

# An Overview of Medium Term Sector Strategy.



© July 2016

# CONTENT

- *Introduction – Poser*
- *What is MTSS?*
- *MTSS in the context of Policy, Planning and Budgeting*
- *Responsibilities for producing MTSS*
- *MTSS on a pilot Basis*
- *What to do to produce MTSS*
- *Stages and Steps in producing MTSS*
- *Complementary Issues*

## Introduction – Posers

### 1) Why should government Plan?

- Programs and projects to be delivered,
- Strategies to implement programs and projects

### 2) What are the challenges?

- Availability of resources (financial and human),
- Prioritisation,
- Sequencing,
- Resourcing prioritized programs and projects – trade-offs,
- Future recurrent cost implications

# Introduction – What is MTSS?

- MTSS is a medium term (usually three years) framework public expenditure within which available internal and external resources are allocated between various economic sectors. It is:
  - A **procedure** of matching limited resources with unlimited needs of the citizen;
  - An **integrated system**, through which **all available resources** (government, donors and lenders) are allocated on the basis of defined **policy priorities**,
  - Sector strategies setting out future priority spending

# Introduction – What is MTSS?

- More precisely it describes:
  - how particular units or groups of units of government will **deliver evidence based outputs**,
  - within the **limitation of available resources**,
  - which will contribute to **evidence based cross-government outcomes**
  - in line with the **overall policy priorities**.
    - This means at the very least that there must be
  - **reasonable expectations** of availability of:
    - *enough money, and*
    - *capacity*

**Government over-arching policy and strategic direction**

**Realistic Aggregate Fiscal Estimates**

**EXCO approved Sector Envelopes**

**Medium Term Sector Strategies**

**Translation of costed strategies into annual budget**

**Cash releases, budget implementation and budget performance reviews**

# MTSS in the context of Policy, Planning and Budgeting.....

- The focal conditions of this part of the process are:
  - a. Realistic estimate of the aggregate financial resources available over the medium-term period;
  - b. Executive must be guided by **Policy priorities** in the allocation of these resources in outline “envelopes” across the sectors and MDAs;
  - c. How the resources in the envelope are to be used;
  - d. Which then provides a basis for the annual budget;
  - e. Conduct of annual budget performance reviews:
    - *were plans implementable?*
    - *were the outputs and outcomes that were expected achieved?*
  - f. Reviews outcome are fed back into possible future review of the policy and strategy priorities of government.

# MTSS in the context of Policy, Planning and Budgeting:

## Dev. Plan Vs MTSS

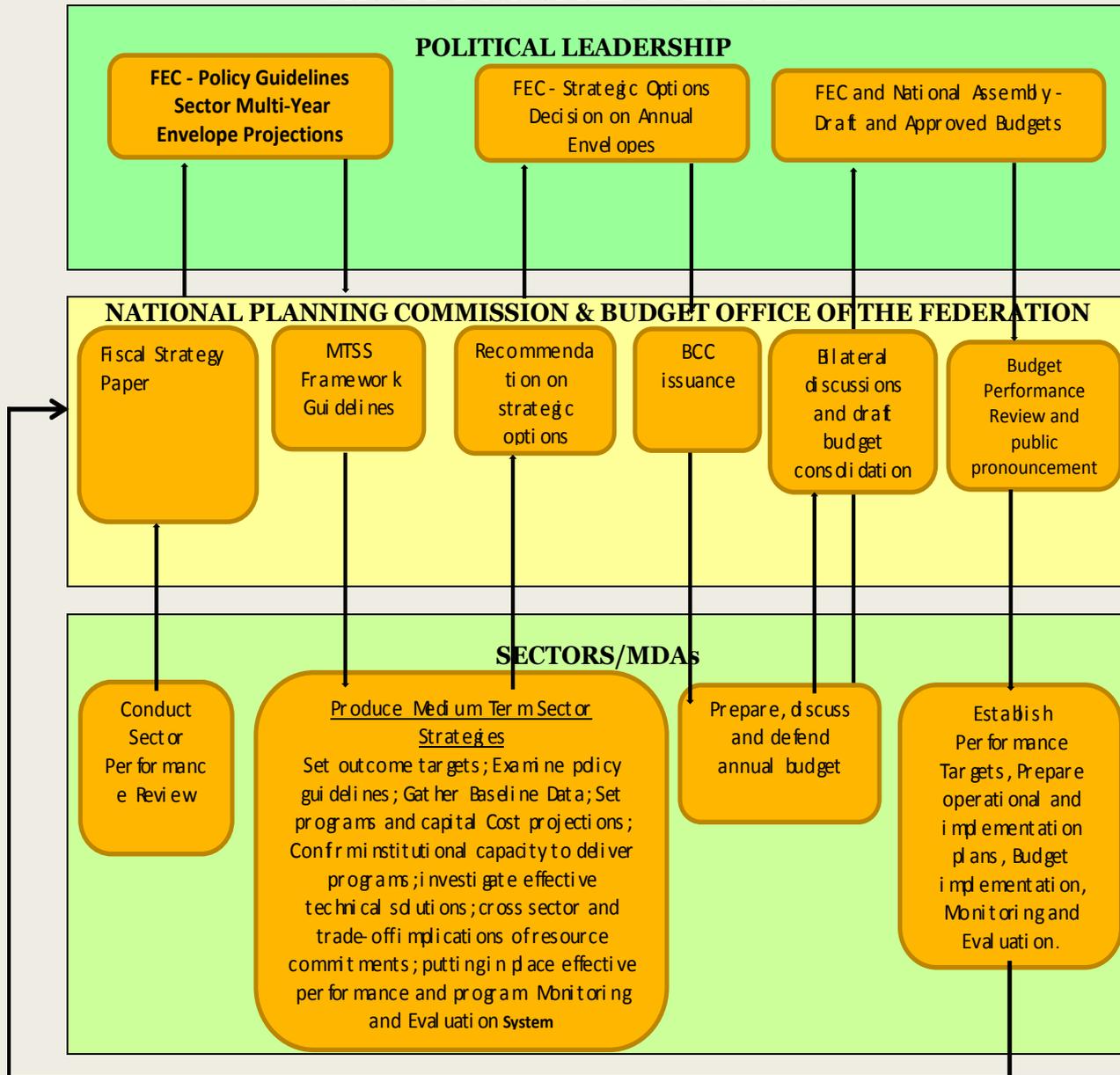
S/N	DEV. PLAN	MTSS
1.	Long Term	Medium Term (usually 3 years)
2.	Statements of policy and strategy which explain how longer term service improvement outcomes are to be achieved	Demonstrate complete financial viability of the proposals contained in other State planning documents
3.	Contains some general costing of initiatives	Completely costed and set out definite projects and programmes.
4.	Accepted funding gaps which it is hoped may be filled from sources yet to be determined	Specific details of sources of finance and capacity to implement them

# MTSS in the context of Policy, Planning and Budgeting:

## Dev. Plan Vs MTSS

S/N	DEV. PLAN	MTSS
1.	Long Term	Medium Term (usually 3 years)
2.	Statements of policy and strategy which explain how longer term service improvement outcomes are to be achieved	Demonstrate complete financial viability of the proposals contained in other State planning documents
3.	Contains some general costing of initiatives	Completely costed and set out definite projects and programmes.
4.	Accepted funding gaps which it is hoped may be filled from sources yet to be determined	Specific details of sources of finance and capacity to implement them

## MTSS DIVISION OF RESPONSIBILITIES



# Responsibilities.....

- Political leadership - Executive, Honourable Ministers and the National assembly - at the top (**Policy making**);
- National Planning Commission and Budget Office in the middle (**provide good information, especially on:**
  - **aggregate resource availability, and**
  - **technical advice on strategic options,**
  - **within the confines of resource limitations);**  
and
- Sector line MDAs in the sectors (**where the real work for a typical Sector/MDA in preparing an MTSS is focused**).

# MTSS on a Pilot Basis

- It is advisable to start MTSS on a pilot basis:
  - Mistakes are bound to be made > Lessons learnt before total roll-out;
  - Technical and human challenges of a new approach.
  - Success with verifiable improvement in implementation will encourage roll-out **without prompting**;
  - Central planning ministry capacity to provide support is limited and needs to be built.

# What to do to produce MTSS

1. Annual budget performance review – include feedback from all stakeholders (public and private sectors);
2. FSP budget envelope projections from National Planning Commission and Budget Office;
3. Review Policies - Global, National and State;
4. Baseline collection and analysis;
5. Develop sector strategies involving collaboration with other partners – other sectors, federal and local governments, and the private sector (more generally civil society);

# What to do to produce MTSS.....

6. Check for intra and inter sector implications and trade-offs of strategy options;
7. Programme descriptions of *inputs* and **activities**, including outstanding (existing) contract commitments;
8. Framework for **capital and recurrent cost projections** of the entire sector strategy and programmes **within the multi-year budget envelope projections**;
9. Organisational capacity requirements necessary to execute programmes;

# What to do to produce MTSS.....

10. As a basis for the annual budget submission; and

11. Performance management and monitoring framework that has both internal (government) and external (public) involvement, to confirm that as the strategy is being implemented, envisaged outputs are achieved.

# Stages and Steps in Producing MTSS

- There are three Stages in the process of preparing MTSS, and these stages have been broken down into twelve (12) steps. The stages are:
  - STAGE A - Review and Preparation (5 Steps);
  - STAGE B - Strategy Development (4 Steps);
  - STAGE C - Documentation and Agreement (3 Steps).

# Stages and Steps in Producing MTSS.....

## ■ STAGE A - Review and Preparation (5 Steps);

- i. Setting up of MTSS Committee and agreeing Terms of Reference (ToR) for the Committee;
- ii. Identification and Revision of existing sector specific and general Policy Statements, both Federal and International. Using the review to agree sector policy position and establish draft three year outputs with the involvement of the Executive Head at this stage;

# Stages and Steps in Producing MTSS.....

- iii. Collection of existing data and information that can be used on development of policy into strategy, including performance reviews – involve all stakeholders;
- iv. Obtaining information about Three Year Revenue Flows (expenditure ceilings) including both within Federal sources and others;
- v. Defining ongoing contract and other budget commitments that are payable during the next three years.

# Stages and Steps in Producing MTSS..... (MTSS Committee ...)

## ■ Appointment and Responsibilities:

- The Committee comprising of **Key Directors** will be appointed by, and will be answerable to, the Permanent Secretary.

## ■ Membership:

- Membership will be drawn from within the relevant Ministry and MDAs. (Where possible include CSOs and other relevant stakeholders to ensure greater ownership). In order to make the committee functional, membership should not exceed 15.

# Stages and Steps in Producing MTSS.....

- Draft ToR of MTSS Committee - *intended as a guide only*

- **Overall Function:** responsible for leading the Sector and its MDAs through the process of developing annual MTSS and the production of the MTSS document

- **Tasks:**

- i. Identify, collect and assimilate all relevant, existing policy and strategy documents;
- ii. Ensure that a process is followed for agreeing, medium and long-term outcomes, and sub-outputs with the involvement of the Minister and relevant Committee members of National Assembly;

# Stages and Steps in Producing MTSS..... (Draft ToR of MTSS Committee ...)

## ■Tasks:.....

- iii. Ensure that all relevant data and information, including any performance reviews, about the sector is gathered together and is available to sector strategy makers;
- iv. Compile all information about projected revenue flows over the coming three years, especially call budget circular ceilings, including non-discretionary loans and grants, and external sources or financial and other support;

# Stages and Steps in Producing MTSS..... (Draft ToR of MTSS Committee ...)

## ■Tasks:.....

- v. Compile all information about existing capital contract commitments, and indications of incremental commitments to personnel and overheads costs over the coming three years;
- vi. Arrange and facilitate a three-day strategy session during which policy outcomes and sub-outputs should be reviewed, and the process of identifying key new strategic activities within the projected financial constraints should be started;

# Stages and Steps in Producing MTSS..... (Draft ToR of MTSS Committee ...)

## ■Tasks:.....

- vii. Following the strategy session, facilitate and manage:
  - a. *the process of completing activities costing;*
  - b. *the iterative process of choosing which activities should be implemented in which year, given the resource constraints faced to achieve the defined outcomes and outputs; and*
  - c. *medium-term implications of e.g. capital investments and recurrent implications.*

# Stages and Steps in Producing MTSS..... (Draft ToR of MTSS Committee ...)

## ■Tasks:.....

- viii. Ensure that the integrity of the decisions made are checked with relevant interests both in and outside the Ministry (or MDA) and especially with the Minister;
- ix. On the basis of the information collected and the decisions made, draft the MTSS document;
- x. Check that the MTSS is used as a basis for compiling the annual budget submission.

# Stages and Steps in Producing MTSS.....

## ■ STAGE B - Strategy Development (4 Steps):

- i. Run Strategy Sessions - Review & Agree Policy Outcomes Based on Stage A;
- ii. Develop strategies (inputs and outputs) for the achievement of Outcomes taking account of existing commitments;
- iii. Determine costs of activities and projects (including overheads). Review projected three year costs of personnel; and
- iv. Make decisions about changes to the levels of activities and projects, and their phasing of input, so that expenditure ceilings are complied with – include public consultation and perhaps a public forum.

# Stages and Steps in Producing MTSS.....

## ■ STAGE C – Documentation and Agreement (3 Steps):

- i. Discuss and agree the resulting sector strategy with the Minister. Make alterations as options where possible/desirable;
- ii. Write MTSS document; and
- iii. Use the spread sheet to compile budget submission (following receipt of budget call circular) and use presentation based on MTSS document to defend it.

# Complementary Issues

## **a) Performance Monitoring and Evaluation**

- A robust Monitoring and Evaluation (M&E) system completes the linkage between policy, planning, budgeting and budget implementation .

## **b) Public Involvement**

- Necessary for building and achieving the critical democracy tenets of accountability, transparency and responsiveness. Involve all stakeholders

# Complimentary Issues.....

## ■Public Involvement.....

■The following critical issues about public involvement is worth noting:

- i. The public is better informed about the limitations on strategic plans, such as financial and capacity constraints to help keep public expectations of government performance at a realistic level;
- ii. Provide adequate information about government strategies that work and those that do not;
- iii. Provide information about contributions to service delivery that may be made by various non-government groups; and,
- iv. Will yield an agreed public position on which strategies should be adopted.....

■ *Questions?*