PFM Reform and Donor Funding and in Post-Conflict Countries: Recommendations Derived From Personal Observations

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Overview

• Background
  – How is this paper different?
  – What is different about post-conflict countries?

• Recommendations
  – 12 of them
  – Some are post–conflict specific
  – Others are just good PFM principles
Background

• Paper derived from personal experience in 5 post-conflict countries
• Mostly inaugural mission to establish fiscal management – develop a MoF
What is different about PC country?

- Missing or weak human/physical capital
- Massive foreign influx of “experts” and funds
- Limited source of domestic revenue
- Emphasis on stability/security and not development

While the paper proposes recommendations…

- No one size fits all
- Best is the enemy of the good
Lessons/Recommendations

General PFM

- Use existing structures, including the legal framework whenever possible
- Budget execution is more critical than budget preparation – computerization can help
- Transparency enhanced and corruption opportunities reduced if strong focus on budget execution
Lessons/Recommendations (cont)

Donor/TA Issues

• Donors should use trust funds and rely on government systems
• Donors should report to government using the government’s chart of accounts
• Donor coordination in TA is important
• International experts may take on line or near-line positions but need to be qualified
• Avoid pushing higher level reforms until the basics are in place
Lessons/Recommendations (cont)

General Points

9. Political buy-in of PFM systems can help, but successful implementation can produce political support

10. Avoid overly centralized control and micro managing

11. Work within the existing civil service structure

12. Keep revenue policy simple and practical and donors should be taxpayers