

Cuban Integrated Financing Framework (CIFFRA)



POLICY NOTE N° 11 BALANCED SCORECARD





As part of the activities of the Joint Program “Support for the development of an Integrated National Financing Framework for SDGs in Cuba” (CIFFRA), the ECLAC team made a proposal for a Balanced Scorecard (BSC) to monitor the objectives and indicators of the 2030 National Economic and Social Development Plan of Cuba (PNDES), aligned with the 2030 Agenda.

By definition, the BSC or Balanced Scorecard is a top management tool, the purpose of which is to graphically summarize relations between the goals and indicators of a productive process, in order to align the follow-up process with management results. It is a management control instrument that takes into consideration all the dimensions that have an impact on the achievement of expected results, highlighting their relations, processes and required resources for the implementation of each stage.

In the specific case of this exercise, the BSC establishes the relations of 153 indicators for monitoring the PNDES. These indicators were validated by a team of experts and the technical secretariats of Macroprograms, as part of the Financing Gap Costing exercise (see Policy Note No. 6¹). Indicators are grouped into five major blocks or sections.

Four of these sections reflect the specific monitoring of results linked to PNDES strategic areas: (i) productive transformation and international insertion; (ii) infrastructure; (iii) human development, equity and social justice; and (iv) natural resources and environment. The fifth section shows financing sources and their relations with their uses: the remaining sections of the BSC.

Indicators associated with the axes “socialist, effective, efficient and socially inclusive government” and “human potential, science, technology and innovation”, which are considered cross-cutting, are mainstreamed into the first four sections. The expected value up to 2030 (blue) and the target established by the technical secretariats (red) are graphically shown for each indicator in the five sections.

Indicators were assigned based on “families of indicators”, showing the causal relations from investment decisions to their intermediate or final impacts. Accordingly, each section is structured into four groups of indicators: (i) financial dimension; (ii) internal processes dimension; (iii) welfare dimension; and (iv) macroeconomic dimension.

¹ Policy Note No. 6: <https://www.cepal.org/sites/default/files/document/files/a2022-06-24-ndep-cuba-num-06-costeodebrechasdefinanciamiento-vf.pdf>

The financial dimension is linked to the investment process or the provision of resources necessary for the process, starting with the definition of resource mobilization strategies and all the way up to the specific amounts to be allocated. Indicators in this dimension express the starting point of the investment process and the estimation of the PNDES financial gaps. At a more developed level of the BSC, this dimension could be divided into two: fiscal spaces and gaps to be covered by other sources.

The internal processes dimension refers to the evaluation of the performance of microeconomic processes on which the change produced by the investment is immediately apparent. That is to say, it includes the processes or procedures on which the allocation of new resources is most immediately evident, and which should primarily entail changes in productivity, technological improvements, restructuring of production processes or, in general, improvements in the systems that will lead to the desired effects on welfare.

The social dimension expresses the ultimate PNDES goals since all strategies and goals ultimately seek to improve the well-being of the population. The purpose of this dimension is, therefore, to verify how a triggering action, especially an investment effort, has an impact on welfare through microeconomic processes. These relations allow cost-benefit evaluations of PNDES strategies and goals.

Finally, the macroeconomic dimension presents the changes brought about in the economy as a whole. Although it also allows for cost-benefit assessments, its relevance is not related to the ultimate PNDES goals (social dimension); but rather to the characteristics of the environment that ensure the sustainability, resilience and comprehensiveness of the PNDES.

Figure 1 shows, as an example, the section on the Productive Transformation and International Insertion Strategic Axis. This is a key section, as it focuses on the sustainability of the productive apparatus to ensure the country's economic and social development goals. It is based on investment indicators in key sectors, as well as in research, development and innovation, leading to the articulation of different internal processes that promote productive transformation, increased productivity and growth.

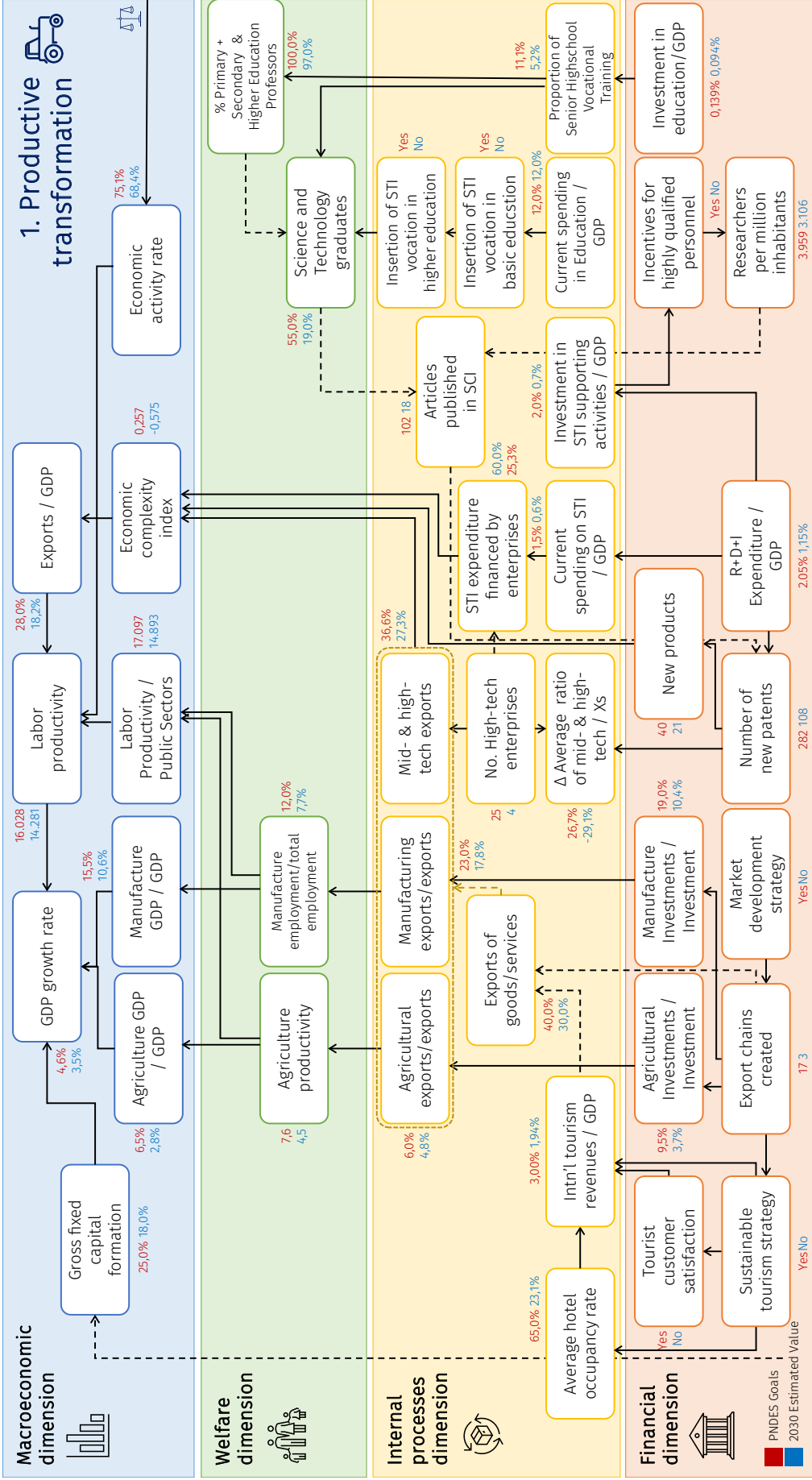
The BSC should not be considered a finished product. A preliminary review could give rise to new relations and indicators, due to changes in the context, the need to discuss the exercise in other spaces or a change in the analysis perspective provided by the tool itself. The BSC, therefore, in addition to being a useful tool for monitoring PNDES implementation, provides an analytical framework to improve the process of ongoing review of the goals and indicators of the development strategy and their interrelationships.

For future development of the BSC, the following is recommended: (i) submit the BSC for discussion by the technical secretariats of macroprograms and other fora; (ii) prepare regular PNDES implementation progress analysis reports informed by this system of indicators and their interrelationships; and (iii) automate the monitoring of indicators through the BSC.

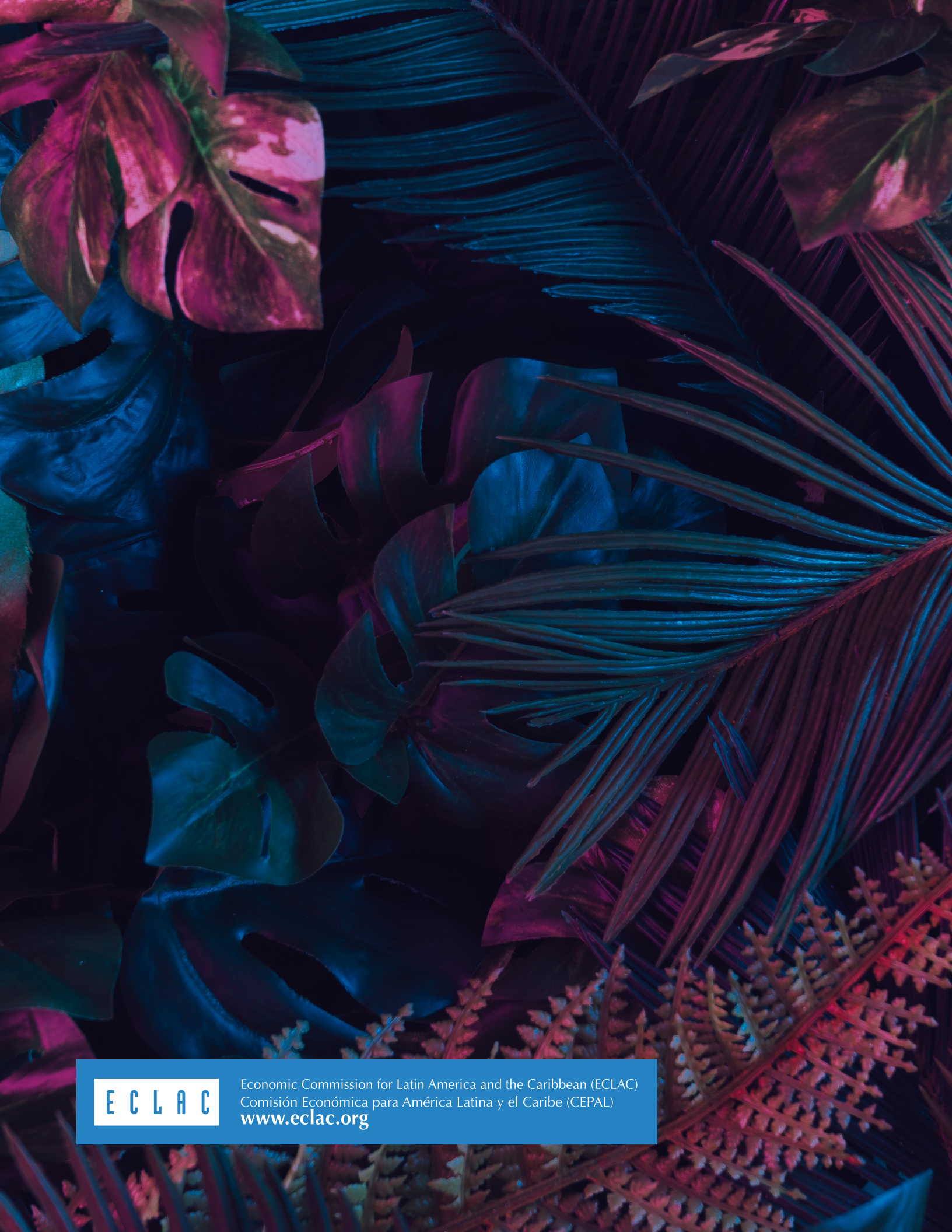
CIFFRA Technical Committee – August 15, 2022

Figure 1

Section 1: Productive transformation and international insertion



Source: Economic Commission for Latin America and the Caribbean ECLAC.



ECLAC

Economic Commission for Latin America and the Caribbean (ECLAC)
Comisión Económica para América Latina y el Caribe (CEPAL)
www.eclac.org