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NO. 1**

Building public financial capabilities in a post-conflict environment

The case of the Central African Republic

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Acronyms and abbreviations

CAR	Central African Republic
CEMAC	Economic Community of Central African States
IMF	International Monetary Fund
IFI	international financial institution
IO	international organisation
IT	information technology
MDAs	ministries, departments and agencies
MSMEs	micro, small and medium enterprises
PEFA	Public Expenditure and Financial Accountability
PFM	public financial management
SAI	Supreme Audit Institution

Executive summary

The modern state in most African countries is a relatively new construct, which continues to struggle to carry out its basic functions. As a core state function, public financial management (PFM) is an area in which many countries have been trying for several decades to build capabilities. PFM encompasses a whole range of governmental functions undertaken by separate entities from budget planning and formulation to auditing and evaluation. The complexity of the process of putting together and managing a budget for an entire government requires countries to possess a series of interlinked capabilities to keep the government running effectively. Accordingly, it is important to keep track of key PFM capabilities with a view to identifying areas for improvement and the facilitation of incremental reforms.

This report aims to take stock of the institutional and human-resources capabilities necessary for a functional PFM system in the Central African Republic (CAR). Considering that the PFM system of a country is composed of a broad and complex set of institutions and processes, it is important that the scope of the review is defined according to country-specific problems. Building on preliminary consultations with country officials to identify core issues of PFM capability in the CAR, the following dimensions of a functional PFM system were selected for review: budget credibility, reliable and efficient budget execution and institutionalised accountability. This is consistent with the types of PFM problems various teams of officials from the Ministry of Finance and Budget have been trying to tackle with the support of CABRI over the last few years. Moreover, considering that knowledge is arguably the most important input for carrying out PFM functions, human-resources capabilities were identified as a standalone component of the review.

The review consists of extensive interviews with 13 key informants occupying a useful vantage point to reflect on a specific PFM function. The qualitative interviews are accompanied by a quantitative survey of 225 public finance officials from two ministries (the Ministry of Finance and Budget and the Ministry of Planning and Economy). The key findings of the review are triangulated and validated through a stakeholder workshop. The primary data from the qualitative and quantitative fieldwork are supplemented with desk research, setting the context for the capability review.

The review reveals that the CAR struggles with improving budget credibility mainly because key institutional capabilities in revenue forecasting are lacking at the budget-formulation stage.[1] Lack of political incentives (or the absence of regulatory capability) to hold the executive accountable is more important for the problems of budget credibility at the execution stage. In the absence of sufficient technical knowledge to scrutinise a budget on the part of the legislature and weak capacity to conduct timely audits, the PFM system in the CAR continues to suffer from weak accountability mechanisms. In addition to systemic and organisational capabilities, public finance institutions in the CAR are constrained by low personnel motivation and high levels of skills mismatch. Personnel problems are particularly severe in the planning and statistics function. In the face of significant personnel challenges, it is particularly worrying that there are very few mentoring opportunities available for newly recruited officials. For the time being, the CAR appears to be relying heavily on technical assistance and external consultants to bridge the skills gap in PFM. However, there should be a transition plan in place to use technical assistance to catalyse internal capability building.

Apart from the immediate objective of informing PFM reform efforts in the CAR, the report is expected to provide a window into the public finance institutions of a post-conflict country that is trying to rebuild the most important functions of the state. As such, the report probes the weak links in the country's PFM system that may be slowing down efforts towards economic and social reconstruction. For instance, the analysis presented in this report could be helpful in highlighting structural weaknesses in the governance capabilities of the state that should be addressed more effectively for donor resources to have greater impact.

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1   The concept of budget credibility, as it is operationalised in this assessment, is adopted from Andrews et al. (2014) *This is PFM*. CID Working Paper. No. 285. Cambridge MA: Harvard University. Accordingly, budget credibility is defined as maintaining comprehensive and regular budgets that give a binding expression to government public finance priorities and plans, actual revenue policies and collection performance that reflect proposals and forecasts, and actual spending reflects budgeted promises (in aggregate and in detailed allocations).

1   Background

The CAR is a country of 4.6 million inhabitants located in the central part of the African continent. The country is a member of the Economic Community of Central African States (CEMAC) alongside Cameroon, Chad, Congo, Equatorial Guinea and Gabon. The CAR has a turbulent post-colonial history riddled with periods of military rule and outright conflict. Most recently, from 2013 to 2016, the CAR was ravaged by a civil war that destroyed the economy and social infrastructure, and which led to close to a fourth of the population being displaced and the remainder fighting for survival.

The CAR's economy is dominated by subsistence agriculture, forestry and mining. It should be noted that statistical capacity has deteriorated significantly following the conflict in 2013.[2] Thus, while some economic indicators can be unreliable, it is safe to say that the country has one of the highest poverty rates in the world. The World Bank estimates that the percentage of the population living below the international poverty line (US$1.90 per day, 2011 purchasing power parity) has increased from 66 percent in 2008 to 75 percent in 2017. Economic growth has improved since the end of the civil war on the back of increasing private consumption and improving export performance. However, recovery remains fragile with the service sector constrained by a volatile security environment.

The CAR has long struggled with persistent PFM problems. The most recent Public Expenditure and Financial Accountability (PEFA) assessment, conducted in 2010, shows that, overall, the country had weak PFM processes and outcomes. Specifically, as Table 1 indicates, the PFM system was characterised by low budget credibility marked by budget indiscipline, lack of exhaustiveness and transparency in resource allocation, absence of monitoring budget execution, and absence of ex-post review of the finance law. The budget process was weak primarily because of inadequate human resources, lacking the skills and understanding of budget procedures. The secondary reason for the problem is related to unorthodox and politically motivated budget practices.

Following the end of the conflict, the government has embarked on a PFM reform programme to build budget credibility and restore normal budget expenditure. Much of the reform occurs in the framework of the regional economic community, CEMAC. The CAR has adopted all six directives of the harmonised framework on PFM adopted by the community in 2011.[3] There is significant donor support working on several dimensions of PFM in the CAR. The new National Recovery and Peacebuilding strategy is supported by donor assistance led by the five main technical and financial partners: the International Monetary Fund (IMF), the World Bank, the European Union, the African Development Bank and France. Despite the progress accomplished in implementing legal, administrative and technical reforms in PFM, the government of the CAR still faces important challenges throughout the budget process.

Table 1:   PEFA assessment scores

Dimension	Score
Credibility of the budget	D
Comprehensiveness and transparency	C
Policy-based budgeting	C+
Predictability and control in budget execution	C+
Accounting, recording and reporting	D+
External scrutiny and audit	D+
Donor practices	D

2   According to World Bank data, the CAR's statistical capacity score plummeted from 58.4 in 2014 to 35.6 in 2018, 43 percent lower than the sub-Saharan African average.
3   Those are: Code for transparency and good governance (Directive no. 06/11-UEAC-190-CM-22), Finance law (Directive no. 06/11-UEAC-190-CM-22), General regulation on public accounting (Directive no. 02/11-UEAC-190-CM-22), Budget nomenclature (Directive no. 04/11-UEAC-190-CM-22), Chart of accounts (Directive no. 03/11-UEAC-195-CM-22), Financial operations table (Directive no. 05/11-UEAC-190-CM-22).

On the revenue side, nearly every year, the government submits a supplementary budget bill in order to revise revenue forecasts and to include additional budget support from donors that was disbursed after the adoption of the finance law. Underperformance of revenue authorities and external shocks are often not taken into account during forecasting, which leads to constant revisions and unpredictable actuals. As Table 2 shows, the achievement rate on tax revenue grew from 89 percent in 2017 to 102 the following year mainly because the targets were revised mid-year.

On the spending side, priority expenditures are unlimited. The sectors with the highest budget envelopes for the

2019 fiscal year are respectively: health (10.57%), defence (7.91%), primary and secondary education (6.24%), public works (5.51%), finance (5.24%) and the presidency (4.26%). The average rate of execution of expenditures was 81.76 percent in 2018, whereas execution in sectors such as rural development was as low as 21 percent, as shown in Table 3. The execution rate on capital expenditure was even worse, with an average of 11.7 percent for the period between 2014 and 2017. There is currently an upward trend in expenditures, which include scheduled expenditures and exceptional ones caused by new priorities such as security- or defence-related spending (e.g. signature of the 2019 peace agreement in Khartoum).

Table 2: Revenue forecasts versus actuals (in millions CFA franc)

	2016			2017			2018		
	Forecasts	Actuals	Realisation (%)	Forecasts	Actuals	Realisation (%)	Forecasts	Actuals	Realisation (%)
Taxes	43 444	33 476	77.05	53 009	47 259	89.15	54 599	55 901	102.38
Customs	56 626	46 928	82.87	75 504	52 324	69.3	55 573	52 805	95.02

Source: Finance legislation and Public Finance Management Support Information System

Table 3: Execution rates in priority sectors (2018)

Sector	Budget-execution rate
Education	94.4%
Health and population	103.4%
Social affairs	112.7%
Gender	62.9%
Water and energy	41.5%
Rural development	21.6%
Micro, small and medium enterprises	95.3%

Source: Fourth Quarter Budget Execution Report

2   Methodology

The data-collection work conducted for this report proceeded in five stages: scoping, desk research, instrument design, fieldwork and validation.

Scoping

The scoping exercise started with consultations with a team of budget officials participating in an action-learning programme organised by CABRI with the specific objective of improving revenue forecasting accuracy. The purpose of the consultation was to identify priority areas in which officials need more evidence to bolster existing or planned reforms. Accordingly, the officials identified budget formulation, budget execution and budget evaluation as the broad areas in which capability reviews would be needed. They also selected the Ministry of Finance and Budget and the Ministry of Planning and Economy for the personnel survey.

The second part of the scoping exercise involved the identification of key informants for the qualitative interview on institutional capabilities as well as sampling of officials from the two ministries for the quantitative survey on personnel capabilities and reform experience.

Desk research

This consisted of document review and media content analysis. The document review was used to extract relevant qualitative and quantitative data from a variety of relevant publications such as legislative documents, constitutional documents, strategic plans, reports including other assessments (such as PEFA). This was aimed to provide information on the de jure PFM system as well as to set a point of departure for the analysis of de facto practices, which is expected to be conducted through primary data collection. The media content analysis complemented the document review with highlights of actual developments in the PFM system including media reports on reform initiatives and standard processes.

Instrument design

Both the qualitative and quantitative questionnaires for data collection were built upon parts of the generic instruments developed by CABRI for the PFM capability review programme. The main instruments had been pretested for relevance and clarity with a number of public finance officials in four countries. The questionnaires were customised for the CAR capability review using the information provided by the teams of officials as part of the scoping exercise. For example, the section on revenue forecasting was significantly expanded because the team of officials identified forecasting problems as a major cause of lack of budget credibility.

Fieldwork

The fieldwork, consisting of both qualitative and quantitative interviews, was conducted in Bangui over a three-week period in August and September 2019. The qualitative interviews were conducted with 13 key informants holding senior roles in the Ministry of Finance and Budget, Ministry of Planning and Economy, Ministry of Health and Population, National Assembly, Civil Society and the International Monetary Fund. The interviews covered a range of issues around credible budgets, reliable and efficient resource flows and transactions, and institutionalised accountability. Annexure 1 presents the qualitative interview questionnaire.

The personnel survey was conducted by a team of three enumerators under the supervision of a consultant. Stratified random sampling was used to select 158 officials from a total of 1 536 employees of the Ministry of Finance and Budget. The effective sampling ratio is estimated to fall between 15 and 20 percent because the eligible segment of officials is significantly lower than 1 536. This is because the sample frame excludes general service and support staff as well as trainees (which constitute a significant portion of the reported total number). In the case of the Ministry of Planning and Economy, 67 officials were sampled from a total of 385 employees. This translates to a more than 20 percent effective sampling ratio. The organograms of the ministries were employed to identify different directorates as sampling strata. Moreover, efforts were made to ensure the representativeness of the sample in terms of the distribution of senior, mid-level and junior officials within each directorate. Officials with roles linked to revenue forecasting were oversampled to ensure that the final data had enough observations representing that function (which is identified as crucial by country officials).

Validation

The preliminary findings of the assessment were presented at a validation workshop organised for a broad set of stakeholders including respondents of the key informant interviews. The objective of the validation workshop was to do further triangulation of key findings and to solicit feedback before the final report was compiled. The assessment team used the opportunity to seek clarification on some issues that were deemed ambiguous or doubtful in the preliminary analysis phase.

3   Budget credibility

Budget accuracy

Most stakeholders within and outside the government view the projection of budget aggregates in the CAR to be inaccurate. The lack of accuracy is reflected primarily in the recourse to supplementary budget laws in two of the three fiscal years since 2016. As soon as the finance law is voted, authorities are already discussing a revised budget because allocations are insufficient or have been entirely consumed. This trend is led by specific types of expenditure, which are mostly exceptional, such as medical evacuations, *per diems* for officials during official trips, and transport expenditures. Moreover, the defence sector's budget is underestimated such that it is often entirely executed before mid-way into the fiscal year. Apart from accounting for shortfalls, the supplementary budget law also takes into account donors' funds that are disbursed after the budget has been voted. This is a recurring problem in the CAR and other aid-dependent countries where the lack of predictability of aid disbursements results in incomplete budgets. The post-conflict character of the country seems to have contributed towards lack of predictability in spending in some of the problematic areas.

Some officials claim that part of the reason for inaccurate aggregates relates to government commitment to conform to the budget deficit ceiling recommended by development partners. The IMF believes that the CAR, just like other CEMAC countries, has a propensity to inflate revenue forecasts, which are based on hypothetical revenues and fragile assumptions. The IMF also acknowledges that there is a tendency to manipulate the numbers to get away with non-priority spending while keeping up the appearance of meeting the deficit target. The National Assembly shares this view and finds forecasting too optimistic. Tax and customs authorities feel that the pressure exerted on them to cover high levels of expenditure is not realistic considering their internal capabilities and the country's security situation.

Tax authorities admit that for the past three years, they have not reached their targets despite reducing overall tax rates from 12 percent to 8 percent for microenterprises and 10 percent for small and medium-sized enterprises. As for customs authorities, they believe that their yearly potential for 2020 is 60 billion CFA based on growth in revenues.

However, the government expects them to raise 62 billion CFA, which for them does not take into account the limited territory in which they are operational and customs officers' resistance to change in terms of complying to new processes. Additionally, a plethora of tax exemptions represent a sizeable portion of the shortfalls that are significant for a fragile country like the CAR. Despite the progress made in increasing overall government revenues, it has a proportional effect on expenditures because ministries, departments and agencies (MDAs) see this as an opportunity to increase their (non-priority) expenditures.

MDAs prepare their budget-execution report quarterly and work-plan-implementation report twice a year. However, there is no *ex-ante* or *ex-post* process to systematically review the accuracy of the budget with the aim of learning from past discrepancies. There were instances in which MDAs refused to attend budget conferences because they claim that the process is a ceremonial exercise since a predetermined formula is applied to the previous year's allocation to determine their budget.

Important technical capabilities, which might be lacking in the CAR due to skills and data deficiencies, are required to maintain budget accuracy. However, political commitment to ensuring budget credibility by aligning the incentives of officials to improve the quality of information in the budget is as important as technical capabilities. In the absence of political incentives to act proactively to improve credibility, all sorts of loopholes are exploited to divert resources away from priority spending. It appears that there is no consensus as to what party should take the lead in ensuring budget credibility. Even though the legislature seems cognisant of the main issues with budget credibility, they also acknowledge that politicians might not have the requisite technical skills to hold the executive to account. That is part of the reason why, even when there is political dialogue on the budget, it is focused more on corruption and misappropriation than on credibility.

Revenue forecasting

In recognition of the multidimensional nature of the challenges in revenue forecasting, the CAR's government has recently established a committee for the macroeconomic and

budgetary framework.[4] This is the first time that an inclusive approach has been adopted for forecasting. Members of the committee meet to discuss forecasting targets conducted by the Ministry of Planning based on the macroeconomic framework with the use of the quasi-accounting model. Each MDA's budget actuals in year n-1 are multiplied by a coefficient determined by the GDP growth rate to calculate the resource requirement. Conversely, revenue authorities produce with their own revenue forecasts compiled on the basis of actuals, the expected impact of administrative and policy reforms and exceptional circumstances. In terms of technology, they primarily use Microsoft Excel for revenue forecasting. On a technical level, forecasts do not account for the level of compliance, receivables, refunds and informal sector activities. However, they include arrears. Once preliminary estimates are presented, reconciliations take place to decide on the figures that will be presented in the finance law. Tax and customs authorities admit that forecasting is not based on rigorous estimates of revenue potential because they lack reliable data. Furthermore, there is a need to harmonise their forecasts with the indicative forecasts produced by the Ministry of Finance.

Revenue forecasting at customs is conducted using inputs from the statistics and accounts-receivable departments. The former shares revenue trends and outlooks on sectors of growth, while the latter keeps track of revenue collection. Ultimately, it is the accounts-receivable department that is responsible for the forecasting. All parties involved in the forecasting process at the level of the revenue authority meet two or three times a year to review performance and make adjustments.

Interview respondents identified several factors that they believe have contributed towards errors in revenue forecasting:

- *Incomplete understanding of tax potential*: the taxpayers' database is outdated. Tax authorities argue that despite adding new taxpayers to the database every year, it is hard for them to measure their contribution to tax collection. Moreover, they employ a linear approach for forecasting, ignoring seasonality effects.

- *Difficulty in determining the economic impacts of tax policy and administrative reforms*: the National Assembly has requested the revenue authority to conduct an impact evaluation of tax measures for the past ten years, in order to abolish the taxes that have had no economic impact. However, the task could not be accomplished because the department is too under-staffed to carry out such an assignment. It has also proved difficult to monitor and evaluate the effects of deductions and exemptions.

- *Lack of robust information systems and statistical capabilities*: the ability to collect reliable information is undermined by customs offices outside of Bangui not having standard tools such as information technology (IT) systems, account documents and customs manifests. For instance, customs officials make their declarations over the phone instead of filing a printed and signed declaration. This lack of proper documentation leads to incomplete and inaccurate information that weakens budget planning. Most of the international traffic (except for Douala) does not go through Sydonia. There is also an underdeveloped statistical culture within the revenue authorities, which is manifested in the complete absence of a statistics department until 2019.

- *Problems with budget nomenclature*: the current budget nomenclature excludes or misclassifies key sectors of the economy that are stimulating growth, which contributes to underestimation of revenue (e.g. telecommunications).

- *Lack of programming tools and corresponding skills*: the budget programming tools are inadequate. There is also a shortage of skilled human resources and high turnover at key positions involving budget programming and revenue forecasting.

- *Parafiscal revenue management*: despite the Treasury Single Account (TSA), MDAs and public institutions were reluctant to deposit in the TSA parafiscal taxes or other revenues collected. This led to a revenue-sharing mechanism enforced by Treasury agents.

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4   The committee includes two subcommittees: (i) the supervisory committee for the macroeconomic and budgetary framework, and (ii) the technical committee for the macroeconomic framework. The latter brings together: the director general in charge of the economy, the director general in charge of the budget, the director general of the institute of statistics, the co-ordinator of the unit responsible for monitoring economic and financial reforms, the director general of economic planning, the director of national accounting, the director general of taxes, the director general of customs, the director general of treasury and public accounting, and the head of balance of payments of the central bank of central African states.

The interviews revealed that there is some recognition that many of the problems listed above need to be resolved urgently for budget credibility to improve. Table 4 provides a summary of interventions that have been implemented or are planned to be implemented to address the challenges.

In summary, many of the inaccuracies in revenue forecasting emanate from structural problems such as the fragile security situation and weaknesses in the information infrastructure. Officials acknowledge that discretionary adjustments are made primarily to take into account external shocks to the economy and the country's security situation. However, there are co-ordination capabilities that can be improved to result in better revenue forecasting regardless of structural factors. Although the recent establishment of the committee for macroeconomic and budgetary frameworks is certainly a step in the right direction, there is a need to harmonise the tools and procedures employed by the planning, budget and revenue offices for forecasting.[5]

Quality of expenditure planning

Expenditure planning for recurrent expenditures is conducted by MDAs in collaboration with all of their directorates where they assess their needs before a decision is taken by the chief of staff and/or minister to determine each directorate's budget envelope. Following that, MDAs negotiate their envelopes with the Budget Office.

Twice a year (mid-year and end of year), the Ministry of Planning collects budget execution reports for capital expenditures, policy reforms, allocations and so on from all MDAs to assess actuals and share their targets for the year n+1. Using the quasi-accounting model, the directorate forecasts expenditures for the following year. One of the main consequences of this approach has been that it encourages the financing of non-priority spending. For instance, some ministries or constitutional instutitions systematically spend their entire budget line (often for recurrent expenditure) before the end of the fiscal year and then request additional funding. Moreover, risks and uncertainties are not specifically taken into account because expenditure forecasting depends on the overall macroeconomic framework, and not necessarily on sector-specific dynamics.

Table 4:   Interventions to improve revenue forecasting (as reported by interview respondents)

Problem areas	Measures undertaken to rectify problems
Estimating tax potential	• Updating and reorganising the taxpayers' database • Opening tax centres in districts to better assess potential and tax base
Inadequate customs information system	• Interconnecting the Cameroonian and the Central African systems • Piloting use of customs manifests at the airport • Training of customs declarants in order to improve the comprehensiveness and accuracy of data • Implementation of specific administrative reforms that will boost revenues
Problems in parafiscal revenue collection (Treasury)	• Appointment of financial controllers in all MDAs and public institutions

5   For instance, customs officials reported that they were not privy to the methodology used by budget officials to estimate revenue potential. This might have contributed to overambitious revenue targets.

Some of the problems encountered in expenditure planning include:

- *Relevance to MDAs*: MDAs have opposed the methodology as it does not take into account their real financial needs, and several of them refuse to attend budget conferences organised by the Budget Directorate because they feel it is a waste of time. As a result, whether they have participated in all the budget conferences or not, MDAs often attend sectorial committee meetings at the National Assembly to deny that they have been consulted during budget conferences and ask for an increase in their budget envelope during the enactment of the finance law.[6]

- *MDAs internal capabilities to draft a budget*: it is not uncommon for some directorates within MDAs to present financial needs that exceed the total budget envelope for the ministry (e.g. Ministry of Health). Moreover, there are skills gaps and a high turnover of agents responsible for expenditure planning, which worsens the situation. Finally, with the exception of the Ministry of Finance and Budget, no other ministry has a planning directorate, forcing them to rely on the Budget office to lead in the planning process.

- *Capital expenditure planning*: even if there are general considerations about risks and uncertainties included in planning documents, they are not specific enough to account for the type of risks that delay capital-project execution. There is often a lag with the procurement plan, which leads to low execution rates. Moreover, with regard to procurement, projects (public works) are sometimes broken down into smaller projects to avoid going through the procurement process. This often ends up as a disguise for embezzlement and the infrastructure is never built.

- *Misalignment between commitment plans and the Treasury plan*: commitment plans are often not synchronised with the Treasury plan, leading to arrears. Thus, the expenditure-planning process is not linked to the revenue-forecasting process.

- *Exceptional expenditures*: the frequent occurrence of exceptional expenditures such as official travel and medical evacuation expenses undermines the quality of expenditure planning.

Part of the challenge with regard to improving the quality of expenditure planning is that there is no inbuilt mechanism to facilitate learning from previous performance. Expenditure-planning errors are not accounted for in subsequent budget cycles and there is no established process to review the accuracy of projections *ex-post*. Moreover, the shortage of skilled staff is probably more consequential to expenditure planning than revenue forecasting because the former involves numerous MDAs, which usually have more severe personnel shortages than the Ministry of Finance. Given the CAR's civil service recruitment process, MDAs have been unable to recruit or to retain the right talents. The Ministry of Finance deplores the lack of budgeting skills and the shallow understanding of the budget process in units in charge of budget preparation/negotiation.

" Part of the challenge with regard to improving the quality of expenditure planning is that there is no inbuilt mechanism to facilitate learning from previous performance "

4   Budget execution

Recruitment and payroll management

The CAR's government of national unity put in place after the Political Accord for Peace and Reconciliation in the Central African Republic (APPR-CAR) includes 36 ministries staffed with a plethora of advisors and civil servants. The country has a relatively high wage bill, which is nearing 60 percent of own resources. Civil service recruitment takes place, for the most part, at the central level. Ministries specify their staffing needs and, depending on the yearly quota for recruitment, they receive new staff members. This means that MDAs have little or no flexibility to adjust recruitment according to their needs. Regarding the payroll, there is a head of administrative and financial services in each province who is responsible for paying civil servants.

While the high wage bill suggests that the civil service might be overstaffed, the overall sentiment is that most departments are understaffed when one adjusts for relevance of skills. The technical services complain that the recruited staff is mostly not trained or experienced in the relevant subject matter. For instance, the tax authorities complain that few real tax experts are sent to them through the central system. In sectors such as health, when agents are admitted to the competitive exam for nursing or midwifery, for example, it can take years to integrate them into public service, with the consequence that when they are called upon to serve they have lost interest and do not feel like they can practice with only outdated theoretical knowledge.

The most important challenge in the realm of payroll and human resources management is workers' motivation. The public service salary grid is identical for all civil servants regardless of their location in the country. They are not compensated for the attendant risks of serving in remote locations or for the additional living and transport expenses incurred.[7] Additionally, the overcentralised system of recruitment seems to have hampered localised innovations to increase personnel capabilities in roles that have a cascading effect such as budget management.

Commitment and expenditure control

The CAR has accumulated arrears partly due to previous regimes' poor financial governance, especially during the conflict and, more recently, due to the high levels of commitment by MDAs that do not match Treasury flows. The situation with arrears is further complicated by the absence of a credible and audited inventory of arrears for a long time. There is also a concern that, due to the routinisation of arrears, suppliers of goods and services may inflate prices to compensate for the uncertainty (i.e. over and above the interest that may eventually be paid on arrears converted to debt). In a way, the arrears situation in the CAR epitomises the scale and path-dependency of the problem with PFM capabilities that the country has faced for several decades.

As a result of excessive commitments, the Treasury needs to adjudicate on which expenditure is a priority. Those items that are not paid are directly included in the debt stock and constitute arrears. However, through the IMF's assistance, the government has undertaken not to accumulate further arrears and is progressively clearing past arrears according to a schedule. There is also some effort to prevent the build-up of arrears through commitment control. Accordingly, the financial controller attempts to 'regulate' commitments and authorisations by selecting specific expenditures (based on government priorities) to be paid by the Treasury.

Virements in ordinary times usually occur as a result of poor budget planning and, in the case of the CAR, they also occur due to the implementation of the APPR, which entails significant unforeseen expenditures. For instance, a few months into 2019, there had already been two virements to the Ministry of Defence despite the supplementary budget law. Whereas in 2018, three virements were made in favour of the same ministry. This shows that the post-conflict characteristics of the society may contribute to lack of predictability in budget execution.

Some technical solutions are being implemented to improve the capabilities of the government in respect of commitment and expenditure control. These include the launch of an IT tool consisting of a dashboard for monitoring the commitments in relation to the cash plan. Training is provided by AFRITAC to the credit administrators in pilot departments. However, at a fundamental level, the accumulation of arrears is a time-inconsistency issue that requires an institutional solution to induce the commitment of politicians to be prudent. Technical capabilities for expenditure control should be complemented by the right incentives for politicians to restrain their predisposition to spend now and kick the can of arrears down the road for the next office holder to pick up.

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7   One example of the effect of such practice is that it has discouraged health officials who are sent to distant regions, reducing their presence at work and their motivation.

Cash management

Cash management is a critical challenge for the government of the CAR, as manifested in the chronic discrepancy between commitment plans and Treasury resources. MDAs submit engagement plans as long as they see that the credit line is available, even though there is no link between these engagement plans and cash flow plans of the Treasury or procurement plans. The IMF remarks that there is perennial cash rationing since there is no systematic prioritisation except for salaries and security spending.

In order to attain more efficiency in their cash management system, the Minister of Finance leads a Treasury committee meeting on a monthly basis. Moreover, the minister convenes a weekly meeting with the Director of Budget Execution, the Director General of the Budget, the Director General of the Treasury and the Chief Accountant to the Treasury to monitor operational expenditures and decide on necessary disbursements.

Considering that cash management is one of the most complex PFM functions, which requires constant learning and innovation, the prospect of improving capabilities in this area depends on the ability of the Ministry of Finance to co-ordinate several moving parts. Evidently, this is an area where technical capabilities can make a significant difference, and the institutionalisation of iterative learning is crucial for progress. In this regard, the planned implementation of new IT solutions could boost cash-management capabilities. However, it should be clear that cash management bears the residual effects of antedating mistakes in the budget process. Therefore, the CAR will continue to face challenges in its cash-management system until some of the most basic budget credibility problems are resolved.

Box 1: Sectoral case study

Highlights of public financial management at the Ministry of Health and Population

The Ministry of Health and Population is one of the four ministries preparing for programme budgeting in the next fiscal year. A results-based financing approach is also being implemented with the elaboration of indicators of performance for the different directorates. The ministry is responsible for rehabilitating the entire health system, which had collapsed during the crisis. Therefore, it has been subject to recent administrative and financial reforms to improve financial governance, reporting and health outcomes.

After years of mismanagement, including the embezzlement of grants that were reimbursed, and the accumulation of arrears (namely membership fees to the WHO), the Ministry of Health and Population is now committed to improving value for money. A unit headed by a financial controller was created to manage and monitor government and donor funds. Its mandate includes: (i) checking that all funding requests concern activities that are included in the annual work plan, (ii) confirming the availability of funds for the activity, and (iii) ensuring that the activity has been completed before drafting the report to funders. Moreover, an organisational and structural audit is underway with the assistance of its staffing plan. However, the personnel quota is far below their needs, forcing them to prioritise recruitment related to their objective of reducing child and maternal mortality. Finally, the ministry raises awareness on good financial governance with staff members and applies sanctions when there are irregularities. When necessary, they can fire a culprit or take the matter up with the disciplinary board.

The ministry conducts its budget planning sessions with all directorates who present their quarterly work plan (priority activities) and the budget needed to implement it. The budget is submitted to development partners. For capital expenditures, a procurement plan is used to implement priority projects through the national budget. The budget execution rate is improving to 22–29 percent and the country, in general, has set a target of 50 percent as a prerequisite for budget support from the European Union and the World Bank.

5   Budget transparency and accountability

Reporting

On a quarterly basis, all MDAs are required to produce budget-execution reports, which are used by the Ministry of Planning for forecasting. They also publish administrative reports that are generally meant for internal use or activity reports for development partners. The periodicity depends on the purpose of publication. Reports for development partners are often submitted at the end of a programme. Since the government does not have specific reporting procedures, there are no issues with regard to the compatibility of government and donor reporting practices.

The key systemic and organisational challenges impacting on effective and timely reporting include: (i) shortages of time because staff are usually overwhelmed by their daily operations and need to find time to work on reports, and (ii) absence of planning and/or statistics departments and experts to produce quality reports.

Auditing capabilities

Audits are the responsibility of the Inspector General of Finance, who conducts random checks or is mandated by the government to do so. In addition, there are finance inspectors within each ministry. However, internal audit is rare. The Inspector General faces challenges that range from reducing the number of inspectors (from 30 to 21) and limited logistics to undertaking covert investigations. At times, the inspectors are compelled to seek the support of other executives such as tax and treasury inspectors to build a team for bigger missions.

From the point of view of applying auditing as an accountability mechanism, it is reported that excessive use of special funds poses a challenge by putting some activities outside the purview of auditors. More importantly, the kind of accountability that emanates from the separation of powers in government seems to have been undermined because the National Assembly's finance committee does not receive audit reports regularly.

Excessive use of special funds poses a challenge by putting some activities outside the purview of auditors

Detection of fraud and corruption

The primary responsibility for the detection of fraud within the standard PFM system rests with the general inspectorate of finance. The office reports irregularities on the manipulation of accounting vouchers or unauthorised action in Treasury, which could justify criminal prosecution of civil servants. Sanctions include a three-month salary suspension and a hearing with the disciplinary board without prejudice.

The national committee for the fight against corruption is an institution within the Prime Minister's office that is responsible for fighting fraud and corruption, but its mandate is not well known. Additionally, there is a national agency for financial investigation in the Ministry of Finance that is responsible for detecting fraud.

There are no mechanisms for the use of community organisations to enforce social accountability in service delivery. The citizens' budget is the first step in this engagement, but it is still not widely disseminated and there is not much awareness around it.

Public engagement

There is little engagement by the public and civil society on issues related to PFM. Besides accessing information and reports on key ministries' websites, civil society sometimes makes specific requests for documents but does not generate real feedback on them.

Civil society organisations admit that they rarely engage in PFM issues and have little interaction with the government on the budget process. They did not participate in the discussions surrounding the 2018 citizens' budget or its dissemination. They would have liked to be able to monitor the grants and aid received by the government, but they have no information on the disbursements and the use the government makes of these funds. Nor do they have the skills to analyse the finance legislation and comment on it. Meanwhile, there is a claim that international NGOs have sidelined local NGOs by working directly with the government.[8] Moreover, some civil society institutions are controlled by the government and, therefore, cannot be deemed impartial.

The role of the media in covering PFM issues is limited. On the one hand, stakeholders believe that the media do a good job at whistleblowing and exposing embezzlement and corruption scandals, even though they are not diligent with fact checking. On the other hand, the media have little expertise and specialisation in PFM issues. Although they report on budget sessions, they do not delve into any analysis or provide feedback on the budget process.

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8 However, there is an ongoing project initiated by OXFAM involving a civil society 'house'. The civil society house will provide a platform bringing together civil society organisations to engage on the budget and, more particularly, to monitor budget execution. The organisations will receive training and tools to perform watchdog activities.

6 Personnel capabilities in public finance institutions

The analysis in the current section and those to follow is based on the survey data collected from officials at the Ministry of Finance and Budget and the Ministry of Planning and Economy. A total of 225 officials were interviewed. Table 5 presents a summary of the characteristics of the study sample. Close to a third of the sample are female officials. A majority of the technical staff in the two ministries have postgraduate training. In particular, more than 83 percent of the sample from the Ministry of Planning and Economy hold at least a master's degree. Due to the focus on senior and mid-level officials, the average age in the sample (i.e. 42.4 years) is likely to be higher than the average age in the workforce.

Figure 1 shows that there is enough experience in the sample to expect interviewed officials to have a reasonable level of knowledge and institutional memory about their respective organisations. There is a roughly symmetrical distribution of years of experience around the modal experience of ten years, suggesting that the sample captures a fair representation of the spread of seniority in the two organisations.

The 225 officials in the sample have various responsibilities contributing to different stages of the budget process. Therefore, it is important to adopt a functional classification of roles corresponding to various stage of the budget process to analyse the personnel capabilities of the CAR to carry out different PFM functions. Accordingly, as Figure 2 shows, we have identified three broad categories of PFM functions spread across the two ministries for the classification of officials: (i) planning and statistics (30 percent of sample officials), (ii) revenue, Treasury and IT (34 percent of sample officials), and (iii) execution and control (36 percent of sample officials). The list of directorates and their classification is given in Annexure 2.

Table 5: Summary characteristics of the sample officials

	Ministry of Finance and Budget		Ministry of Planning and Economy		Total	
	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage
Male	106	67.1	51	76.1	157	69.8
Female	52	32.9	16	23.9	68	30.2
Postgraduate training	88	55.7	55	83.1	143	63.5
	Mean	Standard deviation	Mean	Standard deviation	Mean	Standard deviation
Age	42.4	5.07	42.4	7.17	42.4	5.76
Years of experience: current post	4.41	3.95	3.03	2.98	3.99	3.73
Years of experience: current organisation	9.93	5.27	10.1	5.62	9.96	5.37
Total sample	158		67		225	

Source: CABRI survey

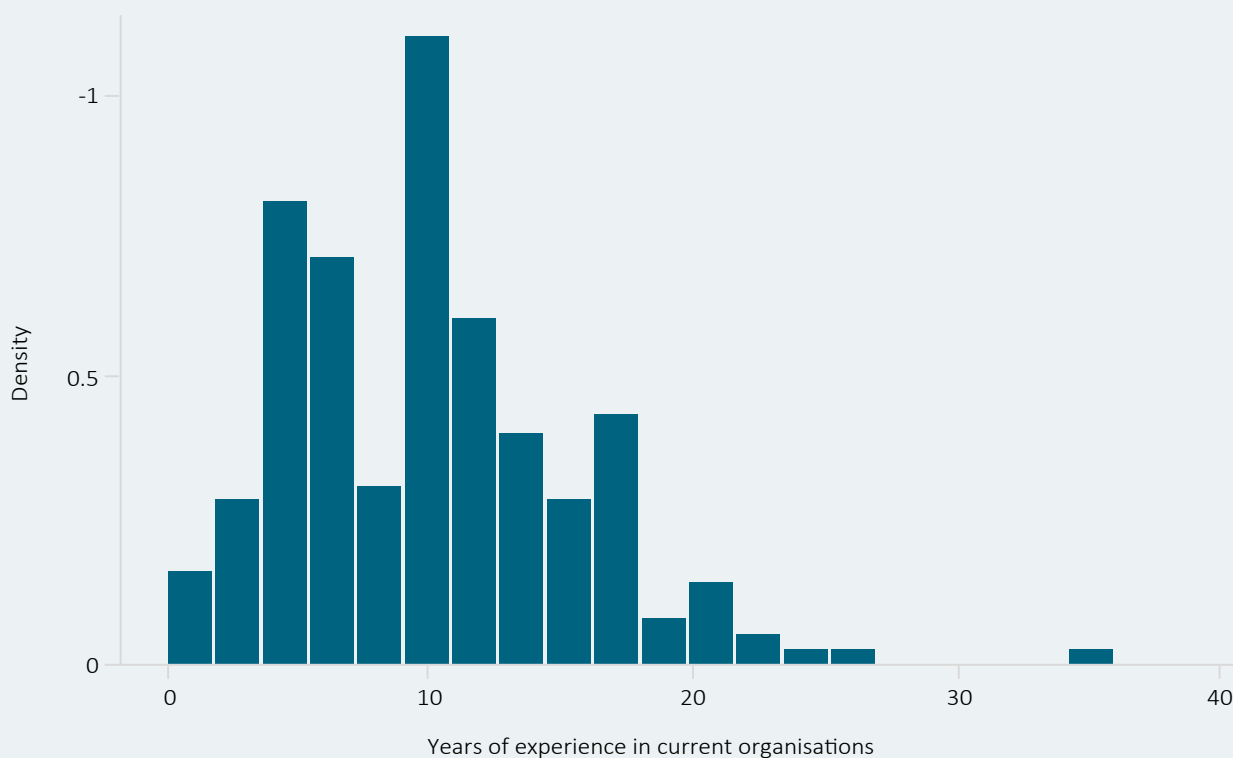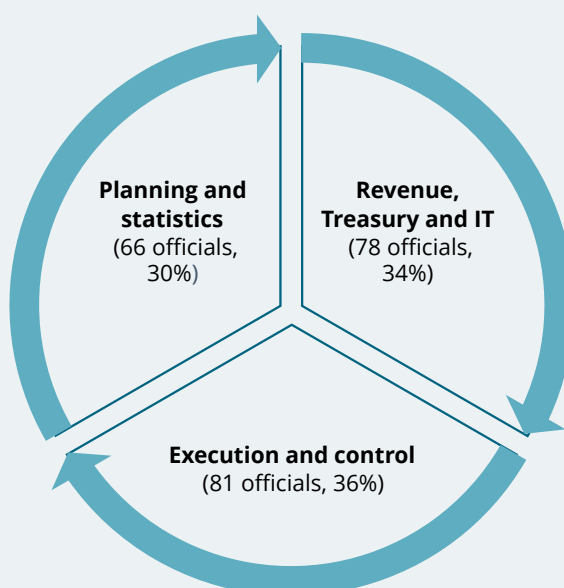**Figure 1:** Distribution of years of experience of sample officials

Figure 2: Distribution of sample officials in PFM functions during the budget cycle

Civil service performance is strongly dependent on the ability of an organisation to overcome the principal-agent problem. In the presence of imperfect monitoring, which is particularly the case in areas such as PFM that require specialised expertise, personnel motivation is a key element in improving capabilities. The survey asked respondents to assess the motivation of other officials in their unit. By doing so, the expectation was of eliciting a more honest response than would have been forthcoming had the respondents been asked the question directly of themselves. Overall, 39 percent of respondents answered that their colleagues in the same unit were either motivated or highly motivated. This low number is cause for concern. However, the picture is not complete until the figure is broken down by PFM functions. Figure 3 shows that officials in charge of planning and statistics have, at 21 percent, by far the lowest level of motivation, while more than 50 percent of officials in budget execution and control responded that their colleagues were motivated.

The preceding findings beg the question of what might be behind such a generally low level of motivation as well as the significant variation between different PFM functions. Motivation could be determined by a number of factors occurring both before and after occupying a certain role. The primary reason a person decided to take a position with the public sector might be linked to their level of motivation in doing the job. It is shown in Figure 3 that close to 55 percent of officials in budget execution and control chose the public sector because they had specific training tailored to the job. This figure is 31.8 percent for planning and statistics; 29 percent of planning and statistics officials joined the public service because it was the only available job opportunity, whereas 13.5 percent of budget execution and control officials gave that as their main reason.

Figure 3: Personnel motivation and related indicators
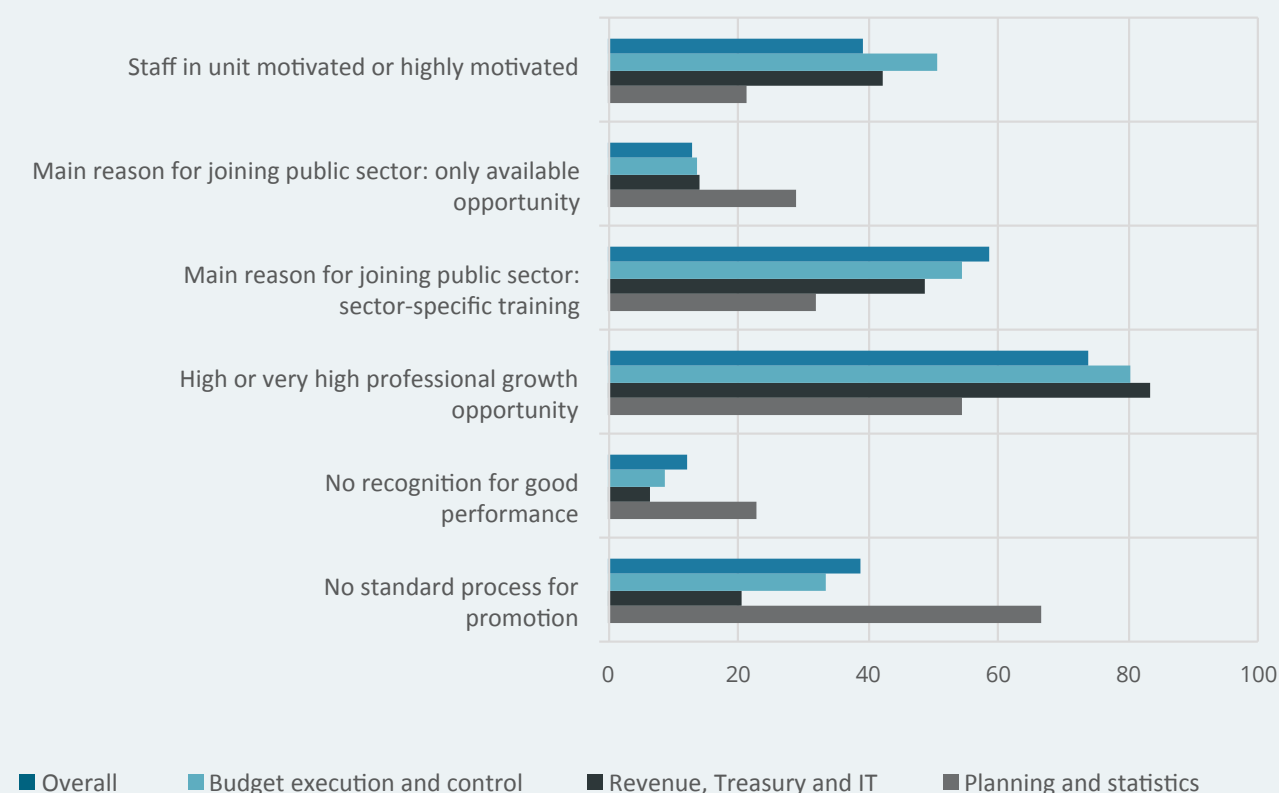
Motivation of public officials crucially depends on their experience on the job. Two of the factors that may influence the career satisfaction of an official are the availability of professional growth opportunities and recognition for good performance. Once again, there is a correlation between low motivation, low professional growth opportunities and lack of recognition for good performance. The revenue, Treasury and IT functions seem to perform better than others in offering officials professional growth opportunities and some form of recognition for good performance.

Another problem, which is closely linked to lack of motivation and which pesters public sector organisations in Africa is staff, turnover. The qualitative interviews discussed in the earlier sections of this report highlight the role of staff turnover in lack of improvement in PFM capabilities in the CAR. Surveyed officials were asked how long they would wish to remain in their current position and organisation. Around 14 percent responded they wished to leave in less than a year, whereas 35 percent said they would be interested in leaving between a year and three years. Table 6 presents the correlation between the characteristics of officials and the probability of remaining in a given role in their current organisation. The results show that more experienced officials are more likely to wish to leave the organisation sooner regardless of age, education or PFM function. A single year of experience in the organisation could increase the probability of wanting to leave sooner by about 9 percent. Once the effect of experience is accounted for, older officials tend to wish to stay longer.

Gender does not have a statistically significant effect whereas postgraduate training tends to be negatively correlated with staying longer, albeit marginally. The distinction between different PFM functions that emerged in the analysis of motivation above is clearly present also in the case of potential turnover. Holding other characteristics (such as experience) constant, officials in budget execution or control functions are 165 percent more likely to want to stay longer in the current organisation compared to officials with planning or statistics responsibilities. Likewise, officials in revenue, Treasury or IT functions are 96 percent more likely to wish to stay longer than are planning and statistics officials.

Table 6: Predictors of potential turnover (ordered logit estimates)

Dependent variable: How long would you wish to stay in this role in the same organisation? (choices: less than a year, 1–3 years, 4–5 years, more than 5 years)

| Predictor variable	Odds ratio	Z-value	Interpretation
Years of experience in organisation	0.919	-2.37	A year of experience reduces likelihood of staying by 8%
Age	1.09	2.6	One more year of age increases the likelihood of staying by 9%
Gender: Female (baseline: male)	1.02	0.1	Statistically insignificant
Postgraduate training	0.633	-1.58	Officials with postgraduate training are 42% less likely to stay than officials without
PFM function (baseline: planning and statistics)			
Revenue, Treasury and IT	1.96	1.98	Revenue, treasury and IT officials are 96% more likely to stay than planning and statistics officials
Budget execution and control	2.65	2.92	Budget execution and control officials are 165% more likely to stay than planning and statistics officials
Pseudo R2	0.05		
Observations	225		

The survey includes a question on what the main reason for departure would be, if and when the official decided to leave. Nearly 40 percent said low salary would be the main reason for leaving. However, the share of officials who said low pay would be the reason for their departure is significantly heterogeneous across PFM functions: 57 percent for planning and statistics, 35.9 percent for revenue, Treasury and IT and 28.4 percent for budget execution and control. Considering that all officials face a similar civil service pay grid, it is plausible that more planning and statistics officials perceive salaries to be too low for retention than do other officials because other factors are relatively less favourable for them. As to the prospective destination of officials after leaving their current organisation, 34 percent said they would like to join NGOs or international organisations (IOs), whereas only 11 percent responded they would go to other public sector organisations. Among officials with planning or statistics functions, 53 percent would join NGOs and international organisations, while the corresponding numbers for revenue, Treasury and IT, and budget execution and control are 23.1 percent and 26.6 percent respectively.

In organisations such as ministries of finance and economy, where most roles require specific human capital, the misalignment of skills could hamper performance significantly. This is probably one of the most consequential challenges facing PFM institutions in the CAR. Overall, 70 percent of respondents say their unit's performance has been affected by not having the right people for the right job. As displayed in Figure 5, the problem is most prevalent in the revenue, Treasury and IT functions, while it is relatively less severe in the case of planning and statistics functions. One way to remedy a skills gap at the time of appointment or to acquire the skills needed in a changing environment is to conduct regular on-the-job training. Close to 59 percent of the respondents said they receive on-the-job training at least once a year. An overwhelming majority of the respondents (87 percent) feel that the on-the-job training they have received is well-targeted for their needs.

An alternative or complementary strategy to bridge the skills gap and build new skills on the job is mentorship. It is difficult to overstate the value of mentorship for roles that require a great deal of learning by doing. It is worrying that only 16 percent of interviewed officials said they had a senior colleague that mentored them when they started at their current job.[9] Figure 6 shows that in general the timespan officials stay working together in a vertical relationship is shorter than the timespan in a horizontal relationship. Planning and statistics officials have shorter timespans in both types of relationship, whereas revenue, Treasury and IT functions are characterised by the highest variation in individual experiences.

Figure 4:   Potential turnover reasons and destinations

Overall   ■ Budget execution and control   ■ Revenue, Treasury and IT   ■ Planning and statistics
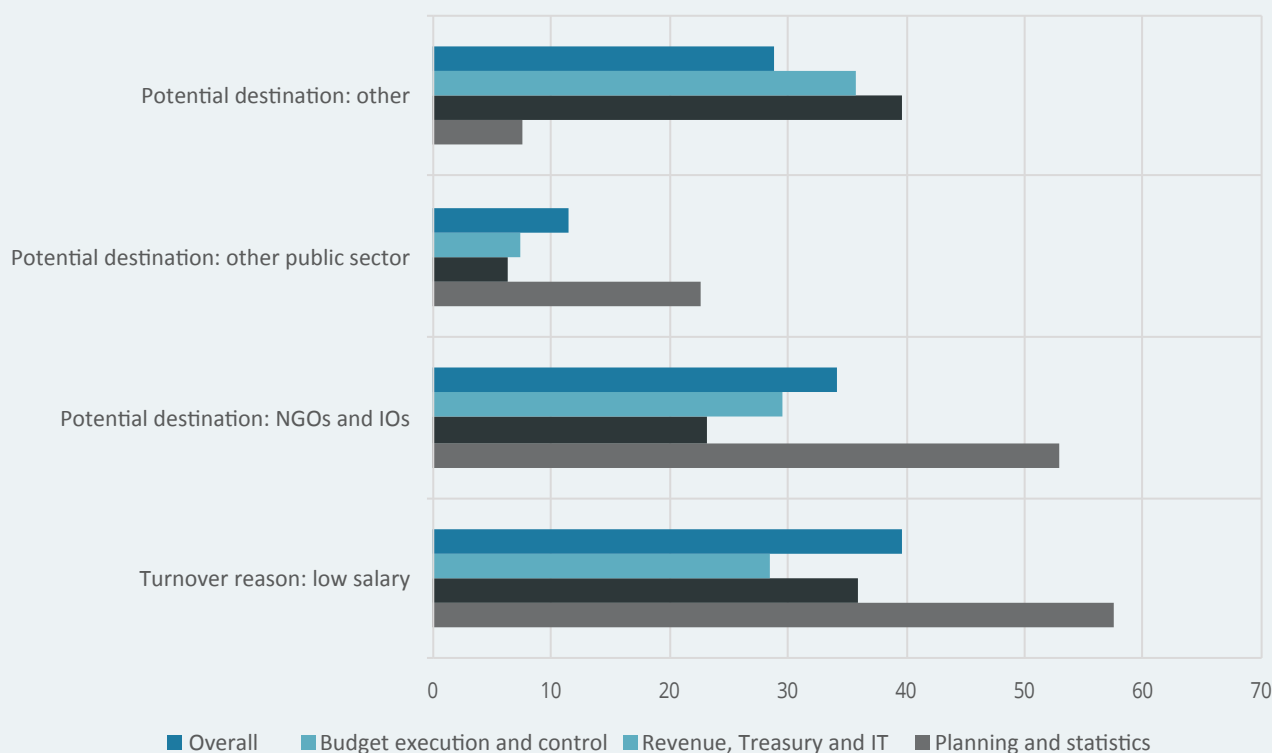
9   Participants of the validation workshop singled out this result as arguably the most revealing in terms of showing the challenges in PFM capability building in the CAR.

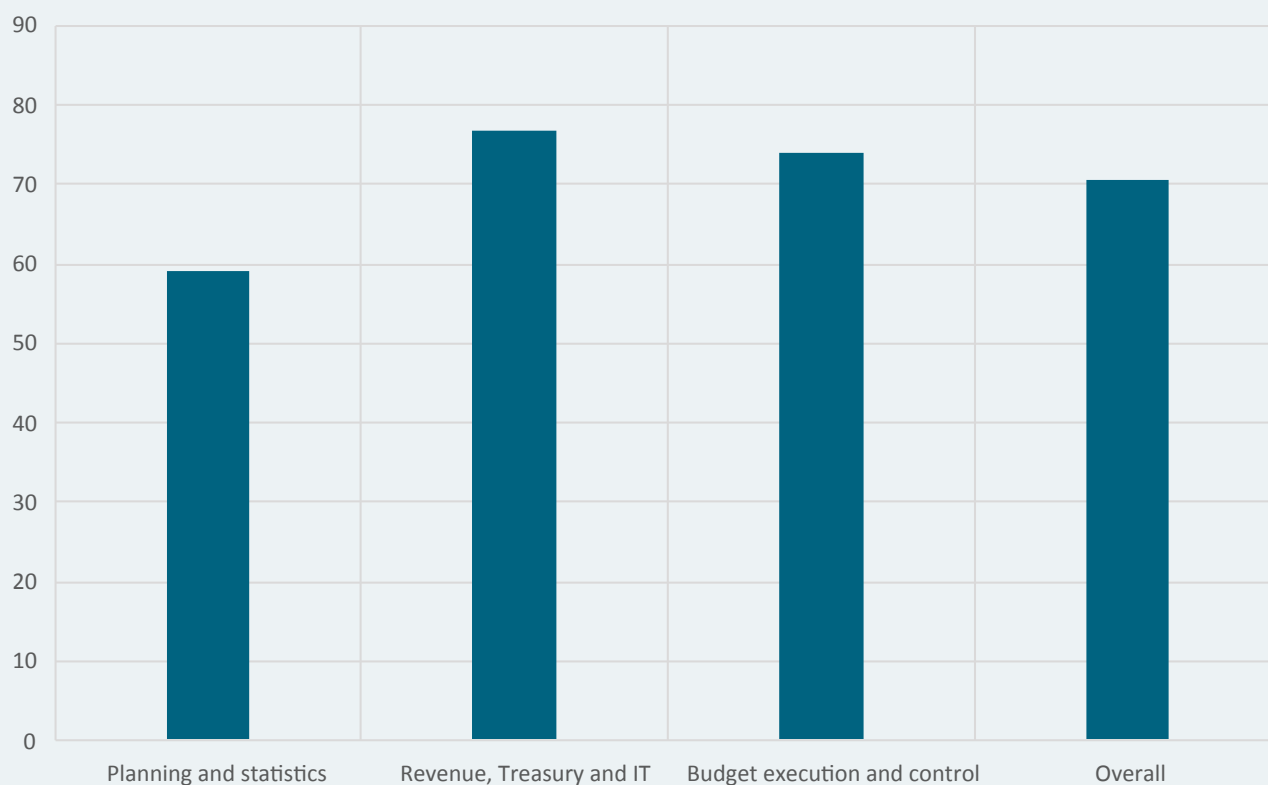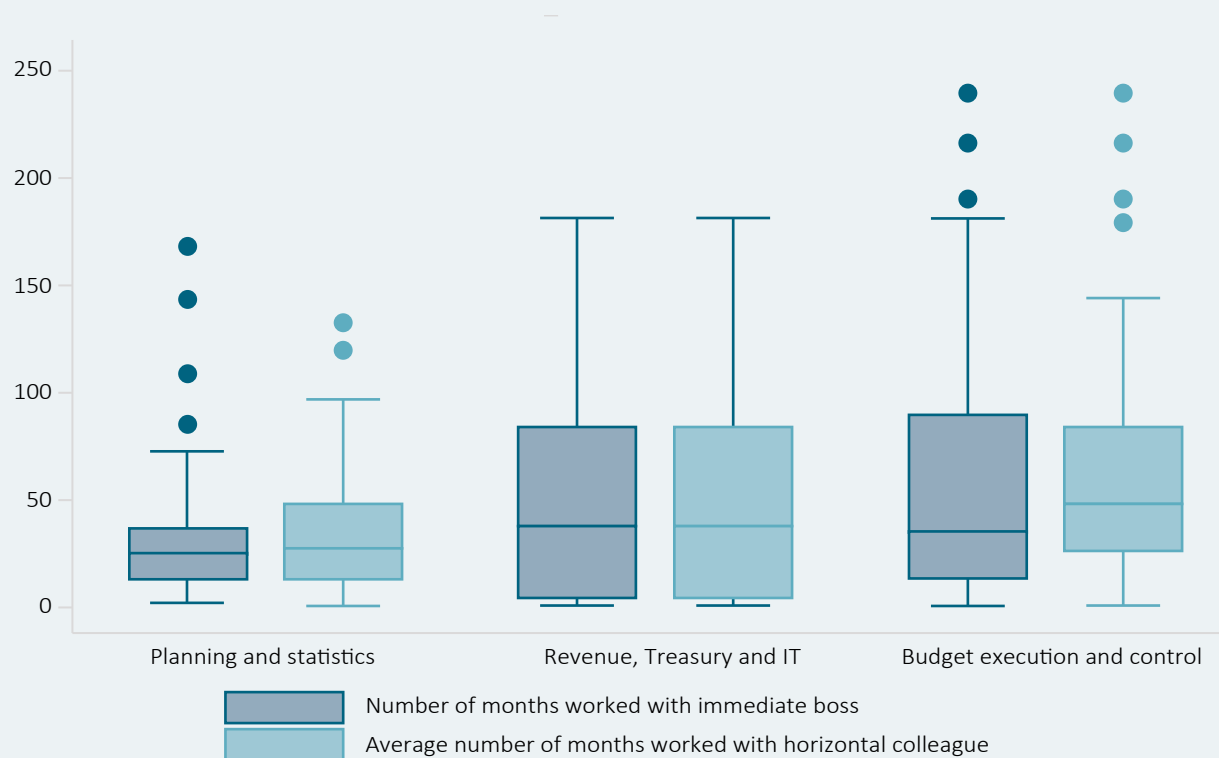**Figure 5:**   Share of officials believing skills mismatch has affected unit's performance

Figure 6:   Length of time worked with supervisors and horizontal colleagues

Number of months worked with immediate boss
Average number of months worked with horizontal colleague

7   Reform ecosystem

PFM in developing countries is characterised by a constant flow of new reforms. The effectiveness of those reforms in terms of building capabilities is likely to depend on various components of the reform ecosystem. One of the factors that may influence the effectiveness of reform efforts is ownership. An important aspect of ownership is originating the reform idea in the first place. Development partners are shown to have the most influence in generating reform ideas in the CAR, particularly in the budget execution and control functions (see Figure 7). This was to be expected considering the heavy reliance of the CAR on external resources. However, an organisation's leadership, in general, exercises a greater influence than even development partners in planning and statistics functions.

In complex policy arenas such as PFM, the sequence of reforms can be important for the success of the overall effort. However, this does not mean that there is a universal formula with regard to the sequence in which reforms need to be rolled out even though the balance of the academic argument is for prioritising basic reforms. More than 46 percent of respondents report that basic reforms are rolled out first in their units (see Figure 8). However, there is significant variation between planning and statistics on the one hand and the other two functions on the other, with the former favouring comprehensive reforms over prioritising basic reforms. Another issue in terms of rolling out reforms is the nature of engagement with other stakeholders and the stage at which the engagement is initiated. The majority of PFM functions (revenue, Treasury, budget execution and control) seem to focus on sensitising other units in the same organisation before implementation begins. Planning and statistics functions, on the other hand, either involve other units at the planning stage or leave it up to superior bodies to do the co-ordination. It is also shown that more units in planning and statistics than in other functions tend to work in silos.

Figure 7:   Origin of new ideas/practices
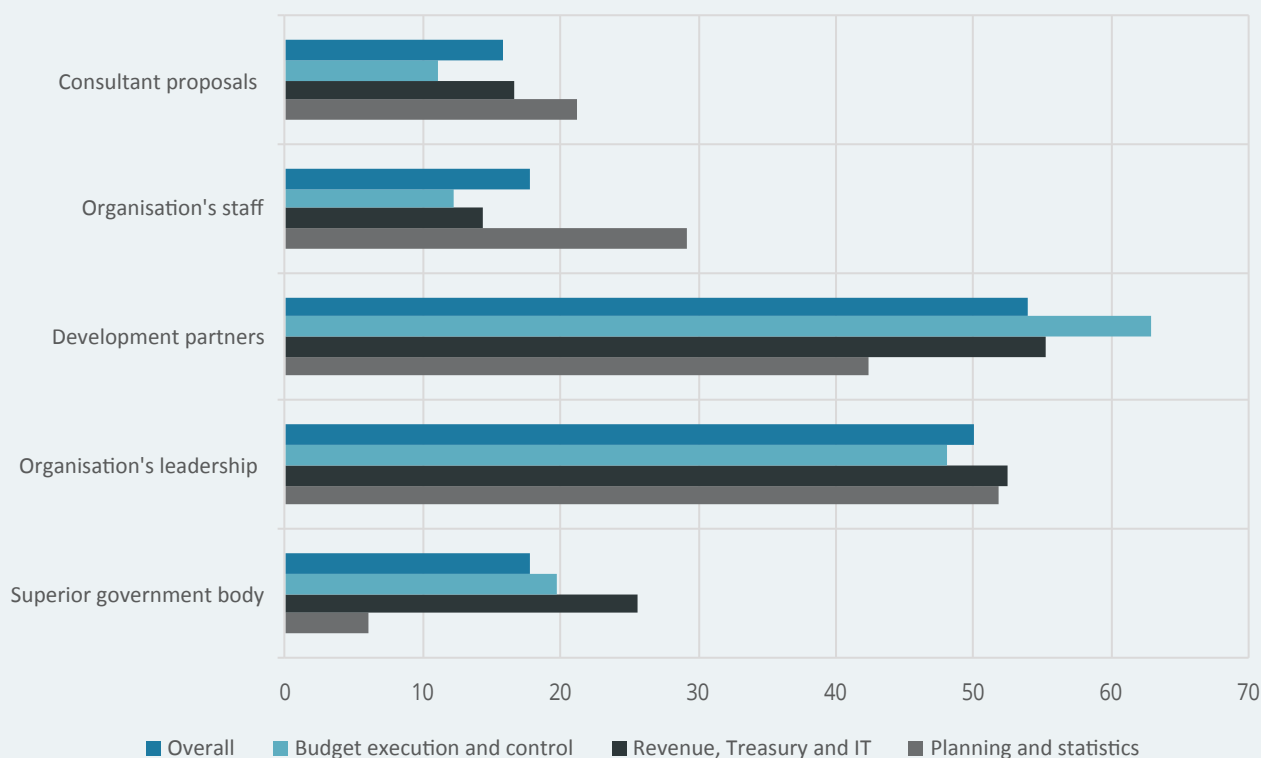
Figure 8: Sequencing of reforms

Legend: ■ Overall ■ Budget execution and control ■ Revenue, Treasury and IT ■ Planning and statistics
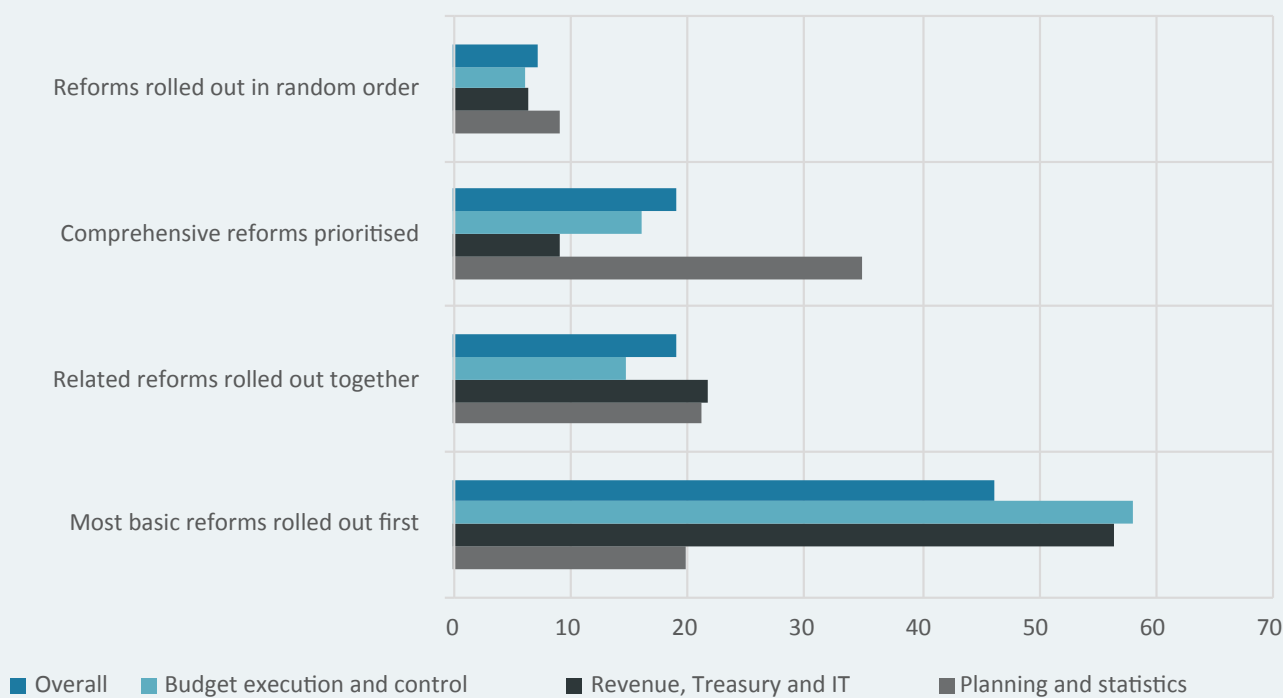
Figure 9: Engaging other units in reforms and working in cross-department teams

Legend: ■ Involve at the planning stage ■ Sensitisation before implementation ■ Leaves it to superior agencies to co-ordinate ■ Plans and implements reforms alone ■ Other co-ordination method ●–●– Few or no cross-department teams
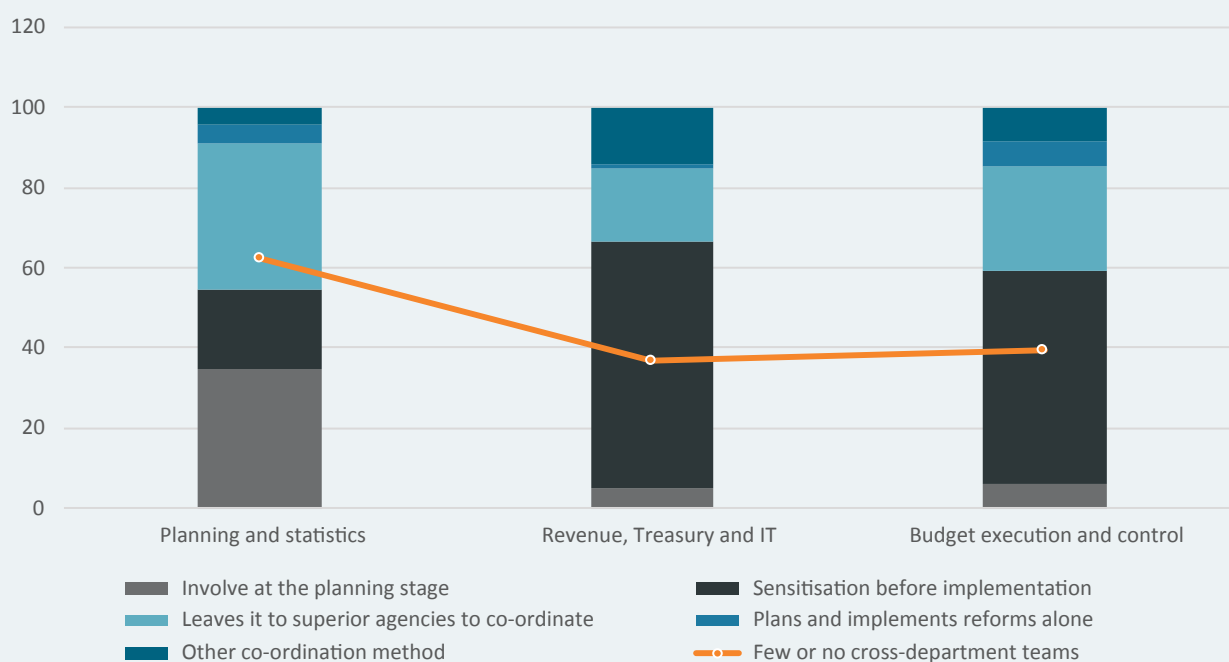
It is not always easy to tell what makes reform efforts successful, even for those people who are directly involved in planning and implementing them. Nevertheless, officials implementing reforms are better placed than most external observers to judge factors that may be behind improved performance. In this regard, mutual learning between teams appears to be the leading driver of improved performance in most units. Application of best practices is reported to have the highest impact in planning and statistics. This result is well aligned with the theoretical expectation that best practices might have a higher chance of success in upstream functions such as planning, whereas downstream functions may require more customised solutions.

Most reforms start as pilots or are first implemented with limited scale/scope. This means that the lessons of the early phases of the same reform or other related reforms that were implemented in the past need to be documented and transmitted effectively. Figure 11 shows that official documentation is the most prominent form of transmitting reform lessons as a first option. A structured diffusion platform is most commonly used as a second option. Cross tabulation of the first and second options shows that official documentation and structured diffusion platforms are most likely to be used in combination.

Finally, as might be expected of a country that is emerging from conflict, the PFM system appears to depend significantly on consultants to bridge the technical capacity gaps (see Figure 12 and 13). More than one-fifth of respondents indicate that consultants are 'almost always' involved in both reform initiatives and day-to-day activities in their units. Another 35 percent say that consultants are involved in day-to-day activities 'sometimes', while the corresponding percentage for reform initiatives is 40 percent. It is revealing of the perception of weak capabilities of the civil service to implement complex reforms that over two-thirds of respondents believe less than half of the work undertaken by consultants could be done by internal staff. The planning and statistics function, in particular, appears to have significant skills gaps that are filled by external consultants.

Figure 10: Main factors behind improved performance

Overall | Budget execution and control | Revenue, Treasury and IT | Planning and statistics
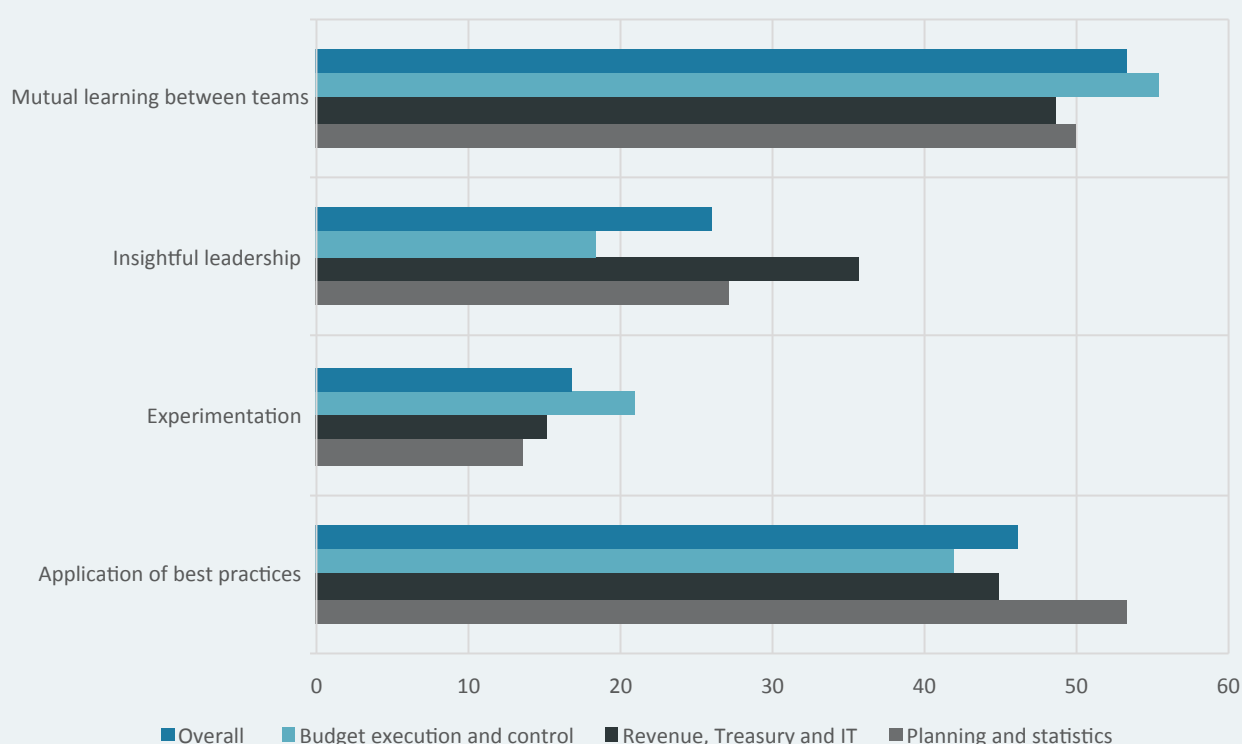
Figure 11: Most popular approach for transferring past reform lessons

Legend: ■ 1st most popular ■ 2nd most popular
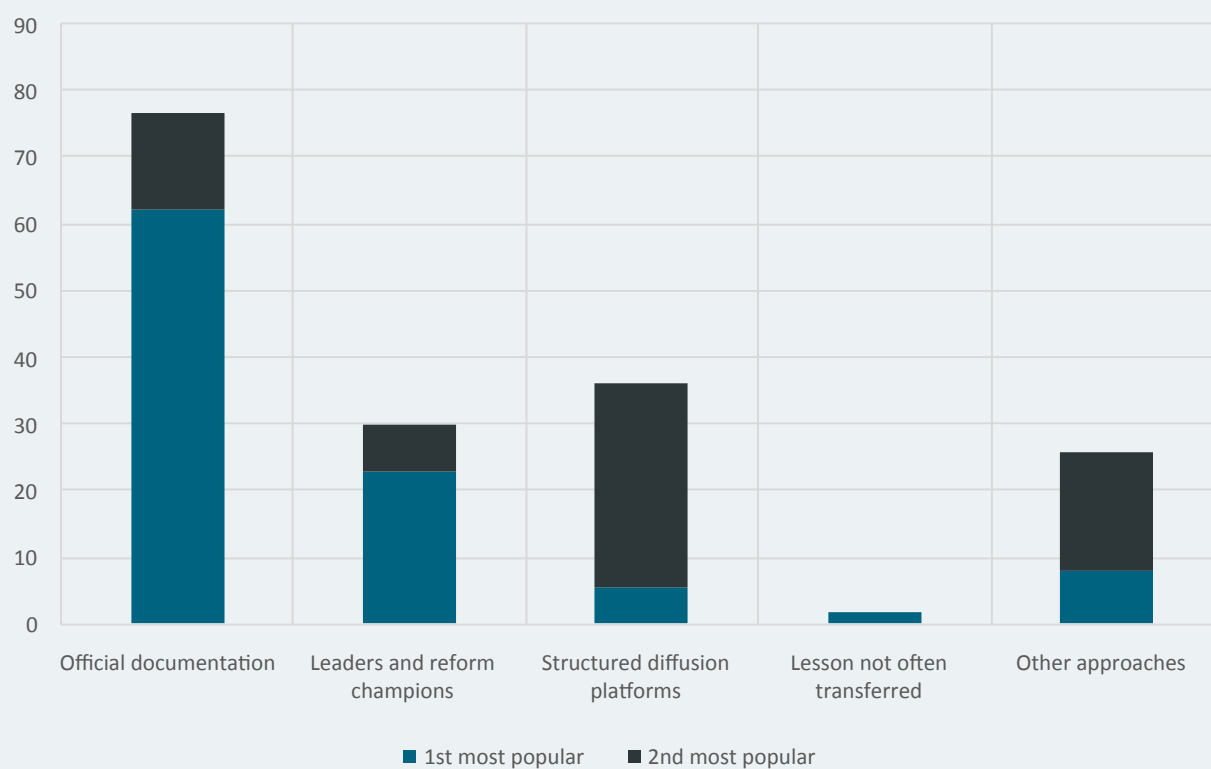
Figure 12: Involvement of external consultants and seconded personnel

Legend: ■ Seldom or never ■ Sometimes ■ Always or mostly
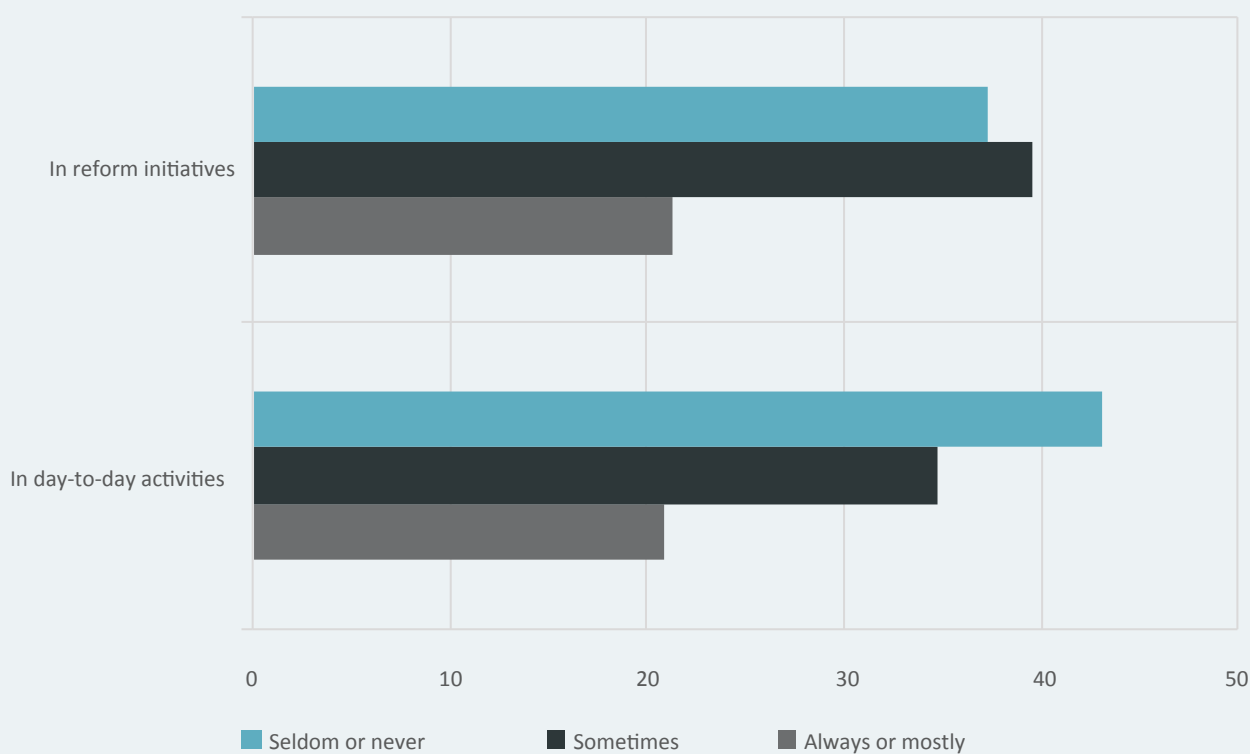
Figure 13: Share of work undertaken by consultants that can be done by internal staff

■ More than half or almost all   ■ About half   ■ Less than half or almost none
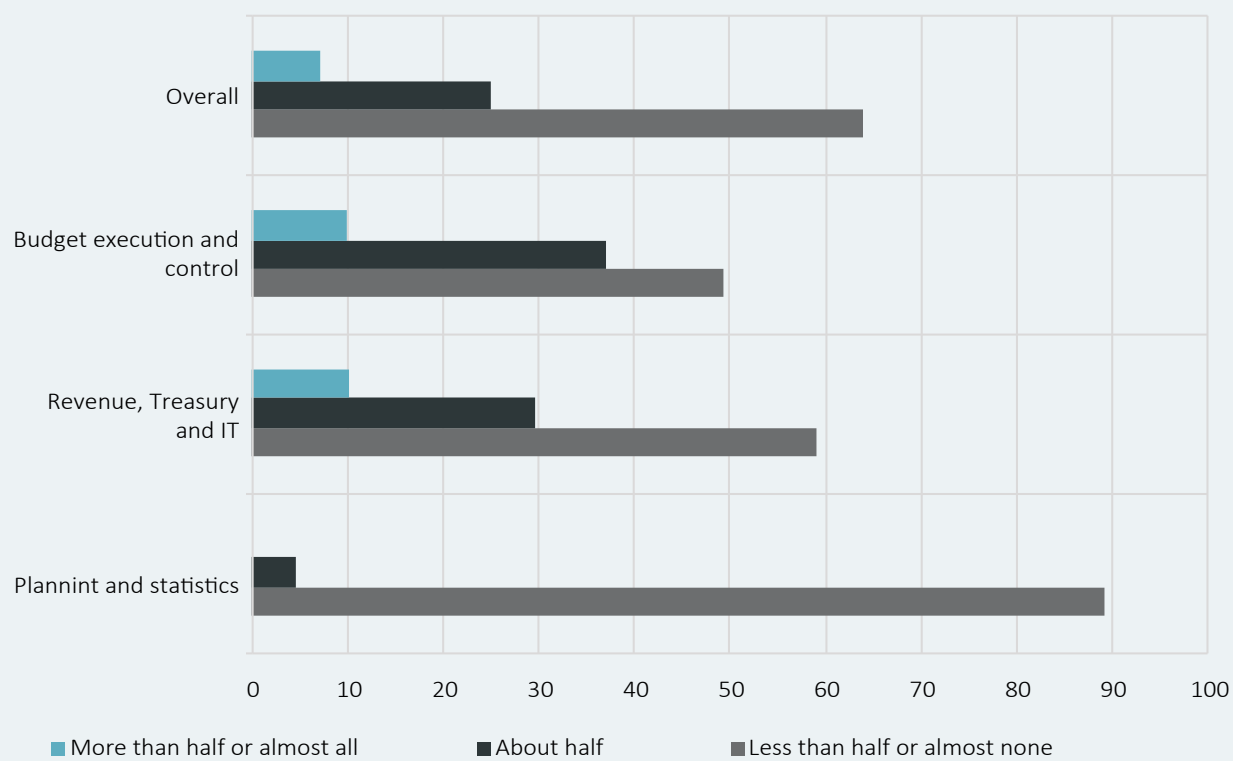
8   Conclusion

The CAR has been undergoing a process of rebuilding its state institutions following the end of the civil war in 2016. Some of the most arduous tasks of reconstruction and reform fall in the realm of PFM. Most stakeholders agree that the annual budget the government passes at the beginning of the year is often far from credible, as demonstrated by the routine use of supplementary budget bills tabled in the middle of the fiscal year. The problem of budget credibility starts with erroneous revenue forecasting. The central government of the CAR lacks full control of the entire territory over which revenue is supposed to be collected, rendering the task of coming up with accurate revenue forecasts very tricky. This is compounded by the lack of institutional capabilities to co-ordinate the flow of revenue information and validate its accuracy. Moreover, there is a serious shortage of human resources capabilities in revenue services, as manifested by the proportion of officials who believe their units suffer from skills mismatch, which is the highest of all three PFM functions featured in the personnel survey. A great deal of the lack of budget credibility at the execution stage is caused by spending entities exploiting loopholes to effect off-budget expenditure and virements. However, this is more a problem of the lack of alignment of political incentives to enforce budget discipline rather than one of technical capacity.

The perennial problem of arrears in the CAR is symptomatic of deep-seated weaknesses in the co-ordination capability of public finance institutions. The synchronisation of various functions such as revenue forecasting, expenditure planning, cash management and internal control is critical to minimising the accumulation of arrears. The siloed approach to reform, which is shown to be more prevalent in areas such as planning and statistics, might have contributed to the overall lack of co-ordination capabilities. However, the problem is not limited to co-ordination, as it is also a manifestation of the principal-agent problem between the legislature (the principal) which is expected to monitor the performance of the executive (the agent) that is tasked with executing the appropriated budget. The lack of technical knowledge on the part of legislators undermines the regulatory capabilities of the state in the area of PFM. When this is coupled with the fragile capabilities the CAR has for auditing and inspection, it can have far reaching consequences in several areas ranging from budget transparency to debt sustainability.

As a key component of PFM capabilities, personnel capability in public finance institutions in the CAR requires special attention. This is particularly the case for personnel assigned to the planning and statistics functions. The generally low level of motivation and significantly high level of skills mismatch, as perceived by survey respondents, will make it difficult to effectively implement PFM reforms and sustain initial gains. It is particularly worrying that there are very few mentoring opportunities available for newly recruited staff in key public finance institutions. This is probably because the rate of (potential) turnover seems to increase with experience, which is likely to leave new entrants with a dearth of potential mentors. As it stands, the CAR relies heavily on technical assistance and external consultants to bridge the skills gap in public finance. This is likely to continue until some threshold level of personnel capability is built. However, there should be a conscious effort to use technical assistance to catalyse the building of internal staff capacity and avoid the vicious cycle of perpetual dependency on external consultants.

> **As a key component of PFM capabilities, personnel capability in public finance institutions in the CAR requires special attention**

Annexure 1

Public Financial Management Capability Review – Organisation-level Questionnaire

The Collaborative Africa Budget Reform Initiative (CABRI) is partnering with the Ministry of Finance and Budget to conduct a review of key capabilities for Public Financial Management in the Central African Republic. One of the objectives of the review is to analyse the processes and practices of various organisations involved in PFM in the Central African Republic along certain dimensions of a functional PFM system. I am going to ask you some questions about certain aspects of your unit or other units that have close working relationships with your unit. The study is conducted purely to support the reform efforts of the Ministry of Finance and Budget with better information. As such, you would greatly enhance the collective effort to improve PFM in the CAR by providing an honest answer to the following questions. The survey usually takes less than an hour to complete.

Dimension I. Credible budgets

Subdimension 2.1.: Capacity to project budget aggregates

		Primary respondents	Triangulation respondents
1	During the last three budget cycles, how accurate was the projection of budget aggregates? • Revenue • Expenses • Deficit	MoF (published statements)	
2	Is there an established process to review the accuracy of projections ex-post? Please elaborate.	MoF	Civil Society Academics Legislature IFIs
3	What is the standard procedure followed in the budget process to account for development assistance?	MoF	Civil Society Academics Legislature IFIs Other donors

Subdimension 2.2.: Capability to improve accuracy of revenue forecasts

		Primary respondents	Triangulation respondents
1	Who are the parties involved in the revenue forecasting process?	MoF Revenue Authority	Civil Society IFIs Academics
2	Are there clear guidelines regarding the assignment of roles between different stakeholders involved in the forecasting process?	MoF Revenue Authority	
3	What are the main tools used for revenue forecasting? These may include: • Forecasting model (what are the strengths and weaknesses?) • Database (what are the strengths and weaknesses?) • Other technology (what are the strengths and weaknesses?)	MoF Revenue Authority	Civil Society IFIs Academics

		Primary respondents	Triangulation respondents
4	What is the weakest link in the revenue forecasting process?	MoF Revenue Authority	Civil Society IFIs Academics
5	Is there a process to incorporate feedback from outside actors to improve forecasts? Please elaborate.	MoF Revenue Authority	Civil Society IFIs Academics
6	Does the forecast make a distinction between revenue assessed and revenue to be collected? If not, why?	MoF Revenue Authority	Civil Society IFIs Academics
7	How does the forecast account for the level of compliance?	MoF Revenue Authority	Civil Society IFIs Academics
8	How does the forecast account for receivables? If not, why?	MoF Revenue Authority	Civil Society IFIs Academics
9	How does the forecast account for possible refunds?	MoF Revenue Authority	Civil Society IFIs Academics
10	How does the revenue forecasting system account for informal sector activities?	MoF Revenue Authority	Civil Society IFIs Academics
11	What is the protocol to assure the quality of revenue forecasts ex-ante?	MoF Revenue Authority	Civil Society IFIs Academics
12	How often are discretionary adjustments made to the revenue forecast? What are the main reasons for such adjustments?	MoF Revenue Authority	Civil Society IFIs Academics
13	What are the main causes of significant errors in revenue forecasts?	MoF Revenue Authority	Civil Society IFIs Academics
14	How are forecasting errors accounted for in subsequent budget cycles? Take the last three budget cycles as an example to explain the process.	MoF Revenue Authority	Civil Society IFIs Academics
15	What was the most recent reform initiative implemented in revenue forecasting? • Achievements • Weaknesses • Lessons	MoF Revenue Authority	Civil Society IFIs Academics

Subdimension 2.3.: Capability to improve accuracy of expenditure planning

		Primary respondents	Triangulation respondents
1	Who are the parties involved in the expenditure planning process?	MoF Sample of MDAs	Civil Society IFIs Academics
2	How is the expenditure planning process linked to the revenue forecasting process?	MoF Sample of MDAs	Civil Society IFIs Academics
3	What are the key problems affecting capital expenditure planning?	MoF Sample of MDAs	Civil Society IFIs Academics
4	What are the main tools used for expenditure planning?	MoF Sample of MDAs	Civil Society IFIs Academics
5	How are the attendant risks and uncertainties of project execution incorporated into expenditure planning?	MoF Sample of MDAs	Civil Society IFIs Academics
6	What is the protocol to assure the quality of expenditure plans ex-ante?	MoF Sample of MDAs	Civil Society IFIs Academics
7	What are the main causes of significant problems/errors in expenditure plans?	MoF Sample of MDAs	Civil Society IFIs Academics
8	How are planning errors accounted for in subsequent budget cycles? *Take the last three budget cycles as an example to explain the process.*	MoF Sample of MDAs	Civil Society IFIs Academics

Subdimension 2.4.: Coordinating capacity of Ministry of Finance and Budget in the budget preparation process

		Primary respondents	Triangulation respondents
1	How are MDAs represented in the budget preparation/negotiation process?	MoF Sample of MDAs	Civil Society Academics Legislature
2	How do MDAs make sure that policy objectives are translated into spending plans? Is there an oversight process ensuring that?	MoF Sample of MDAs	Civil Society Academics Legislature
3	How well have units in charge of budget preparation/negotiation in MDAs been able to attract experts?	MoF Sample of MDAs	Civil Society Academics Legislature
4	How well have units in charge of budget preparation/negotiation in MDAs been able to retain experts?	MoF Sample of MDAs	Civil Society Academics Legislature
5	What are the most common reasons for delays in the budget negotiation process with MDAs?	MoF Sample of MDAs	Civil Society Academics Legislature

Subdimension 2.5.: Political incentives to maintain a credible budget

		Primary respondents	Triangulation respondents
1	Of all key stakeholders at the national stage, who do you think has the most interest in maintaining budget credibility? And why?	MoF Central Bank Legislature SAI Civil Society IFIs Academics	
2	How much of an issue has budget credibility been in political debates and election campaigns during the last five years?	MoF Central Bank Legislature SAI Civil Society IFIs Academics	
3	What are the systemic factors behind overestimating revenue forecast?	MoF Central Bank Legislature SAI Civil Society IFIs Academics	
4	During the last three years, what was the legislature's response to lack of credibility in the budget?	MoF Central Bank Legislature SAI Civil Society IFIs Academics	

Dimension II. Reliable and efficient resource flows and transactions

Subdimension 2.1.: Capabilities for payroll management

		Primary respondents	Triangulation respondents
1	How are staffing plans developed and negotiated as part of the budget process?	MoF Sample of MDAs	Civil Society Academics SAI
2	How is the balance between centrally regulating civil service employment and allowing MDAs some flexibility to adjust to changing needs maintained?	MoF Sample of MDAs	Civil Society Academics SAI
3	What kind of IT systems are deployed to facilitate payroll management in the typical MDA?	MoF Sample of MDAs	Civil Society Academics SAI
4	What are the most important challenges MDAs face in effective payroll and human resource management	MoF Sample of MDAs	Civil Society Academics SAI
5	How is the payroll management of subnational government entities coordinated?	MoF Sample of MDAs	Civil Society Academics SAI

Subdimension 2.2.: Capabilities for commitment and expenditure control

		Primary respondents	Triangulation respondents
1	What are the most common causes of arrears?	MoF Sample of MDAs	Civil Society Academics SAI
2	What are the most common causes of virements?	MoF Sample of MDAs	Civil Society Academics SAI
3	What are the tools employed by the MoF to monitor commitments and expenditure?	MoF Sample of MDAs	Civil Society Academics SAI
4	How substantial is the variation in the performances of different MDAs in commitments and expenditure control?	MoF Sample of MDAs	Civil Society Academics SAI
5	What are the main reasons for such variations in performance?	MoF Sample of MDAs	Civil Society Academics SAI
6	What was the most significant reform initiative undertaken to improve commitments and expenditure control in the last three years?	MoF Sample of MDAs	Civil Society Academics SAI
7	What was the most significant outcome of the reform initiative?	MdF Amostra de MDA	Civil Society Academics SAI
8	What were the biggest challenges of the reform initiative?	MdF Amostra de MDA	Civil Society Academics SAI

Subdimension 2.3.: Capabilities to prepare effective procurement and cash plans

		Primary respondents	Triangulation respondents
1	How regularly do MDAs prepare procurement plans?	MoF Sample of MDAs	Civil Society Academics SAI
2	How accurate have the procurement plans of the typical MDA been against actual performance over the past three years?	MoF Sample of MDAs	Civil Society Academics SAI
3	What are the standard procedures applied to project cost as part of procurement planning?	MoF Sample of MDAs	Civil Society Academics SAI
4	How regularly do MDAs prepare and submit cash plans?	MoF Sample of MDAs	Civil Society Academics SAI
5	How accurate have the cash plans of the typical MDA been against actual performance over the past three years?	MoF Sample of MDAs	Civil Society Academics SAI
6	Is there a systematic link between the procurement and cash plans MDAs produce?	MoF Sample of MDAs	Civil Society Academics SAI
7	What are the most significant challenges in developing an effective cash management system?	MoF Sample of MDAs	Civil Society Academics SAI
8	How substantial is the variation between different MDAs in the quality of the planning data they provide?	MoF Sample of MDAs	Civil Society Academics SAI
9	What are the main reasons for such variations?	MoF Sample of MDAs	Civil Society Academics SAI
10	What are the most common sources of inaccuracy in producing cash forecasts?	MoF Sample of MDAs	Civil Society Academics SAI

Subdimension 2.4.: Capabilities to utilize information systems for effective execution

		Primary respondents	Triangulation respondents
1	What are the IT tools your organization uses on regular basis to help plan, implement and monitor financial resource utilization?	MoF Sample of MDAs	Civil Society Academics
2	How was the IT system adopted?	MoF Sample of MDAs	Civil Society Academics
3	How compatible is your information system with the systems of other organizations you work with?	MoF Sample of MDAs	Civil Society Academics
4	What percentage of the full functionalities of the IT system do you currently utilize?	MoF Sample of MDAs	Civil Society Academics
5	Do you have steady access to inputs (such as computers, internet, electricity, spare parts) necessary for effective utilization of IT systems?	MoF Sample of MDAs	Civil Society Academics
6	What are the risks associated with relying on the existing IT systems?	MoF Sample of MDAs	Civil Society Academics
7	Do you have sufficient internal capacity to manage these risks?	MoF Sample of MDAs	Civil Society Academics

Subdimension 2.5.: The availability of reform space to absorb shocks and make room for experimentation

		Primary respondents	Triangulation respondents
1	What are the most common reasons preventing experimenting to improve practices and processes?	MoF Sample of MDAs SAI	Civil Society IFIs Academics
2	What was the most recent small-scale change your organization introduced to improve budget planning and/or execution?	MoF Sample of MDAs SAI	
3	What was the most notable outcome of the change?	MoF Sample of MDAs SAI	
4	What was the most significant challenge in implementing the change?	MoF Sample of MDAs SAI	

Dimension III. Institutionalized accountability

Subdimension 3.1.: Annual reporting capabilities

		Primary respondents	Triangulation respondents
1	Are there streamlined annual reporting requirements that apply to all MDAs? If not, why?	MoF Sample MDAs	Civil Society Academics
2	What are the reports and administrative statistics a typical MDA publishes? How timely are these reports?	MoF Sample MDAs	Civil Society Academics
3	How substantial is the variation between different MDAs in the quality of reports and statistics they publish?	MoF Sample MDAs	Civil Society Academics
4	What the key systemic and organizational challenges affecting effective and timely reporting?	MoF Sample MDAs	Civil Society Academics
5	How compatible are the reporting procedures of major donors with government procedures?	MoF Sample MDAs Donors	Civil Society Academics
6	Has there been any effort to increase compatibility in reporting practices?	MoF Sample MDAs Donors	Civil Society Academics
7	What were the main challenges in increasing compatibility of reporting?	MoF Sample MDAs Donors	Civil Society Academics
8	How do you compare the reporting performance of recipient units in the case of donor funded and government funded activities? • Timeliness • Quality	MoF Sample MDAs Donors	Civil Society Academics

Subdimension 3.2.: Capacity to perform compliance, financial and performance audits

		Primary respondents	Triangulation respondents
1	How do you assess the capacity to perform internal audit in your organization?	Sample of MDAs	MoF SAI
2	How well has the internal audit unit (of a given MDA) been able to retain audit professionals?	Sample of MDAs	MoF SAI
3	How do you assess the human resource capacity of the SAI?	MoF SAI	Civil Society Academics
4	How well has the SAI been able to attract audit professionals?	SAI	MoF Civil Society Academics
5	How well has the SAI been able to retain audit professionals?	SAI	MoF Civil Society Academics
6	To what extent does the SAI conduct performance/value-for-money audit?	MoF SAI	Civil Society Academics
7	What are the most significant challenges facing the SAI in carrying out its mandate?	MoF SAI	Civil Society Academics
8	Are there established processes for the SAI to contribute to continuous learning and reform in PFM on top of reporting to the legislature?	MoF SAI	Civil Society Academics

Subdimension 3.3.: Robustness of structures and mechanisms to detect fraud and corruption

		Primary respondents	Triangulation respondents
1	How far do external audit processes serve in detecting fraud and corruption?	MoF SAI Civil Society	Academics IFIs
2	Is there a separate government body tasked with fighting fraud and corruption?	MoF Civil Society	Academics IFIs
3	If there is a separate anti-corruption body, how effectively has it been able to ward off political influence?	MoF Civil Society	Academics IFIs
4	What are the decentralized mechanisms to prevent fraud and corruption within each MDA?	MoF Civil Society	Academics IFIs
5	Are there mechanisms to use community organizations to enforce social accountability in service delivery?	MoF Civil Society	Academics IFIs

Subdimension 3.4.: Robustness of platforms for public engagement

		Primary respondents	Triangulation respondents
1	What are the main platforms available for the public and civil society to engage on issue of PFM?	MoF Civil Society	Academics IFIs
2	What is your assessment of the capacity of local civil society organizations to engage in PFM issues?	MoF Civil Society	Academics IFIs
3	What is your assessment of the capacity of the local media to analyse and report on PFM issues?	MoF Civil Society	Academics IFIs

Dimension IV. Crosscutting organizational issues

		Respondents
1	How would you describe your unit's mission in one sentence?	Everyone above (primary respondents)
2	Do you believe you have enough resources at your disposal to carry out your mission?	Everyone above (primary respondents)
3	How often do you review the strategic plan and directions of your unit?	Everyone above (primary respondents)
4	What are the tools you employ for knowledge management in your unit?	Everyone above (primary respondents)
5	What is the most central metric you employ to measure employee performance in your unit?	Everyone above (primary respondents)
6	How much space is your unit given by superior authorities to innovate and reengineer its business process?	Everyone above (primary respondents)
7	What is the key component of your unit's strategy for talent development?	Everyone above (primary respondents)

Annexure 2

List of departments in the personnel survey sample

Functional category	Department
Planning and statistics	Chargé de mission, responsable de la synthèse économique et de la programmation
	Chargé de mission, responsable des statistiques
	Direction de la comptabilité et des prévisions économiques
	Direction de la planification et du développement social
	Direction de la programmation du contrôle fiscal, des enquêtes et du recensement fiscal
	Direction de la programmation, de la préparation et de la réforme budgétaire
	Direction de la programmation pluriannuelle
	Direction des méthodes et synthèses
	Direction des méthodes, normes, études et recherches
	Direction des politiques économiques et stratégies de développement
	Direction des statistiques démographiques, sociales, du genre et de l'environnement
	Direction des statistiques économiques
	Direction des statistiques et de l'informatique
	Direction des synthèses économiques et des prévisions
	Direction générale de l'Institut centrafricain des statistiques et des études économiques et sociales
	Direction générale de l'économie et de la planification du développement
	Direction générale de la programmation économique
Revenue, Treasury and IT	Direction d'enregistrement, de la curatelle du timbre, de la conservation foncière du domaine et du patrimoine
	Direction de la centralisation comptable du Trésor
	Direction de la centralisation des comptabilités auxiliaires des recettes
	Direction de la fiscalité des grandes entreprises
	Direction de la fiscalité des moyennes entreprises
	Direction de la trésorerie du Trésor
	Direction des domaines

Functional category	Department
	Direction des douanes
	Direction des recouvrements et de la centralisation des recettes publiques
	Direction du système d'information
	Direction générale des impôts et des domaines
	Direction générale du Trésor
	Direction régionale des impôts et des domaines
Budget execution and control	Direction de l'agence nationale d'investigation financière
	Direction de l'informatique, des statistiques, de recouvrement et de la centralisation comptable
	Direction de la centralisation des comptabilités des collectivités locales et des organismes publics
	Direction de la coordination et du suivi sectoriel
	Direction de la dette et du portefeuille de l'État
	Direction de la facilitation de la communication et de la formation professionnelle
	Direction de la solde
	Direction de pilotage et de suivi du recouvrement
	Direction des dépenses
	Direction des études, de la législation, des statistiques et prévisions, de l'immatriculation et du contentieux
	Direction des investissements publics
	Direction des pensions
	Direction des ressources
	Direction des services centraux
	Direction du contrôle financier
	Direction du suivi de l'exécution des dépenses, de la comptabilité budgétaire et de la production des comptes administratifs
	Direction générale du budget
	Inspecteur chargé du suivi et des contrôles de la gestion des finances
	Inspection générale des finances

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