**	**70474**
705	*Environmental Protection*	*حماية البيئة*	*705*
7053	*Pollution Abatement*	*تخفيف التلوث*	*7053*
70530	**Pollution Abatement (CS)**	**تخفيف التلوث (CS)**	**70530**
7056	*Environmental Protection N.E.C.*	*حماية البيئة غير المصنفة في مكان آخر*	*7056*
70560	**Environmental Protection n.e.c. (CS)**	**حماية البيئة غير المصنفة في مكان آخر (CS)**	**70560**
706	*Housing and Community Amenities*	*الاسكان ومرافق المجتمع*	*706*
7061	*Housing Development*	*تنمية الاسكان*	*7061*
70610	**Housing Development (CS)**	**تنمية الاسكان (CS)**	**70610**
7062	*Community Development*	*تنمية المجتمع*	*7062*
70620	**Community Development (CS)**	**تنمية المجتمع (CS)**	**70620**
7065	*R&D Housing and Community Amenities*	*البحوث والتطوير في مجال الاسكان ومرافق المجتمع*	*7065*
70650	**R&D Housing and Community Amenities (CS)**	**البحوث والتطوير في مجال الاسكان ومرافق المجتمع (CS)**	**70650**
707	*Health*	*الصحة*	*707*
7076	*Health (N.E.C.)*	*شؤون صحية غير مصنفة في مكان آخر*	*7076*
70760	**Health n.e.c. (CS)**	**شؤون صحية غير مصنفة في مكان آخر (CS)**	**70760**
708	*Recreation, Culture, and Religion*	*الترفية والثقافة والدين*	*708*
7082	*Cultural Services*	*الخدمات الثقافية*	*7082*

GFS Classification of the Functions of Government (COFOG) Iraq Chart of Accounts 2007		تصنيف GFS لوظائف الحكومة (COFOG) هيكل الحسابات العراقي 2007	
70820	**Cultural Services (IS)**	**الخدمات الثقافية (IS)**	**70820**
7086	*Recreation, Culture, and Religion N.E.C.*	*شؤون الترفيه والثقافة والدين غير المصنفة في مكان آخر*	*7086*
70860	**Recreation, Culture, and Religion n.e.c. (CS)**	**شؤون الترفيه والثقافة والدين غير المصنفة في مكان آخر (CS)**	**70860**
709	*Education*	*التعليم*	*709*
7091	*Pre-primary and Primary Education*	*التعليم ما قبل الابتدائي والتعليم الابتدائي*	*7091*
70911	**Pre-primary Education (IS)**	**التعليم ما قبل الابتدائي (IS)**	**70911**
70912	**Primary Education (IS)**	**التعليم الابتدائي (IS)**	**70912**
7092	*Secondary Education*	*التعليم الثانوي*	*7092*
70921	**Lower-secondary Education (IS)**	**المستوى الادنى للتعليم الثانوي (IS)**	**70921**
7094	*Tertiary Education*	*التعليم العالي*	*7094*
70941	**First stage of tertiary education (CS)**	**المرحلة الاولى للتعليم العالي (CS)**	**70941**
7095	*Education Not Definable by Level*	*التعليم غير المحدد بمستوى*	*7095*
70950	**Education Not Definable by Level (IS)**	**التعليم غير المحدد بمستوى (CS)**	**70950**
7098	*Education N.E.C.*	*شؤون التعليم غير المصنفة في مكان آخر*	*7098*
70980	**Education n.e.c. (CS)**	**شؤون التعليم غير المصنفة في مكان آخر (CS)**	**70980**
710	*Social Protection*	*الحماية الاجتماعية*	*710*
7105	*Unemployment*	*البطالة*	*7105*
71050	**Unemployment (IS)**	**البطالة (IS)**	**71050**
7107	*Social Excusion N.E.C.*	*الاستبعاد الاجتماعي غير المصنف في مكان آخر*	*7107*
71070	**Social Excusion n.e.c. (IS)**	**الاستبعاد الاجتماعي غير المصنف في مكان آخر (IS)**	**71070**
7109	*Social Protection N.E.C.*	*الحماية الاجتماعية غير المصنفة في مكان أخر*	*7109*
71090	**Social Protection n.e.c. (CS)**	**الحماية الاجتماعية غير المصنفة في مكان أخر (CS)**	**71090**
N.E.C./n.e.c. - "Not Elsewhere Classified" **(CS)** - "Collective Services" **(IS)** - "Individual Services"		**N.E.C./n.e.c. - " غير مصنفة في مكان آخر"** **(CS) - "الخدمات الجماعية"** **(IS) - " الخدمات الفردية"**	

Government of Kenya

OFFICE OF THE DEPUTY PRIME MINISTER
AND MINISTRY OF FINANCE

Government of Kenya

Programme Based Budgeting Manual

November 2011

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ABBREVIATIONS

BOPA	Budget Outlook Paper
BROPA	Budget Review and Outlook Paper
BPG	Budget Procedures Group
BSP	Budget Strategy Paper
BSC	Budget Steering Committee
BSO	Budget Supply Officer
CoA	Chart of Account
CoFoG	Classifications of Functions of Government
East AFRITAC	IMF East Africa Technical Assistance Centre
EWG	Estimate Working Group (Budget)
GDP	Gross Domestic Product
GFS	Government Financial Statistics
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH (German Development Cooperation)
GoK	Government of Kenya
GRB	Gender Responsive Budgeting
IFMIS	Integrated Financial Management System
IPSAS	International Public Sector Accounting Standards
LA	Local Authority
MIS	Management Information System
MoF	Ministry of Finance
MPER	Ministerial Public Expenditure Review
MTBF	Medium Term Budget Framework
MTEF	Medium Term Expenditure Framework
MTFF	Medium Term Fiscal Framework
MWG	Macroeconomic Working Group
NGO	Non-Government Organisation
PBB	Programme Based Budgeting
PBBs	Programme Based Budgets
SAGAs	Semi-Autonomous Government Agencies
SCOA	Standard Chart of Accounts
ZBB	Zero Based Budgeting

FOREWORD

The Kenya Government is committed to the Public Financial Management Reforms (PFMR) within the context of the wider public sector reforms. As part of PMRF initiative, the government introduced Programme-Based approach to budgeting in the year 2007. The first stage of implementing this budget reform was undertaken through the preparation of the Indicative Programme Based Budget for the FY 2008/09. The programme based budget, aims at ensuring that citizens derive maximum value from public spending and investments through efficient and effective delivery of public goods and services.

Programme Based Budgeting (PBB), embedded in the three years Medium Term Expenditure Framework (MTEF) seeks to re-orient the focus of the current budget from an input based financial programmeming to a result based budget. PBB links appropriated funds to distinct deliverables and outcomes envisaged in the Vision 2030 and its Medium Term Plan. This linkage establishes a performance measurement framework that ensures monitoring of desired results, reporting on progress and feedback mechanism that informs policy and decision making. This Manual for Programme-Based Budgeting is designed to assist Ministries/Departments to understand and implement PBB activities in a multi-year framework; it also serves as a point of reference and a guide to public officers and the various stakeholders involved in the budget making process. It supplements all other budget manuals applicable for the Government of Kenya.

The manual addresses itself to issues related to defining outcomes and outputs, designing of programmes and how to measure their performance, and monitoring and evaluation. It also defines the applicable chart of accounts and coding structure, the process of budget appropriations, execution, financial and technical reporting. The manual will be useful as we prepare to submit programme base budget alongside the itemized line budget to Parliament from the ensuing financial year.

In view of the experiences likely to unfold as we implement the Kenya Constitution 2010 and the dynamism in the field of Public Finance Management, the manual will be subjected to continuous review and improvements to ensure it matches best international practice and continues to remain relevant. I wish in this regard to appeal to all the users to give us feedback on this manual.

HON. UHURU KENYATTA, EGH, MP.
DEPUTY PRIME MINISTER AND MINISTER FOR FINANCE

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The Programme-Based Budgeting (PBB) Manual is a product of the concerted efforts and contribution of many people. The content of this publication has benefited from an array of expertise of institutions and professionals. Their tireless efforts and guidance have informed the guidelines for each chapter of the PBB manual. We wish therefore to express or gratitude to all those persons and institution that participated in the drafting and printing of the manual.

In particular, I wish to acknowledge the role of Mr. P.B.M Ngugi, Director, Budgetary Supply Department, in providing technical guidance and steering the process. The dedicated efforts of the embers of the technical working team who comprised Messers Onderi N. Ontweka, Francis Anyona, Samuel Kiiru, Samuel Macharia, Kariuki Kimemia, Kenneth Waithiru, Victor Onyango, Josiah Babu, and Ms. Elizabeth Nzioka and Ms. Miriam Musyoki, all from Budgetary Supply Department, Ministry of Finance. I wish to also recognize the efforts of Messers John Owour and Osiri Nyakundi, from the Ministry of State for Planning, National Development and Vision 2030.

We are equally grateful to our development partners for their financial and technical support in the production of this manual. Specifically, Mr. Kristian Rosbach of GIZ, Mr. Michael Schaeffer and Mr. Guy Anderson of IMF East AFRITAC, Prof. Marc Robinson, Technical Advisor, Programme Based Budgeting, and Mr. Bernard Ndungu, Technical Advisor, Standard Chart of Accounts.

Finally, we hope that this manual would serve to guide programme based budgeting in the Public Sector. The manual will be updated periodically to reflect new lessons and practical experiences by users.

JOSEPH K. KINYUA, CBS
PERMANENT SECRETARY/TREASURY

I. NOTES ON THE MANUAL

A. What is this Manual?

1. **This manual is intended to serve as a guide towards the full development of the Kenyan system of programme based budgeting (PBB).** The Manual contains an introduction to programme based budgeting, a brief discussion of types of budgets, a detailed discussion of PBB, and practical guidance on how to proceed. This manual supplements all other GoK budget manuals, as in the initial years of implementation the PBB format should not replace but be an explanatory attachment to the budget.

B. Who Should Use this Manual?

2. This manual guides **Budget Users throughout the whole process of preparing budgets using PBB methodology for all levels of government.** The various parts of the manual are designed to enhance familiarisation and better understanding of budget preparation, execution and control of all government officials involved in the process.

C. How should this Manual be Used?

3. The manual serves as a **baseline tool to assist the Government to implement necessary fiscal management reforms.** These guidelines have been developed with the aim of serving both as desk references for government officials already trained in the respective fiscal competency as well as training tools for structured capacity-strengthening programmes.

D. What this Manual is Intended to do?

4. **This manual will assist officers involved in budget preparation and execution to understand public sector budgeting by placing the PBB methodology in the context of some of the budgeting reforms that have been successful internationally.** This manual is intended to assist line ministry officials and budget agencies in their understanding as to how a programme based budget is to be developed and submitted to the Ministry of Finance.

II. MODERNISING THE BUDGET

This chapter on programme based budgeting aims at assisting the readers…

- To understand the broad concepts of line item budgeting, zero base budgeting and programme based budgeting (PBB);
- To understand the basic distinction between the traditional and programme based budget; and
- To understand basic programme based budgeting terminology.

By the end of this chapter, you should be able to…

- Discuss the basic objectives of a programme based budget,
- Discuss the compatibility of a programme based budget with budgetary line items which are less detailed than those found in a traditional budget.

A. Introduction

5. **Programme based budgeting aims to achieve two principal goals.** The first is to improve the prioritisation 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.

6. **Traditionally, line item budgets have been the predominant method of presenting government budgets.** As explained below, line item budgets allocate funds to types of inputs, usually based on a fairly detailed classification. While there are advantages to the line item budget, modern budget techniques include other elements in the budget request.

7. **Programme based budgets combine best practices such as programme budgeting and performance measurement in a medium term approach.** The principal advantage of PBB is that it helps to ensure that the budget clearly reflects government priorities, by making the purposes for which funds are being allocated more transparent together with the service levels anticipated for these activities. The development of programme based budgeting also helps to improve decision-making by providing better information on how well Government services meet the needs of its female and male citizens. The line item principle of allocations to types of inputs does not disappear under PBB. Rather, the line item classifications become less detailed, giving ministries some flexibility to shift funds between detailed input categories. At the broad level, however, input controls remain, and in this sense the PBB and line item budgeting approaches may be seen as complementary[1].

1 In a sense, PBB should be seen as a complementary approach to effective and transparent budgeting

8. **Combining a summary level line item budget with the elements from programme budgeting (identifying programme objectives) and performance measurement** in a medium term framework is a powerful combination for explaining and justifying the budget. It becomes a single mechanism for answering the basic questions of budgeting:

- What policy objectives do we want to emphasise?
- What services do we expect to provide to different population groups (e.g. women and men)?
- What outputs do we expect to deliver to the community?

9. **The style of budget gives decision makers and the public necessary information to make better choices about spending priorities.** It is also an enormous help in assessing the quality, quantity, and productivity of government programmes.

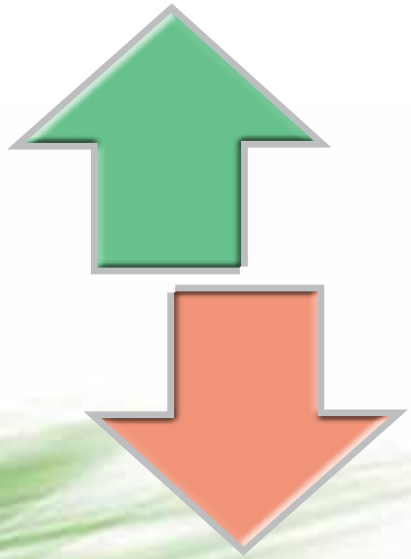
B. Types of Budgeting Systems

10. **Kenya has gone through various stages of budgetary reforms.** This has involved transformation of budgeting methods from incremental to programme (performance) based budgeting. This section examines the various budgeting methods including incremental, zero based, and programme (performance) based budgeting.

1. Line Item Budgeting

11. **Line item budgeting is associated with an input-oriented budget preparation process with detailed ex ante controls and well-defined appropriation rules (e.g. rules regulating or forbidding transfers between line items).** Within the budget, expenditures are often classified by organisation and economic object of expenditure (line-item). In brief, line item budgeting is defined as the process of adjusting the

Figure 1: Pros and Cons of Line Item Budgeting



Advantages:

- Analysis of budgets is relatively simple
- Budget generally stable
- Budget changes are gradual

Disadvantages:

- Inadequate justification for continuation or elimination of government spending
- Does not link government objectives to services delivered by government
- No accountability for results
- No incentives to reduce costs
- Ignores linkage with government policy

budget by a certain arithmetical factor regardless of outcomes. Figure 1 below, illustrates the primary advantages and disadvantages of line item budgeting.

12. **A line item budget provides a list of the types of goods and services each department will purchase followed by a cost estimate for each. Examples include wages and salaries, supplies, utilities, and capital outlay**. Some line item budgets are reported at very detailed object of expenditure levels. Other versions have various degrees of aggregation. Normally, however this budget type provides little explanation of why the money will be spent or what will be achieved. Department line item budgets provide a simple basis for allocating funding.

13. **A detailed line item budget shows how much will be spent on every type of expenditure a government budgetary organisation makes**. Primarily objects of expenditures such as salaries, materials and supplies, and goods and services are the basis for organising expenditures. Normally amounts spent on line items and staffing levels are described as budgetary inputs.

14. **At a basic level, all budget managers must be aware of input indicators.** If a budget manager does not monitor spending to remain within budgetary limits, then difficulties arise. Payment arrears (pending bills) may result so that vendors may have to wait for payment for goods and services. Accordingly, a certain type of performance measure (input measure) can reflect the progress of a government organisation with respect to spending in accord with its line item budget.

15. **In many governments, the line item budget and its natural counterpart, line-item control, allow little opportunity for flexibility.** Line item control establishes significant control on spending and only allows spending in accordance with the approved budget plan. Line item budgets are generally converted to detailed quarterly and/or monthly spending plans. Accordingly, financial procedures may make it difficult to deviate from the approved plan.

16. **Knowing how much the government spends for salaries, supplies, maintenance, and utilities does not reveal much about the actual delivery of services,** such as:
    - How many kilometres of roads are maintained?
    - What is the cost per kilometre of roads maintained?
    - What is the quality of education?
    - Do girls and boys have equal access to education?

17. To answer these questions, governments must prepare different kinds of information for the budget. The government needs to provide information to decision makers to focus the budget discussion on what government accomplishes.

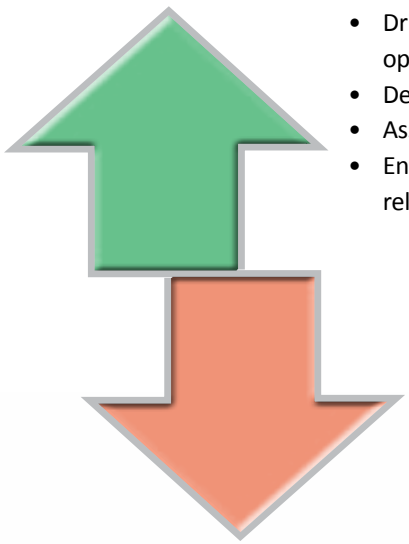
2. Zero Based Budgeting

18. **In the late 1970s, Zero Based Budgeting (ZBB) was introduced as an attempt to improve upon the drawbacks to purely incremental budgeting.** ZBB involves costing each activity, programme or vote from scratch every year. The zero based budgeting is not based on the incremental approach and previous figures are not adopted

as the base. Zero is taken as the base and a budget is developed on the basis of likely activities for the future period. A unique feature of ZBB is that it tries to assist management in answering the question, "Suppose we are to start our business from scratch, on what activities would we spend our money on and what would we give the highest returns?"

19. **In a purely Zero Based Budgeting system all programmes are evaluated each year and must be justified in each fiscal year as opposed to simply basing budgeting decisions on a previous year's funding level.** The fact that resources have already been granted to a programme does not necessarily mean that it should be continued. The ZBB approach is used for occasional expenditure reviews, but it is practically impossible to undertake each year for the preparation of the annual budget. Zero based budgeting is far too complex to undertake for an annual budget submission process. Figure 2 below, illustrates the primary advantages and disadvantages of ZBB.

Figure 2: Pros and Cons of Zero Based Budgeting



Advantages:

- Drives managers to find cost effective ways to improve operations
- Detects inflated budgets
- Assists in identifying wasteful and obsolete operations
- Encourage cost centres to identify their mission and relationship to overall goals

Disadvantages:

- Difficult to define decision units and decision packages
- Extremely time-consuming
- Budget agencies are forced to justify every detail related expenditure
- Requires a tremendous amount of training (training can be costly)

C. Structuring Information through Programmes

20. **Programme based budgeting is a way to structure the budget information to help decision makers choose among alternatives for providing services.** This approach addresses the following questions:

- What are we trying to accomplish?
- How will the goal be accomplished?
- How much will be spent to accomplish this goal?

21. **Performance budgeting is based on programme budgeting, but uses performance criteria as the basis for budget allocations.** It has advantages which are similar to those of PBB but allocations are based on the outputs that a ministry/department/agency wants to achieve. The main disadvantage is that lots of information is required.

22. **Combining a summary level line item budget with the elements from programme based budgeting (identifying programme goals and objectives) and performance measurement in a medium-term framework is a powerful combination for explaining and justifying the budget.** This manner of budgeting provides a method for organising government activities into programmes (activities or services with similar or related goals). By organising its activities in this way, governments can begin to identify alternatives for achieving each goal, to determine the costs and benefits for each alternative, and to select the alternative that they believe will maximise benefits.

23. **There are various methods used in the instructions for preparing the narrative justification portion of the programme budget.** For instance, most programme budget formats require a description of services, a statement of the programme's long-term goals, and some identification of short-term objectives (usually in the form of accomplishments expected in the next year). Some instructions also require citing the government orders or laws that established the programme, descriptions of important issues, and concerns, summary descriptions of implementation plans, etc. Countries have generally focused on developing their programme budget format to attempt to satisfy the information needs of decision makers rather than establish complete uniformity. The following sections will provide insight into how to design programmes and provide for effective programme (performance) indicators.

III. OUTCOMES AND OUTPUTS

This chapter on outcomes and outputs aims at assisting the readers to:

- Understand the key concepts of outcomes, outputs, activities (processes) and inputs (resources),
- Understand the distinction between high-level and intermediate outcomes,
- Understand the concept of "external factors" and how they influence the outcomes which are achieved by government interventions,
- Understand why in some cases different activities have to be identified in order to ensure that both women and men or girls and boys respectively have equal access to outputs and outcomes; and
- Understand the "results chain" (programme logic) under which inputs are used in activities to produce outputs which then result in outcomes.

By the end of this chapter, you should be able to:

- Have the foundational knowledge required to move on to properly defining programmes, which are formulated in terms of outcomes and outputs,
- Have the foundational knowledge necessary to move on to the appropriate definition of programme performance indicators,
- Avoid confusing outcomes and outputs, and
- Avoid confusing outputs and activities.

A. Introduction

24. **Programme based budgeting aims to improve the efficiency, effectiveness and equity of government expenditure.** To do this, it focuses particularly on *outcomes* and *outputs*. The starting point in developing an effective programme based budgeting system is therefore a clear understanding of these and certain related concepts. This is crucial because, for example, the programmes need to be defined, and programme performance indicators selected, in terms of outcomes and outputs.

B. Key Concepts

25. **"Outcomes" are changes which government interventions bring about on individuals, social structures or the physical environment** For example, literacy is an educational outcome; increased crop yields an outcome of agricultural programmes; and reduced crime of policing. It is to deliver outcomes to the community that government undertakes expenditure. Outcomes of public spending are often different for women and men. For example, in 2008 literacy rates in Kenya for adult men (+ 15 years) were 90% while literacy rates for adult women were only 83%. Several studies have also shown that crop yields of women and men differ.

26. **"Outputs" are the services delivered to, or for the direct benefit of, external parties in order to achieve these outcomes.** Examples of outputs

include: medical treatments; advice received by farmers from agricultural extension officers; students taught; and police criminal investigations. Outputs can be goods as well as services, but in practice most outputs delivered by government are services. We therefore use "services" as shorthand in this manual. Also, for example, when looking at "outputs", differences between women and men need to be taken into consideration. The different outcomes of women and men ("gender gaps") are often due to the fact that women and men do not have the same access to "outputs" or "services" such as medical treatment or agricultural extension services because of their different roles in society and different constraints.

27. **"Activities/processes" are the work processes used to produce outputs.** For example, some of the activities which contribute to the delivery of the medical treatments output are surgery, nursing, hospital cleaning, medical record keeping, and the dispensing of required pharmaceuticals by the hospital pharmacy. Other more general examples of activities are: the recruitment of staff, policy advice to the minister, and public consultations on proposed new public policies or plans. In some cases, different or additional activities are necessary in order to ensure that women and men have equal access to "outputs" or "services" (e.g. the provision of child care).

28. **"Inputs" are the labour, material, equipment, buildings and other resources which are used in activities to produce outputs**. The results chain presented in Figure 3 below (also known as "programme logic") summarises the process by which inputs are turned into outcomes. It is useful to expand a little on these key concepts, and in the process to deal with certain common misconceptions (see Figure 4).

Figure 3: Results Chain - Programme Logic

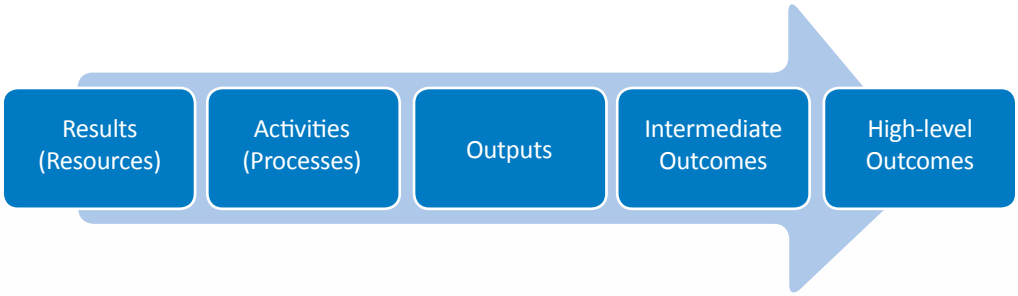
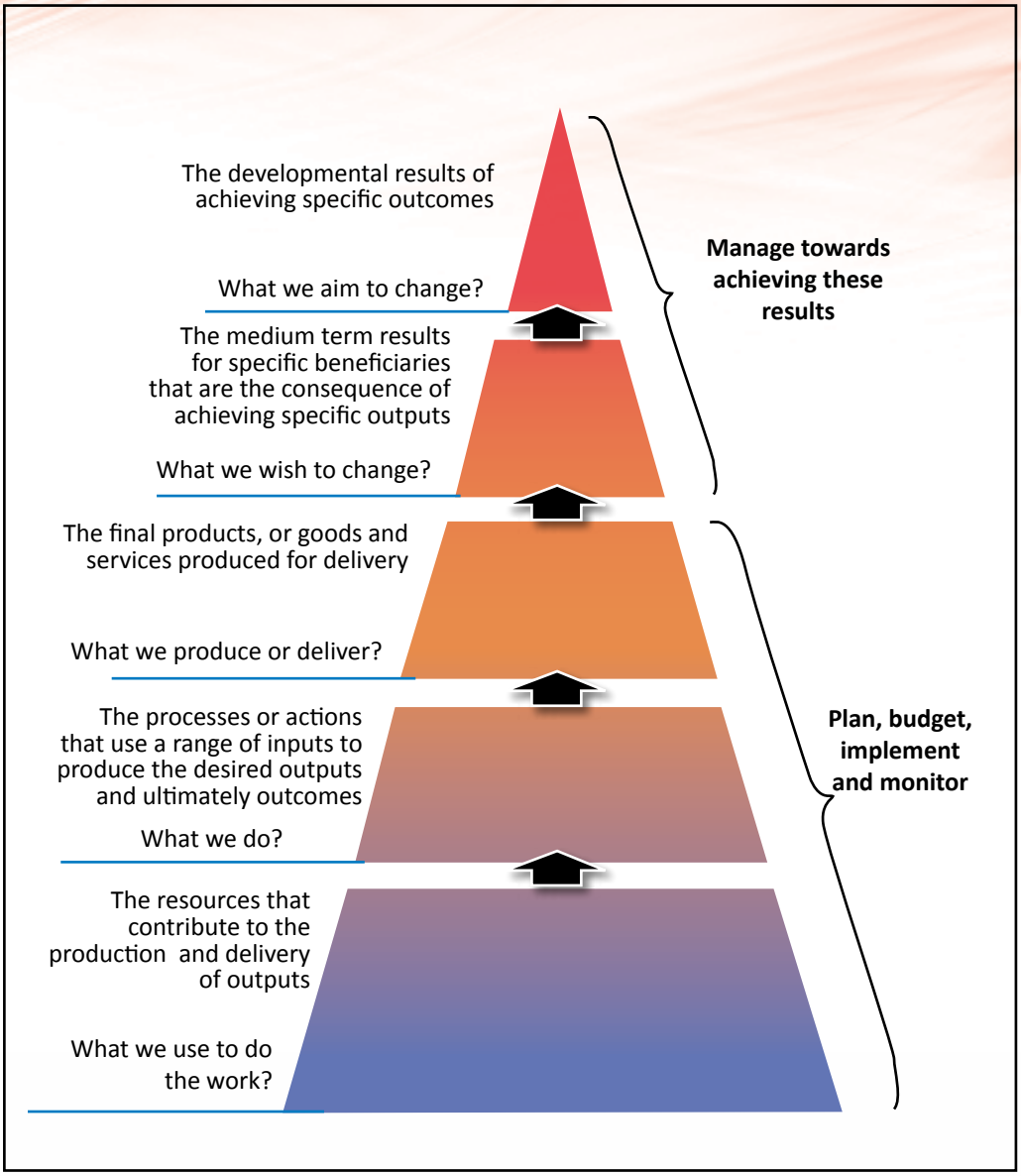


Figure 4: Key Programme Budget Concepts



C. Outcomes

29. A distinction is made between **intermediate outcomes** and **high-level outcomes**, where the former contribute to the achievement of the latter (See Figure 5 below). For example, student knowledge outcomes such as literacy and numeracy are intermediate outcomes of education. But they contribute also to the objective of building a stronger economy, which is therefore a high-level outcome of education (as well as of many other government services).

Figure 5: Intermediate and High Level Outcomes

The concepts of intermediate and high-level outcomes can be illustrated with the example of an anti-smoking awareness campaign based on television, radio and newspaper advertising. The campaign (which is an output – or more precisely, a group of related outputs) aims to reduce the incidence of smoking related disease (the high-level outcome) by using information about the health dangers of smoking to change people's behaviour (an intermediate outcome). As one steps up the hierarchy, each intermediate outcome describes an objective that the agency will need to achieve in the medium term in order to contribute to the high level outcome. In effect, each arrow should be read as 'which leads to'.

High level outcome:	Fewer people develop smoking related diseases
	↑
Intermediate outcome:	Fewer people smoking
	↑
Intermediate outcome:	Fewer people take up smoking
	↑
Intermediate outcome:	People view smoking negatively
	↑
Output (Service):	Awareness campaign on health dangers of smoking

As this example indicates, an output may have several intermediate outcomes. More generally, whether an outcome is intermediate or high-level is often a question of degree.

30. **So-called "impacts" are simply a type of outcome, and no distinction between impacts and outcomes is made in this manual.** Some people attempt to distinguish between outcomes and impacts.
    - For some, the distinction is based on time: if the outcome is only realised in the medium to long term, it is called an "impact", and if it is realised in the short term, it is an "outcome".
    - For others, the distinction is instead that between intermediate and high-level outcomes – what we call high-level outcomes are "impacts" and what we call intermediate outcomes are "outcomes".

31. **The problem with both of these approaches is that it is frequently unclear as to whether something is an outcome or an impact.** For this

reason, the term outcome is used in this manual in the most general sense, and includes longer-term and higher-level outcomes.

32. **Outcomes are the changes brought about by government intervention.** If the level of malaria falls for reasons which have nothing to do with government actions – because, for example, there is a drought which reduces mosquito numbers substantially – this fall is not a government outcome. Neither is it an outcome if the rate of economic growth increases substantially because, and only because, the world economy is very buoyant. Finally, if a student does well not because of good schooling, but because of extensive educational support from parents who in effect take over a substantial part of the teaching responsibility, the student's success is not a government outcome. Only to the extent that the fall in malaria, boost in the growth rate, or student learning is actually the results of government actions does it constitute an outcome. For instance, government can stimulate growth by eliminating inequalities between women and men with regard to education and access to agricultural inputs.

33. **Outcomes therefore need to be distinguished from the consequences of "external factors".** External factors are causes beyond the control of government which influence the characteristics of individuals, social structures or the physical environment which the government is trying to change. The level of rain is therefore an external factor impacting on the malaria rate. The state of the world economy is an external factor impacting on the rate of domestic economic growth. And the level of parental support is one of a number of external factors impacting on student learning. In assessing outcomes, the challenge is to distinguish the impact of external factors from that of the government intervention. Further, sometimes programmes/outcomes need to be changed in order to adapt to changed external factors.

D. Outputs

34. **Outputs are frequently confused with support services and activities, so it is important to clarify the difference.** A ministry's outputs are all of the services it delivers to parties external to the ministry. This means that not only services delivered to the community, but also any services delivered to other ministries or the government as a whole, count as outputs of the ministry providing the service. So when the Cabinet Office provides coordination services to the government as a whole, or the Ministry of Finance manages the budget, they are delivering outputs. This is the consequence of the definition of an output as a service provided by an organisation to an external party.

35. **A service which is delivered to a client within the same ministry is not an output, but a support service**. As previously noted, the Ministry of Agriculture delivers an output when one of its officers provides technical advice to a farmer. By contrast, when

the transport section of the agriculture ministry organises the transport for one of its officers to go and visit farmers, the service it provides is a support service rather than an output. Similarly, the human resources department of a ministry provides support services rather than outputs when it manages the filling of vacant positions and the promotion process.

36. **In understanding the nature of outputs, it may be useful to think about the analogy of a car manufacturing corporation.** The corporation's outputs – its *products* – are the cars which it sells to its customers (i.e. to external parties). No one would say that the services provided by the corporation's Human Resource (HR) department, legal department or design departments are the corporation's products.

37. **Another way of looking at this is that a service only constitutes an output if it is potentially capable of delivering a desired outcome.** Agricultural advice to farmers is capable of improving farming productivity. Transport services within the ministry cannot in themselves deliver a desired outcome – rather, they support the delivery of the outputs which can deliver outcomes. This statement must be qualified by saying that it applies only to outputs provided to the community, and not to outputs which ministries supply to other ministries or to the government as a whole.

E. Activities Are Not to Be Confused With Outputs

38. **Activities should not be confused with outputs.** Activities are work processes in the production of the output, and do not constitute outputs in their own right. Some examples can help to clarify the distinction.

- In a hospital, it is completed treatments of patients which are the outputs. By contrast, surgery, nursing, hospital cleaning, and medical record keeping are – as noted above – activities rather than outputs because they are components of the overall treatment provided to the patient, rather than the complete service. The patient cannot recover through anaesthesia or cleaning in isolation, and it is only via the combination of all the necessary activities that the complete service (the output) is delivered. ***This example illustrates that the key test of whether something is an output is whether it is potentially capable of delivering the intended outcome.***
- Bus driving is an activity, whereas passenger trips are the outputs. Similarly, teaching is an activity rather than an output, which is students taught. ***These examples illustrate that outputs are services received by external parties. This becomes important when a single activity delivers services to multiple clients – in other words, when that single activity delivers multiple outputs.***
- Sometimes **different or additional activities** are needed in order to ensure that both women and men have equal access to outputs and that outcomes are gender-equitable.

39. **Physical assets are inputs which are sometimes mistakenly thought of as outputs** – for example, the number of roads or bridges provided by government to the community. It is not the roads and bridges which are outputs, but rather the service which citizens get from these roads and bridges. This means that passenger miles travelled is an output measure while kilometres of road is an inputs measure.

F. Effectiveness, Efficiency and Equity

40. **Effectiveness, efficiency and equity are concepts which are based on outcomes and outputs.**

41. **Effectiveness means the extent to which an output achieves its intended outcome.** Education is effective if students learn. Policing is successful if it reduces crime. And agricultural advice to farmers is effective if it results in tangible improvements in the techniques used by farmers. The core aim of programme based budgeting – improved expenditure prioritisation – can therefore be said to be in part about ensuring that public money is spent only on programmes which are effective (or can with redesign or improved management, be made effective).

42. **Efficiency refers to delivering of outputs at low cost.** The lower the cost at which a service is delivered, the more efficient its production can be said to be – assuming the quality of the service is not sacrificed. Reducing the quality of the service to cut costs does not represent an improvement in efficiency.

43. **Equity refers to the extent to which programmes meet the needs of women and men, girls and boys across the nation.** The consideration of equity may considerably increase the effectiveness of public spending. Women, for instance, do the bulk of work in farming. If agricultural advice falls short of reaching women, an increase of agricultural yields will not be achieved to the extent possible.

IV. DESIGNING PROGRAMMES

This chapter on designing programmes aims to assist readers in …

- Formulating and developing ministerial programme budgets that are aligned with the national goals and strategies.

By the end of this chapter, you should be able to…

- Understand how to develop effective programmes; and to
- Prepare programme narratives and performance indicators.

A. Introduction

44. **Programmes bring together expenditures with a shared objective which, for most programmes, refers to the outcome which the programme aims to achieve.** As noted in the previous section, outcomes are changes which government interventions bring about on individuals, social structures or the physical environment. Thus, for example, a "preventative health" programme brings together a diverse range of outputs all of which aim at the outcome of reduced death and disability. These outputs might include:
    - Sanitation promotion publicity campaigns,
    - Safe sex awareness campaigns,
    - Awareness campaigns to encourage pregnant women to have recourse to reproductive health services,
    - Installation of notices warning people against swimming or washing in lakes or rivers with waterborne diseases,
    - Anti-smoking pamphlets distributed in public health clinics,
    - The spraying of water sources which breed malaria-carrying mosquitoes,
    - The distribution of information pamphlets on healthy eating practices.

45. **Similarly, a "vocational education" programme brings together a range of vocational education outputs** (formal courses, government support for apprenticeships etc.) which all aim to ensure that the skilled labour requirements of the economy are met (the outcome).

B. Formulating Programmes

46. **Programmes are groupings of outputs – that is, of services provided to or for the direct benefit of the community.** The outputs grouped together under a programme will often share not only a common intended outcome, but other common characteristics such as a shared mode of intervention or a common client group. For example, various outputs under the preventative health programme all seek to achieve reduced death and disability via preventative (as opposed to treatment) intervention. Similarly, a "crop industries" programme groups together services such as extension services, fertiliser subsidies and marketing support with a common target industry. In summary, programmes are in general based upon outcome and outputs. In brief, the programme is defined by the

shared outcome and other common characteristic(s) of the outputs which constitute it.

47. **There are limited exceptions to the principle that programmes are outcome and output based, of which the most important is "administration" programmes.** These exceptions are discussed below. Unless a programme falls explicitly into such a category, it is essential that it be defined as a grouping of outputs which share a common outcome.

48. **The number one objective of programme based budgeting is to help government allocate its limited financial resources to the areas of public services which will deliver the greatest benefits to the community.** Programme based budgeting is designed to turn the budget into a tool by which government can make and give effect to decisions about, for example, how much money is to be spent on preventative health versus health treatment services. It can only do this if programmes are defined as groupings of related outputs. Further, in order to ensure that both women and men benefit equitably from programmes it is important to take account their respective priorities and needs that may differ in some areas due to their different social roles and positions.

49. **Programmes cover all expenditure directed towards the programme objective.** This includes capital expenditure as well as current expenditure.

Table 1: Components of Programme Budgets

Programme Budget Component	Definition
Programme	• A Programme is a collection of related activities working toward a common purpose.
Subprogrammes	• A group of projects/activities under the same operational or development priority policy objective.
Projects/Activities	• The work that is done within a subprogramme over a specified timeframe. • A development project.

C. Designing Programme Titles

50. **Each programme must be defined by its title and its overarching programme objective.** What are the basic characteristics of a programme title?
    - Programme title should be short and informative.
    - Programme title should make clear the types of outputs and/or outcomes which the programme aims to deliver.

51. The programme's title should give an immediate idea of the programme's content by referring to the type of outputs, clients, or objective of the programme. **Examples of good**

programme titles are: "nature conservation", "crime prevention", and "adult education".

D. Programme Objectives

52. **Programme objectives should be explicit and brief. Ideally programme objectives should be succinctly stated in one sentence.** Programme objectives are often poorly defined. Oftentimes they are too wordy and unclear. It is not unusual to find programme objectives which focus entirely on the output (service) which the programme delivers to the public, or on programme activities/processes, with no reference to the intended outcomes.

53. **The overarching programme objective should indicate the key outcome(s) the programme seeks to achieve.** This is important not only for clarity in programme definitions, but also to provide a framework for the derivation of programme performance indicators and targets.

Figure 6: Defining Programmes - Best Practices

Examples of well-formulated programme objectives:

- "The conservation of biological diversity in healthy ecosystems" (Nature Conservation Programme);
- "Maintenance of territorial integrity and national independence" (Armed Forces Programme);
- "Increased foreign investment leading to technology transfer and a stronger economy" (Investment Facilitation Programme); and,
- "Reduced crime and greater security of persons and property" (Crime Prevention Programme); and,
- "Reduced violence against women" (Violence Against Women Programme)

Examples of incorrect approaches to defining programme objectives:

- "Provision of medical assistance to persons in an emergency" - refers only to outputs.
- "Manage the development, implementation, evaluation and maintenance of national policy, programmes and systems for general education and quality assurance" - refers only to activities.

54. **The programme objective should be formulated in such a way as to be relevant to the programme as a whole.** The ***programme objective*** is the overarching objective which all of the outputs (services) provided under the programme aim to achieve. By defining programme objectives in this manner, we do not refer to subordinate, more operational objectives which might be relevant to some programme outputs but not to all. Take, for example, the "nature conservation" programme example presented above. Amongst the operational objectives of this programme might be "save the lesser black-spotted pea duck" and "prevent desertification". Such

objectives are the focus of certain of the outputs under the nature conservation programme, but not of the programme as a whole. ***A good test of whether programme titles and overarching programme objectives are well defined is whether they make it obvious to which programme each of the specific outputs delivered by the ministry belongs.***

55. **Programme objectives must not be confused with programme performance indicators or targets.** In the example of the crime prevention programme presented above, "reduced crime and greater security of persons and property" is neither an indicator nor a target. Indicators are quantitative measures such as "burglaries/population", "murders/population" or "rape cases/population", while targets state quantitative goals along with timelines for achieving these – e.g. "reduce the burglary rate by at least ten percent by 2020". It is crucial that all programmes have objectives upon which indicators and targets are based. The role of programme indicators and targets is discussed below.

E. Optimal Number and Size of Programmes

56. **Programmes are the level at which central decisions about expenditure priorities will generally be made.** This has two important implications when formulating the programme structures for ministries:

1. Creating one big programme is a mistake!

- In the Ministry of Education, for example, there should be a number of programmes such as primary education, secondary education and tertiary education in an education ministry than to have a single enormous education programme.
- **A programme classification based on giant programmes will be too crude to permit central decision makers to make the type of spending reallocations such as, for example, shifting money from tertiary education to primary education or from treatment health to preventative health.** Expressed differently, programmes should capture the distinct dimensions of the role of each ministry so as to permit central decisions about where the ministry's principal efforts should be directed. Of course, for small ministries with narrowly-focused missions, a structure with a single programme may be appropriate.

2. Too many small programmes should be avoided.

- Because central decision makers need to concentrate primarily on expenditure priorities between programmes, a proliferation of very small programmes runs the risk of unnecessarily complicating the central budget preparation process.

Figure 7: Rules Regarding Number and Size of Programmes

The following rules should be applied by line ministries in developing programmes:

1. Ministries should, in general, not allocate all of their expenditure to one large programme.
2. No ministry will, without approval from Treasury based on special circumstances, have more than 5 programmes (including an administration programme); and,
3. In cases where a ministry has more than 5 programmes, no programme should represent less than 15 percent of a ministry's total expenditure.

F. Programme Narratives

57. **To achieve its aim of improved expenditure prioritisation, an effective programme based budgeting system must bring information on the performance of programmes – that is, on their success in achieving their intended outcomes and outputs and in reaching out to various population groups (e.g. women and men) – together with information on their cost.** This enables budget decision-makers to make better judgments about whether programmes should be cut, expanded, maintained or revised.

58. **Putting cost and performance information side by side is important in the budget preparation process.** Political decision-makers – the Cabinet, the President and the Cabinet Secretary for Finance – should receive succinct briefings on programme performance when deciding budgetary funding allocations.

59. **Parliament and the public should be kept informed via programme statements presented with the budget documents which accompany the annual budget legislation**. Programme statements should include the following information for each programme:

- Title and objectives,
- List of the main outputs (services) which comprise the programme,
- List of main development (capital) projects falling under the programme,
- A brief narrative outline of programme strategy (i.e. the relation between programme outputs and the programme outcome) and challenges
- Key programme performance indicators,
- Programme expenditure estimates, preferably with medium term projections, and,
- A breakdown of programme expenditure by broad categories of economic classification (staff, capital etc), for information purposes.

60. **The specific content of the programme statement in respect to a number of these elements is discussed in more detail in subsequent sections.** One way of presenting this material is for each ministry to prepare a document containing all of its programme statements to be made available to parliament as an annex to the budget documents. The Ministry of Finance will provide a standardised format for these documents.

61. **In designing programmes, the structure should correspond to main lines of service delivery and mandate performed by the ministry/ department/agency.** Each programme should be confined within a single ministry/department/agency and all ministerial functions should fall within programmes. There should be no activities or functions which are not assigned to respective programmes or crosscutting across ministry/ department/agency. Each programme should have a distinct name which provides a brief description of the main objective of a programme. Care should be taken to avoid replication of programme names used by other ministries/departments/agencies.

62. **Some programmes are large and complex, involving a diverse range of outputs.** To accommodate the ministry's explanation of their programmes, programme managers may chose to further divide a programme into two or more subprogrammes, as discussed below. Programme based budgeting is a flexible budgeting approach that allows officials some discretion to define their programmes and subprogrammes. In addition, the programme based budgeting approach requires narrative explanation of programmes and subprogrammes.

63. **Subprogramme budget narratives require the same key elements as programme narratives** defined above, including but not limited to:
    - Subprogramme description,
    - Key objective for each goal,
    - Key gender inequalities that are relevant in the sector that the subprogramme is addressing, and,
    - Primary performance indicator for achieving each goal.

G. Programme Budget Narratives Quality Assurance

64. **During the process of programme budget documents preparation, and upon receipt of the programme budget narratives from line ministries (budget users), MoF Budget Officers should analyse the work for consistency with the Programme Budget Manual and Budget Circular on guidelines and requirements.** Budget Officers should undertake this analysis using a checklist of questions (against key criteria in terms of compliance with basic programme budget requirements, ministry's area of responsibility and Kenya Vision 2030 specific objectives and benchmarks) as defined in Annex B.

H. Management and Administration Programmes

65. **Most programmes are based on outputs and outcomes. As such, programme objectives should refer to the intended outcome of the programme.** This is true for the great majority of programmes which deliver outputs directly to, or for the direct benefit of the public. However, there are some programmes which are not focused on delivery of outputs to the public but instead on support activities – that is, on internal service provided to government itself. Such programmes are generally referred to as "administration" programmes. However, the same point applies to some of the programmes of certain

central ministries which support government as a whole. Such programmes constitute an exception to the rule that programme objectives should be outcome-oriented.

66. **In cases where a ministry/department/agency has more than one programme, a third programme covering planning, policy and administration should be created to cater for overhead costs which cannot be attributed to only one programme.** Such a programme should be confined to common services such as general administration, financial services, accounting, internal audit, procurement, planning services, human resource management and IT services which are not programme specific in nature.

67. **A ministry's "administration" programme groups together internal ministry support or "overhead" services.** What these all have in common is:
    - They deliver services not to the external clients but to the rest of their organisation; and,
    - They support multiple programmes.

68. **Administration programmes are used for a purely practical reason – to avoid the need to allocate all overhead expenditure between the multiple outcome and output based programmes which they support.** The accurate allocation of such support costs – "indirect costs", as accountants refer to them – is a demanding management accounting exercise which most countries do not find worthwhile to attempt.

69. **The support services covered by administration programmes should be only those which support two or more programmes.** Any support service expenditure which is focused on only one programme should be included within that programme, and not within the administration programme. For example, if in addition to the education ministry's human resources directorate there is a separate group which provides HR services exclusively to the primary education system (e.g. managing recruitment, promotion etc of primary school teachers), the latter group should be part of the primary school education programme and only the ministry-wide human resources group would be included in the ministry's administration programme.

70. **Salaries of staff in organisational units which are devoted entirely to a single programme should be allocated to that programme.** For example, if there is a secondary education department within the Ministry of Education, the remuneration of all officers who belong to that department should be part of the secondary education programme.

1. One Administration Programme per Ministry

71. **There should be only one administration programme for each ministry.** The use of administration programmes is a pragmatic choice. Administration programmes do not help central budget decision-makers in making decisions about priorities in respect to the types of services to be offered to the public. There is therefore no advantage in fragmenting the administration programme into, say, an IT and communications support programme, a ministry financial management programme and the like.

72. **In small ministries/departments with a single programme, there is no need for an administration programme.** For example, the Ethics and Anticorruption Commission quite appropriately has only one programme – an "anticorruption" programme. Given that all of the Commission's support services support this single programme, the difficulties associated with their possible allocation between several programmes do not arise. The pragmatic reason for introducing an administration programme therefore does not exist.

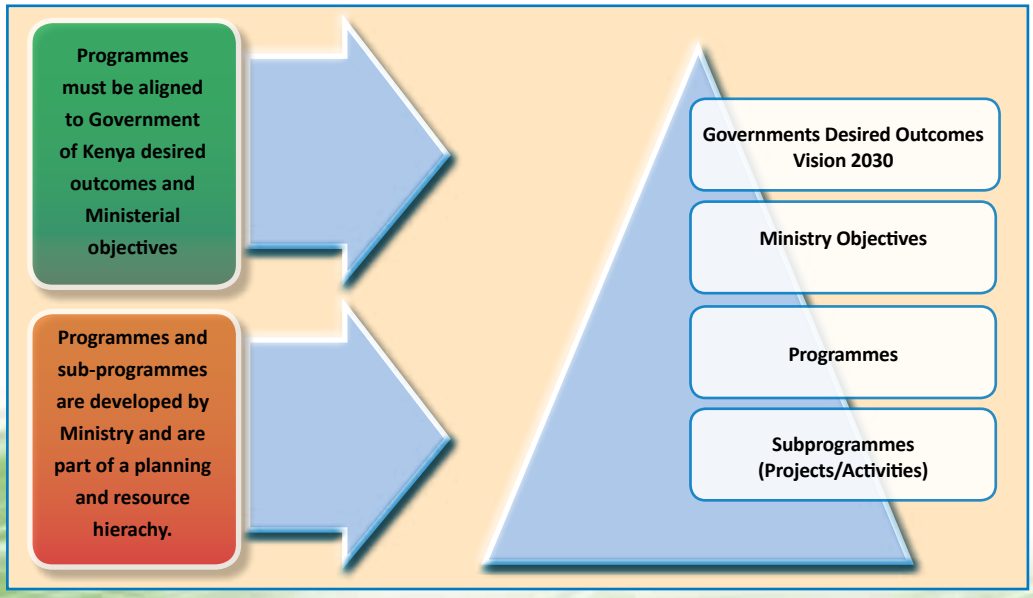
73. **Some programmes in central ministries which provide support or coordination services to government are also exceptions to the rule that programmes should be outcome and output based.** For example, the Kenya Cabinet Office has a "Cabinet Services" programme, the objective of which is "to facilitate efficient and effective organisation of Government Business and communication of policies". As this example shows, such programmes will in general have programme objectives which do not refer to outcomes.

74. **To take another example, suppose there is a government agency which has a programme which manages the provision of office accommodation to government ministries.** The objective of such a programme would be something like "ensuring that the needs of government ministries´ agencies for appropriate premises are met in a timely fashion" – which is not an outcome because it does not refer to changes which government interventions bring about on individuals, social structures or the physical environment. This is unavoidable because the service involved does not directly deliver outputs to the community.

2. Linking to Strategy and Programme Hierarchy

75. As illustrated in the following diagram, programmes are a part of a planning and resourcing hierarchy.

Figure 8: Programme Hierarchy



76. **Through this hierarchy, it is possible for budget implementers to assess the likely effectiveness of programmes as clear linkages can be made between the subprogrammes and programmes and among programmes**. Once the budget is executed and the ministries report against their programme goals and objectives, assessments can be made of the effectiveness of the programmes, and this assessment can provide guidance to the allocations required in the next budget.

77. **Efficiency assessment is also facilitated by the programme hierarchy.** Where a ministry's programme is similar in nature to programme(s) in any other ministry, the opportunity exists for benchmarking between ministry's programmes. This is particularly the case in the administration programmes that will appear in each ministry's structure. For the benefits of this to be achieved, it is important that these programmes cover the same functions and activities in each ministry.

I. Programmes and Ministry Boundaries

78. **Programmes do not cross ministry boundaries. Each programme should be unique to a specific ministry.** This is necessary because, under a fully developed programme based budgeting system, the budget is approved and allocated to programmes and it is essential that each ministry knows clearly what its budget allocation is. If money were allocated to a programme which was shared between two or more ministries, without further specification, there would inevitably be disputes as to the amounts which each of the relevant ministries could draw from the programme allocation.[2]

79. **Independent commissions and similar bodies with budgetary autonomy are also to be given their own programmes.** The vote structure of the Printed Estimates is essentially based on ministries. Most of the "heads" and "sub-heads" under the votes in the traditional Estimates structure refer to directorates and similar internal organisational units with the relevant ministry which, because they are internal units of the ministry, do not manage their budgets autonomously, but are part of the ministry's overall budget. However, many ministries have associated with them independent commissions or similar bodies that have autonomous budgets. Where this is the case, such bodies should be associated with one or more programmes which are uniquely theirs.

80. **The move to a programme based budgeting system should provide an impetus to review and clarify ministry responsibilities in order to eliminate inappropriate duplication.** Such duplication becomes much more apparent in the development of programme structures. It is not essential that administrative reorganisation takes place immediately at the time of introduction of a programme based budgeting system. To require this might

2 However, some outcomes can only be achieved if the programmes of different ministries are coordinated. For example, in the case of a programme "Violence against Women" the Ministry of Gender, the Ministry of Communication, the Ministry of Justice and the Ministry of Health need to be involved. Under these circumstances it would be necessary to coordinate how to achieve a successful outcome using the resources from all the four ministries.

cause reform overload. However, the assignment of ministry responsibilities should definitely be reviewed over the medium term after the move to programme based budgeting.

J. Programmes and Ministry Organisational Structure

81. **To keep things simple, each major internal organisational unit ("sub-head" in the traditional budgeting framework) with each ministry will be assigned to one programme and within that, one subprogramme.** This section describes how this will work in respect to programmes. The next section discusses subprogrammes.

82. **Alignment between the internal organisational structure of ministries and their programmes is desirable.** If a single department within a ministry is responsible for a programme, managerial responsibility for the effectiveness, efficiency and equity of the programme is clear-cut. This would be the case, for example, if the education ministry had a "primary school", "secondary education" and "tertiary education" programmes and primary school, secondary and tertiary education departments to manage each of these programmes.

83. **Internal ministry organisational structure may not fully correspond to an ideal programme structure based on outcomes and outputs**. Organisational structure will correspond to programme structure to the extent that organisational structure is along "product" lines – that is, organised in terms of major types of services delivered to or for external parties – as in the education ministry example just cited. The existence of organisational units which provide ministry-wide support services is the most common reason for this, and justifies – as discussed above – the creation of administration programmes. However, organisational structures sometimes diverge from the "product line" basis in other ways. Thus:

- A ministry may have regional units which deliver a range of services which relate to two or more programmes. An environment ministry might, for example, have separate conservation and anti-pollution programmes, with separate headquarters directorates managing these programmes. At the same time, however, it might have regional units which deliver both conservation and anti-pollution services.
- The Ministry of Education might have separate primary and secondary education programmes, but at the same time have a single inspection directorate, responsible for quality inspections of both primary and secondary school teachers (i.e. the work of inspectorate who visit schools and observe/monitor the work of front-line teachers).

84. **In order to deliver the programme based budgeting goal of improved expenditure prioritisation, it is essential that programmes be based as far as possible on results – outputs and outcomes – and not functions or some other criteria** (e.g.

organisational units). Inspection of teachers is not an output - rather one activity supporting the provision of the educational service (output). It is therefore inappropriate to create a "quality" programme corresponding to the inspection directorate. Creating a regional services programme in the environment is wrong because, even though the regional services are delivering outputs, the outputs are a diverse group without a common shared outcome.

85. **Programmes should therefore not simply be based on the existing internal organisational structure of the ministry.** To force the programme structure to conform to internal organisational structures in all cases would be to establish an organisational rather than a programme classification of expenditure.

86. **In principle, the expenditure of organisational units such as regional service delivery units should be split between the several programmes in respect to which they provide services.** In practice, however, such cost allocation is difficult to do, just as it is difficult to do for the cost of internal support services. Quite sophisticated management accounting systems would have to be developed. For this reason, consideration of the possibility of splitting the costs of organisational units which deliver services under multiple programmes will be deferred till the future. In the meantime, a more practical approach will be followed.

87. **Any directorate or other major organisational unit which serves multiple programmes will be allocated to the "administration" programme, irrespective of whether or not its role is internal support services.** This approach will ensure that no such directorate or other major organisational unit will be split between several programmes, while at the same time avoiding a "programme" structure built around the existing organisational structure rather than outputs and outcomes.

88. **A single programme may cover two or more directorates or similar major organisational units.** This would be the case where a number of directorates provide closely related services contributing to a common outcome. However, it is wrong to think that every directorate has a right to its "own" programme. Directorates and other major internal organisational units like to have their own programmes because it gives them clear budgets which belong to them alone. Such an approach leads to an organisational structure rather than to a true programme budget. If two or more directorates serve the same public policy objectives, they should be part of the same programme rather than separate.

89. **The move to programme based budgeting should be accompanied by a review of internal organisational structures within ministries to make them more results-based. The alignment of ministerial organisational structure may be considered over time.** Restructuring more along "product" lines will unify the chains of command at the organisational unit and product levels. Naturally, it cannot be expected to bring programme and organisational structures completely into line. Many ministries will need, for example, to operate regional service centres which deliver multiple programmes.

90. **The budget allocation consequences of the relationship between programme structure and internal ministry organisational structure are discussed further in the section on budget appropriations and execution.** Simply stated, it is necessary for ministries to translate programme based budgets into organisational unit budgets. Only in this way is it possible to ensure that programme allocations set by Parliament will be respected during budget execution. Since the approach outlined above ensures that no major internal organisational unit will be split between several programmes, the only issue which will arise is that of programmes which cover two or more directorates. Under these circumstances, it will be necessary that the ministry concerned allocate the overall programme budget between those organisational units during budget execution.

K. Developing Hierarchal Subprogrammes that Roll-up To Programmes

91. **Programmes are broken down into "subprogrammes".** All programme expenditure must be allocated to one or another of these subprogrammes, so that the sum of all subprogramme expenditure equals total programme expenditure.

92. **In the Kenyan system of programme based budgeting, there are only two levels – programmes and subprogrammes – to the programme hierarchy.** Some other countries have third or even fourth levels (i.e. sub-subprogrammes and sub-sub-subprogrammes). This adds considerably to the accounting complexity without being of substantial budgeting or managerial benefit.

Figure 9: Examples of Subprogrammes

A nature conservation programme might be composed of subprogrammes such as:

- Protection of endangered fauna;
- Anti-deforestation;
- Identification and protection of habitats of special conservation value; and,
- Nature conservation management.

An administration programme might be composed of the following subprogrammes:

- Human resources;
- Information technology and communication services;
- Provision of child care facilities for staff; not sure about that bullet. It pretty advanced even for western standards...
- Accounting and financial management; and,
- Health services to ministry staff (including AIDS/HIV prevention)

93. **Subprogrammes are used primarily for internal management within the ministry or agency concerned.** As explained later in this manual, the Parliament will legally appropriate at the level of vote and programmes. This will leave executive government free to vary the allocation of expenditure between subprogrammes in each programme during budget execution.

Subprogrammes represent a level of disaggregation of expenditure which is in general too detailed for the central decision-makers to either focus on during the budget preparation process (although they take subprogramme information into account in deciding programme allocations).

94. **Exactly the same programmes are to be used in the Development Budget as in the Recurrent Budget.** Programme based budgeting requires that an integrated view be taken of all expenditure on particular policy objectives.

95. **To keep things simple, subprogrammes will be based on the organisational units within the programme.** This is to ensure that each major internal organisational unit corresponds to one and only one subprogramme.

96. **In principle, subprogrammes should be defined along the same output and outcome principles as programmes.** In other words, they will constitute groups of the outputs (or, in the case of administration programmes, support services) within the programme as a whole which have a common objective and possibly, other shared characteristics.

Figure 10: Subprogrammes Based on Outputs and Outcomes

Many subprogrammes are like programmes: groups of outputs with common characteristics. Consider an "anti-deforestation" subprogramme within the nature conservation programme. This subprogramme would comprise a number of individual outputs designed to counter deforestation, such as:

- Enforcement of laws against inappropriate logging;
- Replanting initiatives in deforested areas; and,
- Information campaigns designed to build public understanding of the importance of protecting forests.

Each of these outputs shares the specific, intended outcome of reducing deforestation while - at the same time - sharing the overall programme objective of conserving nature more generally.

For a contrasting example of the type of common characteristic which might define subprogrammes, consider a ***"crops industry"*** programme with subprogrammes based on sectors of the crops industries – e.g. a cereals subprogramme, a vegetable production subprogramme and an arboriculture industries programme. These subprogrammes do not differ in terms of their specific outcomes – they have a common objective that is the same as the overall programme objective. Rather, what distinguishes the subprogrammes is the sector upon which they are focused.

97. **Insisting that subprogrammes always be based on outcomes and output would create the same conflicts between organisational structure and programme structure.** It would become necessary to split the costs of some "sub-heads" between two or more subprogrammes. This, as previously noted, would be unnecessarily complicated. For this

reason, each major organisational unit ("sub-head") within a programme will constitute a subprogramme. For example, a police ministry with a "criminal investigations" programme within which there is a forensics department would create a "forensics" subprogramme.

98. **Subprogrammes should not be defined in terms of other criteria such as the economic classification of expenditure.** It would, for example, be a mistake to have a "teachers' salaries" subprogramme within the primary education programme (as occurred in another country).

99. **Administration subprogrammes should be used to cover any overhead costs which are specific to a programme** rather than to the ministry as a whole. For example, any senior management or support staff who work for the whole nature conservation programme rather than specifically for a subprogramme such as anti-deforestation.

L. Programmes and Development Projects

100. **Programmes and subprogrammes are not the same thing as projects, and the two should not be confused.** Most projects are time-bound: that is, they are intended to operate only for a defined time period. This is particularly the case with capital projects such as the construction of a major airport. By contrast, programmes and subprogrammes will generally be based on objectives and services which will endure indefinitely. This means that time-bound projects should be placed under the relevant long-term subprogrammes and programmes. Thus, a specific airport project might properly be placed under the "air transport infrastructure" subprogramme of the "transport infrastructure" programme.

M. Role of Programme Manager[3]

101. **The responsibilities, authority and accountability of each programme manager should be established with a clear job description.** Programmes and subprogrammes should be headed by senior management and where appropriate may be headed by officials at mid-level management levels. While the job description will vary in detail and technical content from programme to programme, or ministry to ministry, it should include several fundamental elements, including:
    1. **Coordinate the preparation and appropriation of the programme.** This includes development of the targets for performance delivery for the near and medium terms. The programme manager must also establish realistic priorities with the programme's activities and ensure that the delivery of public services is defined by clearly specified outputs.
    2. **Prepare annually a multi-year rolling programme budget.** The programme manager must provide a multi-year programme budget with an appropriate cost allocation by economic object. In collaboration with the Budgetary Supplies Department,

3 This section is derived from several primary sources including Republic of Mauritius "Manual of Programme-Based Budgeting (PBB)" Pg. 10; and Government of Georgia "Methodology for the Introduction of a Programmatic Approach to Budgeting".

the programme manager must also supervise and maintain records of the assets used for the implementation of the services. The programme manager is also responsible for programme expenditure and cash flow management;

3. **Authority to vire funds.** The programme manager must have authority to vire (transfer) funds appropriated for the programme between subprogrammes and activities within the rules defined by the PFM Act;
4. **Coordination of monthly/ quarterly/annual financial and performance monitoring reports.** The programme manager is responsible for coordinating the production of financial and performance monitoring reports related to the programme/ subprogramme during the fiscal year. The monthly performance reports should serve as an early warning system aimed at measuring the performance of activities during the appropriate reporting period. The programme manager should consult with senior officers responsible for financial management in the ministry with respect to all issues relating to the financial management of the programme. The programme manager is also responsible for contributing to the preparation of the annual budget and any adjustment budget submission;
5. **Supervision and development of Staff within the programme.** The programme manager is responsible for supervising and developing programme staff and is accountable for timely and efficient delivery of services within the programme. The programme manager is expected to participate and actively contribute to the work of the relevant programme area linked to the ministry and programme, including the execution of tasks assigned as a member of any internal programme committees and reporting back to the senior management of the ministry; and
6. **Provide all relevant information and specific reports on programme activities.** The programme manager is expected to provide all relevant information when officially requested either by the concerned ministry or the Ministry of Finance.

N. Summary

102. **Appropriately defining programmes is of critical importance if programme based budgeting is to achieve its objective of improving expenditure prioritisation.** The nature of each programme needs to be made as clear as possible through an appropriate title, clearly formulated objective, and the identification of the key outputs which fall under the programme. With the limited exception of support and coordinating service programmes, programme objectives should be formulated with reference to the programme's key outcome(s). Outcomes are the anchor which links programme budgeting to strategic (including national) planning.

103. In order to define outcomes, outputs, and activities that will benefit female and male citizens equitably it is crucial to understand the different situations of women and men, or girls and boys, respectively, and their different needs and priorities in a given area/sector.

104. **Programmes should be specific to ministries, rather than shared.** Within ministries, programmes should not be simply selected to fit with the pre-existing organisational structure. They should, rather, be results oriented and the organisational structure reviewed, if necessary, to make it also more results oriented. There needs to be consistency in the approach taken by spending ministries to the programme classification. Leadership by the MoF is critical. This does not, however, mean that MoF will dictate the choice of programmes. Rather, the process will be a collaborative one.

Designing Programmes: A Checklist

In developing programmes, the following rules should be applied:

- Programmes should – with the exception of management programmes – be defined as groups of outputs with a shared outcome;
- Programme titles should be short and give an immediate idea of the type of output and/or outcome which the programme delivers;
- A short statement of programme objective must be developed for each programme. Except in the case of management programmes, this should refer to the (intermediate) outcome which the programme aims to achieve;
- Ministries should as a rule have no more than 5 programmes without approval from Treasury;
- Other than in the case of small ministries with a narrow mission, it is a mistake for ministries to have only a single programme;
- No programme should, as a rule, account for less than 15 percent of the ministry's expenditure;
- The different situation of women and men as well as their differing priorities and needs should be taken into consideration;
- The management programme groups together the support services of the ministry, which are not outputs because they are services provided to internal ministry clients;
- Ministries should have one and only one management programme. The sole exception is small ministries with a narrow mission which appropriately have only one programme;
- Programmes should be unique to ministries – i.e. there must not be any programmes which are shared by two or more ministries;
- Organisational units at sub-head level should be aligned with programmes to avoid messy cost allocation; and
- Any organisational units within the entity which deliver a wide variety of different types of outputs (e.g. a regional service delivery centre), and which cannot therefore be readily aligned to a single programme, should be placed within the management programme.

V. MEASURING PROGRAMME PERFORMANCE

This chapter on programme budgeting aims at assisting the readers to:

- Understand the nature of indicators, and targets;
- Understand the distinction between output and outcome indicators, on one hand, and activity and input indicators on the other hand;
- Understand the four types of indicator which are to be developed for programmes – effectiveness (outcome), output quantity, output quality, output efficiency, and output equity;
- Understand that performance indicators provide a running check on whether programmes meet their objectives and work towards goals; and
- Understand what is meant by gender-sensitive indicators and why it is important to define targets separately for women and men wherever it is possible.

By the end of this chapter, you should be able to:

- Avoid confusing indicator with objectives;
- Avoid confusing targets and indicators;
- Select appropriate programme performance indicators, focusing on programmes outputs and outcomes;
- Define gender-sensitive indicators; and
- Avoid the mistake of using operational indicators of activities and inputs as programme indicators.

A. Introduction

105. **The Ministry of Finance (MoF) will increasingly use performance information to help in decisions on the allocation of resources to priorities.** A Ministry's programmes and outputs should be targeted toward achieving the results envisioned in Vision 2030. Performance measures should:

- Measure the outputs (services provided by and to whom) of the programme;
- Directly relate to strategic (i.e. programme) and operational objectives;
- Measure the same thing over time, to enable the analysis of trends and progress achieved;
- Use information that is easily understood and affordably collected;
- Disaggregate information wherever applicable by sex (women and men); and
- Provide information useful to programme managers to manage and improve programme performance.

106. **Ministries will be required to develop for each of their programmes a minimum of five high quality key performance indicators.** These indicators must be ones which are useful for the general public and for budget decision makers in making decisions about levels of programme funding and in holding programmes to account for results delivered to the community. Ideally, programmes should seek to develop at least one of each of the following types of programme indicator:

- Outcome indicator;
- Output quantity indicator;
- Output efficiency indicator;
- Output quality indicator, and
- Output equity indicator.

107. It is, however, recognised that for some programmes, it will not be possible to develop meaningful indicators for all of these five categories. Wherever it is possible, information about indicators should be collected for women and men separately.

B. What is a Performance Indicator?

108. **Performance indicators are quantitative measures which provide information on the effectiveness, efficiency and equity results of programmes and organisations.** There is no difference between a performance indicator and a performance "measure".

Table 2: Performance Indicators

Type of Indicator	Definition	Example
Effectiveness (outcome) Indicator	The degree to which the intended objective of the service is being met.	• Percentage increase in employment (for women and men) • Literacy rate of young females/young males at age 15. • Percentage decrease in crime rate (by women and men)
Output quantity indicator	Quantity of Service Provided	• Number of female and male students taught • Number of women and men served
Equity indicator	Gender equity	• School enrolment rate of girls as percentage of total enrolment rate and/ or as a percentage of male enrolment rate
Output Quality indicator	Quality of the service provided	• Client satisfaction rate (by female, male)
Output efficiency indicator	Cost per unit of output	• Cost/litre of water delivered to household • Cost per vaccination • Average staff time taken to process visa application
Activity indicator	Indicator of internal work processes	• Number of staff positions filled Number of policy statements developed
Input indicator	Measure of Resources Employed	• Equipment Needed • Employees Required • Supplies Used

109. **It is crucial not to confuse performance indicators with objectives or with performance targets.** An objective is a statement of what one is trying to achieve – for example "Reducing death from HIV/AIDS". By contrast, a performance indicator is quantified (e.g. "the percentage of the women and men who are HIV/AIDS positive", or "the number of women and men dying annually from HIV/AIDS").

110. **A target goes one step further and sets a precise aim to be achieved by a specific date.** In some areas, statistics reveal differences between women and men, e.g. with regard to adult literacy rates, salaries, or the incidence of HIV/AIDS. With the aim to reduce these differences between women and men and to close the gap, targets should be set separately for women and men in those areas where these gaps can be observed (e.g. "reducing the percentage of HIV/AIDS of women by at least 40% and of men by at least 30% by 2030"). The following are examples of supposed programme "performance indicators" presented in the Indicative Programme Based Budget 2009/10 – 2011/12 (IPBB 2009/10) programme based which are in fact targets, objectives or something else.

Table 3: Examples of Programme Performance Indicators

Supposed Indicators	Which is really a/n...	What a true indicator would be
Student textbook ratio (TPR) of at least 1:3 for lower primary and 1:2 for upper primary in all primary schools	Target	Student/textbook ratio
Prompt response to serious incidents affecting security especially cattle rustling.	Objective	Average time taken for police to initiate enquiries re cattle rustling events.
1,200 community groups assisted with grants this year	Target	No of community groups assisted with grants
Gap analysis report on the UNCAC and AUCPCC prepared	Activity	No of reports prepared
Reduction of delays in court rulings/awards (on election petitions) by 20%	Target	Average time taken till court ruling/award
Timely payment of 3500 teaching staffs in Public Technical Institutions.	Objective	Average delay (beyond due date) in payment of public teacher salaries

C. Selecting Key Programme Performance Indicators

111. **Outcome and output indicators are the most useful ones for the programme budget.** For the purposes of programme based budgeting, the indicators which are of most value are those which are most useful to budget decision-makers in determining appropriate programme funding levels. This means indicators of the

results achieved by programmes – the outcomes that they achieve and the outputs which they deliver to achieve these outcomes. These are the types of indicators which are also of greatest interest to the general public – because they provide information on the level of service being provided to the public, and the effectiveness and efficiency of these services.

112. **Wherever applicable, information about output and outcome indicators should be collected and analysed separately for women and men.** In some cases it may also be useful to measure if the gender gap in a specific area has been reduced or increased and therefore, to define gender equity indicators. Examples for gender equity indicators are, for instance the Millennium Development Goals (MDGs) 3-related indicators (ratio of girls to boys in primary, secondary and tertiary education; ratio of literate females to males of 15 to 24 years-olds; share of women in wage employment in the non-agricultural sector; proportion of seats held by women in national parliaments).

113. **Activity and input indicators are mainly for internal use rather than for the programme budget.** Because key programme performance indicators are intended to aid budget decisions, the indicators developed by ministries for the programme based budgeting will be different from indicators used for other purposes. In particular, indicators of internal processes, capacities and resources of the ministry – that is, activity and input indicators – are in general only useful for internal ministry management.

Figure 11: Indicators Which Should Not Be In the Programme Budget

The following are examples taken from the IPBB 2009/10 which represent indicators that are appropriate for internal management use, but should be excluded for use as indicators for programmes.

- Number of management training programmes mounted by 30/06/10;
- Number of feasibility studies prepared;
- Increased salary for Job Groups "C-L";
- Number of policies reviewed;
- Number of consultation meetings held; and
- Number of internal positions filled.

114. **The objective of the programme based budget is to focus attention on the outputs and outcomes which the budget delivers to the community, not on internal activities which may or may not result in benefits to the community.**

D. Limiting the Number of Indicators

115. **Many programmes can and should develop more than five key indicators.** Five is a strict minimum, and many programmes may develop, say, six or even, in a few cases, up to ten or so

key performance indicators. However, there should never be dozens of key programme performance indicators. To be useful to budget decision-makers, who invariably have great demands on their limited time, it is also important to restrict the number of performance indicators to a limited number of key ones. The fact that only a handful of key indicators are used for programme based budgeting purposes does not mean that these are the only performance indicators which ministries will develop. But it means that the larger set of indicators will be more for internal use than for inclusion in the programme based budget documents.

E. Developing Outcome Indicators

116. **The development of more outcome indicators should be a key focus of performance indicators development by ministries in the coming years.** In general, there are far too few such indicators available at the present time. In education, for example, the most important indicators to develop are indicators of literacy and numeracy of female and male students at key stages in their school careers. In health, the IPBB 2009/10 made use of only one outcome indicator – the clinical incidence of malaria.

117. **For a small minority of programmes, the development of outcome indicators will not be possible.** Thus, it is usually not possible to measure – even approximately – the outcome of a defence programme since countries are only rarely at war and the level of national security in peacetime is not measurable. The outcomes of a foreign diplomacy programme are also impossible to measure. However, these are the exception, and for this type of programme there is no choice but to rely entirely upon output measures. It is expected that most programmes will, over time, develop outcome measures.

F. Output Quantity Indicators

118. Output quantity indicators measure the volume of service provided. Examples of output quantity indicators are:
   - Number of vaccinations carried out (by sex);
   - Number of malaria prone districts sprayed;
   - Number of female and male students taught at seventh grade; and
   - Number of planning applications determined.

119. All programmes should develop output quantity indicators, and programmes which deliver a range of different services should in general have a number of output quantity measures.

G. Output Quality Indicators

120. **The two types of quality indicators which are most readily able to be developed are timeliness indicators and client satisfaction indicators.** A timeliness indicator is an indicator of how rapidly an output is provided, such as:
   - Average waiting time of a hospital patient between arrival and treatment;
   - Average time for a planning application to be determined; and

- Average response time of the fire brigade to a fire.

121. Client satisfaction measures can be of various types, from simple measures of the level of satisfaction felt by the client, to more targeted measures such as:
    - Client ratings of the courtesy of the service provider; and
    - The rate at which clients obtained the service which they were seeking.

122. Women and men may have different perceptions and priorities regarding public services. In order to ensure that public service provision benefits both women and men it is, thus, important to collect and analyse satisfaction data separately for women and men.

H Output Efficiency Indicators

123. **Unit output cost is the best efficiency measure for most programmes.** Efficiency, as outlined in section II, relates to the cost of delivering outputs. So *unit output cost* – approximately speaking, average cost per unit of output – will for many programmes be the best efficiency indicator. Expressed differently, unit output cost measures the total cost of delivering an output divided by output quantity. Examples of unit cost measures are:
    - Cost per vaccination (including delivery);
    - Cost per planning application determined; and
    - Cost per visa application processed.

124. **However, there are some programmes for which unit cost may not be a useful measure of efficiency.** An example is a criminal policing programme. The outputs of such a programme are crimes investigated, and the appropriate output quantity measures would be, for example, number of burglaries investigated, number of murders investigated, etc. It would, however, not be very useful to develop an indicator of the unit cost of murder investigations, because the circumstances of murders vary greatly and with them the cost of the murder investigation. So if, say, the average cost of murder investigations fell by 10 percent this year, it would be foolish to assume that this was because of increased efficiency. As such, activity cost measures can sometimes be a useful substitute for unit output cost measures.

I. Performance Indicator Plan

125. **Ministries which are not yet able to offer a full suite of key programme performance indicators will be asked to present their plans for doing so.** If ministries are not able at present to put in place the minimum of five key performance indicators, they will be required to indicate what indicators they propose to develop in the future to achieve this. If they believe that it is not possible to develop indicators in certain categories, they will be asked to explain why. This information will be provided in the form of a "performance indicator development plan" (see below) for each programme, which will be reviewed by the Ministry of Finance and where appropriate, discussed with the respective ministry.

Figure 12: Programme Performance Indicator Plan

Programme Performance Indicator Plan
Ministry or Agency: .....
Programme Title: .....

Category of Indicator	Indicators currently in place	Indicators to be developed in future	Date when indicator to be introduced	If type of indicator cannot be practically developed, please explain why	Detail of definition of indicator
Outcome	• [indicator 1] • [indicator 2, if more than one, etc....]				
Output quantity					
Quality					
Efficiency					
Gender equity (where relevant)					

J. Programme Performance Targets

126. **A performance target is a quantitative goal with a timeline (usually explicit, but sometimes implicit) for achievement**. Targets may be set for outcomes, output (quantity, quality, efficiency and/or equity), or even for activities or inputs.

127. **Performance targets should not be confused with programme performance indicators.** Targets are always based on specific performance indicators, which provide the yardstick for measuring target accomplishment. But indicators do not include quantitative objectives, nor are they "time bound". The percentage of HIV/AIDS infected women and men in the population are a performance indicator. Cutting the rate of HIV/AIDS infection by 10 % over 5 years for men and by 20% over 5 years for women is a performance target.

Figure 13: Performance Target Examples

- Increase adult literacy from 82.8% to 95% for women and from 90.3% to 95% for men by 2015 (outcome target),
- Vaccinate the whole population against polio by 2012 (output target),
- Ensure that all monthly accounting reports are completed within 15 days of the end of the financial year (activity target, with implicit timeline "immediately/this year"), and,
- Fill all vacant agricultural extension officer positions with suitably qualified persons during this financial year and ensure that at least 30% of agricultural extension officers are women (input target).

128. **Programme performance targets should, like indicators, refer mainly to outputs and outcomes, and usually not to support activities or inputs.** Thus, for a primary school education programme, targets for improvements in literacy levels (an outcome target) or for the increase in the female school attendance rate (an output target) are more useful than, say, targets relating to textbook distribution (an input target), the filling of vacant principal positions (input target) or the volume of "in-service" teacher training. The latter types of targets may be set by the education ministry for internal management purposes, but are not the types of targets which are of greatest interest to the political leadership and the public, and are therefore not appropriate for inclusion in the programme based budget documentation associated with the budget.

129. **Performance targets should only be set for performance indicators which are reliable and in relation to which there is several years of data which give a reliable measure of "baseline" performance.** Performance targets demand improvement in performance relative to initial ("baseline") measured performance. It is dangerous to set targets if one is not confident of the reliability of the baseline measure, because the measurement and data processing methods have not been verified and the data might turn out to be unreliable. For example, this would be the case if the sample size upon which the indicator depended turned out to be too small to have statistical validity. Moreover, measured performance of indicators sometimes fluctuates significantly between years, making it unsafe to set a target relative to any specific year's performance. It is therefore important not to rush to set performance targets in relation to every new performance indicator when it starts to be reported. Better to wait several years until the quality of the indicator can be assessed and several years' data are obtained.

130. **Programme performance targets should not be set for variables which are in large measure outside the control of government because of the impact of "external factors".** For example, it would be inappropriate to

set a target of "increase the weighted average of the prices received of Kenya's top three agricultural exports by 5 percent by the end of the decade", given that prices are largely set by supply and demand factors in global markets which are beyond Kenya's control.

131. **Care should be exercised in setting targets which can be met in ways which would reduce rather than improve performance.** This refers to the danger of what are known as "perverse effects" of targets. There are some indicators which are very useful but in relation to which it may be dangerous to set targets. Unit cost is a good example. Unit cost (i.e. the average cost per unit of output) may be reduced by improvements in efficiency, and it is this which makes it a potentially valuable performance indicator. However, unit cost may also be reduced by cutting service quality. Moreover, if quality is difficult to measure, it may not be easy to see whether a specific reduction in unit costs is due to improved efficiency or reduced quality. This means that for services where quality is difficult to measure or to safeguard, it may not be a good idea to set targets for the reduction of unit costs.

132. **Ministries are not expected to set targets for all of their key programme performance indicators**. As indicated in the previous paragraphs, there are some programme performance indicators for which targets should never be set. Others may be too new for it to be appropriate yet to set performance indicators.

133. **Targets should be neither too easy to achieve, nor too difficult**. Setting easy targets serves no purpose. Setting targets which are impossible to achieve may, on the other hand, actually demoralise service delivery staff rather than encourage them to improve performance: if they believe that, whatever they do, they will fail to meet the target, they may make no attempt to improve performance.

K. Programme Performance Information Reports

134. **The programme budget Estimates presented to Parliament will contain, in addition to the financial information discussed in Section 8, key performance information about the programmes of each ministry.** Concretely, they will include:

- **The programme objective:** the overarching objective which all of the services provided under the programme have in common,
- **Key programme outputs:** up to three of the key services provided under the programme. The purpose of this is to give readers a clear idea of what the programme does,
- **Key programme performance indicators:** a minimum of five performance indicators, focused on programme results rather than internal activities and inputs. Ideally, these should include effectiveness, quality efficiency and equality indicators, although it is recognised that this will not be immediately possible for many programmes.
- **Programme performance targets:** this will identify targets which may have been set for certain of

the key programme performance indicators. Note that there is no expectation that targets will be set for all indicators. The programme performance information will follow the format of the following table. An example of how this table, when filled in for a hypothetical programme, is attached.

Figure 14: Programme Performance Information Template

Programme Title: ……

Programme Objective: ……

Main Programme Outputs	Key Performance Indicators	Performance Targets (for the female and male targeted group, where applicable)

Programme Title: Primary Education

Programme Objective: Educated and competent young Kenyans who are equipped for further education or to more effectively play their role in society and the economy.

Main Programme Outputs	Key Performance Indicators	Performance Targets
Education of primary school aged children	Percentage of girls and boys who are literate at conclusion of primary school *(effectiveness indicator)*	Increase literacy rate by x percent for boys and by x percent for girls over next 5 years
	Average level of numeracy at conclusion of primary school *(effectiveness indicator)*	Increase average measured numeracy rate by 5 percent over next 5 years.
	Percentage of primary school age girls and boys attending school *(output quantity indicator)*	Increase attendance rate from 75 percent to 80 percent within next two years.
	Female attendance rate as proportion of male attendance rate *(output quantity rate equity indicator)*	Increase the female attendance rate to at least 80 percent of the male rate within the next 10 years.
	Teacher absentee rate *(quality indicator)*	[No target set, as setting a target of, say, reducing unjustified absenteeism by half might suggest that the remaining level of absenteeism was somehow acceptable]
	Cost per child *(efficiency indicator)*	[No target set, as setting target might encourage cost-cutting at the expense of quality]

VI. MONITORING AND EVALUATION

This chapter on programme-based budgeting aims at assisting the readers…

- To understand basic monitoring and evaluation procedures.
- To understand that performance indicators are not sufficient to assess programme performance, and need to be accompanied by evaluation.
- To understand why it is necessary to also evaluate gender equality impacts.

By the end of this chapter, you should be able to…

- Determine when it might be needed to supplement indicators with evaluations.
- Prepare a basic programme evaluation report and related evaluation questions.

A. Introduction

135. **Performance-based budgeting is quite often represented as being only about the use of performance indicators in the budget. This overlooks the crucially important role of monitoring and evaluation.** This evaluation is the formal assessment of programmes using systematic methodologies, with the intention of forming an assessment as objective as possible. Evaluation is important because performance indicators in isolation are frequently insufficient to permit judgments on programme performance. As noted above, some programme outcomes cannot be measured, or can be measured only very imperfectly. Many outcome indicators are heavily contaminated by external factors. Evaluation is very important as a means of making judgments about the likely impact of external factors, and also as a means of making the best possible judgment about effectiveness in the absence of outcome measures. This section provides guidelines for the monitoring and evaluation of ministerial programmes.

B. Rapid Evaluations

136. **A well-developed programme based budgeting system requires the conduct of selected programme evaluations specifically intended to inform the budget process – that is, to give budget decision-makers better information upon which to base budget decisions.** Such evaluations will differ in important ways from evaluations conducted for other purposes, such as internal management improvement within ministries. In particular, budget-linked evaluation needs to:

- Be focused on outcome evaluation, with process evaluation only relevant to the limited degree that it can guide budget decision makers on whether it is worth postponing cuts to an ineffective programme to give the agency a chance to make design or management improvements; and
- Deliver its findings quickly and at the right time to be taken into account in budgetary decisions

137. **Evaluations can be conducted in great depth, if desired, making extensive use of surveys, interviews and other data gathering techniques.** However, in-depth evaluations tend to take considerable time, and therefore are as a rule not well geared to serving the needs of budget decision-makers.

138. **Rapid evaluations are as a rule much more useful for budgetary purposes.** This system will essentially involve the selection of a small number of major expenditure programmes (no more than ten) each year for rapid evaluation and the provision to Treasury and ministers of a timely report advising on whether the programme concerned should be eliminated or scaled down in the coming budget. Rapid evaluations focus primarily on:

- **Evaluation of programme logic.** This considers whether it makes sense to believe that the programme intervention is likely to achieve the intended programme outcome. To evaluate programme logic, the first step is to be clear on exactly how the programme is supposed to achieve the outcome. Expressed in terms of the "results chain" (a.k.a. programme logic), the key questions are: What intermediate outcome is the programme expected to deliver? How is it that those intermediate outcomes are expected to generate, or contribute to, higher-level outcomes? Once the programme 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 available performance indicators.** The extent to which this can be done will depend critically on the availability of good indicators.

139. **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 subprogramme a priority with 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 signify about the efficiency and effectiveness of the programmes? Have the goals and objectives been achieved?

C. Evaluation versus Monitoring[4]

140. **Evaluations of programmes (and subprogrammes) rely on data generated through monitoring activities as well as from other external sources.** Table 4 below presents key features of the monitoring and evaluation process.

4 The following three sections utilise procedures from Republic of Mauritius "Manual for Programme Based Budget (PBB)" Pages 31-33.

Table 4: Monitoring versus Evaluation Process Features

Item	Monitoring	Evaluation
Objective	Track changes from baseline conditions to desired outcome(s) and identify impediments.	Analyse what results are achieved; how and why they were or were not achieved.
Focus	Measuring progress on the outputs of programmes/subprogrammes and projects and their contribution to outcomes.	Compares planned with realised outcome of achievements. Focuses on questions of relevance, effectiveness, efficiency, sustainability and impact, including impact on gender relations.
Methodology	Tracks and assesses performance progress towards outcome through comparison of the size and significance of indicators over time.	Evaluates achievement of outcome; role of concerned ministry by comparing indicators before and after intervention. Relies on monitoring data and on information from external sources.
Conduct	Observes whether there is continuous and systematic flow by programme managers and concerned ministries.	Determine whether it is time-bound, periodic and in-depth.
Use	Alerts programme managers to problems in progress and delivery of outputs and provides insights into possible corrective actions.	Provides programme managers with strategy and policy options. Provides basis for learning and demonstrates accountability.

Source: Manual for Programme Based Budgeting (PBB), Various.

D. Preparing for Evaluation

141. **The scope of a programme based budget evaluation will be more substantial i**n most cases than that of an investment project evaluation which should be self-defined within the project appraisal and review documentation. The programme manager should participate in defining the scope of the evaluation together with a representative from the Ministry of Finance (Budgetary Supplies Department). At a minimum, the scope of an evaluation should incorporate the following categories:

1. **Outcome status:** Have the outcome(s) been achieved? And, if not, what is the progress towards achieving the outcomes?
2. **Underlying factors:** This part of the evaluation should include an analysis of the underlying factors that have influenced the outcome(s).
3. **Other interventions by the ministry:** This part of the evaluation should review whether or not outputs and other interventions of the concerned ministry can be linked towards the achievement of the outcome

4. **Impact on gender relations:** The evaluation should, wherever possible, analyse what kind of impacts (intended and unintended) the programme had on gender relations.

5. **The programme (subprogramme) selected** along with the timing, purpose, duration and scope of the evaluation will dictate much of the substance of the evaluation procedure.

Table 5: Evaluation Criteria

Category	Evaluation Criteria
Evidence of Change	Degree of Change
Review of Factors Influencing the Implementation of the Programme	Relevance Effectiveness
Concerned Ministry's Contribution to the Programme	Relevance Effectiveness Efficiency Equity Degree of Change Sustainability
Partnership Involved in the Programme	Relevance Effectiveness Efficiency Equity Degree of Change
Rating	Efficiency Equity Degree of Change Sustainability Relevance
Improving the Approach	Relevance Effectiveness Equity Sustainability

Source: Manual for Programme Based Budgeting (PBB), Various

E. Collecting and Analysing Data

142. **Primary data collection and analysis of programme evaluation is the responsibility of the concerned department or budget agency**. Both qualitative and quantitative analysis procedures can be used in the programme evaluation process. Preparing for an evaluation generally requires a combination of both types of methods:

1. **Qualitative methods** can be used to inform the questions posed by evaluators through interviews and surveys; and
2. **Quantitative analysis** can be used to inform the qualitative data collection strategies by applying statistical analysis.

143. **Whatever data collection method is applied, evaluators should ensure that women and men alike are interviewed, which often necessitates that female and male interviewers are involved if an evaluator cannot interview someone of the opposite sex due to cultural reasons.** All data should be collected and analysed separately for women and men wherever applicable. Sometimes, it may also be necessary to collect gender-specific data (data related to topics that are relevant either only for women or only for men, such as the incidence of breast cancer or prostate cancer, the incidence of violence against women etc.) and time use data

Table 6: Data Requirements for Monitoring and Evaluation

Item	Quantitative Approach	Qualitative Approach
Objective	To assess causality and reach conclusions that can be generalised.	To understand processes, behaviours and conditions as perceived by the groups or individuals being studied.
Use	To measure: How much? How many? How often?	To analyse how and why?
Data Collection Instrument	• Standardised interviews; • Formal questionnaires; and • Surveys.	• In depth interviews; • Direct observation; • Focus group discussions; • Written documents.
Sampling	Probability sampling (random sampling).	Representative population sampling.
Methodology of Analysis	Statistical and financial analysis.	Perception, validation and documentation.

Source: Manual for Programme Based Budgeting (PBB), Various.

F. Evaluation Reporting

144. **A sample outline for an Evaluation Report is provided in Annexure C.** The evaluation group's team leader is expected to submit the evaluation report to the appropriate department in the line ministry with a copy submitted to the Ministry of Finance's Budget Department.

145. **The evaluation process does not end with submission and acceptance of the evaluation report.** The findings, conclusions, recommendations and lessons learned need to be fed into the forward planning cycle and acted upon.

VII. BUDGET CALENDAR

This chapter on budget calendar aims ...

- To put programme based budgeting and costing in the context of the broader budget calendar.

By the end of this chapter, you should be able ...

- To have an understanding of the entire budget cycle.
- To understand when budget submissions, monitoring and evaluation, and other submissions are due.

A. Introduction

146. **This section attempts to put programme based budgeting and costing in the context of the broader budget calendar.**

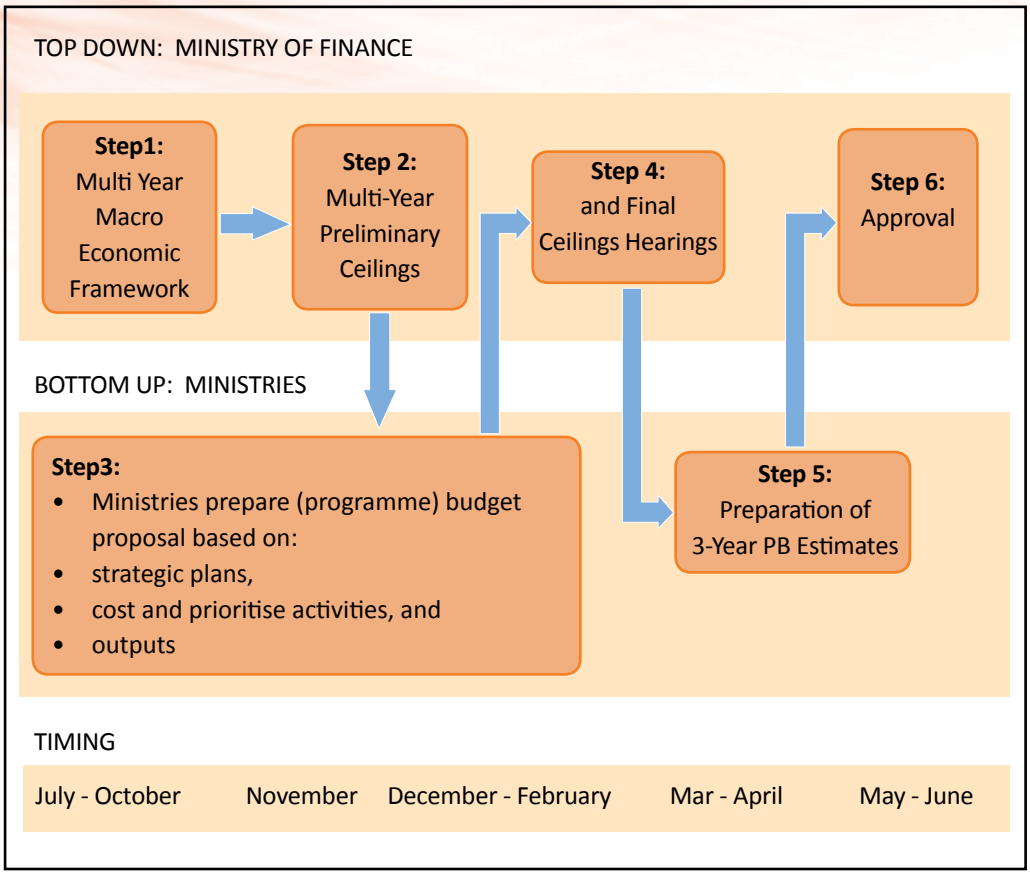
B. Top-down and Bottom-up Budgeting Approach

147. **There are two basic phases in the budget preparation cycle.** (i) The top down approach, which is followed through (ii) preparation of the Budget Review and Outlook Paper (BROP), to be prepared by end September/ October (See Figure 15, below). The aim is to:

- Calculate available funds in the next and following two years (domestic and donor funded);
- Select most important priorities of the national strategy that can be financed from the available funds;
- Establish budget ceilings.

148. **The MoF collects needed information from line ministries for this based on the issued MTEF Budget Circular asking for the most important priorities, how they link with the national development strategy and what is the estimated cost of implementing ministerial priorities.** To provide this information, ministries need to prioritise their budgeted activities.

Figure 15: Kenya Budget Process



149. **The second part of the budget preparation cycle is the bottom-up preparation of the detailed National Budget.** Based on the information from MTEF Sector Working Groups Process, the MoF issues the Budget Circular, requesting ministries to prepare detailed budget calculations for selected priorities and within given ceilings. For these submissions line ministries will have to prepare detailed budget calculations. Upon receipt of detailed budget submissions, the Budget Department will analyse these submissions and discuss them during the budget hearings - when budget users will be given opportunity to justify and defend their budget requests.[5] Based on the outcomes of budget hearings, the Printed Estimates will be compiled for Cabinet review and consequent Parliament approval.

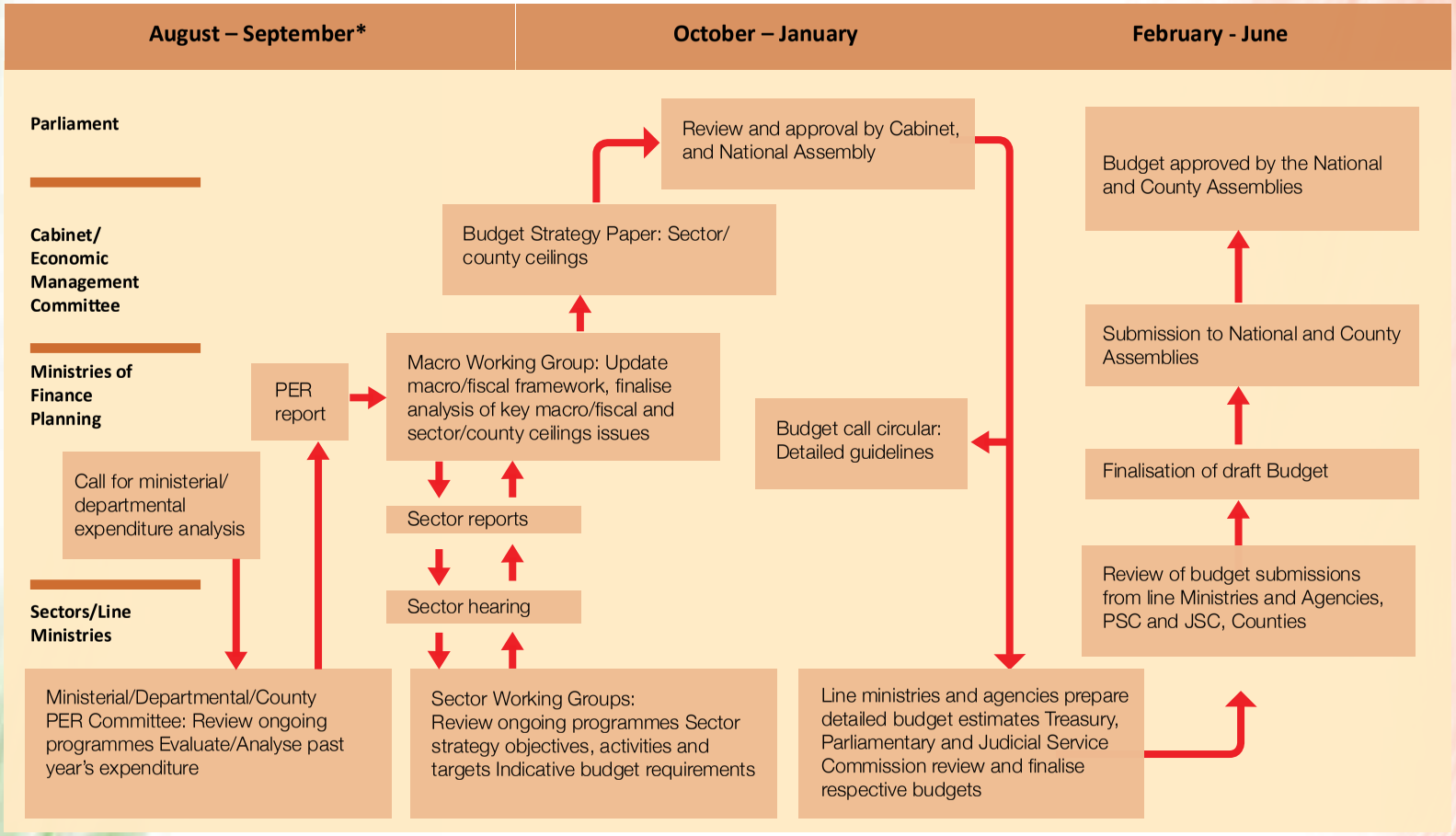
5 The submissions are discussed with the Ministry of Finance; before that in the Sector Working Groups (SWGs) for the relevant sectors. In the hearings the results of these discussions are presented in form of draft sector reports to the public and stakeholders for comments and corrections. After the hearing, the sector reports will be finalised with the final distribution of funds within a sector for the next financial year and the outlook for the outer years.

150. **Since programme based budgeting is still in a pilot phase in Kenya, the MoF will issue the initial Programme Budget Instructions the MTEF Budget in the Circular.** The objective is to summarise instructions given in this Programme Budget Manual and request ministries to start their work on developing their programmes and subprogrammes in addition to developing performance indicators. This work should be finalised by end of October. With issuing of the Budget Circular asking for a detailed itemised budget, ministries can start working on the financial/budget calculations.

C. Budget Calendar

151. **The preparation and dissemination of the annual budget calendar, timelines, tasks and processes involved in budget preparation is an essential first step of an effective and successful budget process.** It includes a comprehensive calendar ranging from the setting of fiscal policy, budget preparation, budget execution and Treasury management as well as accounting and auditing (presented in Table 7 below). The proposed calendar envisages the adoption of the budget before the start of the fiscal year and the closure of the audit review process before the next year's budget is adopted.

Table 7: Integrated Budget Calendar



NOTES*

1. The time periods given in the plan are tentative but based on practical experience. The commencement months/dates vary depending on the circumstances/operational challenges prevailing.
2. According to the Constitution, National and County Assembly should approve the annual Estimates by June.

VIII. MEDIUM TERM BUDGET PREPARATION

This chapter on budget preparation under programme based budgeting aims at assisting the readers to:

- Understand the medium term budget formulation process. And,
- Understand the information that line ministries are expected to provide to MoF during the medium term budget process.

By the end of this chapter, you should be able to:

- Understand the linkage between Medium Term Expenditure Framework (MTEF) and programme budgets.

A. Introduction[6]

152. **Programme based budgeting is not a new budgeting process to replace the MTEF rather it builds on the MTEF by incorporating performance measure into the budget.** While the MTEF has been more concerned with costing inputs for the entire government budgeting system, PBB introduces performance such that one does not only concern oneself with the inputs but also with the outputs of the budgets and more so with the budget outcomes. Thus programme based budgeting reinforces budgeting as a policy tool of achieving a given set of government objectives in a specified period. This section focuses on the relationship of programme based budgeting to the MTEF.

B. Link between Programme based Budgeting and the Medium Term Budget Framework

153. Programme based budgeting under the MTEF will address the weakness inherent in the MTEF which includes among others:

- MTEF focuses on expenditure at the item level and therefore is more concerned with inputs without giving much attention to the outputs and outcomes of the expenditure;
- Lack of transparency in the relationship between resources consumed and results achieved by the respective agencies;
- Limited opportunity for systematic assessment of the efficiency and effectiveness of spending or for relating allocations directly to policy
- The budgets reveal little about the purpose of expenditure and only allow analysis of inputs employed and budget aggregates, but not resulting outputs and outcomes; • Expenditure may not be related to organisational mandates/objectives and may easily lead to duplication of efforts by various agencies.

6 For a detailed description of MTEF process in Kenya, please see ***MTEF Manual (Kenya Budget Process)*** 2011.

154. **Budget preparation under programme budgeting is closely linked with the Medium Term Expenditure Framework in Kenya.** Concretely, the links are the following:

- The MTEF aims to provide a clear medium term fiscal policy framework – in particular, concrete objectives in respect to the budget balance and debt – which provide the overarching context of budget preparation. This component of the MTEF is referred to as the MTFF.
- Under an MTEF, programme expenditure estimates must be prepared for the medium term and not just for the coming budget year.
- The estimation of the budget baseline is a key tool for improving the quality of the medium term expenditure forecasts which are integral to the MTEF.

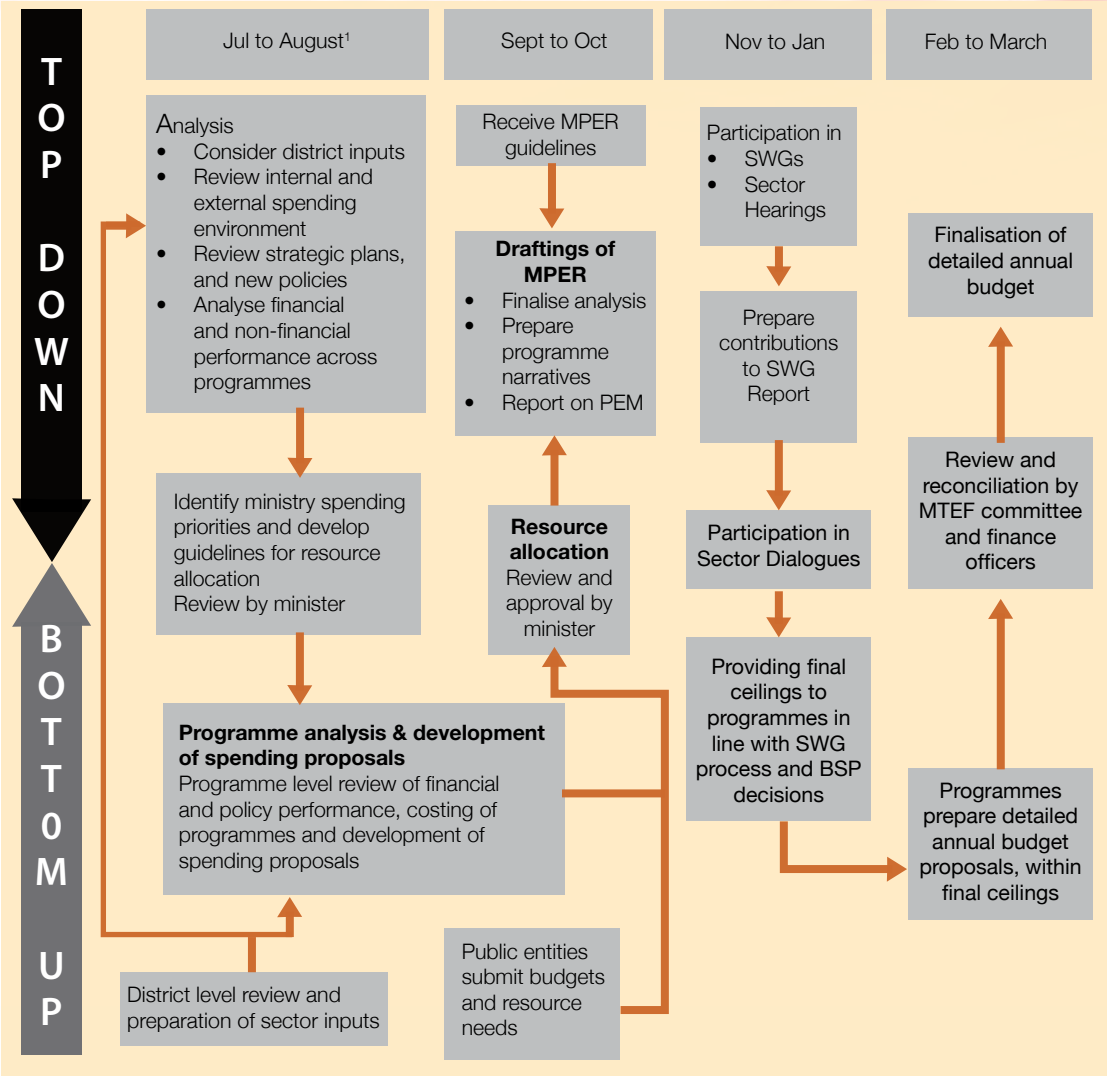
155. **Thus programme based budgeting instils real performance related transparency into the budget by clearly linking day-to-day programme activities with the long term goals of the agency through**:

- Identifying the operational aims of each programme and activity for the budget year;
- Budgeting and accounting so that the separate costs and revenues of each programme are shown;
- Measuring the outputs and performance of activities so that these can be related to activities' costs and to mandate/strategic objectives of the agency;
- Using the relevant data to establish standards and norms so that costs and performance can be evaluated and Government resources can be used more efficiently; and
- Long term programmes/projects just like before will be costed for the medium term with clear targets, outputs and outcomes over the three year period clearly and one can trace the outcomes over the MTEF period.

C. Multi-Stage MTEF Process

156. **The preparation of budget estimates under MTEF involves matching ministries/departments/agencies with total resources based on overall spending priorities.** The MTEF process involves the preparation by Ministries of strategic plans in line with the government's current priorities. On the basis of the strategic plans, Ministries must produce an integrated budget that reflects the cost of policies. The MTEF multi-step budget process is indicated in Figure 16, below.

Figure 16: MTEF Budget Process



157. **The capacity of the Government to raise revenue to pay for the delivery of goods and services to Kenyans depends on the overall level of economic activity**. While external grants can supplement domestic revenue over the short term, it is not sustainable. The only sustainable source to fund Government's activities to develop Kenya is the economy itself. It follows that the starting point for preparation of the MTEF is an analysis of the underlying prospects for the economy and of Government's macro-level economic and fiscal policies and strategies.

1. Macro-Economic Forecast

158. **Preparing an MTEF fiscal framework requires a focus on projecting those macroeconomic aggregates that have the greatest influence on the fiscal framework.** Of these, GDP and the inflation rate are the most important in driving the growth of both revenues and expenditures. The exchange rate is similarly important, because of its impact on external financing and external payments from the budget. Changes in the balance of trade can similarly affect revenues on external trade related taxes. The implications for public revenues and expenditure of major government policy initiatives, such as the poverty reduction strategy, privatisation, public sector reform and financial sector reform should also be outlined.

2. Revenue Projections

159. **Public revenues comprise tax revenues, non-tax revenues (including income of budgetary institutions and external grants), and social fund contributions accruing to both central and local governments.** The projection of revenues over the medium term needs to be informed by:

- An understanding of recent domestic revenue trends and the factors underlying them;
- An understanding of development partner grant financing commitments, including an analysis of risks associated with their reliability;
- An assessment of the "tax burden" and the scope for and desirability of further increases in the share of GDP taken as public revenues;
- An assessment of agreed or planned tax policy changes and their expected impact on revenues;
- An assessment of the scope for improvements in revenue administration.

160. **Based on this analysis, an initial projection should be made of revenue as a share of GDP for each of the main revenue sources.** Since the revenue projections will reflect the implementation of planned tax policy measures and changes in tax administration, it is important to spell out what these measures are and the necessary actions to be taken to ensure their timely implementation. The projections should also take account of the impact of changes in major government spending aggregates, such as the size of the Government's wage bill, where these are likely to have a significant impact on levels of revenue collection.

3. Financing of the Budget Deficit

161. **The size of the budget deficit is the other factor that determines the overall level of resources available**

to finance public expenditure. In an economy like Kenya, the budget deficit is affected by two factors – the level of foreign concessional financing available to the Government and the level of domestic and external financing deemed appropriate for fiscal stability. The budget deficit, excluding public investment financed by external grants and credits, is normally an explicit macroeconomic policy objective of the Government.

162. **MTEF documentation should review progress against the agreed deficit targets and provide projections for the main sources of financing of the deficit over the medium term.** This should include an assessment of the external financing, both credit and grant, that is expected to be available to finance public investment. It should also highlight specific factors that are likely to affect the level of the deficit (e.g. an upsurge in debt servicing costs or macro-economic risk), the way in which the deficit is to be financed (e.g. the use of privatisation revenues as a source of domestic financing), and the costs of financing.

163. **The process described above is harmonised in the macro-economic model: The Treasury-KIPPRA model, which brings together various macro economic variables to forecast on the attainment of targeted economic objectives.** This is presented in the Budget Review and Outlook Paper in which various targets on taxation, expenditures and the sector ceilings are provided and presented before the cabinet for approval. These targets are finally firmed up and sub sector ceilings are set down in the Budget Policy Statement.

D. Medium Term Expenditure Framework: The Process [7]

164. **The MTEF process consists of two sub–processes: The first is the preparation of an economic and fiscal update referred to as Macro Economic Framework and the second is the setting of sector and ministry level ceilings.** In establishing the macro economic framework the following factors are taken into consideration.

1. **The projection of economic growth targets in the medium term.** Providing the economic and fiscal outlook is a challenging task this process entails an update of all expected imports and exports, projections of investments and consumption. In working out the growth targets, consideration is made of the government's long term policy concerning wages, investment by government and other long term policies relating to other sectors of the economy. Hence the growth projections are also consistent with planned aggregate spending by Government.
2. **Once the growth targets are identified then the Ministry of Finance is able to project the revenue targets that are consistent with the growth targets.** The share of the various targets of revenues is also guided by the projections of the growth of various sectors, for example the expected realisation of import taxes is guided by the

7 This section is derived almost in entirety from MTEF Manual (Kenya Budget Process)

assumptions in the growth of imports in the macroeconomic model. The prevailing government policies on other issues are also taken into consideration in projecting the revenues from domestic sources.

3. **The other variable is the assumptions on private sector credit. Depending on the assumptions made on contributions by private sector to domestic investment and growth targets, the level of change in private sector credit is determined.** The tradeoffs made while deciding on this variable include the level of government credit that will be targeted.
4. **The Government credit level which is also referred to as domestic borrowing is a variable taken into consideration.** The key guiding principles in deciding or determining the level of domestic borrowing is the government's own policy on public debt.
5. **The other key principle strategy is inflation rate and the rate of interest.** Assumptions are made on the interest rates of government securities as well as setting targets for inflation for the year and the medium term.

165. **The medium term framework also contains the aggregate expenditures levels.** The main categories of public expenditures are recurrent and development. There are two categories of recurrent expenditures: Non-discretionary and discretionary expenditures. The *non-discretionary expenditures* are those expenditures that are pre-determined by law. These expenditures which include principal repayment of public debt, payment of interest on debt, pensions and consolidated fund services such as salaries and wages for constitutional officeholders. These expenditures are also known as *mandatory expenditures*. Since they are pre-determined by law, they are simple to estimate and cannot be part of a trade-off process. They are therefore just deducted from the overall resource envelope as a first charge.

166. ***Discretionary expenditures* are those expenditures used by various agencies to produce goods and services for the citizenry.** These expenditures are not pre-determined by law but by Government policy and resource availability. Most recurrent expenditures are accounted for in the recurrent budget and most capital expenditures are accounted for in the development budget. A key policy decision is the trade-off between recurrent and development expenditures. The desire for economic growth dictates that, as much as possible, expenditures should be oriented towards pro-growth development programmes.

1. Budget Ceilings

167. **Ceilings are determined by the available resources as determined by the Macro Working Group.** The ceilings for the sectors are determined on the basis of government policies and priorities attached to each Sector. The following are the main considerations and steps involved in producing ceilings:

- The national objectives to achieve enhanced economic growth;

- The requirements of core poverty programmes;
- Funding of on-going programmes; and
- Donor commitments through project loans and grants.

1. The first step is to review individual Sector Working Group Reports, containing ministerial budget proposals as a basis for assessment of resources required by each sector.
2. For the Development Budget, the Macro Working Group first assesses forward commitments for externally financed projects and programmes and for on-going domestically financed projects. Secondly, it assesses new project proposals against policy priorities together with donor commitments through project loans and grants and the commensurate counterpart funding. The total is put against a sector's account as a floor since this represents ear-marked sector funding on the revenue side.
3. On the recurrent side, the process involves the determination of non-discretionary expenditures and the wage bill for all the ministries and required operating expenses.
4. The final process is to add up all sectors funding requirements and comparing them with available resources and making trade-offs between sectors in the discretionary, non-core poverty programmes and non-committee portions of budget proposals

2. Making Difficult Choices

168. **This section examines the main instruments and institutions in the Kenyan Budget Process that ensure that available resources are reconciled with competing demands.** The section describes a two-phased process which provides a forum for trade-offs and ensures that guidelines are followed while making budget decisions for resource allocation.

169. **In the Kenyan budget process, the levels of resource allocation process are: Sharing between the National and County Governments, sharing among County Governments (see Article 216 (1)), allocation to the sectors and allocation within the sectors.** The principles for the allocation between National and County Governments and among Counties are developed by the Commission on Revenue Allocation (CRA). The sector allocation is by Treasury through the Macro Working Group while the allocation to the sub sectors (ministries) is done by Sector Working Groups.

170. **The MTEF process involves the setting of Sector Ceilings as contained in the Budget Review and Outlook Paper (BROPA).** The BROPA establishes the resource framework for the three year MTEF period and the national policy priorities. The bottom up process involves the compilation of Ministerial Public Expenditure Reviews (MPERs), prioritisation of programmes to be funded and finally compilation of Sector Budget Proposals (Sector Reports).

171. **The overall objective of PER is to inform the budget process by providing an in-depth analysis of budget performance in the past so as to inform the future budget decisions.** Ideally, this process is supposed to be a critical self assessment of each ministry on

challenges, weaknesses and successes in order to use that information to chart the way forward. The two levels of the process have sets of activities that produce outputs required for the decision making. The processes are described in the following sections.

3. Sector Working Group

172. **During the Sector Working Group resource allocation process, the sector ministries together with representatives from the Ministry of Finance, the Ministry of Planning, National Development and Vision 2030 and external stakeholders, review the MPERs, programme funding proposals, including individual ministerial spending proposals.** Through a series of working sessions the group rationalises and prioritises ministerial proposals, ensures that linkages are made between ministries and submits a consolidated Sector Budget Proposal to the Treasury. The Sector Working Group Report comprises of a clear statement of sector objectives, sector programmes and expected outputs against the proposed expenditure.

4. Sector Hearings

173. **During the Sector Hearings, the draft Sector Working Group Reports are presented to an open meeting of stakeholders. Submissions are heard from participants, which are taken into account in the finalisation of the Reports.** These hearings are normally known as public hearings.

174. **Why Should we Involve Stakeholders in Budgeting Process?** There are many good reasons for including the stakeholders in discussions about budgeting. Such involvement can:

- Better inform residents about national/ministerial budgets, including revenues, expenditures and challenges;
- Highlight the trade-offs associated with allocating limited resources;
- Provide important information to policy-makers about the kind of goods and services that communities value;
- Generate support for the budget-related ideas and actions that will effectively address local needs; and
- Support transparency of government decision-making and create a more collaborative and trusted governance over time.

5. Finalisation of the Budget Policy Statement

175. **The Economic and Budget Steering Committee, supported by the Macro Working Group, drafts the Budget Policy Statement for submission to Cabinet and finally to Parliament by March 21st in line with the Fiscal Management Act, 2009.** The paper presents the proposed allocations to ministries linked to an updated macro-fiscal framework and sets out the expected achievements of funding.

6. Cabinet and Parliament Approval of the Budget Policy Statement

176. **Cabinet reviews, discusses and amends the Budget Policy Statement as may be appropriate, clearing the way for the finalisation and tabling of the same in Parliament.** The Budget Policy Statement is tabled in Parliament making it a public document and establishing the overall, ministry-specific and county resource allocation for developing the detailed estimates in the final phase of the budget preparation process.

IX. PREPARING PROGRAMME ESTIMATES

This chapter on preparing programme estimates aims at assisting the readers…

- In estimating the current costs of programme/subprogramme activities (for both recurrent and capital); and
- Prioritise activities so that total costs remain within the resource ceiling.

By the end of this chapter, you should be able to…

- Prepare a programme based budget.

A. Introduction

177. **This section focuses on the preparation of detailed programme based budgets over a multi-year time frame.** The Ministry of Finance budget staff coordinates budget activities with members of ministries/departments/agencies. Beyond coordinating, the Budgetary Supplies Department has the duty to actively encourage efficiency in resource allocation and budget allocations, and should also encourage realistic programming and costing of activities. This section provides some basic tools for consideration in developing programme based budgets.

B. Budget Appropriations under Programme Based Budgeting

178. **The overarching context of budget preparation under programme based budgeting is the changed nature of budget appropriations** of which the key elements are:

- Ministries will receive budget appropriations framed in terms of programmes.
- Budget appropriations based on organisational units will play a much lesser role. Each core ministry will receive an appropriation, but this will not be broken into multiple appropriations for each of the ministry's internal directorates or other "sub-head" organisational units. Only independent authorities associated with ministries will receive their own specific budget appropriations. Under PBB, ministries and other independent authorities will have greater freedoms in resource reallocation and therefore more powers for internal prioritisation.
- Appropriations by item will also become much less detailed, with a small number of appropriations to broad categories of item (item "control totals") replacing the item-by-item appropriations of the present system.

179. **Although budget appropriations by organisational units will largely disappear and appropriations by items will become less detailed,**

ministries will still need to plan and prepare their budgets in just as much organisational and sub-item detail as under the traditional budgeting system. This is because it is essential that ministries know in advance what funding they plan to allocate to each internal directorate or other relevant organisational unit ("directorates" for short in what follows), and for what types of purchases. This means that when each spending ministry prepares its budget, it will need to prepare simultaneously:

- ***A programme based budget***, showing the breakdown of proposed expenditure between programmes and subprogrammes, together with a planned breakdown by item of expenditure on each;

- ***An organisational budget*** – primarily for internal purposes – showing the planned breakdown of expenditure between sub-heads of relevant organisational units within the ministry, broken down by sub-items.

C. Organisational Units and Programmes

180. **Because spending ministries need for internal purposes to prepare budgets in terms of their directorates, the relationship between these organisational unit budgets and the programme based budget prepared by the ministry needs to be completely clear.** This requires that every sub-item of expenditure by each directorate needs to be mapped to the appropriate subprogramme, and vice versa. As explained in the section IV on Designing Programmes, the potential difficulties which can arise in linking programme based and organisational unit budgets are to be avoided in Kenya in the near- and medium-terms by requiring that each directorate or other major internal organisational unit (each "sub-head" in pre-programme based budgeting terminology) be linked to one and only one subprogramme.

D. Form of the Budget Submission

181. **Ministry budget submissions will present their proposed budgets in programme terms - broken into programmes and subprogrammes.** Notwithstanding the change in the format of budget appropriations, spending ministries during the transition period will be required to continue to present to Treasury a full breakdown by sub-item and by directorate/sub-head. The purpose of this is to assist Treasury to assess the merits of spending ministry budget proposals. **Annex A provides the various templates for the financial estimates to be provided by each spending ministry to the Ministry of Finance during the budget preparation process**.

E. Annual Spending Plan

182. **When completing the annual budget, the government requires much more specific financial and accounting detail.** The increased specificity of annual budget detail requires a "bottom-up" budgeting approach. The Budget Circular presents the mechanism for line ministries to present their budgets using a bottom-up approach. Since the annual budget exercise and subsequent budget

execution occurs at the level of major and minor economic classification, annual budget costing is carried at an equal level of detail. Minor object details are rolled-up to the major object level by activity, which in-turn will be rolled-up to subprogramme and programme level detail.

183. **This is accomplished by inserting the detailed information for each subprogramme into the budget submission forms and ensuring there are linkages present to accumulate costs on a programme and then ministry basis. The following sections present the basic elements involved in costing ministerial functions under a programme based budget structure.** Recurrent and Capital (development) expenditure at the subprogramme level are estimated, line ministries are required to submit a detailed budget proposal utilising the major/minor object economic categories.

F. Costing of Public Sector Goods

184. **The programme based budget framework consists of strategic plans, annual performance plans, and semi-annual performance reports.** This requires ministries/departments to develop and deliver

- **Multi-year strategic plans** which establish the mission and set of outcomes at the programme level and priority objectives at the subprogramme level.
- **Annual 3-year fiscal rolling programme based budget** which includes performance measures with target levels for a particular fiscal year, covering all programmes and subprogrammes, and displaying current and future years' data.
- **By linking performance results to the budget planning process, ministries/departments/agencies can attribute activities by their true costs so that a comprehensive financial picture can be created.** At this point, the financial summary of the budget can be linked to performance goals.
- **Costs are assigned to programmes and** subprogrammes based on the amount of inputs that they use directly.

G. Preparing Cost Estimates: Baseline versus New Initiative Expenditure

185. **A key change which will take place in the budget preparation process under programme based budgeting is the separation in spending ministry budget proposals of baseline expenditure and expenditure on proposed new initiatives.** A *budget baseline* is to be calculated for each spending ministry (distinguishing between recurrent and development expenditure) and also for aggregate government expenditure. Under the medium term expenditure framework, these baselines are calculated not only for the coming financial year, but also for the two subsequent years. The relationship between the baseline and projections for individual programmes is discussed below.

186. **The budget baseline is an estimate of the amount of expenditure required in future years to maintain *existing expenditure policy* (including meeting expenditure obligations),**

whereas new initiatives expenditure refers to expenditure arising from a change in policy. Existing expenditure policy refers to the government policies and expenditure obligations which determine, other things remaining constant, the level of future expenditure.

187. **Expenditure policies may be explicit or implicit. Explicit expenditure policies may relate to inputs, output or transfers. For example:**

- A public undertaking by the government to inoculate all children under 5 against certain diseases is an example of an explicit expenditure policy relating to the *outputs* (services) to be provided to the public.
- A stated government policy of replacing only 1 out of 2 of departing civil servants, in order to slim down the civil service (either in general or in a particular ministry) is an example of an explicit government expenditure policy relating to *inputs*.
- An affirmative action policy of the government that states that 30% of public servants are to be women is an explicit expenditure policy relating to inputs.
- A government policy of using subsidies to ensure that the price of flour does not exceed a certain ceiling is an example of an expenditure policy relating to transfers.

188. **Implicit expenditure policies mean government obligations to provide a certain level of service even when no explicit public commitment or legal obligation exists to that effect.** For example, even if there is no law obliging government to make primary school education available to all children, and no public statement from government that it would do so, there still may be a general community expectation that government would provide this service. As this example indicates, an "implicit" expenditure policy means an obligation which government feels to provide a certain level of service even though there is no clearly stated commitment to do so.

189. **The existence of any such expenditure policies defines – in the absence of policy change – the evolution of expenditure in the area concerned.** Thus in the case of the vaccination commitment, future expenditure will be determined by number of children and unit cost of the vaccines. And in the case of the civil service replacement policy, expenditure will be determined by the cost of continued employment of existing civil servants plus the costs of the (reduced number) of each new civil servant hired to replace two departing bureaucrats.

190. **Existing expenditure policy is considered to include meeting existing obligations.** Obligations include not only contractual commitments, but also other expenditures which are unavoidable or quite difficult to avoid because of legal obligations of a non-contractual type or social expectations which impose heavy political pressure on government to undertake the expenditures concerned. Examples of obligatory expenditures in this wider sense include:

- Legally mandatory social security expenditure;
- Expenditure on continued employment of existing civil servants or other public sector workers who either enjoy legal job security or a de facto expectation of job security.

191. **Expenditure obligations may be overridden by policy.** This would be the case, for example, if – notwithstanding legal guarantees of job security – the government stated publicly its determination to engineer the departure of some portion of the permanent civil service workforce (e.g. by offering voluntary redundancy or by changing the civil service employment law). A more extreme and exceptional example would be a government announcement, under extreme conditions, that it intended to repudiate part of the public debt.

192. **In preparing and presenting baseline expenditure estimates, it is necessary to distinguish the policy-related and obligation-based elements.** The process for calculating ministry budget baselines by category of expenditure is as follows:

H. Development Expenditure Baseline Budget

193. **For the development budget, the baseline includes only development budget projects which have been previously approved by government and for which**:

- Multi-year construction contract already exist, or
- Multi-year funding has been approved by the government, but not yet contractually committed.

194. **The amount of funding for each project which is included in the baseline calculation for any given year must not exceed the projected amounts previously approved by the government for that year (and for outer year projections).** When the project is initially approved by the government, the approval should cover the total project cost plus a medium term year-by-year breakdown of project expenditure. If the ministry concerned wishes to increase spending on the project above the level previously included in the year-by-year breakdown, the proposed increase is considered as part of new initiative funding and must be the subject of a submission requesting supplementary project funding.

195. **The baseline estimates for the development budget must be realistic.** This means that, if execution of the project in the coming or subsequent years is now expected to be at a slower pace than previously envisaged, the baseline calculation should reflect this, and provide a realistic estimate of what will be spent. Treasury will review the realism of these estimates. If a given project has been proceeding very slowly in its first year, but the concerned spending ministry nevertheless proposes to base its baseline estimates on the assumption that the delays will cease in the second and subsequent years, it will be necessary to provide the Ministry of Finance with a convincing explanation as to why the first-year delays were purely temporary and

will not be experienced in subsequent years.

I. Recurrent Expenditure Baseline: Personnel Expenditures

196. **The calculation of the budget baseline for recurrent expenditure distinguishes between personnel expenditure and non-personnel recurrent expenditure.** In respect to personnel expenditure, the process for estimating baseline expenditure involves two steps:

- *Calculation of obligatory personnel* expenditure: This means estimating the personnel expenditure which the ministry concerned will be obliged to undertake in respect to previously-hired civil servants and other workers who enjoy job security or contractual employment rights. In brief:

  - These estimates should be based strictly on staff members who have been previously engaged, and not on staff who may be hired in the coming financial year or subsequently.
  - The estimates take into account expected departures of existing staff, as a result of natural attrition (retirement, death resignation).
  - These estimates also factor in any wage drifts (promotions, any approved general salary increases, and annual growth).

- ***Calculation of personnel expenditure resulting from new hiring:*** This means estimating the additional personnel costs which will arise from the hiring of additional staff in accordance with government policy. Where there is an explicit hiring policy – for example, a stated policy to increase the number of primary school teachers by 5 percent each year for the next five years – the personnel expenditure estimate should be based upon that. Where no such explicit policy governing future hiring exists, the estimates should be based on the assumption that the workforce of the ministry remains constant: in other words, that the number of new staff hired equals the number of departures (retirements and resignations).

J. Recurrent Expenditure Baseline: Non-Personnel Recurrent Expenditure

197. **Recurrent expenditure on items which are not personnel-related essentially refers to expenditure on goods and services, plus any transfer payments.** In respect to such expenditure, the methodology to be applied is to:

(a) Estimate the costs of any expenditure based on explicit policy commitments or obligations; and

(b) Estimate any remaining expenditure by means of the application of relevant price indexes.

198. **In the first step, any explicit policy commitments and obligations – such as inoculations commitments mentioned above or a legal obligation to make certain social payments – should be identified and their cost estimated based accordingly.** For example, the government may have committed itself to the delivery of certain numbers of anti-malaria bed nets in each of the next three years. If this is the case, the recurrent baseline needs to include an estimate of the

cost of purchasing and delivering these numbers of bed nets. Similarly, if the government had promised to use subsidies to ensure that the price of flour does not exceed a certain level, then the cost of those subsidies in the recurrent budget baseline would need to be estimated based on expected supply and demand of grain in the coming year, rather than on the application of price indexes to last year's subsidy expenditure. Such expenditure will for most ministries be a small proportion of non-personnel recurrent expenditure.

199. **In the second step, remaining non-personnel recurrent expenditure will be projected by taking the current year's actual expenditure and applying relevant price indexes provided by Treasury.** Treasury will provide a general price index to apply to goods and services expenditure as a whole, but may also provide indexes specific to certain items or sub-items (for example, a specific index for fuel costs).

200. **Expiring temporary expenditure must be excluded from the non-personnel recurrent budget baseline.** If, for example, the government approved in a past budget additional recurrent funding for a ministry for a purely temporary purpose, expenditure on that temporary purpose must be excluded from the calculation of the recurrent budget baseline once the period of the temporary expenditure is concluded. For example, if the Ministry of Youth Affairs and Sports had been provided with additional temporary recurrent (as well as development) funding over a three year period to organise regional games in Nairobi, such funding must not be factored into the ongoing baseline expenditure of the ministry after the games have been held.

201. **The estimate of baseline non-personnel recurrent expenditure for the coming budget year and future years should also adjust for any new spending initiative introduced part way through the current financial year, as a result of which their full annual cost was not factored into the current year budget.**

K. Baseline Estimates versus Simple Projections

202. **The budget baseline for next year is not in general the same as last year's expenditure, or last year's expenditure adjusted for inflation.** For example:

- The civil service salary bill for next year will depend upon a number of variables including planned recruitment (for previously-approved programmes), departures and career progression, and will therefore not necessarily equal last year's salary bill adjusted for any general public sector percentage salary increase.
- Baseline expenditure on capital projects means continuing expenditure on projects approved and initiated in previous budget years. The capital component of the baseline budget estimates will therefore depend upon the time profile of project execution, and will in general decline significantly over the medium term as some existing projects are completed.
- If the government decided in a

previous budget that a particular programme would expand in future years – for example, if it approved a multi-year programme for the provision of malaria bed-nets under which the number of bed-nets distributed was planned to increase by 30 percent per year over five years, the increased cost of this programme expansion would be calculated as part of the budget baseline.

L. Incorporating New Initiatives

203. **New initiatives are expenditure on development projects or new or expanded services outside the budget baseline.** New initiatives therefore comprise:

- Any new development project not previously approved and programmed by government;
- Recurrent expenditure to provide a service which has not previously been provided;
- Recurrent expenditure to expand a service, unless the expansion is pursuant to a previous commitment (in which case it is part of the baseline).

204. **Each proposed new initiative will need to be itemised and justified separately, so as to enable Treasury and the government to assess its impact upon the overall budget of the ministry concerned.** The financial estimates provided by spending ministries to Treasury will include medium term costs of new initiatives itemised by each initiative. In addition to the financial estimates for new initiatives, information on objectives, "intervention logic" and expected results will need to be provided.

M. Unit Costs as a Programme Costing Tool

205. **For some services, a calculation based on unit costs is the best method for estimating the cost of an existing policy commitment or a planned new initiative.** Such a calculation involves multiplying the planned quantity of services to be provided by the unit cost of the service. A unit cost is defined as 'the ratio of inputs required per unit of outputs'. This definition seeks to establish the level of inputs required (e.g. labour, materials, etc.) to produce one unit of output (e.g. 1 km of tarmac road).

206. **Unit costs can also be a basis for gauging the efficiency in delivering products or services.** For example, the higher the unit cost, the greater the inputs required to deliver the product and hence the less efficient. Or, if the unit costs for maintaining a road in District "A" are higher than in District "B", then operations in district A may be less efficient.

1. Limitations of Unit Costing

207. **The unit cost methodology is appropriate when the unit cost of the service concerned is constant.** Take the example of a policy commitment to inoculate all children under 5 against certain diseases. If it is known that the cost of purchasing and administering these inoculations is, for example, KSh 800 per child, and this cost does not vary significantly between regions, the total cost of the vaccination

programme can be most accurately estimated by multiplying KSh 800 by the projected number of children under 5 to be inoculated. The cost of a proposed new initiative may, if the unit cost of the service is constant, be estimated on the same basis.

208. **Unit cost calculations cannot, however, be undertaken for many government services.** This is the case wherever the unit cost is not constant. Other considerations and limitations with respect to unit costs include:

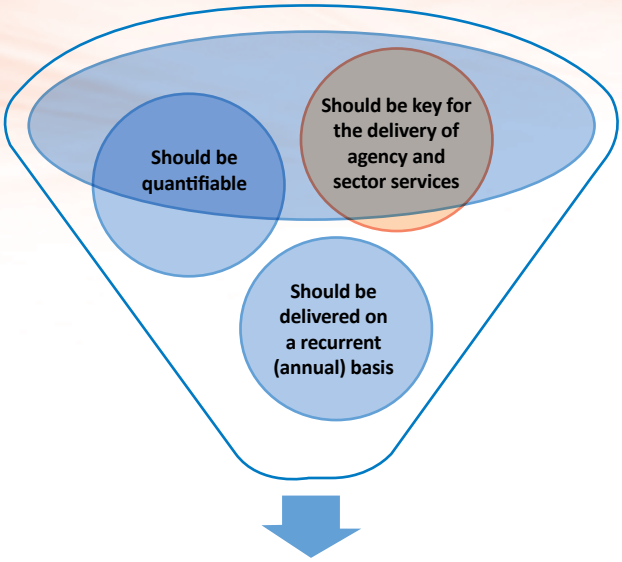
- Identifying and costing inputs can be fairly complex. Costs include direct costs attributable to inputs (e.g. labour, materials, etc.) and indirect costs linked in particular to process overhead costs (e.g. supervision, rent, utilities, etc.). Apportioning indirect costs can be a fairly complex assignment. Using an activity based costing (ABC) technique is a recommended approach.
- Costs are not always linearly related to outputs. There is usually an element of fixed variation of the cost structure. For example, the cost of training a class of twenty is not necessarily half of the cost of training a class of 40 students. Some costs (e.g. teacher's salary, lighting) may remain constant.
- Products, public goods and services or outputs are not always quantifiable. This is usually the case for qualitative outputs, e.g. improvement in the health of the population or satisfaction with a government service.
- Some outputs cannot be easily attributed to a single sector. Contribution is from more than one sector or agency. For example, in the provision of sanitation services, contribution comes from education, health and water ministries. When it comes to combating violence against women, contribution comes from education, health, communication, internal security and justice.
- Unit costs may not be standardised across the board because of varying conditions. For example, conditions for maintaining 1 km of road may differ from region to region.

2. *Application of Unit Costs*

209. **Unit costs can be used in some instances in the process of budget formulation to assist in costing expenditure projections.** This means that unit costs will be required at the time of costing work plans and generating budget estimates. A set of items, based on the Chart of Accounts, for which they may be used, fall largely in the goods and services and assets categories. In view of the complexity in generating unit costs, the criteria presented below may apply.

210. **Some examples of outputs in**

Figure 17: Application of Unit Costing in the Budget Process



Criteria to Select Application of Unit Costs

this category include: unit cost of vaccinations, per-student annual costs of school education (differentiated by level of schooling), and unit costs of road construction and maintenance by region. These are merely examples, and it will be important over time for each ministry to identify the outputs which it delivers to which the unit costing methodology may be applied.

N. Budget Ceilings and Budget Consolidation

211. **Annual budget ceilings put pressure on ministries to prioritise requirements within the ceilings to undertake new activities or provide greater support to effective programmes and thus better achieve their objectives.** Hard budget ceilings assist ministries in taking the initiative to:
   - Better relate activities to objectives
   - Review activities in terms of providing better value
   - Improve effectiveness, efficiency and equity of spending
   - Overall prioritisation.

212. **Once the budget ceilings have been provided, it will be necessary to reduce or increase the ministerial budget to meet the ceiling.** The difference between the indicative ceilings for the ministry and the baseline spending is that discretionary funds will be used for new spending proposals.

213. **In general, ministries will not need to reduce the baseline, but only rationalise proposed new priority spending initiatives.** For example, if the total identified expenditure requirements exceed the ceiling, the ministry should prioritise new priority spending initiatives expenditures by either:
   - Eliminating the new spending initiatives entirely;

- Deferring new priority spending initiatives; and
- Scaling back or reducing the scope of these spending priorities.

O. Financing of Budget Proposals above Ceiling

214. **Where the expenditure proposals submitted by a ministry/department/ agency are within its overall ceiling, these will be approved without much adjustment by the Ministry of Finance. However, in certain circumstances,** a ministry/department/ agency may request appropriations that would exceed its ceiling. Under such circumstances, the only way to accommodate such requests for additional funding would be through a combination of:
- Efficiency savings;
- User charges and fees levied by the sector under the control of the line ministry/department/agency;
- Increase in general taxes or borrowing; and
- Borrowing, with negative effects on fiscal sustainability and potentially on macroeconomic stability.

215. **All proposals for the allocation of funds in excess of the expenditure ceiling should, be supported by appropriate justifications**, including how to pay for the proposals in terms of user charges, efficiency gains resulting in permanent savings and/or increases in general taxes. Since an increase in general taxes is generally not a viable option or, even under the control of the ministry. The ministry in question will need to focus on efficiency savings and other means of financing any spending above the ceiling.

P. Spending Review

216. Programme based budgeting is a tool to help government improve expenditure prioritisation and encourage ministries to improve their results. To achieve this, two things will happen:

1. Performance-Oriented Review of Spending Ministry Budget Proposals

217. **When Ministry of Finance receives line ministry expenditure estimates, it will scrutinise these in the light of:**

- The performance indicators and other information provided about the effectiveness and efficiency of expenditure on existing programmes, as annexed to the financial estimates; and
- Information on the objectives, intervention logic and expected results of proposed new initiatives.

2. Selective Spending Review

218. **Consideration will be given to the development of a complementary system of performance-based *programme efficiency and equity spending* reviews.** This will have two strands:
- A small number of programmes will be selected each year for more in-depth review with a view to advising the government as to whether the programmes concerned should be wound back or terminated in order to make way for other priority expenditure.
- Selected efficiency and equity reviews may also be established. Efficiency reviews will not examine specific programmes, but rather more general issues of service

delivery efficiency relating to many programmes. An example of an efficiency review might be "scope for reducing service delivery costs by the establishment of one-stop shops". Equity reviews will examine the impact of service delivery on social relations between women and men in order to ensure that Government is on track to achieve its gender equality related objectives.

219. **The topics for such programme and efficiency reviews would be decided by the government at or prior to the commencement of the budget process, and the reviews conducted quickly so as to provide, in a timely manner, information to be used in the budget preparation process.** Further details of spending review mechanisms will be provided as and when these processes are established.

X. CHART OF ACCOUNT AND CODING STRUCTURE

This chapter aims at assisting the readers…

- In understanding the chart of account coding structure specifically as applied to budget preparation and monitoring purposes.
- In appreciating the purposes and scope of individual COA segments

By the end of this chapter, you should be able to;

- Comprehend the benefits of a flexible standardised chart of accounts structure.
- Define combinations of code segments for specific budget presentation, budget monitoring or analytical purposes.

A. Introduction

220. **A Chart of Accounts (COA)[8] can be described as a framework for budgeting, reporting and recording all the financial transactions in an organisation.** The Chart of Accounts (COA) is used to classify all accounting transactions and to control the budgetary allocations whilst also facilitating the financial reporting process. All accounting and budgeting transactions must be coded in accordance with the COA to ensure that the information is consistently and accurately recorded. Transactions are organised through the use of the COA mechanism such that individual transactions may be tracked but the information can then be aggregated and presented in formats useful for management purposes.

221. **A new Standard Chart of Accounts (SCOA) structure has been designed for use by the Government of Kenya budgetary institutions and will be applied with effect from the 2012/13 fiscal year.** All further discussion in this chapter relates to the new SCOA [9]. The chapter focuses on explaining the SCOA structure; individual code values will be found in the SCOA user manual.

B. Chart of Account Objectives

222. **The Kenyan SCOA has been designed to achieve the following objectives:**

- To address the current and anticipated financial reporting requirements of the users of the general purpose financial statements, including the requirements of specific interest groups such as international financial institutions and project donors.
- To ensure consistency between budget allocations and the

8 The term "Chart of Accounts" is used throughout this section. In the context of this manual it is interpreted as being synonymous with "Budget Classification" and "Accounts Classification", which may appear in other budgeting reference material.

9 Further information on the Chart of Accounts structure and application is available in: Government of Kenya, Standard Chart of Accounts User Manual, 2012.

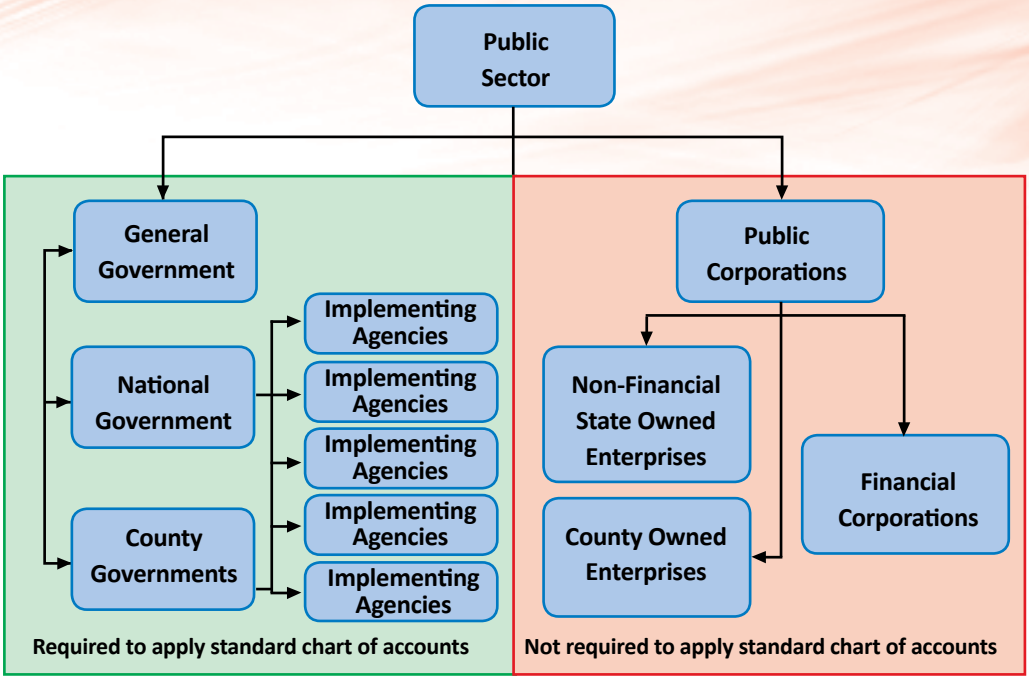
general ledger account codes. It is particularly important to be able to compare and report on: the approved budget, budget releases, budget variances and budget execution analysis.

- To build, where feasible, on existing COA structures and values, thereby limiting the effort required to retrain users as well as to migrate historic data enabling comparability with previous years.
- To construct a COA structure that is simple to understand and intuitive to apply, thus limiting the initial and ongoing training requirements.
- To ensure uniformity in accounting practice and reporting throughout Government. This is particularly important for enabling meaningful "whole of general government" analysis and facilitating the preparation of the government wide consolidated financial statements and statistics.
- To facilitate planning, performance and accountability through the aggregation of costs on the basis of organisational responsibilities, government programmes and projects, funding sources, and government functional areas.

223. **The word "Standard" in the description indicates that the chart of accounts structure and its values will be used consistently for all financial transactions and by all general government agencies.** The financial transactions cover the entire fiscal cycle and include budgeting, revenue collection, recurrent and development expenditures, as well as changes to assets and liabilities. The definition of "general government agencies" is inclusive of: institutions funded through the national budget such as ministries, departments and other agencies[10] (MDAs); county governments and their respective local authorities (LAs); special funds; and development projects. The SCOA will not be applicable to government controlled business and financial entities. The scope of SCOA coverage is illustrated in Figure 11, below.

10 The term "other agencies" includes: Constitutional bodies; regulatory bodies; and other autonomous and semi-autonomous public bodies receiving a vote or subvention. It does not include public enterprises.

Figure 18: Standard Chart of Accounts - Agency Coverage



224. **The benefits of applying the Standard Chart of Accounts to record all financial transactions by all general government agencies, include:**

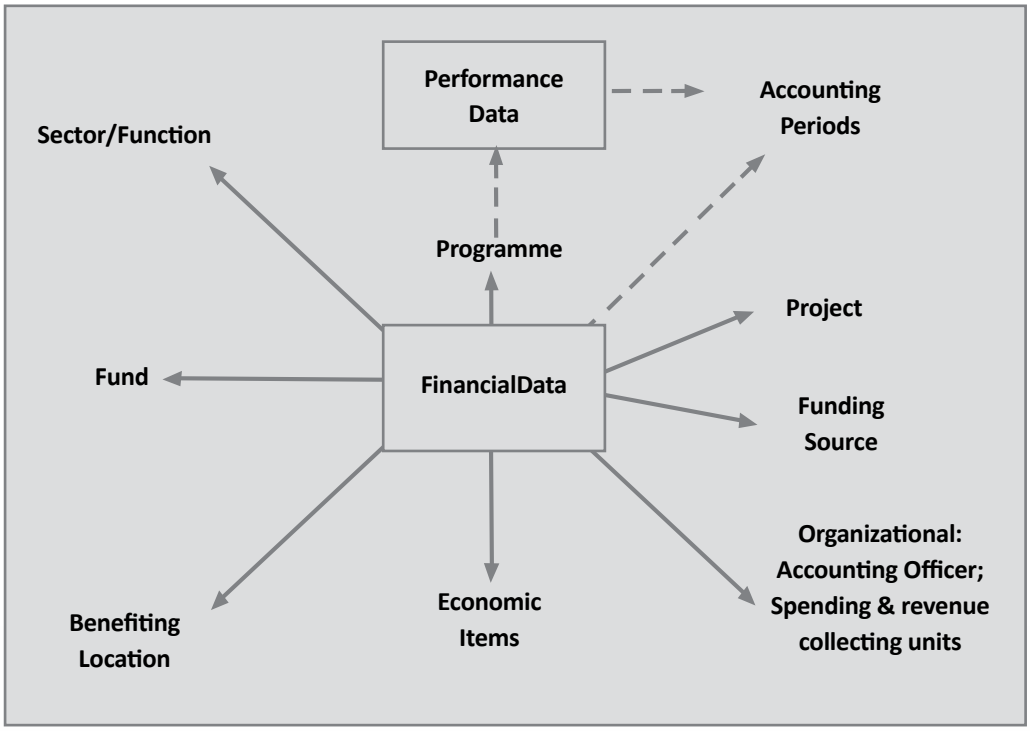
- Improved transparency and accountability through:
  - Enabling the sharing and comparison of financial data for an agency across the fiscal cycle (e.g. actual revenues and expenditures compared against the approved and released budgets).
  - Enabling the aggregation and comparison of financial data across agencies.
- Supporting uniformity of financial management practices throughout general government, enabling rationalisation of training and audit programmes, and standard financial management systems.
- Exploiting modern reporting tools by providing users with flexible reporting capabilities, for instance allowing the drilldown and rollup of data between different reporting levels.
- Supporting both the cash and accrual bases of reporting, and allowing agencies to progressively transition to the International Public Sector Accounting Standards (IPSAS) for accrual reporting.
- Enabling compliance to international reporting requirements by including within the COA reporting elements for Government Financial Statistics (GFS 2001) and Classification of the Functions of Government (CoFoG).

C. Reporting Dimensions

225. **Awide range of stakeholder groups have interests in government budget reports and financial statements.** Stakeholders include: Budget and accounting staff, internal and external auditors, accounting officers, politicians (Ministers, Cabinet, Parliament), councillors, development partners and international institutions, national statistics and financial system technical support staff.

226. **Stakeholder demand for analysis of financial data to meet specific reporting needs is similarly varied.** The range of reporting dimensions required by stakeholders for different analytical purposes is depicted in Figure 19 below.

Figure 19: Stakeholder Requirements - Report Dimensions



227. **Analysis of financial data by time period and relative to output/ outcome measures is not achieved through COA segments.** Breakdown of financial data by accounting period (week, month, quarter or financial year) is dependent on the calendars maintained in the respective accounting (i.e. general ledger) or budgeting modules. Analysis of financial data by all other dimensions illustrated above will be dependent on the structure and values of the chart of accounts.

D. Chart of Accounts – Design Considerations

228. To optimise the government's reporting potential, **the COA structure is characterised by a number of code segments, with each segment containing one or more hierarchical reporting lines.**

229. **Modern financial management computer systems, such as Kenya's IFMIS (Integrated Financial Management Information System), are capable of accommodating multiple code segments, where:**
   - Each segment is independent from other segments and concentrates on a particular analytical dimension;
   - Transactions will be defined by combining relevant values from each code segment; and
   - Each code segment can contain one or more reporting hierarchies whereby:
   - The number of reporting levels is determined by operational and managerial requirements,
   - Transactions are recorded at the bottommost (or the most disaggregated level), and
   - Drilldown and rollup functionality allows the same data to be analysed at different levels of aggregation.

230. The SCOA structure has been established through a consultative process over several months led by a task force representing the interests of multiple stakeholder groups. The eventual structure sought to satisfy the design objectives and requirements for reporting dimensions, without introducing unnecessary complexities. The segments and code lengths are illustrated in Figure 20, below:

Figure 20: SCOA Design - Code Segments

Segment	Description	No. of characters
Segment 1	Class	1 digit
Segment 2	Vote	3 digits
Segment 3	Administrative	7 digits
Segment 4	Projects	6 digits
Segment 5	Source of Funding	8 digits
Segment 6	Programme	9 digits
Segment 7	Economic Items	7 digits
Segment 8	Geographic Location	7 digits

NB: The above structure was derived from the updated version of SCOA by the time of finalisation of this PBB Manual. However, it's possible that the SCOA maybe updated during finalisation and implementation. Accordingly, reference should be made to the most updated SCOA User Manual.

E. SCOA – Reporting Segments

231. **The SCOA structure comprises eight code segments, with each segment containing one or more reporting hierarchies.** This structure should allow for flexible reporting, should be capable of being used by all levels of government and will support the implementation of programme based budgeting. It also attempts to cater for a progressive move from cash to accrual basis of reporting. The SCOA segments are described below:

Figure 21: SCOA Reporting Segments

Code Segment	Segment Description
Segment 1 **Class** **(1 digit; 1 level)** **X** [11]	This segment basically distinguishes the type of budget – revenue budget, Recurrent and Development expenditures budgets. It also enables identification of transactions that do not affect the budget – referred to as Below the Line Items. The second level provides further breakdown e.g. recurrent and development budget.
Segment 2 **Vote** **(3 digits; 1 level)** **XXX**	Within the Oracle IFMIS system, this is described as the "balancing segment". The segment at which a trial balance is generated and financial statements produced. The structure allows for balancing at Ministry/ County organisational level. The higher reporting level allows for consolidated (aggregated) reporting.
Segment 3 **Administrative** **(7 digits; 3 levels)** **XXX.XX.XX**	This segment represents the organisational structure of a particularly government entity. The lowest level indicates the cost/revenue centre. Thus the code string runs as follows: Ministry>Department (Head)>Cost Centre (Sub-head). Special Funds have been designated at Departmental level and should be able to prepare separate financial statements.
Segment 4 **Projects** **(6 digits; 2 levels)** **XX.XXXX**	A separate segment for Projects has been created. Projects will be linked to implementing Ministries in the system, but not hard coded per ministry. The 6 digit project code includes 2 digits representing the year of project agreement and 4 digits for specific project code. The project coding will be specific in a particular year.
Segment 5 **Funding Source** **(8 digits; 4 levels)** **X.XXX.XXX.X**	Allows for analysis of revenues and payments by funding source. At broad level, it categorises revenues as either Domestic or External. At the lower level, it drills down to a particular source. E.g. a particular donor like WB. Donor funding is further identified by donor items (donor facilities) as each donor normally commits funding under a specific facility (referred to as "programme" in donor speak). And finally, at level 4, the funding mode (either Revenue or AIA) is identified.

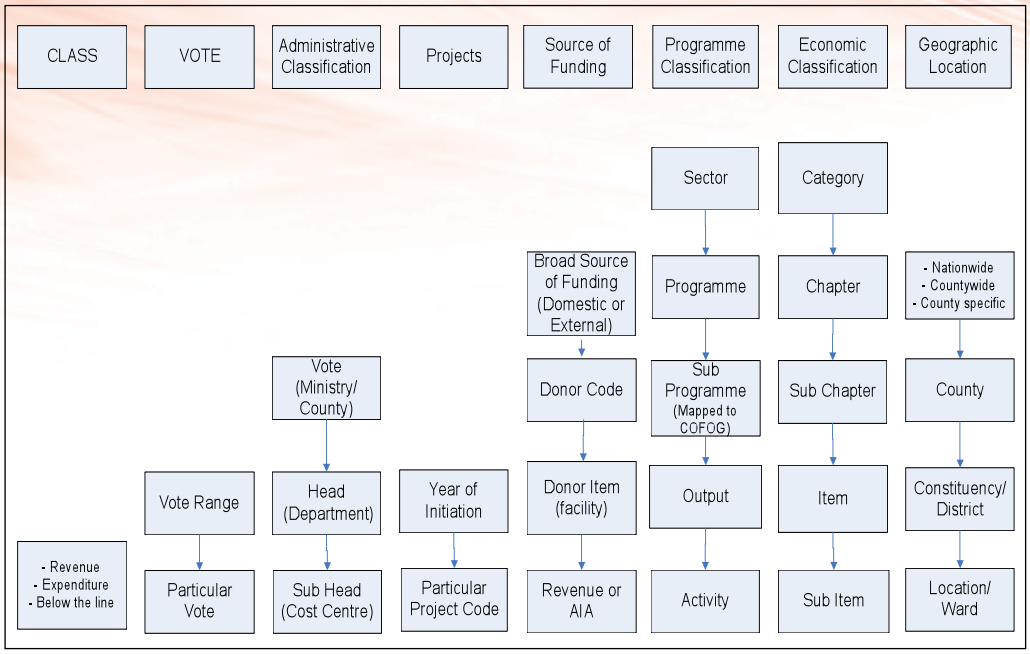
11 Note whilst the illustration includes "." as separators between the different reporting levels within a segment, these separators will not feature as part of the codes applied when recording transactions or generating reports.

Code Segment	Segment Description
Segment 6 **Programme** **(9 digits; 5 levels)** **XX.XX.X.XX.XX**	Provides for a programmatic reporting structure – all expenditures are categorised by programme/subprogramme to support performance or programme based budget. The reporting hierarchy comprises: Sector>Programme>Subprogramme>Output>Activity Each subprogramme will be mapped to CoFoG code to enable generation of the relevant reports. The level of Activity will not be populated in the near future.
Segment 7 **Economic** **(7 digits; 5 levels)** **X.X.X.XX.XX**	Analyses the nature of receipts, payments, assets, liabilities and funding flows. The values will be aligned to GFSM 2001. The reporting hierarchy comprises: Category>Chapter >Sub Chapter>Item>Sub Item
Segment 8 **Geographic** **(7 digits; 3 levels)** **XXX.XX.XX**	Enables payments to be tracked to the benefiting locations. The reporting hierarchy comprises: County>Constituency/District>Location/Ward The lower levels of devolution below the County level have not yet been determined, but the proposed structure is considered adequate for any structures that may be finally agreed.

NB: The above structure was derived from the updated version of SCOA by the time of finalisation of this PBB Manual. However, it's possible that the SCOA may be updated during finalisation and implementation. Accordingly, reference should be made to the most updated SCOA User Manual.

232. **The SCOA structure, showing the code segments and the reporting hierarchies within each segment, is illustrated in Figure 22.** Within this diagram, the bottommost levels of each code segment represent the coding levels which are to be applied for all accounting transactions; the higher levels indicate the levels at which data can be aggregated for reporting purposes. Alternative reporting hierarchies are shown in segments 5 and 6, enabling dual reporting streams – the primary stream to satisfy internal management purposes and the alternative stream to enable compliance to international reporting standards.

Figure 22: Standard Chart of Account Structure



NB: The above structure was derived from the updated version of SCOA by the time of finalisation of this PBB Manual. However, it's possible that the SCOA maybe updated during finalisation and implementation. Accordingly, reference should be made to the most updated SCOA User Manual.

F. Chart of Accounts – Flexible Reporting

233. **As illustrated, the SCOA structure comprises multiple code segments with each of these segments containing one or more reporting hierarchies.** The reporting capabilities benefit from the following features:

- All accounting transactions will be entered at the lowest points in the code segment hierarchies;
- The relationships between reporting levels in a segment hierarchy will be established in IFMIS such that they will always hold true (e.g. every time that a specific value is applied for a transaction, it will always roll up to a particular point in the hierarchy, which in turn will always roll up to a particular point in the next level of the hierarchy, and so on);
- All transactions will assign values for each of the seven coding segments (even though for some transaction types the value will default to a zero-value code signifying that the segment is not applicable for this transaction type).

234. **These features allow for a very flexible reporting structure, enabling users to generate reports from combining the seven code segments at any level within the individual segment hierarchies.** The current combination is illustrated in Figure 22 above:

235. **Similarly, combinations of different levels from each of the code segments can be used for some budget preparation and budget execution tasks.** For instance hard budget ceilings could be enforced at highly aggregated levels; budgets could be released for commitment and expenditure (funds availability checking) at an appropriate level of aggregation.

236. **The reporting potential is further strengthened through combining the SCOA features with the functions contained in the modern reporting tools s**such as those used for analysing budgets and actual revenues and expenditures. These reporting tools will typically allow users to:

- Drill down from a summary level in the reporting hierarch of a code segment, revealing more details on the transactions that make up the summary;
- Roll up from a detailed level of analysis to show the same data at a more aggregated level;
- Filter data, to include only specific code values or ranges of codes;
- Total and sub-total; and
- Specify the presentation order of segments for each report.

G. Chart of Accounts – Programme Segment

237. **The structure of the programme segment in the Chart of Accounts is described below.** This segment provides for classification of expenditures by programmes and subprogrammes. The current configuration of IFMIS includes this segment but it was not activated for one reason or another. This is the most significant omission from the current CoA and the integration of the programmes in the revised Chart of Accounts is one of the most significant improvements in order to support performance or programme based budgeting. The segment will have five levels as follows:

Figure 23: Structure of the Programme Segment

Level 1	Level 2	Level 3	Level 4	Level 5	Full Code
Sector	Programme	S-Programme	Output	Activity	
2 digits	2 digits	1 digit	2 digits	2 digits	9 digits

Below is the numbering outline, levels and the size of each level within this segment. Illustrative coding has been drawn from the Agriculture and Rural Development sector.

Figure 24: Coding Structure

Level 1	Level 2	Level 3	Level 4	Level 5	Full Code	Description
Sector	Programme	S-Programme	Output	Activity		
2 digits	2 digits	1 digit	2 digits	2 digits	9 digits	
01	**00**	**0**	**00**	**00**	**010000000**	**Agricultural and Rural Development**
01	**01**	**0**	**00**	**00**	**010100000**	**Policy, Strategy and Management of Agriculture**
01	**01**	**1**	**00**	**00**	**010110000**	**Development/Review of Agriculture Policy, legal and Regulartory Framework**
01	01	1	01	00	010110100	Policy frameworks reviewed and developed
01	01	1	01	01	010110101	Activity 1
01	01	1	01	02	010110102	Activity 2
01	01	1	01	03	010110103	Activity 3
01	01	1	02	00	010110200	Bills processed and submitted to the Attoney General
01	01	1	02	01	010110201	Activity 1
01	01	1	02	02	010110202	Activity 2
01	01	1	02	03	010110203	Activity 3
01	**01**	**2**	**00**	**00**	**010120000**	**Agriculrural Planning and Financial Management**
01	01	2	01	00	010120100	Establishment of Agricultural Development Fund
01	**02**	**0**	**00**	**00**	**010200000**	**Crop Development and Management**
01	**02**	**1**	**00**	**00**	**010210000**	**Land and Crops Development**
01	02	1	01	00	010210100	Surveillances and control of strategic pests carried out
01	02	1	02	00	010210200	Metric tons of traditional crop seeds multiplied and distributed
01	02	1	03	00	010210300	Reference materials on horticulture prepared
01	02	1	04	00	010210400	Water harvesting pans consructed for agricultural use
01	02	1	05	00	010210500	Agricultural machinery bought for AMS stations
01	02	1	06	00	010210600	Appropriate agricultural technologies developed/adapted, tested and disseminated

238. This segment is used to identify the programme, subprogramme, output and activity for a particular expenditure. The segment is applicable to expenditures only – during budgeting, execution and reporting. The segment enables generation of expenditure reports per programme/ subprogramme per MDA or across government. Planners and M&E function use programmes as their basis of planning and M&E. To enable reporting under the Classification of the Functions of Government (CoFoG), each subprogramme will be mapped to CoFoG code in the system. The Budgetary Supplies Department has already developed a set of programmes and subprogrammes. Programmes are domiciled within a sector, and coding of programmes in the Chart of Accounts follows this principle. The programmes and subprogrammes undergo annual review by the Sector Working Groups (SWGs) in line with the MTEF. Per the Budget Circular issued in September 2011, the budget for 2012/2013 will be presented both by programmes/ subprogrammes.

239. **The SCOA user manual will set out the responsibilities, forms and mechanisms for requesting and updating new SCOA segment values.** Careful control over the SCOA will be required to maintain the integrity of the SCOA structure by: Avoiding duplication of values, ensuring code segments are used for the correct purposes, eliminating inconsistencies and generally managing the SCOA so that it meets the reporting requirements of different stakeholder groups.

XI. APPROPRIATIONS, EXECUTION AND FINANCIAL REPORTING

This chapter on appropriations, execution and financial reporting aims to assist the readers...

- In understanding how appropriations will be dealt with under programme based budgeting.

By the end of this chapter, you should be able to...

- Prepare effective budget execution reports.

A. Introduction

240. **This section focuses on two closely related issues: 1) The system of legislative budget appropriations under programme based budgeting; and 2) Budget execution under programme based budgeting.** In other words, the manner in which spending ministries and the Treasury manage the implementation of the budget approved in programmatic terms by the Parliament.

B. Budget Appropriations

241. **Under programme based budgeting, the form of the budget estimates approved by the Parliament changes substantially relative to its traditional form.** The estimates will remain structured around "Votes" to ministries and certain other major institutional units (such as State House and the Kenya National Audit Office), but the structure of appropriations under each vote is significantly different.

1. Appropriations by Programme

242. **Within each Vote, the estimates approved by Parliament are allocated first and foremost to programmes.** This means that in endorsing the estimates, Parliament is deciding upon a particular allocation between programmes of the expenditure of each ministry. In executing their budgets, ministries are then required to respect this programmatic allocation decided by the Parliament, subject only to the possibility of minor transfers between programmes authorised by the Cabinet Secretary for Finance (see below).

243. **Allocations between subprogrammes may appear in the estimates, but only for information purposes.** This is because the Parliament will not be concerning itself with the fine detail of expenditure allocation between subprogrammes. Subprogrammes will, rather, be a tool for internal planning and budget management within spending ministries. Ministries will require approval from Treasury for them to reallocate money between subprogrammes within the same programme.

2. Appropriations by Economic Classification (Item)

243. **Appropriations by "economic classification" refers to the use of "items" in the estimates.** Under the

budgeting system operating in Kenya prior to the move to full programme based budgeting, the budget allocation provided to each "sub-head" has been broken into as many as twenty "items" such as "training expenses", "fuel oil and lubricants" and "communication, supplies and services". By contrast, under programme based budgeting the detail of budget control over expenditure by economic classification is reduced very substantially. This is because the *quid pro quo* for the greater accountability of ministries for results delivered to the community is greater freedom in their internal management of their budget.

244. **Concretely, with the move to full programme based budgeting, many "items" will be grouped together in new, broader "item control totals".** Within these item control totals, spending ministries will be authorised to shift money during budget execution if necessary without the need to request transfer authorisation from Treasury. Ministries will be able to move money between items within the same item control total in the same manner that (prior to the move to full programme based budgeting) they were able to move money between sub-items within the same item. For example, all items relating to salaries and other forms of remuneration of personnel (including the items "basic salaries – permanent employees", "personal allowance – paid as part of salary" etc.) will be grouped together into a new "personnel expenses" item control total, and reallocations between the items within that item control total will not require Treasury approval. The item control totals which will apply after the move to full programme based budgeting will be the following:

Table 8: Line Item Controls in Programme Budgeting

Item Control Total	Items
Personnel Expenses	Basic Salaries – Permanent Employees Basic Salaries – Temporary Employees Personal Allowance – Paid As Part of Salary Personal Allowances Paid As Reimbursements Etc …
Utilities Supplies and Services	Utilities Supplies and Services
Foreign Travel and Related Expenses	Foreign Travel and Subsistence, and Other Transportation Costs
Other Recurrent Expenditure	Communication, Supplies and Services Domestic Travel and Subsistence, and Other Transportation Costs Printing, Advertising and Information Supplies and Services Training Expenses Hospitality Supplies and Services Specialised Materials and Supplies Office and General Supplies and Services Fuel Oil and Lubricants Routine Maintenance – Vehicles and Other Transport Equipment Routine Maintenance – Other Assets Etc …
Capital Expenditure	Purchase of Office Furniture and General Equipment Purchase of Specialised Plant, Equipment and Machinery Research, Feasibility Studies, Project Preparation and Design, Project Supervision Construction of Buildings Construction and Civil Works Overhaul and Refurbishment of Construction and Civil Works Purchase of Certified Seeds, Breeding Stock and Live Animals Etc ….

245. **As illustrated in Table 8, the key item control totals under programme based budgeting are those for personal expenses, other recurrent expenditure and capital expenditure.** In addition to this, several minor item control totals will be preserved for special reasons. Thus, the "foreign travel and related expenses" item control total will be maintained so as to safeguard against excessive expenditure on foreign travel. And

the "utilities supplies and services" control total will be maintained so as to safeguard against the danger of ministries failing to pay their utility bills and as a consequence, either accumulating arrears or demanding budget supplementation from Treasury. However, it is anticipated that in the future the continued improvement in the quality of internal budget management within spending ministries will enable government to abolish the specific control total for utilities.

246. **The fact that approval of expenditure by economic classification will take place on a much more aggregated basis than in the past does not in any way imply that the accounting of expenditure by economic classification will become less detailed.** Accounting systems will continue to record expenditure during budget execution at the much more detailed sub-item level. See below for further discussion.

C. Programme Appropriations in the Budget

247. **In light of these four significant changes in the structure of budget appropriations, the new integrated estimates volume will look significantly different from the estimates volume under the traditional, pre-programme based budgeting system.** The vote structure in the estimates will now be as in the following hypothetical example as shown in Figure 25 below.

Figure 25: Example of Estimates Vote Structure Under Programme Based Budgeting

Vote 10: Ministry of Agriculture				
Programme	**Item Control Total**	**Amount budget year**	**Amount year N +1**	**Amount year N + 2**
Crop Industries	Personnel Expenses	Shillings	Shillings	Shillings
	Utilities Supplies and Services	Shillings	Shillings	Shillings
	Foreign Travel and Related Expenses	Shillings	Shillings	Shillings
	Other Recurrent Expenditure	Shillings	Shillings	Shillings
	Capital Expenditure	Shillings	Shillings	Shillings
Livestock Industries	Personnel Expenses	Shillings	Shillings	Shillings
	Utilities Supplies and Services	Shillings	Shillings	Shillings
	Foreign Travel and Related Expenses	Shillings	Shillings	Shillings
	Other Recurrent Expenditure	Shillings	Shillings	Shillings
	Capital Expenditure	Shillings	Shillings	Shillings
Further Programmes	.....	.....	.....	.....

248. **In addition, the breakdown by subprogramme will be attached to the estimates for information purposes.** As this example indicates, allocations to item control totals will be by programme. This means that it will not be possible, without Treasury approval, to shift money between, say, the personnel expenses allocation of one programme to the personnel expenses allocation of a different programme.

D. Appropriation Controls during Budget Execution

249. **During budget execution, there will be some scope for transfer of funds between appropriation categories, subject to Treasury approval.** The following transfers may be approved:

1. Virement between Programmes

250. **As one means of providing flexibility to respond to unanticipated developments which may occur during budget execution, there will be certain scope for transfers of funds between programmes.** Subject to Treasury approval, a ministry may transfer up to a certain percentage of the allocation approved by the Parliament for any programme to its other programmes. Transfers in excess of the limit are not permitted. More precisely, any transfer in excess of this will require an amendment of the budget by the Parliament.

2. Virement between Item Control Totals

251. **No transfer of funds between item control totals within a given programme may be made without the approval of Treasury, which may subject to certain constraints approve such transfers.**

252. ***There are two types of item transfers within programmes which Treasury is not* authorised by the Parliament to approve.** The first of these is transfers to personnel expenses from any other item control total. The second is transfers away from capital expenditure to any other item control total. The ban on transfers to personnel expenses means that each ministry must respect absolutely the upper limit imposed by the Parliament on personnel expenses in the Printed Estimates. The reason for this is that hiring additional staff usually creates expenditure obligations not only in the financial year when those staff are hired, but in future financial years. Maintaining control of expenditure therefore requires firm control of staffing decisions. This firm control will continue to be supported by the requirement of Public Service Commission approval of ministry's staffing levels.

253. **At the same time, transfers *from* personnel expenses to other item control totals within the relevant programme are not necessarily forbidden.** However, for Treasury to approve such a transfer, it would need to be convinced that the transfer does not risk leaving the spending ministry concerned without sufficient funds to meet all of the personnel expenses for which it is responsible during the financial year concerned.

254. **The ban on transfers away from capital expenditure is designed to prevent ministries from inappropriately sacrificing capital expenditure, which**

builds assets and infrastructure for the future, in order to increase current expenditure. When transferring funds between programmes ministries must not either:

- Increase the total amount of the ministry's allocation for personnel expenses for all its programmes taken together; or
- Reduce the total allocation for capital expenditure for the ministry as a whole.

255. **This means that when money is transferred between programmes up to the limit discussed above:**

- Programmes receiving funds transferred from another programme may not increase their personnel expenses by an amount in excess of the reduction in the personnel expenses allocation of the programme from which funds are being transferred; and
- Any capital expenditure allocations transferred from a programme may only be transferred to the capital expenditure allocations of other programmes.

E. Allocation by Ministry in Budget Execution

256. **During budget execution each spending ministry will need to translate the programme budget given to it by Parliament in the estimates into operational budgets for each of its directorates and other major spending units.** In a context where each such organisational unit is, as discussed in the programme design section, aligned with one and only one programme, this is not a difficult matter. If, as will frequently be the case, a programme corresponds to a single directorate, the budget for that programme is also the budget for the directorate. If, on the other hand, a programme corresponds to two or more directorates, it will be necessary for the ministry concerned to internally allocate the programme's budget between the directorates concerned. In doing so, it will naturally be guided by the organisational budgets which it drafted – together with the programme budget – during the budget preparation process. However, the ministry will retain discretion in the allocation of the programme budget between such organisational units, as this will not have been prescribed by Parliament when it approved the Printed Estimates.

257. **The allocation of the budget between subprogrammes within a programme during budget execution is also a matter which remains at the discretion of spending ministries**, which are therefore not necessarily bound to conform to the subprogramme allocation indicated in the financial estimates which they submit to Treasury during the budget preparation process.

F. Accounting and Financial Reporting During Budget Execution

258. **During budget execution, all expenditure is to be comprehensively recorded in the accounting system on a continuing basis in terms of programmes, subprogrammes, major organisational units (equivalent to heads and sub-heads), sub-item and certain other characteristics.** This is to be facilitated by a revised Chart of Accounts which is programme-compatible (See above).

259. **The simplified form of the budget estimates under full programme based budgeting does not in any manner affect the level of detail at which expenditure is to be recorded in the accounting system.** Thus, the system of broad item control totals will not remove the requirement to record expenditure by economic classification at the much more detailed sub-item level. Similarly, the fact that the Estimates allocate funding only at the programme and not the subprogramme level does not remove the requirement to record expenditure in the accounting system at the subprogramme level.

260. **Consistent with this, the final accounts prepared by each ministry at the conclusion of the financial year will provide full detail of expenditure including by subprogramme and sub-item**.

G. Performance and Financial Reporting

261. **Regular performance reporting should become an integral part of the budget planning and execution process.** Line ministries are expected to provide detailed and comprehensive information on actual budget execution as well as actual achievements of programmes, subprogrammes and activities in terms of output, outcomes, and efficiency, and equity results as appropriate. This is done on a quarterly basis, through quarterly, semi-annual and annual performance reports that will be prepared by the line ministries, based on the Performance Reporting Circulars issued by the Ministry of Finance.

262. **The Ministry of Finance will examine closely those programmes and subprogrammes to ascertain whether they are/are not performing well.** The MoF will also look closely at those (sub-) programmes. Bear in mind that it is difficult to justify continued funding if line ministries cannot demonstrate the effectiveness of their programmes. Sometimes external factors outside the control or influence of line ministries can impact budget execution performance and lead to results that are less than expected. These circumstances will need to be explained in the documents.

Table 9: Reporting Activity and Responsibility

Activity	Prime Agency Responsible	Period
Submission of Monthly Budget Accounts	All Agencies	Monthly
Financial / Physical Progress Reports	All Agencies	Quarterly
Mid-Year Review of the Budget	Ministry of Finance and All Agencies	November//December
Monitoring of Financial / Physical Progress	Budget Department//MOF	Year Round
Auditing	Internal Audit Units Audit General	Year Round

1. Monthly Financial Monitoring Reports

263. **A Financial Monitoring Report is to be prepared by each ministry/ department based on information provided by IFMIS.** Detailed financial monitoring tables regarding programme budgets must be provided. The report should include a summary of financial issues and developments during the considered period, an overview of the ministry/department financial results, steps taken to improve delivery of outputs by programme and subprogramme, and the medium term outlook.

2. Quarterly Performance Monitoring Reports

264. **A quarterly Performance Monitoring Report should be prepared by each ministry/department.** The report should include a summary of the significant performance issues and developments during the period, an overview of the ministry/departments performance, and an outlook for the following period. Performance results by programme/subprogramme by output should be provided (where available).

3. Annual and Semi-Annual Review of the Budget

265. **These two reports are produced by the Budgetary Supplies Department.** The semi-annual report is produced following the first six months in the financial year, while the annual report is produced after completion of the financial year.

266. **The purpose of these two reports is to examine and report on the performance of the budget in terms of both financial and non-financial aspects, against the objectives and targets established at the beginning of the financial year.** The MoF will hold a mid-year review to check if the budget is on-track. The review shall be based on the reports sent by budget users (agencies) and various monitoring reports. The semi-annual report will inform reviews and adjustments that may need to be made in light of the half-year performance. The Mid-Year Review shall result in:

- Revised budgets for ongoing development expenditures.
- Revision of rolling budgets for subsequent years.

4. Semi-Annual Performance Monitoring Report

267. **A semi-annual and annual Performance Monitoring Report is to be prepared by ministry/departments.** The report must first explain the process undertaken to monitor the progress of programme outcome(s) and performance measures (indicators and targets) of associated outputs. The monitoring report must also indicate data constraints, if any, and what steps are being taken to address data deficiency. In brief, the report must:

- Report on how the ministry/ department has performed during the period in relation to the expected delivery of programme/ subprogramme outputs and contribution to outcomes.
- Provide an assessment of how the ministry/department has progressed towards output targets and eventually outcomes. Therefore the report must include:

1. Reporting of actual results against programme/ subprogramme outputs and the specific performance information established in the multi-year programme budget documentation.
2. A concise narrative discussion and analysis of the detailed performance information. This should include: an overview of entity strategy during the year (including responses to emerging challenges and unexpected events), performance trend analysis, references to any significant changes in the nature of the ministry/department's principal functions or services (and how that may have impacted performance).
3. Discussion and analysis of the ministry/department's financial performance for the half-year period in line with the delivery of expected outputs.

H. Programme Budget Evaluation and Audit

268. **There are two levels of evaluations following the close of the financial year: programme evaluation and the statutory audit.**

1. Programme Reviews

269. **Programme reviews of the budget are a necessary process to assess the effectiveness of policy and programme implementation.** This evaluation focuses on:

- Assessing progress toward achieving targets that were set at the beginning of the year at both the vote and the sectoral level. These reviews also allow the assessment of the effectiveness of strategies chosen.
- Considering adjustments to policies, programmes and future strategies and activities.

2. External Audit

270. **External Audit of ministry/ departments is a statutory requirement.** In carrying out financial audits, the Auditor General is required to examine the accounts and financial statements of an agency as submitted. The audit examines the completeness of accounts in representing budget outlays, compliance with appropriations, authorisations and observance of relevant controls. The Auditor General also examines and corrects errors in computations. On the basis of the examination, the Auditor General will issue an opinion on the accounts which may be any of the following:

271. **Unqualified opinion** which implies in the auditor's judgment, the financial statements provided represents a true and fair view and is prepared within the relevant accounting procedures. Qualified opinion means that the auditor has not a satisfactory representation of the financial statements. The qualification may be in relation to:

- **Scope:** Where the auditor has been limited in scope of their work, preventing them to express an unqualified opinion.
- **Disagreement:** Where the auditors disagree with the accounting treatment or disclosure of a material

matter in the financial statement.

- **Adverse:** Expressed when the effect of the disagreement is so material that the financial statements are thought to be misleading and do not give a true and fair picture.
- **Disclaimer:** Expressed when the possible effect of a limitation on scope is so material that the auditor is unable to obtain sufficient evidence to support or express an opinion on the financial statements.

3. Value for Money Audit

272. **Value for money audit refers to an examination of an expenditure programme in terms of exercising efficiency, economy, effectiveness, and equity in the management of public spending:**

- **Economy** is concerned with minimising the cost of resources used to deliver the same quality and quantity of services;
- **Efficiency** focuses on the relationship between outputs or results and the resources (inputs) used to produce them. The question is how to maximise outputs for a given level of inputs (i.e., is the money well spent).
- **Effectiveness** is concerned about the delivery of objectives. It compares the actual results against the intended results.
- **Equity** focuses on the extent to which programmes meet the needs of women and men, girls and boys.

273. **The Constitution requires the Auditor General to submit an annual report on audited accounts to Parliament.** Accounting officers of each ministry are required to submit their final accounts in respect to revenues and expenditures the votes under their responsibility to the Cabinet Secretary for Finance and Auditor General, with copies to the Accountant General within 3 months after completion of the financial year.

ANNEXURE A: MINISTRY OF FINANCE QUALITY ASSURANCE QUESTIONS

274. In reviewing the various budget proposals from various ministries, Ministry of Finance budget officers should review proposals based on the following check list:

- ***Has the line ministry defined strategic objectives?*** Is strategic wide enough to cover all responsibilities (activities) of the ministry in the next long-term period?
- ***Have gender gaps in the sector been identified?*** Are strategic objectives appropriate to reduce gender gaps in the sector and are they in line with the national gender policy and Plan of Action?
- ***Has the line ministry properly defined programmes?*** Are programmes defined as main areas of responsibility of the ministry? Are all core areas of responsibility of the ministry covered with programmes? Are these programmes sufficiently stable enough not to be changed in the next 5-10 years, at least? Are programmes defined in a way that for each programme a certain outcome – benefit to be produced in society in the long-term – can be clearly associated? Have gender differences been taken into consideration? Is there one programme General Administration and Management or Institutional Support? Is there more than one supporting programme in total (programmes that support ministries internal work, rather than outside client)?
- ***Has the line ministry defined a programme objective for each programme?*** Are programme objectives defined in a way that each defines a benefit the ministry is trying to achieve for the country in the long-term?
- ***Has the line ministry defined subprogrammes under each programme?*** Does every subprogramme correspond to one policy area of the ministry or to one service being delivered by ministry or one target client group within given programme? Are gender differences within the target client group mentioned and strategies to reduce gender gaps identified? Can one main output (result) be defined for each subprogramme? Are subprogrammes too small? Can several subprogrammes be actually merged into one more meaningful subprogramme – that would clearly define one of the main services being delivered under the given programme?
- ***Are the line ministry's departments mapped to subprogrammes?*** Has the ministry mapped each of its departments to one of the subprogrammes? Is one department split between two subprogrammes?
- ***Has the line ministry defined the objective for each programme?*** Are these objective statements of the outcomes which the ministry

expects to deliver over the coming years? Do programme objectives reflect the Government's policy priorities?

- ***Has the line ministry defined performance indicators?*** Are those indicators quantifiable and measurable?
  - Has at least one outcome indicator been defined for each programme? Are outcomes defined as impact or benefits ministry will achieve for society? Does each outcome address programme objective of the programme for which it has been defined?
  - Has one output been defined for each subprogramme? Are outputs defined as direct results of ministry's work or services produced by ministry? Do they reflect volume of work under specific subprogramme? Does each output address operational objective of the subprogramme for which it has been defined?

The following table provides guidelines for the Ministry of Finance budget officers to evaluate programme budget submission.

Table 10: Guidelines for Evaluating a Programme Budget Submission

1. Does the mission align with national priorities?	
1.1 Does the mission align with the national strategy priorities?	
1.2 Does the mission clearly state the entire Ministry's core functions and service delivery priorities?	
2. Do programme objectives reflect the desired result?	
2.1 Do all the objectives link clearly to the mission?	
2.2 Are the objectives aligned to the Vision 2030 priorities?	
2.3. Are the objectives in line with the priorities of the national Gender Strategy in the given sector?	
2.4 Do the objectives reflect the core function of the ministry?	
2.5 Do the objectives state the end product or results of the ministry's services?	
2.6 Can the objectives be translated into measurable results?	
2.7 Is it definitely stated as a result not an activity? *(an objective should state the end result not an activity)*	
3. Does the strategic overview provide a summary of the policies of the Ministry?	
3.1 Does the strategic overview state the purpose of the Ministry?	
3.2 Does it identify and evaluate the key policies implemented over the past two years?	
3.3 Does it capture the new policy developments and implications on activities for the next three years?	
3.4. Does it refer to the national Gender Strategy?	
3.5 Does it evaluate service delivery achievements for the past two years (differentiated by sex) and provide guidance for the next three years?	
3.6 Does it support the main programme objectives?	

4. Overview of expenditure trends (recurrent and capital)	
4.1 Does it explain significant increases or decreases in expenditure over the 5 year reporting period, e.g. the past two years and the next three years? (Increases: *-Use the national inflation rate as a benchmark. Any increases more than 5% over this figure should be explained)* *(Decreases: -Any decrease of expenditure greater than –5% of the previous year should be explained)*	
4.2 Do changes in expenditure relate to the policy priorities stated in the strategic overview?	
4.3 Are the financial implications of new policy developments captured in the medium term budget?	
5. Medium Term Performance Targets	
5.1 Review of past performance	
5.1.1 Is there any difference between the actual and projected performance targets?	
5.1.2 If there is any difference, check that there is a satisfactory explanation given for the variation.	
5.1.3 Would the stated reasons for variations affect the future performance and hence resource allocation for the medium term?	
5.1.4 Are there variations in the performance with regard to women compared to men (where applicable)?	
5.2 Do the performance indicators relate directly to the output?	
5.2.1 Does it describe in words how the output will be measured *(e.g. the number of kilometres of road)*	
5.2.2 Are there at least 2 indicators for each output? *(quantity; quality; time; cost)*	
5.3 Are the performance targets specific, measurable, appropriate, realistic/affordable and time bound?	
5.3.1 If a quantity target is used can it be achieved?	
5.3.2 If a quality target is used can you achieve the set standard?	
5.3.3 If a time target is used is it realistic based on the resources you have?	
5.3.4 If a cost target is used is the amount realistic?	
5.3.5 Are all the targets consistent with each other?	
5.3.6 Are different targets defined for women and men (where applicable)?	
6. Reviewing alignment of resource allocation to policy priorities and performance targets	
6.1 Within your Ministry budget estimate have sufficient resources been allocated to achieve the programme objectives?	
6.2 Within each programme budget, have sufficient resources been allocated to activities to attain the performance targets that have been set?	
6.3 Are the necessary policy and institutional arrangements being addressed to ensure efficient use of resources and achieving performance targets?	
6.4 Have the financial implications arising from a new reform and/or policy development been assessed and accommodated?	

ANNEXURE B: FINANCIAL ESTIMATE PRO FORMAS FOR BUDGET PREPARATION

FINANCIAL ESTIMATES PROFORMAS FOR BUDGET PREPARATION TO BE PROVIDED BY SPENDING MINISTRIES:

A. BASELINE EXPENDITURE ESTIMATES

1. Programme Estimates: Baseline Expenditure

Programme: Water Conservation and Pipeline (i.e. this and similar tables below need to be filled in for each of the ministry's programmes)										
Subprogramme Code	Item Control Total (CT) Code[12]	Item Code	Item	Recurrent Expenditure		Development Expenditure		Total Expenditure		
				Approved (previous year)	Estimate (budget year)	Approved (previous year)	Estimate (budget year)	Estimate (budget year)	Estimate year +1	Estimate year +2
PP			Water Conservation (subprogramme)							
	YY		Personnel (item CT)							
		YYZA	Basic salaries (item)							
		YYZB	Allowances							
		..								
	XX	..	Other Operating							
		XXZA	Basic salaries							
		XXZB	Allowances							
		..								
RR			Pipeline							
	YY		Personnel							
		YYZA	Basic salaries							
		..	..							

11 Note: for an explanation of "item control totals", see the section on appropriations and budget execution under programme-based budgeting.

2. Project Estimates: Baseline Expenditure (Existing Development Projects)

Programme:										
Subprogramme Code	Item Control Total (CT) Code[12]	Item Code	Item	Recurrent Expenditure		Development Expenditure		Total Expenditure		
				Approved (previous year)	Estimate (budget year)	Approved (previous year)	Estimate (budget year)	Estimate (budget year)	Estimate year +1	Estimate year +2

3. **Organizational Unit Baseline Estimates** (baseline expenditure by organizational sub-head and sub programme).

Programme: ……										
	Subprogramme X. A		**Subprogramme X. B**		**Subprogramme X. C**		**Subprogramme X. D**		**Total (by sub-head)**	
	Recurrent	**Develop.**	**Recurrent**	**Develop.**	**Recurrent**	**Develop.**			**Recurrent**	**Develop.**
Sub-Head 1	12000	3000	-	-	-	-	-	-	12000	300
Sub-Head 2	-	-	6000	2000	3000	1500	-	-	9000	3500
Sub-Head 3	-	-	-	-	-	-	7000	900	7000	900

B. NEW INITIATIVES ESTIMATES

1. New Recurrent Expenditure Initiatives Estimates: estimates by individual new recurrent expenditure initiative

Programme: …… Subprogramme: ……. Recurrent Initiative Title: ……				
Item CT code	**Item code**	**Estimate (budget year)**	**Estimate year +1**	**Estimate year +2**

1. New Recurrent Expenditure Initiatives Estimates: estimates by individual new recurrent expenditure initiative

Programme: …… Subprogramme: ……. Recurrent Initiative Title: ……				
Item CT code	**Item code**	**Estimate (budget year)**	**Estimate year +1**	**Estimate year +2**

C. NEW INITIATIVES ESTIMATES BY PROGRAMME AND SUBPROGRAMME

3. New Initiatives Estimates by Programme and Subprogramme (all new recurrent initiatives and development projects consolidated)

Programme:										
Subprogramme Code	Item Control Total (CT) Code[12]	Item Code	Item	Recurrent Expenditure Estimate (budget year)		Development Expenditure Estimate (budget year)		Total Expenditure		
								Estimate (budget year)	Estimate year +1	Estimate year +2

D. ORGANIZATIONAL UNIT NEW INITIATIVES ESTIMATES

4. Organizational Unit New Initiatives Estimates (planned budgets of each organizational sub-head by new recurrent and development project expenditure)

Programme:										
	Subprogramme X. A		**Subprogramme X. B**		**Subprogramme X. C**		**Subprogramme X. D**		**Total (by sub-head)**	
	Recurrent	**Develop.**	**Recurrent**	**Develop.**	**Recurrent**	**Develop.**			**Recurrent**	**Develop.**
Sub-Head 1	12000	3000	-	-	-	-	-	-	12000	300
Sub-Head 2	-	-	6000	2000	3000	1500	-	-	9000	3500
Sub-Head 3	-	-	-	-	-	-	7000	900	7000	900

E. CONSOLIDATED ESTIMATES (BASELINE PLUS NEW SPENDING)

Programme:										
Subprogramme Code	Item Control Total (CT) Code[12]	Item Code	Item	Recurrent Expenditure		Development Expenditure		Total Expenditure		
				Approved (previous year)	Estimate (budget year)	Approved (previous year)	Estimate (budget year)	Estimate (budget year)	Estimate year +1	Estimate year +2

F. ORGANIZATIONAL UNIT CONSOLIDATED ESTIMATES

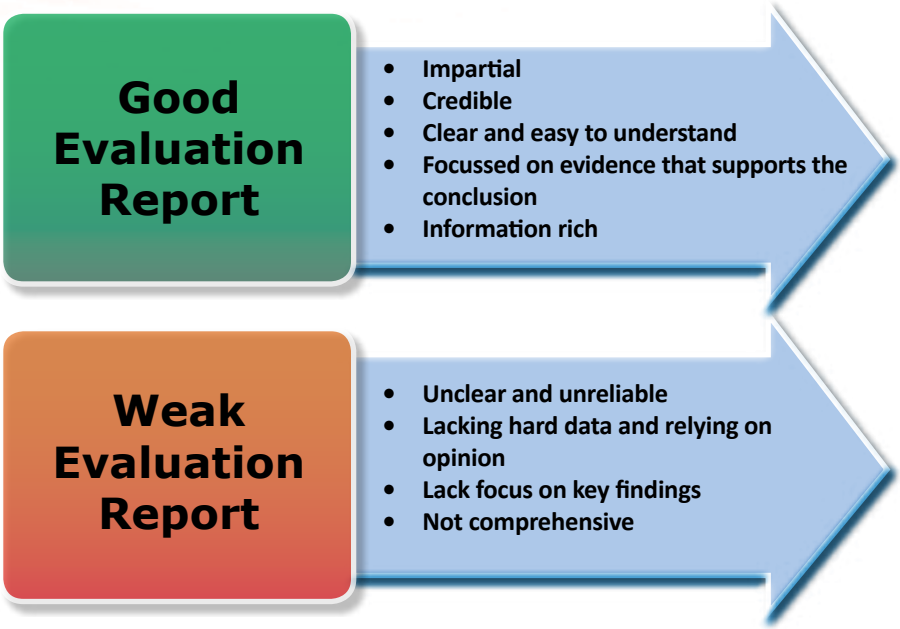
2. Organizational Unit Consolidated Estimates

Programme:										
	Subprogramme X. A		**Subprogramme X. B**		**Subprogramme X. C**		**Subprogramme X. D**		**Total (by sub-head)**	
	Recurrent	**Develop.**	**Recurrent**	**Develop.**	**Recurrent**	**Develop.**			**Recurrent**	**Develop.**
Sub-Head 1	12000	3000	-	-	-	-	-	-	12000	300
Sub-Head 2	-	-	6000	2000	3000	1500	-	-	9000	3500
Sub-Head 3	-	-	-	-	-	-	7000	900	7000	900

ANNEXURE C: SAMPLE EVALUATION REPORT OUTLINE

275. **This annexure presents an outline for a programme evaluation report.** [12] Figure 18 provides a portrait of good and weak evaluation reporting structure.

Figure 26: Characteristics of Good and Weak Evaluation Reports



Executive Summary

- What is the context and purpose of the programme/subprogramme evaluation?
- What are the primary findings and conclusions, recommendations and lessons learned?

Introduction

- Why was the programme/subprogramme selected for evaluation?
- What is the purpose of the evaluation?
- How will the evaluation results be used?
- What are the key issues to be addressed by the evaluation?
- What was the methodology used for the evaluation?
- What is the structure of the evaluation report?

Context

- When did the concerned ministry/department begin working toward the outcome(s)?
- What are the problems that the programme/subprogramme is expected to address?

12 This section utilises procedures from Republic of Mauritius "Manual for Programme Based Budget (PBB)" Pages 33-34.

- Who are the expected beneficiaries? Does the programme/subprogramme address differences between female and male beneficiaries (where appropriate)?

Findings and Conclusions

276. **The section on findings and conclusions should include the ratings assigned by the evaluators to the outcome(s), outputs, and sustainability and relevance of the outcomes.**

- **Status of the programme/ subprogramme**
  - Has the implementation of the programme been achieved?
  - Was the selected outcome(s) of the programme/subprogramme relevant?
- **Factors affecting the programme/ sub programme**
  - What factors have affected the implementation of the programme/subprogramme?
- **Ministry / department contribution to the programme/subprogramme outputs**
  - What are the key outputs produced by the concerned ministry/department?
  - What were the quantity, quality and timeliness of outputs?
  - Do women and men have an equal access to outputs (if applicable)?
  - What factors facilitated the production of such outputs?
  - How well did the concerned ministry/department produce its outputs?
  - Were the performance indicators appropriate to link outputs to outcomes?
  - Is there a need to improve these indicators?

Recommendations

- Recommendations should answer the following: What corrective actions are recommended for the new, on-going, or future work of the concerned ministry/ department?
- Lessons Learned - what are the main lessons that can be drawn from this experience?
- What are the best and worst practices in designing, undertaking, monitoring and evaluating outputs and activities?

ANNEXURE D: BUDGET GLOSSARY

277. The following words are being used in the context of programme based budgeting and have the following meaning:

Accounting System	The set of accounting procedures, internal mechanisms of control, books of account, and plan and chart of accounts that are used for administering, recording, and reporting on financial transactions. Systems should record all stages of the payments and receipts process needed to recognise accounting transactions, integrate asset and liability accounts with operating accounts, and maintain records in a form that can be audited.
Activity	An activity is generally the smallest building block within a programme that has a definable purpose and specific allocated costs. An activity is a thing you do to achieve a policy priority within a subprogramme.
Audit	Expert examination of legal and financial compliance or performance, carried out to satisfy the requirements of management (internal audit), or an external audit entity, or any other independent auditor, to meet statutory obligations (external audit).
Baseline Budget	This baseline budget includes the costs of the current level of activity, which is the costs of ongoing programmes adjusted for inflation services, legally mandated requirements, one-time expenditures, and the impact on a full year basis of decisions made in the current year.
Budget	The budget is generally prepared annually, and comprises a statement of the government's proposed expenditures, revenues, borrowing and other financial transactions in the following year and in many countries, for two or three further years. The budget is submitted to parliament, which authorises expenditure by approving either a budget act or an appropriation act that is consistent with the budget proposals.
Budgetary Unit	A ministry or government agency
Capital Investment	An outlay of money to acquire or improve capital assets such as buildings and equipment.
Cash Basis	An accounting method that recognises revenues when cash is received and recognises expenses when cash is paid out.
Chart of Accounts	A chart of accounts provides the structure for recording and reporting of all financial transactions for a governmental unit, and classifies and determines what financial transactions can be tracked for managerial purposes and reported in the financial statements.
Core Budget	Includes all income and expenditure (including donor funds) that pass through and are administered by the Ministry of Finance (through the Treasury Single Account).
Costing	A management tool used to estimate the overall resources needed for implementation of an activity/programme, assuming normal operations.

Efficiency	Measures the ratio of inputs needed per unit of output produced, measuring the extent to which resources are available for and applied targeted activities e.g. cost of vaccination programme/number vaccinated.
Effectiveness	Measures the ratio of outputs (or resources used to produce the outputs) per unit of project outcome/impact e.g. the number of vaccination (or cost) per unit decline in mortality rate.
External Budget	A subprogramme/activity that is funded directly from an aid donor and that financing does not go through the Ministry of Finance accounts outside the core.
Financial Management	Financial management includes the raising of revenue; the management and control of public expenditure; financial accounting and reporting; cash management; and in some cases, asset management.
Gender	A concept that refers to the social differences between women and men that have been learned are changeable over time and have wide variations both within and between cultures (European Commission, 1998).
Gender equality	The concept meaning that all human beings are free to develop their personal abilities and make choices without the limitations set by strict gender roles; that the different behaviour, aspirations and needs of women and men are considered, valued and favoured equally (European Commission, 1998).
Gender equity	Fairness in women's and men's access to socio-economic resources [...]. A condition in which women and men participate as equals and have equal access to socio-economic resources (European Commission, 1998).
Gender gap	The gap in any area between women and men in terms of their levels of participation, access, rights, remuneration or benefits (European Commission, 1998).
Gender mainstreaming	Mainstreaming a gender perspective is the process of assessing the implications for women and men of any planned action, including legislation, policies or programmes, in any area and at all levels. It is a strategy for making women's as well as men's concerns and experiences an integral dimension of the design, implementation, monitoring and evaluation of the policies and programmes in all political, economic and societal spheres so that women and men benefit equally, and inequality is not perpetuated. The ultimate goal is to achieve gender equality (ECOSOC).
Gender (Responsive) Budgeting	An application of gender mainstreaming in the budgetary process. It means a gender-based assessment of budgets, incorporating a gender perspective at all levels of the budgetary process and restructuring revenues and expenditures in order to promote gender equality (Council of Europe).
Gender-sensitive	Addressing and taking into account the gender dimension (European Commission, 1998).
Line Item	In a line item system, expenditures for the coming year are listed according to objects of expenditure or "line items".

Outcome	Sometimes also called result and is used to describe what is intended to be achieved by the end of implementation on one or more activities. An outcome defines impact or effect we want to achieve in the society.
Operating Budget	Component of the core budget that is raised from government revenue and for which the government has sole charge of. Normally it is used for salaries and wages and goods and services but rarely acquisition of assets (capital) expenditure.
Objective	A concise statement of why a ministry exists, a programme objective (often just referred to as an objective) describes one of several responsibilities of a ministry, and an operational objective describes a task associated with a particular subprogramme (in order to achieve the objective of the programme).
Outputs	Goods or services produced by an activity e.g. number of vaccinations.
Programme	A grouping of ministry functions according to a key objective, based on the main functions performed or services delivered by a ministry. Normally there would be not more than 5 programmes per ministry.
Programme Based Budget	Programme based budgeting is linking government budget and other resources to the public policy objective. Programme based budgeting requires that programme objectives stretch beyond a single fiscal year. Programme based budgeting requires effectiveness measures, which means the measurement of outputs and outcomes.
Performance Indicators	Performance indicators or performance measures are defined as "quantifiable, enduring measures of public sector outputs, outcomes, and efficiency".
Recurrent Activity	Package of ongoing and reoccurring operations that consumes inputs and produces a consumable good or service.
Strategic Plan	A plan that sets forth an organisation's mission, goals, objectives, courses of action, and expected results for a specific time frame, usually five to ten years.
Subprogramme	For managerial efficiency, programmes are often sub divided into smaller units of work. They must have a well-defined purpose, budget, and time line and be related directly to achieving the purpose of the programme that is its host.

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Government of Kenya

Ministry of Finance

MTEF MANUAL

Kenya Budget Process

Treasury

March, 2011

MEDIUM TERM EXPENDITURE FRAMEWORK (MTEF) MANUAL

Kenya Budget Process

Treasury
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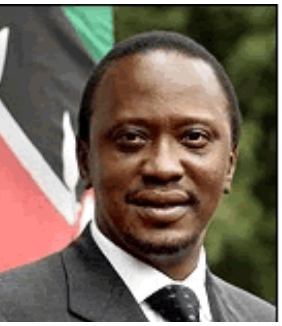
List Of Acronyms

Acronym	Meaning
BOPA	Budget Outlook Paper
BPEM	Budget Policy and Expenditure Management
BPG	Budgetary Procedures Group
BRP	Budget Rationalisation Programme
BSC	Budget Steering Committee
BSD	Budgetary Supply Department
BSP	Budget Strategy Paper
CPP	Core Poverty Programme
CPPMU	Central Planning and Project Monitoring Unit
EMIS	Education Management Information System
ERD	External Resources Department
ERS	Economic Recovery Strategy
EWG	Estimates Working Group
GDP	Gross Domestic Product
IFMIS	Integrated Financial Management Information System
IP-ERS	Investment Programme for the Economic Recovery Strategy
KIPPRA	Kenya Institute for Public Policy and Research Analysis
KNAO	Kenya National Audit Office
KNBS	Kenya National Bureau of Statistics
KRA	Kenya Revenue Authority
LER	Learner/Educator Ration
KTM	KIPPRA Treasury Model
MDAS	Ministries, Departments and Agencies
MOF	Ministry of Finance
MPER	Ministerial Public Expenditure Review
MPND	Ministry of Planning, National Development and vision 2030
MTEF	Medium Term Expenditure Framework
MWG	Macro-Economic Working Group
PER	Public Expenditure Review
PIP	Public Investment Programme
PRFB	Programme Review and Forward Budget
PRS	Poverty Reduction Strategy
SAGA	Semi Autonomous Government Agency
SWG	Sector Working Group

FOREWORD & ACKNOWLEDGEMENT



FOREWORD

The Kenya Government is continuously reforming its Public Financial Management system to ensure that citizens derive maximum value from public spending and investments. As part of the reform initiative, the government in the year 2000 adopted the Medium Term Expenditure Framework (MTEF) approach of budgeting. The MTEF provides a framework that links the critical processes of policy, planning and budgeting with a view of making the budget process more transparent, participatory and promotes accountability in management of public resources. This Manual documents and presents the Kenya MTEF budget process and serves as a point of reference and a guide to public officers and the various stakeholders involved in the budget making process.

The Manual addresses the following issues: how public budgeting has evolved over time leading to the adoption of the current MTEF; the objectives and overview of the MTEF budget process in Kenya; and the government's process of determining the fiscal policies that set the base for the Macro-economic framework on which the MTEF budget is premised. It also documents the MTEF budgetary allocation and implementation process and defines the role of Parliament and other stakeholders.

It must be emphasized that a central tenet of the MTEF budget approach is the full participation of all stakeholders in the process. I therefore call on all Kenyans to actively participate in the annual budgetary process to ensure that the budget has wide ownership and that it addresses the most relevant priorities that have maximum benefits to the citizenry.

Since we are in the process of implementing a new constitution and given that Public Finance Management is dynamic and evolving, the Manual will be subjected to continuous reviews and updating to ensure that it matches best international practices and continues to remain relevant.

HON. UHURU KENYATTA, EGH, MP.
DEPUTY PRIME MINISTER AND
MINISTER FOR FINANCE

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The Treasury wishes to recognize with appreciation all those individuals and institutions that in some way contributed to drafting of this Manual which would not have been possible without their support. In particular, we wish to recognize the following:

The staff of the Budgetary Supply Department under the leadership of Mr P. B. M. Ngugi, MBS, Director of Budget, who guided the process and ensured that the publication of this Manual was successful with technical back up by members of the Budget Secretariat namely Onderi Ontweka, Eunice Kigen, Francis Anyona, Elizabeth Nzioka, and Samuel Kiiru; the editorial team that worked tirelessly for long hours made up of P. J. M. Thumbi, Kenneth Waithiru and Joseph N. Kesa; the drafting team comprising of Alter Folscher and Phylis Makau who came up with the initial draft; Agnes Gitonga and Holida Mwihaki who provided logistical and secretarial support.

We further acknowledge the support of the GIZ, SPFR project, for their technical and financial support in drafting and publication of the Manual.

The original draft of the Manual has been edited and re-arranged to achieve the following:-

- User/reader friendliness,
- Quick reference for trainers,
- Logical sequencing of budget information.

Due to the on-going re-organization and restructuring of the Government and other institutions in accordance with the Constitution, the Manual will be updated regularly to incorporate new structures, experiences and lessons learnt and other financial management reforms that will have been concluded. In this regard, I wish to request all users and other stakeholders to forward appropriate suggestions that may be deemed necessary in improving the manual.

We hope that this Manual will create awareness of the budget formulation process, methodology and motivation to abide by the international best practices and in so doing achieve efficiency in allocation, management and utilization of public resources.

JOSEPH K. KINYUA, CBS
PERMANENT SECRETARY/TREASURY

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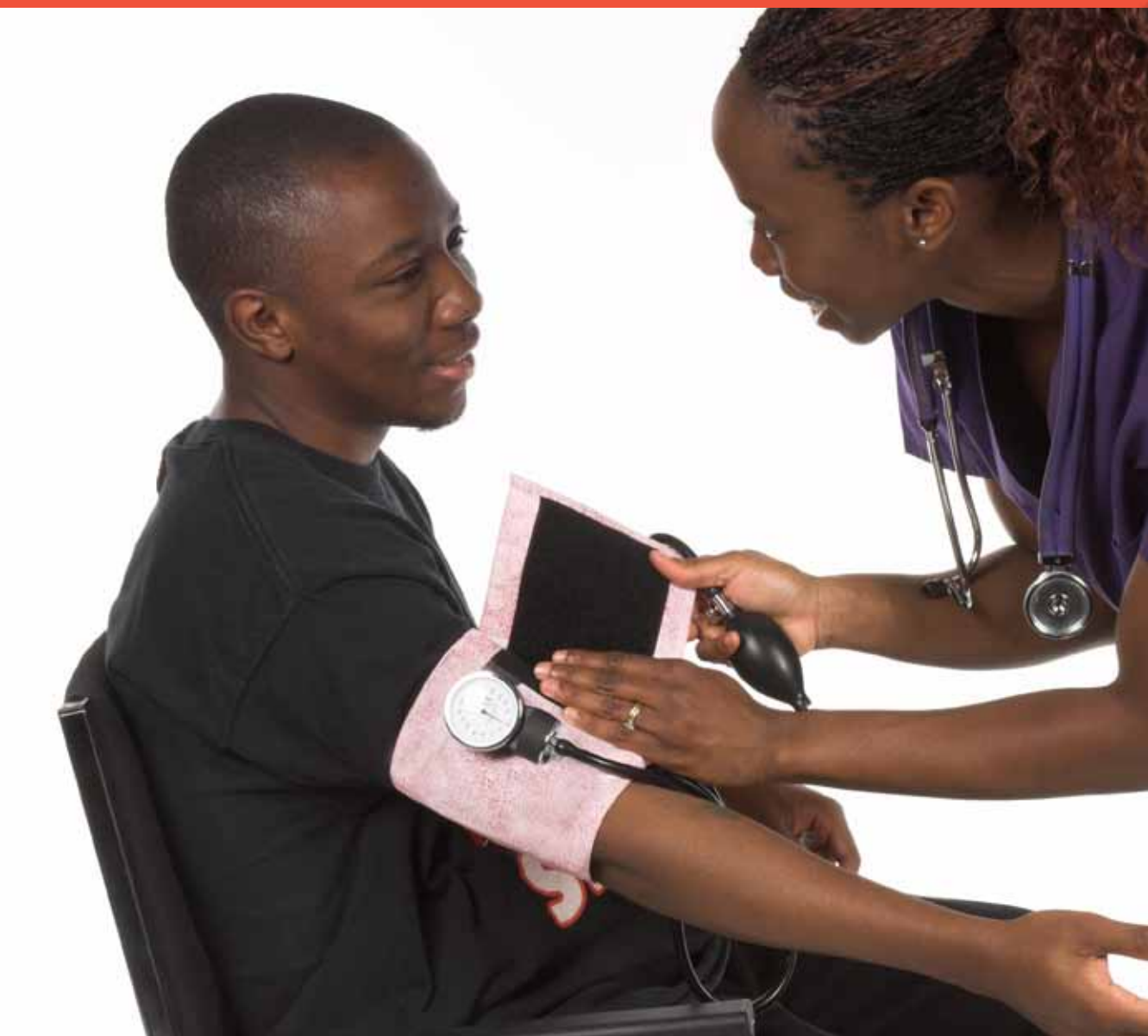
CHAPTER 1: INTRODUCTION



This chapter introduces the objectives and overview of MTEF budget process in Kenya including a historical perspective of how the budget has evolved over time.

1.0 Overview

The Government prepares the annual budget that is submitted to Parliament in accordance with Chapter 12 of the Constitution of Kenya and other written laws. The budget includes estimates of Government revenues and expenditures and is prepared under Medium Term Expenditure Framework (MTEF).

Definition Of The Medium Term Expenditure Framework

MTEF is a transparent planning and budget formulation process that attempts to improve the decision making process so as to link Government policies, priorities and requirements within limited resource constraint. The key features of the MTEF approach are: (i) a medium-term perspective to budget planning; (ii) an explicit linkage between policy priorities and resource allocations; and (iii) an emphasis on the efficient use of limited public resources.

Objectives Of Introducing The MTEF

In introducing the MTEF, the Government seeks to address the following objectives:

- to provide a comprehensive and realistic framework for the planning and management of public expenditure;
- to increase the predictability of resources through a structural budget planning process that provides more reliable estimates of revenues and expenditures over a three year period;
- to better link resource allocation processes to government policy and programme priorities;
- to restructure and rationalize resource allocation so that priority areas receive adequate funding;
- to improve the basis of the budget by moving away from the incremental approach to estimating the actual costs of Government activities in delivering goods and services and integrating the preparation and presentation of the recurrent and development budgets;
- to introduce a forward or medium term perspective in the planning of policies, expenditures and revenues

Main Elements Of The MTEF

The MTEF revolves around four main elements:

- A macro-fiscal framework - that: (i) looks at how macroeconomic developments can be expected to affect government revenues and expenditures; and (ii) provides a medium-term projection of revenues, expenditures, the budget deficit and its financing.
- An analysis of key budget planning and management issues - in recent years, these have included management of the public service wage bill, public investment management and the financing of local authority budgets.
- An analysis of spending priorities - that looks at how the government's strategic policy and programme priorities should be influencing resource allocations between and within sectors.
- Expenditure Plans – Those provide three-year sector and ministry level resource ceilings and identify the key spending priorities at programme level.

Key Features Of MTEF Reforms

The reforms that MTEF seeks to institutionalize put emphasis on three complementary and interrelated objectives:

Aggregate financial discipline. Control of budget aggregates (revenues, expenditures and the deficit and its financing) is the first requirement of any budget management system.

Efficient Allocation of Resources. Budgetary expenditure allocations between and within sectors should reflect and be consistent with government policies and priorities. Resources should be progressively reallocated from lesser to higher priority programmes, from old priorities to new, and from less to more effective programmes.

Technical efficiency. Public agencies should embrace on-going efficiency strategies in order to deliver high level of public services at the lowest cost.

MTEF Budget Formulation And Preparation

The Government promulgated a new constitution on 27th August 2010. The new Constitution has fundamental effects on Public Finance Management and specifically the budget process.

The table below summarizes the major activities in the budget process as outlined by the new constitution.

Table 1: Major Activities in the Budget Process

Institution	Responsibility
Commission on Revenue Allocation	Make recommendations concerning the basis of equitable sharing of revenue between National and County Governments
	Make recommendations on financing and financial management by County Government
	Promise and give effect to the criteria on equitable share
	When appropriate define and enhance the revenue sources of both government
	Encourage fiscal responsibility
	Determine policy to identify marginalized areas
	Submit the recommendations to senate, National Assembly, National Executive, County Assembly and County Executive
National Assembly	Determines the allocation of revenue between governments
	Review estimates of the Judiciary, Legislature and the Executive before approval
	Appropriate funds for expenditure by National Government
	Exercise oversight over national revenue
	Approves the National Budgets
Senate	Determines revenue allocation among counties
	Exercises oversight over national revenue allocated to the County.
Government departments	Revenue allocation among government programs
	Budget Execution
Judiciary and the Legislature	Preparation and submission of estimates of expenditures to the National Assembly
Controller of Budget	Oversee implementation of the budgets by authorizing withdrawals from Public funds
	Prepare reports on implementation of the budgets
Auditor General	Audit Accounts of Government and debt

Objectives of the MTEF

The MTEF was designed to impose discipline on planning and management of national resources by establishing an explicit link between the annual budget process and agreed national policies and long-term national development objectives i.e. linking policy to planning and budgeting. The main objectives in introducing the MTEF were to:

- link the annual budget to the long-term development policies, objectives and plans;
- improve macroeconomic growth targets by developing consistent and realistic resource envelopes;
- improve the allocation of resources to agreed strategic priorities both between and within sectors;
- generate the commitment of ministries/ departments to increased predictability in resource allocations so that these spending agencies could plan ahead; and
- increase incentives for more effective (better targeted) and more efficient utilization of resources by ministries/departments, by providing these agencies with predictable funding levels and increased autonomy.
- link Ministerial expenditures to targeted outcomes.

Attributes Of The MTEF

A well formulated MTEF process should have the following attributes:

Provide a multi-year time horizon

- provide a multi-year time horizon (three years) for the planning and programming of public expenditure, recognizing that government policies and their associated public expenditure implications are implemented over a period of time;

Disciplined process using top-down hard budget constraints

- be based on a macro-economic framework and explicit fiscal policy considerations, providing budget totals that are explicit and are set prior to the determination of individual spending allocations;
- provide hard budget constraints levels within which trade-offs are made;

Bottom-up preparation of spending plans

- include a bottom-up approach in which line ministries/departments and other lower units specific expenditures are to be reconciled to sector polices and programmes within the available resources. This follows consultations with a broad alley of stakeholders including the beneficiaries themselves.

Comprehensiveness

- be inclusive of central and local government budgets and of extra-budgetary funding, acknowl¬edging and analysing the inter-relationship between these different elements of public spending
- cover both recurrent and investment expenditure recognizing the importance of achieving an appropriate balance between investment in public services and the downstream funding requirements for operations and maintenance; and
- be inclusive of all domestically and externally financed public expenditure, including externally financed projects, acknowledging the need to coordinate the use of external funds avoiding duplication and ensuring complementarity of spending;

Be based on sound information about costs

- have good information on the cost of spending proposals. The forward cost

of implementing existing programmes should be known and defined as baseline spending. In addition, new policy proposals should be properly costed before they are adopted for implementation.

Demand accountability for performance

- allocations should be justified against projected outputs and policy outcomes and be linked into a monitoring and evaluation system that demands accountability for the results achieved from spending agencies;

Contestability of priorities

- provide a forum on the basis of policies and priorities where programmes compete for the limited resources

Transparency

The MTEF budget should be transparent to allow scrutiny by the public and the oversight authorities including Parliament and the National Audit Office.

Other Challenges in Adopting the MTEF Budgeting Process

Improving the way public resources are allocated and used requires changes to more than just the budget system. It also requires:

- changes to the way the use of resources is measured and reported, including monitoring and reporting of the outputs that are produced;
- accounting and reporting that is transparent and useful to Parliament and the public, to enable them to hold Government to account;
- accounting systems which enable managers to deliver services effectively with the resources they have been allocated;
- internal controls and monitoring to ensure that resources are properly used for the purposes intended.
- internal and external audit to buttress internal controls and to ensure accountability by Government for its stewardship of resources;
- incentive structures that promote skills development within the public sector;
- Timely preparation of audit reports by the National Audit Office.

1.1 MTEF Budget Cycle

The MTEF approach places government policies and priorities at the centre of budget planning. It provides a realistic budgetary resource ceiling against which to prioritise the allocation of resources consistent with policy objective. It also requires effective mechanisms for the monitoring of budgetary inputs, outputs and outcomes and for feedback of monitoring information into the subsequent expenditure planning cycle (see figure 1 below).

The MTEF cycle therefore has the following key elements which are interrelated:-

Policy development: This is contained in various government documents and party manifestos. The policies set the platform on which budget decision is made.

MTEF budget process: The budget is a process that commences with review of the previous years performance, determining the macro fiscal framework and ends with the budget being submitted to and approved by National and County Assemblies.

Budget implementation: This involves implementation of programmes projects, control as approved by National and County Assemblies and collection of revenues.

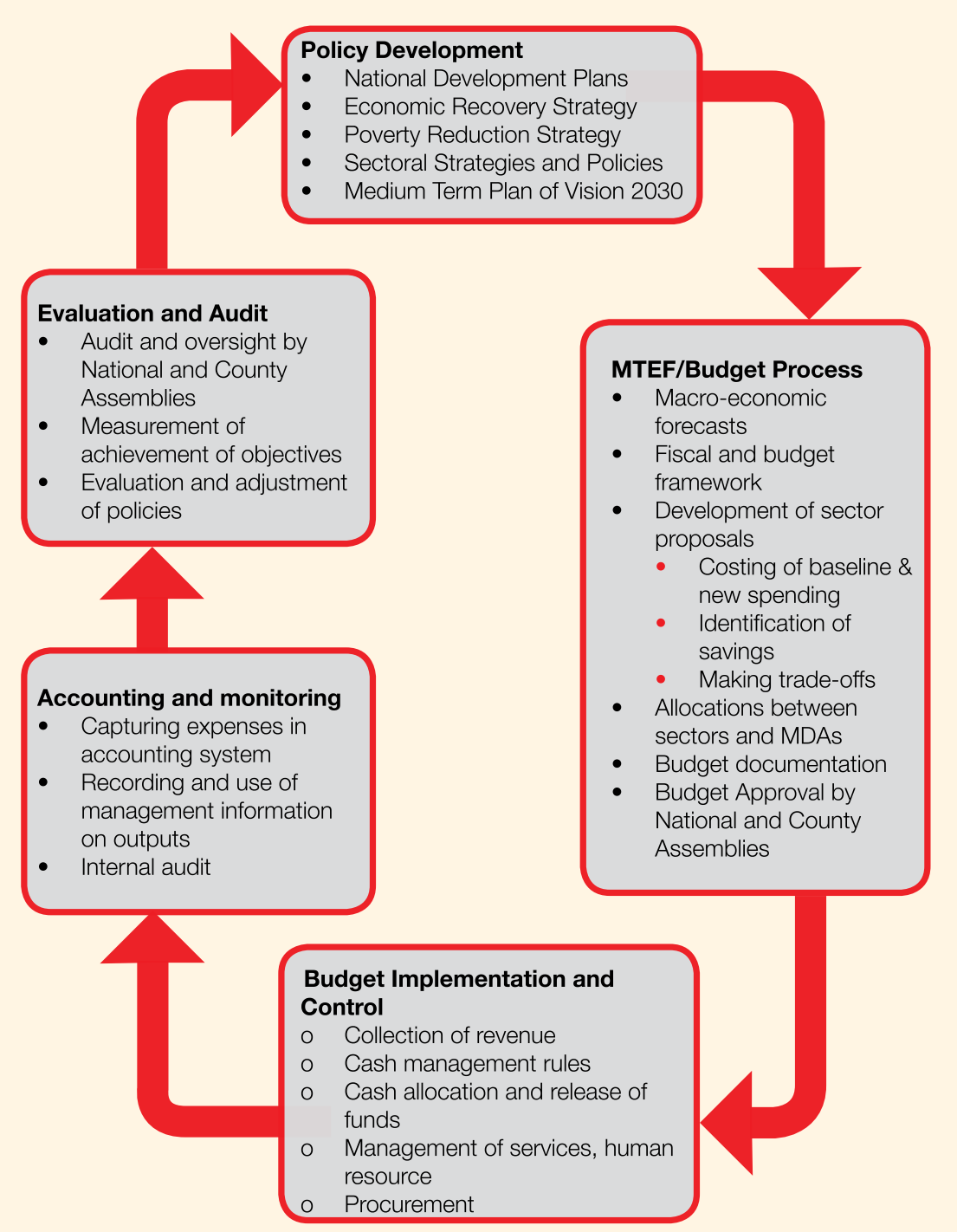
Accounting monitoring: This stage of the cycle involves accounting for all use of resources, reporting and monitoring of budget performance. It also involves internal audit to ensure that due processes are followed and that there is compliance with procedures.

Evaluation and Audit: This involves

measurement of achievement of outcome and results, as well as audit of Government operations and oversight by National and County Assemblies. The challenge for this process is the identification of achievement indicators.

The cycle is summarized in the figure below.

Figure 1: MTEF Budget Cycle:



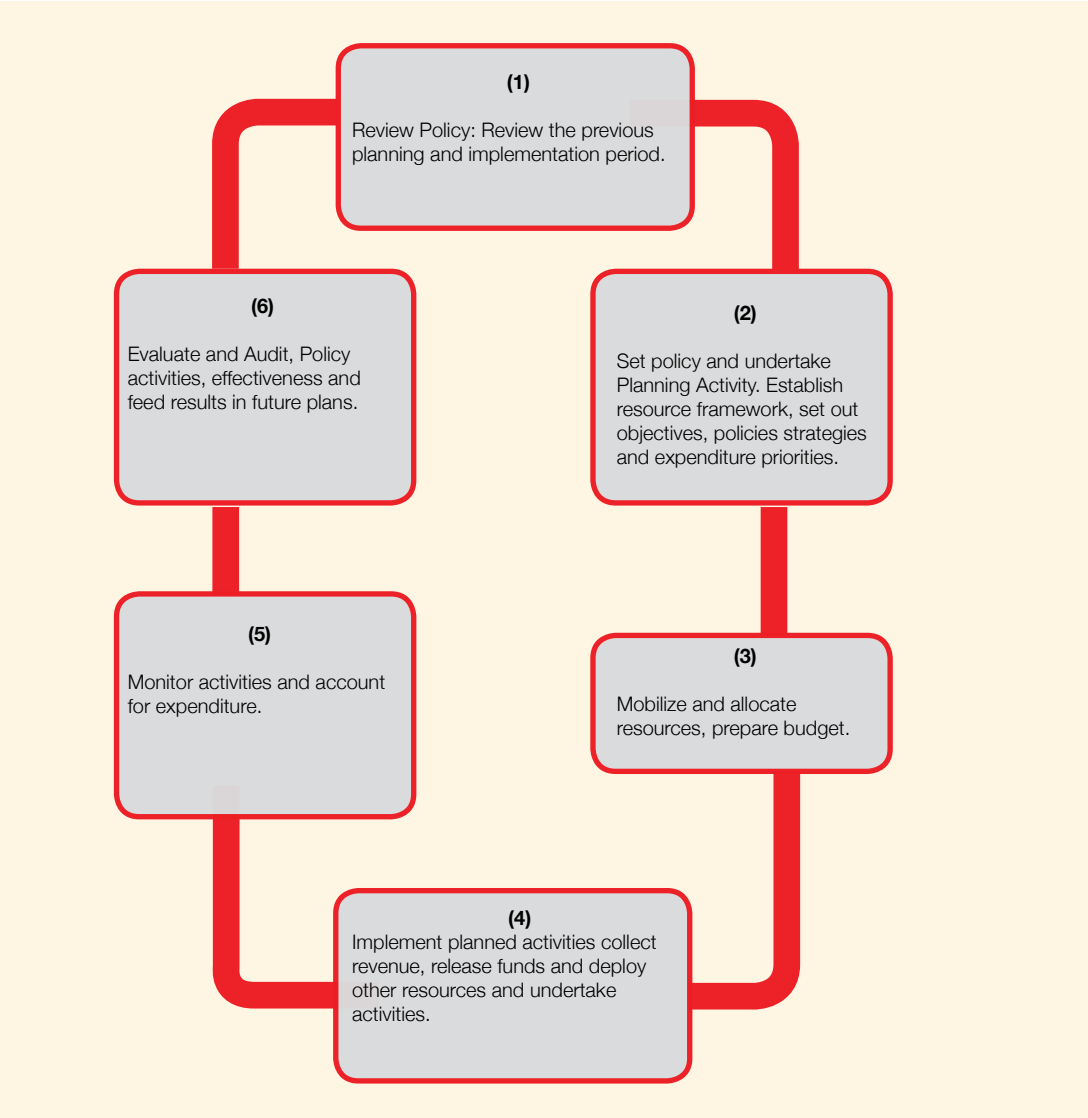
1.1.1 Linking Policy, Planning And Budgeting In The Planning And Resource Management Cycle

As can be deduced from the above figure, for a budget to achieve desired goals, it is critical to link policy planning and budgeting in the planning and resource management cycle. The absence of the critical linkages between policy making and planning are not only disconnected from each other but also from budgeting.

In a liberal budget making process, resource availability and strategic priorities are not taken into account. Integrated policy, planning and budgeting is all about developing expenditure programmes that are driven by priorities and anchored on budget realities. This is prudent to ensure that resources are allocated on the basis of clear policy choices to achieve strategic objectives.

These linkages are demonstrated in the generic diagram presented in figure 2.

Figure 2: Planning And Resource Management Cycle



1.2 The MTEF In Kenya

Historical Perspective Of Reforms In Budgeting

The Country has been undertaking various reforms in an endeavour to improve Public budgeting processes for better delivery of goods and services to the Kenya Citizenry. The reforms that were introduced included Programme Review and Forward Budget (PRFB), Budget Rationalisation Programme (BRP), Public Investment Programme (PIP), Cash Management System and the adoption of MTEF. Some of these reforms are discussed below;

Programme Review and Forward Budget

Prior to introduction of this reform, the Government prepared two budget estimates; one for recurrent operations and another for the development budget. The annual process was co-ordinated by the Ministry of Finance, which issued budget ceilings for the recurrent and development budget every year. Thereafter, each ministry would prepare its itemised budget and submit it to the Treasury for review, approval and compilation.

Adopted in early 1990, the PRFB was the first major reform in the budgeting process. The rationale behind the introduction of the forward budget was to provide a mechanism that linked the annual budgets to the development plans (i.e. it was the initial attempt to link planning to budget). At the outset, it was conceived as an annual exercise that involved preparing a recurrent and a development budget for three years, rolled over every year with the first year forming the basis of the annual budget. The PRFB was a planning exercise and had no legal base.

PRFB was expected to:-

- Provide for a hard budget constraint by giving ministries and other spending agencies a 3-year ceiling on expenditures;
- Establish the cost of programmes, particularly the future cost implications of current investment in facilities;
- Establish a process of reviewing priorities and linkage to available resources;
- Provide for identification of future requirements generated by present policies;
- Provide a criterion for reviewing the performance of ongoing as well as future programmes (the forward budget was assumed to be the only mechanism for the introduction of new programmes): and
- Provide/establish a linkage between planning and budgeting.

However, this process did not allow for consultation beyond government and there was little oversight by parliament as the forward estimates were not approved by Parliament.

Budget Rationalisation Programme

At the time of the introduction of the BRP, there was a squeeze on the availability of operating funds in many sectors, due to budgetary constraint. Projects that had been completed did not receive sufficient recurrent resources to operate at full capacity. Considerable difficulties were experienced in providing adequate funds for the operation and maintenance of existing capacity, especially physical infrastructure in the rural areas. The introduction of BRP was to ensure that there was improvement in the allocation of available budgetary resources and that there was close linkage between what the economy could afford and the programmes that would lead to faster growth of the economy. This could be achieved through the process of prioritisation and rationalization. This process was expected to:-

- Improve the productivity of scarce budgetary resources;
- Improve the planning and budgetary process;
- Increase the contribution to budgetary resources of user fees and other non-tax revenues; and
- Increase aid on better terms and to restructure external assistance.

The problem of limited resources however persisted mainly due to:-

i) Ordinary revenue did not grow as had been anticipated
ii) Development partners did not increase their commitments. BRP therefore did not achieve its objective. Public investment programme was introduced to enhance the quality of the Development Budget.

Public Investment Programme

Recognising the fact that the BRP could not by itself achieve the higher level of strategic forward investment planning the Government introduced Public Investment Programme in an attempt to harness little gains achieved so far. The main rationale therefore for the PIP was to strengthen the forward budget by providing a more comprehensive instrument for the planning and prioritisation of public expenditures. The PIP had six major objectives:

- strengthen the project cycle, namely the identification, design, appraisal, implementation, monitoring and evaluation of projects;
- be an instrument of economic management used to monitor public sector capital formation targets, and to ensure that sectoral strategies are translated into viable programmes and projects;
- be a tool for better aid co-ordination to assist in the matching of government investment needs with donor financing opportunities;
- strengthen overall public expenditure management by sharpening departmental priorities, improving the phasing of projects and relating their total implementation costs and subsequent operating costs to recurrent and development ceilings;
- be used to monitor the investment plans of state corporations that may directly or indirectly impinge on government finances; and
- allow for accurate forecasting of future recurrent expenditure demands on financial resources.

MTEF budgeting process

Through internal reviews of the performance of the budget process, the government realised that its public expenditure management was inconsistent with the objective of achieving the high and sustained growth of the economy necessary for reducing the high levels of poverty that pervaded through out the country. The performance of the public sector in itself did not boost the growth prospects of the private sector and the overall economic growth. The composition of public expenditure was inappropriate and inefficient. The situation demanded and emphasised the need for a comprehensive reform of public expenditure management, spanning from budget formulation to budget implementation. On the basis of the reviews and their recommendations, the government adopted the MTEF, which would guide the efficient and effective use of government resources that should spur the growth of the economy.

The MTEF was and is expected to achieve six tasks, namely to:

- Link policy, planning and budgeting
- maintain aggregate fiscal discipline by ensuring that policy changes are consistent with fiscal norms and programme objectives;

- increase efficiency in resource allocation; and
- promote efficient delivery of services.
- bring a multi year time horizon for resource requirement
- bring accountability for performance

The MTEF Process And Key Instruments

The Kenya budget process can be summarized into three main stages as follows:

- Macro target setting/estimation of the overall resource envelope
- Review of sectoral priorities
- Financial Programming

Macro target setting/estimation of overall resource envelope

This is the first stage and is a top down process. In this Handbook this stage of the process is discussed in greater detail in Part 2 under Macro-fiscal Policy.

The stage involves setting of macro targets including projected economic growth, desired inflation rate, money supply, projected interest rates, desired levels of borrowing both domestic and external, and other macro aggregates which include realizable revenues and sustainable expenditure levels.

Review of sectoral priorities

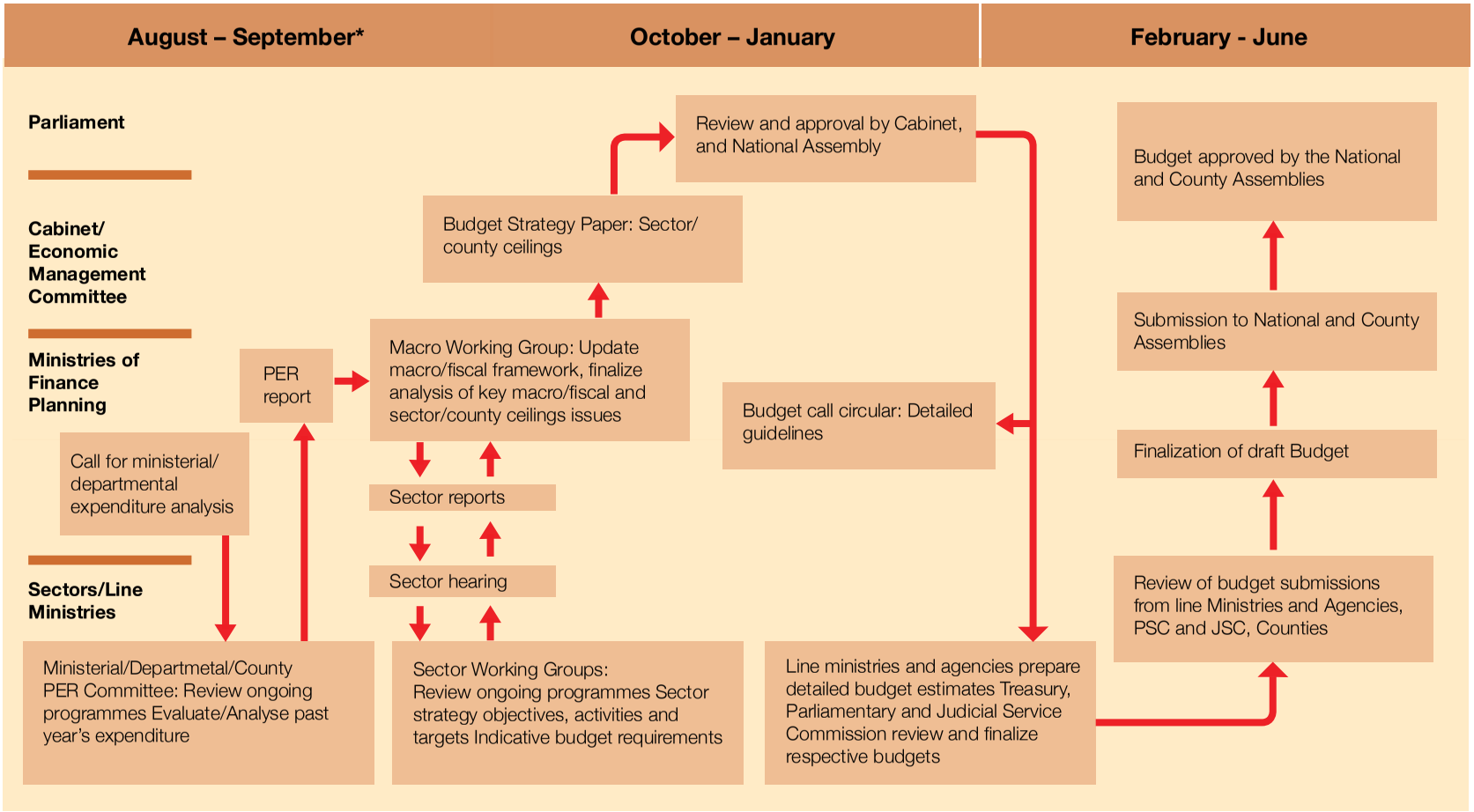
The sectors and the Ministries/departments review past performance against policy priorities as contained in the strategic plans and prioritize for funding. The Sectors are required to develop criteria for prioritizing and allocating resources to programmes. This is considered a bottom-up process. In this stage, programme out-puts and outcomes are defined and targets to be set are clearly identified. These form the basis for subsequent monitoring and evaluation.

Financial programming

The third stage is the financial programming stage which is also the preparation, consolidation and approval of the itemized budget. Once the Ministries/departments have received their expenditure ceiling, the next step is to prepare itemized budget estimates for both recurrent and development.

The Ministries/departments are required to strictly adhere to the ceiling and guidelines. The Treasury, Parliamentary and Judiciary Service Commissions will then approve and consolidate the final estimates for the National Government, Parliament and Judiciary, respectively for printing and submission to parliament. The above MTEF process is illustrated in the figure 3.

Figure 3: The MTEF Process in Kenya



NOTES*

1. The time periods given in the plan are tentative but based on practical experience. The commencement months/dates vary depending on the circumstances/operational challenges prevailing.
2. According to the Constitution, National and County Assembly should approve the annual Estimates by June.

CHAPTER 2: THE MACRO-FISCAL FRAMEWORK

This chapter focuses on the top-down perspective of the MTEF process in Kenya. It describes government's fiscal policies which determine the macro-economic framework for developing MTEF budget. This chapter consists of two sections; the first section looks at fiscal policy objectives and targets and the second at the macro-fiscal framework.

2.1 Medium Term Fiscal Policy

Determining The Macro-Fiscal Framework In Kenya

The budget process starts with a top-down consideration of macro-economic outcomes, fiscal outcomes and the preparation of robust revenue projections. These processes generate an indicative budget framework within which sectors compete for resources, as do spending Ministries/departments within sectors.

The macro-fiscal framework is determined and approved through a sequenced process that aligns inputs by different actors to ensure availability of information and expertise.

The tables below illustrate the Macro-economic and Fiscal Framework

Table 2: The Macro-economic Framework

KS million Kshs.	Budget Year -3	Budget Year -2	Budget Year -1	Budget Year	Outer Year 1	Outer Year 2
	Actual Outturn	Actual Outturn	Projected Outturn	Projected	Projected	Projected
GDP volume						
Overall Inflation						
International Reserves						

On the basis of these frameworks, the Ministry of Finance proposes indicative ceilings within which the Sector Working Groups will prepare Sector Budget proposals.

Indicative sector resource ceilings are decided upon by taking into consideration:

- The national objectives of enhanced economic growth and poverty reduction.
- The proposed inter-sectoral priorities, guided by strategic budget process for the medium term endorsed by the cabinet.
- The requirements of core poverty programmes.
- Baseline spending requirements and the medium term adjustments based on hard budget constraints and historical allocations.
- Donor Commitments through project loans and grants.

Development of Fiscal Policy

Fiscal policy is concerned with the levels and composition of taxation, spending and borrowing by government.

Fiscal policy encompasses fundamental policy issues, including the role and size of the state and future state of the economy (because borrowing imposes a burden on future generations, whereas investment provides future benefits), the role of government in promoting growth, job creation , equity considerations, and the amount and type of public services that are provided.

Kenya Government's fiscal policy has both macroeconomic and microeconomic objectives. Macroeconomic policy deals with the evolution of the economy as a whole including national income and output, jobs, inflation and the balance of payments. The macroeconomic objectives

of fiscal policy primarily require government to pay close attention to the overall level of taxation, spending and borrowing, keeping them at levels which promote investment and sustainable growth. They also require Government to focus on the composition of government spending to ensure it promotes economic growth.

Micro-economic policy outlines the distribution of income and wealth, the efficiency with which the public and private sectors are able to produce goods and services, and the responsiveness of public services to the needs of citizens who use them.

The microeconomic benefits of fiscal policy are largely delivered through the allocation and efficient use of public resources and the maintenance of an effective tax system. The overall level of taxation and spending have microeconomic implications, which include the effect of increased borrowing in the domestic financial market, interest rates, prices and disposable incomes at the household level.

Fiscal policy also needs to focus on setting desirable limits and forecasting on external financing of Government programmes through grants and concessional loans from development partners. External resources have an impact on the external account aggregates. The composition of expenditure on repayment of both domestic and external credit including counterpart funding of donor funded projects impact negatively on the economy by crowding-out the private sector from local credit. The unpredictability of external resources pose particular challenges for setting fiscal policy objectives and fiscal targets.

Fiscal policy objectives

The objectives of fiscal policy include:

- Achieving a manageable debt position and maintaining a sustainable fiscal framework
- Determining domestic borrowing to avoid higher interest rates, and crowding out private investment. Directing expenditure outlays from that of the state as a producer to the state as a facilitator of growth.
- Addressing issues of equity and poverty reduction through increased spending on key social sectors and improved targeting within social sectors.

Key fiscal policy targets

Key fiscal policy targets include:

- Maintaining revenue at a given percentage of GDP.
- Choosing the level of the funding deficit that will protect the value of the currency and ease the impact of domestic borrowing on interest rates and reduce the cost of borrowing.
- Restricting/discourage growth in transfers to public sector agencies and other bodies.

Benefits of setting medium term fiscal policy objectives

These include.

- Encouraging investment, by enhancing the predictability of taxes, and interest rates
- enabling Government to plan spending over the medium term
- improving allocation and efficiency of public spending;
- facilitating transformation, by creating scope for substantial reprioritisation of policies and creating an integrated planning framework;
- increasing the transparency and credibility of government's fiscal policy
- enhancing the opportunities for the participation of Parliament, the public and the institutions of civil society in budget-making, evaluating and monitoring the performance of government;

Policy Framework

Key budgetary considerations for credible fiscal policy are realism and honesty in fiscal forecasting, transparency and government's ability to set and enforce a hard budget constraint at aggregate level and for all institutions that have a claim on the public purse, during both the budget planning process and implementation.

An effective fiscal policy therefore requires a high level of fiscal and budget transparency, which in turn is dependent on efficient accounting and reporting systems.

Providing good information about Government's actual fiscal operations is critical if MTEF/budgeting system is to be transparent. Developing, approving and publishing fiscal policy objectives and the resulting macro-fiscal targets and framework need to be institutionalized appropriately in the budget cycle.

2.2 The Macro-Fiscal Framework

The macro-fiscal framework provides the basis for projecting public expenditure allocations over the medium-term and sets the context against which key budget issues relating to revenues, expenditures and the financing of the budget deficit will be executed. It involves making resource projections that are expected to be available to finance public expenditures over the medium-term.

A sound macro-fiscal framework is a pre-condition for effective budget management. This provides an accurate projection of revenues and expenditures.

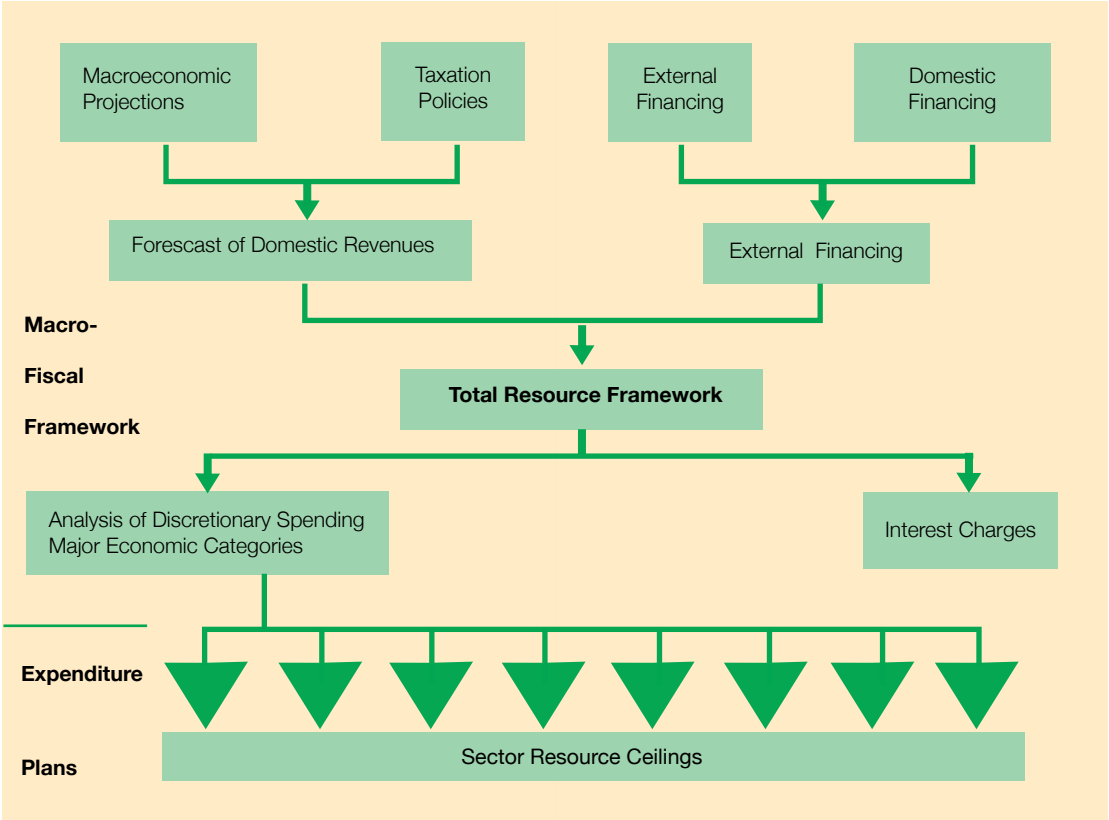
A weak framework therefore not only affects a country's ability to manage its public finances prudently but also affects its ability to make the best possible decisions about which programmes should be funded and the appropriate time to do so.

The main elements of the framework and their function in the MTEF/budget process are shown in figure 4.

A macro-fiscal framework comprises:

- a discussion of the medium-term macroeconomic outlook;
- a projection of public revenues and a discussion of the underlying trends and assumptions;
- a projection of financing of the budget deficit and discussion of the underlying issues;
- a breakdown of the main expenditure aggregates distinguishing between statutory and non-statutory expenditures.

Figure 4: Macro Fiscal Framework



Medium-Term Macroeconomic Outlook

The capacity of the Government to raise revenue to pay for the delivery of goods and services depends on the overall level of economic activity. While external grants can supplement domestic revenue over the short term, it is not sustainable. The only sustainable source to fund Government's activities to develop Kenya is the economy itself.

Preparing an MTEF fiscal framework requires a focus on projecting macroeconomic aggregates that have the greatest influence on the fiscal framework. Of these, GDP and the inflation rate are the most important factors that influence the growth of both revenues and expenditures. The exchange rate is also important because of its impact on external financing of and external payments from the budget. Changes in the balance of trade similarly affect revenues on external trade and related taxes.

Revenue Projections

Public revenues comprise tax revenues, non-tax revenues, dividends from state corporations, external grants, and social fund contributions accruing to both central and local governments. The projection of revenues over the medium-term needs to be informed by:

- an understanding of recent domestic revenue trends and the factors underlying them;
- an understanding of development partners grants financing commitments, including an analysis of risks associated with their reliability;
- determination of the "tax component"

GDP; an assessment of agreed or planned tax policy changes and their expected impact on revenues

- an assessment of the scope for improvements in revenue administration. Based on this analysis, an initial projection should be made of revenue as a share of GDP for each of the main revenue sources.

Important macro-fiscal framework issues

Issues attached to macro-fiscal framework include:

- *Comprehensiveness* – if all expenditure items are not included in the framework, like all transfers to public enterprises then there can be no assurance that scarce resources are allocated to priority programmes and that legal control and public accountability are properly enforced.
- *Risk Management* – if the framework does not make some allowance for risk it is weakened, on account of external macro-economic shocks, natural disasters or unexpected liabilities falling due. Medium term expenditure frameworks often include larger contingency provisions in the outer years, to manage uncertainty. The provision is reduced and allocated as the framework rolls over. A much smaller contingency for the budget year is then finally allocated in a supplementary budget process to areas of need. Other mechanisms are proper assessment of contingent liabilities, including publishing information on them, and being conservative in revenue estimates.
- *The quality of data* – if the macro-economic or revenue projection models are weak, the quality of the framework is affected. Similarly, if government does not have good information on projected development partner grants or proper information on the forward cost of existing services and the cost of new policy proposals, it may undertake projects and approve new policies that are not realizable within the planned framework.
- *Supplement* – the planned macro-fiscal framework is only as good as its implementation. When the budget is weak in-year decisions become more significant for determining what will be financed. Even if the approved macro-fiscal framework is based on accurate data and the result of a robust competitive process, it will be undermined by in-year decisions. A quality framework is unlikely to result from the budget preparation process, when all actors know that it will have little or no effect. Implementation discipline is a pre-condition for planning rigor.

The Budget Outlook Paper (BOPA)

The main instrument driving the preparation of macro-fiscal framework is the Budget Outlook Paper (BOPA), which is prepared by Ministry of Finance in conjunction with Ministry of Planning and National Development and Vision 2030.

The BOPA is a key budget document. It elaborates the medium term fiscal framework that determines the overall resource envelope and provides the background and parameters which would form the basis for the detailed budget. The BOPA should therefore be discussed and approved by the main stakeholders. This document is available to the public for transparency and overall ownership and aims at achieving the following:

- Signalling Government's budget policy intent to important stakeholders outside of the Central government, the private sector, civil society and development partners.
- Firming early budgetary decisions regarding fiscal policy and likely available resources, thereby providing a platform for a sound subsequent budget process.

- Linking ongoing fiscal and budget policy to mid-term development objectives and strategies.
- Setting off the strategic allocation process by providing sector ceilings, within which individual spending Ministries, Departments and Agencies will bid for resources.
- Setting the tone for the medium term budget preparation process

Important requirements in determining macro-fiscal process for decision-making

The macro-fiscal process and its outcomes are governed by a set of decision-making requirements that seek to maximize budgetary outcomes. The requirements are aimed at ensuring that government will undertake only those activities that it can finance in the resource envelope.

- The framework will enhance the predictability of resources and will not be vulnerable to financial crisis.

A second requirement is that within the macro-fiscal framework there should be competition for public resources, which results in (i) shifting funds from low priority to high priority activities and (ii) institute financial discipline whereby only available resources are allocated.

A third requirement is that the macro-fiscal framework should minimize accumulation of pending bills.

Other important requirements include:

- Government only takes into account external financing whose commitment is fully confirmed.
- Government does not include development partner budget support flows into the core fiscal framework on account of their high unpredictability.
- Government commits to the fiscal framework.
- Macro framework should be comprehensive mostly to include all Public revenues, expenditures, and contingent liabilities.

CHAPTER 3: MTEF BUDGETARY ALLOCATION PROCESS

This chapter addresses the central challenge of public budgeting which involves allocation of scarce resources to competing priorities. It addresses the issue of expenditure review, establishing baselines, costing of programmes and structure of budget.

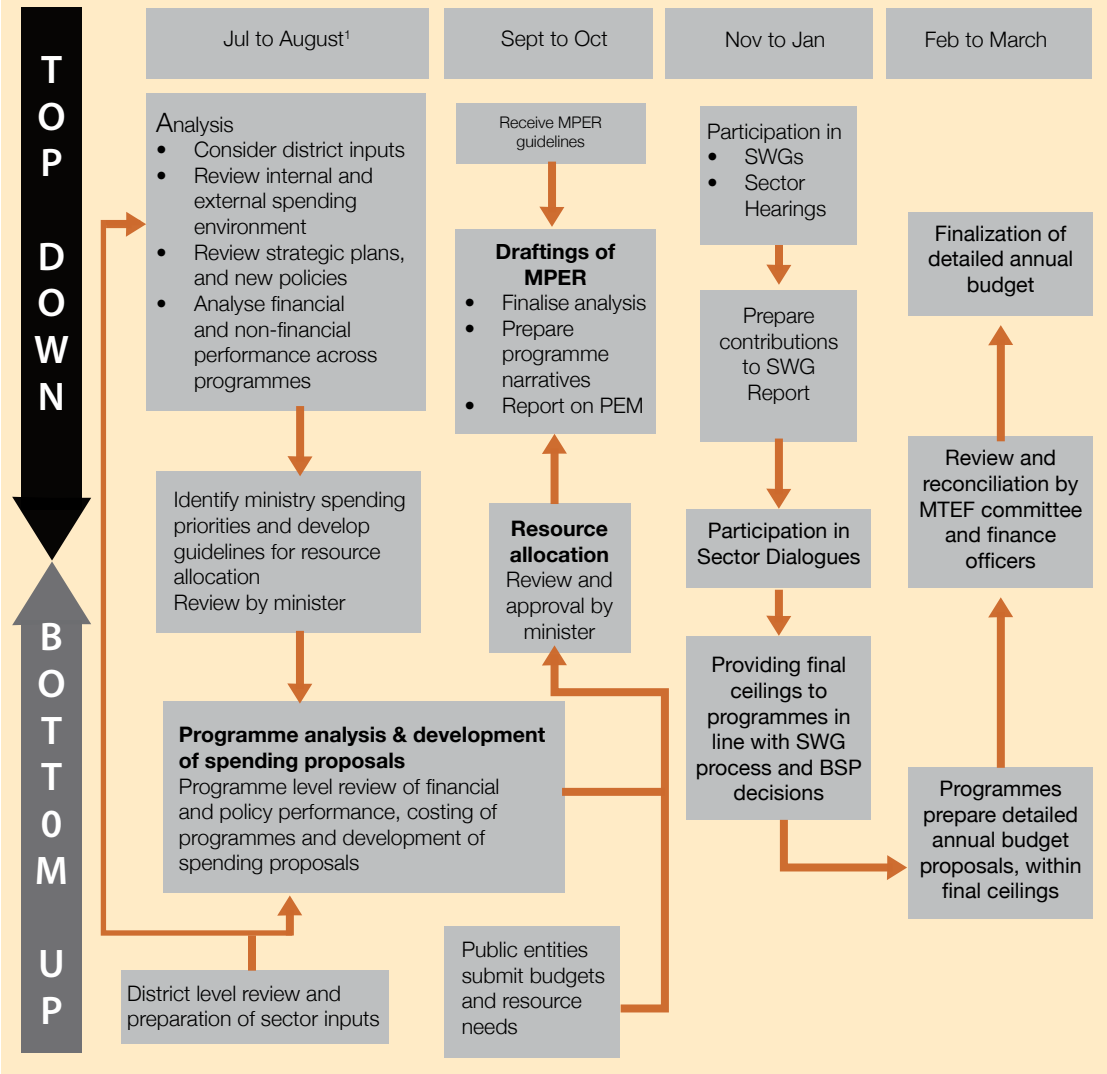
3.1 Ministerial MTEF Process

The Ministries and Departments, and Government Agencies are involved in the bottom-up expenditure review and planning as a build up to determination of Sector priorities.

Elements of a Ministerial level MTEF Process

The elements of a Ministerial level MTEF budget process are illustrated in figure 5.

Figure 5: Ministerial MTEF Budget Process



The above table illustrates the following steps:

Step 1: Reviewing the Ministry's/ departments programmes

A review of the Ministry's programmes against its functions and objectives to establish their relevance.

Step 2: Bottom-up expenditure analysis and planning

At Ministry level, the analysis of past expenditures and performance,is undertaken. The preparation of programme spending proposals and performance targets are developed.

Step 3: Resource allocation

The development of Ministry/departments and county resource allocation proposals, matches resource availability with spending needs through a process of trade-offs.

Step 4: Finalising analysis and drafting MPER

The preparation of the MPER entails utilizing and updating earlier spending and performance analysis, documenting resource allocation decisions, performance commitments and output targets and providing an assessment of public expenditure and human resource management in the Ministry/departments. The MPERs reviews the previous year's budget allocation against expenditures and set targets for the following year's budget proposals.

BOX 1

Ministerial Public Expenditure Reviews

The Ministerial Public Expenditure Review (MPER) institutionalizes a review of the performance of the Ministry's/departments spending against policy and drives the systematic and strategic allocation of resources within the Ministry/department.

The MPERs involve reviewing ministerial programmes and activities in line with core functions of the Ministry/departments, identifying the bottlenecks in expenditure management. It has both backward and forward looking components.

Purpose of an MPER

MPERs fulfils two functions in the budget process:

- Firstly it provides the basis through which ministries/departments communicate their past performance, current situation, priorities and future plans to stakeholders, including Government as a whole.
- Secondly, MPERs have an internal function in assisting ministries/departments to link budgets and performance to their policies and priorities.

MPERs should be both backward and forward looking in order to:

- Provide both financial and non-financial outturn data for the Ministry/department.
- Analyse past expenditure trends in the Ministry/department.
- Demonstrate how Ministry/department expenditure choices support the achievement of ministerial objectives and priorities.
- Identify constraints in the Ministry's/departments capacity to achieve optimal outcomes from available resources
- Identify shortcomings in budget preparation and financial management practices.
- Review ministerial/departmental objectives and identify spending priorities for the medium term
- Propose strategies to address identified shortcomings and constraints.
- Project forward the cost implications of past policy choices (projecting forward baseline spending); the cost implications of new policy choices (projecting forward new proposed spending) and identify savings realized.
- Make spending proposals that represent an optimal mix of outputs, given the Ministry's/departments spending environment.
- Commit the Ministry/department to a given level of outputs, given available funding, through a statement of expected outputs.

Step 5: Finalising resource allocations and drafting detailed budget

Finalization of resource allocation in line with Sector proposals and the Budget Strategy Paper and drafting the detailed budget estimates in consultation with Treasury, Parliamentary and Judicial Service Commission.

The roles and responsibilities in preparation of the detailed annual budget in the Ministry involves:

- *MTEF Committee:* This is the Committee in the Ministry that is responsible for formulation and preparation of the Ministerial/Departmental budget proposals. It is headed by the Accounting Officer and is made of Heads of Finance, Planning, Accounts and other co-opted Heads of Departments. It is the responsibility of the MTEF Committee, to (i) determine final programme ceilings and (ii) ascertain that the detailed annual budget proposals, as reviewed by the Finance Officer, are in line with the MPER, Sector Working Group and Budget Strategy Paper decisions. It is the task of the MTEF Committee to ensure that the ministerial/departmental detailed annual estimates of expenditure are in line with ministerial policy objectives. It is also the task of the MTEF committee to engage the Minister on the detailed annual estimates of Development and Recurrent Expenditure and get his/her ascent.
- *Head of Finance:* It is the responsibility of the Head of Finance to review programmes' annual budget proposals for economy, efficiency and internal consistency. The Finance Officer also engages with the Ministry of Finance on the detailed annual estimates.
- *Head of Central planning Unit:* It is the responsibility of the Head of Central Planning Unit in the Ministry to assist the Chief Finance Officer in reviewing the annual budget proposals so as to ensure that they are consistent with the overall government strategy and also to provide the necessary analytical work to support the decisions of the MTEF committee on the priorities of the Ministry for funding
- *Holders of Budget Heads (AIE Holders):* It is the responsibility of heads of various cost centers to develop detailed annual budget estimates within their final ceilings and in line with their MPER submissions and subsequent ministry, Sector Working Group and Ministry of Finance decisions, as reflected in the Budget Strategy Paper.

3.2 Setting Ceilings and Guiding Expenditure Planning

The budget rests upon the pedestal of scarce resources which calls for choices to be made among competing needs. The process of setting ceilings in Kenya has been guided over the years by the need to achieve rapid economic growth that is necessary if the country has to achieve its national goal of poverty reduction and achieve equitable development.

The process consists of two sub–processes: the first is the preparation of an economic and fiscal update referred to as Macro Economic Framework and the second is the setting of sector and ministry level ceilings.

Determining the Macro Economic Framework

In setting the macro economic framework the following factors are taken into consideration.

i. The projection of economic growth targets in the medium term. Providing the economic and fiscal outlook is a

challenging task. This process entails an update of all expected imports and Exports, projections of investments and consumption. In working out the growth targets, consideration is made of the government's long term policy concerning wages, investment by government and other long term policies relating to other sectors of the economy. Hence the growth projections are also consistent with planned aggregate spending by Government.

ii. Once the growth targets are identified then the Ministry of Finance is able to project the revenue targets that are consistent with the growth targets. The share of the various targets of revenues is also guided by the projections of the growth of various sectors, for example the expected realization of import taxes is guided by the assumptions in the growth of imports in the macroeconomic model. The prevailing government policies on other issues are also taken into consideration in projecting the revenues from domestic sources.

iii. The other variable is the assumptions on private sector credit. Depending on the assumptions made on contributions by private sector to domestic investment and growth targets, the level of change in private sector credit is determined. The tradeoffs made while deciding on this variable include the level of government credit that will be targeted.

iv. The Government credit level which is also referred to as domestic borrowing is a variable taken into consideration. The key guiding principles in deciding or determining the level of domestic borrowing is the governments own policy on public debt.

v. The other key principle strategy is inflation rate and the rate of interest. Assumptions are made on the interest rates of government securities as well as setting targets for inflation for the year and the medium term.

The Framework also contains the aggregate expenditures levels. The main categories of Public expenditures are recurrent and development. There are two categories of recurrent expenditures; no-discretionary and discretionary expenditures. The *non-discretionary expenditures* are those expenditures that are pre-determined by law. These expenditures which include, other principal repayment of public debt, payment of interest on debt, pensions and consolidated fund services, such as, salaries and wages for constitutional office holders. These expenditures are also known as mandatory expenditures. Since they are pre-determined by law, they are simple to estimate and cannot be part of a trade-off process. They are therefore just deducted from the overall resource envelope as a first charge.

The *discretionary expenditures* are those expenditures used by various agencies to produce goods and services for the citizenry. These expenditures are not pre-determined by law but Government policy and resource availability. Most recurrent expenditures are accounted for in the recurrent budget and most capital expenditures are accounted for in the Development budget. A key policy decision is the trade-off between recurrent and development expenditures. The desire for the growth dictate that as much as possible, expenditures be oriented towards pro growth development programmes.

Criteria for setting sector Ceilings

Ceilings are determined by the available resources as determined by the Macro Working Group. The ceilings for the sectors are determined on the basis of Government Policy and priority attached to each Sector.

The following are the main considerations:

- The national objectives to achieve enhanced economic growth.

- The requirements of core poverty programmes;
- Funding on-going programmes
- Donor Commitments through project loans and grants.

Steps to determine sector ceilings

The first step is to review individual Sector Working Group Reports, containing Ministerial budget proposals and arrive at an assessment of resources required by the sector.

For the Development Budget, the Macro Working Group first assesses forward commitments for externally financed projects and programmes and for on-going domestically financed projects. Secondly, it assesses new project proposals against policy priorities together with donor commitments through project loans and grants and the commensurate counterpart funding. The total is put against a sector's account as a floor since this represent ear-marked sector funding on the revenue side.

On the recurrent side, the process involves the determination of non-discretionary expenditures and the wage bill for all the Ministries and required operating expenses.

The final process is to add up all sectors funding requirements and comparing them with available resources and making trade-offs between sectors in the discretionary, non-core poverty programme and non-committee portion of budget proposals.

3.3 Making Tough Choices

This section examines the main instruments and institutions in the Kenyan Budget Process that ensure that available resources are reconciled with competing demands. It describes a two-phased process which provides forum for trade-offs and ensures that guidelines are followed while making budget decisions for resource allocation.

In the Kenyan budget process, the levels of resource allocation process are: sharing between the National and County Governments, and sharing among County Governments (see Article 216 (1), allocation to the sectors and allocation within the sectors. The allocation between National and County Governments and among Counties is done by the Commission on Revenue Allocation (CRA), the National budget is done through the sector. The sector allocation is by Treasury through the Macro working group while the allocation to the sub sectors (Ministries) is done by sector working groups.

Figure 6 reconciles bottom up expenditure planning with top down resource allocation. The process involves the setting of Sector Ceilings as contained in the Budget Outlook Paper (BOPA). The BOPA sets the resource framework for the three year MTEF period and the national policy priorities. The bottom up process involves the compilation of MPERs and Sector Working Groups reports. The MPERs provide the analysis of past expenditure trends and their outputs.

The two levels of the process have sets of activities that produce outputs required for the decision making. These are:

Sector Working Group Process

During the Sector Working Group resource allocation process, the sector Ministries together with representatives from the Ministry of Finance, the Ministry of Planning and National Development and external stakeholders, review the MPERs, including individual ministerial spending proposals. Through a series of working sessions the Group rationalizes and prioritises ministerial

proposals, ensures that linkages are made between Ministries and submits a consolidated Sector Working Group Report to the Treasury. The Sector Working Group Report comprises of a clear statement of sector objectives, sector programmes and expected outputs against the proposed expenditure.

Sector Hearings

During the Sector Hearings, the draft Sector Working Group Reports are presented to an open meeting of stakeholders. Submissions are heard from participants, which are taken into account in the finalization of the Reports. These hearings are normally known as Public Hearings.

Development and Finalisation of the Budget Strategy Paper (February to March)

The Economic and Budget Steering Committee, supported by the Budget Secretariat and the Economic Affairs Department, drafts a Budget Strategy Paper for submission to Cabinet during February and March. The Paper presents the proposed allocations to Ministries linked to an updated macro-fiscal framework and sets out the expected achievements of funding.

Cabinet approval of the Budget Strategy Paper

Cabinet reviews, discusses and amends the Budget Strategy Paper as may be appropriate clearing the way for the Paper to be finalized for tabling in Parliament.

Tabling of Budget Strategy Paper in Parliament or Budget Policy Document[1]

The Budget Strategy Paper is tabled in Parliament making it a public document and establishing the overall and ministry-specific and county resource allocation for developing the detailed estimates, in the final phase of the budget preparation process.

3.4 Institutions, Structures And Instruments Of Strategic Resource Allocation

The following are the Institutional Structures which have been put in place to facilitate the MTEF process

The Budgetary Supply Department

The Budgetary supply Department is a specialized Department of the Treasury that Coordinates MTEF budget process. In so doing, it issues guidelines on all matters pertaining to budget formulation and preparation and implementation. The guidelines are issued in consultation with other Departments in Treasury; such as Economic Affairs Department, External Resources Department, Accountant General's Department e.t.c.

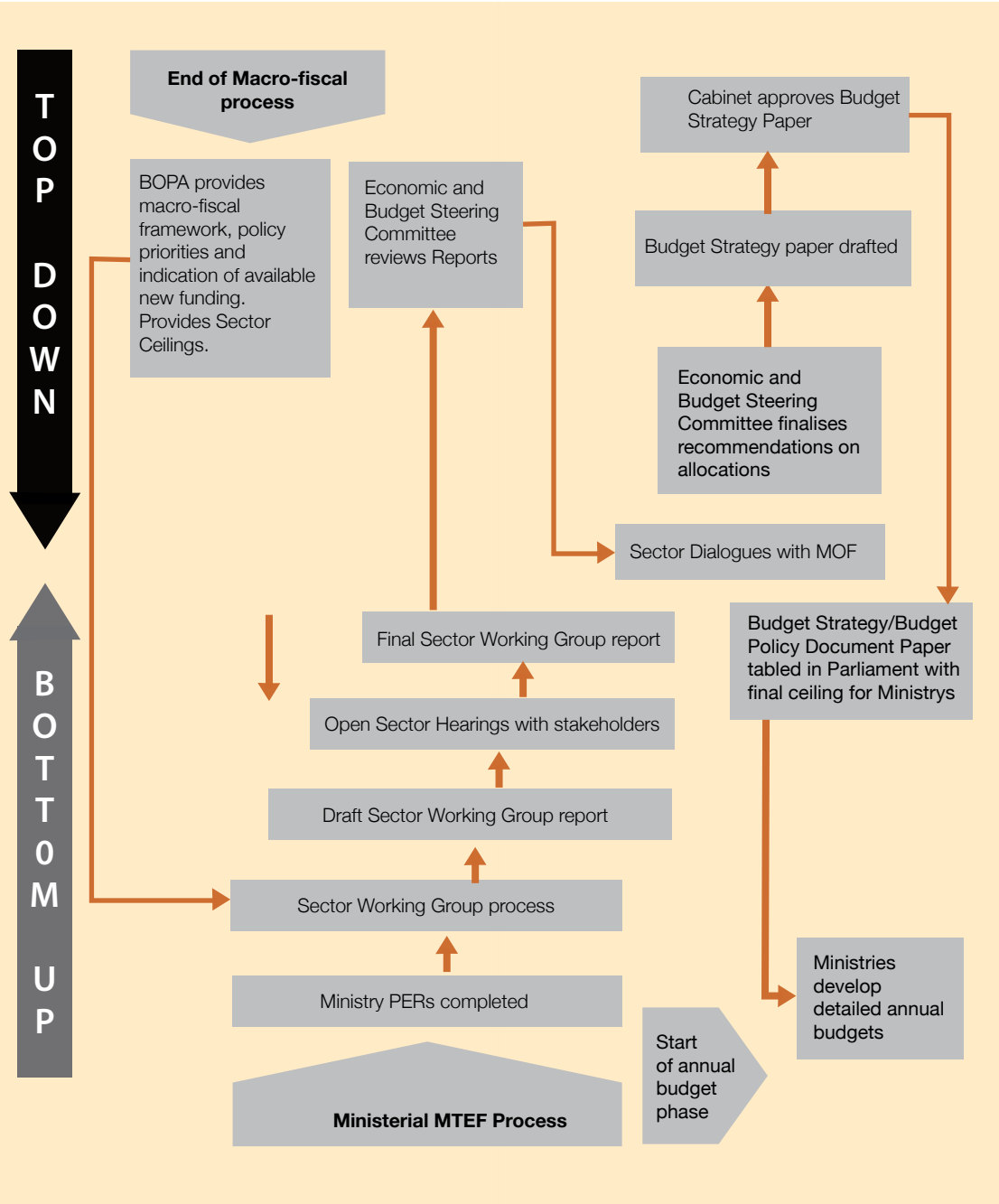
Estimates Working Group (EWG)

This is composed of officers from the Budgetary Supply Department and the respective line Ministries/Department coordinated and chaired by the Budget Officers for line Ministries responsible. The role of this group is to review the itemized budget proposals by Ministries/Departments Before presenting the same to the Budgetary Procedures Group.

Notes1

1. It is a legal requirement to table to Parliament a Budget Policy Document. The budget Policy document does not substantially vary from Budget Strategy Paper.

Figure 6: reconciling bottom up expenditure planning with top-down.



Budgetary Procedures Group (BPG)

The Budgetary Procedures Group is chaired by the Director of Budget, and comprises officers from Budgetary Supply Department and External Resource Department. This team reviews the proposals from the EWG to ensure that they are in harmony with Government stated policy and have adhered to the guidelines.

The Macro-Economic Working Group

The MWG comprises representation from

- The Ministry of Finance, the Economic Affairs Department, the Budgetary Supply Department, the Debt Management Department, the External Resources Department and the Investment and Public Enterprises Department.

- The Ministry of Planning and National Development and Vision 2030, Kenya National Bureau of Statistics, Kenya Institute of Public Policy Research and Analysis.
- The Kenya Revenue Authority.
- The Central Bank of Kenya.

The MWG is chaired by the Economic Secretary and the Economic Affairs Department in the Ministry acts as the secretariat.

Commission on Revenue Allocation (CRA)

The CRA makes recommendations on sharing of revenues collected nationally between the National and County Governments, and use of equalization fund. The CRA also develops criteria for allocation of resources among counties.

Sector Working Groups

The membership comprises the Ministry of Finance (convenor), representatives from the Ministry of Planning National Development and Vision 2030 (Co-convenors), sector ministries, other stakeholders such as Development Partners. NGOs and private sector are allowed to attend and make presentations. A sector working group is chaired by a Permanent Secretary from the sector. The sector convenor is usually an officer from the Budgetary Supply Department of the Treasury. In principle, the Sector meetings are open to stakeholders outside of Central government. Sector Working Groups are encouraged to invite external stakeholders to attend and participate in the consultative meetings.

Roles of Sector working groups are as follows:

- Coordinate preparation of MPERs.
- Review sector objectives and strategies in relation to the overall national goals as stated in the Government Policy documents
- Identify sector priorities and rank them in accordance with their relevance for national goals.
- Identify sector programmes that are priority poverty programmes and ensure that these programmes are optimally funded.
- Identify inter and intra sectoral linkages and ensure that ministerial spending plans take proper account of the linkages.
- Identify and analyse sources of funding for the sector, including the main budget, extra-budgetary funds, external resources and appropriations in aid.
- Analyse cost implications of policies and strategies in the sector and required prioritisation and discuss the mix and level of goods and services that will be provided within the available ceiling.
- Identify further sector-wide resource needs in accordance with the guidelines as

NOTES:
With the enactment of the new Constitution, the institution will be restructured

provided by the Ministry of Finance (see previous chapter).

- Improve communication and build partnership with other stake holders (private sector, development partners and civil society).

Sector Working Group Reports

- The output of the Sector Working Group process is the Sector Working Group Report. This Report is the instrument through which sectors submit their spending proposals and identify the level of goods and services they are targeting to provide, given their level of resources. The main elements of the Sector Reports are:
- Sector objectives
- Expected Sector Outputs
- Programmes to achieve these outputs
- How resources will be spent against these programmes to achieve the expected sector outputs and objectives

The sector reports also include necessary analysis to support above elements.

Structure of Sector Report

- A definition of the sector
- An identification of key national priorities in the sector
- A review of sector performance for the three years preceding the budget year, including for example a review of Changes in levels of outputs and outcome indicators

The report also include:-

- A discussion of key constraints on future sector performance and strategies to address the constraints
- A discussion of key policy and system reform initiatives in the sector, including a discussion of progress
- Discussion of liabilities – for example accumulated arrears of payments and contingent liabilities in the sector and strategies to address the same.

Sector Hearings

The sector hearings utilize the Sector Working Group Reports as discussion documents. The explicit purposes of the hearings are:

- To fine tune sector policy, spending allocations and implementation modalities by providing beneficiary groups and other stakeholders with an opportunity to engage the Sector Working Group prior to the finalization of the Sector Working Group Report.
- To inform sector stakeholders of the intentions in the sector, facilitating their participation and therefore knowledge the results that the sector is targeting over the budget period. This provides a foundation for improved sector accountability.

The Economic and Budget Steering Committee

The Economic and Budget Steering Committee comprises of representatives from Departments of the Ministry of Finance and the Ministry of Planning National Development and Vision 2030. The Committee is chaired by the Permanent Secretary/Treasury and the Secretariat is either from the Budgetary Supply Department or from the Economic Affairs Department.

Objectives, roles and responsibilities are:
The main objective of the Budget Steering Committee is to coordinate and monitor the overall expenditure proposals to ensure that they are consistent with the Macro Fiscal Framework. This role breaks down into the following specific responsibilities:

- Use data provided by the Macro-economic Working group for further analysis and prioritization.
- Aggregate expenditure proposals provided by the Budgetary Supply Department.

- The Economic and Budget Steering Committee coordinates the drafting of the Budget Strategy Paper.

Sector Dialogues

The Sector Dialogues is the process through which the Economic and Budget Steering Committee engages Ministries to evaluate whether Ministries' spending plans are economical, efficient, equitable and effective and what contribution the outputs will make to social, economic and developmental objectives of the Government.

The process has an important role to play in holding departments to account for their financial management and economic performance, and evaluating competing claims on the nation's finances.

It also affords the Ministry of Finance the opportunity to assess whether spending ministries have the capacity to implement their spending plans, and whether outputs are clearly defined.

From the Ministries' point of view, the Sector Dialogues are important assurance that their submissions are receiving a fair attention.

Budget Strategy Paper

The Budget Strategy Paper builds on the Budget outlook Paper by updating the main aspects thereby adding specifics on ministerial ceilings, spending programmes and expected outputs.

- It contains the firmed up resource allocations
- Provides ceilings to the Ministries.
- Contains finalized macro-economic framework, medium term fiscal strategy, financing of the deficit, available external resources and key risks to the frameworks.

Budget Policy Statement (BPS)

This is prepared in accordance with the Fiscal Management ACT 2009 and submitted to National Assembly by 21st March. The BPS states the broad strategic macro-economic issues upon which the next medium term budget is premised, projected revenue, overall expenditure, proposed programmes and expected outcomes, and the budgetary provision.

3.5 Costing Programmes and Activities

In an MTEF budgeting process, institutions at various levels are required to match resource requirement with available funding. This is done by trade-offs and scaling down. For institutions to plan optimally, accurate estimates of the cost of activities is required.

Costing therefore enables calculation of the cost of programmes and activities and facilitates monitoring and evaluation of programmes and projects. This section discusses the concept of costing and its application.

Unit costs

Unit cost mean cost of providing a service per unit of output. Thus one would calculate the cost per learner, per occupied hospital bed or per outpatient, per passport issued, per passenger mile and so forth.

One of the main challenges in the determination of Unit costs for Public Programmes is that unit costs can either be actual or normative.

The actual unit cost means the cost of service divided by the number of beneficiaries serviced, or actual spending on public goods divided by the number of goods produced. This is a useful calculation for forward projection of baseline spending.

Normative cost refers to how much it costs per beneficiary service or goods delivered. Normative cost calculations are used in the public sector as a benchmark for efficiency analysis and for assessing the adequacy of a given budget. Normative unit costs involve *value judgments* as to the types of required inputs and level of quality and should therefore be carefully evaluated before it is used.

Cost Driver

A cost driver is a factor or an activity that drive the costs of a spending agency. In setting out a cost structure to project baseline spending, Ministries should think carefully about how different cost drivers and cost units relate. Usually there are at least two levels of cost driver to take into account.

Units as cost drivers: Firstly, the unit chosen against which to cost an activity or project baselines are themselves drivers of the cost of a service. In the education system, the number of learners in schools drive personnel costs (more directly if learner/educator ratios are enforced), spending on certain types of goods and services such as learner support materials, utilities, transport and so forth. In agriculture the number of farms or farmers drives costs: the more farmers there are the more agricultural extension officers are required and the more subsidies are paid out.

The unit to which costs will be ascribed is an important choice in any costing exercise. They should be the main and most common cost driver within a programme, or a type of spending within a programme. The example above of agriculture is a case in point: Whether the square kilometre surface of agricultural land or number of farmers should be chosen as the unit that drives costs depends critically on the type of service that is costed and how policies have been designed. In order to project a baseline for a subsidy spending programme, land surface units may be chosen as a unit cost if the level of subsidy is determined by the agricultural land available to an individual farmer. However, if the subsidy is simply designed to deliver a standard input per farmer, the correct unit would be individual farmers.

Underlying drivers of unit costs: A second level to take account of is the factors that drive the cost per unit. For example, in health the type of disease and price of drugs drive cost per patient treated. In education, cost per learner is driven in turn by the learner/educator ratio and the unit cost of personnel. In transport cost per passenger kilometres is driven by fuel prices and the operational efficiency of vehicles.

A useful distinction can be made between *structural cost drivers* and discretionary cost drivers. Structural cost drivers in the public sector are those that are determined externally or are 'demand' driven. The demand for school places may vary on account of factors outside of government's control. In doing baseline projections, the forward cost of a current policy (or activity) should take into account changes in costs due to changes in structural cost drivers. Discretionary cost drivers are those that are present because of choice, such as policy specifications. For example, the number of learners in schools is also the result of school fee policies and drop-out and repetition rates, which are much more in control of government.

Variable (or direct) costs

Variable or direct costs are those that vary wholly and proportionately with an increase in output. In health there are for example, a number of variable costs: drugs, X-rays, sterile packs and meals all increase directly in line with the number of patients. In education, learner support materials is a pure variable

cost. In public works construction, material used is a pure variable cost that relates to square meters constructed.

Fixed costs (or indirect or overhead) costs

Fixed costs remain unchanged as an output or activity increases or decreases. Fixed costs in hospitals are the maintenance of the building and the cost of cleaning services. It is useful to note that some fixed costs are fixed to the Ministry as a whole, for example the cost of running a Minister's office and the cost of the central administration and of policy development. Within programmes there may be further fixed costs, such as the cost of maintaining agricultural extension offices in an extension programme.

Semi-variable costs

Some costs contain a fixed element as well as a variable element. Good examples are the rental of capital goods, where a fixed rental may be combined with a service charge for each unit of use. Within a hospital laundry cost is an example. There is a fixed component that relates to the infrastructure and personnel costs, and a variable component related to water, power, detergents etc. Whereas the first element remains fixed no matter how many patients are in hospital, the second increases with each additional patient added.

Step costs

Some costs are strictly neither fixed nor variable. Whereas they may not increase for several or many units of output, they also do not remain constant no matter what the level of output. A good example is personnel cost in education: with a learner/educator ratio of 30:1, personnel costs do not increase with every additional learner, but only with every 30 learners who join the system. Hospital administration services can be similar example: whereas the cost remains fixed with the addition of every one additional bed, when another 100 beds have been added an additional administrator may need to be appointed.

Relevant costs

Relevant costs (and relevant revenues) are those that will change on account of a specific decision. This is an important distinction for costing in the public sector: when assessing the cost of a new spending proposal the only costs that should be taken into account are those that are relevant. If there is a choice between two policy options, the only costs that need to be considered to inform the decision between the two, are those that differ between the two.

Projecting baseline spending

Baseline spending as described in Annex 3 identifies minimum resource requirements assuming no change in policy.

In Kenya five elements are included in baseline spending

- The existing recurrent cost of the programme, including spending on personnel, and on goods and services.
- The projected cost of transfers and subsidies, including transfers to households, individuals and institutions.
- The projected costs of major on-going domestically financed capital investment projects and of new projects which are at an advanced stage of appraisal and are close to having financing approved.
- The projected costs of on-going externally financed programmes and projects where the resources flowing into the budget cannot be transferred to alternative uses. The projected cost should include both external resources and the domestic counterpart funding.

- The projected impact of pending bills from previous years on the current budget year.

In preparing baseline projections, Ministries should treat each of these separately, disaggregated by programme.

- **Base year and first year of projection:** In an MTEF budget a base year must be chosen. It is desirable that the base year be the last completed financial year with the current year being the first projection year. However, if accurate financial or key non-financial data are not available for the last completed financial year, Ministries will need to use the last year for which accurate financial and non-financial data is available. It should be kept in mind though, that the further back the base year, the more likely it is that errors of estimation would have a significant effect on the forward years, since errors in the base are often progressively amplified as years are added. In the Kenyan situation, the base year is always the current year of implementation. The first forward year becomes the first year of the MTEF budget.
- **Checking against current year:** Using the last completed financial year as a base year, means that the current year of implementation can be used as a first check on the accuracy of the baseline projection. If the projected financial outturn in real life differs significantly from the baseline projection, and if it cannot be ascribed to overlooked policy changes, then there is an error in the baseline projection.

- **Factors to consider when developing base year projections:**
  - Changes in discretionary cost drivers: There are significant policy changes which are not present in the base year, but which are already impacting on the current year. These policy changes should be included in the forward projection because they represent decisions that have already been taken.
  - Changes in structural cost drivers such as pricing or an increase in demand has not been taken into account fully.
  - Ensure that the unit cost drivers applied are always accurate.

Sequence for constructing baseline projections

Before constructing individual programme or sub-programme baselines, the Ministry as a whole needs to decide how it wants to sequence the costing of baselines within the Ministry. Ministry baseline projections of programmes should be consistent – using for example standard costs for common items – so that they can be integrated to form a baseline for the Ministry as a whole. At the start of the process to construct a baseline, a Ministry should decide:

- Who or which structure will coordinate the development of baseline spending across the Ministry. It is important to have a central reference point to ensure that common costs are treated in a standard way.
- An initial list of standard costs that will be shared between programmes and sub-programmes.
- A common base year and first projection year, as well as a common projection period. At a minimum, baseline projections should cover the medium term.
- Which programmes will be projected in more detail. For some programmes, such as Administration, a separate baseline may not be worthwhile constructing and it can be projected simply by adjusting for inflation to the previous year. Which programmes will be costed on a programme-wide basis and which at lower levels of cost categories.
- There are three levels at which programmes

can be costed: At the Programme level, in which case the whole programme will be projected forward either by establishing a cost driving unit, establishing a cost per unit and projecting forward the cost using the expected number of units x the unit cost, or by simply projecting the programme forward using expected price increases or as a ratio to another programme.

- Sub-programme level; in which case the sub-programme is costed as a whole using one of the two alternative methods. Costing a programme as a whole or partly by costing sub-programmes as units. This is likely to be more robust than just costing the whole programme as a unit, simply because using units that are suitable to sub-programmes is a finer instrument than using a single unit for the whole programme.
- Below the sub-programme level. One option here is to break the sub-programme down into the economic categories of spending, which are then separately, projected using either of the two alternative methods. A second option is to combine economic categories of spending that are driven by the same unit. In primary education for example, a sub-programme of school support may use the number of learners as a unit for determining personnel, materials and supplies and transport costs, while projecting maintenance costs using the number of schools or just by inflation. Another example is to develop a comprehensive and complete set of activities for the sub-programme and project forward the cost of each of the activities.

Once these decisions have been taken at the level of the ministry, constructing baselines for each programme can begin. This task is best broken down into

- First projecting personnel spending, spending on goods and services and spending on transfers, entitlements and subsidies by the relevant spending category
- Secondly, projecting spending on domestically financed capital items by programme or sub-programme.
- Thirdly, projecting the forward cost of earmarked externally funded programme spending by programme or sub-programme, including the requirement for counterpart funding.

Construction of baseline is detailed in Annex 4.

Costing new spending proposals

New policies, new programmes and activities that Ministries want to undertake comprise new spending proposals.

The following are steps taken in costing new spending proposals:

STEP 1: Allocate the projects to the Programme or Sub-programme under which they will be funded

STEP 2: For each spending proposal identify the inputs that will be required

STEP 3: Assign the inputs and activities to economic categories

STEP 4: Calculating costs: At this point each activity can be costed against the economic category of spending from which a particular cost will be funded.

Table 3: Activities/input table

SUBDIVISION	Activity 1	Activity 2	Activity 3	Activity 4	Activity 5	Activity 6	Activity 7
	Human Resources	Workshops for training at cluster centres	Providing Cluster centres	Etc			
RECURRENT BUDGET							
Personnel spending	Additional staff at cluster centres						
Goods and services		Transports and Subsistence for workshops materials and supplies for workshops cost of trainers for workshop	Materials for cluster centres Utilities for cluster centres Maintenance expenses for cluster centres				
Transfer and subsidies	None	None	None				
Operational budget capital expenditure			Furniture				
CAPITAL BUDGET							
Personnel spending							
Goods and services							
Transfers and subsidies							
Capital spending			Building cluster centres				

Table 4: Matrix template for costing New Spending Proposals

Activity Name				**Activity Description and motivation**				
	UNIT COST	Quantity Year 1	Quantity Year 2	Quantity Year 3	Projected cost Year 1	Projected cost Year 2	Projected cost Year 3	Description of inputs that drive costs
RECURRENT BUDGET								
Personnel expenditure		A	B	C	Unit cost x quantity A	(Unit cost + inflation) x quantity B	(Unit cost + inflation) x quantity C	
Goods and Services					0	0	0	For example: Purchasing materials for cluster centres, maintaining cluster centres, utilities for cluster centres. Common unit: cluster centres x global allocation per centre.
Subsidies and Transfers					0	0	0	
Acquisition of capital assets					0	0	0	
DEVELOPMENT BUDGET					0	0	0	
Personnel expenditure					0	0	0	
Goods and Services					0	0	0	
Subsidies and Transfers					0	0	0	
Acquisition of capital assets					0	0	0	
TOTAL DEVELOPMENT BUDGET								
TOTAL					**0**	**0**	**0**	

3.6 Budget Structure, Classification And Programme Based Budgeting

This section discusses the principles of classifying public budget and financial information, standardized international frameworks for structuring budgets and classifying transactions, the introduction of new economic classifications and a programmatic classification and approach to budgeting.

A sound budget structure and classification system is the cornerstone of a good public finance management system. A comprehensive budget structure ensures that all sources of and claims on public funds are considered together, making clear distinctions between different levels of government control. A sound classification system ensures that there is consistency in how financial information is recorded across all of government's operations.

A budget structure and classification system that complies with international standards is also important for internal and external transparency and standardization. It enables comparisons within the system and internationally, using standardised funding and spending categories.

Kenya is currently in the process of gradually reforming how its budget is structured and classified. The purpose of the reform is to move from a shallow poor and disaggregated coverage to more comprehensive coverage and classification that:

- Covers all government's fiscal operations
- Provides consistency in the treatment of transactions and financial information across the system
- Allows planning, controlling, monitoring and evaluating.
- Allow spending comparison internally and internationally.

Kenya's Budget Classification

Budget should be properly classified and coded. Ideally, Budget coding should be compliant with the international standards e.g. GFS. A well coded and classified budget facilitates monitoring and evaluation, reporting, analysis and comparison.

Three questions are relevant when allocating funds, controlling their use and monitoring;

- Who will use (or have used) funds?
- For what purpose will it be used (has it been used)?
- Expected outputs

The budget classification corresponds with each of these questions:

- **Administrative (Organisational or Institutional) Classification:** For accountability purposes, it is important that expenditures are classified according to who is responsible. A sound administrative classification will identify which departments or agencies is responsible for a spending item. This structure allows for the determination of who will be responsible for spending and accounting for funds. A well developed institutional classification will comprehensively cover all government entities to match accountability needs, and to reflect the hierarchical nature of relations within government, allowing for progressive consolidation of budgets and accounts. In Kenya this is achieved by Vote, Expenditure Heads and Sub-Heads.
- **Functional and Programme:** Two distinct (but often related) systems are

used to provide information on what the purpose of government spending is. A *functional classification* organises government activities according to their purpose (agriculture, defence, education, intergovernmental transfers, etc.) and to the economic nature of the transactions and is therefore independent from the government's organisational structure. A functional classification provides for the analysis of the allocation of resources among sectors and is important for monitoring macro budget policy objectives (for example whether government is investing sufficiently in human resource development across various Ministries). A stable functional classification is necessary to produce historical trends of government spending and to compare data across several fiscal years. Many countries have implemented the United Nation's Classification of the Functions of Government (COFOG) as the standard functional classification, which facilitates international comparisons. A *programme classification* assigns funds to government programmes. The programme based budget in Kenya traces individual costs back to government's objectives.

- **Economic, Standard Item Classification:** Classifying expenditures according to economic category is necessary for economic analysis; for example, *economic classification* allows for a determination of what proportion of government spending constitutes wages, or the level of public capital investment This is crucial for policy formulation. Most countries have adopted at least a GFS-consistent economic classification system. For budget management purposes, standard item classification is critical to closely track inputs.

International Standards of Budget Classification

The GFS system is a comprehensive conceptual and accounting framework for analyzing and evaluating fiscal policy, especially the economic performance of government and the broader public sector. It incorporates the economic and functional dimensions of government classification described above.

The framework is based on best international practice and universal economic and accounting principles on the recording of transactions, other economic flows and classification of stocks of assets and liabilities. In order to provide comparative data between countries on what resources are spent on, the GFS framework incorporates the UN standard on the classification of functions of government (COFOG): GFS system of classification enables financial data to be arranged both by the economic nature of transactions and the government function that the transactions affect (for example social services, general government services etc). The GFS system allows government to account for the flow of funds by economic and functional categories of spending over an accounting (or budget) period, and provides a balance sheet at any one point (usually at the beginning and end of an accounting period).

Link between Budget and accounting classifications

An integrated budget classification system is indispensable for linking budget preparation, budget implementation and financial reporting. The categories used for allocation of funds should correspond closely to the categories used to approve funds for spending and for accounting for those funds. Experience with budget reforms across the world has shown that there is little use in introducing reforms to the categories used for allocation without also

introducing the same reforms to the Chart of Accounts.

In a well developed system the Budget Classification corresponds to the Chart of Accounts, except that the latter is further desegregated for financial reporting and statistical purposes. The Budget Classification system is therefore an important instrument for control of the use of funds and reflects how funds are allocated and approved.

Introducing a Programme Classification

A programme classification of the Kenyan budget is critical in moving to a programme based budgeting system. Government is undertaking a gradual transition to programme based performance oriented budgeting and management in order to facilitate prioritization between objectives, increase efficiency in administration and enhance the quality of goods and services produced by publicly financed institutions. A suitable first step in this process is the introduction of a programme classification, through which government activities – and their associated expenditure – could be categorized according to the intended outcome or policy objective.

Definitions: Programme Based Budgeting

A main principle for *programme based budgeting* is that all the costs associated with achieving an objective of Government (at the highest level) or undertaking an activity towards that objective (at a lower level) should be reflected against the objective or activity. A *programme* is a group of closely related services and activities which contribute to a common objective. A *programme budget* allocates or divides the money of an organization by its programmes.

Programme based budgeting is an approach where the central government funds spending agencies against (i) the policy objectives for which the funds will be used and (ii) the expected achievement towards the objective for each funding period expressed in terms of performance measures and targets. A programme performance budgeting system focuses on the results of spending, and looks at inputs (or costs) in terms of what they achieve.

In a programme budgeting system, the budget will contain the following:

- Goals
- Objectives
- Key performance indicators
- Narratives/description of programme
- Multi-year estimates of spending against objectives and performance indicators
- Information on past spending against objectives and performance indicators

Introducing programme based budgeting

A programme based budgeting system requires huge institutional and management effort to develop and implement. A phased introduction is therefore desirable, with each phasing offering a platform for the next phase. Introducing programme based budgeting in Kenya is proceeding in the following phases:

- Developing a programme based structure for Government.
- Introducing a programme structure into the chart of accounts.
- Developing a performance framework and implementing programme budgeting.

The development of a programme structure for budgeting and accounting purposes is an important and urgent step to overcome existing weaknesses in linking the outcomes of the strategic budgeting phase to the detailed estimates presented to Parliament. At the same time it will also enhance the

strategic budgeting phase by providing better information on how the spending base relates to policy objectives.

Purposes of a programme classification

The fundamental objective of a programme classification of government activities is ***to bring clarity on what the policies pursued by the government are, how the activities of the administration support intended goals, and how expenditure is divided between policy objectives.*** By identifying clear government programs and reflecting desired outcomes, rather than the administrative structure or the division of expenditure between cost-categories – policy-making bodies are in a better position to make conscious and rational prioritization.

A programme budget presents an understandable and meaningful picture of Government's commitment to the public. Compared to a traditional line-item budget, a budget structured according to programs is significantly more understandable to politicians and the general public. The introduction of a programme classification is therefore an important step to enhancing transparency in government operations.

CHAPTER 4: BUDGET IMPLEMENTATION

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This Chapter briefly discusses sound budget implementation and complementary reforms to the MTEF process including appropriation and the oversight role of Parliament in budget formulation and implementation.

4.1 Outline of the Kenyan Expenditure Cycle

Budget implementation commences after Parliament approves the detailed Recurrent and Development Estimates.

The expenditure cycle comprises of the following stages:

- **Release of funds to spending units:** In Kenya the release of funds is managed through the cash management system and zero-balance accounts that are discussed in greater detail in the next section of this Chapter. In outline however, it goes through two stages. In the first stage, the exchequer committee approves the release of funds by the Accountant General's Department through monthly exchequer releases to line Ministry sub-accounts in the Treasury Fund Account at the Central Bank of Kenya. This determines the level of Ministry's appropriation in terms of the detailed estimates of expenditure that can be used by a Ministry for a given time period. In the second phase, the Ministry allws funds within its released ceiling to sub-units through Authority to Incur Expenditure (AIEs). The AIEs are recorded in the Vote Book of the sub-unit. The AIEs are issued by the Chief Finance Officer of a Line Ministry, after the Ministry MTEF Committee has approved the allotments.
- **Commitment of funds:** The commitment stage is where an obligation is made to pay for future goods and services. A commitment comprises the placing of an order or the award of a contract for goods and services to be received. It entails an obligation to pay by the State, if the third party adheres to the terms of the order or contract. In Kenya, the commitment process starts with the issue of a Local Purchase Order/Service Order (an LPO/LSO). The amount of the LPO/LSO is recorded as a commitment in the vote book and AIE is reduced correspondingly. All types of spending however do not lend itself to commitment control through a LPO. Personnel spending, spending on long-term contracts for recurrent expenditure items for example requires different treatments.
- **Personnel costs:** Personnel costs are captured and reported as outstanding commitments until incurred and a reconciliation is done.
- **Contractual obligations for construction:** Contractual obligations for construction are captured on the basis of the bill of quantities pending a certified payment certificate.
- **Utilities:** Utility bills such as for water, electricity and telephones should be captured on the basis of the average monthly consumption.
- **Acquisition / Verification:** The Acquisition or verification stage concerns the delivery of goods and services and processes to ascertain whether they conform with the specifications of the contract or order. Arrears (or pending bills) arise when there is a difference between expenditures at the verification stage and payments.
- **Payment:** Payments can be made through various instruments, checks, cash, electronic payments, etc. In Kenya, the payment process starts in the accounts department with the receipt of a verified invoice for the goods or services delivered. A series of accounts records the movement of a payment through system:
- Firstly, the invoiced amount is debited to the relevant expenditure head of an account and credited to accounts payable. When the amount is debited to the expenditure head of account, the committed amount outstanding for a budget holder is reduced by the same amount.

- Payment is made through cheques drawn on the account of the Ministry in the Central Bank of Kenya.

Monthly Expenditure Returns

The Vote Book system – the budget execution stages up to the commitment stage will eventually be replaced by the Integrated Financial Management Information System, which is currently being rolled out. The payment stages are recorded in financial ledgers (payables) and cash book (cheques cashed). Transactions recorded in these three sets of books are consolidated to produce the monthly expenditure returns of the line ministry. Monthly expenditure returns compiled by the line ministries indicate original budget estimates (appropriations), re-allocations, AIEs, commitments, and unutilized budget appropriations, for each department (cost centres payments) of the line Ministry. The expenditures reported in monthly expenditure returns are broken down by economic categories. Separate expenditure returns are submitted for recurrent and development expenditures. In addition to the expenditure returns, the line ministries also submit monthly returns of;

- Appropriations-in Aid, including collections in districts;
- Expenditure returns on donor funded projects incurred directly by the donors and external appropriations in aid
- Returns on expenditure and commitments on Core Poverty Programmes and;
- A statement of pending bills as at the end of the month of report.

Treasury also prepares returns on exchequer releases, revenues, loans and grants received.

Specific issues in Budget Execution and Fiscal Reporting

Cash Flow Planning and Zero-Balance Drawing Accounts

Synchronising cash inflows with budget requirements is a critical challenge for ensuring macro and micro-fiscal efficiency in Kenya. Planning in advance for borrowing requirements is important to reduce the cost of borrowing. At the same time, ensuring that cash is available to undertake planned expenditure activities is a pre-condition of actual spending effectiveness and efficiency.

In order to ensure proper planning of cash inflows and outflows, the Government of Kenya has introduced a cash management system that comprises a bottom-up/top-down system of cash flow planning and the review of on-going budget to ensure the efficient use of cash in the system. The new cash flow planning system represents an important reform to the first stage of the expenditure cycle.

Through optimally matching cash inflows with outflows, the system will help to:

- Ensure the execution of work plans
- Reduce the cost of cash by minimizing the holding of idle balances.
- Reduce the administrative procedures for accessing cash
- Provide timely information for decision-making in financial management.

A cash flow planning system

Under the cash flow planning system, each Ministry is required to produce an annual cash plan, together with monthly submissions of three months rolling cash flow forecasts.

*Nowadays, the common mode of payment is through EFT.

- The **Annual Cash Plan** is submitted together with the detailed budget estimates and provides a monthly breakdown of the budget from July to June. Expenditure requirements are broken down into three categories; wages and salaries, contractual obligations, and capital goods, construction and other procurement. These categories should be treated as follows:
- **Wages and Salaries:** The total wage bill is broken by month.
- **Contractual Obligations:** Ministries project their cash flow requirements based on agreements made with service providers for services such as utilities, rent, cleaning and other maintenance services.
- **Capital goods, construction and other procurement:** Ministries should prepare a procurement plan against their annual work plans. The projection of cash flow requirement for this category of spending should therefore be based on the procurement plan.
- **Reports on progress with budget implementation:** Each month Ministries are required to submit monthly expenditure returns. These returns are due on the 15th of the subsequent month. In addition, Ministries must submit reports budget implementation reports. These reports will be taken into consideration in determining subsequent exchequer releases.

The Exchequer Committee will determine exchequer releases for each Ministry based on

- An assessment of available revenue;
- The information in the annual cash plan and the monthly rolling forecast;
- Quarterly Budget Implementation Reports submitted by Ministries;
- Relative government spending priorities.

Institutional Arrangements

Three structures are important in the cash management system:

- The **Exchequer Committee** is a technical committee chaired by the Financial Secretary in the Ministry of Finance with responsibility for determining ministries' exchequer releases. Its membership comprises heads of Treasury Departments. It reviews revenue receipts against Ministries' cash flow requirements against budget and apportion on the basis of priority.
- The **Cash Management Unit** in the Accountant General's Department receives and consolidates the Cash Flow Plans to produce an overall Government of Kenya cash flow plan. The plan indicates surpluses and deficits, on the basis of which domestic borrowing requirements are established. The role of the Cash Management Unit is:-
  - To ensure that information is collected from budget users in a timely manner
  - To ensure the quality of information
  - To consolidate ministry inputs and prepare a consolidated annual and three months rolling cash flow plan.
  - To analyse changes in cash flow requirements from one month to the next
  - To submit reports to the exchequer committee
  - To issue exchequer releases notifications and monitor the zero balance accounts
  - To ensure linkages with the Central Bank of Kenya and the Controller and Auditor General on credit grants.
  - To ensure proper maintenance of memorandum accounts
  - To liaise between the External Resources Department, the Economic Affairs Department, the Kenya Revenue Authority and the Central Bank of Kenya for forecasts of revenue inflows.

- To liaise with the External Resources Department and the Debt Management Department regarding domestic borrowing and debt repayment projections
- To liaise with the Budgetary Supply Department regarding expenditure matters.

Budget Implementation Committee

Budget Implementation Committees comprise the Chief Finance Officer, who chairs the committee, as well as the Heads of the Planning, Accounting Unit and Personnel Units as well as other of two Departments within the Ministry. The Budget Implementation Committee is responsible for:

- The cash flow plans and forecasts;
- The utilization of cash received
- Monitoring implementation programmes and projects including utilization of donor funds;
- Proposals for re-allocation of funds
- The expenditure returns for the Ministry, approving them before submission;
- A quarterly budget implementation report, to be submitted to the Ministry of Finance;

The committee should advise the Accounting Officer on the progress of the budget implementation.

Public Procurement

The Public Procurement Act No.25 sets out a framework for managing general government procurement in Kenya. The following is an outline of key features of the procurement system.

- Every Ministry must have a procurement unit which takes responsibility for the preparation of procurement plans against budget and work plans. The unit also oversees procurement processes and verifies that procured goods and services conform to the provisions and specification of contracts.
- Every Ministry must develop annual Procurement plans, which are submitted with the detailed budget estimates. The procurement plans drive cash flow plans, which in turn determine ministries' exchequer requirements. A well-informed and sequenced procurement plan is therefore critical to ensure smooth budget implementation.
- Procurement plans should not go beyond the three year MTEF period. This is necessary to align with the MTEF budget preparation system.
- Procurement units should carry out quarterly market surveys to ensure that Government gets value for money.

Re-allocations

In monitoring process of implementation, a Ministry may realize the need to shift resources from one programme to another. This normally involves a shift from low spending to high spending programmes. This flexibility is needed to enhance service delivery. A careful consideration should be made before reallocation is proposed to ensure that core business of the Ministry is not affected. The following criteria is taken into consideration before re-allocations are approved:-

- Re-allocations from priority/core areas or areas of Ministries core mandates will not be allowed
- Re-allocations from personnel emoluments will not be allowed
- Re-allocations should not exceed the level provided by Treasury guidelines.
- Re-allocations will only be approved where it will enhance delivery of goods and services.
- Ministries are not allowed to make requests for additional expenditure in excess of their allocated amounts. Any request for new expenditure must be accompanied by a proposal for an equal downward adjustment elsewhere in a ministry's vote

4.2: Oversight Role of Parliament on Budget Formulation and Implementation

The Constitution of Kenya mandates National and County Assemblies to exercise oversight on all public affairs. This includes oversight over financial management, economic and political matters among others.

The oversight role regarding financial management is exercised through budgetary appropriations and approval of taxation proposals and the collection of revenue through avenues proposed by Government.

The oversight role is executed through relevant Committees as follows:

- Proposals for financing the national budget including revenue collection; Committee of ways and means
- Budget approval; departmental committees of Parliament and Committee of Supply
- Budget Execution: through the Public Accounts Committee and Public Investments Committee using end of year Budget reports and appropriation accounts; prepared by the Kenya National Audit Office. In addition, relevant committees may raise issues and demand correction measures on public affairs and on matters relating to budget implementation and accountability.

Due to the provisions of the Constitution, the National and County Assemblies have the upper hand in budget appropriation since no funds can be withdrawn from the Consolidated Fund and the Revenue Fund respectively without their approval. The exemption to this is spending on non-discretionary commitments. The participation of the National Assembly in the past budget process has been weak. Notable areas of concern are:*

- Limited involvement of Parliament in budget formulation. The Parliament therefore approves the budget with limited knowledge of its contents due to short time available to the Members of Parliament to review budget documents
- Explicitly defined accountability levels for Parliament and the executive
- Inadequate information and report format to Parliament on budget execution
- Options available to Parliament to influence allocations after the budget has been presented to the National Assembly

The Fiscal Management ACT 2009 has to a large extent enhanced the participation of the National Assembly in the budget process. All aspects of financial management have been addressed these include the following areas:

- A definition of the relationship between the executive and legislature. The focus under this aspect is the reporting requirements, frequency, format and standard
- Definition of framework of engagement between Treasury and Parliament
- Authority of Parliament in budget formulation including making decisions on critical components and composition of budgets. Parliament will therefore approve fiscal and macroeconomic policies
- Appraising of Parliament on Budgetary Performance through the quarterly budget and economic implementation review reports, monthly gazettement of revenue collected and net exchequer issues
- Expeditious implementation of the decisions of the Select Committees and recommendation of Departmental Committees of Parliament.

While recognizing the mandate of the Parliament as provided for in the Constitution, care should be exercised to ensure a balance between the oversight role of Parliament and the responsibility of the Executive. The challenge therefore is to ensure that the roles

of Parliament and the Executive do not curtail but complement each other to ensure that Kenyans derive maximum benefits from public resources.

Trade-offs or extent therefore of responsibility of each should be clearly defined so that friction and tension are minimized as each arm executes its mandate. Parliament being the superior organ in enacting laws should keep in mind the following fundamental points of consideration:

- That Parliament does not take over the budget execution role
- Extent to which the Parliament should make policy decisions otherwise its oversight authority will trespass into policy formulation which should be left to the executive.

Parliamentary involvement in budget formulation and implementation (execution) is therefore a delicate balance that requires careful consideration so that its oversight role is not eroded or compromised.

For proper understanding of Parliamentary oversight role of budget formulation and implementation, it is recommended that interested persons (stakeholders) study the Fiscal Management Act, 2009 and the revised Parliamentary Standing Orders.

4.3 Recent Reforms

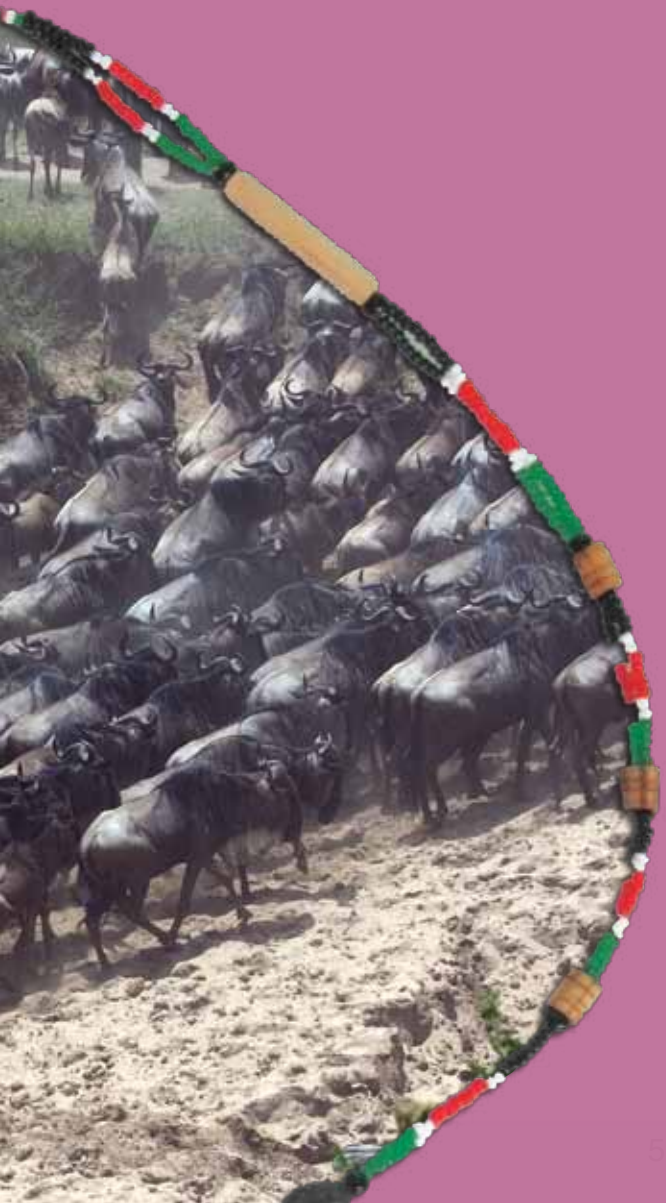
Budget reform is not only about improving how the budget is prepared, but also about disciplined implementation for spending effectiveness and efficiency.

Budget reform is an inclusive term covering all aspects of reforms in financial management, including budgeting, internal controls, improved information systems to support decisions as well as promoting the transparent and accountable use of public resources, enhanced audit, clear allocation of responsibilities and improved accountability.

The aims of budget reform are to ensure that spending is affordable and sustainable, to ensure that the allocation of resources reflect Kenya's priorities and to improve the efficiency with which resources are used through improved service delivery. These objectives are achieved by improvement in allocation of resources in the budget and sound financial management system. The key components of sound financial management are:

- Determining **a budget ceiling that is affordable and sustainable** and support long-term, sustained economic growth.
- Budget **allocations that are linked to the outputs** that are required to deliver on the nation's development objectives,
- **The mechanism of assessment of outputs and use of resources.**
- **A cash management and cash disbursement system that** balances the need for funding predictability at spending level with the requirements of sound macro-fiscal management
- **Effective Internal controls** which ensure that resources are used for the intended purposes
- Improved **internal audit** to assess adequacy and compliance with internal controls and standards. It also used to evaluate the effectiveness of risk management policies, mechanism and systems.
- An **information, monitoring and reporting strategy** which provide appropriate information to support effective decision-making, transparency and accountability
- **Human resource development,** including enhancing the professional status of financial practitioners in the public sector, and recognising that financial management is an integral component of all management and not just the concern of a few specialists.

ANNEXES:



ANNEX 1: Detailed Fiscal Framework

The fiscal frame work provides a forecast of government sources of revenue expenditure and financing. The description that follows relates to the elements of the fiscal framework.

PART A: Sources of domestic Revenue:

The government's primary sources of revenue are taxes and user fees levied for various government services. The following are common sources of tax revenue:

- Income tax: this tax is levied on individual's income commonly known as Pay As You Earn and corporate income.
- Import duty: these are levied on the values of imports.
- Value added tax: Tax on the value of sales of goods and services
- Investment Income: These are dividends received from government investments.

Other sources of revenue include: fees, levies and licences

Part B: Total Expenditure and Net Lending

Expenditures are categorized either as recurrent or development.

- Interest payment: this category includes interest payments for domestic and external debt. The basis of projections in this category is existing debt for both external as well as domestic and the projected borrowing during the planned period.
- Wages and salaries: this includes the wages and salaries for Government employees; The basis of projection is the performance of the previous year, with minor adjustment for expected changes in the payroll.
- Pensions: this category includes the retirement benefits for the Government employees. The basis for the estimates is the data submitted by the pension department which is calculated on the basis of existing payroll and the projected retirees for the years of the plan.
- Others: These include all other expenditures such as operations and maintenance and subscriptions.
- Development and net lending: Expenditures under this category are for development programmes and projects. It also includes expenditures for activities that are financed from donor revenue.
- Net lending is another category under development expenditures. This is the payments by government on behalf of State Corporation arising on account of non-payment or inability of the corporation to raise resources. Its projection is based on actual information received.

Other expenditures: These include contingency and budget reserves.

Part C: Deficit on a Commitment Basis

When total expenditure is netted from revenues the difference can either be a surplus or deficit. In Kenya we normally budget under a deficit. The deficit is maintained at a sustainable level that does not disrupt fiscal stability.

Part D: Financing

This part has the following components: Net foreign financing, privatization proceeds and domestic borrowing.

- Net Foreign financing. This includes project loans and budget support.
- Privatization proceeds arising from sale of state corporations.
- Net domestic borrowing: These are funds borrowed domestically and the amount to be borrowed is set in the budget policy document.

ANNEX 2: Contents of a Typical Ministerial Public Expenditure Review (MPER)

A typical MPER contains the following elements:

Preliminaries

- The Preliminaries serve the formal function of the Ministry leadership endorsing the document and providing a précis of its contents. They include the
- **Foreword.** The Foreword comprises a statement on the outcomes of ministerial expenditure, as evidenced by the MPER, and on key priorities for the future, how these will be met and how that is demonstrated in the document. The statement serves the purpose of making clear the intent of the Ministry – as a public service institution – to deliver the programmes as proposed in the document.
- **Executive Summary.** The Executive Summary is a concise statement of the document contents, extracting for the reader the Ministry's key objectives and expenditure focuses, the most important issues arising from the analysis, and the key trade-offs made in linking spending to policy priorities.

In addition the preliminaries should include a list of acronyms, a table of contents and lists of boxes, tables, figures and graphs.

The main document

The main body of the document should address 12 separate building blocks of a public expenditure review and budget proposal document. These are:

- ***Explaining the purpose of the document.*** The introduction should include a statement on the purpose of the document and how it relates to previous years' MPERs, as well as the subsequent documentation in the budget process.
- ***Statement of ministerial objectives and priorities:*** The document needs to include a thorough discussion of the Ministry's core functions, its mission, key long-term objectives and medium-term priorities for action. It is also required to name all the parastatals reporting to the Ministry and how they relate to the Ministry's mission and core functions. The mission statement should also provide a discussion of the relationship between its programmes and the Vision 2030 and its medium term plan.
- ***Situation analysis:*** An analysis of the spending environment of the Ministry underpins the discussion of ministerial performance and the identification of priorities. This comprises the identification of key factors in the Ministry's internal and external environment that affect spending. For example, in agriculture, a drought may affect short to medium term priority setting. A useful way of approaching the analysis for this section is working through the Ministry's strengths and weaknesses and opportunities and threats in the external environment.
- ***An analysis of income:*** The document needs to include an overview of the volume and distribution of all sources of income for the Ministry, including external resources, extra-budgetary funds and appropriations-in-aid in addition to its share of the development and recurrent budgets.
- ***An analysis of past spending trends:*** It is important that the Ministry takes account of its past financial performance. While this can be done at different levels and against several dimensions, the paper should not include a detailed discussion at each level of every dimension. It should rather choose areas for detailed analysis and discussion. However, in order to choose the areas for discussion, it is necessary for the Ministry

to do a full analysis. The levels at which it should check for important spending trends are:

- At the global level; is it overspending, under spending or breaking even, but with significant shifts in the distribution of spending
- At the level of the development and recurrent budgets: are funds shifting between these budgets, and what is their respective growth over time
- At the programme level: what are relative programme shares over time, and is there a difference between the budgeted and actual programme share
- At sub-programme level: what is spending on core poverty programmatic activities, does it grow over time, is it protected from spending cuts
- Across programmes: against the economic effect and object of spending what happens to spending on personnel over time compared to non-personnel recurrent spending, what happens to spending on transport and utilities, what percentage of its budget is the Ministry transferring to public entities, albeit Parastatals or agencies
- Spatial distribution of expenditure: how do district shares in[1] expenditure change over time, which districts in particular have a history of poor financial performance.
- At each of these levels, there is a set of standard expenditure analyses that can be performed. We refer to these as the dimensions of expenditure analysis:
- Investigating the difference between budgeted and actual expenditure
- Investigating shares and changes in shares of budgets, programmes and categories in their relevant envelopes, budgeted or actual expenditure.
- Investigating nominal and real growth in budgeted or actual expenditure.
- Investigating share in additional resources of budgets, programmes, sub-programmes or line items at different levels.

These two sets can be mixed and matched to deliver the clearest possible picture to the reader (and an understanding in the Ministry) of the issues and the factors that drive spending. *It is important not to merely provide a financial description of spending trends, but to anchor these with a discussion of the underlying causes* (for example: a polio immunisation drive underpinning a spike in primary health care spending in the immunisation sub-programme) *and a discussion of the budget and policy implications for the future* (for example a government wide increase in salaries setting a new platform for personnel spending over several years, necessitating trade-offs between different outputs in the absence of additional funding). A discussion of the factor underlying the divergence between budgeted and actual spending is important given Kenya's long history of poor alignment of actual spending with budgets.

- **Benchmarking financial performance against non-financial data.** While an analysis of the past financial performance is important, it is only fully meaningful when accompanied by an evidence-based discussion of effectiveness and efficiency. This means relating spending numbers to non-financial information on beneficiaries, outputs and outcomes and providing a thorough overview of ministerial performance against its output and outcome targets. The document needs to identify core outputs, given the functions of Ministry, and related performance indicators and discuss trends in outputs for the period under review.

1. After implementation of the new Constitution, the district will cease to exist and our concern here will be probably be counties.

ANNEX 3: Key Budget Concepts in Expenditure Planning and Setting of Sector Ceilings

Budgeting well in the public sector is a complex task that is best broken down into a series of focused steps, each of which serves to determine a critical financial building block towards a complete budget. This process revolves around a set of central budgeting concepts that are indispensable to a sound budget process and which will always form the basis of any budget discussion between the provider of funds and those who use the funds. Standardised use of these concepts plays a critical role in bringing accurate information in usable formats to decision-making forums.

Ceilings

We can only spend the resources that are available to it, notwithstanding whether it is from domestic tax revenue, external grants or borrowed funds. This creates a hard budget ceiling. A budget becomes real when it needs to take into account this real budget constraint.

More traditional budget systems work with a soft budget constraint in the initial phases of planning; allowing expenditure needs to play a strong role in determining the overall level of allocation. Traditional budget systems such as these are often associated with low budget credibility and high incrementalism. In the absence of hard, real budget ceilings up front, actors at various levels can afford to avoid or postpone tough trade-offs and cope with interest-group pressure by taking ongoing spending for granted and continuously adding new spending requirements. As a result, the real budget constraint only comes into play during the spending year. Ceilings only become a reality when there is no cash available during the spending year. As a result, actual budget outturns deviate significantly from planned outturns, both at the level of budget aggregates and in terms of the distribution of spending.

An MTEF approach to budgeting brings real ceilings into play much earlier in the process, in order to improve budget credibility, avoid crisis management and force actors to take the tough decisions when more options are still open. Three ceiling concepts are relevant to the Kenyan process.

- ***Indicative ceilings:*** Indicative ceilings are the reference point against which sectors, spending ministries and spending units start planning every year. In Kenya, indicative ceilings for the first two years of the medium term are the *rolled-over* previous years' forward MTEF allocations, at all levels of spending. They are therefore constrained to the previous years' last macro-economic forecast and fiscal framework. The second outer year is added at the start of the budget process, in line with the first updated macro-fiscal framework and with the ceiling setting methodology set out in Chapter 3.2. A tough task is for spending ministries to determine internal indicative ceilings to spending programmes and sub-programmes. Indicative ceilings however are not final. Two factors may cause indicative ceilings to change:
    - Firstly, an indicative ceiling may change because at the aggregate level, more or less resources may become available. This will be as a result of an adjustment to the macro-economic projections or the macro-fiscal framework. In a growing economy, higher growth for the budget period than previously expected, would mean that additional resources are available without a change to fiscal

policy. A slow down of growth will mean that fewer resources are available and ceilings may be adjusted downwards, unless a change in fiscal policy allows the tax burden on the economy to increase, or higher borrowings are feasible.

- Secondly, ceilings at any level may change during the budget process because of a strategic decision. Even if the overall level of resources remains constant, the distribution of resources may change. For example, Cabinet may decide that due to drought spell, a redistribution of resources for agriculture support purposes is required. This means that while the agriculture ministry will gain, other ministries will lose out. Within a ministry, the decision may be to seek savings in one programme, to fund critical services in another programme.

In both cases, the quality of budget submissions plays a critical role in determining how additional resources or shortfalls will be distributed across ministries, within ministries and within programmes.

- ***Evolving ceilings:*** At the national level, Kenya has a two-phased budget process. This means that Ministries get the indicative ceilings first through the sectors and this sets a reference point for ministries to prepare realistic budget proposals. The second set of formal ceilings is issued in the Budget Strategy Paper and follows on a sequenced budget process and represents the final ceiling within which Ministries must prepare detailed estimates. However, in reality smaller cycles occur within the process and the Ministry of Finance may issue Ministries or SWGs with adjusted indicative ceilings, mainly because of adjustments to the macro-fiscal framework. In such a case, the reiterative process generates what is called evolving ceilings, the limits on spending that occur between indicative ceilings and the final ceiling, and which reflect minor adjustments, which are in the interest of Ministries or the overall system to communicate earlier, rather than later.
- ***Final ceilings:*** A final budget ceiling is issued to Ministries in the Budget Strategy Paper. This occurs after the Ministry of Finance, through the Sector Working Groups, has heard Ministry's defending their existing budgets and asking for additional resources. Chapter 3.2 sheds light on how these inputs combine to provide final Ministry ceilings. At the level of Ministries these ceilings should translate into final ceilings for programmes and sub-programmes, within which final resource-constrained spending proposals can be prepared.

Floors

Floors are the opposite of ceilings and indicate a minimum amount of resources that should be spent on a specific area or activity. Setting floors are usually associated with policy objectives: for example the Ministry of Finance may require a minimum percentage of the education budget or a minimum amount equal to the expected requirement to be earmarked for learner support materials in primary education. Floors can be utilized as a budgeting instrument by either the Ministry of Finance, or by central management of sector ministries

Baseline spending, adjustments and new spending proposals

A budget is made up of three sets of spending:

- Firstly there are the sum total of activities that are continued from the previous year. These are activities that have been decided on at some point in the past and the funding of which will continue unless it is challenged (see next page for a brief

discussion of budgeting systems). The sum total of the forward cost of continuing all activities at current levels into the future is known as a spending ***baseline***. Calculating the spending baseline means estimating how much it will cost a Ministry to deliver goods and services within current policy parameters into the future, taking into account changes in the outside world.

Box B 1: Spending baseline

*A **spending** baseline is the forward cost of delivering a Ministry's services assuming no change in policy, but taking into account cost factors that change in the outside world, such as price increases or an increase in the demand for a service. For example, if heavy rains are likely to increase the risk of malaria and government has a policy to provide malaria prophylaxis free of charge, the increase in number of treatments provided, should be costed in the baseline. If a price increase is expected in treating each individual patient on account of higher personnel costs and an increase in the price of treatment, this additional spending should also be costed in the baseline.*

- Secondly, Ministries can make ***adjustments*** to the baseline that are not the result of new policies, programmes or projects, but represent a change in the level of services or goods provided. For example, if the value of fertilizer subsidies is increased on account of a policy decision by government, this would represent an additional cost on account of a change in policy, and should be calculated in ***addition*** to the baseline.
- Thirdly there is the cost of activities that are being undertaken for the first time and are the result of a decision in the budget process to fund a new policy, a new programme or a new project. For example, if the Ministry Home Affairs decides to develop a service that allows citizens to apply for passports on line, the development cost and recurrent cost of running the service over the medium term would represent a new policy proposal which should be costed as an addition to the baseline

We can collectively describe the last two types of spending as ***new spending proposals***. In a MTEF budget baseline spending, plus adjustments and new spending proposals need to fit into the spending ceiling.

Savings

If the sum total of baseline spending, plus adjustments and new spending proposals of any spending unit at the level of a Ministry, or a programme or sub-programme will be more than the resources available, then there is a need to look for savings. Savings can be the result of efficiency savings, or on account of discontinuing or scaling down lesser priority activities.

- Efficiency savings are generated when a ministry (or a unit of a ministry) finds a cheaper way to deliver the same outputs, or a different set of cheaper outputs to deliver the same policy effect. With technology improvements, efficiency savings are usually possible.
- In order to scale down or discontinue activities Ministries need to undertake an assessment by programme, and determine which of the activities contribute more to current policy objectives, and that have low priority.

An MTEF budgeting system utilizes budget submission formats, at the central Government level and within ministries, which requires spending proposals to be made within a hard budget ceiling, broken down into the forward cost of existing spending activities and new spending proposals.

Box B 2: MTEF Budget: A sound budget system

A key difference between MTEF approaches to budgeting and other reforms such as zero-based budgeting aimed at countering a default to incremental budgeting, is that an MTEF approach accepts that a large part of budgeting will always be incremental, since it is not possible within the space of a budget process – given time and human resource constraints – to approve every bit of spending anew. Therefore the focus should be on minimizing the part that is done on an incremental basis, and maximizing the part that is deliberately redirect towards current policy priorities. An MTEF approach utilizes hard budget constraints, budget submission formats, good information and sound processes to create a large enough margin on the bulk of spending within which reprioritization takes place. By planning over the medium term, the system creates long time horizons to achieve savings on spending that is often rigid in the short term, such as personnel spending. In traditional annual budget systems, such short-term rigidity meant that the budgeting base could not be adjusted significantly, and rolled over as given from year to year. In a programmatic MTEF, the focus shifts from input line items to programmes, sub-programmes and activities, adding to the strategic value of the budgeting system.

Earmarking and ring-fencing

The two concepts that are frequently used in allocation and use of resource against policy objectives are **earmarking** and **ring fencing**

- *Earmarking* refers to the pre-allocation of resources for specific spending purposes. Earmarked resources are therefore part of a Ministry or programme's revenue, but cannot be reallocated for any other spending purpose, except the indicated purpose. Earmarking is strongly associated with donor resources, which come to Ministries and programmes for use, but are tied to specific objectives or specific activities. Extra-budgetary funds are also a feature of earmarking. Conditional grants used by national government for implementing activities in local government, or through public sector entities outside of the central government, are effectively also a form of earmarking. While earmarking resources is an effective budgeting tool to protect priority spending items, they also trap resources against activities and can prevent efficiency savings from being made. Earmarking resources also undermines policy contestability: as the original purpose for which resources were earmarked become superfluous over time, while spending on these purposes is not routinely reviewed for relevance and efficiency.
- *Ring-fencing* refers (i) to the practice of protecting certain types of spending against cuts during or before the spending year. While resources for ring-fenced spending is not officially earmarked and are allocated out of the general pool, ring-fencing the spending implies that it would be the last spending to be affected by resource cuts. In an inverse use of ring-fencing, it refers to the practice of (ii) demarcating certain types of spending so that overruns under

this spending, does not affect the rest of the budget but constitute borrowing from the next year's allocation for the spending. The example for Kenya has been the core poverty programmes which are identified and allocations made to them are last to be adjusted in case of resource shortfall and are also given first priority in release of resources.

Getting budget decisions right: budget submissions and resource ceilings

The format in which information is requested from spending units is a critical determinant of the quality of decision-making. Also, how relevant ceilings are to policy priorities are in turn crucial for spending outcomes.

The principles discussed here reflect the gist of earlier chapters on Ministerial MTEFs and MPERs, on processes to set ceilings, and processes to match ceilings and spending proposals.

Setting resource ceilings

The methodology described here is relevant to the following aspects of the Ministerial MTEF process:

Step 1: Determining the overall sector resource ceiling

A first step in setting ceilings requires ministries to calculate the total amount of resources that is available to the Ministry, including both domestic and external resources. The table on the next page provides a guideline for calculating resource ceilings, and the guiding rules to be used to estimate resources at two critical phases in the Ministerial MTEF Budget process: firstly when preparing a draft MPER and secondly, when allocating the final resource ceiling provided by the Ministry of Finance, between the programmes of the Ministry.

The following important aspects should be noted:

- The assessment of available resources to be comprehensive. That means that resources that are flowing to public entities attached to the Ministry should also be included. This will be balanced on the expenditure side by a calculation of baseline expenditure obligations attached to public entities. However, including public entities into an assessment of Ministry resources and spending helps expose the trade-offs that are made between spending on activities through public entities and spending on core Ministry activities.
- It is important that only certain resources are included. As at the central level conservatism in resource estimation is crucial to ensuring that what is planned on the expenditure side, will be implemented.
- A split is made between resources that are for general allocation, that is, not earmarked and resources that are earmarked and therefore not available to fund new, hitherto unfunded Ministry priorities. It is important to make this split both on the revenue and expenditure side, to get an accurate picture of the resources that are available for allocation.

Table 1b: Calculating available revenue for Ministry programmes

Type of Revenue	*Phase of process*	Budget Year	1st Projected Year	2nd Projected Year
Resources available for allocation				
Revenue from Main Revenue Fund for Recurrent Budget (minus earmarked funds)	*For first draft MPER*	Rolled over from previous year allocation	Rolled over from previous year allocation	Preliminary amount, First Projected Year plus inflation
	For development of detailed estimates	As indicated by MoF	As indicated by MoF	As indicated by MoF
Appropriations in Aid	*For first draft MPER*	As estimated	As estimated	As estimated
	For development of detailed estimates			
Development Budget unallocated resources	*For first draft MPER*	Not applicable	Not applicable	Not applicable
	For development of detailed estimates	As indicated by MoF	As indicated by MoF	As indicated by MoF
Sector Budget Support (grants and loans)	*For first draft MPER*	Include only Sector Budget Support that is certain; signed and will be disbursed.	Include only Sector Budget Support that is certain; signed and will be disbursed.	Include only Sector Budget Support that is certain; signed and will be disbursed.
	For development of detailed estimates			
TOTAL RESOURCES AVAILABLE FOR ALLOCATION		A	A	A
Resources tied to specific programmes				
Programme 1				
Earmarked funds in general allocation from Main Revenue fund	*For first draft MPER*	As carried over	As carried over	As carried over
	For development of detailed estimates	As indicated by MoF	As indicated by MoF	As indicated by MoF
Earmarked funds from extra-budgetary sources	*For first draft MPER*	As estimated	As estimated	As estimated
	For development of detailed estimates			
Earmarked external resources (loans and grants)	For first draft MPER	Include only support that is certain; negotiated, signed and that will be disbursed.	Include only support that is certain; negotiated, signed and that will be disbursed.	Include only support that is certain; negotiated, signed and that will be disbursed.
	For development of detailed estimates			
TOTAL PROGRAMME 1		B	B	B
Programme 2				
Etc				
TOTAL PROGRAMME 2		C	C	C
TOTAL RESOURCES ALREADY ALLOCATED		D (=B+C +etc)	D (=B+C +etc)	D (=B+C +etc)
TOTAL AVAILABLE RESOURCES		A + D	A + D	A + D

Step 2: Identifying the resource allocation implications of key ministerial policies and reforms When setting indicative ceilings for the first time, it is necessary to take account of how key ministerial policies and reforms will affect spending across programmes. Similarly, in a much more detailed manner, it is necessary to get a cross-programme picture of how different programmes' strategic needs weigh up against each other when final ceiling allocations are made.

Assessing programme's strategic need involves an inter-programme analysis of policy and reform priorities and their implications for resource allocations under the MTEF. This analysis can be done in a matrix format that is divided into five columns covering: (i) a summary analysis of current situation regarding the overall budget, programme performance and resource use in the sector; (ii) the programme priorities and reforms for the sector; (iii) the financing and resource implications of these priorities and reforms; (iv) the relative priority of the sector for receiving additional resources. An example of the matrix and the information and analysis requirements are provided below.

Table 2b: Format For Analysing Strategic Programme Needs

Main Programme: Primary Education				
Current Situation	**Objectives and Programme Reform Actions**	**Resource implications of reforms**	**Relative priority of the Programme to receive additional resources**	**Programme share in available resources**
Preliminary summary of current situation regarding programme. It should provide a summary of: *Expenditure trends* *The quality of service delivery and the key factors influencing it;* *Trends and pressures – e.g. increasing dem¬and for the services, deter¬ior¬ating infrastructure, loss of critical staff.* *The purpose of the column is to identify how the objectives and targets and programme reform actions relate to the current situation.*	*List the expected objectives of the programme for the medium term. In other words, describe how the situation is expected to have changed by the end of the three year MTEF period: what key changes are proposed and how can these be targeted. Targets may relate to:* *expansion (or contraction) of the activity of the programme;* *new activities* *improvements in the quality of the service provided;* *Improvements in the efficiency with which the activity is undertaken.* *List the expected priority policy and ins¬t¬itutional reforms necessary. The aim here is not to provide a full list of act¬ions to be taken, but to highlight the most important links that need to be made, and the most important gaps.* *What are the processes, changes in implementation that are expected?* *What new activities may be required and how do they relate to the objectives of the programme and key issues in the current scenario.*	*This column should indicate what the resource implications are of key strategies relevant to the programme.* *A useful approach is to roughly cost out key implications, utilising current spending information in the sector, or providing an outline cost of new spending activities. To assist in the costing it may be useful to list the key additional inputs, or changes to inputs that result from the priority actions.*	*This column should be utilised to summarise the Programme's relative priority compared to other programmes in the sector. It should look at;* *Relationship of the programme to the Ministry's core functions* *inter-programme linkages* *relative importance and need of beneficiaries* *relationship to the overall policy priorities of the Government of Kenya and expressed in the GPRS*	

Step 3: Determining the Base Resource Ceilings for Each Programme

The third step involves determining the base resource ceilings for each programme. The base ceiling comprises four components which need to be determined for each year of the coming MTEF period and which are costed by programmes (or sub-programmes) in the baseline projection:

- The existing recurrent cost of the programme, including spending on personnel and spending on goods and services, excluding transfers and entitlement payments such as social security payments and subsidies.
- The projected cost of transfers and subsidies, including transfers to households, individuals and institutions. This includes the projected cost of entitlement payments, such as social protection and subsidies which are driven through policies that establish entitlements. Because of their significance in some programmes, the costs of these spending activities are projected as a separate element of the sector ceiling. Transfers to public entities, or spending by public entities that are financed through extra-budgetary funds should also be included. All transfers should be included, whether they are capital or recurrent in nature.
- The projected costs of major on-going domestically financed capital investment projects and of new projects which are at an advanced stage of appraisal and are close to having financing approved. Such commitments are particularly significant in the economic infrastructure sectors in which public investment represents the predominant share.
- The projected costs of on-going externally financed programmes and projects where the resources flowing into the budget cannot be transferred to alternative uses. The projected cost should include both external resources and the domestic counterpart funding.
- The projected impact of pending bills from previous years on the current budget year.

An accurate projection of baseline spending is critical for budget credibility and integrity. While each programme and sub-programme is best situated to cost their own baselines, it is critical that these projections are reviewed critically at the centre.

The table below provides a template for recording programme baseline projections to calculate programme shares in additional resources.

Table 3b: Recording implications of baseline spending

Baseline projection for	**Budget year**		**1st Projection Year**		**2nd Projection Year**	
	To be funded from resources available for allocation A column	To be funded from earmarked resources B column	To be funded from resources available for allocation A column	To be funded from earmarked resources B column	To be funded from resources available for allocation A column	To be funded from earmarked resources B column
Programme 1						
Personnel Costs						
Goods and Services						
Transfers, entitlements and subsidies						
Current and approved Domestically funded Capital Projects						
Externally financed projects and programmes where resources cannot be transferred	--		--		--	
Pending bills						
Total baseline projection Programme 1						
Programme 2						
Etc						
Total baseline projection Programme 2						
TOTAL FOR MINISTRY	*Total amount for budget year that needs to be funded assuming no policy change from general resources available for allocation*	*Total amount funded from earmarked resources, should equal programme specific resources in revenue table*	*Total amount for 1st projection year that needs to be funded assuming no policy change from general resources available for allocation*	*Total amount funded from earmarked resources, should equal programme specific resources in revenue table*	*Total amount for 2nd projection year that needs to be funded assuming no policy change from general resources available for allocation*	*Total amount funded from earmarked resources, should equal programme specific resources in revenue table*

Step 4: Determining the Additional Resources Available to Finance New Spending Proposals

The fourth step is to calculate the additional resources available to finance new spending initiatives across all programmes in the Ministry (or, if working at the next level, across all sub-programmes in the programme). The step utilizes the overall resource framework determined in Step 1 and baseline spending calculations recorded by programme in Step 3 above.

Additional resources available to finance New Spending Proposals are determined by subtracting Column A total of the table above for each year, from the general resources available for allocation total in the table in Step 1, or the A row total in the table template provided with Step 1.

Once calculated an assessment should be made as to whether the level of additional resources will allow the Ministry to tackle in a meaningful way the agenda of priorities and reforms identified in Step 2. If not, then Step 3 should be repeated taking into account possible:

i. additional efficiency savings across programmes;
ii. additional discontinued activities across programmes;
iii. the scope for phasing back planned increases in subsidies and social protection payments;
iv. the scope for cutting back on planned capital spending allocations.

Ministries should note that savings that have already been identified at the programme (or sub-programme) level to allocate to new spending activities at the programme and sub-programme level should best be left for use by the relevant units. If identified savings are utilized at higher levels to fund rival programmes or sub-programmes, spending units are not encouraged to make efficiency savings in order to achieve their objectives. If the prioritization agenda in the Ministry requires that some of these savings are not left at the level where they were first identified, spending units should be compensated with a return of the savings in future years out of general growth in available resources.

Allowing self-identified savings to remain within programmes and utilizing savings identified at the central level will encourage those with better information on potential savings, to identify them themselves.

Step 5: Allocating the Additional Resources to Give the Total Ceilings for Each Sector

The fifth step is to allocate the additional resources between programmes (or sub-programmes) consistent with the priorities for additional resource allocations that were identified at Step 2. There is no single way to determine these additional ceilings. In practice it will typically involve a combination of:

i. allocating resources for certain specific costed measures that have been identified as being of particular priority; and
ii. providing general increases in funding levels to priority programmes.

The role of the political leadership in the ministry in determining these trade-offs is critical. The information collected in step 2 should underpin the final decisions.

The resulting total programme (or sub-programme) ceilings thus comprise two elements:

- **The baseline ceiling** broken down between: (i) recurrent spending on personnel and goods and services; (ii) transfers, subsidies and social protection

entitlements; (iii) domestic capital spending; and (iv) externally financed capital spending and its associated counterpart domestic spending.

- **The additional ceiling** to fund programme and reform initiatives, where this additional funding is linked to the implementation of specific measures. These should be identified.

Before allocating resources however, it is necessary for the centre to ascertain whether the budget submissions from lower levels represent an optimal use of available resources and whether they are feasible, given cost factors and changes in the external environment. The table 4b identifies key sets of analysis that can be performed to check budget submissions and generate questions to be asked from programme and sub-programme managers/spending units.

Step 6: Distributing the ceiling between the Recurrent and Development Budgets

The final step is to split the allocated programme or sub-programme ceiling between

- spending financed through the Development Budget,
- spending financed through the Recurrent Budget,

In drafting the final MPERs and preparing detailed expenditure estimates in the final stage of the budget preparation process, Ministries, programmes and sub-programmes are then required to indicate how the resource ceilings made available against each of these categories, will be used, broken down in the appropriate categories and classification systems.

Table 4b: Assessing the technical robustness and consistency of programme spending proposals

PROGRAMME 1: <<Name of Programme>>				
REVIEW OF BASELINE SPENDING AND SAVINGS TO BASELINES				
Review of new spending proposals	**Spending on other goods and services**	**Spending on transfers and subsidies**	**Spending on capital goods**	**Review of new spending proposals**
Personnel spending What are the shifts that are being proposed in terms of personnel spending in the programme? Check for Growth from previous spending year and over the medium term Share of personnel spending in total spending of programme Change in spending per staff member Can the proposed shifts be justified, either through changes in number of staff or changes in spending per staff member? Is it in line with national directives regarding wage increases? Is the provision for personnel spending adequate?	What are the key other goods and services items for the Programme under review, for example in education the economic category of spending that funds text books would be a key concern. How does the budget submission deal with these categories? Are trends explained? Are deviations from previous trends explained? How feasible are the trend changes proposed? Have necessary trend changes been proposed: is there enough stretch of resources? In order to answer these questions the following analysis can be undertaken: Growth in key categories of goods and services over the previous spending year Share of goods in services in total spending on the programme Change in spending on goods and services on a useful usually non-financial benchmarking unit, for example spending per learner, spending per clinic, spending per subsistence farmer, spending per target community; spending per kilometre of road etc.	Are there any deviations from trends on spending on transfers, entitlement spending and subsidies? In terms of growth In terms of share of spending Are these changes explained? Does the programme expect to pay out fewer subsidies, or less per subsidy or entitlement if there is a decrease? Are there implementation plans to back changes?	What trend changes are proposed in terms of budgeted spending on capital items, albeit financed by domestic or external resources? Are reasons provided for growth (negative or out of trend positive?) Share of spending changes Is the proposed spending on capital items adequate to maintain infrastructure, or to provide the necessary new infrastructure for proposed programme expansion?	Review costing of new policy proposals for Comprehensiveness Feasibility in terms of capacity to implement Is the costing robust, given the twin requirements of sufficiency and efficiency? Were the right cost drivers chosen? Are price estimates robust? Are all inputs accounted for? Does the costing provide a reasonable basis for allocation? In other words, will the allocation requirement as indicated by the costing be sufficient to the task of delivering on the objectives? And, on the other hand, can it be reduced?

Budget Submission formats

The exact format of budget submissions to the Treasury and budget submissions to be used within ministries are determined by those requiring the information. In any one year specific sets of information may be required, for example spending across programmes on Information Technology, or on Training. However, budget submissions, whether in the form of MPERs, SWG Reports or separate technical documents should include a key set of building blocks. These are contained in earlier chapters discussing the specific instruments, but are repeated here in generic form as a guide to Ministries when designing their internal budget processes.

A budget submission format should contain:

i. A clear statement of the overall goal of a programme or sub-programme
ii. Clear medium term objectives that are to be achieved by a programme or sub-programme. These objectives should be specific, measurable, attributable, relevant to the overall goal and time-bound.
iii. A clear statement on how the programme or sub-programme will be monitored to show it has achieved its objectives
iv. An analysis of the programme's current situation. The objectives should relate to the current situation, either representing how issues in the current situation will be addressed, or targeting change or progress against the current situation towards the goal. The analysis of the current situation will include information regarding current financial and non-financial performance.
v. A statement on the strategies (or reforms) that the programme will undertake to address the current situation and the expected changes over the medium term.
vi. An analysis of the projected cost / spending that is required to reach the targeted objectives. This analysis should show separately:-

    a. A projection of baseline spending
    b. An indication of planned changes to the baseline, the net effect of (i) savings and (ii) new spending proposals.
    c. The composition of proposed savings
    d. The composition and costing of new spending proposals
vii. The spending analysis should be against the main budget classifications, including at a minimum the programmatic and economic dimensions of spending and a high level institutional classification.
viii. Output and efficiency targets against projected spending.

ANNEX 4: Construction Of Baselines

Construction of baselines comprise the following:

I. projecting spending on personnel, goods and services and transfers

This entails the following steps:

Step 1: Collecting and analyzing actual expenditure data

The first step in doing a baseline projection is to collect actual expenditure data by programme / sub-programme, in the main economic categories of spending. While Ministries will use the current year as a basis for projecting forward baseline spending, a check needs to be done that the current year does not have outlier in terms of a longer term spending trend. The following will need to be done:

a. Tabulate actual expenditure for up to three years back, starting from the last completed financial year, by programme, sub-programme or main activity within a sub-programme.
b. Calculate average year on year growth and shares in spending envelopes to identify spending programmes, categories or items that:
   - have behaved erratically (and therefore may require an identification of underlying cost drivers and careful forward projection) or
   - have experienced a trend-change in the base year, and therefore may require an adjustment or careful forward projection.

The collection of accurate actual spending information against the main categories of spending is a critical step in constructing a baseline. If the quality of the actual spending data is poor, the outputs of the exercise will be equally poor.

Step 2: Deciding which spending categories will be projected and which projection method to be used:

The next step is to list all the spending categories (whether programmes or sub-programmes or other categories) and determine for each which method will be used to project forward baseline spending. Spending categories that will be projected simply adjusting for inflation are projected first. The second group is those categories that will be projected by identifying cost-driving units, underlying cost drivers and price factors. Once these two groups have been projected, the third group of spending categories can be completed. This group is projected by using a ratio to a spending category that has already been projected using one of the other two methods. For categories that are placed in the third group, it is necessary first to check how they have behaved in the past in relation to the independent programme to ascertain whether it is a suitable method of projection.

Step 3: Projecting inflation and applying inflation projections to bulk-costed programmes

Ministries are advised to use inflation projections from the Budget Outlook Paper for the medium term. Longer term inflation projections can be sourced from the Central Bank of Kenya. Once an inflation projection is in place, it is simply a matter of projecting cost against the category by adding inflation to the previous year's cost.

Table 5b: Illustration of projecting by using annual change in the price index

	Base Year	Current Year	Projection year 1	Projection year 2	Projection year 3
Administration	A = actual spending in base year	B= Ax(1+inflation)	C=B x(1+inflation)	D= Cx(1+ inflation)	E= Dx(1+ inflation)

Step 4: Projecting spending by using cost drivers and unit costs

This will entail the following:

4.1: Analysing cost behaviour and selecting units costs and cost drivers: For the second group of programmes (or sub-programmes or other categories) that will be projected by identifying cost drivers, the first step is to identify for each category of spending to be costed, a suitable unit that acts as a cost driver, and the relevant underlying cost drivers, as well as price information over the projection period.

The matrix below – developed for a fictional primary education sub-programme – can be used to plan the projection of spending for the three main recurrent categories of spending.

Table 6b: Sample Analysis matrix to choose costing method, units and cost drivers

Programme: Public Ordinary Education				**Sub Programme: Primary Education**		
Economic Category of Spending	How do costs in this category behave?	Which projection method is suitable?	Which unit is the most relevant as a cost driver?	What drives the number of units or cost per unit?	What data is required?	What structural cost drivers do we need to take into account?
Compensation of employees	Variable	Unit x unit cost	No of teachers	No of learners, Learner/ educator ratio	EMIS enrolment projections	Wages increases of 5 per cent per annum A policy is in place to increase the LER to 35:1,
Use of goods and services	Disaggregate into component items: see below.					
Grants, transfers and subsidies	Variable	Unit x unit cost	No of learners in subsidized schools	Ratio to no of learners in public schools	Historical EMIS data to establish ratio; forward enrolment projections	Strong growth in provision of private education services may push up ratio: check for trend over past few years.
Desegregation of Use of goods and services						
Utilities supplies and services	Semi-variable	30% base by inflation				
70 % unit x unit cost	No of learners	--	--			

Communication supplies and services	Fixed	By inflation	--	--	--	--
Domestic travel	Variable	Unit x unit cost	No of teachers	No of learners, Learner/ educator ratio	EMIS enrolment projections	Subsistence allowance policy changed – need to adjust actual unit cost accordingly.
Foreign travel	Inflation (not significant)	--	--	--	--	--
Printing, advert & info supplies and services	Variable	Set to grow as a ratio to specialized materials and supplies	--	--	--	--
Rentals of produced assets	Fixed	By inflation	--	--	--	--
Training expenses	Variable	Unit x unit cost	No of teachers	No of learners, Learner/ educator ratio	EMIS enrolment projections	
Hospitality supplies	Inflation (not significant)	-	--	-	-	--
Insurance costs	Step cost	Unit x unit cost	No of schools	No of learners		
Learner/school ratio	EMIS enrolment projections	--				
Specialised materials and supplies	Variable	Unit x unit cost	No of learners	--	EMIS enrolment projections	Agreed textbook policy to be implemented: adjust spending per learner progressively to achieve 1:1 ratio as per policy
Office and general supplies & services	Inflation (not significant)	--	--	--	--	--
Fuel oil and lubricants	Inflation (not significant) significant)	--	--	--	--	--
Other operating expenses	Inflation (not significant)	--	--	--	--	--
Maintenance	Variable	Unit x unit cost	No of schools	No of learners		
Learner/school ratio	EMIS enrolment projections	--				

4.2: Collecting non-financial information: The number of units that were serviced or produced for the base year needs to be ascertained, as well as for a number of years prior to the base year. This is necessary to determine a robust base unit cost. The analysis matrix above should be used to generate a list of non-financial information that is required, both in terms of the chosen units and underlying non-financial cost drivers. For many ministries information on the number of beneficiaries, outputs produced, activities undertaken may not be readily available. In such cases an effort should be made to identify proxy indicators that can be used to make an approximation of the number of units. The important factor is that the choice of units and the establishment of a base number of units should be defensible.

4.3: Using financial and non-financial information to calculate base unit costs and key ratios: The base unit cost is calculated by dividing the actual spending by the number of units in the base year. In cases of a semi-variable cost, two simultaneous calculations will provide a forward projection. Firstly a percentage of the actual spending can be set aside to grow by inflation, and secondly, the remainder can be divided by the base number of units, to be projected forward.

4.4: Adjusting the number of units forward by taking into account underlying structural cost drivers: It is necessary to project forward the number of units that need to be funded for each year of the projection period. It is important to only take into account structural drivers of the number of units, in other words factors that are outside of the Ministry's control. Any discretionary factor taken into account would be a change in the current level of service provision and should either be shown in the budget submission as a saving, or a new spending proposal/ adjustment. For example, in education the number of learners that need to be serviced is determined by structural factors such as population growth rates, migration and mortality rates. Discretionary factors such as promotion, drop-out and repetition rates and school fee policies may need to be taken into account to calculate the number of units forward, but the factor used should not change from the one that is relevant to the base year unless a policy decision has already been taken and approved, to adjust these factors.

4.5: Adjusting forward unit cost with price information: Before projecting baseline spending in a spending category by using unit costs, the base unit cost needs to be adjusted in future years in line with known price information. Common factors to be taken into account are inflation, or known additional (or smaller) adjustments, such as negotiated wage increases, changes in policies that govern the conditions of public sector employment etc.

4.6: Multiplying projected number of units by projected unit costs: The projected number of units are then multiplied by the projected unit cost for each year of the projection period to get a projected baseline cost. The table 7b below illustrates how this can be set up in a spreadsheet programme for ease of calculation.

Step 5: Projecting spending categories using a ratio to other variables

Some programmes, sub-programmes or economic spending categories within sub-programmes lend themselves to be projected by linking them to other more carefully calculated projections. The implication of this method is that costs in the spending category will change in line with changes in the other variable. In the analysis matrix a few examples of this method can be found. A good application

of this method is where the underlying cost in a spending category behaves like a variable cost, but where the spending category itself is not a significant factor in programme planning and implementation. Another instance of this method is the proposal to calculate spending on subsidies by calculating the projected value per subsidy multiplied by the number of subsidized learners. The decision is to project the number of learners receiving subsidies by using a ratio to the number of learners in the overall system and to research whether there is a trend change in this ratio that need to be applied in going forward.

II. Projecting baseline spending on domestically financed Capital Investment Projects

A next category of spending that needs to be considered to project baseline spending is Capital Investment Projects that are financed from domestic resources. Two types of costs are relevant to this assessment: firstly the capital investment costs and secondly, the recurrent costs arising from completed projects.

Step 1: Listing all relevant projects by programme or sub-programme

A first step is to list all projects that

- Are in progress and will require further financing during the projection period
- Will be completed before the relevant projection period, therefore not requiring their capital cost to be included in the baseline, but rather their resulting recurrent costs.
- Have already been approved and will be implemented during the projection period, incurring capital investment costs

Against each project, the need to take into consideration whether its capital cost and/or recurrent cost that should be taken into account and from which sub-programme or programme the project is funded. Projects that meet one or more of the criteria above carry costs on account of policy decisions that were taken prior to the projection period, which merit their inclusion in the spending baseline.

Step 2: Determine relevant capital cost by programme or sub-programme

Projects on the above list that have capital costs relevant to the projection period should be costed one by one to determine the nature and extent of the relevant costs. Ministries are advised to use the methods discussed below regarding the costing of new spending proposals.

Step 3: Determine the relevant recurrent costs by programme or sub-programme

Projects on the list above whose the completion will incur recurrent costs during the projection period that should be included in the baseline, should be assessed regarding the likely types of recurrent costs that will be incurred.

III. Determining the forward cost of externally financed projects and programmes for inclusion in the baseline

Externally financed projects and programmes that are already approved and have commenced have a net impact on the baseline when;

- they involve capital investment that lead to recurrent costs which are to be financed from domestic recurrent resources
- they involve counter-part funding from domestic resources which otherwise would not have been earmarked and would be

Table 7b: Sample of delivering projected baseline cost

Projecting Personnel Remuneration in Primary Education						
	Base Year	Current Year	First Projection Year	Second Projection Year	Third Projection Year	CALCULATION REMARKS
CALCULATION						
Number of learners	501,449	518,498	536,127	554,356	573,204	From enrolment projections
Number of teachers	14,969	15,478	16,004	16,548	17,111	Actual number for base year, subsequent years determined by applying actual base year PTR across projection period
LER	34	34	34	34	34	In base year LER determined by dividing number of students by number of teachers. Result applied to subsequent years.
Cost per teacher	420	441	463	486	511	Result in base year of dividing actual spending on remuneration by number of actual teachers to get an average cost per teacher. Thereafter calculated by adding cost of wage increase cumulatively to previous year's cost
Spending (KS'000)	6,287	6,826	7,411	8,046	8,735	Actual spending in base year, thereafter calculated by multiplying projected number of teachers by projected cost per teacher.
Check on Robustness of projection						
Projected actual spending in current year	6,847					
Deviation on projected actual:	-0.3%					
Conclusion on robustness:	Insignificant underestimation					
Calculation incrementally by inflation only (assuming 5%)	6,287	6,601	6,931	7,278	7,642	Under incremental line item budgeting an underestimation of the required baseline spending would have meant a 12.5 % underestimation by the third projection year.

available for allocation within the baseline, or to new spending proposals.

It is for these reasons that externally financed projects should be considered as a spending item in calculating ministries baselines.

In addition, in line with good budgetary practices, all externally financed activities should be included in the public budgeting framework so that their contributions to the Country's economy can be assessed together with domestically financed. This also allows spending from external sources to be approved by Parliament and Ministries held accountable for achieving the planned outcomes.

Therefore, in principle, externally financed projects will not be netted out in constructing baselines, but be reflected in full on the revenue side and on the expenditure side.

Their inclusion in the baseline should be calculated in bulk against programmes and sub-programmes. On the expenditure side the projected requirement for counter-part funding should be included as a baseline item.

IV. Determining the impact of pending bills on available cash resources in the baseline

A key cost factor that should be included in baseline spending is the forward cash impact of pending bills. While in principle pending bills are not an expense in terms of the accrual based GFS economic classification system, they do have a cash impact that needs to be accounted for in a budget system that budgets on a cash basis. Ministries should therefore assess the cash cost of pending bills in each of the projection years and include it as a baseline budget item.

ANNEX 5: Detailed Economic Classification

Table 8b: Economic classification

Level 1	Level 2	Level 3	Level 4
Revenues			
	Tax Revenues		
		Taxes on income, profits and capital gains	
			Receipt of income tax from individuals
			Receipt of income tax from corporations
			Receipt from withholding tax
		Taxes on payroll and workforce	
			Xxx
		Taxes on property	
			Recurrent taxes on immovable property
			Receipt from taxes on financial and capital transactions
			Receipt from other taxes on property
		Taxes on goods and services	
			Receipts from VAT on domestic goods and services
			Receipts from VAT on imported goods and services
			Excise receipts
			Receipts from taxes on specific services
			Receipts from permission to use the goods or to perform services and activities
			Receipts from royalties
			Receipts of taxes on goods and services collected as AIA
			Other receipts from taxes on goods and services
		Taxes on international trade and transactions	
			Receipts from customs and other import duties
			Receipts from exports
			Receipts from other taxes on international trade and transactions
		Other taxes	
			Receipts from other taxes not elsewhere classified
			Receipts form other taxes not elsewhere classified collected as AIA
	Social security contributions		
		Social security contributions	
			Receipts for health insurance contribution
			Receipts to NGIF for health insurance contributions

			Receipts from government employees to social and welfare schemes within government
	Grants		
		Grants from foreign governments	
			Grants from foreign governments – cash through exchequer
			Grants from foreign governments – direct payments treated as AIA
			Grants from international organizations – cash through exchequer
			Grants from international organizations – direct payments treated as AIA
		Grants from other levels of government	
			Grants received by central government budget from general government units
			Grants received by local authorities from general government units
			Grants received by fund accounts from central government budget
			Grants received by other general government units from Funds accounts
	Other Revenue		
		Property income	
			Interest received
			Profits and dividends
			Withdrawals from income from quasi-corporations
			Rents
			Other property income collected as AIA
		Sales of goods and services	
			Sales of market establishments
			Receipt of administrative fees and charges
			Receipts from administrative fees and charges collected as AIA
			Receipts from incidental sales by non-market establishments
			Receipts from sales by non-market establishments collected as AIA
			Receipts from sale of incidental goods collected as AIA
		Fines, penalties and forfeitures	
			Receipts from fines, penalties and forfeitures and other charges
		Receipt from voluntary transfers other than grants	

			Current grants from international NGOs – paid through exchequer
			Capital grants from international NGOS – paid through exchequer
			Current grants from international NGOs – collected as AIA
			Capital grants from international NGOs – collected as AIA
			Other voluntary transfers for current purposes
			Other voluntary transfers for capital purposes
		Other receipts not classified elsewhere	
			Receipts not classified elsewhere
			Receipts not classified elsewhere collected as AIA

Level 1	**Level 2**	**Level 3**	**Level 4**
Expenses			
	Compensation of Employees		
		Wages and Salary Contributions	
			Basic salaries permanent employees
			Basic wages temporary employees
			Personal allowance paid as part of salary
			Personal allowances paid as reimbursements
			Personal allowances provided in kind
		Social Contributions	
			Employer contributions to compulsory national social security schemes
			Employer contributions to compulsory health insurance schemes
			Employer contributions to social benefit schemes outside of government
	Use of Goods and Services		
		Goods and Services	
			Utilities supplies and services
			Communication, supplies and services
			Domestic travel and subsistence and other transport costs
			Foreign travel and subsistence and other transport costs
			Printing, advertising and information supplies and services
			Rentals of produced assets
			Training expenses

			Hospitality supplies and services
			Insurance costs
			Specialised materials and supplies
			Office and general supplies and services
			Fuel oil and lubricants
			Other operating expenses
		Routine maintenance	
			Routine maintenance vehicles and other transport equipment
			Routine maintenance – other assets
		Other charges	
			Exchange rate losses
	Consumption of fixed capital		
			Consumption of fixed capital
	Interest payments		
		Interest payments on foreign borrowing	
			Interest payments on foreign borrowing
			Interest payments on guaranteed foreign debt taken over by government
		Interest on domestic borrowing	
			Monetary authorities
			Other depository corporations
			Other financial institutions
			Other creditors
			Interest payment on guaranteed domestic debt taken over by government
		Interest on borrowing from other government units	
			General government
	Subsidies		
		Subsidies to public corporations	
			Subsidies to non-financial public enterprises
			Subsidies to financial public enterprises
		Subsidies to private enterprises	
			Subsidies to financial private enterprises
	Grants and other transfers		
		Grants and transfers to foreign governments	
			Grants and transfers to foreign governments
		Grants and other transfers to international organisations	
			Membership fees and dues, subscriptions to international organizations

		Grants and other transfers to other government units	
			Current grants to government agencies and other levels of government
			Capital grants to government agencies and other levels of government
		Other transfers and emergency relief	
			Scholarship and other educational benefits
			Emergency relief and refugee assistance
			Subsidies to small business, cooperatives and self-employed individuals
			Other current transfers, grants and subsidies
			Other capital grants and transfers
	Social Benefits		
		Social security benefits	
			Government pension and retirement benefits
			Social security benefits
			Employer social benefits
		Other social security benefits	
			Refund of pension and retirement benefits to other governments
			Refund of contribution to other pension schemes
	Other expenses		
		Budget Contingency Reserve	
			Budget reserves
			Civil contingency reserve
		Other expenses	
			Capital transfer to non financial public enterprises
			Capital transfer to public financial institutions and enterprises
			Capital transfer to private non-financial enterprises

Level 1	**Level 2**	**Level 3**	**Level 4**
Transactions in non-financial assets			
	Investment in non-financial assets		
		Acquisition of fixed capital assets	
			Purchase of buildings
			Construction of building
			Refurbishment of buildings
			Construction of Roads
			Construction and Civil Works

			Overhaul and refurbishment of construction and civil works
			Purchase of vehicles and other transport equipment
			Overhaul of vehicles and other transport equipment
			Purchase of household furniture and institutional equipment
			Purchase of office furniture and general equipment
			Purchase of specialized plans, equipment and machinery
			Rehabilitation and renovation of plant, machinery and equipment
			Purchase of certified seeds, breeding stock and live animals
			Research, feasibility studies, project preparation and design, project supervision
			Rehabilitation of Civil works
		Acquisition of inventories, stocks and commodities	
			Acquisition of strategic stocks
			Acquisition of other inventories, stocks and commodities
		Acquisition of land and intangible assets	
			Acquisition of land
			Acquisition of other intangible assets
	Disposal of non-financial assets		
		Receipts from the sale of assets	
			Receipts from the sale of buildings – paid to exchequer
			Receipts from the sale of buildings -- collected as AIA
			Receipts from the sale of other structures – paid to exchequer
			Receipts from the sale of other structures – collected as AIA
			Receipts from the sale of vehicles and transport equipment – paid to exchequer
			Receipts from the sale of vehicles and transport equipment – collected as AIA
			Receipts from the sale of plant machinery and equipment – paid to exchequer
			Receipts from the sale of plant machinery and equipment – collected as AIA
			Receipts from sale of certified seeds and breeding stock – paid to exchequer
			Receipts from sale of certified seeds and breeding stock – collected as AIA

		Receipts from the sales of inventories, stocks and commodities	
			Receipts from the sales of strategic reserve stocks
			Receipts from the sales of other inventories, stocks and commodities
			Receipts from the sales of inventories, stocks and commodities collected as AIA
		Disposal and sales of non-produced assets	
			Receipts from the sale of land
			Receipts from the sale of other naturally occurring non-produced assets
			Receipts from the sale of intangible non-produced assets
			Receipts from the sale of non-produced assets collected as AIA

Level 1	Level 2	Level 3	Level 4
Transactions in Financial assets			
	Acquisition of financial assets		
		Domestic lending and on-lending	
			Domestic loans to other levels of government
			Domestic loans to non-financial public enterprises
			Domestic loans to financial institutions
			Domestic loans to individuals and households
			Other domestic lending and on-lending
		Domestic equity participation	
			Equity participation in domestic public non-financial enterprises
			Equity participation in domestic public financial institutions
			Other domestic equity participation
		Other domestic accounts receivable	
			Advances to government employees
			Payable from previous financial periods
		Foreign Lending and on-lending	
			Lending to foreign government
			Lending to an international organization
			Lending to foreign non-financial enterprises and financial institutions
			Other foreign lending
		Foreign equity participation	
			Equity participation in international institutions

			Equity participation in foreign financial institutions operation abroad
			Equity participation in other foreign enterprises
			Acquisition of other financial assets
			Bonds paid for guarantee arrangements
			Equity participation in domestic financial institutions operating abroad
		Other foreign accounts receivable	
			Payable from previous financial periods
	Disposal of financial assets		
		Repayment of principal from domestic lending and on-lending	
			Repayments from loans to government agencies and other levels of government
			Repayments from loans to public non-financial enterprises
			Repayments from domestic loans to individuals and households
		Repayment of principal from foreign lending and on-lending	
			Repayments from lending to foreign governments
			Repayments from lending to international organisations
			Repayments from lending to foreign non-financial enterprises and financial institutions
			Repayments from other foreign lending
		Sales and disposals of equity holdings	
			Sales and disposals of equity holdings in domestic public non-financial enterprises
			Sales and disposals of equity holdings in domestic public financial institutions
			Sales and disposals of other equity holdings
			Sales and disposals of equity holdings in foreign financial institutions and domestic financial institutions operating abroad
			Sales and disposals of equity holdings in foreign enterprises
			Redemption/disposal of other financial assets
			Refund of bonds paid as deposits for guarantees
		Reimbursements and refunds	
			Reimbursements and refunds collected as AIA
		Returns of equity holdings	
			Returns of equity holdings in international organizations

Level 1	Level 2	Level 3	Level 4
Transactions in financial liabilities			
	Incurrence of financial liabilities		
		Domestic Borrowing	
			Borrowing within general government
			Borrowing from monetary authorities
			Other domestic depository corporations (banks)
			Borrowing from other domestic financial institutions
			Borrowing from other domestic creditors
			Domestic currency and domestic deposits
			Domestic accounts payable
		Foreign borrowing	
			Foreign borrowing – draw downs through exchequer
			Foreign borrowing – direct payments treated as AIA
			Foreign currency and foreign deposits
			Other foreign accounts payable
	Settlement of financial liabilities		
		Principal repayment	
			Repayments on borrowing from general government
			Repayments on borrowing from monetary authorities
			Repayments on borrowing from other domestic depository corporations
			Repayments on borrowing from other domestic financial institutions
			Repayments on borrowing from other domestic creditors
			Repayments on foreign borrowing
		Principal repayment on guaranteed debt taken over by government	
			Repayment on guaranteed domestic debt taken over by government
			Repayment on guaranteed foreign debt taken over by government

*Practical factor here should be considered when making the decision on how to reflect these costs. Where sharing of the cost is not practicable, alternative methods should be considered.

ANNEX 6: Key Parameters For Implementing A Programme Classification

While a programmatic classification is an intuitive match to linking policy priorities to the budget, in practice several issues arise, for example:

- How many programmes should there be? Or, in other words, at what level do activities group together as a programme? Would there be a poverty reduction programme? Or would primary health care be a programme? Or would immunizations against childhood diseases be the correct level of programming?
- Should programmes align to administrative structures? And if so, can more than one administrative structure be responsible for programmes?
- Are programmes fixed? If they relate to Government objectives and since these change over time, is determining programmes an annual exercise?
- Do programmes remain static? If programmes align to Government's strategic objectives, what happens when these objectives change?
- How do we allocate expenses that apply to more than one programme in a ministry? For example, how should be cost of running the minister's office be reflected?
- How do we allocate personnel costs where they are engaged in more than one programme.

Finding the appropriate number of Programme

There is no guiding number of programmes a country should have: ultimately the number of programmes used in a country, reflects the scope of Government's agenda. Developing a programme structure for government is a balancing act between having too few programmes – in which case Government and Parliament will not be able to prioritize meaningfully and real decisions are postponed to a later stage – and having too many programmes -- which in turn would place central in a position where they have to deal with huge numbers of smaller choices which are not all politically relevant and many of which can be left to professionals at lower levels of implementation. In addition to this, small programs, where there is little room to make reallocations within the program, should be avoided. An important argument for introducing a program classification is that it outlines the division of functions and responsibilities between policy making and operational bodies. Ideally, each level should concentrate on the decisions that are relevant for its function.

Several layers of programme classification

Budgeting happens not only at the level of allocations from the centre to ministries, but also at the ministerial level to programmes. At this level the same issues regarding scope and sufficient choice are relevant. Therefore, in order for line-ministries to transform the ambitions expressed by the programs into concrete actions, it is necessary to break programs into sub-programs of successively higher level of detail. This is best done in a cascading tree-structure of programs with several layers of the program classification.

Close alignment between administrative structure and programmes

It is necessary to take into account the existing structure of the government administration when designing a programme classification that can be implemented and used. While more experienced economies can cope with programmes that are not aligned perfectly with government's top-level administrative structures, and while ideally the organizational structure of the public sector should be adapted to facilitate the implementation of programmes, in the short run it is not feasible. In the short run it is vital to recognize that

programmes will be implemented by the government administration and that the allocation of resources to ministries and to departments and units within ministries should be reflected in the budget. At the same time, resources should also be allocated to programmes and lower levels of programme classification. Consequently, there must be a clear relationship between programme structures and the organizational structure in terms of ministries and departments. In the long run, a well-developed and integrated budget and accounting classification system that classifies all public expenditures by programme, sub-programme and by economic nature of the transaction and by administrative unit responsible for the spending, will allow a more sophisticated approach.

The starting point for developing a programme structure for the entire government is:

- Each ministry is required to develop a programme structure that includes an optimal number of programmes, given the nature, scope and diversity of the ministry's functions. These programmes should however be linked to the strategic plan of the Ministry and the overall mandate for the Ministry as defined in the Governments Circular on organization of government.
- No programme will cut across more than Ministries in the short run, although a selection of programmes from different ministries could make up a larger grouping related to a key high level objective such as poverty reduction or general administration in government.
- At the ministry level programmes may stretch across departments (Units) however, a minimum requirement of ministry programmes are that sub-programmes are unique to units. Therefore a unit in a ministry may be responsible for more than one sub-programme, but no sub-programme will stretch across more than one unit or department.
- Some adjustment in the division of functions and responsibilities between departments within ministries is necessary in order to ensure a relevant and logical programme structure. The driving factor for policy-driven budgeting is not the existing intra-ministerial structure, but the policy intents of spending. This re-organization, however, should be kept to a minimum.

Programmes stable, but not static

Since a programme classification should facilitate policy prioritizations, it is important that programmes should neither be a static nor a permanent division of the government sector. Some stability in the classification is necessary in order to make comparisons and meaningful re-prioritizations. In the medium-term to long term, however, there must be some flexibility to adapt to the development of the organizational structure of the government administration or to new policy directions.

Administration should form a separate programme

A number of cost categories are shared by all programmes such as the cost of the top-structure of the ministry, shared premises, shared functions such as security, maintenance, IT support, budgeting and accounting at the central ministry level. Although these costs are overheads, they form part of the cost structure of each substantive programme and in an ideal situation, the programme budget should reflect these costs so that Parliament and the public can be aware of the full cost of running the programme.

Programmes include both the recurrent and the capital budget: The issue of full cost allocation is not only an issue of overhead costs or personnel cost. It is also important to allocate capital costs to programmes. In order to be able to compare programmes

against each other, and in order to evaluate the outputs and outcomes of programmes against the cost for producing the results, all costs, current or capital should be classified according to the programme classification. The Development Budget should therefore be classified in line with programmes and sub-programmes. Programme budgets therefore contain both the recurrent and the development budget by sub-programme and by economic classification of expenditure.

Proposed Programme Structure and Budget Formats

Ministries may have one or several programmes. In turn each programme may one or several sub-programmes. Sub-programmes are made up of activities, against which funds are allocated.

The table below provides an example of programme classification that has been developed for the Ministry of Health.

Table 9b: Example of Programme Structure for Ministry of Public Health and Sanitation

Programme	Key Outputs	Key Performance Indicators
Programme 1: Preventive and Promotive Public Health Care Services **Outcome: Healthy Productive Population in Healthy Environment**		
SP1.1 Disease Control Services	Procurement and distribution of malaria drugs to health and mission facilities	No. of health centres allocated requisite drugs
	Procurement and distribution of long Lasting insecticides nets	No. of LLIN distributed
		Reduction in incidence of clinical malaria from 29% to 27%
	Procurement and distribution of ARVs	No. of ARVs distributed
	Expansion of VCTs in the country	No. of VCTs developed
		No. of Persons tested
SP1.2 Family Health Services	No. of fully immunized children against BCG, DPT, Polio, Measles	Reduction in IMR
	Increase capacity in levels 2 and 3 to provide RH and adolescent services	% of women delivering under skilled attendance
		% of women using contraceptives
	No. of adolescents counselled	% of 15-24 year-olds tested for HIV/AIDS
		Reduction of new infection
SP1.3 Environmental Health Services	Improved level of sanitation in Business premises	Proportion of business premises complying with statutory notices served under Chapters 242 and 254 (Public Health Act and Food, Drugs and Chemical
	Improve sanitary environment in low income areas	Increase coverage of sanitary environment in low income urban centres by 10%
	Health care and waste management plans, guidelines and strategy developed	No. reached
		Harmonized guidelines on private health care institutions
		No. of PHO/PHTs trained on health management and waste management
SP1.4 Technical Support and M & E	An appropriate SP and Budget tracking mechanism	Occasional Tracking Reports; MPERS; Mid term reviews for the SP and End Term Reviews; PC analysis reports
	Formation of a budget monitoring and MTP monitoring secretariat; Tracking mechanisms implemented	
SP1.5 Administrative Support Services	Well maintained Inventory of Motor Vehicle fleet	No. of functional vehicles annually
	Eternal and internal customers satisfied	Level of customer satisfaction

Further the table below sets out the programme structure format with economic classification for budgeting purposes. The structure makes it clear that funds are first allocated to ministries, then to programmes and sub-programmes, before being allocated within sub-programmes to the economic classification of inputs that make up activities.

Table 10b: Programme structure format with economic classification

Programme				
	Sub Programme			
		Activity		
			Expenses	
				Compensation of employees
				Use of goods and services
				Subsidies
				Grants and transfers
				Social Benefits
				Other Expenses
			Transactions in non-financial assets	
				Investment in non-financial assets

Budget Formats

The introduction of program budgeting requires a change to the budget format of the Budget Estimates Book submitted to Parliament. The aim of program budgeting is to enable the allocation of resources to particular policy objectives of government. Therefore, when Parliamentarians are scrutinizing the budget they should have some idea of how budgetary allocations are related to the Government's policy objectives. This information should be included in the budget documentation so that they are better able to assess whether resources are allocated to priority areas.

Budget Book: The Budget Book will provide for each Ministry a consolidated statement on how funds will be used against programmes. This will include a table similar to the following providing a consolidated picture of revenue, including external resources and extra-budgetary funds, and spending:

Table 11b: Sample summary table for Budget Book

REVENUE					
	Audited Outcome	**Preliminary Outcome**	**Estimates**	**Projected estimates**	
	2005/6	2006/2007	2007/2008	2008/2009	2009/2010
Operational Budget					
Main Budget					
AIA					
Other					
Development Budget					
Government of Kenya					
External Resources					
Grant funding					
Loan Funding					
Other					
Extra-budgetary funds					
Total					

EXPENSES					
Program	**Audited Outcome**	**Preliminary Outcome**	**Estimates**	**Projected estimates**	
KShs.	**2005/6**	**2006/2007**	**2007/2008**	**2008/2009**	**2009/2010**
1. Preventive and promotive health					
2. Curative health					
3. Health training and Research					
4. Procurement, distribution and supplies					
Total					

Estimates of Recurrent Expenditure: The Estimates of Recurrent Expenditure will provide for each Ministry a short narrative, including the aims and objectives of the Ministry, allocations according to programs and sub-programs and some service delivery indicators. A summary table of expenditure estimates by program and by economic classification for the vote as a whole is provided.

An example for the Ministry of Health is illustrated below.

Table 12b: Summary of Expenditure Estimates

Program	Audited Outcome	Preliminary Outcome	Estimates	Projected estimates	
KShs.	2005/6	2006/2007	2007/2008	2008/2009	2009/2010
1. Preventive and					
promotive health					
2. Curative health					
3. Health training and					
Research					
4. Procuring supplies and distribution management					
Total					
Economic Classification					
Expenses					
Compensation of employees					
Use of goods and services					
Subsidies					
Grants and transfers					
Social Benefits					
Other Expenses					
Transactions in non-financial assets					
Acquisition of non- financial assets					
Total					

Following this summary table, a more detailed table showing the allocations to each sub-program is given. This table includes the allocation to sub-programs, the department responsible for the program and the economic classification by sub-program. The table begins by stating the program and its objective. It thus becomes possible to identify how sub-programs are funded in order to achieve the objective of the program. It also clearly identifies which department is responsible for the delivery of the outputs of each sub-program, as well as giving the economic classification of expenditure within each sub-program.

The table below illustrates a programme structure using an example of health sector. This program has sixteen sub-programs of which only the first four are shown.

Expenditure estimates by sub-program

Table 13b: Program 2: Preventive and Promotive Health

Objective: Strengthen health promotion and service delivery through the introduction and implementation of the Kenya Essential Package of Health					
KShs		**Preliminary Outcome**	**Estimates**	**Projected estimates**	
Sub-program	**Head[1]**	**2006/2007**	**2007/2008**	**2008/2009**	**2009/2010**
1. Policy, planning and administration					
Recurrent expenditure					
Compensation of employees					
Use of goods and services					
Grants and transfers					
Capital expenditure					
Acquisition of non-financial Assets					
2. National Aids and STI control					
Recurrent expenditure					
Compensation of employees					
Use of goods and services					
Grants and transfers					
Capital expenditure					
Acquisition of non-financial Assets					
3. National leprosy and TB control					
Recurrent expenditure					
Compensation of employees					
Use of goods and services					
Grants and transfers					
Capital expenditure					
Acquisition of non-financial Assets					
4. Malaria					
Recurrent expenditure					
Compensation of employees					
Use of goods and services					
Grants and transfers					
Capital expenditure					
Acquisition of non-financial					
Assets					

Ministerial level programming

Ministries themselves should therefore ensure that the budget committees are strengthened. The Ministry should ensure that the final proposed programme structure conforms to the Ministry mandate and where there are duplications they are sorted out. The Ministry of Finance guides and coordinates the process as well as conduct regular training and consultation forums for the development of ministry specific programmes.

The Development of a programme structure for each ministry will comprise

- the identification of a limited set of goals and associated programmes for the Ministry;
- mapping all the Ministries functions and activities to the long-term goals
- the identification of specific, measurable and achievable medium term objectives for each programme;
- the identification of sub-programmes associated with the objectives, relevant strategies and activities and indicators of achievement;
- mapping the Ministry structure to the programme structure;
- Formulating programme narratives: names, goals, objectives and indicators of achievement

The top-level programme structure is a result of finding a match between the Ministry's top-down strategic goals and objectives and a bottom-up categorization of all its existing functions and activities into programmes. The box below demarcates key concepts used in this Handbook regarding programme performance budgeting.

Box B 3: Key concepts for Programme Performance Budgeting

Programme: A group of independent but closely related services and activities, which contribute to the programme goal.
Programme goal: The long term goal of a programme – usually not completely within the control of Government and difficult to achieve. Goals should be constant and not change from year to year.
Programme Objectives: The intermediate objectives the achievement of which will be progress towards or facilitate the achievement of the programme goal. Usually achieving the objectives constitutes a necessary step towards achievement of the ultimate goal. Strategic Objectives must have four attributes, must be specific, must be *within the power of Government*; achievement of the intermediate objective *must be measurable*; and changes – however small - must *be achievable over the medium term within the resources available*.
Strategies: The ways in which a unit/ department plan to effect changes in the contributing objectives.
Activities and outputs: The operational level of the strategies – what activities are required within a strategy and what outputs will be produced.
Inputs: What human and other resources will be required, measured in money metric terms and classified using the economic classification.
Workload statistics: Measurement of inputs and outputs achieved.
Indicators of achievement: Measurement of the degree to which the stated programme objectives were reached.

Determining a limited set of long-term goals:

Each goal will eventually correspond with a programme and should concern a core reason for the Ministry's existence, or a core function of the Ministry. In health for example, a core function of the ministry is to prevent Kenyans from being affected by preventable diseases.

Ministries should take care not to include how goals will be achieved in their formulation of programme goals. Part of the value of programme budgeting is to leave space for the consideration of alternative methods realisation towards the goal. In other words, a formulation of a goal as "Preventing Kenyans from being affected by preventable diseases by providing a basic immunization package to all citizens" includes the method of achieving the goal in the goal statement itself.

Ministries should provide significant opportunities to debate the setting of goals and the top-level programme structure within their administrative structures. A useful approach is to:

1. Develop a preliminary programme structure related to key ministry goals and functions, including sub-programmes
2. Map the sub-programmes to Departments,
3. Request Departments to map out all their funded activities, including transfers to state entities and activities funded by extra-budgetary funds and indicate how these would fit in their proposed sub-programme structure (some Departments may have more than one sub-programme for which they are responsible).
4. Adjust the sub-programme and programme structure, or adjust the Ministry's activity portfolio or structure if a fit is not possible to achieve.

Determining a set of specific, achievable, measurable objectives for each of the goals:

Each goal should have one or more objectives. While the programme goal will remain fixed over a period of time, objectives may change on account of changing circumstances or on account of policy changes.

- An objective marks progress towards the goal and expresses government policy. In the case of "Preventing Kenyans from being affected by preventable diseases", an objective may be "Reduce the incidence of mumps, polio, rubella etc in children".
- Each sub-programme should eventually correspond with a programme objective.
- Objectives should be specific, measurable, within Government's control and achieve-able within the resources available.

Determining strategies and activities:

In order to identify meaningful measures of efficiency ministries need to ascertain how they fulfil or intend to fulfil their objectives by identifying the strategies and activities they undertake. This will assist in the identification of a comprehensive set of indicators.

Determining indicators of achievement for the objectives:

The programme indicators provide a means to track the annual progress in meeting objectives and goals. Indicators can be arranged in several layers and care should be taken to select indicators that demonstrate government performance conclusively and comprehensively. Indicator should have the following attributes:

- They should be broad enough to measure the intended outcome, if not they detract rather than support service delivery by focusing Ministry's resources on too narrow and even irrelevant set of activities.
- Indicators should be SMART: specific,

measurable, actionable, relevant and time-bound.

- An indicator is a good one if it is immediately clear – related to the ultimate goal – in which direction the indicator should move. Using the number of motorists fined as an indicator of road safety is not a useful indicator: it is not clear in which direction the indicator should move since fewer people transgressing may indicate either safer roads or poorer policing work. In addition, in pursuing a target number of fines, traffic policy may choose to set up passive speed traps and not patrol the roads. The first may result in more fines, but the second would contribute negatively to road safety.
- Ministries should contain themselves to a limited set of indicators per programme. Too many indicators obscure rather than informs on the performance of the Ministry.
- There are various types of indicators including the following principal ones:
  - **Outcome:** Outcome indicators indicate the effectiveness of a programme in solving a problem or maintaining a desired condition. Outcome indicators show whether programmes are properly designed, well-managed and what the value is realised from additional resources. They are the effect of government intervention. The incidence of childhood disease, the level of public awareness about health and hygiene, the incidence of pollution in rivers, literacy rates, incidence of deaths from traffic accidents by 1 000 people, crime rates etc are outcome indicators. While some outcome indicators are more outside of government's control (although it may contribute to them), for example employment and unemployment rates, changes in others will be more closely related to Government's policies and activities, such as percentage of unemployed enrolled in Government skill development programmes.
  - **Output:** Output indicators indicate the quantity of goods and services produced by the programme. They are useful in measuring demand and determining the resources required for the programme. They are also often referred to as workload statistics or indicators. Examples are number of immunizations, number of teaching hours, number of hospital beds, agricultural extension visits and kilometres of roads rehabilitated.
  - **Efficiency:** Efficiency indicators measure the cost per unit of service provided or the units of service give level of inputs deployed. They are useful to evaluate different methods of service delivery and in ensuring that programmes show improvements in efficiency over time. Efficiency indicators can be expressed either as cost per output, cost per outcome, outputs by input. Examples are cost per immunizations, immunization per nurse per month, agricultural visits per extension officer per year, cost per kilometre of road rehabilitated.

Formulating programme narratives: names, goals, objectives and indicators of achievement

Ministries will be required to submit their proposed programme structure to the Ministry of Finance in a pre-set format. The format will include

- A table similar to the one above comprising the identification of the top level structure, with related sub-programmes
- A format for each sub-programme similar to the one below, setting out the relevant programme, programme goal and objectives.

Table 14 b: Example of a set of programme indicators

Programme	Environmental protection
Goal:	Protect the water, air and land resources of Kenya from human contamination
Sub-Programme	Water quality protection
Objectives:	Reduce the severely contaminated length of Kenyan rivers to less than 30% of total length by 2010 where severely contaminated means pollutant levels of xx over xx.
Strategy, activities and outputs	Inspection visits to industry, Testing of water resources, Investigation of incidences of pollution, Public awareness and advocacy campaigns
Outcome Indicator:	Percentage of river length severely contaminated (indicates whether objective has been achieved); Incidence of human or animal disease from contamination; Percentage of investigations concluding with convictions; Change in level of public awareness.
Output:	Number of water quality measures; Number of patrols by water safety officers; Number of posters distributed
Efficiency:	Cost per kilometre of river assessed; Number of inspection visits by water safety officers per year; Cost per contact in awareness campaign.

PRUDENT BUDGETING

LEGISLATURE

TREASURY

EDUCATON

INFRASTUCTURE

HEALTH SERVICE

FOR GROWTH AND DELIVERY OF DEVELOPMENT TO ALL KENYANS

Government of Kenya

Ministry of Finance

giz

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FISCAL MANAGEMENT AND DECENTRALIZATION OPPORTUNTIES IN THE PUBLIC BUDGET OF IRAQ:

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ACRONYSMS

MOF:	MINISTRY OF FINANCE
MOPDC:	MINISTRY OF PLANNIG AND COOPERATIVE DEVELOPMENT
USAID:	UNITED STATES GOVERNMENT AGENCY FOR INTERNATIONAL DEVELOPMENT
UN:	UNITED NATIONS
MTEF:	MEDIUM TERM EXPENDITURES FRAMEWORK

FOREWORD

This paper is aimed to provide a snapshot of fiscal management related issues in Iraq. The document is based in one survey run in four ministries and a second survey run in 6 provinces. In addition the paper has benefited from diverse exchanges with local experts working in Tarabot project funded by USAID. The limitations in understanding the financial management as it is currently implemented in Iraq can be attributed only to the main author—Ricardo Silva-Morales--and not to the persons that kindly helped in improving the document up to the current level. I want to do a special recognition to Mr. Joseph Schievel—Tarabot's Adviser-AD component-- for his fruitful comments regarding statistics and major decentralization policy trends.

The fact that the paper dares to discuss the budget process in certain detail should be understood as an invitation to further introduce transparency and encourage the necessary analysis to improve some practices that might well be hindering a better performance in the management of public resources. This document is not intended as a critic and in that spirit I hope it can be received by those who take the time to dive deep in the fiscal management issues introduced here.

INTRODUCTION

The current jointure in Iraq can be characterized by: (a) the relative consolidation of the newly democratic way of government based on elections and in important parliamentary involvement in the direction of the country; (b) the beginning of the realization of the immense wealth in natural resources that is already impacting the size of the public budgets; (c) the incorporation of new priorities besides security only--this new priorities relate to the improvement in living standards; (d) the awakening of more direct participation of the inhabitants in public affairs reflected in the larger accountability the public is exercising mainly over the elected provincial authorities.

A mid the availability of sizable financial resources grows also does the expectations of the inhabitants for tangible improvements in their living standards. In that context the management of public budgets is one of the elements that demands special attention. Public budgets can be a very effective tool to implement Government goals. Often times a proper funding of government programs is paramount to the launching of a successful development trend that brings great prosperity and content into a society. Among the virtues of a sound public budget process we can mention the capacity to catalyze the aims of the political forces present in a social conglomerate in a given moment in time.

Unfortunately public budgets can suffer seizures by the bureaucracy that is created to implement the Estate's financial plan. It is not unusual to find that inflexibilities to adapt budgetary trends to new approaches are based on the resistance to change that somehow is in the nature of the public administrations. Resistance to change can be described as the reluctant attitude towards among other things: (a) implementing up to date budget classifications, (b) modifications of budget preparation methods, (c) adoption of automated systems to accounting and recording of budget transactions and (d) reluctance to rearrange the arrangement between public sector units and government layers to deliver services.

International practices somehow have developed techniques to deal with the resistance to change in a systemic fashion. Often times, resistance to change comes out of lack of timely communication on the purpose and content of the proposed improvements. The lack of communications can occur either by not providing necessary training to the officials expected to work in the reformed environment, or by keeping the plan at the top level of the organization without looking for key cooperation inside.

In Iraq the concerns for improving living standards join the need to move towards a more open market economy. Moving towards a more open market economy would allow larger, faster and more efficient utilization and diversification of production means. Disassembling the legacy Soviet-State-like organization hence is one of the priorities. Furthering decentralization initiatives has shown effective for disassembling the Soviet State in other countries and Iraq so far appears to be no exception. The relatively timid initiatives to promote fiscal decentralization are having an incremental impact in turning the Iraqi Estate in a more democratic entity. Recent events such as the removal of governors by the elected bodies in some provinces, following popular clamor on the poor performance in the delivery of essential services, are signs of the process described above.

The first part of this document will observe the preparation process of public capital investment budget in Iraq. This first part will focus its attention on key budget management routines. The second part analyses the Government's agenda in the context of the most recent public capital investment trends. The third part checks on decentralization opportunities in the current fiscal environment. The fourth part it is dedicated to analyze the weaknesses and strengths of the current budget process in Iraq. The Annex 1 shall illustrate the practice of "inverse delegation" that is being used by some authorities in Iraq.

I- PUBLIC BUDGET PROCESS AND TIMELINESS OF KEY BUDGET MANAGEMENT ROUTINES IN PUBLIC CAPITAL INVESTMENT

Generalities

The budget preparation in Iraq can be defined as a line-item- incremental- base- budget. The base budget--or routinely funded line items-- is automatically incremented by line item each year, without attentive consideration to the purpose of each one. The annual instructions always recognize a procedure to justify changes in the budgeting of ongoing expenses out of the routinely annual increment but no budget office does serious attempts to reduce or shift traditionally funded line item allocations to new ones, or to reinforce different ones. The reluctance to change historic trends in funding are due to the real risk of actually getting the allocation cut off.

This practice of automatic increments per line item makes very difficult to have a goal oriented budget. The usual international practice is to move form a line item budget-making routine to a program budgeting routine, also known as activity based budgeting. There are solid possibilities to introduce program budgeting in Iraq at least at the presentation level. Program budgeting can be easily introduced as the budget classification is getting closer to the UN/IMF Government Financial Statistics Standards—GFS--and the chart of accounts for the public sector is also being up dated to a closer version of the International Accounting Standards or International Reporting Standards. Moving the budget classification to a full Classification of Functions of Government Standard—IMF-COFOG-- would be desirable though. Iraq has some initial experience in program budgeting in the form of inter-sectors programs such as: (a) the Agriculture Initiative, (b) the Recuperation of the Marsh Lands and (c) the Regional Development Program.

One feature of the current accounting system that calls for attention is the absence of granularity that should allow the identification of capital investment expenditures as such, not necessarily by project—as in the legacy Soviet system-- but at least in the aggregate on a per budget expending unit basis. Currently the standard accounting reports don't allow seeing the capital expenditures per budget expending unit, although the Ministry of Finance seems to be able to use an electronic application to aggregate the corresponding expenses from its data bases. However, the current Chart of Accounts appears to be somehow missing this feature of identifying the capital investment expenditures at level of main accounts and there is no sub accounts prescribed to capture these developments. An additional feature that needs to be noted is the change in accounting standards coming out of the moving from the ancient "double entry" accounting standards to the newly "Uniform" or "Unified" accounting standards started in 2007. The Uniform accounting standard is closer to the IASPS. Part of the transition presents problems as the MOF has not issued manuals and policies for the application of the new chart of accounts or for the new accounting standards. In addition to all the above, the authorities have adopted some accrual accounting in a piecemeal fashion which is indeed inadequate.

Nowadays there is an effort assisted by multilateral agencies to introduce the Medium Term Expenditures Framework Process—MTEF--in Iraq. The MTEF process is an effective way to turn the public budget into target oriented tool, increasing the effectiveness of the public sector

and enhancing the efficiency in the utilization of public resources. In a broad concept the MTEF process aims to reduce major fiscally-sourced economic imbalances. This is especially important in Iraq where the State controls and disposes the almost entire amount of resources from Oil that is the main source of revenues for the country. In he recent years Oil has represented above 75 per cent of the total annual GDP of Iraq and around 90 per cent of the revenues to the Estate General Budget.

Another important feature of the MTEF process is that favors the arrangement to implement the government agenda or program in the public budget. A government agenda expresses the ideas the population voted for in the democratic process and the correct implementation of these ideas tends to be paramount to the success of any government.

Following the trend of the MTEF process a medium term financial plan for public capital investment is also required. This is the medium term financial plan for public capital investment also namely public investment program—PIP. The PIP looks after consolidating the financial plan for capital investment initiatives in the public sector in a three years span. The gradual adoption of the PIP method and mechanisms in Iraq requires the rethinking of the old five year economic development plans and other long term plans' objectives. These legacy planning practices need to be turned into flexible frameworks that are more indicative than normative. While planning the financing of the oncoming three years is often feasible and the targets set for that span of time are often times achievable, planning for the financing of longer terms is usually less realistic.

On a managerial aspect the MTEF looks after realistic budgets or budgets that can actually be implemented in full so that the public sector can accomplish the targets proposed in the overall strategy. For attaining realistic budgets a set of practices have been identified and are part of the process as the MTEF is in essence a comprehensive process that enables the public sector to achieve success and effectiveness in its performance, this implies a smooth, expedient and complete budget execution financial as well as physical or material.

The most tangible evidence related to the ongoing efforts to implementing a MTEF in Iraq is the gathering of a Fiscal Framework Committee that takes place before the annual budget call circular. According to the MTEF methodology the Fiscal Framework is supposed to produce a macroeconomic statement however, the macroeconomic statement has no large public diffusion in Iraq. Another expected result of the coordination at the highest level would be the harmonization of policies between capital investment policies determined by the MOPCD and operational expenses determined by the MOF. Unfortunately the coordination of policies between MOPDC and MOF appears not to go beyond the use of the information of the fiscal framework defined by the Committee mentioned above. I fact the MOF and the MOPDC continue issuing their independent sets of instructions for budget preparation and budget execution that don't necessarily provide a much needed unified approach to the preparation and execution of a financial plan for the State.

Budget preparation

Officially the budget preparation process starts in May with the budget call circular issued by the Ministry of Finance—MOF. Practice has given a preeminent role to the Ministry of Planning and Cooperative Development—MOPDC—in the budget preparation process too. The budget call circular contains instructions for all the budget expending units to deliver their budget request for the oncoming fiscal year. In Iraq the fiscal year coincides with the calendar year thus the preparation period requires to be finalized by around November of the prior year each time. Once approved by the cabinet the Annual Draft Budget Law can be introduced to the Council of Representatives for discussions and eventual approval.

Besides the formal calendar for preparing the budget there are several permanent activities that need to be carried on by the budget expending units accordingly to the sector plans. In the case of capital investment the most sizable projects to be undertaken require careful preparation, following the process ordered by the Ministry of Planning and Cooperative Development—MOPDC. The instructions by the MOPDC include the preparation of feasibility studies and the registration of projects in the national data base. The registration of projects into the national database is the result of the evaluation that the MOPDC makes of the initiatives presented by the diverse budget expending units. In any case all capital investment projects need also to be accompanied by technical documents such as bill of quantities and technical design.

Recent changes—2009-- to the mechanisms for capital projects registration in the national database of the MOPDC have shown the majority of projects that required proper feasibility studies just did not have them. By 2009 the project registration form changed from a relatively simple registration card to a large 17 pages document, asking for details that necessarily should come from a comprehensive feasibility study. Most of the forms for projects registration submitted in 2009 went partially completed only. Recently an international technical assistance project funded by the USAID promoted the utilization of the CONFAR III software solution by the UN, to standardize inasmuch as possible the preparation of feasibility studies. However, it appears only the engineering module has been somehow assimilated in some entities while the economic & financial module is not being used at all.

The effect of poor feasibility studies and bill of quantities--or the absence of them in some cases--couldn't be properly assessed. We can only refer to the order by the Council of Ministries—letter 29135 of 21.08.2010—ordering the presentation of feasibility studies to justify changes in projects cost. For 2011 the increase in projects cost surrounded US 3.4 billion. Not all the US 3.4 billion increases can be attributed to deficient costing in the appraisal stage of the projects—E.G.: Around US 903 million corresponded to carryovers from 2010--but it appears almost two thirds of the total cost increase it does obey to deficiencies in projects costing. When compared to the total value of the portfolio of projects—valued in US 134,700 million—the amount of cost increase for 2011 might not look too big, but when compared to the 2011 annual appropriation—US25,700 million—the additional cost attributable to poor project preparation appears quite relevant.

Project prioritization

Correct prioritization is an important aspect of the organization of capital investment projects. A proper prioritization implies a more efficient use of the resources and to get to that it is necessary the adoption of an enhanced cost/ benefit analysis. This is usually achieved by introducing the Internal Economic Return Rates Analysis—IERR-- for each project and deciding the priority for those with higher ranking. This is still a work in process in Iraq and most of the current capital investment projects lack the IERR analysis or a similar analysis, despite this is a mandatory exercise according to the existing regulations. The techniques for introducing the cost/ benefit analysis have evolved to very complex formulations around the world, including the utilization of the namely Monte-Carlo Modeling in advanced countries. However, for Iraq consolidating the use of the IERR analysis can be a good start up point. This can be complemented with the application of the Internal Financial Returns Rate Analysis per project. By not applying cost/benefit analysis per project as the basis to prioritize projects the economic and financial sense of most projects can be doubted. In a second step, once the individual projects cost benefits analysis is established, a whole comprehensive cost/benefit based inter-agencies project prioritization can be advanced. A comprehensive public sector cost/benefit approach would allow to weeding out projects from all entities that get lower ranking.

It is important to note that the cost benefit analysis mentioned here it is different from the economic and social impact assessment. Under the economic and social impact assessment the net economic and financial soundness of each individual projects might be indifferent as the target is to assess the impact of capital investment as a whole in the economic growth or in expected social benefits to the community.

The implementation of cost benefit methodologies requires the participation of the federal as well as the provincial governments as long as they are in charge of managing capital investment funds. The prioritization can help to diminish the tendency to design and propose too many projects whose usefulness and sustainability can be doubted and that imply an unnecessary additional work in the project management and monitoring activities. With the impending demand for improving household services and the growing availability of financial resources Iraq is observing a real explosion of capital investment projects. For 2011 the portfolio of capital investment projects already counted with 2,191 for an assessed value of US 135,700 million. Out of the 2,191 projects in the current capital investment portfolio 156 projects were added in 2011 with cargo mainly to authorized carryover amounts from 2010. None of these projects have been subjected to prioritization process based on economic and financial soundness. In case there is constraint in the financial inflows to the country, if the cost/benefit analysis is performed to prioritize which of the current projects need to be advanced, then it might be too late. The risk would be that the lower ranked projects might end up unfinished in case of an important shrinkage of funds: E.G.: An important reduction of oil prices in the international market.

Project readiness

Another characteristic of the budget preparation process in Iraq is the lack of full project readiness before the incorporation in the annual budget request. On one hand most projects requiring for land to be assigned don’t have it at the time of entering into the annual budget request and the process to get the adjudication of land averages more than six months to get

completed. On the other hand when the property needs to be purchased the entity ought to have the authorization for the project including the money for the land-cost-acquisition in the budget. In addition to all the above there is the impending obligation to conclude projects--or project sections—during the fiscal year they are budgeted.

In many occasions the projects don't comply with the general requirements such as bill of quantities and technical design by the time they are included in the list of projects, to be implemented in a given fiscal year. As explained further ahead in this document the strong prevalence of the annual approach to fund capital investment imposes the need to complete all projects, or at least whole sections of projects, within the fiscal year they are budgeted. The time completion constraint is placed disregarding of the actual project implementation needs and that reduces the interest to engage in meaningful multi year projects. Mainly at the provincial level, but also happening at ministerial level, the projects are inscribed in the annual budget request and only after they are in the approved list for the given year there is a conscious effort to complete the minimal technical documents. This lack of project readiness explains in part why many budget entities—central and provincial—simply could not handle the new form for projects inscription the MOPDC prescribed in 2009.

Part of the problem of having incomplete projects in the list for the annual appropriation at ministerial level is favored by the way the allocation for capital projects is managed by the MOPCD. Once the annual appropriation for capital investment is approved with the annual Budget Law the MOPDC proceeds to break them it into allocations per project. To get the allocation for capital projects the Central Government Budget Expending Units then have to present the complete project and this is a rather lengthy process that is taking place during the year of the execution itself. This practice of only revising in deep the projects at the time of defining the annual allocation is hindering a faster and better budget implementation. The approval of projects by MOPDC should take place before the inclusion into the annual list in the budget request, so the allocation per project can be made in the following 30 days to the approval of the annual budget for all the projects. Proof of the problem described here above is that by June 2011 only 72.7 percent of the total budget appropriation for capital investment had been allocated by the MOPCD. It is important to realize that under the current interpretation of the legislation the budget executing units won't start the tenders and bidding processes without having the allocation authorized and the funds available, even if these projects or sections of projects are expected to actually be finalized during the running fiscal year.

Projects' budgeting and financial implementation

Most of the process described here is based on the current practice as the intervention of the MOPDC in the budget process is not foreseen in the 95 of 2004—former CPA order 95-04. There is some legal precedent to the intervention of the MOPDC in the regulations predating the law 95, but these regulations from the dictatorship era are a way to consolidate the Soviet State financial management. Soviet State financial management is based on the central planning concept and should have been rejected long time ago.

The annual allocations

All Budget expending units issue their list of capital investment projects during the budget preparation stage. The list of capital investment projects is analyzed and aggregated by the MOPDC and presented as the capital investment section of the annual budget request. The budget preparation process in general is prescribed in the law 95 and there is no purpose in repeating it here. Once the annual budget law is approved by the COR the appropriations have to be split into detailed allocations per budget expending entity.

In the case of capital investment funds for the Central Government the allocation is determined by the MOPCD on a per project basis in a process that usually goes well into the fiscal year. In the case of the provinces the MOF determines the capital investment allocations for the provinces in the following 30 days after the annual budget law is passed, but the provincial allocations are a total amount per each province and not per project. To determine the total amount each province will get allocated the MOF uses the totals of the lists of projects previously approved by the MOPDC and entered into the budget request discussed during the budget preparation stage. The projects inserted in the lists of projects the provinces present at the stage of the budget preparation have the same lack of completeness that appears to be present in some of the national projects.

The MOPCD customarily approves the individual projects that can be implemented for the central government entities and for the provinces in a given fiscal year. Unfortunately it is only once the annual budget law has been approved that the MOPDC engage in a deep analysis of each new project to decide the annual allocation per project for the national entities. In the case of the provinces although the allocation is defined by the MOF the MOPDC is in charge of approving each new project so that the province can count them against the annual allocation. In the case of the provinces the total allocation for the year has been communicated to them by the MOF at the beginning of the budget execution term. It is only after the MOPDC has either approved the allocation for national projects on a per project basis, or approved the projects-- in the case of the provinces—that the budged executing agencies can actually engage in the effective use of any money released by the MOF. No procurement and tendering activities can be started beforehand.

One point to notice in the current practice in Iraq is that for the Central Government entities the approval of the new projects has been merged with the approval of the annual allocation leaving in second place the needs of a more expedient budget execution. A more expedient budget execution can be obtained by having the allocations issued early in the year of the budget implementation—30 days after approval of the annual appropriation would be ideal. In the case of the provinces the MOPDC also produces delays in the implementation of the annual budget law because the new provincial projects are also being approved during the year of the execution and not before or at least during the following 30 days to the approval of the annual appropriations in the annual Budget Law. The project revisions by the MOPDC should be moved to the time before the projects go into the annual budget proposal so the authorities participating in the budget preparation can be sure they are approving amounts referred to projects that are ready to start up implementation. By ensuring that only ready-to-implement projects go into the annual projects list the MOPCD would be greatly favoring a more realistic annual budget.

As for the allocation to ongoing projects the process is more expedient and the allocation is usually provided on a timely manner after the annual budget law is approved.

The Releases

In what seems to be an attempt to liberate the capital budget execution from the out of phase activity of the MOPDC the MOF has opted for releasing up to 20 percent of the total annual allocation to all budget entities at the beginning of the year—February to May-- regardless of the existence of any allocation by the MOPDC. This action appears to look after ensuring the new projects to be started during the fiscal year can go on once the MOPDC issues the project allocation in the case of de central government or the project approval in the case of the provinces. In the Iraqi practice for public contracts it is customary to provide between 10 to 20 percent cash advance to contractors to start up any contractual activity. In any case despite the cash availability is provided by the MOF in a rather independent fashion form the allocation, the budget executing entities still need to wait for either the allocation per project or the project approval in the case of the provinces, to actually use the funds. Thus the MOF has opted for creating cash availabilities early in the year and is only the slow phase of the MOPDC to either issue the project allocations or project approvals what appears is hinder a faster budget execution. Proof of this situation is that by June 2011 only 72.7 percent of the total appropriation for capital budget has been allocated by the MOPDC. In a properly managed budget the whole allocation should have been defined 30 days after the appropriation has been enacted and for that the projects included in the budget need to be complete and revised before going into the draft budget so the annual budget for capital investment would be realistic.

After the initial release of up to 20 percent of the total annual appropriation the central government agencies present their request for releases to replenish the capital investment bank account according to needs. The survey on four Ministries shows little problem with replenishing the bank accounts at this time but what is clear in the process is the MOF has little means to better plan cash flows for capital investment in the current environment.

In the case of the provinces the MOF has opted for a mechanism of batch releases to continue the funding of the capital budget implementation. Under the batch releases mechanism after the initial 10 to 20 percent release at the beginning of the budget execution the provinces receive a second release of around 30 percent of the total annual appropriation by June-July and further 20 percent by September/October and it is not rare that large shares are received at the end of the year when using them is most of the time not feasible.

In the current process for releases consideration to the actual project implementation needs are hardly recognized. Up to a large extend the intervention of the MOPDC in the budget execution is a factor that hinders the possibility to generate a structured schedule of releases for capital investment. A proper schedule of releases for the capital investment budget can be achieved by introducing the standard project procurement plans. The importance of the project procurement plans in not small, properly structured projects should have project implementation schedules and the project procurement plans need to be assembled in ways they support the project implementation schedules. By using the procurement plans as basis to prepare the schedule of releases for capital investment it is possible to make more predictable the amounts required per

each project at any given period of time, in case the project implementation runs according to the plan. Also it is more feasible to plan the cash flows required to fund the capital investment projects in a timely manner. In this case again the projects need to be complete and revised before going into the draft annual budget so that the allocations can be done early in the budget execution.

A survey run in four ministries during 2011 revealed that only one ministry does produce a monthly schedule of payments for the full year by request of the MOF, but all the others simply don't do it. So most of the budget executing agencies, simply present a request for releases according to their needs in a random fashion and the MOF endeavors to fulfill these requests for releases amid they are received. The situation would dramatically improve if the allocations are made at the beginning of the year so the releases can follow in an orderly manner.

The overall process for releases and payments for the central and provincial authorities is plagued with lack of proper information at both ends. On one hand the executing agencies are not clear on which of the projects included in the list at the time of the budget preparation would be approved for execution until either the approval or the allocation process takes place. On the other hand the MOF only knows for sure what the real needs for liquidity the executing entities have for any specific period once they submit the request for releases, all this further complicates the matching of projects needs with funds availabilities. It is only thanks to the large inflows of oil money that the current arrangement for funding the implementation of capital investment in a given year can be sustained.

Iraq still presents a strong dual budgeting structure in which the MOPDC controls the preparation and some aspects of the execution of the capital investment budget. As explained before in the document the MOPDC is in charge of approving the allocations per project for the central government entities and the projects to be implemented by the provinces but under the current practice this process is taking place during the year of the budget execution. The situation seems surreal considering that the Law 95—Financial Management Law and Public Debt Law—does not foresee any participation of the MOPDC in the budget process at all.

The case for multiyear budgeting and multiyear contracts

The conventional approach to the budget in Iraq has been considering the financial plan as an annual exercise. In fact budget appropriations expire at the end of the fiscal year.
Although there is a rule for forcefully budget the continuation of the projects in the following annual cycle, the process did not allow assessing in full the financial significance of the bulk of commitments originated in the ongoing projects portfolio. It also increases the risk factor of the contractors that would decide to bid for projects with above a year life cycle.

Since 2006 the authorities resorted to authorize the carryover of sums already disbursed to the provinces and then to some ministries too. In 2008 there was an attempt to clean the process by stopping the carryover of funds but the authorities seem to have realized that anyway the issue was more about recognizing the size of the ongoing commitments. Recognition of the size of ongoing commitments helps to prevent a situation where available financial resources might not

suffice to allow either the continuation of ongoing projects or the inclusion of new projects in a given fiscal year. For 2011, the carried over amounts equaled to US 903 million.

Since 2009 there is an opening to implement multiyear budgeting for capital investment projects although biding for multiyear projects is still not an option. The implementation of multiyear budgeting for capital investment was initially attempted with the consolidation of a 2010-2014 investment plan that focused almost exclusively in new capital investment projects. Lately the capital investment plan is being rethought to turn it into a more customary three year financial plan that includes observation of the funding required by the ongoing investment projects. Nowadays the MOPDC is managing the projects portfolio concept. Under the projects portfolio concept the size of the ongoing projects is clearer—2,191 projects valued US 135,700 million are undergoing implementation. The final goal of the five year plan is to invest around US 186 billion distributed in 2,700 capital investment projects. In a very optimistic fashion the five year plan pretended that close to half of the investment would be carried on by the private sector.

To complete the proper implementation of a multiyear budgeting approach there is need for improving project management all across the public sector. Nowadays project management has not the required organizational structure and there is no the desirable assignment of responsibilities to actual project managers to take care of projects implementation. Also the definition of the project cycle is influenced by the annual approach to the funding of capital investment and this is somehow impeding to realize the need for arranging a project management that would cover the project life cycle, independently of the fiscal periods it may require to be implemented.

Rules for international procurement of goods and services

Among the reasons for the somehow slow phase of capital projects implementation it is the mechanisms of letters of credit to procure overseas goods and services. The letters of credit were firstly implemented as payment means in Iraq during the times of the international sanctions to the dictatorship. To mend the civil suffering caused by the sanctions a mechanism namely “oil for food” was implemented under the administration and monitoring of the UN. To guarantee the money coming out of international sales of oil was used exclusively in the supply of basic food needs for the population, a relatively simple mechanism of letters of credit was implemented. The letters of credit ensured the international suppliers that payments would be done in international currency as a regular international trade operation, despite the sanctions.

After the liberation took place the mechanism of letters of credit was modified and generalized to advance the acquisition of equipment and other international supplies for all capital investment and maintenance expenses of the public sector. The process was tightened and the International Trade Bank of Iraq—TBI-- was introduced to administer the process in a joint task with the Central Bank of Iraq--CBI. Also a financial facility was created to encourage the participation of private banks in the process of letters of credit issuance. Perhaps due to the newest of the TBI and of the more tightened procedures the ministries were unable to process a substantial amount of the letters of credit required to advance the implementation of investment projects, requiring the purchase of equipment and other goods overseas. A modification introduced in 2009 looked after reintroducing the simplified procedure for purchased with value under US 2 million. The

simplified procedure covered the majority of the cases not processed during the initial period the new mechanism for letters of credit was in place. However, the processing of purchases for values above US 2 million remain subjected to the tougher new procedure and many public sector entities still present difficulties in handling it.

Overall the letters of credit are a good mechanism and favors transparency in international purchases by the public sector. The learning curve of the public sector to handling this mechanism for ensuring overseas payments perhaps needs to be enhanced with training. To shadow the difficulties created by the processing of letters of credit the MOPDC has opted for accepting that once a letter of credit is open there is a firm commitment and the amount can be considered as budget amounts executed. The acceptance of an open letter of credit as budget execution is a good step in the direction to introduce some accruals concept in the so far strictly cash based approach to the budget. Further progress needs to be done in this direction of recognition of accruals because introduction of accrual concepts in a piecemeal and isolated fashion might difficult inter-annual comparability of financial reports. In any case there is no clear proof that the MOF is following suit with the MOPDC in the recognition of opened letters of credit as executed budget amounts. The statistics that MOPDC displays now and then don't necessarily follow the accounting results at the MOF and this tends to create some confusion. As explained above the MOF is not recording the capital investment budget execution in a separate fashion and most of the time the MOF only records budget transactions on cash basis—when an actual payment takes place.

Project ex-post evaluation

There is not a strong culture of project ex-post evaluation in Iraq. The Board of Audit randomly performs some inspections at the moment of the project acceptance but there is no a consistent routine for ex-post evaluation of the results of the project. Hence the system of planning has no effective feedback to ensure the actual methods applied to prepare and decide capital investment are actually ending in projects that achieve the goals expressed in the appraisal stage. Lack of systematic ex-post evaluation deprives the government agencies from relevant feedback to confirm whether the approach used to prepare feasibility studies is realistic enough. Without ex post evaluation the effectiveness and efficiency of the capital investment efforts are uncertain.

II- THE GOVERNMENT AGENDA AND RECENT CAPITAL INVESTMENT TRENDS IN IRAQ

The Government agenda 2011-2014

In a parliamentary system of government--such as Iraq—the Prime Minister customarily must present a Government Program or Agenda at the beginning of its mandate. The mechanism makes the government politically accountable and also accountable before the population. Proper implementation of the Government Agenda hence becomes paramount to the success of the Government. In the context of the Government Agenda the public budget becomes one the main tools to implementing many of the policies expressed on it.

For the period 2011-2014 the government agenda focuses on:

1- Enhancing Iraq's security and stability

2- Upgrading the living standards and livelihoods for the Iraqi people
3- Improving the economy by increasing the competitiveness of public and private sectors
4 - Increase the production of oil and gas to improve the financial sustainability
5 - Civil service reform
6 - Federal regulation of intergovernmental relations

Each point in the agenda interacts with the others presenting several cross cutting areas. This characteristic far from being a defect it is a normal feature of any government agenda.

The importance of the Government Agenda for fiscal management purposes lays in its usefulness to assemble target oriented budgets. The budget needs to be target oriented to actually have an optimal impact. A difference between economic development planning and financial planning is that on one hand economic development planning is grand design based and looks more to identify the amount of resources needed to accomplish certain goals: E.G. The 2010-2014 plan looks after implementing 2,700 projects valued around 186 US billion in the hope that the private sector would fund around 45% of the total. On the other hand the financial planning is more financial-availabilities-based, financial resources are usually scarce and quantifiable up to certain extend therefore, there is need for methods to prioritizing needs and actions that can actually be funded in a more realistic manner. The Government Agenda offers a principle of prioritization: E.G.: To increase the production of oils and gas it could well be necessary to ensuring the funding of the oils and gas related budget expenses above the others at the time of the annual execution. The Government Agenda is a good guide to introduce general financial priorities and sets the right goal to follow. In a democracy makes little sense that the medium and long term plans for development would somehow supersede the Government Agenda as the population votes for the Government Agenda while the plans are usually a technocratic process with important technical value but not necessarily consulting the aims of the population.

Trends in public capital investment

On the side of the institutional arrangement and the public & private sectors partnership in Iraq on one hand there is large room for privatization of many nowadays State Conducted Activities. On the other hand there used to be a tradition of effective delivery of essential services to the population via State Owned Enterprises—SOES--that started languishing in the early 90s, due to what appears to have been the combination of international sanctions and corruption.

With the advent of democracy the reconstruction of the largely neglected infrastructure of the country gained most deserved priority. The calculation of the reconstruction effort initially done by the Provisional Authority—CPA-- after the liberation, indicated that an amount close to the US100 billion would be required to dote the country with an adequate level of infrastructure, able to guarantee the delivery of essential services to the inhabitants and to support proper development of economic activities. A second assessment made in 2006 by the newly elected government arrived to an amount close to US 60 billion as needed to reestablish the country's basic infrastructure.

The efforts to reestablish and increase delivery of essential services up to the levels the growing population is demanding have received sizable influx of funding but achieved uneven levels of

success. During the period 2003-2005 the liberation brought large investment in infrastructure that by some calculation exceeded US12 billion. After the enactment of the new Constitution—2005-- the regular budget of the government has been consistently making available annual amounts ranging from the equivalent to US 8 billion—2007—up to US 23 billion in 2011 and the latest proposal that insinuates the amounts to be dedicated to capital investment in 2012 would surround the staggering figure of US 34.5 billion.

Currently the portfolio of capital investment projects indicates that 2,191 projects valued US 135.7 billion are undergoing implementation. Many of the capital projects under implementation are the result of undusted projects whose implementation was delayed for lack of funding and whose cost was not updated in all the cases before introducing them into the plan or into the annual budget requests. By 2010, with the National Development Plan 2010-2014 initiative, many of the pre-existing projects got included in the lines of the plan with the goal of being implemented by 2014. Most of the projects in the current capital investment projects portfolio come out of the 2010-2014 planning exercise. It is noticeable that compatibility between the portfolio of capital investment projects and the government agenda is a pending task despite they might not substantially differ in all cases. It is important to mention that the last time a five year plan was attempted 12 per cent of the targets were achieved only. The current five year plan 2010-2014 looks after investing around U$186 billion distributed in 2,700 capital investment projects. In any case it is more and more getting evident that many of the projects in the plan were just incomplete and many aren't ready to be implemented yet. This lack of proper projects preparation is evidenced by the increases in cost demanded by ongoing projects and by the actual lower number of projects in the projects' portfolio than the total projects foreseen in the original plan—2,191 out of 2,700 projects originally planned.

Since 2006 till now the execution gap between the annual planned budget for capital investment and the actual implementation appears to be sizable—around 28 per cent. It is important to notice that changes in the way the executing amounts are recognized—see above the case of the letters of credit—have improved somehow the perception of performance in executing the budget at statistical level; also there is an important effort by the public sector itself to improving the budget execution performance. Ascertaining the size of the execution gap is more difficult due to the ways the statistics are presented and to the sporadic character of the budget execution reports made public. The Table No. 1- Accumulated Capital Investment Amounts Budgeted and Executed from 2006 to 2010, shows the evolution of public capital investment in the country during that period, but these figures, though official, show the execution in a cumulative fashion registering the executed amounts in the period they were originally approved rather than the year the amounts were actually expended. In any case the accumulated execution for the period--71.42 per cent-- is a good indicator of the current situation. In a similar circumstance we can quote the case of Kosovo where the rate of capital budget implementation is above 86 per cent and it is still considered low.

Table No.1- Accumulated Capital Investment Amounts Budgeted and Executed from 2006 to 2010
(Thousands of IQD)

Year	Projects and Reconstruction Budget	Accumulated Total Projects and Reconstruction Expenditures	% Executed
2006	12,183,645,000.00	6,095,290,000.00	50.03%
2007	12,722,770,300.00	7,722,043,700.00	60.69%
2008(*)	30,708,375,610.00	22,873,474,800.00	74.49%
2009	15,083,112,400.00	13,133,607,200.00	87.07%
2010	26,946,121,532.62	19,911,235,832.00	73.89%
TOTAL	**97,644,024,842.62**	**69,735,651,532.00**	**71.42% (**)**

(*) 2008 Includes supplemental
(**) 71.42% represents the average for the period
-Amounts carried over from prior years are shown in the year they were originally authorized, regardless of the year they were actually expended.
-Execution on cash basis.
-The peak from 2008 on obeys up to a large extend to changes in the procedure for approval of letters of credit and to the startup of the recognition of approved letters of credit as valid commitments for capital budget execution accounting.
--US/IQD conversion not advisable due to lack of detail regarding the actual period the expenses took place.
Source: Capital budget Execution Report, MOPDC 2010 end. Database on Capital Budget Execution by the MOPDC prepared by Tatweer project based on MOPD reports.

III- DECENTRALIZATION OPPORTUNITIES IN THE CURRENT FISCAL ENVIRONMENT

Fiscal Decentralization and Improvement of Service Delivery

Since 2006 the federal government has assigned a share of the capital investment budget to be controlled by the provincial governments—average 20.7% of the total annual capital investment budget from 2006 to 2010. The provincial share nowadays is basically a budget allocation that is renewed on a year to year basis. The budget allocation for the provinces used to be called the Accelerated Reconstruction and Development Program and nowadays is known as the Regional Development Program. These provincial budget allocations are an attempt to apply the principles stated in the article 112 of the Constitution regarding the fair distribution of oil wealth.

Table No. 2- Accumulated Capital Budget Execution by Layer of Government from 2006 to 2010 shows the amounts of capital investment budget allocated to the Central Government and to the provinces from 2006 to 2010. Table No. 2 also shows the figures for execution of capital

investment amounts in the period aggregated by the year of authorization rather than by the year the expenditure actually takes place. In the aggregate, provincial performance in the utilization of capital investment funds shows to be lower than that of the Central Government.

Table No.2- Accumulated Capital Budget Execution by Government Layer from 2006 to 2010 (Thousands of IQD)

Year	Central Government			Provinces		
1	2	3	4	5	6	7
	Planned	Accumulated Executed Amounts	3 as % of 2	Planned	Accumulated Executed Amounts	6 as % of 5
2006	8,433,645,000	4,475,415,000	53.07%	3,000,000,000	829,700,000	27.66%
2007	7,825,480,300	4,717,444,300	60.28%	2,884,670,000	991,979,400	34.39%
2008	17,724,014,000	14,686,309,800	82.86%	8,254,574,610	3,744,639,000	45.36%
2009	9,879,824,500	8,463,930,800	85.67%	2,568,319,000	2,191,120,400	85.31%
2010	18,689,067,060	14,263,287,832	76.32%	3,265,645,000	2,190,830,000	67.09%
TOTAL	**62,552,030,860**	**46,606,387,732**	**74.51%**	**19,973,208,610**	**9,948,268,800**	**49.81% (*)**

(*) 49.81% represents the average for the period
-The table shows the accumulated expenses attributable to each fiscal year as made by 2010 end, even if some expenses actually took place in a different fiscal period.
-KRG is not included
-US/IQD conversion not advisable due to lack of detail regarding the actual expenditure periods.
Source: MOPDC provisional budget execution reports 2010. MOPDC budget execution reports data base prepared by Tatweer project.

The factors for the provincial performance in the capital budget execution seem to be connected on the one hand to lack of stable staffing at the provincial level to carry on the task. On the other hand the provinces started working with capital investment allocations just in 2006 without any prior experience or training on the subject. By 2009 there was an election of new provincial authorities nationwide and the politics in the provinces favored that most of the know-how gained in the first two years of work went lost. The per province funds size is smaller than those of major line ministry and the complexity of the provincial projects tends to be lower than the ones of the central government entities. Provincial performance it is more tied to the desires of the communities and attends improvements of service delivery to micro levels that the central ministries find difficult to identify and supply for. This public sensitivity introduces a factor of social pressure on the provincial authorities. Funds utilization by the provincial government has been occasionally subjected to criticism for the potential bias towards political amities. However, the few analysis available signal most of the provincial expenditures are at least as well targeted as the federal ones.

To facilitate the startup of the provinces in the management of Capital Investment funds—2006--the Federal Authorities resorted to authorizing the carryover of unexpended allocations from one

year to the next. In 2008 there was an initiative to regularize the potential arrears produced by the carryover of provincial allocations and of some central ministries however, most funds were tied to ongoing projects. The solution to the carried over amounts issue appears to have been accepting that approaching the capital investment of the country within a multiyear perspective was more proper that curtailing funding to ongoing projects.

Since 2010 the provinces are also in charge of an additional share of the federal revenues, this time linked to their geophysical and cultural endowments—Customs duties, pilgrimage taxes, oil and gas production and oil refining. These additional revenue-shared-amounts tend to be substantial for many of the beneficiary provinces and are creating some expectation on what can be achieved with the additional allocations. It is important to remember that the provinces are relatively new to the management of capital investment projects and they have had to rapidly adapt their administrative structures and gain knowledge on the subject, while the institutional environment regarding staffing and qualification of provincial officials remains fuzzy. Fuzziness in the provincial staffing comes mainly from the slow phase of the overall civil service reform.

Regarding the additional distribution of revenues the use of the geophysical and cultural endowment criteria somehow challenges the Constitutional mandates of Article 112. Article 112 of the Constitution implies that at least the oil and other natural resources need to be distributed applying the equalization principle. Attending to the potential conflict with the Constitution, from 2012 on the authorities plan to merge the additional allocation of revenues with the general pool that is being allocated to the provinces on annual basis following equalizing principles. Table No. 3- Share in Revenues from Geophysical and Cultural Endowments in 2011, shows the planned distribution of these additional resources for 2011.

Table No.3- Share in Revenues from Geophysical and Cultural Endowments in 2011--US Dollars

No.	Province	Amount
1	Baghdad	34,150.000
2	Ninevah	11,870.000
3	Kirkuk	300,000.000
4	Diyala	800.000
5	Anbar	50.000
6	Babylon	-
7	Karballa	-
8	Wassit	2,720.000
9	Salla al Dhin	106,000.000
10	Najaf	4,600.000
11	Dewaniya	1,700.000
12	Muthana	6,600.000
13	Dhi Qar	11,200.000
14	Meyssan	128,700.000
15	Basrah	788,010.000
Total		**1,396,400.000**

Source: MOPCD

There are limitations to the utilization of provincial allocations to maintenance expenditures but this might have not been a good idea. The restrictions to use provincial money for maintenance somehow have hindered a faster recovery in the delivery of essential services. At the beginning—in 2006—the unclear interpretation of what capital expenditures are, allowed in many cases for the provinces to fund urgent maintenance expenditures at the State Owned Enterprises—SOEs--dedicated to the delivery of household services in their territorial jurisdictions.

It is important to observe that on one hand the funding structure of the SOEs is not fully users' fee recovery based despite they are classified as self-funding entities. On the other hand poor planning of the maintenance reflects into poor budgeting of the maintenance expenses. SOES performance in delivery of services is also influenced by the centralization of key procurement processes in the central offices of most ministries —acquisition of spare parts mainly. The SOES are considered as self-funding entities but whilst key procurement routines remain held at the central level of the ministries the delegation of functions, in the fiscal area at least, is too moderated to favor an effective response to the needs of the service. This centralization of key activities at the SOES also ends up making them not sensitive to the publicly perceived needs.

Lack of participation of the users in the decision boards of the SOEs accounts for the frequent mismatch between the operation of the SOEs and the users' priorities and needs. The provincial planning being participatory based is able to catch some of the unconformity with the provision of essential services however the provinces have also no clear authority on the direction of the SOEs. Short of generalizing the representation of the users in the boards of the SOEs, the participation of the publicly elected local authorities in the directive board of the SOEs has been implemented as a viable solution in other countries with similar centralized structures for service delivery. This participation of the local authorities in the boards of the SOEs has improved the delivery of services where implemented.

Had Hoc restrictions to the provincial participation in key capital investment activities are also mushrooming. Currently more and more the line ministries restrain the provincial participation in the funding of key capital investment activities such as procurement of teaching materials, medical equipment or patrols and ambulances. This is despite during 2006-2007 some provinces managed to support some needs of the security forces with mostly positive results. In addition the involvement of the provinces in investments for provision of water, sewage, and electricity has been reduced to projects of marginal impact that are hard to link to economies of scale. With the enactment of the Law 21of 2008—provincial powers law—many of the restraints to the scope of work of the provinces have become dubious and nowadays the distribution of responsibilities between the ministries and the provinces remains blurry.

There have been legislative attempts to further the devolution process. In 2009 the COR ordered in the annual budget law the study and devolve the "municipality function" and the "social protection function" to the provinces. In absence of definitive actions by the Government the COR proceeded to enact few bills ordering the actual transfer of functions from the mentioned ministries to the provinces. The 2009 devolution laws did not prevail due to flaws in the

legislative process used for their enactment. In general the lack of desire for coordination between the central ministries and the provinces is still and issue that will require more political will to be developed. Nevertheless, institutional and political changes are driving the intergovernmental process to a more extended recognition of decentralization as a relevant factor in the administration of the Iraqi Estate.

The Regionalization Process

Kurdistan enjoys the status of Region according to the Constitution. The region status gives to the Kurdistan Regional Government larger level of autonomy and decentralization than the one of the provinces not incorporated into a region. Accordingly to prior pacts the KRG receives a share of the total budgeted revenues equal to the 17% of the non- sovereign expenses of the Government. After deducting the sovereign expenses of the government the allocation for the KRG ends up surrounding a 12% of the total budget.

During the current year and after a large standoff between the Federal Government and the KRG, the KRG is receiving additional funds. The additional funds for the KRG are sourced in the sharing of revenues generated by new oil wells the Regional Government has managed to enter into production, this was made without the prior consent of the Federal Government though. The arrangement between the KRG and the Federal Government gives the KRG 50% of the total revenue produced by the newly KRG opened oil wells. In any case, for the future, the KRG is bounded to follow the Federal laws related to the concession of rights for oil exploration and extraction which strongly limit the role of the subnational authorities in the matter. Table No. 4- Fiscal Arrangement with the KRG, shows the budget amounts perceived by the KRG for all purposes since 2006, including the estimated amounts to be perceived under the recent oil revenue sharing arrangement with the Federal Government in 2011. For 2012 an initial assessment by the KRG indicates the amount coming from the additional oil related revenues would surround US 8.2 billion.

The result of the regionalization process is that the Kurdistan Region enjoys higher levels—even though not yet optimal-- of services delivery to the population than the rest of the country, but more detailed studies in this regard are still required.

According to the current legislation any province or group of provinces not incorporated into a region may decide to become a region themselves by following the prescribed procedures. Lately an attempt to start up debating regionalization initiatives have chocked with violent opposition by minority groups in Diyala province, whilst in Salah Al Dihn province the regionalization initiative seems to enjoy large acceptance, but in both cases no legal steps has been taken to advance the regionalization process.

Table No. 3- Fiscal Arrangement with the KRG US Millions

Year	Revenues from the Original Pact		Additional Oil Related Revenues	Total
	Operational Expenses	Capital investment		
2006	2,349.2	500.0	0.0	2,849.2
2007	2.3	1,341.7	0.0	1,344.0
2008	3,390.9	3,390.9	0.0	6,781.8
2009	3,986.6	1,535.6	0.0	5,522.1
2010	4,702.7	2,292.3	2,750.0	9,745.0

Source: MOP

Unused opportunities for furthering fiscal decentralization

Since 2010 the annual budget law is establishing the right of the provinces to take over capital investment projects of ministerial initiative. The provincial takeover of a ministerial project could occur when the provincial authorities identify lack of actual intention by the central agencies, to implementing specific projects as authorized in the annual budget law.

In 2011 the annual budget law further elaborated the possibility for a province to take over a ministerial initiative project in the province, by stating that any ministerial project that by June is not showing an execution rate above 25% it can be claimed for transfer by the provincial authorities—article 11th.

In addition to the possibility for provincial takeover of a ministerial-initiative-project—article 11th--the 2011 budget law also opened the opportunity for mutual delegation of projects implementation between the ministries and the provinces—article 21st. On one hand a ministry can delegate to the province the implementation of capital investment projects that don't exceed the amount equivalent to around US 8.5 million. On the other hand a province can delegate to a ministry a project regardless of the value. In both cases delegation implies the transfer of the corresponding budget allocations for the project to the recipient authority. Nowadays the 2012 Draft Budget Law contains identical articles to the 11th and 21st of the 2011 annual budget law.

A survey run in 6 provinces reveals that no actions has been taken by any province to use the faculties given in the 2010 and 2011 annual budget laws regarding the transfer of ministerial projects. The same survey shows that no instruction has been issued by either the MOPDC or the MOF to guide the implementation of the projects transfer authorities.

As in many other countries the practice in Iraq surpasses the current theoretical framework and there is evidence of delegation of capital investment tasks from the provinces to the central ministries as far as from 2006. Unfortunately the type of delegation province to ministry that is the more extended, is one that rather fosters the recentralization. This delegations province to ministry—inverse delegation-- it is mainly forced by ad hoc restrictions in procurement the central ministries are imposing to the provinces. Basically some provincial authorities are resorting to give their money to the central ministries to get things done the way the provincials

identify is more urgent, to wave the restrictions on procurement imposed on them. In the Annex No.1- there is a description of few examples of this process of inverse delegation—province to ministry--that is in no ways the right path to decentralization.

IV-STRENGHTS AND WEAKNESSES IN THE CURRENT BUDGET PROCESS AND SYSTEM FOR THE MANAGEMENT OF PUBLIC CAPITAL INVESTMENT IN IRAQ

To determine the main strengths and weaknesses of the current budget process for capital investment in Iraq this document follows the identification of international best or good practices. A sample of these practices can be observed in the recent join document prepared by the International Monetary Fund, the World Bank and the Inter America Development Bank[1]—2004. The join document —JD—is based on work in diverse countries including a middle east country—Jordan—some intermediate developed countries—Peru, Colombia, Ethiopia and Ghana--and some relatively more developed countries—India, Brazil and Chile. Most of the countries are engaged in decentralization processes and many of them have commodities-export-based economies. The —JD-- it was aimed to study the situation of the capital investment management and trends in each participant country. The JD assesses the institutional capacity to handle capital investment in each of the pilot countries. The JD also dedicated special attention to the progress in the implementation of Public& Private Partnership for the delivery of services in each country.

Given the communalities of the institutional capacity problems described in the JD with some of the features found in Iraq some comparisons might be helpful to understand how the main best or good international practices can reveal the strengths and weaknesses of the capital investment budget process in Iraq. In addition to the above some weaknesses or even obstacles to a better management of capital expenditures in Iraq have been analyzed in the prior sections of this document and others need no special elaboration. Hereunder Table No. 5- Weaknesses and Strengths of the Current Management of Capital Expenditures in Iraq, illustrates the situation in Iraq as compared to international best or good practices.

[1]Public Investment and Fiscal Policy—Summaries of the Pilot Country studies. Fiscal Affairs Department, International Monetary fund. Washington D.C., 2005.

Table No.5- Weaknesses and Strengths in the Current Management of Capital Expenditures in Iraq

Activity	Strength	Weakness	Proposed solution
Project preparation	-There is national planning process -There is a clear Government agenda -There are standards to prepare bills of quantities and technical designs -There are standards to conduct feasibility studies -Multiyear budgeting approach has just been started -Participatory planning processes at provincial level involving the population	-Low and uneven provincial capacity to prepare appraisals -Uneven capacity at central level ministries to prepare appraisals -Multiyear budgeting approach is at embryo stage -Dual budgeting structure presents traces of central planning approaches -Regulation for intergovernmental transfers and delegation of projects are not in place	-Introduce electronic aids such as specialized software to guide the feasibility studies -Introduce electronically assisted project cost comparison tolls -Reinforce the feasibility studies preparation units -Role of dual budgeting must end with the submission of the annual budget request -Projects must be ready and approved by MODPC before going into the annual budget request -Coordinated and complete regulations need to be issued
Project selection		-Lack of utilization of the standard cost benefit analysis to prioritize projects -Introduction of incomplete projects in the budget request	-Introduce mandatory use of the standard project economic and financial evaluation tools--IERR and IFRR methodologies--to decide priority projects -Only fully compliant projects must be allowed into the budget request

Project implementation	-There is a national database to track projects implementation -Relative abundance of financial resources to fund capital investment -High level of Government commitment to advance capital investment projects	-Overall poor project management capacity -Inadequate solution to multiyear projects needs versus budget calendar challenges -Unclear rules delay tender processes start up. -Lack of procurement plans -Lack of schedule of releases that are procurement plans based -Cumbersome process to obtain land -Dual budgeting inhibits coordination between implementation needs and timely funding -The national database to track projects implementation does not connect with the Ministry of Finance and is not yet implemented at provincial level -The new chart of accounts does not facilitate the identification of capital budget execution as such -Public information on budget execution is scarce by any standard -Projects quality assurance is insufficient by any standard	-Introduce standard project management routines -Adopt fully multiyear budgeting for capital investment within a Public Investment Program framework -Capital investment annual allocations must be in hands of the MOF -Introduce advance tenders and expression of interest processes -introduce mandatory procurement plans -Introduce procurement-plans-based schedule of releases -Simplify process and strengthen the land adjudication agency -Connect the National Database for projects tracking to the MOF and extend it to the provinces -Aggregate utilization of capital investment funds either in independent dedicated chapter or as additional financial report -Issue quarterly public reports on budget execution -Authorize outsourcing of projects' implementation and field monitoring functions—intervention contracts.

Project post implementation (monitoring and maintenance)	-Maintenance routines are regulated -New projects ordered to do maintenance appraisal in the preparatory documents	-Project acceptance process is substandard -Focus on new projects leads to ignore maintenance needs -Dual budgeting approach obstacles enforcement of maintenance rules -Absence of routinely ex-post project implementation evaluations	-Authorize outsourcing of technical inspections for projects' acceptance. -Establish maintenance monitoring unit for the budget preparation process in the MOF -Centralize the duties for maintenance rules and enforcement in the MOF -Establish ex post project implementation evaluation unit either in the MOP or in the Board of Audit

Annex No. 1
RECENTRALIZING FUNDING—THE CASE OF PROVINCE TO MINISTRY DELEGATION

One example of the difficulties nowadays the delegation process presents in Iraq is illustrated by the case of Ambar Province. Due to restrictions in the size of the projects the provinces can get involved, during 2008 the Ambar provincial authorities applied a large deal of efforts to persuade the Ministry of Electricity—MOE-- to support the purchase and installation of two large generators to duplicate the power supply in each of the two main cities in the province. The provincial authorities not only did the technical design but worked with the MOP, MOF and the MOE to transfer the money from the provincial allocation to the budget of the MOE. At the end the process although successful was full of thorns for the provincial authorities; the MOE purchased only one of the generators pledging the national plan does not foresaw the second generator destined for one of the cities. The difficulties created by the MOE endangered an amount equivalent to half of the annual allocation to the province that was almost lost. Fortunately during the following year the province managed to get the unused portion of the allocation extended and it appears it finally obtained the second generator.

Another important delegation process province to ministry has been running out of the control of the budget central authorities and it is the one between the Baghdad Province and the Amanat Al Asema—Baghdad City Ministry. Every year the Baghdad provincial authorities transfer around half of the total allocation for Regional Development for the province to the Baghdad Amanat. The amount transferred surrounds US 300 million per year and the idea is that the Baghdad Amant would implement specific capital investment projects in the city. The process has been ongoing since 2006 and although not without difficulties, it has favored the refining of the mechanisms for interaction between the two entities.

In both of the cases mentioned above on one hand the provinces kind of keep the authority to decide on the priority of the projects to be funded and try to use the central administration as an implementing agency with diverse levels of success. On the other hand this practice further favors delaying the solution to the provinces needs for larger powers to develop capacity to improve services delivery.