

**Capacity Insights Based on Experiences from  
Public Financial Management Reform programmes  
By Kojo Oduro**

In the last two decades we have witnessed partner countries implementing integrated PFM reforms to improve existing systems and to develop capacity. The aim of this paper is to share practical insights based on experiences working with those reforms. The evidence presented in the paper is mostly anecdotal but hopefully it will help to enrich the conversation about capacity development interventions, showing what works and what does not.

Building capacity in PFM is important because it is central to aid effectiveness, service delivery in the public sector, and appears to be a pre-requisite for development. This presentation argues that the envisioning process (setting what has to be done, why it should be done and how it is to be done) is often flawed from inception, thereby resulting in over-ambitious reform programmes and lower achievement thresholds.

A recent Africa Capacity Building Initiative (ACBI) type intervention, promoted by DFID, builds capacity through envisioning processes based on relationship building and setting up mentoring arrangements between partner and corresponding organisations in donor countries. This approach has been found to be useful to those who have participated in it (Mozambique, Zambia, Rwanda, and Ghana). Those who have heard about it, and have not yet participated in it (Kenya, Malawi) have expressed strong interest in participating. There have been requests from other countries to undertake study tours (Nigeria, Vietnam); and increasingly donor-funded projects identify relationship building through study tours as a key activity.

However these relationship building exercises are often not properly organised and there has been a tendency for study tours to be seen as little more than junket exercises. There is also the tendency not to include the key decision makers and sometimes requests are made at the very last minute. Generally it has been found that host governments have not yet developed the organisational arrangements to respond to requests. In effect the current organisational arrangements limit the usefulness of relationship building as a vehicle for envisioning public sector reforms.

As a result of the poor performance of the first generation of reforms<sup>1</sup> we are now witnessing a second generation of PFM reforms. In Kenya for example, a recent initiative (in 2006) was fashioned on the 'platform approach' first developed in Cambodia. In some countries these have been fashioned as Action PFM Action Plans, in others they are specific activities aimed at patching up perceived gaps from the earlier reforms.

### **What has to be done?**

If these new reforms and action plans are to perform better than the earlier attempts they have to be supported by new envisioning processes by top management from partner countries. There should be a new type of support from donor countries based on sharing knowledge about how corresponding organisations solve problems and develop new systems.

### **Why are these measures promising?**

- Recipient countries are asking for such insights
- Focussed on specific needs identified by partner countries thereby creating ownership

### **How could they be done?**

- The envisioning process should be followed by technical training for operational staff by translating the vision into step by step changes in the work place. (The changes should concentrate on where actual work practices need to change).
- The new arrangements should include 'bridging mechanisms' involving enablers who understand both partner and donor country systems.
- Technical Assistance(TA) has to be identified during the relationship building exercise by the recipient government
- Host countries should develop simplified models of areas of interest without being over prescriptive, so that recipient countries could adapt them to meet their needs. Examples of such simplified models are the Treasury Reference Model, the Treasury Single Account concept, and Human Capital Planning system (Strategic Management of Human Capital).

*The author is currently working with a donor and a partner country on using the new type of the envisioning process to implement the Treasury Single Account (TSA) concept to develop capacity in cash management.*

<sup>1</sup> There was a wave of integrated PFM reforms: Uganda (1992); Ghana(1996); Malawi(1996); Guinea(1997); S. Africa(1997); Mozambique(1997); Gabon (1998); Kenya(1998); Tanzania(1998); Rwanda (1999); Namibia(2000); Burkina Faso(2000); Benin(2001)