

## Development Strategy Framework

In accordance with the Law Providing For Fiscal Responsibility and the Budget Systems (N. 20(I)/2014) and with a view to the rationalization of the structures and procedures of public financial management and the implementation of relevant measures, the Ministries are invited to prepare, on an annual basis, Strategic Plans and Activity-based Budgets, in line with the Strategy Statement, which is prepared at the central Government level.

The Strategy Statement determines the key strategic objectives and policy priorities of the Government for the next three years, within the forecasted fiscal framework. The Strategy Statement consists of the following pillars:

- the "Government Strategy Statement",
- the "Fiscal Strategy Statement", and
- the "Human Resources Policy Statement".

The "Government Strategy Statement" analyzes the broader framework of the government's development policy in the medium term and indicates the economic sectors for which priority should be given. The Government Strategy Statement provides the policy direction for the preparation of the sectoral Strategic Plans by the line Ministries.

The "Fiscal Strategy Statement", which is prepared by the Ministry of Finance, sets the maximum expenditure ceilings for each Independent Authority / Ministry, with the aim to correct the prevailing financial imbalances.

Finally, the "Human Resources Policy Statement", which is prepared by the Public Administration and Personnel Department, sets out the government's policy in relation to personnel and employment issues.

The new aforementioned Law has been fully implemented in 2016, and whereas and the Strategic Plans and Activity-based Budgets are prepared as follows:

- preparation of Strategic Plans by all Ministries,
- preparation of Budget Proposals in two forms (budget in the traditional way and Activity-based Budget).
- identification of learning and capacity building needs,
- evaluation and management of public investments, including Public-Private-Partnerships.

Regarding the promotion of development projects, the Law Providing for Fiscal Responsibility and the Budget Systems provides for the establishment of an evaluation framework for such projects. This framework aims to define common methodology and parameters, in order to promote the implementation of projects which are sustainable / viable and most beneficial in the long run. The Ministries will be responsible for conducting feasibility studies, including cost - benefit analysis, whereas the final selection of a project and its inclusion in the short list of eligible projects is the responsibility of the Minister of Finance. The DG Growth will be responsible for the evaluation of project proposals throughout the process. The procedure to be followed for the assessment of public investment was completed and approved by the Council of Ministers during 2016.