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## **Interim Evaluation of the CABRI Building PFM Capabilities programme - applying PDIA techniques to PFM problems in African Countries**

**Draft Report**

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## Acronyms and Abbreviations

AfDB	African Development Bank
BMGF	Bill & Melinda Gates Foundation
BPFMCP	Building PFM Capabilities Programme (of CABRI)
BSC	Building State Capabilities programme (of Harvard University, Kennedy School of Government)
CABRI	Collaborative Africa Budget Reform Initiative
CAR	Central African Republic
DeMPA	Debt Management Performance Assessment
DFID	UK Department for International Development
DSA	Debt Sustainability Analysis
FTE	Fiscal Transparency Evaluation (of the IMF)
FY	Fiscal Year
GDP	Gross Domestic Product
GFSM	Government Finance Statistics Manual (of the IMF)
IFMIS	Integrated Financial Management System
IMF	International Monetary Fund
INTOSAI	International Organisation of Supreme Audit Institutions
IPSAS	International Public Sector Accounting Standards
MAPS	Methodology for Assessing Procurement Systems
MDAs	Ministries, Departments & Agencies (of Central Government)
MTEF	Medium Term Expenditure Framework
OECD	Organisation for Economic Cooperation and Development
PAC	(Parliamentary) Public Accounts Committee
PBB	Programme Based Budgeting
PDIA	Problem Driven Iterative Adaptation
PEFA	Public Expenditure & Financial Accountability
PER	Public Expenditure Review
PFM	Public Finance Management
PS	Permanent Secretary
QA	Quality Assurance
RTAC	(IMF) Regional Technical Assistance Centre
SAI	Supreme Audit Institution
SAI-PMF	Supreme Audit Institutions' Performance Measurement Framework
TADAT	Tax Administration Diagnostic Assessment Tool
USAID	United States Agency for International Development
VAT	Value Added Tax
WB	World Bank

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## Executive Summary

**This draft report summarises the findings, conclusions and operational implications of the Interim Evaluation of the CABRI Building PFM Capabilities programme, which applies PDIA techniques to the solution of PFM problems in African Countries.** The interim evaluation has been commissioned by the Bill & Melinda Gates Foundation and undertaken by an independent team of evaluators and PFM practitioners from Fiscus and its associates.

The Collaborative Africa Budget Reform Initiative (CABRI) is an intergovernmental organisation that provides a platform for peer-learning and exchange for African ministries of finance, budget and planning. CABRI's mission is to strengthen the capabilities of African government officials for the implementation of reforms that achieve functional PFM systems. One of the ways CABRI do this is through the Building PFM Capabilities programme (BPFMC), which was launched in 2017, premised upon the application of the Problem-Driven Iterative Adaptation (PDIA) approach.

The PDIA approach is a response to the challenges of reforming systems of public administration and public finance management in developing countries, and in particular a response to the limited degree of success achieved with the approaches adopted to date. The BPFMC programme is the most significant attempt to apply the PDIA approach in a systematic manner to the resolution of PFM problems in African countries. The BPFMC programme was developed in collaboration with the Building State Capability (BSC) programme at Harvard University's Centre for International Development. It involves country teams addressing a PFM problem through action-oriented work, while at the same time developing new capabilities for team working, for analysing and deconstructing problems and for implementing solutions in an adaptive manner by learning from experience.

This Interim Evaluation of the CABRI Building PFM Capabilities programme provides the basis for an objective external assessment of the application of the PDIA approach in the African context. The evaluation has drawn its evidence primarily from an analysis of the six countries<sup>1</sup> which participated in CABRI's 2018 BPFMC programme. It has examined the changes generated in terms of solving PFM problems and in terms of building in-house capabilities to sustain PFM reforms in the future.

## Key Findings

**There is a clear evidence from at least 3 countries within the 2018 cohort (CAR, Lesotho and Liberia) that tangible progress has been made towards the resolution of complex PFM problems as a consequence of the PDIA processes as applied by CABRI.** There is also strong evidence of skills development, right across the cohort, related to problem-solving, team-working, adaptive learning and reform implementation skills.

Existing evidence from Development Agencies on the delivery of their own traditional technical assistance projects for public sector reform indicates a 40-70% failure rate for such projects (Andrews, 2013). Achieving significant progress towards resolution of complex PFM problems in three out of six countries is an impressive success rate by comparison, especially within such a short time period. Moreover, in each of these three countries, resolution of the PFM problem required the application of a range of customised technical solutions, as well as systematic attention – through meetings and stakeholder engagement processes - to underlying issues of relationships and incentives. It is difficult, if not impossible, to conceive of such a combination of measures being effectively delivered by an external team: at the very least, significant local leadership and engagement would have been

<sup>1</sup> The Central African Republic (CAR), Côte d'Ivoire, Ghana, Lesotho, Liberia and Nigeria.

essential. It is also difficult to conceive of this level of progress being achieved without adopting a problem-driven iterative process. On the other hand, the experience of the 2018 cohort is not an unmitigated success, and there is evidence to suggest that there might be improved ways of implementing a PDIA process building on the lessons of the 2018 experience.

## Lessons for the future

**The PDIA process, as applied in the 2018 CABRI BPFMC programme has provided a way for local teams to identify a problem and work through it with stakeholders in a way that develops transferable skills.** This is unique to the PDIA process, and has been reflected upon positively by the Authorising Agents and the local teams in most of the countries involved in the 2018 programme. The ownership of the problem and the confidence instilled in country teams to arrive at a solution is empowering. The process has led team members to work across functions, learn about new areas in Government, develop transferable skills, and in 3 out of 6 cases to make tangible progress towards resolving complex PFM problems.

**With the 2018 cohort, progress towards resolution of their PFM problems has been achieved when three conditions have come together:**

- There has been an Authoriser, with genuine concern for the problem and sufficient influence to open up space for the PDIA team to work;
- The Authoriser has devoted focused attention to a relevant problem of local significance, whose key causes and sub-causes have been well defined;
- There has been a functional PDIA team, with a specific mandate by the Authoriser to search for solutions to the problem and with the capacity to dedicate sufficient time to the task.

**In CAR, Liberia and Lesotho, the CABRI BPFMC has helped to bring together these conditions and to keep a continuous focus on the identified PFM problem.** The added value of PDIA has been clearly manifested in these instances. In the other three countries of the cohort, there were shortcomings – ‘sticking points’ in each of these areas, which made it impossible to achieve sustainable progress towards problem resolution within the 8-month period of the BPFMC programme.

**How should CABRI and its stakeholders build on this experience so as to increase the success of the programme?**

The evaluation provides strong evidence that the programme should continue. However, the ‘sticking points’ identified above are important and need to be tackled prior to consideration of scaling up the programme. Three sets of changes to the existing structure and implementation methodology of the CABRI Building PFM Capabilities programme (BPFMC) are therefore proposed in order to enhance its impact, and provide a stronger basis for scaling up in future:

- Adapting the overall structure of the programme from an 8-month to a 20-month time period, focused on a smaller set of participating countries, with a deeper engagement in each, so as to increase potential for sustainable impact.
- Placing the Authorising Agent and his/her PFM problem at the heart of the BPFMC programme, by starting from the nomination of the Authorising Agent(s) and the identification of a ‘good’ PFM problem and proceeding from that to the nomination of the country team and the initiation of the PDIA process.
- Developing a new coaching model for the BPFMC programme, which allows for differing levels of external engagement depending on progress achieved and emerging needs, so as to provide more support when difficulties arise with the authorising environment, the problem definition and diagnosis and/or the dynamics and functioning of the PDIA team.

## I. Objectives, Approach & Limitations of the Interim Evaluation

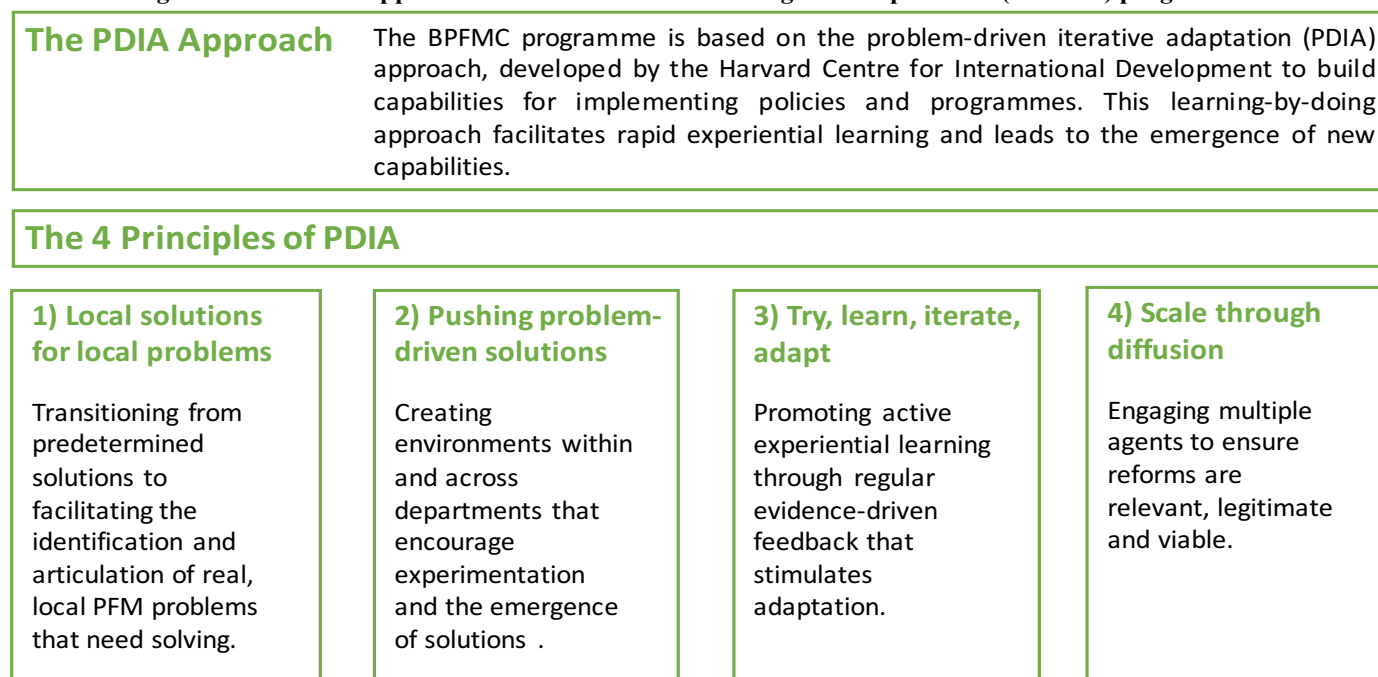
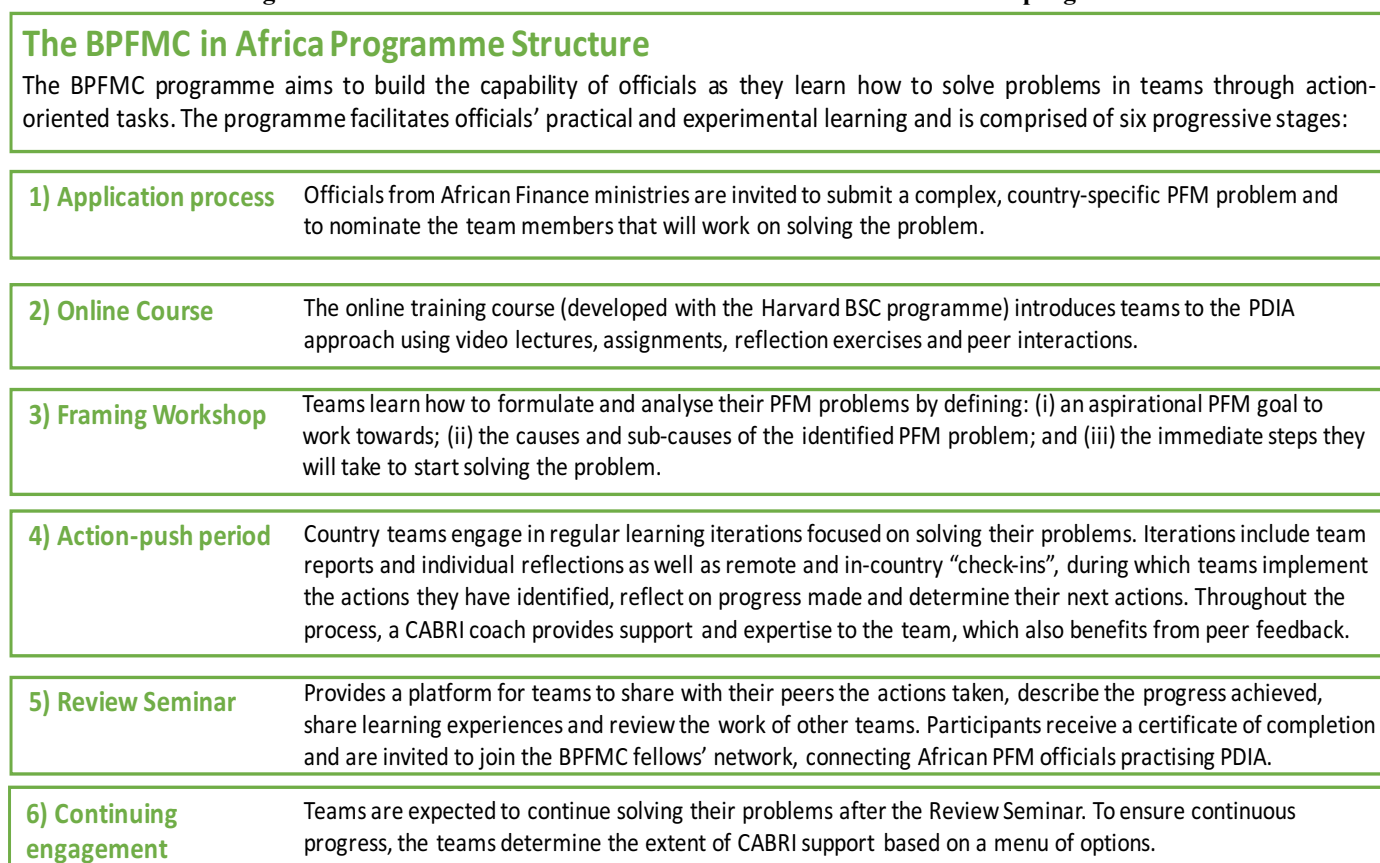
1. **This draft report has been submitted by Fiscus as a summary of the findings, conclusions and policy implications of the Interim Evaluation of the CABRI Building PFM Capabilities programme**, which is applying PDIA techniques to the solution of PFM problems in African Countries. The interim evaluation has been commissioned by the Bill & Melinda Gates Foundation and undertaken by an independent team of evaluators and PFM practitioners from Fiscus and its associates. In addition to addressing the evaluation questions, the evaluation has generated specific recommendations, regarding the desirability and the potential for the scaling up of CABRI's PDIA programme as well as the operational implications of such a course of action for BMGF and CABRI.
2. The draft report will be circulated for comments from the key stakeholders in the process, namely the Development Policy & Finance team of BMGF, CABRI and the leaders of the Building State Capability (BSC) programme at Harvard University. It will then be discussed and reviewed with the team of CABRI coaches for the Building PFM Capabilities programme, leading to a final report later in 2020, which will be made publicly available<sup>2</sup>.

### I.1 Scope and Rationale for the Interim Evaluation

3. The **Collaborative Africa Budget Reform Initiative (CABRI)** is an intergovernmental organisation that provides a platform for peer-learning and exchange for African ministries of finance, budget and planning. CABRI's mission is to strengthen the capabilities of African government officials for the implementation of reforms that achieve functional PFM systems. One of the ways CABRI do this is through the **Building PFM Capabilities programme (BPFMC)**, which was launched in 2017, premised upon the application of the **Problem-Driven Iterative Adaptation (PDIA) approach**.
4. **The PDIA approach is a response to the challenges of reforming systems of public administration and public finance management in developing countries, and in particular a response to the limited degree of success achieved with the approaches adopted to date.** Research<sup>3</sup> suggests that most existing approaches to reform have tended to focus on the application of pre-specified solutions derived from international "best practice", to adopt rigid implementation plans, and to rely heavily on individual "reform champions". In contrast, the PDIA approach comprises four alternative "principles of engagement" (Andrews et.al, 2017, p.135): a) focusing on specific problems in local contexts; b) fostering active experimental iterations with new ideas, and gathering lessons from these iterations to turn ideas into solutions; c) establishing an environment for decision-making that encourages experimentation; and d) engaging broad sets of agents to ensure that reforms are viable, legitimate, relevant, politically supportable and practically implementable.

<sup>2</sup> It was originally intended that the Draft Report should be concluded in early 2020. The COVID-19 pandemic broke out precisely at this time and had a significant knock-on effect upon its finalisation. The findings remain fully relevant, nevertheless, and we anticipate that the recommendations will be taken up by CABRI and BMGF when the next "normal" round of the Building PFM Capabilities Programme is launched, in late 2020 or early 2021.

<sup>3</sup> See notably: Andrews, M. (2013), *The Limits of Institutional Reform in Development*, New York: Cambridge University Press, Andrews, M., L. Pritchett & M. Woolcock, (2017) *Building State Capability: Evidence, Analysis, Action*, Oxford: Oxford University Press, and Fritz, V., Verhoeven, M., & Avenia, A. (2018). *Political Economy of Public Financial Management Reforms: Experiences and Implications for Dialogue and Operational Engagement*. World Bank Group. In Chapter 2, we present a brief review of the research literature on PFM reform.

**Figure 1: The PDIA approach within the CABRI Building PFM capabilities (BPFMC) programme<sup>4</sup>****Figure 2: Overview of the structure of the CABRI BPFMC in Africa programme**

<sup>4</sup> <https://www.cabri-sbo.org/en/publications/building-pfm-capabilities-2018-cohort-brochure> . See also the video presentation: <https://www.cabri-sbo.org/en/media/building-public-finance-capabilities-programme-a-graphic-tour>.



- 5. The BPFMC programme is to date the most significant attempt to apply the PDIA approach in a systematic manner to the resolution of PFM problems in African countries.** The BPFMC programme was developed in collaboration with the Building State Capability (BSC) programme at Harvard University’s Centre for International Development<sup>5</sup>. It involves country teams addressing a PFM problem through action-oriented work, while at the same time developing new capabilities for team working, for analysing and deconstructing problems and for implementing solutions in an adaptive manner by learning from experience. CABRI offer two variants of the programme:
- **The “BPFMC in Africa” programme** is run in 6-7 countries simultaneously, involving one team per country addressing one PFM problem across a standardised 8-month programme, for which CABRI provide a structured programme of coaching support, peer review and feedback. (The programme structure is explained Figures 1 & 2, which summarise the description of the programme, as provided in CABRI’s BPFMC brochure<sup>6</sup>.)
  - **The “BPFMC in country” programme** is run in one country, involving multiple teams per country addressing a number of problems. It is based on a customised programme per country, which emphasises cross-team feedback and support within each country. To date, the programme has been run in South Africa, The Gambia and Lesotho.
- 6.** During 2017, seven Anglophone African countries successfully completed the first edition of the BPFMC in Africa programme<sup>7</sup>. CABRI report that *‘in addition to developing a deeper understanding of the root causes of their problems, the country teams developed capabilities and confidence, and made significant progress – financial reporting rates went up, budgets were prepared faster, and virements and arrears decreased.’* A second cohort of seven countries – 2 Francophone and 5 Anglophone<sup>8</sup>, completed the BPFMC in Africa programme of 2018 and it is their experience that forms the primary evidence base for this evaluation, although it also draws in part on the experience of the 2019 cohort of the BPFMC in Africa programme<sup>9</sup>.

## 1.2 Specific Objectives and Evaluation Questions

- 7. The fundamental objective of this interim evaluation is to provide an early, objective assessment of the effectiveness of PDIA approaches and their potential to address substantive PFM problems that impact upon the quality and coverage of public services in African countries.** It will seek to do this by addressing two high-level questions and six subsidiary evaluation questions, each of which are detailed in Box 1 below.
- 8. The Evaluation Questions address – in a preliminary manner - questions of relevance, effectiveness, impact and sustainability.** The evaluation aimed to extract high-level results, while recognising that there is significant amount of heterogeneity across the six cases. It has not provided *definitive* answers in any of these areas but it has generated preliminary

<sup>5</sup> <https://bsc.cid.harvard.edu/>

<sup>6</sup> It is worth noting that a designated CABRI Coach accompanies the country team from Steps 2 to 5, and frequently in Step 6 too.

<sup>7</sup> <https://www.cabri-sbo.org/en/events/buidling-pfm-capabilities-2017-cohort-closing-workshop>

<sup>8</sup> Six countries were coached by CABRI in conjunction with BSC, Harvard, namely: The Central African Republic (CAR), Ghana, Ivory Coast, Lesotho, Liberia and Nigeria. In addition, the Gambia was coached exclusively by CABRI. The BPFMC programmes in the former six countries were financed by the Gates Foundation and have been the main focus of attention in this evaluation.

<sup>9</sup> The 2019 cohort comprised 7 countries – Benin, Central African Republic, Ethiopia, Ghana, Guinea, Mali and Rwanda, two of which had also participated in 2018 (CAR and Ghana). (<https://www.cabri-sbo.org/en/media/building-pfm-capabilities-programme-peer-review-seminar-tanzania>)

findings and hypotheses, which could be subsequently tested or refined in future research and evaluation work, and through future adaptations to the process of PDIA implementation by CABRI, and, potentially, by other organisations.

9. **The Evaluation Questions did not address issues of efficiency or cost-effectiveness.** If the BPFMC programme were to be scaled up, then a more detailed analysis of cost-efficiency would be desirable but this does not appear necessary at this stage. Cost-efficiency analysis could be undertaken as an internal exercise at a later stage based on the detailed information on the costs of the BPFMC programme, available to CABRI and BMGF. At this stage, simplifying the focus of the evaluation has allowed closer attention to be paid to the fundamental issues of relevance, effectiveness, impact and sustainability.

### Box 1: Evaluation Questions

## Evaluation Questions for the Interim Evaluation of the CABRI-PDIA initiative

### High-level Questions

- A. *Is there evidence that the PDIA approach – as applied through the BPFMC programme - is helping to address, or has the potential to address, substantive PFM problems that impact upon the quality and coverage of important public services?*
- B. *Are there any indications from the CABRI-PDIA experience of which types of PFM problems, in which institutional and country contexts, PDIA is more likely to be effective in addressing, by comparison with other approaches?*

### Detailed Evaluation Questions

- 1. Evidence of Impact or Potential for Impact in the resolution of PFM problems within the 2018 cohort of the CABRI BPFMC programme**
- *Have the PFM problems identified in the 6 BMGF-funded countries been addressed or partly addressed during 2018 and 2019? If not, why not?*
  - *What is the likelihood of relevant solutions being implemented in the near future? If unlikely, then why?*
  - *To what extent is it likely that equivalent changes could have been achieved through the provision of alternative forms of TA support to PFM reform, other than PDIA?*
- 2. Evidence of the development of relevant skills by the PDIA teams in the six BMGF-funded countries within the 2018 cohort of the CABRI BPFMC programme**
- *To what extent have capabilities and skills related to problem-solving, adaptive learning, team-working and reform implementation been developed?*
  - *Are these skills and capabilities likely to be sustained and to prove significant to future PFM reform in these countries? If not, why not?*
  - *To what extent can the development of these skills and capabilities be attributed to the PDIA process? And if so, can links be made to specific aspects of the process?*
- 3. Lessons from the practical application of PDIA by CABRI in Africa: which aspects work most effectively?**
- *Which aspects of PDIA appear to be more effective and/or influential?*
    - *The initial process of problem selection/ definition and analysis?*
    - *The development of functional teams and stakeholder networks?*
    - *The creation of an “authorising environment”, which lends authority and legitimacy?*
    - *The identification of entry points to begin to address the problem?*
    - *The process of learning and adaptation (“iteration”)?*
    - *The coaching and back-up support and guidance from CABRI?*
    - *The learning materials and learning framework provided by the BSC, Harvard materials?*
  - *Where do the “sticking points” appear to be? And the areas where more thought/ design evolution appears to be needed?*

**4. Which PFM problems appear to be effectively tackled by PDIA, as evidenced by the experience of the CABRI BPFMC programme?**

- Which types of PFM problems appear to be better suited to be tackled by PDIA?
- Which types of problems appear to be better addressed by other types of Technical Assistance (TA) to PFM reform?

**5. What would appear to be the appropriate institutional contexts for PDIA, as evidenced by the experience of the CABRI BPFMC programme?**

- Do there appear to be specific institutional pre-conditions for PDIA to work?
- How binding do these appear to be? Is there scope for PDIA to generate progress even in difficult environments?

**6. What are the operational implications of the findings of the Interim Evaluation?**

- What scope for future PDIA work is suggested by the evaluation findings? Would future scaling up be warranted within Africa?
- If so, what changes and adaptations might be needed to ensure a successful scaling up?
  - Would changes be needed to the current operational approach of CABRI?
  - What support would CABRI need to ensure a successful scaling up?

### 1.3 Key Sources of Information

**10. The evaluation has drawn its evidence primarily from an analysis of the countries which participated in CABRI's 2018 BPFMC programme.** It has examined the changes generated in terms of solving PFM problems and in terms of building in-house capabilities to sustain PFM reforms in the future. Evidence has been gathered over a short time period – from a “baseline point” at the start of the second edition of the BPFMC programme in May 2018, to a “mid-line point” in December 2018, when the programme formally closed through the Review Seminar, to an “end-line point” in May 2019, five months after the conclusion of the coaching support from CABRI. This has been complemented by further information emerging from the experience of the 2019 cohort.

**11. The evaluation has drawn upon five primary sources of data, as well as from a literature review, which has aimed to situate the findings and conclusions within the wider research literature.** These information sources comprise the evidence base that has been built up at each point of the evaluation – baseline, midline and end-line, in order to derive the indicative conclusions, presented in Chapters 3 and 4. The five data sources for the evaluation are as follows:

- (i) Interviews and observations from the Pretoria Framing workshop (May) and the Dakar Review Seminar (December) for the 2018 cohort of the CABRI BPFMC programme;
- (ii) Baseline and Midline Surveys of the Participants in the 2018 BPFMC programme;
- (iii) Midline interviews and observations from field visits to CAR, Lesotho and Liberia in October 2018. Desk-based review of Nigeria;
- (iv) End-line interviews and observations from a field visit to Liberia in May 2019;
- (v) Interviews and observations from the Dar-es-Salaam Review Seminar for the 2019 cohort of the CABRI BPFMC programme.

**12. The above five sources mainly generated qualitative data.** In addition to the primary data sources, CABRI documents, the “Canvas” e-learning space and other web documents were used, alongside secondary sources which give macroeconomic, social and political context to each of the cases.

**Figure 3: Overview of the Information Sources and Timeline for the Interim Evaluation**

### The Framing workshop & Review Seminar for the 2018 cohort

13. The Framing workshop and the Review Seminar comprise the opening and closing sessions of the BPFMC programme, corresponding to the “base-line” and “mid-line” points of the evaluation. These events<sup>10</sup> involved all six BMGF-funded teams participating in the 2018 cohort. Moreover, because these events were highly interactive, involving all teams in exercises and presentations, as well as plenary discussions, they provided a good basis for observing and assessing team cohesiveness, as well as the analytical capabilities and self-confidence of participants. By participating in both events<sup>11</sup>, the evaluation team were able to reach some judgement on the extent to which there had been improvements in team cohesiveness, analytical capability and self-confidence. This was done through selective semi-structured interviews with participants, as well as by observation of the performance of the country teams at each workshop.
14. The focus of the Review Seminar is specifically to allow the country teams to present the actions they have undertaken, their assessment of the progress achieved and their perceptions of the lessons learned. Although self-reported, these presentations comprise a significant part of the evidence regarding the progress made in solving the respective PFM problems addressed by each team. By posing structured questions both in plenary and in private, the evaluation team were able to examine more critically the progress and the changes reported. In addition, complementary information was drawn from the postings made by the teams in the Harvard ‘Canvas’ system<sup>12</sup>, as well as from the country visits undertaken.

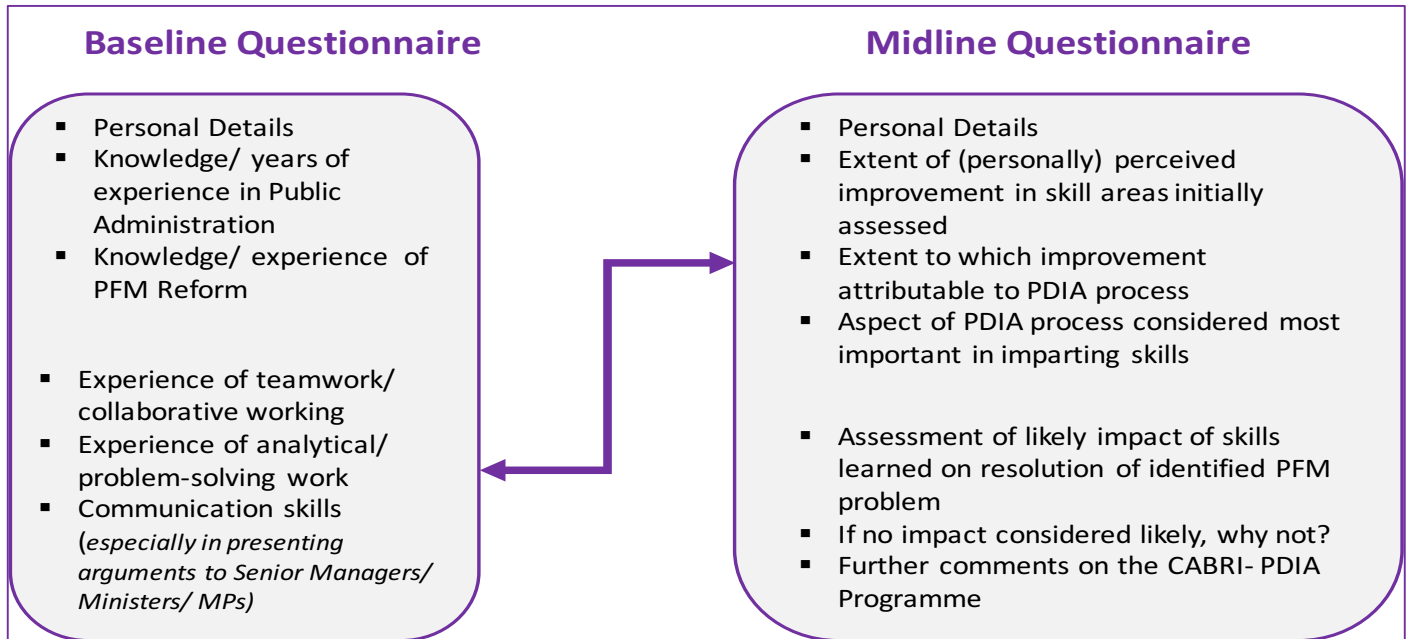
<sup>10</sup> The ‘Framing workshop’ for the 2018 cohort took place in Pretoria, South Africa in May 2018 and the Review Seminar in Dakar, Senegal in December 2018.

<sup>11</sup> Andrew Lawson, the Team Leader for the evaluation participated in both events, accompanied by Jennifer Hegarty in Pretoria and by Gonzalo Alvarez de Toledo in Dakar.

<sup>12</sup> The Harvard BSC team kindly provided the evaluation team with access to the ‘Canvas’ system for all the postings made by the 2018 cohort. These include weekly ‘check-in reports’ for the May to December 2018 period, as well as all individual and team assignments.

## Baseline and Mid-line surveys of Participants (May-June, 2018 and December, 2018)

Figure 4: Overview of the Baseline and Midline Questionnaires



15. **Two questionnaire-based surveys of participants were undertaken in order to help to assess the development of skills and capabilities between the Base-line and the Mid-line.** A base-line questionnaire was circulated shortly before the BPFMC ‘Framing workshop’ in May 2018, and a similar questionnaire was circulated in December 2018, shortly before the Dakar Review Seminar. By comparing participants’ responses to these two questionnaires, it has been possible to assess participants’ own perceptions on the development of capabilities and skills related to communication, problem-solving, team-working and reform implementation, and also to assess participants’ perceptions of the relative contribution of PDIA to this process. A summary of the results of the two surveys is presented in Annex One. Figure 4 above shows the questions that were posed in each questionnaire.

## Mid-line and End-line Country Case Studies (October, 2018 and May, 2019)

16. **The Mid-line and End-line Country case studies have provided further evidence for assessing progress in the development of solutions to the PFM problems identified by participant teams.** These case studies drew on information from two main sources: a) the weekly exercises and reports on the application of the PDIA approach produced by each of the country teams over May to December 2018 and posted onto the BSC “Canvas” system for sharing documents; and b) one-week visits to 3 of the 6 countries by evaluation team members – the Central African Republic (CAR), Liberia and Lesotho<sup>13</sup>.

17. **The End-line Country studies had the additional objective of assessing the potential for sustainability of the changes supported through the PDIA process.** It was planned that they should take place in May or June 2019, five to six months after the formal closure of the CABRI BPFMC programme, drawing information from country visits. It was intended

<sup>13</sup> It was originally planned to undertake a visit to Nigeria also but it proved too complex to synchronise the timing with the PDIA team in-country. Nevertheless, a country report was prepared on Nigeria based on the materials available on canvas and the interviews undertaken at the Pretoria and Dakar workshops.

that End-line studies would give an opportunity to assess whether continued progress had been made towards the solution of the identified PFM problems and to examine whether the skills and capabilities acquired through the PDIA process had continued to be employed and to be further expanded. It only proved possible to re-visit one of the three countries to undertake an “End-line” report<sup>14</sup>, namely Liberia. However, additional information on the continued progress within the 2018 cohort was obtained from CABRI, as well as through participation in the Review Seminar for the 2019 cohort, which took place in December, 2019 in Dar es Salaam.

## Literature Review

**18. A short Literature Review was undertaken to provide a review of the research and evaluation work on modalities of support to PFM reform.** The objective was to situate the PDIA approach within the wider literature. Specifically, the Review developed a typology of different approaches to supporting PFM reforms, within which PDIA was situated alongside other approaches. From this review, three specific hypotheses emerging from the PDIA approach were identified for further analysis through the evaluation. The Literature Review is presented in Chapter 2.

## 1.4 Limitations of the Interim Evaluation

- 19. It is possible that the data we were able to collect were influenced by the level of engagement and organisation of the country teams and the difficult state of affairs in some countries.** Thus, our findings may be unintentionally biased by these factors. Both these factors were outside the control of the Evaluation team, but arguably do matter for the reform process. For example, the Nigeria team was not able to organise a mid-line field visit, and as a result an end-line one was not planned. Also, it was not politically stable in CAR, which led to the cancellation of the end-line trip. Both team dynamics and political context affected data collection, but also matter for reform processes.
- 20. It is evident that many of the changes that the PDIA approach seeks to stimulate and sustain may not have manifested themselves within the short time period in which CABRI has been engaged with the participating countries.** It is also possible that early changes generated in this time period will not prove durable. In short, there are significant risks and limitations in undertaking an “interim evaluation” of this kind. At the same time, PFM problems in Developing Countries represent a serious obstacle to social and economic development, and to the delivery of effective services to the poor. PDIA appears to offer the potential to address such problems more effectively and sustainably: there is therefore much to be gained by testing this potential at an early stage and, subject to these findings, by developing practical recommendations to target the use of PDIA techniques and to adapt as appropriate the operational approaches to its dissemination, and its incorporation within other approaches to PFM reform.
- 21. This report should therefore be considered not as a definitive evaluation but rather as a contribution to the debate on how best to support PFM reforms in Developing Countries.** Stakeholders and practitioners working in this field are encouraged to comment on this report and provide ideas on how PDIA techniques might be taken forward in Africa and elsewhere.

<sup>14</sup> The precarious security situation in Bangui made it inadvisable to make a return visit to CAR. In relation to Lesotho, the reasoning was that limited additional information would be obtained through a repeat visit, given the extensive information that it had proved possible to compile for the Midline Report, and the extensive information available on ‘Canvas’.

## I.5 Structure of the Report

22. Following this introductory chapter, this report has been structured as follows:

- **Chapter Two presents a review of the literature.** It summarises the key findings of recent research and evaluation work regarding modalities of support to PFM reform in Developing Countries. It examines the different approaches to support for PFM reform and their evidence bases, the critical success factors associated with different approaches, and the implications for implementing PDIA more broadly.
- **Chapter Three presents the findings of the interim evaluation with regard to the evaluation questions.** Specifically, it summarises the findings in relation to: (i) the evidence of impact achieved or potential for impact shown by the CABRI BPFMC programme; (ii) the evidence of the development of relevant skills by BPFMCP participants; (iii) the lessons emerging from the practical application of PDIA by CABRI within the BPFMC programme; (iv) indications of which PFM problems appear to be effectively tackled by PDIA, as evidenced by the experience of the CABRI BPFMC programme; and (v) findings regarding the institutional contexts which appear better suited to the application of PDIA, as evidenced by CABRI BPFMCP experience.
- **Chapter Four presents our conclusions regarding the operational implications of the Interim Evaluation.** In particular, it considers what scope for future PDIA work is suggested by the interim evaluation findings. It addresses the question whether future scaling up of the CABRI-PDIA programme might be warranted within Africa, and, if so, what changes and adaptations might be needed to ensure a successful scaling up.
- **The annexes present summaries of the principal evidence collected by this interim evaluation,** including the summary of the base-line and mid-line survey results, an overview of the data tables from the country reports and the actual country reports for CAR, Lesotho, Liberia and Nigeria.

## 2. Past research on PFM Reform and its implications for the evaluation

23. This chapter seeks to situate the PDIA approach within the wider literature. It summarises the key findings of research and evaluation work regarding modalities of support to PFM reform in Developing Countries. It examines the different approaches to support for PFM reform and their evidence bases, the critical success factors associated with different approaches, and the implications for implementing PDIA more broadly.
24. The objective is to set the theoretical and research context for the evaluation, building on the previous literature on PFM reform including a prior literature review on PFM reform commissioned by the UK’s Department for International Development (DFID) (Pretorius & Pretorius, 2009) and the World Bank report on the Political Economy of Public Financial Management Reforms (Fritz, Verhoeven, & Avenia, 2018) among others. Building on that previous literature, this review does four specific things:
- Reviews the existing mechanisms for measuring PFM performance and for assessing the impact of reforms;
  - Describes current approaches to PFM reform including a detailed description of PDIA;
  - Proposes a typology of “schools of thought” regarding the critical success factors for PFM reform, building on previous literature on public administration and PFM reforms, in order to better capture the evolution of theoretical and policy debates over time, and to draw lessons from past experience in both developed and developing countries; and
  - Assesses the evidence brought to bear by the different schools of thought, and summarises their different thinking around the success factors for PFM reform, drawing out the implications for this evaluation.

### 2.1 Measuring Performance of PFM Systems and Impact of PFM Reforms

25. **The starting point for this literature review is the observation that there is relatively little empirical evidence regarding the effectiveness of different approaches to supporting PFM reform.** Although, the objectives of PFM systems are similar across countries, their achievement cannot be easily measured in an unequivocal and comparable manner. In particular, assessment of reform efforts in PFM has been hampered “by the lack of performance-based indicators” (Pretorius & Pretorius, 2009). More recent work (Andrews, de Renzio, & Mills, 2010) also documented mixed results for previous modes of support for PFM reform. The CABRI BPFMC programme thus provides a timely opportunity to assess the effectiveness of PDIA in PFM reform.
26. **A robust assessment of the effectiveness of PFM reforms must logically require an objective and widely accepted method of measuring PFM performance,** which permits a consistent calibration of progress from a ‘baseline’ to a ‘post-reform’ situation. Whilst there exist tools that approximate this function – notably the PEFA (Public Expenditure & Financial Accountability) methodology or the OECD-DAC peer review process between Senior Budget Officials (SBOs)<sup>15</sup>, there is none that provides an unequivocal and universally accepted method of measuring the performance of PFM systems.

<sup>15</sup> There is also a wide range of tools to assess the functionality of specific aspects of the PFM system, notably the OECD-DAC’s Methodology for Assessing Procurement Systems (MAPS) and the diagnostic tools supported by the IMF, the World Bank and other international agencies, such as the Fiscal Transparency Evaluation (FTE), the Tax Administration Diagnostic Assessment Tool (TADAT) and the Debt Management Performance Assessment (DeMPA) methodology.



- 27. This is both because functionality is exceedingly difficult to measure in a standardised way across countries and time periods, and because there is no single good practice or form associated with high functionality.** With the PEFA methodology, the merging of both de jure and de facto dimensions within the same indicators means that it is difficult to distinguish between an improvement in PEFA scores which has been caused by paper-based reforms with no improvement in functional results, vs. an improvement which has been driven by on-the-ground change. Moreover, the specific scoring of each indicator allows for a reasonable range of performance and often an element of subjectivity in the assessment which makes it difficult to distinguish the type of incremental improvements in functionality year-on-year that are the most realistic goal of PFM reforms. Finally, the PEFA methodology assesses PFM overall rather than changes as a result of a specific reform. Given that PFM reforms are often carried out either in sequence or parallel, it becomes difficult to assess which reform caused which change in functionality.
- 28. Notwithstanding the difficulties of drawing firm conclusions based on the available evidence (Turner, 2013), it is still clear that the results from several decades of support to PFM reform in Africa are mixed (Andrews, 2010) (Pretorius & Pretorius, 2009).** A 2005 OED evaluation of World Bank support for Highly-Indebted Poor Countries (HIPC) found marginal increases in the number of benchmarks met per country; another IMF-World Bank assessment of the 2001-2006 period concluded that there had been limited and uneven progress (de Renzio & Dorotinsky, 2007); a 2008 IEG assessment on World Bank support notes progress on changes in processes, but a lack of evidence for changes in PFM quality or progress on PFM goals (Westcott, 2008). Most recently, a 2018 World Bank report found that ‘reforms tend to remain partially completed in many cases for extended periods of time’, and that ‘the advocated expected impacts of reforms tend to exceed the actual impacts of such reforms across countries’ (Fritz, Verhoeven, & Avenia, 2018). There are also concerns around ‘isomorphic mimicry’ (Andrews, 2009) or ‘reform façade’, where there is an appearance-only version of reform.
- 29. In summary: the difficulty in measuring the outcomes of PFM reform means that there is little conclusive evidence to confirm the relative advantages or disadvantages of the different modalities of support to reform discussed below.** Case studies and theoretical arguments form the bulk of available evidence. This fact again underlines the value of assessing the experience with the CABRI BPFMC programme, which has the virtue of providing evidence from a common approach adopted in a range of African countries and contexts.

## 2.2 Established Approaches to Support for PFM Reform and their Relationship to PDIA

- 30. A 2009 DFID-funded review of the PFM literature distinguishes three groups of approaches towards the provision of support for PFM reform, acknowledging that they may be complementary (Pretorius & Pretorius, 2009).** These include: i) political economy approaches which focus on the importance of the political context; ii) the platform approach, which focuses on the sequencing of reforms; and iii) the strengthened approach, focusing on a country-led agenda with a coordinated programme of support and a shared information pool. Table I summarises these approaches.

Table 1: Established Approaches to PFM Reform

Approach	Description
<i>Political Economy Approaches</i>	<p><b>Political economy approaches include the Drivers of Change (DoC) approach, and the Expected Utility Stakeholder Model (EUSM).</b> The DoC approach was developed by DFID in the early 2000s, building on previous research. Three studies which examined the political economy of the budget process in Ghana (Killick, 2005), Malawi (Rakner, Mukubvu, Ngwira, Smiddy, &amp; Schneider, 2004), and Mozambique (Tirana &amp; Hodges, 2004) demonstrated the gap between the formal and informal processes that drive the budget, and the critical role that political concerns play in the informal realities around budgeting. They further conclude (DFID, 2007) that PFM reform would only succeed with sufficient capacity, a strong civil society, and sustained political will to drive the reforms. There is not yet evidence to demonstrate that the DoC approach has been translated into operational strategies and programmes (Pretorius &amp; Pretorius, 2009).</p>
<i>The Platform Approach</i>	<p><b>The Platform Approach aims to introduce sequential packages of complementary measures ('platforms') designed to increase competence over a reasonable timeframe.</b> Each platform focuses on an intended outcome – for example: in Cambodia the first platform was a credible budget process (World Bank, 2008). This structured approach to reform sequencing should produce genuine government leadership, a politically acceptable pace of change, donor harmonisation and greater levels of trust (Pretorius &amp; Pretorius, 2009). The platform approach builds upon the World Bank's 'basics first' work in the 1990s (Schick, 1998), and has more recently been codified in practice &amp; briefing notes by DFID and the IMF. While the platform approach argues for sequential reform, it does not prescribe the specific sequence. The chosen sequence should thus be decided upon by the government in question, although there are few documented examples where this is said to have happened.</p> <p>The platform approach has been used in Cambodia, East Timor, Russia, and India (DFID, 2005). Few evaluations of the platform approach are available, although there is evidence that inappropriate sequencing of reforms has led to negative outcomes (DFID, 2005). The platform approach in Cambodia saw increases in revenue collection and decreases in arrears (World Bank, 2008). However, two years on from the initial programme a revised plan was issued showing that few of the initial activities had actually been completed (Allen, 2009).</p>
<i>The Strengthened Approach</i>	<p><b>The 'strengthened approach' emerged from the Public Expenditure and Financial Accountability (PEFA) initiative,</b> started in 2005 by a group of Development Agencies including the European Commission, the International Monetary Fund (IMF), the World Bank, and four bilateral development agencies. The strengthened model has three key principles, as described on the PEFA website: (i) 'A country-led agenda, i.e. a government-led reform programme for which analytical work, reform design, implementation and monitoring reflect country priorities and are integrated into government's institutional structures'; (ii) 'A coordinated programme of support from donors and international finance institutions in relation to both analytical work, reform financing and technical support for implementation'; (iii) 'A shared information pool on public financial management i.e. information on PFM systems and their performance which is commonly accepted by and shared among the stakeholders at country level, thus avoiding duplicative and inconsistent analytical work'. The platform and strengthened approaches can be thought of as complementary. For example, DFID's briefing note on the platform approach notes that it is "in line with the strengthened approach developed by the PEFA programme" (DFID, 2005).</p>

**31. PDIA comprises an approach to providing support for public sector reforms generally, and is not specific to PFM reform.** Documented examples of PDIA in action come from diverse contexts, including reformers seeking to generate economic diversity in Sri Lanka (Andrews, et al., 2017), and to implement an economic growth strategy in Albania (Andrews, et al., 2016). It can be seen as a 'fourth approach' to PFM reform based on the taxonomy used above, although it should be noted that there is no theoretical or conceptual reason why a PDIA approach should not be applied together with a platform approach or a strengthened approach. The difference is rather in the underlying philosophies: whereas the platform approach emphasises getting the sequencing right, and the 'strengthened approach' emphasises coordination and the sharing of a common information base, PDIA emphasises a focus on locally identified problems resolved in an iterative manner by local stakeholders.

32. **The PDIA methodology rests on four main principles** (Andrews, Pritchett, Samji, & Woolcock, 2015). These were summarised in Figure 1 and are briefly described here.
33. **The first is ‘local solutions for local problems’.** For PFM reforms, this means that the reform needs to be focused very tightly on addressing a specific PFM problem (e.g. reducing the inflated cost of goods for government purchases), rather than improving procedures which are not closely linked to defined problems (e.g., creating legislation mandating a procurement committee). PDIA emphasises as a starting point the local articulation of a concrete problem to be solved.
34. **The second principle in PDIA is ‘pushing problem-driven positive deviance’, or making space for people to experiment and try new principles.** The point here being that complex problems are unlikely to have known solutions and that therefore an environment which encourages experimentation is needed. Building on this notion, the third principle is **‘Try, learn, iterate, adapt’**, in other words the adoption of active experiential learning through repeated attempts at applying potential solutions with quick feedback loops built in to guide adaptation. The fourth principle is **‘Scaling through diffusion’**, or encouraging multiple agents across sectors and organisations to adopt the emerging solutions and to buy into the iteration and adaptation process but to achieve this broad engagement gradually by demonstrating results (‘diffusion’), rather than by mandating the approach from the top down.
35. **Central to the PDIA approach is the idea of building authorisation.** Successful reforms need civil servants who are given permission to try new things and take time away from their day-to-day work. PDIA aims at building a broad group of people who authorise a reform or a range of experimental reform actions, rather than a single high-level figure, and at growing that group over time in order to ‘expand the number of actors who provide authorisation, thus building momentum and increasing the legitimacy of the project or reform’ (Andrews, Pritchett, Samji, & Woolcock, 2015). Without support at different levels, even if there is high-level support, the PDIA process can founder. Distributed authority, informal structures of authority, and programmes which sit across multiple domains of authority make maintaining an authorising environment challenging, especially to an outsider who may not see the true source of authority (Andrews, Pritchett, & Woolcock, 2017).
36. **Authorisation is essential for the iteration at the centre of the PDIA approach – trying a potential solution, assessing the results, and developing an adapted solution based on that information.** Authorisation allows teams to try a new or risky course of action and assess the results without a failure putting an end to the reform or damaging their personal careers. This approach builds on previous work on experiential learning and experimentation, including ‘positive deviance’ (Marsh, Schroeder, Dearden, Sternin, & Sternin, 2004), the ‘science of muddling through’ (Lindblom, 1959), and ‘good enough governance’ (Grindle, 2004).
37. **The PDIA approach is argued to be particularly appropriate to complex or “wicked hard” problems,** following Pritchett & Woolcock’s 2004 typology which uses four criteria (Pritchett & Woolcock, 2004). Five types of problems are defined for which PDIA can be deemed appropriate: 1) *policy making or elite services*, which are not transaction intensive with known or unknown technology; 2) *logistics*, which are transaction intensive with known or unknown technology but are not locally discretionary; 3) *implementation intensive service delivery*, which are transaction intensive and locally discretionary with known or unknown technology; and 4) *implementation intensive imposition of obligations*, also transaction intensive and locally discretionary with known or unknown technology; and 5) *complex or ‘wicked hard’* problems defined as those which are

transaction intensive, locally discretionary, and requiring a new technology. The complex or ‘wicked hard’ problems are considered distinct from complicated problems, such as setting the interest rate for a country, which may require high levels of expertise to resolve but do not require large numbers of agents to make locally discretionary judgements.

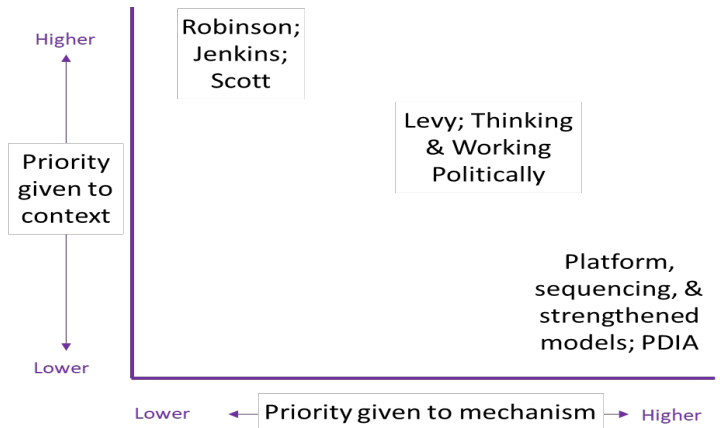
## 2.3 Categorising the Theories of Reform: Context and Mechanism

- 38. The factors identified as the most important ‘success factors’ in the different theories or “schools of thought” on PFM reform can generally be divided between two broad categories: the mechanism of reform, and the context for reform.** These can also be thought of respectively as the elements which are within the control of the entity leading and managing reform, and those that are not. They in turn draw upon the notions of “context” and “mechanism”, as defined in the literature on “realist synthesis” (Pawson, R., 2000, Pawson, R. & Tilley, 1997). A visualisation of the distinctions is shown in Figure 5. The sections below review, in brief, the literature falling within each of these “schools of thought”.
- 39. The ‘context’ for PFM reform as discussed in this literature review embraces issues of motivation, capability and political engagement and draws on the work of (Robinson, 2006) , (Scott, 2001) and (Jenkins, 2006).** It includes: the existing capacity of the public sector; the political will domestically for the reform; the ability and commitment of the specific individuals leading the reform; the domestic attention to the reform and public pressure for results; the political and electoral mandates of the government and their relationship to PFM reform objectives, as well as the knowledge and ability of political leaders to direct PFM reform. These issues are to a significant extent determined by, or at least bounded by, deeper factors relating to the underlying socio-economic and political context, notably the political economy, the buoyancy of government income and its sources including tax revenues and natural resources, and existing institutional and legal arrangements. In the medium term if not longer, none of these contextual elements would be within the control of the entity leading and managing PFM reform.
- 40. The ‘mechanism’ of reform as discussed here refers to the processes and methods by which PFM reforms are designed and implemented and can be said to include each of the established approaches to PFM reform described above, as well as PDIA.** It also draws on the work of (Diamond, 2013). The concept includes the full range of institutional, organisational, financial and personnel arrangements put in place to deliver reforms. Notably, it would include: the nature of the coordinating and implementing agencies within the government, the diagnostic approach adopted to the analysis of problems and the development of action plans, the sequencing and prioritisation of reforms; the degree of recourse to external (i.e. non-government) technical advice on reform, the way that advice is delivered, the structure of the funding; the type and duration of the roles that external agencies may play, etc.
- 41. Based upon these two categories, a simple typology can be developed of the different theories or ‘schools of thought’ regarding the factors which are most important in achieving success in PFM reform.** On the one hand, the “Context-first” school of thought believe that context drives the success or otherwise of reform, and that in the absence of a favourable context, changes to the reform approach will have limited, if any, impact on results. On the other hand, the “Mechanism-first” school believe that the way in which reform is designed and implemented is the main driver of success, and that with the right approach, significant progress can be made in all contexts.

42. For the researchers and practitioners falling within the “Context-first” school of thought, the most important factor in determining the success or otherwise of a PFM reform is the domestic context for the reform. Is the political leadership sustained for a sufficient length of time, and is there commitment from a sufficiently high-level leader? Does the civil service have the capabilities required for reform implementation? Are there domestic pressure groups present who are committed to keeping reform on top of the agenda of the Executive?

43. Based upon case studies of public administration reforms in Uganda, India and Brazil, Robinson reaches conclusions which fall within this category, saying that “positive outcomes are achieved when committed political leaders are supported by capable technocrats who act with considerable autonomy from organised interest groups”, and goes further to claim that the explanation of variations in outcomes lies in the political institutions, the connections between society and the state, and the incentives facing various actors (Robinson, 2006). He examines three initially successful, ultimately stalled, reforms in Uganda and concludes that the initial political commitment and the high capacity of the central ministries involved led to the initial positive outcomes achieved. In further work considering reforms in India and Brazil, he concludes that ‘the nature of political agency’ is a critical success factor in government reforms. In each of these cases, the specific mechanism of change was not perceived by Robinson to be important – what mattered was the political commitment<sup>16</sup>.

Figure 5: A simple typology of PFM reform “schools”



44. Authors within this “school” identify sustained and committed political support as the most important factor for success. In particular, two influential voices for the importance of political leadership in determining the success of public sector reform are Graham Scott & Kate Jenkins, both senior civil servants. Scott draws on his experience in New Zealand, where he was Permanent Secretary to the New Zealand Treasury, emphasising the crucial role that the sustained support of the then-Prime Minister David Lange played in the successful PFM reforms (Scott, 2001). Similarly, Jenkins writes about her time as the Deputy Head of the Prime Minister’s Efficiency Unit under two UK Prime Ministers, Margaret Thatcher & John Major. Against a background of strong opposition from the civil service, the Efficiency Unit achieved success with many complex, politically sensitive initiatives, including reductions in head count. Jenkins points to the strong political leadership as fundamental to the success of those initiatives, a factor without which progress would not have been made (Jenkins, 2006).

45. Fritz’s recent World Bank report splits political commitment to reform into three distinct aspects: the nature and strength of a government’s political mandate, both generally and for specific PFM reform; the strength of their electoral mandate; and the extent to which they have a clear idea of the reforms required and how to implement them (Fritz, Verhoeven, & Avenia, 2018). The “context-first” school places these three aspects of political commitment as a prerequisite for success. The

<sup>16</sup> Robinson later worked with the Thinking and Working Politically movement, which places greater emphasis on the mechanism (Disandi, Marquette, & Robinson, 2016). See below.

mechanism-first school place a heavier emphasis on fostering and building the government’s political mandate as well as their knowledge and capability, rather than seeing them as rigid constraints.

46. **The Mechanism-first “school” argues that the primary reason for limited progress in PFM reform to date is that the mechanism of support has been inappropriate.** PDIA is the most fully developed approach presenting this argument but within this “school” may also be included the ‘strengthened approach’ which has emerged from the PEFA programme (emphasising coordination and shared diagnostics), as well as the sequencing approach and its variant, the platform approach (which emphasise the importance of appropriate sequencing of reforms).
47. **In describing these approaches as “mechanism-first”, it should be noted that each do point to the need for some adjustment of the mechanism to the context.** Mechanism-first does not mean that context is ignored. On the other hand, the researchers and practitioners promoting these approaches do not explicitly specify different approaches for different contexts: each recommend what is fundamentally the same mechanism of support, regardless of the context. Moreover, they do not identify contexts where these mechanisms would not work or where they would be unlikely to work.
48. **The sequencing and platform approaches fall within this “school” and may be considered together,** as the platform model offers a specific approach to the technical sequencing of reforms. Although a key motivator for the platform approach is building political support over time through demonstrating increased capacity in one platform before moving to another, how to achieve the initial political support is not specified. Similarly, the sequencing literature acknowledges that “sequencing cannot be viewed simply as a technical issue” as reforms must be politically supportable as well as technically feasible (Diamond, 2013), but it does not specify how to address concerns of political acceptability. Although there is no agreed ‘list’ for which reforms go in which platform, or what platform to pursue first, there is a general principle of building from reforms aimed at achieving ‘core’ PFM functionality (e.g. a credible budget process) to more complex reforms (e.g. ensuring financial compliance) (Diamond, 2013). The platform and sequencing approaches work on the premise that the best results in a given context will be achieved through the correct sequencing of reforms.
49. **The PDIA approach also fits into this “school”, as it argues that in any context the PDIA approach is the most likely to achieve sustainable progress.** The approach to establishing authorisation detailed in Building State Capacity places great importance on working within the local context to establish support at a variety of levels from those affected by or working with the areas being reformed (Andrews, Pritchett, & Woolcock, 2017). On the other hand, there is no explicit identification of a context in which PDIA would not work.
50. **The “joint” school of thought explicitly integrates mechanism with context.** This third “school of thought”, lying between the two more extreme cases, asserts that context is fundamental and will always be the binding limit on the scope of reforms, but that by deliberate and structured adaptation of the mechanism to the context, some progress should be possible in most contexts. Perhaps the most prominent exponent of this “school” is Brian Levy, whose book ‘Working with The Grain’ proposes a two-step framework, first analysing the context and then using the most effective mechanism, given that contextual setting (Levy, 2014).
51. **Other work in this third space includes the Thinking and Working Politically (TWP) community of practise,** which takes as a starting point the evidence that ‘political factors are usually much more important in determining

developmental impact than the scale of aid funding or the technical quality of programming’ (TWP Community of Practice, 2015)<sup>17</sup>. The context is clearly important under this school of thought, which emphasises political realities. Based on that, TWP practitioners move to an approach for reforms which includes thorough political analysis (or ‘thinking politically’) being used to inform the approach to implementation and to building support (or ‘working politically’). This approach involves working with local staff, often iteratively or step-wise rather than with a ‘linear approach to delivery and results’ (Disandi, Marquette, & Robinson, 2016).

## 2.4 Points of Difference, Points of Consensus and the Evaluation Implications

**52. The literature on PFM-reform can usefully be grouped within three different “schools of thought”, which we have described as the “context-first”, “mechanism-first” and “joint mechanism and context” schools.** These three “schools” provide a simple taxonomy for understanding the spectrum of thinking on approaches to PFM reform and on the most critical factors for success. The key criterion of differentiation lies in the extent to which context is seen to be firstly a determinant factor for success and secondly a factor inside or outside of the control and/or influence of those designing, leading and implementing reforms. While there are important points of difference across these “schools”, what is perhaps surprising is that there is also a high level of consensus on a number of key points.

- (i) **Firstly, the empirical evidence relating changes in PFM performance to specific reforms or to specific approaches to reform is generally acknowledged to be limited.** This is to be expected given the many obstacles associated with measuring the impact of PFM reforms, relating in particular to the difficulties of identifying and applying objective indicators of PFM functionality, the time periods associated with PFM reforms, and the fact that multiple reforms and approaches are frequently pursued simultaneously. Conclusions drawn by the different “schools” about the success factors are necessarily based more on theory and qualitative case studies than on quantitative empirical evidence.
- (ii) **Despite the relatively weak evidence base, there is a broad consensus that international support to PFM reforms has been less effective than it should have been and that different approaches are therefore needed.** Interestingly, much of the evidence presented in the literature derives from past experience with public administration reform in general and is not specific to PFM reform: indeed, there are no studies explicitly comparing the relative success of PFM reforms with broader public administration reforms or sector specific reforms; nor are we aware of studies comparing the success of organisational reform efforts in the public and private sectors<sup>18</sup>. Notwithstanding the lack of robust comparative benchmarks, there is broad agreement that past approaches to providing support to PFM reform cannot simply be continued: new approaches are needed and a higher level of success should be aspired to and, indeed, expected.

<sup>17</sup> The political economy models including the Drivers of Change approach pioneered by DFID also fit in this “school”, although in practise they are more likely to be used as complements to another approach. They specify approaches for analysing the domestic political situation and understanding who is likely to support (or to oppose) a given reform. These political analyses can be used flexibly as part of different approaches (Bietenhader & Bergman, 2010).

<sup>18</sup> Analysis of major organisational reforms in the private sector tends to point to relatively high levels of failure. For example, John P. Kotter writes, “I have watched more than 100 companies try to remake themselves...a few of the corporate change efforts have been very successful, a few have been utter failures, most fall somewhere in between, with a distinct tilt towards the lower end of the scale.” John P. Kotter, 1995, *Why Transformation Efforts Fail*, Harvard Business Review.

**53. With regard to the reasons for limited success, most researchers agree on two principal factors:**

- **That the importance of context has been underestimated.** Virtually all researchers would agree that PFM reforms ought to be appropriate to the given context and that in many cases “best practice reforms” have been attempted in wholly inappropriate contexts. However, while the “context-first” school would argue that certain institutional prerequisites – leadership, a minimum of capability and a minimally supportive political environment – must be in place for any significant reform to be successful, the “joint” school would argue that some adaptation of reform to the political context of the country is possible. The “mechanism-first” school would emphasise either breaking down the reform into appropriately manageable steps (the ‘platform approach’), or as with the PDIA approach, placing a problem at the centre and slowly building support for a range of reform actions to address that PFM problem. Thus, the points of difference relate to whether ‘context’ is given and largely immutable in the short- to medium term or whether a supportive context can be built up by adopting appropriate mechanisms of reform.
- **That country ownership of reforms has frequently been inadequate.** Country ownership – or political commitment to reform - also recurs across the literature as a success factor. “Context-first” writers emphasise that a range of elements are necessary for country ownership to be adequate and sustained, and that this range of elements is difficult to mobilise or promote – especially for external actors. In PDIA, domestic ownership of a PFM problem is identified as a necessary factor for success. However, the necessary condition is defined simply as a member of government with some authority who wants to solve a specific locally-felt problem. PDIA has achieved *“limited success wherever anyone from Harvard or an external entity (like a donor) has been a main identifier of the problem. In contrast, we have almost always had some success when the problem was identified by a domestic authoriser in the place undergoing change”* (Andrews, 2017).

**54. Thus, some of the key beliefs underlying the PDIA approach are common to much of the literature on PFM reform – in particular the beliefs that context is important and that country ownership is essential for sustained success.** We have attempted to explore the validity of these beliefs through the evaluation questions for this interim evaluation of the CABRI BPFMC. We have also examined three hypotheses more specific to PDIA:

- Firstly, that reform success can be achieved in a wide range of contexts, so long as there is a locally felt problem as a starting point, an adaptive, ‘iterative’ process by which to develop locally owned solutions to that problem, and an adequate process for diffusing results and scaling up support.
- Secondly, that the role of external agents should be limited, so as to protect local ownership of the problem and local ownership of the learning and adaptation process through which solutions are developed; and
- Thirdly, that PDIA processes are especially suited to ‘complex’ or ‘wicked hard’ problems with unknown solutions.



### 3. Findings of the Interim Evaluation

**55. This chapter presents the findings from the Interim Evaluation.** We first provide a brief overview of the participants of the 2018 cohort of the CABRI BPFMC programme, as well as the problems they selected to address through PDIA techniques. We then summarise the findings of the interim evaluation with regard to the evaluation questions. Specifically, we present: (i) the evidence of impact achieved or potential for impact shown by the CABRI BPFMC programme; (ii) the evidence of the development of relevant skills by BPFMCP participants; (iii) the lessons emerging from the practical application of PDIA by CABRI within the BPFMC programme; (iv) indications of which PFM problems and which institutional contexts appear better suited to the application of PDIA, as evidenced by the CABRI BPFMCP experience of 2018.

#### 3.1 The Participants of the CABRI BPFMCP 2018 cohort and their Country Contexts

**56. The evaluation collected survey data from which to assess whether the programme was improving the capabilities of the country teams' participants in PDIA related skills.** (This is reported in full in Annex One.) The Baseline Questionnaire was circulated and completed in May 2018. The intention was to gain an understanding of the profile of each of the country teams (gender, qualifications, previous experience in the public sector, past involvement in PFM reform activity), and their capabilities in team working, analytical and problem-solving skills, and in communication.

**57.** Thirty out of thirty-six country team members responded to the Baseline Questionnaire. One third were women. More than three-quarters held at least a master's degree, and half had more than 10 years of experience in the public sector. 50% of respondents' work was classified as mainly or totally collaborative, another 47% had specific team based assignments; 77% perceived their engagement in team work to be generally effective. Collaborative work was a basic working routine for 97% of participants. Regarding problem solving and analysis, 57% of participants perceived that their work entailed significant use of such skills. 40% stated that they occasionally undertook problem solving. The access of participants to their political leaders to present ideas or proposals was modest. Only 47% of participants had presented at some point to their Minister; 43% had very little or no experience in communications with their political leaders.

**58. A majority of participants judged that PFM reforms undertaken in their countries had been largely unsuccessful and mainly implemented and/or led by external assistance.** When asked about the quality and success of the PFM reforms in their countries, only 33% felt the reforms had more successes than failures and none perceived the reforms to have been highly successful; the other 77% assessed that the reforms had partially or totally failed. Only 10% perceived the PFM reforms to have been government led and implemented.

**59. The data emerging from the survey was complemented by direct observation and interviews with the team during the country visits and the Pretoria and Dakar workshops.** These observations and interviews allowed the evaluation team to develop a rating of the capabilities of each country team based on four criteria: (i) the balance of skills and experience; (ii) cross departmental-coverage and/or knowledge; (iii) team cohesion and mutual respect; and (iv) time on task.

The CABRI BPFMCP 2018 cohort are well trained and have considerable experience in public administration. They have participated modestly in previous PFM reforms, which they believe had limited success and were predominantly externally led or implemented. They work regularly in teams and have some experience in complex problem solving and analytical activities.

Results are reported in full in the Country Reports included in Annexes 2 - 6. Table 2 below presents the summary ratings for each team<sup>19</sup>.

- 60. An assessment of the respective country contexts was also made, explicitly considering how favourable or unfavourable to the implementation of PFM reforms they appeared to be.** These assessments were made against four criteria: (i) Socio-economic status; (ii) Political Governance status; (iii) Technical Governance status and (iv) the Quality of the Authorising Environment. The first three criteria are ranked exclusively from the 2018 international rankings against the Human Development Index and Worldwide Governance Indicators<sup>20</sup>, while the fourth derives from ‘Canvas’ data and interviews with the country teams and CABRI coaches<sup>21</sup>. Table 2 also presents the aggregate rankings of the country context.

**Table 2: BPFMCP 2018 Cohort - Assessment of Country Context and Team capability**

COUNTRY	CONTEXT	
	Country Context	Team Capability
Central African Republic (CAR)	1.75	3.5
Côte d'Ivoire	1.5	2.25
Ghana	2.25	2.25
Lesotho	1.75	3.25
Liberia	1.5	3.5
Nigeria	1.25	2.5

Note: Data are sourced from the Country Reports in Annexes 2-6. Ratings are scored from 1 (lowest) to 4 (highest).

- 61. Five out of the six countries were judged to have a context for reform between ‘very difficult’ (1) and ‘difficult’ (2), with Ghana judged as ‘difficult’.** In most cases, this was driven by low scores against HDI and WGI rankings, where CAR and Nigeria had the lowest scores possible, with Liberia, Lesotho and Côte d'Ivoire scoring only marginally better. Ghana, by contrast, scored 2 on its HDI ranking and 3 for both technical and political governance.
- 62. The Quality of the Authorising Environment proved to be a major determinant of the context for reform.** The CAR team had the support and leadership of two senior Authorising Agents - the Director of Budget and the *Inspecteur Général des Finances*, both of whom engaged actively in the PDIA process and were able to win the support of other senior decision makers. CAR therefore scored the maximum (4) for this criterion, which pulled up significantly the overall ranking of context. By contrast, each of the other countries had the rating of the context pulled down by low scores in relation to

<sup>19</sup> Aggregate ratings are derived from a simple average of the scores against each of the four criteria, with equal weights given to each. Scores range from 1 (lowest) to 4 (highest).

<sup>20</sup> 1 = lowest 20% of countries in HDI or WGI rankings, 2= countries in 20-40% percentiles for HDI or WGI, 3 = 40-60%, 4 = top 40 %. Three WGI indicators were averaged for ‘political governance’ – Voice & accountability, Rule of Law and Political Stability & Absence of Violence; and three for ‘technical governance’ – Regulatory Quality, Government Effectiveness and Control of Corruption. The full scores are reported in the Country reports presented in Annexes 2-6.

<sup>21</sup> The ranking for the Quality of the Authorising Environment is as follows: 1= Authorising Agent not sufficiently engaged; 2= Auth. Agent senior & engaged but lacking influence; 3= Auth. Agent senior, engaged & clearly influential; 4 = Auth. Agent senior, engaged and actively supported in PDIA initiative by other senior decision-makers.

the quality of the authorising environment, due to their Authorising Agents, being either insufficiently engaged (Côte d'Ivoire, Ghana, Lesotho) or lacking in sufficient influence (Liberia, Nigeria<sup>22</sup>.)

**63. In relation to Team Capability, CAR, Lesotho and Liberia were assessed as 'good to excellent', with Côte d'Ivoire, Ghana and Nigeria assessed only as 'moderate to good.'** Although all teams scored well on the balance of skills and experience, in the latter three countries, ratings were pulled down by the low scores against 'time on task', as these teams were either unable to meet consistently on a weekly basis or often lacking a quorum<sup>23</sup>. Thus, in three of the six countries it did not prove possible to select well-qualified and experienced teams, who could also dedicate a high level of time to the PDIA task.

## 3.2 The Selected PFM Problems of the CABRI BPFMCP 2018 cohort

**Table 3: The PFM Problems identified by the CABRI BPFMCP 2018 cohort**

COUNTRY	IDENTIFIED PROBLEM	RELEVANCE OF PROBLEM	
		Problem Complexity	Relevance to Service Delivery
Central African Republic (CAR)	<i>Under-execution of domestic resource allocations for Capital Investment</i>	3	3
Côte d'Ivoire	<i>Budget allocations do not generate the targeted results</i>	4	3
Ghana	<i>Overspending by MDAs leading to Budget over-runs which impede service delivery</i>	4	3
Lesotho	<i>The Ministry of Finance does not know how much cash line ministries need nor when it is needed</i>	4	4
Liberia	<i>Limited allocation of funds for Public Sector Investment Projects and under-utilisation of allocated funds, with negative implications for socio-economic development</i>	4	3
Nigeria	<i>Inadequate funding to the Health Sector, resulting in very poor primary health care outcomes</i>	4	3

Note: Data are sourced from the Country Reports in Annexes 2-6. Ratings are scored from 1 (lowest) to 4 (highest).

**64. The PFM problems selected by the CABRI BPFMC 2018 cohort were all judged to be either 'significantly' or 'highly' complex, as well as directly relevant to service delivery<sup>24</sup>** (see Table 3). The five 'highly complex' problems

<sup>22</sup> It may seem counter-intuitive to assess the Director-General of Budget in the Federal Ministry of Finance of Nigeria as lacking in influence. However, despite a good level of engagement as Authorising Agent, it seems that he was unable to obtain sufficient high-level support to push changes forward. As the Nigeria Country Report in Annex 6 states: 'Lack of sufficient authority prevented the team from meeting with heads of relevant agencies, getting stakeholder buy-in and acquiring data on donor-financed projects'. The complexity and political sensitivity of the selected problem demanded an exceptionally high level of influence, which it did not prove possible to attain.

<sup>23</sup> The scoring of 'time on task' is as follows: 1= team meet less than once per week or quorum consistently lacking; 2= team meet most weeks but not all, or quorum often lacking; 3= team meet consistently once per week with good quorum; 4 = team meet consistently twice per week with good quorum.

<sup>24</sup> Complexity is scored as follows: 1= Problem can be solved largely by one Agent by applying an essentially known solution; 2= Problem can be largely solved by one Agent but requires a range of not fully known actions/ solutions; 3= Problem requires a range of not fully known solutions implemented by a range of stakeholders; 4 = Problem requires a range of not fully known solutions implemented by a range of stakeholders, some of whom have competing interests.

tackled in Côte d'Ivoire, Ghana, Lesotho, Liberia and Nigeria may be said to correspond to the 'wicked hard' category of problems, as classified by (Pritchett & Woolcock, 2004), for which PDIA has been presented as being especially suited. (Andrews, Pritchett, & Woolcock, 2017).

### 3.3 Evidence of Impact or Potential for Impact on PFM Problems

**65. Despite the short time frame, three out of the six teams had made progress towards problem resolution within the 8-month period of the 2018 BPFMC programme, and one of these – CAR – showed significant and measureable progress by December 2019.** In Côte d'Ivoire, Ghana and Nigeria, there had been no clearly discernible progress towards problem resolution within 2018, and documentary evidence did not suggest any further progress in Nigeria during 2019 (Table 4<sup>25</sup>).

**Table 4: Assessment of Impact or Potential for Impact on PFM problems achieved by BPFMCP 2018 cohort**

COUNTRY	CONTEXT			OUTCOMES	
	Country Context	Team Capability	Problem Complexity	2018 Impact on Problem	2019 Impact on Problem
Central African Republic (CAR)	1.75	3.5	3	2	3
Côte d'Ivoire	1.5	2.25	4	1	n/s
Ghana	2.25	2.25	4	1	n/s
Lesotho	1.75	3.25	4	2.5	2
Liberia	1.5	3.5	4	2	2
Nigeria	1.25	2.5	4	1	1

Note: Data are sourced from the Country Reports in Annexes 2-6. Ratings are scored from 1 (lowest) to 4 (highest); n/s = not scored, (due to insufficient evidence).

**66. There is no doubt that the 2018 cohort presents a positive experience, from which much can be learned.** Although the results may appear mixed at first sight, a more careful consideration of the context and time period suggests that the performance in 2018 is better than one would expect. Existing evidence from Development Agencies on the delivery of their own traditional technical assistance projects for public sector reform indicates a 40-70% failure rate for such projects (Andrews, 2013). By contrast, half of the 2018 cohort had made tangible progress towards addressing the identified PFM problem by end 2018. This is noteworthy, given the short time frame (8 months), the complexity of the problems being addressed and the difficult reform contexts. Moreover, the evaluation has based its assessment of 'clearly discernible' progress against strict evidence criteria. As the country by country presentation of the results below shows, there is substantive evidence of progress in CAR, Lesotho and Liberia but there was also change in Côte d'Ivoire, Ghana and Nigeria, which could potentially bear fruit in the future.

<sup>25</sup> The scoring of impact/potential for impact on the PFM problem is as follows: 1= No clearly discernible progress towards problem resolution; 2= Qualitative evidence suggests modest progress is likely by year end, although difficult to quantify; 3= Significant and measureable progress towards problem resolution can be evidenced; 4 = The PFM Problem is likely to be virtually solved by the end of the year, according to objective evidence.

**67. The range of progress towards PFM problem resolution identified in each country may be summarised as follows:**

- **In CAR, some progress towards problem resolution had already been made by end 2018 and by end 2019, significant and measureable progress was evident.** By the time of the Dakar Review, 8 months after initiation of the PDIA process, the team had made good progress – firstly, in raising awareness of the problem at senior levels, secondly in promoting peer-to-peer exchanges between lesser and better performing line ministries (learning from “positive deviance”) but also in putting in place concrete aspects of a solution. A new protocol on communication between the Procurement Directorate and the line ministries was established, guidelines on the scope and management of feasibility studies were issued with training also provided, and a designated budget line for the funding of feasibility studies was created. By the time of the Dar es Salaam review in December 2019, measureable progress was being achieved, with budget execution rates considerably higher – in the case of the Ministry of Health, the execution rate for domestically financed investment jumped from 1 % in 2017 to 56 % in 2019, and for Education from 17% to 40%. Moreover, the team remained in operation and had continued to address the problem, testing new ideas and diffusing the tested solutions.
- **In Côte d’Ivoire, the team selected a highly complex problem with multiple causes and struggled to make tangible progress towards its resolution during 2018.** On the other hand, the team grew to understand the problem better and to appreciate that it was caused both by budget formulation and by a lack of discipline and control in budget execution. As a result, the team learned to focus on entry points which were more likely to yield results. During the process of formulation of the 2019 budget, certain innovations were introduced which might help to mitigate the problem in future: notably, the process included a review of project implementation reports for ongoing projects so as to ascertain the reasons for poor progress and frequent budgetary reallocations, training on public investment planning was delivered and there was a general sensitisation on the problem of excessive budgetary virements and reallocations.
- **The Ghana team sought to address the problem of overspending against the approved budget but found the problem had political roots, which made short-term progress impossible.** The team sought to introduce tighter controls on unbudgeted spending but found that many of these ‘over-spends’ were sanctioned at senior levels of government; they further discovered that the notion of ‘naming and shaming’ the over-spenders would be politically unacceptable. Nevertheless, the team introduced an initiative to provide training to line ministries in the proper costing of investment projects, and also developed a proposal to undertake an inventory of arrears, so as to ensure these too would be more effectively budgeted. Thus, the team focused on “technical fixes” to the budget formulation process, while reflecting on how to develop an authorising environment that might also tackle the – politically driven - lack of discipline in budget execution.
- **Establishing strong cash information and management systems in the midst of a fiscal crisis was another highly complex problem, addressed in Lesotho.** In their December 2018 presentation at the Dakar Review workshop, the team acknowledged that solving the problem would only be possible in the long term: ‘we are only half-way there’. However, the team had already succeeded in making progress across the five entry points they had prioritised. Training and guidance was provided to MDAs in the formulation of cash-flow plans, targeting seven specific pilot ministries, and proposals had been developed to incentivise their early submission; the Liquidity

Management Committee was revitalised with a supporting Technical Committee and new terms of reference; a cash monitoring unit was established within the Ministry of Finance and a new protocol established for month-end closure of accounts; a new system of monthly accounts reconciliation was introduced; an updated inventory of bank accounts was prepared and a significant number closed. In short, by addressing not only technical problems but also the contributing incentive and behavioural problems, the PDIA process had generated progress over 8 months in an aspect of PFM which had been a long-standing concern and the subject of several failed reform efforts.

- **Qualitative evidence suggests modest progress in the reform space in Liberia.** The Liberian team tackled the problem “*Limited allocation of funds for PSIPs and underutilisation of allocated funds which have negative implications for the country’s socio-economic development.*” Although highly relevant to public service delivery, this problem was deemed to be ‘highly’ complex as it required actions from various government institutions, several of which had conflicting interests. Liberia can also be seen to be a difficult reform context, as noted above and also reported by UNDP, 2018 and World Bank, 2018. Despite this, evidence at the end-line (May 2019) suggest that there would be progress on the PFM reform problem by the end of 2019. In particular, there were indications that the wage bill would be better managed (if not reduced) and the allocation to the PSIP would increase. The latter is the first component of the identified problem and the former an entry point of the problem diagnosis. However, it should be noted that although the Liberian team worked diligently towards reform they struggled with expanding the authorising environment. As such, reform progress may not be attributable only to PDIA, but also to the political responses to IMF pressures and public discontent<sup>26</sup> over wage bill control and budget management.
- **Qualitative evidence suggests no clearly discernible progress towards problem resolution in Nigeria.** The Nigerian team also tackled a highly relevant, but complex problem, “*Inadequate funding to the health sector resulting in poor primary health care outcomes.*” The team was senior (primarily from the budget office) and authorised by the Director General in the Budget Office. Nevertheless, the team struggled to collect information, arrange meetings and make progress during the “action-push period” as this coincided with budget preparations. Similar to Liberia and Lesotho, the economic context for reform was especially difficult (UNDP, 2018; World Bank, 2018), and these external factors negatively affected the prospects of reform. According to the CABRI coach’s November check-in: “*the government has very little/no fiscal space to increase the budget allocation to health. The country is still recovering from the recent recession, which led to an increase in government debt. There will therefore be budget cuts across all sectors in 2019 compared to 2018.*” This reminds us that external macro-economic factors can be as important as internal drivers of the PFM reform process.

**68. Would equivalent changes or more substantial changes have been achieved through the provision of alternative support to PFM reform, other than the CABRI approach to PDIA?** In the first place, it should be said that none of the established approaches to the provision of support to PFM reform would seek to generate significant change within the chosen reform areas in a time period of only 8 months<sup>27</sup>. However, in three of the six countries engaged in the BPFMCP cohort of 2018, there was evidence of tangible progress towards problem resolution within this time frame and further country visits and interviews with these country teams during 2019 suggested that progress had been at least sustained

<sup>26</sup> There were mass protests in June 2019 where the public demonstrated general discontent with the Government.

<sup>27</sup> Indeed, the type of PDIA support provided through the Harvard BSC programme would also seek to work within a longer time frame.

and, in the case of CAR, actually deepened. As we have already noted, existing evidence on the delivery of more traditional technical assistance suggests that such approaches would struggle to match such a performance, certainly within such a short time period. Moreover, in each of these three countries, the programme required the application of a range of customised technical solutions, as well as systematic attention – through meetings and stakeholder engagement processes - to underlying issues of relationships and incentives. It is difficult, if not impossible, to conceive of such a combination of measures being effectively delivered by an external team: at the very least, significant local leadership and engagement would have been essential. It is also difficult to conceive of this level of progress being achieved without adopting a problem-driven iterative process. On the other hand, the experience of the 2018 cohort is not an unmitigated success, and there is evidence to suggest that there might be improved ways of implementing a PDIA process building on the lessons of the 2018 experience.

**69. The trends and patterns across the six country cases give a strong sense of the success factors to be enhanced in order to make the CABRI BPFMC programme more effective in future.** (Table 4 and Annex 2.) In particular, the evidence regarding the cross-cutting relationships between context, team capability and outcomes appears to reinforce the importance of the authorising environment as a crucial dimension of the context, of “time-on-task” as a fundamental component of team capability and of good problem definition and diagnosis as the key to addressing problem complexity:

- **Five out of the six countries were judged to have a context for reform between ‘very difficult’ (1) and ‘difficult’ (2), and yet it proved possible to overcome such difficulties where the authorising environment was strong.** Two of the three countries with poorer performance in problem resolution, namely Ghana and Côte d’Ivoire, had the lowest scores on the quality of the authorising environment (1), a factor apparently not offset in Ghana by the stronger scores against socio-economic and governance indicators. By contrast, the CAR team – the best performer in problem resolution, scored the maximum (4) for the quality of the authorising environment criterion,<sup>28</sup> a factor which did appear to offset other serious constraints imposed by the operating environment.
- **CAR, Lesotho and Liberia – the 3 better performers - were assessed as ‘good to excellent’ in relation to team capability, with Côte d’Ivoire, Ghana and Nigeria assessed only as ‘moderate to good.’** All teams scored well on the balance of skills and experience but in the latter three countries, ratings were pulled down by the low scores against ‘time on task’, as these teams were either unable to meet consistently on a weekly basis or often lacking a quorum. The country reports identify that this happened because some of the team members selected had extensive competing commitments and/or because their superiors regularly directed them towards other assignments. In CAR, Lesotho and Liberia, it seems that team members enjoyed more ‘protection’ of their time by their authorising agents and also showed ‘beyond the call of duty’ dedication to the PDIA task, frequently meeting at week-ends and after hours. thus, the evidence suggests that dedicating a high level of time to the PDIA task is a necessary condition for success.
- **Three of the five countries tackling ‘wicked hard’ problems made limited discernible progress towards problem resolution in the 8 months of the BPFMC programme, namely Côte d’Ivoire, Ghana and Nigeria.** Lesotho and Liberia did make progress in addressing such a problem: to a significant extent, this was due

<sup>28</sup> Lesotho and Liberia, the next best performers in problem resolution, suffered from deficiencies in the authorising environment but not as much as in Côte d’Ivoire or Ghana, scoring “2” rather than “1” on this criterion. (See annex 2).

to the time dedicated to understand the problem and to deliberate decisions by the teams to “scale down” their focus and work on a lesser number of entry points. In CAR, the problem was classified as less complex (3 instead of 4) but this resulted from a deliberate decision regarding the selection of the problem – to focus on under-execution of only domestically financed investment projects (rather than externally and internally financed projects). Evidence suggests that in the 8-month time frame of the BPFMC programme it is especially important to focus on a manageable problem<sup>29</sup>, or at the very least, to address attention initially to a more limited set of entry points. A corollary is that it is unlikely to be possible to address a ‘wicked hard’ problem through PDIA in such a time frame.

### 3.4 Evidence of the Development of Relevant Skills

**70. From the data available from the country studies, there is strong evidence of skills development related to problem-solving, team-working, adaptive learning and reform implementation skills.** In each of the cases, where country visits proved possible, the evidence pointed to significant skill development, as reported in Table 5 below. In Liberia, local team members were able to identify key ways in which they had developed skills and how these skills were transferable to other areas of their jobs or their lives in general. According to one team member: *“I learnt to be investigative and deconstructing. It’s like an FBI investigation. It allows you to get to the root of the problem”*. In CAR, there was evidence of significant improvement both in relation to problem-solving and team-working where the team already scored well, and more especially in relation to adaptive learning and reform implementation where the change can be genuinely described as transformational. As noted in the Country report: *‘Especially noticeable is the self-confidence which the team has gained, the belief in their own abilities to find solutions to significant problems.’*

**Table 5: Assessment of Skill Development in CAR, Lesotho and Liberia**

Skill development assessed	Central African Republic (CAR)	Lesotho	Liberia
<b>Problem-solving skills</b> (including problem diagnosis & identification of entry points)	3	3	3
<b>Team-working</b> (including learning of team discipline, respect for fellow members, task sharing, etc.)	3	3	3
<b>Adaptive learning</b> (ability to design feed-back loops for learning, to identify positive outliers from which to learn, to channel lessons into new actions, etc.)	4	n/s	4
<b>Reform implementation</b> (including strategic planning of reform actions, management of Authorising environment, stakeholder engagement, etc.)	4	n/s	2
<b>Overall Rating:</b>	<b>3.5</b>	<b>3</b>	<b>3</b>

**Note:** Data are sourced from the Country Reports in Annexes 2-6. Ratings are scored from 1 (lowest) to 4 (highest); n/s = not scored; Skill development was assessed only in the countries where visits by the evaluation team were made, either at the “midline” (September-October, 2018), or in the case of Liberia, at both “midline” and “end-line” (May, 2019.)

**71. The Country reports suggest that skills and capabilities development can be attributed to the PDIA process.**

It was evident that the Building States Capability (BSC) material contributed to skills development based on the assignments

<sup>29</sup> Andrews, Pritchett & Woolcock (2017) dedicate a full chapter to the explanation of how problem-driven work should be undertaken. In particular, they emphasise the importance of a ‘good’ problem, that motivates and drives change (*op.cit*, pp. 142-143.) We return to this point in Chapter 4.



submitted by local teams on the Canvas e-learning site. It was also evident that the content had been internalised as PDIA terms such as “problem deconstruction”, “fish-bone diagram”, “positive deviance” and “adaptation” were frequently used in conversations with members from the Liberia, CAR, and Lesotho teams.

- 72. Follow-up interviews conducted in Liberia in May 2019 (five months after the PDIA cycle had ended) suggest that skills development is likely to be sustainable.** At that time, members of the country PDIA team were involved in ongoing reforms in the Ministry of Finance separate to their PDIA problem and these members were able to describe how they were using PDIA techniques. For example, one member was working on wage harmonisation across government and another on the national development strategy. In both cases, the team members have been able to apply their PDIA knowledge and skills in these roles. According to one respondent: *“The whole concept on stakeholder approach, engaging more with people, gauging the problem. I used stakeholder engagement in the wage-bill work. We engaged stakeholders for two weeks trying to get buy-in. Because of PDIA I better appreciate having different views and how people can have different issues.”* It also appears as though these skills are likely to be diffused within their normal work teams.
- 73. Data collected through the “midline” survey of BPFMCP participants in December 2018 also provides evidence of significant skill development resulting from the PDIA process.** A majority of survey respondents considered that they had significantly or very significantly improved their PFM reform skills and knowledge during the CABRI BPFMCP programme, and they credited this improvement to the programme<sup>30</sup>. Collaborative working was the skill most reported to have improved significantly or very significantly (91% of respondents), with 79 % attributing this improvement to the programme. Where analysis and problem-solving techniques had been developed (71% of respondents), this was overwhelmingly attributed to the programme (85 % of respondents). See Table 6 for further detail.

**Table 6: Levels of development of PFM reform skills reported by CABRI BPFMCP 2018 cohort**

- 74. 67% of midline survey respondents considered that their improved skills would have an impact on the chosen PFM problem, with an additional 21% feeling the improved skills would be the determinant factor in solving their problem.** Interestingly, in the comments section completed alongside this question, a number of participants linked this impact to greater engagement by Authorities or Authorisers.

Skills & Knowledge related to PFM Reform	Significant or very significant improvement	% significant attribution to CABRI-BPFMCP
Understanding of Public Administration	88%	75%
Capacity to address PFM problems	82%	79%
Collaborative working	91%	79%
Analysis and problem-solving techniques	71%	85%
Communication/presentation skills	71%	75%

<sup>30</sup> A significant caveat should be expressed regarding the relatively small number of respondents to the midline survey (24 of the potential total of 36) and the fact that 12 of these were from Liberia and CAR – two of the countries identified from other evidence to have been relatively successful in addressing their PFM problems. Thus, there may be a self-selection bias, in which participants from countries with less apparent success have been less inclined to respond to the questionnaire.

### 3.5 Lessons from the Practical Application of PDIA by CABRI

**75. There is evidence that the 2018 CABRI BPFMC process has been successful both in making discernible progress towards the resolution of complex PFM problems and in strengthening skills and knowledge relevant to PFM reform.** Which aspects of the programme appear to be the most influential and effective?

**76. The Central African Republic is the most striking ‘success story’ within this cohort, and the assessment of the CAR team on the drivers of skill development within the PDIA process is quite revealing.** The CAR country report (Annex 3) summarises the views of the team as follows:

*‘More than anything what the PDIA process has provided is a strong framework for an internally driven learning process. When asked, the team stressed that it was the overall process and framework of PDIA that had helped them, although they also spoke very positively about the support and guidance provided by the coach. They identified the Harvard BSC materials as helpful but not essential. Peer-to-peer exchanges with other countries were not considered to have been of great relevance to the work undertaken in CAR.’*

**77. Thus, there is evidence from CAR that the CABRI BPFMC programme successfully delivers the core elements of a PDIA process: problem identification and diagnosis, selection of entry points, iteration and adaptation, coaching and back-up.** There is also evidence of these processes functioning effectively from Liberia and Lesotho, the other two relatively successful cases, but also from Nigeria, Ghana and Côte d’Ivoire, despite the fact that less progress towards problem resolution was achieved. In Liberia for example, in deconstructing the problem, the team initially identified a variety of causes and sub-causes. They iterated on this to identify more sub-causes, from which three entry points were selected based on ability, authority, and acceptance. This demonstrates a good understanding and application of the PDIA approach as encapsulated in the BSC material. The team then tried to leverage a fourth entry point (on the wage bill) in a bid to specifically target an Assistant Minister and expand the authorising environment. Though the Nigerian Team’s problem diagnostic was not as strong, there was evidence of improvement between the old and updated fish-bone diagrams which indicate some learning and adaptation from iteration and collecting new data.

**78. The CABRI coaches were generally well-regarded by the country participants,** who appreciated the feedback on their assignments and the continuous guidance and support received. In CAR, Lesotho and Liberia – the three countries where country visits were made and detailed interviews undertaken – the feedback on the CABRI coaches was very positive. In Liberia, the 2018 coach had been through the process herself as part of the 2017 Gambian Team, and the 2018 Liberia team found this to be a great asset, citing this as a reason for the ‘high performance’ of their coach. The evaluation team were not able to receive the same level of detailed feedback from the other three teams but have no evidence of concerns, except in the case of Nigeria where the need to change the coach halfway through the process – for reasons unrelated to the BPFMC programme, seems likely to have had some impact on the team’s momentum.

**79. The evaluation team did not find evidence of peer-to-peer exchanges with the other cohort participants having any influence on the approaches to the chosen problems or the adaptation of solutions.** The 2018 teams interacted with their peers from other countries at the Framing and Review workshops but the influence of these peer-to-peer exchanges seems to have been limited. In contrast to the reports of the 2017 BPFMC cohort, the spirit of camaraderie and cross-country knowledge sharing did not appear to be so present in 2018. This may be due to the greater diversity of the teams, which covered both Anglophone and Francophone countries for the first time in 2018; it may simply be due to the fact that the positive confluence of personalities and interests observed across the teams of the 2017 cohort was itself

serendipitous and difficult to repeat. Nevertheless, some rethinking of how to organise and promote peer-to-peer country exchanges within the BPFMC programme is probably warranted.

- 80. The key “sticking points” in the 2018 BPFMC cohort relate to the authorising environment, the mobilisation of capable teams able to dedicate sufficient time on task and to the problem selection process itself.** We noted in Section 3.2 above that differences in relation to these three aspects appeared to be the key underlying success factors in CAR, Lesotho and Liberia.
- 81. All teams, with the exception of CAR, encountered problems related to the authorising environment.** The Liberia team, for example, was authorised by a Deputy Minister in the Ministry of Finance. However, at the mid-line, the team realised that although the Authorising Agent had an influential title, her *de facto* influence was small. There was a new administration at the start of the 2018 PDIA process and the Authorising Agent belonged to the previous regime, and thus enjoyed minimal political “clout” in the new administration. A similar theme emerged in Nigeria. From the team reports, it is clear that the Authoriser (the Director General in the Federal Budget Office) was fully supportive and aware of the team’s progress through reports, briefing meetings and the work-plans submitted. However, the issue remained the authorising environment more generally and obtaining wider, high-level support to push changes forward. Lack of sufficient authority was reported to have prevented the team from meeting with heads of relevant agencies, obtaining stakeholder buy-in and acquiring data on donor-funded projects.
- 82. There were significant issues of team functionality in Côte d’Ivoire, Ghana and Nigeria, with ‘time-on-task’ proving to be a problem.** In Nigeria, the team reported meeting regularly at the start of the PDIA-cycle, but this became increasingly difficult from September with the preparation of the 2019 budget and their commitments to the formulation process. Similar problems were reported in Ghana and Côte d’Ivoire but, unlike the teams in CAR, Lesotho and Liberia who also experienced problems of this kind, the former teams did not prove able to organise meetings at week-ends and after hours to compensate for lost time.
- 83. In Côte d’Ivoire, Ghana and Nigeria there were weaknesses in the diagnosis, and in the adaptation of the problem and related entry points to the realities of the context.** The presentations of the problem diagnoses and ‘fish-bones’ by these countries at the Dakar Review Workshop revealed significant gaps and incoherencies in their underlying logic, even after eight months of the PDIA programme.
- 84. It may be argued that tackling these process problems is part of the PDIA learning cycle.** Management of the authorising environment, problem selection and diagnosis, and team management and organisation are core aspects of PDIA but they are challenging and, generally can only be mastered through testing, iteration and adaptation. Yet, how much time should be permitted to learn from mistakes? And how can CABRI be confident that the learning is happening and generating sustainable lessons? We turn to these questions in Chapter 4 where we consider the operational implications of our findings.

### 3.6 The PFM Problems and Institutional Contexts more suited to PDIA Approaches

- 85. The experience of the CABRI BPFMCP 2018 cohort suggests that it is technical rather than political problems which are more suited to the PDIA approach.** Problems that require local teams to understand, deconstruct and provide solutions to primarily technical issues have been seen to be more successful. For example, the CAR team were able to identify and apply a range of technical solutions to the problem of low execution of domestically financed investment projects. By contrast, the Nigerian team failed to make any significant progress in resolving the much more political problem

of raising public expenditure on health care, while the Ghana team also struggled to find measures that might improve the consistency between actual expenditures and the approved budget, given the pervasiveness of politically-sanctioned off-budget spending. In Lesotho and Liberia, some progress was made in improving cash management and raising spending on public investment respectively, by focussing on the technical aspects of these problems and deferring to the future attention to the more political dimensions.

- 86. The management of the authorising environment proved to be a significant “sticking point” with the PDIA approach, as implemented through the CABRI BPFMC programme.** Unless this problem can be effectively addressed, PFM reform issues that require decisions at the political level, in addition to technical and administrative solutions, may prove difficult to address through PDIA techniques. However, every team in the 2018 cohort, except CAR, struggled with expanding the authorising environment and obtaining buy-in from senior officials and political leaders.
- 87. Both Political Economy Approaches and the “Context” school of thought discussed in the literature review emphasise the importance of political will.** In the PDIA approach, this issue is addressed through careful management of the authorising environment; namely, who the Authorising Agent is, their level of influence and how well the team can negotiate the authorising space. From the examples above, one of the key issues remains the authorising environment. As one Liberian team member noted of the reform: “*Everyone needs to buy into it.*” The BSC materials provide advice and guidelines on how to expand the authorising environment but this remains a challenge. As it is, the CABRI experience suggests that the PDIA process may not be able to overcome the age-old “political will” issues common to many reforms.
- 88. By implication, the PDIA process may also struggle to resolve ‘wicked hard’ problems, which are almost invariably political.** Of course, we draw this conclusion based only on the evidence of the CABRI BPFMC programme of 2018, and it should be stressed that the BPFMC programme is one particular approach to PDIA implementation. It is our understanding that the application of the PDIA approach by the Harvard BSC programme generally involves longer time frames as well as important differences in the way the authorising environment is established and the problems to be resolved are selected and diagnosed<sup>31</sup>. Although there is as yet insufficient comparative evidence to reach a firm conclusion on this point, we believe these differences are likely to be relevant to the effectiveness of the PDIA approach adopted in each case. In Chapter 4 we present for consideration a number of operational proposals which might help to address the ‘sticking points’ identified in the CABRI approach to the delivery of PDIA.

<sup>31</sup> See for example the documented examples of PDIA support by the Harvard BSC team to reformers seeking to generate economic diversity in Sri Lanka (Andrews, et al., 2017), and to implement an economic growth strategy in Albania (Andrews, et al., 2016).

## 4. Conclusions and Operational Implications

### 4.1 Conclusions – Key Success Factors identified and Challenges to address

- 89. The PDIA process, as applied in the 2018 CABRI BPFMC programme has provided a way for local teams to identify a problem and work through it with stakeholders in a way that develops transferable skills.** This is unique to the PDIA process, and has been reflected upon positively by the Authorising Agents and the local teams in most of the countries involved in the 2018 programme. The ownership of the problem and the confidence instilled in country teams to arrive at a solution is empowering. The process has also led team members to work across functions, learn about new areas in Government and develop transferable skills. In the words of a member of the 2017 Liberian team: *“We normally carry the mentality that we need outside help to get things done. Now we see we can get things done. Now we see we can look within. Stakeholder engagement is key. Everyone needs to buy into it.”* This quote captures the strengths of the PDIA process but also hints at areas for improvement.
- 90. Which conditions need to come together to achieve success?** With the 2018 cohort, progress has been achieved when three conditions have come together:
- There has been an Authoriser, with genuine concern for the problem and sufficient influence to open up space for the PDIA team to work;
  - The Authorizer has devoted focused attention to a relevant problem of local significance, whose key causes and sub-causes have been well defined;
  - There has been a functional PDIA team, with a specific mandate by the Authoriser to search for solutions to the problem and with the capacity to dedicate sufficient time to the task.
- 91. In CAR, Liberia and Lesotho, the CABRI PDIA team has helped to bring together these conditions and helped to keep a continuous focus on the identified PFM problem.** The added value of PDIA has been clearly manifested in these instances – where attention has been focused on developing local solutions to locally owned (and felt) problems.
- 92. What should be done if these conditions do not come together? What are the implications for CABRI and future approaches to the BPFMC programme?** Our assessment is that rather less progress towards problem resolution has been made in Cote d’Ivoire, Ghana and Nigeria and that in each of these cases, the above conditions have been lacking. It is an objective of the PDIA process to try to create these conditions and one should certainly not expect to simply find them. Indeed, the first 2-3 months of PDIA work within the CABRI BPFMC programme are dedicated to creating these conditions through the processes of team selection and ‘induction’ (via the on-line course, the framing workshop and the up-front learning activities), and the guidance to the teams in problem diagnosis and in management of the authorising environment, as well as the direct engagements by CABRI with the Authorising Agent(s).
- 93. What should be done if by the close of month 3 of the BPFMC programme one or more of these conditions is still not in place?** While clearly there are important contextual factors over which there can be little control, we believe that CABRI can and should take measures to strengthen the range of preventative and/ or ‘curative’ measures at its disposal to avoid or correct such an occurrence. We would also recommend consideration of a different approach to the identification of the Authorising Agent, the selection of the problem to resolve and the nomination of the PDIA team. These proposals are presented in Section 4.2 below.

94. **A further consideration refers to the time frame within which the BPFMC programmes are structured.** Up to now, the BPFMC cohorts have been structured as 8 month processes. As we have noted in relation to the 2018 cohort, this is sufficient in the better cases to permit tangible progress towards PFM problem resolution. However, it has in no case generated sufficient progress to be confident that full problem resolution would be reached, without further CABRI engagement. This time period thus falls short of the time that would be required to set in place a self-sustaining ‘change dynamic’ that could fully resolve the identified PFM problems. CABRI have made a number of adjustments to the selection process for new BPFMC countries so as to permit more continuity across the years; efforts have also been made to provide for a more structured follow-up process outside of the BPFMC programmes. These adjustments are clearly helpful but we believe that it would be worth considering direct changes to the time frame and structure of the BPFMC programme. These are also presented in Section 4.2 below.

## 4.2 Operational Considerations to facilitate future Scaling Up of the CABRI BPFMCP

95. **From the evidence presented, this interim evaluation of the CABRI BPFMC programme provides grounds for optimism.** Certainly, the evaluation provides strong evidence that the programme should continue. The question that remains is thus: How should CABRI and its stakeholders build on this experience so as to further increase the success of the programme and provide a stronger basis for scaling up in future? The ‘sticking points’ identified above are important and need to be tackled prior to consideration of scaling up the programme. Here, we propose three sets of changes to the existing structure and implementation methodology of the CABRI Building PFM Capabilities programme (BPFMCP), which we believe can address these ‘sticking points’, and provide a stronger basis for scaling up in future:

- **Adapting the overall structure of the programme from an 8-month to a 20-month time period**, focused on a smaller set of participating countries, with a deeper engagement in each, so as to increase potential for sustainable impact.
- **Placing the Authorising Agent and his/her PFM problem at the heart of the BPFMC programme**, by starting from the nomination of the Authorising Agent and the identification of a “good” PFM problem and proceeding from that to the nomination of the country team and the initiation of the PDIA process.
- **Developing a new coaching model for the BPFMC programme**, which allows for differing levels of external engagement by CABRI depending on progress achieved and emerging needs, so as to provide more support when difficulties arise with the authorising environment, the problem definition and diagnosis and/or the dynamics and functioning of the PDIA team.

## Adapting the BPFMC programme to a deeper engagement over a 20-month time period

### 96. **The first change we recommend is to adapt the BPFMC programme from an 8-month to a 20-month period.**

We recommend a cycle which would mirror the current structure of the programme for the first 8 months, supplemented with an additional 12-month period of continued PDIA work supported by CABRI. As we have noted, we consider that the current time period for the BPFMC programme of 8-months is insufficient to set in place a self-sustaining ‘change dynamic’ that could fully resolve the PFM problems identified by the participating countries. There is evidence that it is sufficient to generate partial solutions and to promote significant skills development but these outcomes may not be sustained in the absence of further CABRI BPFMC support. Extending the programme to a 20-month period should contribute both to deepening the impact of the programme and enhancing the sustainability of the outcomes.

### 97. **Extending the programme period to 20 months should also permit greater flexibility for the country teams in the scheduling of the implementation of their problem solutions,** for example introducing the possibility of scheduling corrective actions in a way consistent with the national budget formulation and execution cycles, or adapting the timing of “action-push” periods within the PDIA cycle to quieter periods when there are less competing commitments. Thus, this added flexibility should also facilitate the achievement of sufficient ‘time-on-task’ by the PDIA teams.

### 98. **Secondly, we recommend that the number of participant countries in each 20-month cycle should be reduced to 4, comprising two pairs of similar countries where peer-to-peer learning could be more effectively promoted.** The purpose would be to allow for a deeper engagement with each participating country by the CABRI coach and management team, including longer and more frequent in-country visits<sup>32</sup>, as well as occasional inputs by a “senior coach.” (See below.) In addition, the reduction in the number of countries within each cycle should allow for a more careful selection of participating countries, so as to have greater assurance of selecting countries with stronger authorising environments and PFM problems that matter to local stakeholders and leaders.

### 99. **Active promotion of peer-to-peer learning within each BPFMC cycle would be an important element of the deeper engagement.** By selecting two pairs of similar countries within each cycle, it would be possible to supplement the guidance and support of the CABRI coaching team with opportunities to learn from peer countries. The pairs of countries would ideally be regional neighbours and also from the same language group (Anglophone/ Francophone/ Lusophone), but they might also be paired up based on the choice of similar PFM problems to address. It is proposed that in each year of the 20-month cycle there would be one peer-to-peer country visit, with each of the paired countries hosting one visit.

### 100. **Thirdly, we recommend a structure of overlapping BPFMC cohorts, thus promoting peer-to-peer learning both within cohorts and between “1<sup>st</sup> year” and “2<sup>nd</sup> year” PDIA teams.** There would be 8 BPFMC participating countries at any one time, with 4 in “year 1” and 4 in “year 2”<sup>33</sup>. For the most part, each cohort would operate separately. However, it is proposed that all eight country teams should attend the annual review workshop in December of each year,

<sup>32</sup> The only criticisms made by the CAR team of the current BPFMC process were (i) that there should be more regular in-country “check-ins”; (ii) that these in-country check-ins should be 5-day rather than 3-day visits.

<sup>33</sup> This model thus allows for a modest scaling up from 7 to 8 countries per year. However, CABRI may want to consider a more carefully staggered process of transition to the new structure here proposed. For example, an alternative option would be to have only two countries joining the BPFMC programme in ‘Year 2’, meaning that there would be 6 countries in total, allowing for expansion to 8 countries (4 in each cohort) at a later stage.

allowing the “1<sup>st</sup> year” teams to appreciate the progress achievable over the full 20-month period and also facilitating exchanges between the more and less experienced teams. (See Box 2 below, laying out an indicative timetable.)

### Box 2: An indicative timetable for a 20-month BPFMC programme

Date	Event/ Process
<b>Year One</b>	Initial process of identification of Authorising Agent, nomination of PFM problem and appointment of PDIA teams
January - February	
March - April	Registration and induction of new PDIA teams through Harvard PDIA e-learning course and initial briefings by CABRI
May	<b>Framing Workshop</b> for 4 countries in Year One (2 pairs of peer countries.)
June – November	Problem diagnosis, identification of Entry points and testing of solutions through first “action-push” period; first peer-to-peer country visits.
December	<b>Review Workshop</b> to assess progress of 1 <sup>st</sup> year cohort and finalise programme of 2 <sup>nd</sup> year cohort. (8 participating countries from two cohorts.)
<b>Year Two</b>	Diffusion of effective solutions from Year 1, identification of new Entry points and testing of new solutions through second “action-push” period; second peer-to-peer country visits.
January – November	
December	<b>Review Workshop</b> to assess progress of (new) 1 <sup>st</sup> year cohort and finalise programme of 2 <sup>nd</sup> year cohort. (8 participating countries from two cohorts.)

### Placing the Authorising Agent and his/her PFM problem at the heart of the BPFMC programme

**101.** The evidence collected indicates that PDIA works most effectively where there is an Authoriser, with genuine concern for a PFM problem and sufficient influence to open up space for the PDIA team to work. Only in CAR did it prove possible to recreate such conditions but it seems likely that a reorganisation of the process of selection of the Authoriser, the PFM problem and the PDIA team may help to promote such a situation in future. The requirements were well identified in the Lesotho country report:

*The initiation of the programme in a country is critical. It is important for the direct superiors of team members to understand that the programme is not just the individual’s opportunity for skills development and training, but of significant importance to investigate and address the key challenges that the Ministry face.*

*Secondly, the problem selection should involve senior management...if senior management as a whole were part of selecting the problem, it is more likely to be seen as a shared priority for the Ministry, easing authorising issues and concerns over time on task.*

*It was not clear exactly how the team was selected. However, it seems that the sequencing is perhaps not quite right. It would make better sense to first select a priority problem for senior management, and then identify which departments should be involved. ...A different sequencing may help solve key issues for the Ministry, build confidence that the Ministry can address its own problems with its own capabilities, and build the capacity of individuals for reform.*

**102.** Therefore, we recommend that the BPFMC process should start from the nomination of the Authorising Agent and the adoption of her or his problem, and proceed from that to the nomination of the country team.

The Authoriser should in a very real sense own and feel the problem, and thus have the desire to mobilise senior-level support



for change. The Authoriser should also have a leading role in selecting the PDIA team, being cognisant of the sort of cross-departmental team and the types of personalities most likely to succeed in solving the problem. We are not fully familiar with the current methods of selection of the Authorising Agent, the problem and the PDIA team. However, it seems clear that the adoption of the above sequence should help to ensure a stronger authorising environment, a more carefully selected PFM problem, and a PDIA team more appropriate to the selected problem.

**103. Addressing problems that matter is fundamental to the PDIA process, and the re-sequencing here proposed should ensure that the BPFMCP teams are more likely to be focused on ‘good’ problems.** Andrews, Pritchett & Woolcock (2017) dedicate a full chapter to the explanation of how problem-driven work should be undertaken. In particular, they emphasise the importance of a ‘good’ problem, that motivates and drives change. ‘Good’ problems should have three characteristics (*op.cit*, pp. 142-143): ‘(i) A good problem cannot be ignored and matters to key change agents; (ii) A good problem can be broken down into easily addressed causal elements; (iii) A good problem allows real, sequenced, strategic responses.’ Clearly, such problems are not simply “discovered”: they are constructed from the expressed needs and concerns of influential stakeholders. We believe that by first identifying the influential stakeholders as Authorisers and dialoguing with them over the problems that concern them, the BPFMC programme is much more likely to arrive at ‘good’ problems.

**104. A selection process of this kind seems likely to require more administrative and management time to be dedicated by CABRI to the “start-up” process for each BPFMC cohort<sup>34</sup>.** There would probably need to be a relatively extensive reconnaissance phase, involving country visits, in order to assess the potential “candidate countries”. There would then need to be a process of ongoing dialogue with the potential Authorising Agents in these countries over identification/ construction of the PFM problem and over selection of the PDIA team. Adequate budgetary provision will need to be made for such processes. It is also important to recognise that this selection procedure would effectively raise the “entry level conditions” for country teams to join the BPFMC programme, and, as such, risks limiting the opportunities for new countries: a corresponding marketing and sensitisation effort would need to be made to offset this risk. We are, nevertheless, convinced that if well planned and prudently managed such a change can significantly improve the impact of the BPFMC programme, whilst still providing opportunities to a wide range of African countries.

### Developing a new coaching model for the BPFMC programme

**105. Our third set of recommendations relates to the design of the coaching model which has been adopted by CABRI.** In line with the spirit of experimentation and learning from mistakes, which is an essential part of the PDIA approach, the current coaching model is what might be described as an “arm’s length model” – providing guidance and structure for the PDIA teams but, in general, not intervening to provide correction. Thus, country teams are allowed to make mistakes, so that they may learn from them and make appropriate corrections for themselves. The question then arises: how much time should be permitted to pass before judging that mistakes are being repeated and learning is not taking place? There is no simple answer to this question but our assessment is that, although a good starting template, the “arm’s length” model of coaching will occasionally need be replaced by a more “interventionist” model in order to avoid PDIA teams wasting time unnecessarily and losing the motivation to innovate, experiment and learn.

<sup>34</sup> The evaluation did not examine the details of the existing process of country and team selection for the BPFMC programmes and it may be that these aspects are already well catered for. However, our point is that time and money must be dedicated to this “start-up” phase of the programme in order to properly address the ‘sticking points’ we have identified in the current structure of the programme.

- 106. We recommend that where there is evidence of limited progress over a significant time period in the PDIA process, there should be more substantive interventions by the CABRI coaches.** Such interventions should never take the form of dictating a solution, but by consistently asking the difficult questions of their PDIA teams, coaches ought to be able to positively influence the quality and coherence of problem analysis and action design. This would imply a greater number of country visits to do “check-ins”, with some “front-loading” of such visits so as to help to improve the problem analysis and selection of entry points, where evidence suggests teams often have difficulties.
- 107. We further recommend that CABRI should establish the appropriate management structure to provide the coaching team with additional higher level support to help stimulate changes where the progress of PDIA teams is repeatedly stalled.** The CABRI coaches, in keeping with PDIA principles, need to establish a relationship of friendly allies with their country teams: for many teams, this may be all that is required. However, when the progress of country teams is repeatedly stalling, and the interventions of the CABRI coaches are not heeded, an alternative – more senior – voice is likely to be needed. In addition to helping to correct repeated mistakes, a “senior coach” of this kind may also be able to call for greater discipline within the country team, especially where time-on-task is dropping, and also to engage more directly with the Authoriser to help correct shortcomings. All of these processes need to be managed with the utmost diplomacy and always within the spirit and approach of the PDIA process but, where sensitively handled, such a role can be of great help in unblocking problems and stimulating progress.

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## Annex One: Results of Baseline and Midline Surveys of BPFMCP 2018 Participants

### Assessment of skill strengthening impacts of PDIA process

#### A. Introduction

As part of the CABRI-PDIA interim evaluation, Fiscus has collected survey data from which to assess whether the project is improving the capabilities of the country teams' participants in PDIA related skills. In May 2018, Fiscus developed a questionnaire for all country team members to assess the initial capabilities and overall experience of participants in PFM-related reforms. The idea was to have a better understanding of the profile of each of the country teams (gender, qualifications, previous experience in the public sector, past involvement in PFM reform activity), and their capabilities in team working, analytical and problem-solving skills, and in communication. The Baseline Questionnaire was circulated and completed in May 2018.

Two thirds of participants were men, more than three quarters held at least a master's degree and half had more than 10 years' experience in the public sector. Only half of them had previous significant participation in PFM reforms.

In November 2018, some days before the Dakar Seminar took place, Fiscus circulated the Midline Questionnaire, which aimed to assess the participants' perceptions on the contribution of the PDIA work to strengthening skills in the areas assessed in the Base-line survey (analytical & problem-solving skills, team working, communication.)

The following sections provide a brief summary of the conclusions from the analysis of the responses by participants to both the baseline and midline questionnaires.

#### B. Summary of Baseline situation

The Baseline Questionnaire is organised in 6 sections. Sections 1 and 2 capture personal details and overall experience of participants in Public Administration. Section 3 examines their experience on PFM reforms, and whether these reforms were internally led and successful. Section 4 enquires about their familiarity in teamwork within a public sector setting. Finally, Sections 5 and 6 explore capabilities in problem-solving, analytical skills, and communication abilities respectively.

Thirty out of thirty-six country team members responded to the Baseline Questionnaire. 33% of them are women. More than three-quarters hold at least a master's degree, and half have more than 10 years of experience in the public sector. Five of the six countries had a survey participation of above 90% of team members. Ghana was the exception with one questionnaire filled out of 6 participants – perhaps due to the fact that the nomination of the team members was finalised only shortly before the Framing workshop of May 2018.

**A majority of participants judged that PFM reforms undertaken in their countries had been largely unsuccessful and mainly implemented and/or led by external assistance.** When asked about the quality

and success of the PFM reforms in their countries, only 33% felt the reforms had more successes than failures and none perceived the reforms to have been highly successful; the other 77% assessed that the reforms had partially or totally failed. Only 10% perceived the PFM reforms to have been government led and implemented.

The Baseline questionnaire sections 4, 5 and 6 address the participants' perceptions regarding their levels of PDIA core skills, such as collaborative work, analytical and problem-solving skills and communication abilities. 50% of respondents' work is mainly or totally collaborative, another 47% have specific assignments that are team based, and 77% out of all perceive their engagement in team work to be generally effective. Thus, collaborative work is a basic working routine for 97% of participants (50% + 47%) and is highly regarded as an effective working approach.

Overall, participants are well trained and have considerable experience in public administration. They have participated modestly in previous PFM reforms, which they believe had limited success and were predominantly externally led or implemented. They work regularly in teams and have some experience in complex problem solving and analytical activities. Overall, they are mid-range technical staff with some access to key reform processes and their leaders.

Regarding Problem Solving and Analysis, 57% of participants perceive that their work entails problem solving and analysis in a significant way. 40% state they occasionally undertake problem solving.

The access of participants to their political leaders to present ideas or proposals is modest. Only 47% of participants have presented at some point to their Minister. 43% have very little or no experience in communications with their leaders.

**Overall, participants are well trained and have considerable experience in public administration.** They have participated modestly in previous PFM reforms, which they believe had limited success and were predominantly externally led or implemented. They work regularly in teams and have some experience in complex problem solving and analytical activities. Overall, they are mid-range technical staff with some access to key reform processes and their leaders.

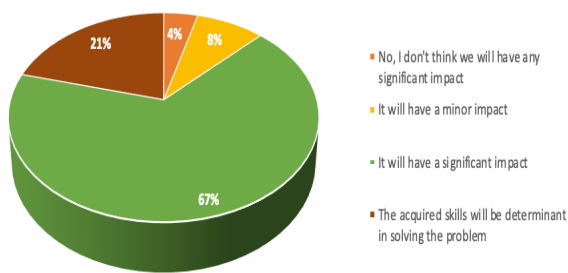
### C. Key areas of improvement identified in the Midline Questionnaire

The midline questionnaire aims to assess how the participants perceive that their skills and knowledge may have been enhanced during the CABRI PDIA project, and to what extent these improvements can be attributable to PDIA activities. The questionnaire is structured in 7 sections. Section 1 collects personal information of the respondents. Sections 2 to 6 assess the different PDIA related skills that respondents might have developed, all related to the skills they were asked about in the baseline questionnaire:- Understanding of Public Administration and PFM, Problem - Solving and data analysis skills, collaborative working, Communication abilities. Section 7 asks specifically whether the respondents feel their improved skills would have an impact on the selected PFM problem.

Twenty-four out of thirty-six potential country team members responded to the midline questionnaire. Again, Ghana is the country with fewer respondents and CAR and Liberia the ones with higher proportions of respondents. Out of the twenty-four, eighteen also responded to the baseline questionnaire. 30% of respondents are female.

PDIA related skill	Significant or very significant improvement	% significant attribution to CABRI-PDIA project
Understanding of Public Administration	88%	75%
Capacity to address PFM problems	82%	79%
Collaborative working	91%	79%
Analysis and problem-solving techniques	71%	85%
Communication/presentation skills	71%	75%

Section 7) DO YOU THINK YOUR IMPROVED SKILLS WILL HAVE AN IMPACT ON THE SELECTED PFM PROBLEM?



Overall, respondents feel they have significantly or very significantly improved all their skills and knowledge during this period, and they credit this improvement to the project. In terms of understanding of Public Administration, at least 83% of respondents feel their skills have improved significantly or very significantly, and 75% attribute this improvement directly to the project. See table above for more detail.

**Finally, 88% of participants believe that these improved skills will have a significant or determinant impact on the selected PFM problem.**

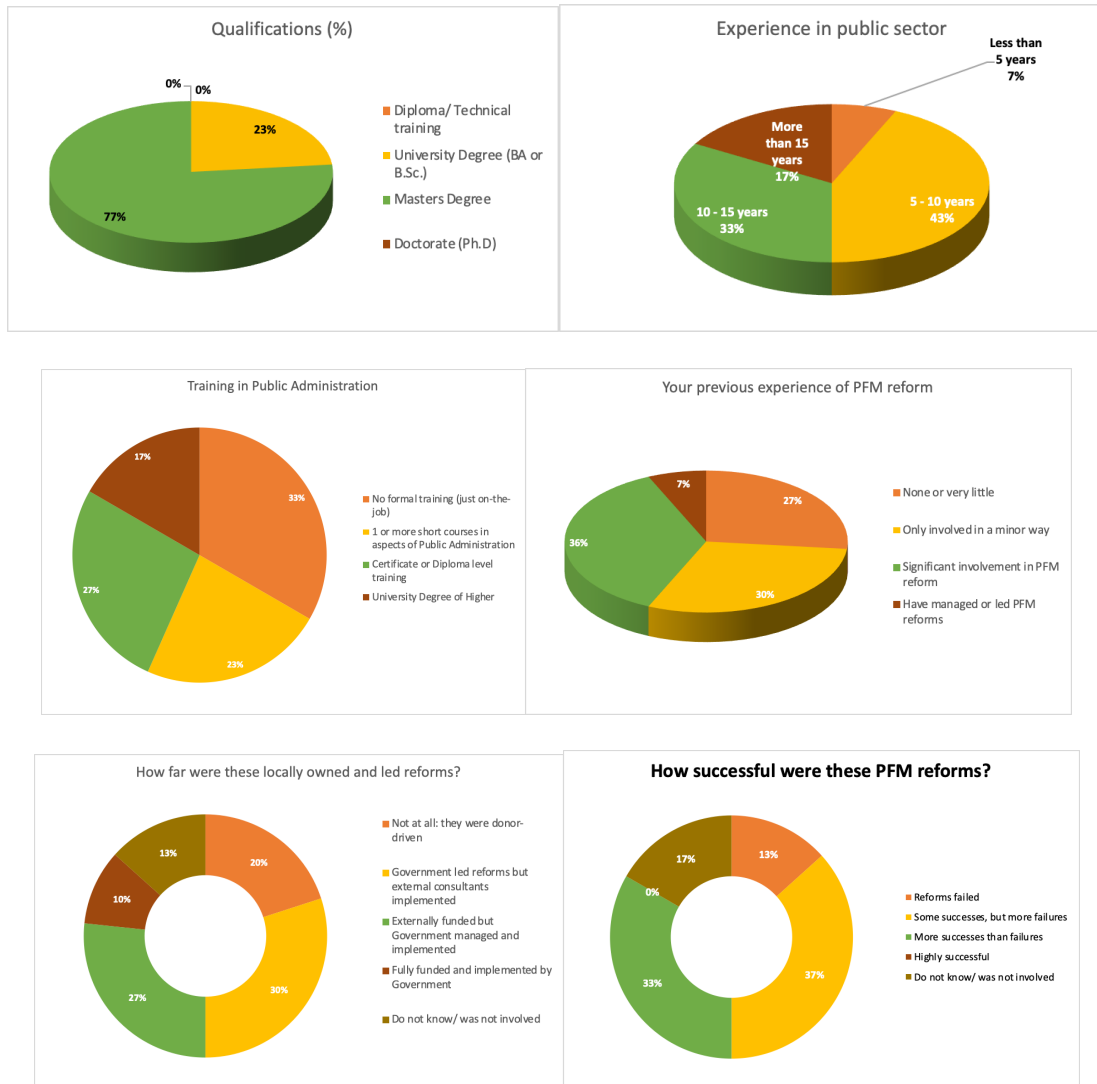
### D. Conclusions

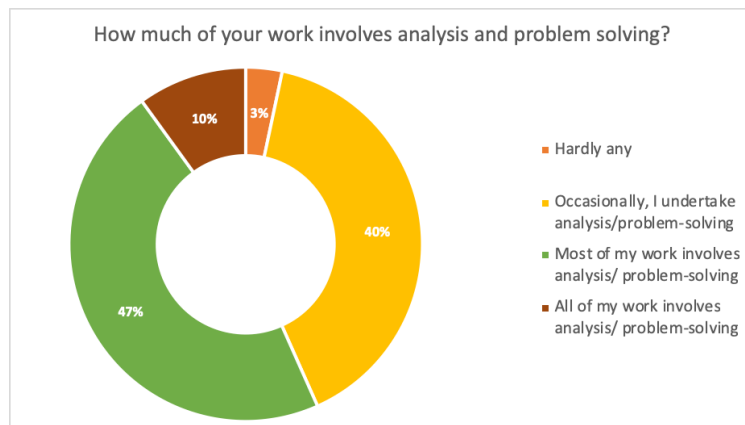
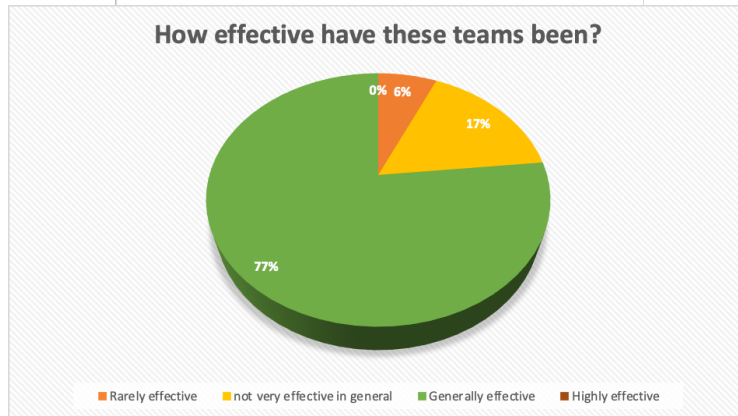
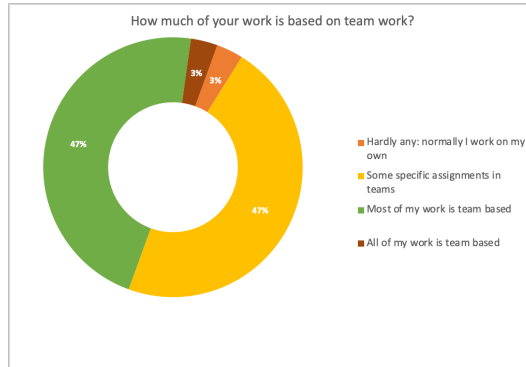
- (i) Project participants are skilled middle-aged professionals, three quarters of whom have Masters degrees. Despite this, some 40% of them address problem-solving and analysis actions only occasionally.
- (ii) **The respondents feel there has been a significant or very significant improvement in their PDIA related skills** (collaborative work, communication skills and problem-solving techniques). Therefore, the learning by doing system in-built in the approach to PDIA appears to be effective and seems to be having a noticeable impact on participants’ perceptions and self-esteem.
- (iii) **67% of respondents feel that their improved skills will have an impact on the chosen PFM problem**, with an additional 21% feeling the improved skills will be the determinant factor in solving their problem. Interestingly, in the comments section completed alongside this question, a number of participants link this impact to greater engagement by authorities or authorizers.
- (iv) A significant caveat should be expressed regarding the relatively small number of respondents to the midline survey (66% of the potential total of 36) and the fact that 12 of these were from Liberia and CAR – two of the countries identified from other evidence to have been relatively successful in addressing their PFM problems. Thus, there may be a self-selection bias, in which participants from countries with less apparent success have been less inclined to respond to the questionnaire.



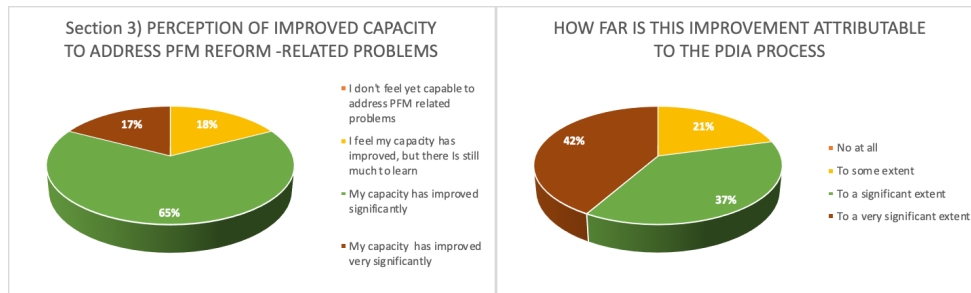
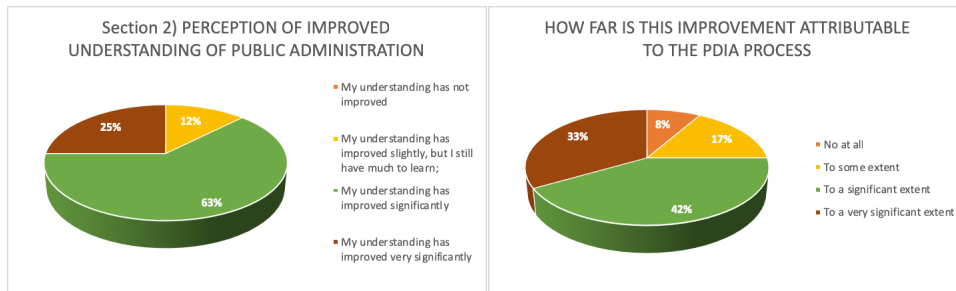
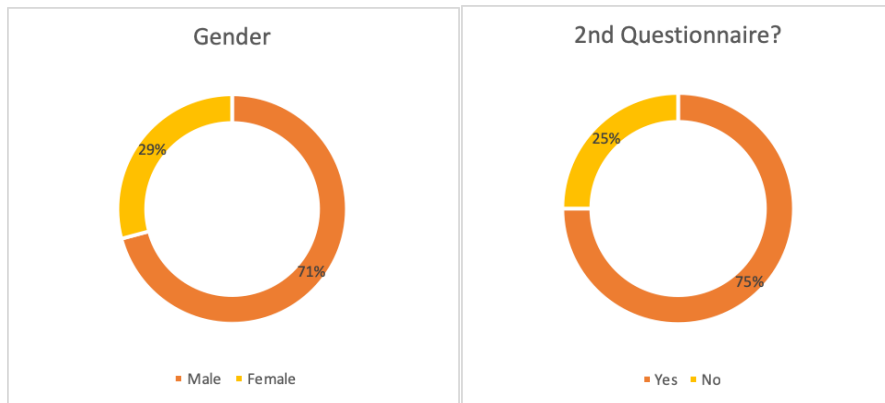
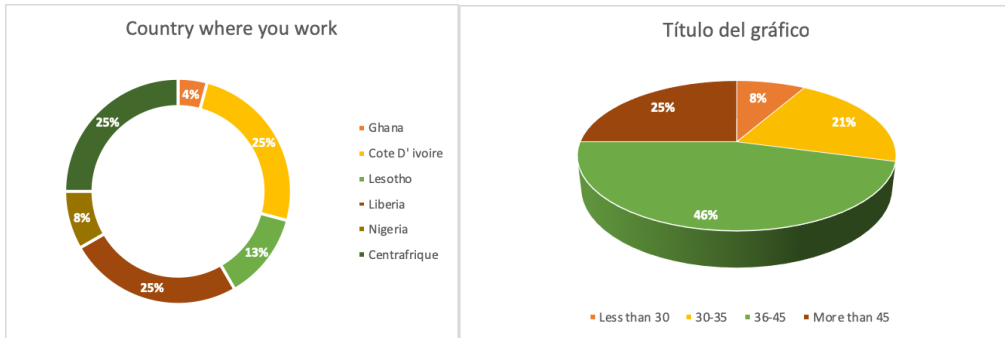
## E. GRAPHS AND DATA FROM BASELINE AND MIDLINE QUESTIONNAIRES

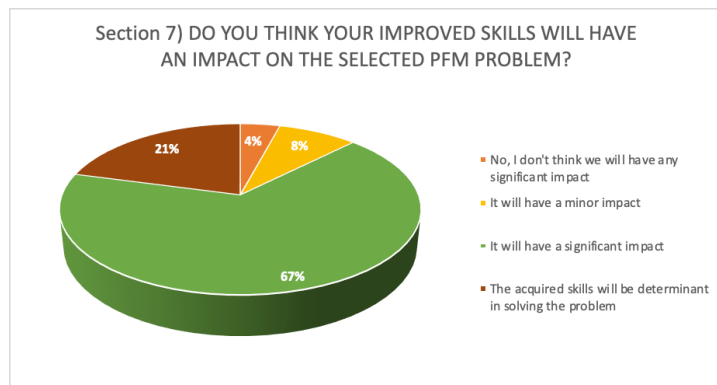
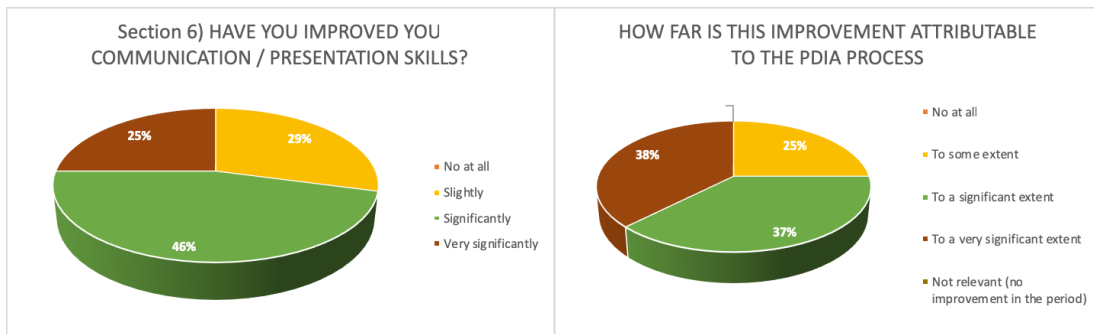
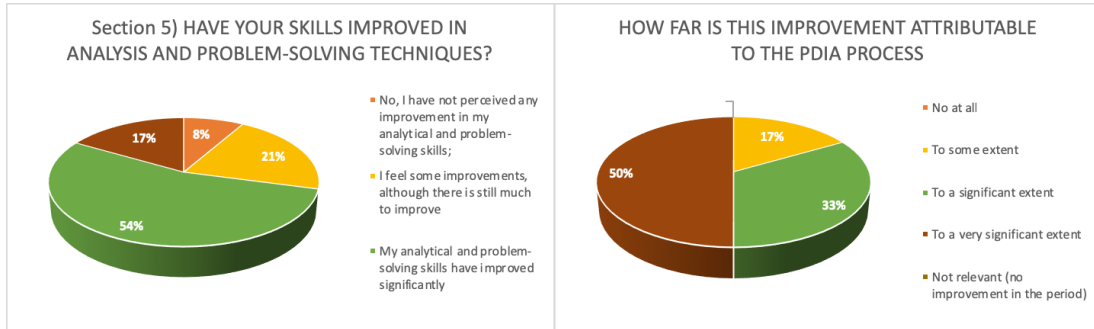
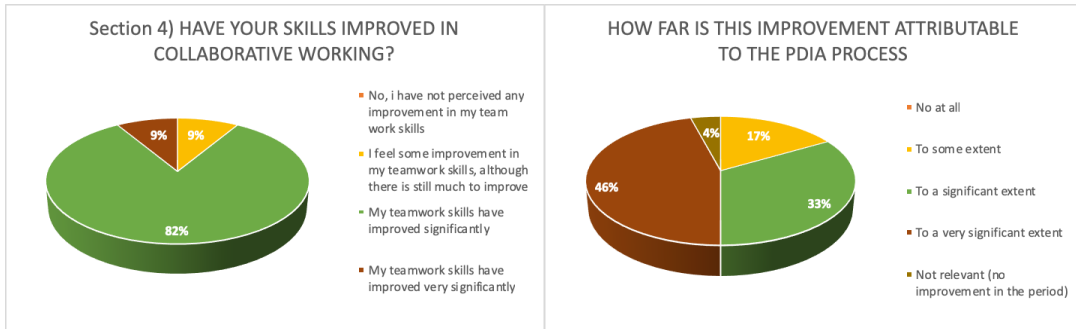
### 1- BASELINE QUESTIONNAIRE. MAY 2018





2.- MIDLINE QUESTIONNAIRE. NOVEMBER 2018





## Annex Two: Overview of Data Tables from BPFMCP 2018 Country Case Studies

COUNTRY	A. CONTEXT		B. RELEVANCE		C. OUTCOMES		
	Country Context	Team Capability	Problem Complexity	Relevance to Service Delivery	2018 Impact on Problem <sup>35</sup>	2019 Impact on Problem	Skill Development
Central African Republic (CAR)	1.75	3.5	3	3	2	3	3.5
Côte d'Ivoire	1.5	2.25	4	3	1	n/s	n/s
Ghana	2.25	2.25	4	3	1	n/s	n/s
Lesotho	1.75	3.25	4	4	2.5	ns	3
Liberia	1.5	3.5	4	3	2	2	3
Nigeria	1.25	2.5	4	3	1	1	ns

**Note:** Ratings are scored from 1 (lowest) to 4 (highest); n/s = not scored.

Data are sourced from the Country Reports in Annexes 3-6 in relation to the countries where visits by the evaluation team were made, either at the “midline” (September-October, 2018), or in the case of Liberia, at both “midline” and “end-line” (May, 2019.); data for Côte d'Ivoire and Ghana were generated from interviews with the country teams and their respective coaches during the Dakar Review Seminar of December 2018 and also from an analysis of assignments and reports submitted on the Canvas system.

<sup>35</sup> The scoring of impact/potential for impact on the PFM problem is as follows: 1= No clearly discernible progress towards problem resolution; 2= Qualitative evidence suggests modest progress is likely by year end, although difficult to quantify; 3= Significant and measureable progress towards problem resolution can be evidenced; 4 = The PFM Problem is likely to be virtually solved by the end of the year, according to objective evidence.

COUNTRY	CONTEXT	
	Country Context	Team Capability
Central African Republic (CAR)	1.75 (1,1,1,4)	3.5 (3,3,4,4)
Côte d'Ivoire	1.5 (1,2,2,1)	2.25 (3,2,2,2)
Ghana	2.25 (2,3,3,1)	2.25 (3,2,3,1)
Lesotho	1.75 (1,2,2,2)	3.25 (3,4,3,2)
Liberia	1.5 (1,2,1,2)	3.25 (3,4,3,3)
Nigeria	1.25 (1,1,1,2)	2.5 (NS,3, NS, 2)

Note: Ratings are scored from 1 (lowest) to 4 (highest), as simple averages of the scores against sub-criteria. The scores in brackets refer to the scores of the sub-criteria of each dimension assessed.

Country context is assessed against four criteria: (i) Socio-economic status; (ii) Political Governance status; (iii) Technical Governance status and (iv) the Quality of the Authorising Environment. The first three criteria are ranked exclusively from the 2018 international rankings against the Human Development Index and Worldwide Governance Indicators while the fourth derives from 'Canvas' data and interviews with the country teams and CABRI coaches<sup>36</sup>.

Team capability is also assessed against four criteria: (i) Balance of skills & experience; (ii) Cross-departmental coverage or knowledge; (iii) Cohesive nature of team/ respect between members; (iv) Time on task, all of which are assessed from 'Canvas' data and interviews with the country teams and CABRI coaches.

COUNTRY	IDENTIFIED PROBLEM	RELEVANCE OF PROBLEM	
		Problem Complexity	Relevance to Service Delivery
Central African Republic (CAR)	<i>Under-execution of domestic resource allocations for Capital Investment</i>	3	3
Côte d'Ivoire	<i>Budget allocations do not generate the targeted results</i>	4	3
Ghana	<i>Overspending by MDAs leading to Budget over-runs which impede service delivery</i>	4	3
Lesotho	<i>The Ministry of Finance does not know how much cash line ministries need nor when it is needed</i>	4	4
Liberia	<i>Limited allocation of funds for Public Sector Investment Programmes and under-utilisation of allocated funds, which have negative implications for socio-economic development</i>	4	3
Nigeria	<i>Inadequate funding to the Health Sector, resulting in very poor primary health care outcomes</i>	4	3

<sup>36</sup> The ranking for the Quality of the Authorising Environment is as follows: 1= Authorising Agent not sufficiently engaged; 2= Auth. Agent senior & engaged but lacking influence; 3= Auth. Agent senior, engaged & clearly influential; 4 = Auth. Agent senior, engaged and actively supported in PDIA initiative by other senior decision-makers.

## Annex Three: Central African Republic (CAR) Country Case Study

## Key facts on PDIA Country Case Study for CAR

Country	Central African Republic (CAR)		
<b>Problem Addressed</b>	Under-execution of domestic resource allocations for Capital Investment		
<b>Name of PDIA team (if any)</b>	“Les Fauves de Bas-Oubangui”		
<b>Names &amp; Titles of PDIA team members</b>	<ul style="list-style-type: none"> <li>- DOMMSS KAMNDOMON Daudeska Mobiyak, Modérateur;</li> <li>- NGOUANDJIKA POUMAYASSI Patrice, Rapporteur;</li> <li>- LOBAKA Thierry Godefroy, Responsable du Suivi-Evaluation;</li> <li>- FIOMBOY SEREFIO Ginette, Deuxième Responsable du Suivi-Evaluation;</li> <li>- KORE Freddy Arsène, Responsable des Collectes de données;</li> <li>- TAZAO TELEGOUZOU Evariste Dupin, Chargé des Relations.</li> </ul>		
<b>Gender Balance (how many men, how many women)</b>	1 woman, 5 men		
<b>Is 2018 first PDIA or repeat?</b>	First PDIA (participated also in 2019)		
<b>Summary of CABRI assessment of 2017 PDIA</b>			
<b>Further Comments/ Interesting background facts on 2018 exercise</b>	<p>In 2018, CAR and Cote d’Ivoire comprised the first two francophone countries to participate in the BPFMCP. The ongoing fragility of the security situation in CAR made it an especially difficult country to include but the coach (Adil Ababou) was nevertheless able to undertake all of the planned in-country check-ins.</p> <p>The evaluation team undertook a visit to Bangui over 25<sup>th</sup> – 27<sup>th</sup>, September 2018 and was able to interview all of the PDIA team, as well as their two authorisers, their CABRI Coach and other stakeholders in the Ministry of Finance and the Budget (MFB). Due to the fragile security situation, it was decided not to undertake a second visit in 2019 to complete an “Endline Report” but additional interviews were undertaken with the CAR team at the Dar es Salaam Review Workshop of December 2019.</p>		
<b><u>Timing of Report</u></b>	<b><u>Source of Information:</u></b>	<b><u>Report Date</u></b>	<b><u>Author:</u></b>
<b>Mid-line Report incorporating Dakar Review workshop materials</b>	Canvas Info + Country Visit + Dakar Workshop)	Dec. 2019	Andrew Lawson

## Assessment of Country Context (CAR)

Aspect Assessed	Rating <sup>37</sup>	Basis of Rating	Guidance Notes
<b>2.1.1 Socio-economic status (HDI)</b>	1	1= lowest 20% of HDI country rankings; 2= 20-40%, 3= 40-60%, 4 = top 40%;	Use UNDP Human Development Index 2018.
<b>2.1.2 Political Governance Status (WGI)</b>	1	Same rating basis as for HDI, averaging country rankings across 3 WGI 'political' dimensions.	Worldwide Governance Indicators 2018: 3 'political' dimensions: Voice & Accountability, Rule of Law, Political Stability & Absence of violence.
<b>2.1.3 Technical Governance Status (WGI)</b>	1	Same rating basis as for HDI, averaging country rankings across 3 WGI 'technical' dimensions	Worldwide Governance Indicators 2017: 3 'technical' dimensions: Regulatory Quality, Govt. effectiveness, Control of Corruption.
<b>2.1.4 Quality of Authorising Environment</b>	4	1= Authorising Agent not sufficiently engaged; 2= Auth. Agent senior & engaged but lacking influence; 3= Auth. Agent senior, engaged & clearly influential; 4 = Auth. Agent senior, engaged and actively supported in PDIA initiative by other senior decision-makers.	Assess Authorising Environment from interviews with Authorising Agent, Coach and team.

### Comment on Overall Ranking of Country Context

*[Present overall rating (1= Very difficult; 2= Difficult; 3= Favourable; 4=Very favourable) from average of 4 indicators, highlighting strengths and weaknesses across 4 indicators. Comment on whether this rating is supported by or mitigated by other sources of documentary evidence and/or your own observations. Where possible, i.e. where there is available evidence, highlight recent trends, providing a judgement on whether these suggest an improvement or a decline in the context for successful PFM Reform.]*

**The country context in CAR is ranked as Very Difficult (1.75 out of 4).** This is influenced especially by the highly fragile security situation: CAR has been in a state of civil war since 2012, which despite 8 separate peace agreements remains ongoing. There are 14 armed groups still present in CAR, grouped into two broad factions: the Muslim Séléka and the Christian Anti-Balaka. The country has been effectively partitioned between these factions with the Séléka in the North and East and the Anti-Balaka in the South and West. Since 2014, government control has been limited to the capital, Bangui, and its immediate environs. The security situation impacts heavily on both the political and technical governance indicators, as well as on the HDI ranking, which places CAR as 188<sup>th</sup> out of 189 (2018), with a GNI per capita of \$777 (US\$ PPP), life expectancy of 52.8 years, and 4.3 average years of schooling.

In mitigation, it is important to note that within the limited territory where the government has effective jurisdiction, namely Bangui, the quality of technical governance is certainly much higher than the WGI percentile ranking for the whole country would suggest: government schools and hospitals function effectively, government offices are clean and functional and there is an evident level of discipline within the civil service.

WGI Political Governance indicators – percentile rankings, 2018		
<i>Political Stability &amp; Absence of Violence</i>	<i>Rule of Law</i>	<i>Voice &amp; Accountability</i>
2.9%	3.8%	14.8
Technical Governance indicators – percentile rankings, 2018		
<i>Control of Corruption</i>	<i>Government Effectiveness</i>	<i>Regulatory Quality</i>
2.9%	2.9%	6.7%

**The Quality of the Authorising Environment has been a major positive factor.** The CAR team have two authorisers both of whom are very senior public servants, the Director General of the Budget and the *Inspecteur Général* (the Inspector General of Finances, who is the effective Head of Internal Audit and Inspection services). Both of these have closely supported the team, who have also enjoyed access to the Minister of Finance, when necessary.

<sup>37</sup> Aggregate ratings are derived from a simple average of the scores against the sub-dimensions, with equal weights given to each.



## Assessment of Capability of Country Team

Aspect Assessed	Rating	Basis of Rating	Guidance Notes
2.2.1 Balance of Skills & Experience	3	1= clear deficiencies in essential skills or experience; 2= reasonable but some gaps, 3= good & relevant balance; 4 = excellent balance.	Judgement based mainly on observation but may be supplemented by interviews.
2.2.2 Cross-departmental coverage or knowledge	3	1= One Directorate. only; 2= One Dir. only but some broader past experience; 3= Two Directorates represented; 4 = three Directorates represented or Two with some members having broader past exp.	Knowledge on background of team members must be obtained.
2.2.3 Cohesive nature of team/ respect between members	4	3.5 (av.) 1= team is dysfunctional; 2= team clearly dominated by one or two individuals; 3= team show cohesion & mutual respect; 4 = excellent cohesion/ respect.	Team dynamics should be carefully observed and assessed.
2.2.4 Time on task	4	1= team meet less than once per week or quorum consistently lacking; 2= team meet most weeks but not all, or quorum often lacking; 3= team meet consistently once per week with good quorum; 4 = team meet consistently twice per week with good quorum.	Check planned meeting schedule as presented at Pretoria "framing" workshop, contrast this with Coach and with Team members.

### Comment on Overall Ranking of Capability of Country Team

*(Present overall rating (1= Poor; 2= Moderate; 3= Good; 4= Excellent) from average of 4 indicators, highlighting strengths and weaknesses across 4 indicators. Comment on how confident you are of this rating and on the range of sources of evidence to support this rating. This rating is made at the time of the Country Report; therefore, also comment on whether you believe certain aspects of the rating might improve, either because of recent decisions, e.g. to co-opt new members, change team rules, etc., or because of the PDIA process itself.)*

**The capability of the country team is ranked as Good to Excellent (3.5 out of 4).** Four of the six team members have extensive experience of the public sector and there is a good skills balance across the team, in terms of capabilities for data analysis, for qualitative research and presentational skills. The team is drawn primarily from the Ministry of Finance & Budget but two members are from the Inspectorate General of Finance.

The team came across as highly cohesive, adopting clear internal rules for how to work together and share tasks, and displaying strong respect for the different contributions and opinions of each team member. The team have been meeting consistently twice a week and have also dedicated significant work-time to interviewing other stakeholders, undertaking data analysis, etc.

## Overview of the PDIA “Problem” and its Relevance

### What is the PFM problem being addressed by the PDIA team?

Problem Addressed	Under-execution of domestic resource allocations for Capital Investment
<b>Brief description of the problem (add problem “Fishbone” in Annex.)</b>	Despite the fact that so much public infrastructure had been destroyed during the civil war, CAR was experiencing dramatically low levels of execution of its domestic capital budget. Over 2015-17, the 10 major ministries had average budget execution rates of 1-36%, with Health at 1%, Housing at 7 %, and Education at 27%.
<b>Key “entry points” chosen by the team to address the problem</b>	The team initially chose to address the problem through 4 entry points: <ol style="list-style-type: none"> <li>(i) Analysis and simplification of tender procedures;</li> <li>(ii) Strengthening communication between the MFB – specifically the procurement Directorate - and the line ministries;</li> <li>(iii) Strengthening accountability for poor budget execution; and</li> <li>(iv) Finding ways to increase the number and timeliness of feasibility studies.</li> </ol>

<p><b>Commentary on the quality of the Problem Diagnosis and of the choice of Entry Points (by Case Study Author)</b></p>	<p>In addition, the team also aimed to raise awareness of the budget execution problem by presenting the data and discussing the reasons for poor performance with senior staff in line ministries.</p> <p>The initial “fish-bone diagram” of the problem was probably overly complex, including some factors with limited causal links to the problem. However, the team was quick to iterate, focussing attention on a set of relevant Entry Points and undertaking further investigation and analysis to deepen understanding of the problem, improving its fish-bone diagram as a result.</p> <p>By the time of the evaluation visit in September 2018, the team had developed a good understanding of the problem and of the areas where improvements and changes could be introduced. In particular, it narrowed its focus to entry points (i), (ii) and (iv), recognising that meaningful progress on the accountability issue would prove difficult in the short term.</p>
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*How complex is the PFM problem being addressed by the PDIA team?*

Aspect Assessed	Basis of Rating	Guidance Notes
<p><b>3.2 Complexity of the PFM problem</b> (Number of stakeholders to be engaged and range of actions to initiate to reach a solution)</p>	<p>3</p>	<p>1= Problem can be solved largely by one Agent by applying an essentially known solution;                  2= Problem can be largely solved by one Agent but requires a range of not fully known actions/ solutions;                  3= Problem requires a range of not fully known solutions implemented by a range of stakeholders;                  4 = Problem requires a range of not fully known solutions implemented by a range of stakeholders, some of whom have competing interests.</p>
<p><b>Comment on Overall Ranking of Problem Complexity</b>  <i>[Present overall rating (1= Relatively easy; 2= Some complexity; 3= Significantly complex; 4=Highly complex) and briefly explain the justification for the rating.]</i></p> <p><b>The problem is ranked as Significantly Complex (3 out of 4).</b> It will require a range of not fully known solutions to be implemented by a large number of stakeholders, notably the Procurement Directorate and the Budget Directorate of MFB, the Inspectorate General and all major line ministries. Although some line ministries – Health for example – clearly dedicate much more time and energy to the implementation of externally financed projects, rather than those domestically financed, there is no conflict of interest between these objectives, indeed there are important complementarities. Secondly, the careful control on virements exerted by MFB means that line ministries have no incentive to under-execute domestic investment so as to vire to other activities. Thus, we do not consider that there is a situation of stakeholders with competing interests or perverse incentives.</p>		

*How relevant to service delivery processes is this PFM problem?*

Aspect Assessed	Basis of Rating	Guidance Notes
<p><b>3.3 Relevance of the PFM problem to issues of Service delivery</b> (how directly relevant to service delivery and with effects over what time period)</p>	<p>3</p>	<p>1= Of limited direct relevance to service delivery;                  2= Of some direct relevance to service delivery but with effects only over the medium to long term;                  3= Of significant direct relevance to service delivery but with effects largely over the medium term;                  4 = Of significant direct relevance to service delivery and with almost immediate effects.</p>
<p><b>Comment on Overall Ranking of Relevance to Service Delivery</b>  <i>[Present overall rating (1= Limited relevance; 2= Some relevance; 3= Significantly relevant; 4=Highly relevant) and briefly explain the justification for the rating.]</i></p>		

**The problem is considered of significant relevance to Service Delivery (3 out of 4.)** In a context where so much rebuilding is still needed, it is clear that deficient infrastructure remains a major obstacle to good service delivery. Although externally financed investments are of a much larger scale than domestically financed investments, the latter remain important as a way of addressing infrastructural gaps quickly and flexibly. Over the medium term, improved service infrastructure should positively influence the coverage of services as well as the quality of the working environment.

### PDIA Impact or Potential for Impact on PFM Problem

Aspect Assessed	Basis of Rating	Guidance Notes
<b>4.1 Actual Impact of PDIA work on the PFM problem by end 2018</b>	2 1= No clearly discernible progress towards problem resolution; 2= Qualitative evidence suggests modest progress is likely by end 2018, although difficult to quantify; 3= Significant and <u>measureable</u> progress towards problem resolution can be evidenced; 4 = The PFM Problem is likely to be virtually solved by the end of the year, according to objective evidence.	Neither CABRI nor BSC expect impact on the PFM problem within 2018, so scores are likely to be low. This is intended to assess measureable impact at the outcome level, and not just the potential for change, so concrete evidence of progress is required and should be referred to in the Comments box.
<b>4.2 Potential Impact of PDIA work on the PFM problem by end 2019</b>	3 1= No clearly discernible progress towards problem resolution; 2= Qualitative evidence suggests modest progress is likely by end 2019, although difficult to quantify; 3= Significant and <u>measureable</u> progress towards problem resolution can be evidenced; 4 = The PFM Problem is likely to be virtually solved by the end of the year, according to objective evidence.	This should not be scored for the Mid-line cases, so simply mark this "NA". Within End-line cases, this is intended to assess measureable impact at the outcome level, and not just the potential for change, so concrete evidence of progress is required and should be referred to in the Comments box.

#### Comment on Overall Ranking of Impact/ Potential for Impact in 2018 and 2019

*[Present the ratings for each year (where appropriate) and briefly explain the justification for the rating, making reference to the specific evidence of progress identified. Provide also some comment on a) the likely sustainability of the "problem solution"; b) the key challenges met in resolving the problem (emphasising those which remain insufficiently addressed); and c) the likelihood of progress in the medium-to-long term (especially where there has been limited progress in the short term.)*

**By end 2018, modest progress towards problem resolution had been made (2 out of 4) and by end 2019, significant and measureable progress was evident (3 out of 4).**

**By the time of the Dakar Review, 7-8 months after initiation of the PDIA process in CAR, it was clear that the team had already made good progress** – firstly, in raising awareness of the problem at senior levels, secondly in promoting peer-to-peer exchanges between lesser and better performing line ministries (learning from “positive deviance”) but also in putting in place concrete aspects of a solution. In particular, a new protocol on communication between the Procurement Directorate and the line ministries was established, guidelines on the scope and management of feasibility studies were issued with training also provided, and a designated budget line for the funding of feasibility studies was created. Less progress had been made on the issue of how to raise the accountability of Budget holders for low budget execution but, as a first step, ideas and proposals had been developed and discussed.

**By the time of the Dar es Salaam review in December 2019, tangible measureable progress was being achieved**, with budget execution rates very considerably higher – in the case of the Ministry of Health, the execution rate for domestically financed investment jumped from 1 % in 2017 to 56 % in 2019, and for Education from 17% to 40%. Moreover, the team had continued to operate and expected to continue addressing the problem, testing and applying relevant solutions.

## Evidence of Skill Development by the 2018 PDIA team (CAR)

Aspect Assessed	Rating	Basis of Rating	Guidance Notes
<b>5.1.1 Problem-solving skills</b> (including problem diagnosis & identification of entry points)	3	1= No clear evidence of raising of skills; 2= Modest improvement clearly discernible; 3= Significant improvement is discernible; 4 = A major improvement is discernible, equivalent to a 'transformational' change.	Judgement based mainly on triangulated interviews during the country visits of a) PDIA team; b) Authorising Agent and c) CABRI Coach.
<b>5.1.2 Team-working</b> (including learning of team discipline, respect for fellow members, task sharing, etc.)	3		Clearly, for the Mid-line assessment the extent of evidence will be modest and if you feel unable to reach a judgement, please mark the relevant sub-dimension/ skill area "NS" ("Not Scored").
<b>5.1.3 Adaptive learning</b> (ability to design feed-back loops for learning, to identify positive outliers from which to learn, to channel lessons into new actions, etc.)	4		The End-line reports will build on observations during the earlier country visits and should therefore provide a basis for a more complete scoring.
<b>5.1.4 Reform implementation</b> (including strategic planning of reform actions, management of Authorising environment, stakeholder engagement, etc.)	4		It should be noted that both in the full Mid-line Report as well as the Final Report, the evidence presented here from Country Visits and/ or the Dakar workshop, will be supplemented by the results of a Questionnaire to PDIA participants.

### **Comment on Overall Ranking of Skill Development**

*[Present the overall rating from the average of 4 indicators (or the average of those scored), highlighting strengths and weaknesses across the indicators. Comment on the extent to which you feel this rating is supported by strong or more tentative evidence.]*

**It is clear that there has been a significant improvement in the skills associated with PFM reform (3.5 out of 4),** both in relation to problem-solving and team-working where the CAR team already scored well, and more especially in relation to adaptive learning and reform implementation where the change can be genuinely described as transformational. Especially noticeable is the self-confidence which the team has gained, the belief in their own abilities to find solutions to significant problems.

### **Comment on significance and likely sustainability of these Skills**

*[Are these enhanced skills likely to prove significant to future PFM reform in this country? To what extent are the skills developed likely to be sustained within the PDIA team itself and/or diffused through 'demonstration effects' or more formal "training of trainers" activities by the PDIA team?]*

It seems very likely that these skills will be sustained and further disseminated. During 2019, there were two PDIA teams in CAR, ensuring both continuity and growth from the previous year. So long as there remains a reasonable level of stability in civil service staffing and leadership, these skills will continue to be highly valuable to CAR.

### **Comment on the influence of the PDIA process on Skill Development**

*[To what extent can the development of these skills be attributed to the PDIA process **per se**? Or has the learning been more driven by the simple fact of working on reform issues? If the former, can links be made to specific aspects of the PDIA process?]*

Skill development has been driven primarily by learning-by-doing and by the confidence-boosting effects of being entrusted with the resolution of a significant problem by a respected Authoriser. In addition, two new skill areas are noticeable within the team relating to (i) promoting learning from "positive deviance" through peer-to-peer exchanges, and (ii) management of the authorising environment.

**Comment on the drivers of Skill Development within the PDIA process**

*[Is there any sense from the available interview evidence of certain aspects of the PDIA proving more significant in the skill development process? For example, are the BSC learning materials or the role of the CABRI coach or the role of the peer-to-peer exchanges seen as especially important? Do the interviews give any sense of the relative importance of the BSC learning materials?]*

More than anything what the PDIA process has provided is a strong framework for an internally driven learning process. When asked, the team stressed that it was the overall process and framework of PDIA that had helped them, although they also spoke very positively about the support and guidance provided by the coach. They identified the Harvard BSC materials as helpful but not essential. Peer-to-peer exchanges with other countries were not considered to have been of great relevance to the work undertaken in CAR.

**Synthesis of Conclusions – Central African Republic (CAR)**

*This sub-section brings together the findings from each of the previous sections, organised into three broad categories: A. Context (Sections 2.1 & 2.2), B. Relevance (Sections 3.1, 3.2 & 3.3) and Outcomes (Sections 4 & 5.) It first presents a table showing the quantitative ratings assigned within each of these categories. It then briefly summarises the key conclusions within each of these areas, cross-referencing across the categories as appropriate (e.g. strong outcomes for a non-complex PFM problem in a favourable environment) and, where possible, developing hypotheses on underlying causal relationships. The final section provides an overall assessment on the contribution of the PDIA process in the case study country, providing a comment on the comparison with the 2017 PDIA exercise where relevant. If appropriate, it should also present any ideas/ suggestions for improvements in the operational aspects of the PDIA process.*

**Overview table**

A. CONTEXT		B. RELEVANCE	
2.1 Country Context	2.2 Team Capability	3.2 Problem Complexity	3.3 Relevance to Service Delivery
<b>1.75</b>	<b>3.5</b>	<b>3</b>	<b>3</b>
C. OUTCOMES			
4.1. 2018 Impact on Problem	4.2. 2019 Impact on Problem	5. Skill Development	
<b>2</b>	<b>3</b>	<b>3.5</b>	

## *Summary of findings on Context and Relevance*

**The country context in CAR is ranked as Very Difficult (1.75 out of 4).** This is influenced especially by the highly fragile security situation. In mitigation, it is important to note that within the limited territory where the government has effective jurisdiction, namely Bangui, the quality of technical governance is certainly much higher than the WGI percentile ranking for the whole country would suggest.

**The Quality of the Authorising Environment has been a major positive factor.** The CAR team have two authorisers both of whom are very senior public servants, the Director General of the Budget and the *Inspecteur Général*. Both of these have closely supported the team, who have also enjoyed access to the Minister of Finance, when necessary.

**The capability of the country team is ranked as Good to Excellent (3.5 out of 4).** Four of the six team members have extensive experience of the public sector and there is a good skills balance across the team. The team is drawn primarily from the Ministry of Finance & Budget but two members are from the Inspectorate General of Finance. The team came across as highly cohesive, adopting clear internal rules for how to work together and share tasks, and displaying strong respect for the different contributions and opinions of each team member. The team have been meeting consistently twice a week and have also dedicated significant work-time to interviewing other stakeholders, undertaking data analysis, etc, thus “time on task” has been very high.

## *Assessment of Actual or Potential Impact of PDIA on the PFM problem*

**By end 2018, modest progress towards problem resolution had been made (2 out of 4) and by end 2019, significant and measureable progress was evident (3 out of 4).**

**By the time of the Dakar Review, 7-8 months after initiation of the PDIA process in CAR, it was clear that the team had already made good progress** – firstly, in raising awareness of the problem at senior levels, secondly in promoting peer-to-peer exchanges between lesser and better performing line ministries (learning from “positive deviance”) but also in putting in place concrete aspects of a solution. In particular, a new protocol on communication between the Procurement Directorate and the line ministries was established, guidelines on the scope and management of feasibility studies were issued with training also provided, and a designated budget line for the funding of feasibility studies was created. Less progress had been made on the issue of how to raise the accountability of Budget holders for low budget execution but, as a first step, ideas and proposals had been developed and discussed.

**By the time of the Dar es Salaam review in December 2019, tangible measureable progress was being achieved**, with budget execution rates very considerably higher – in the case of the Ministry of Health, the execution rate for domestically financed investment jumped from 1 % in 2017 to 56 % in 2019, and for Education from 17% to 40%. Moreover, the team had continued to operate and expected to continue addressing the problem, testing and applying relevant solutions.

## *Assessment of Skill Development achieved through PDIA*

**It is clear that there has been a significant improvement in the skills associated with PFM reform (3.5 out of 4)**, both in relation to problem-solving and team-working where the CAR team already scored well, and more especially in relation to adaptive learning and reform implementation where the change can be genuinely described as transformational. Especially noticeable is the self-confidence which the team has gained, the belief in their own abilities to find solutions to significant problems.

Skill development has been driven primarily by learning-by-doing and by the confidence-boosting effects of being entrusted with the resolution of a significant problem by a respected Authoriser. In addition, two new skill areas are noticeable within the team relating to (i) promoting learning from “positive deviance” through peer-to-peer exchanges, and (ii) management of the authorising environment.

**More than anything what the PDIA process has provided is a strong framework for an internally driven learning process.**

### *Conclusions on PDIA and Suggestions for Potential Improvements*

**The CAR case demonstrates that with a senior Authoriser, a locally felt problem and a capable team very significant progress can be made through the PDIA process –even in a challenging environment.**

The chosen problem was of significant relevance to service delivery and complex in the sense of requiring a range of not fully known solutions to be implemented by a large number of stakeholders. However, it was not a problem involving stakeholders with competing interests or where there was major political opposition, thus not truly a “wicked hard” problem as defined by Andrews et al.

**The BPFMC programme has clearly worked very well in CAR, providing a strong framework for an internally driven learning process, and helping to solve a relevant and complex problem. Thus, the implementation in CAR did not throw up any obvious problems or deficiencies.** An earlier start to the process, for example in February or March, would have helped to achieve greater progress within the period and dedicating less time to the Harvard BSC training materials and moving more quickly to problem analysis and resolution would probably also have helped. On the other hand, these are minor adjustments that might be considered: there is no strong evidence of a need for change.

## Annex Four: Lesotho Country Case Study

### Key facts on PDIA Country Case Study (Lesotho)

Country	Lesotho
<b>Problem Addressed</b>	The Ministry of Finance does not know how much cash the MDAs need or when it is needed.
<b>Name of PDIA team (if any)</b>	The Spice Girls
<b>Names &amp; Titles of PDIA team members</b>	Mathabo Seoli - Treasury Department Mamocheko Letsepe – Treasury Department Meisi Matobako – Senior Accountant, Treasury Department Litlhare Molemohi-Phori – Senior Budget Officer, Budget Department Nthuso Lejaha – Debt officer, Public Debt and Aid Management Department Makubutu Rakubutu – Senior Debt Officer, Public Debt and Aid Management Department
<b>Gender Balance (how many men, how many women)</b>	There are six women in the team and no men.
<b>Is 2018 first PDIA or repeat?</b>	2018 is the second year. In 2017 the Lesotho team addressed: MDAs do not adhere to their given/appropriated ceilings.
<b>Summary of CABRI assessment of 2017 PDIA (Provide doc reference)</b>	<p>When the 2017 Team first joined the PDIA workshop, they had formulated the problem as being a weak link between planning and budgeting, which was seen as a problem stated in terms of a good practice solution: having a planning-budgeting link in place. By the end of the Framing workshop the problem had been narrowed down to ministries not adhering to their ceilings (during preparation and after they have been approved), and five root causes had been identified: weak budget regulation, poor understanding of the macro-economic constraints, insufficient budget reporting, the macro-economic assumptions are not reliable and high virements.</p> <p>The CABRI case study of the 2017 Lesotho support notes that the 2017 team started in a difficult country and ministry context, with the new administration having just come in and with a new minister, new director general and new accountant general. The team therefore started working in a difficult authorising environment but succeeded in engaging both with numerous departments in the MoF and with MDAs while the new leadership of the Ministry settled in. This allowed the team to better understand the problem and start advocating for the problem motivating agents for change.</p> <p>Initially, a lot of the team's work was to fully understand the extent of the problem. Especially on virements, the team realised that there was not good information readily available on the extent, source and nature of virements. The team devised their own data collection method, and found common patterns in the virements, but realised that the lack of good data is itself a cause of high virements, as ministries vire 'because they can' and can do so without being visible.</p>



<p><b>Further Comments/ Interesting background facts on 2018 exercise</b></p>	<p>The case study also found that the composition of the team did not include a treasury representative, a key division of the finance ministry to address weak budget reporting. The team therefore included representatives from the Treasury in their meetings, and got assistance from these representatives to address IFMIS related problems contributing to weak reporting.</p> <p>An important success for the 2017 team's problem was engaging with MDAs directly on the upcoming budget process, to address poor understanding of the macro-economic framework. While this was fruitful in terms of the MDAs' understanding, the team also learnt about the incentives that cause MDAs to not respect ceilings. As the ceilings were themselves changing several times, MDAs did not respect them as they were expecting them to change. The MOF had very little credibility in setting ceilings, and the practice of uninformed budget cuts by the budget office further damaged the credibility of the ministry. The success of the early engagement has established a new practice in the ministry, supported by the minister.</p> <p>The team was also successful in establishing/revitalising key coordination committees between ministry divisions, the Bank of Lesotho and the National Bureau of Statistics to improve the availability of information towards more reliable macro-economic assumptions. The technical working group was established and has become a forum in which data – previously held by each institution – are shared.</p> <p>The case study found that in implementing their work the 2017 Lesotho team had learnt a number of valuable lessons: 1) that mechanical administration of existing practices is the norm for civil servants who assume that it is someone else's job to improve the processes. This is not in the interest of the country, and it is the job of the civil servants themselves to critically look at processes and new reforms being introduced by others. The team understood that it is the responsibility of the MoF to take ownership and responsibilities for improving PFM systems. 2) That this process of critical engagement with systems starts with identifying the structural, contextual problems for Lesotho in its PFM system. This change in mindset was the most important gain observed over the period.</p> <p>The case study also observed that participating in the programme was done alongside the day-to-day responsibilities of the participants, and that it therefore spilled into after-hours work, which was done with dedication.</p> <p>The PDIA programme occurred against a backdrop of an ongoing comprehensive PFM reform programme linked to several donor-supported on-going reform interventions. Support was being provided by the IMF technical assistance programme that had advisors in-country, the World Bank, the EU, and the African Development Bank. When I asked each of the members of the team interviewed how they coordinated their work with the work of these actors, and whether there were any points at which they found they wanted to implement different or conflicting changes, the response was commonly that the overlaps with the programmes were not an issue and did not interfere or hamper their work or made it difficult. While this is just an impression, it was not clear to me that the team fully understood what was occurring within these programmes. They did note</p>
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	<p>however, that the technical advisor (the IMF advisor?) has been highly supportive of their work and helpful.</p> <p>Secondly, the PDIA programme occurred as a major upgrade of the IFMIS system was underway. This was led from the Ministry side by one of the team members. Some of the progress on entry points is tied up with this process being completed.</p>
<b>Timing of Report (Mid-line; post-Dakar; End-line)</b>	<p><u>Source of Information:</u> <u>Report</u> <u>Author</u></p> <p><u>Mid-line</u> <u>Date</u></p>
	<p>Canvas Info + Country Visit 5/10/2018 Alta Folscher</p>

## Assessment of Lesotho Country Context & Team Capability

### Assessment of Country Context

*This question seeks to assess the Country Context, specifically considering how favourable/ unfavourable to PFM reform it appears to be. It aims to capture the underlying features of context and thus includes three sub-dimensions that tend only to change significantly over the medium to long term, namely socio-economic status (which we assume is correlated with levels of education/ capacity), political governance status and technical governance status. These three are scored exclusively from HDI and WGI rankings. A fourth dimension assesses the quality of the Authorising Environment for the PDIA exercise, recognising that shorter term changes in leadership/ political engagement can also improve the extent to which the context is favourable to reform. This latter dimension is assessed directly via the observations of the case study author.*

Aspect Assessed	Rating <sup>38</sup>	Basis of Rating	Guidance Notes
<b>2.1.1 Socio-economic status (HDI)</b>	1	1= lowest 20% of HDI country rankings; 2= 20-40%, 3= 40-60%, 4 = top 40%;	Use UNDP Human Development Index 2017.
<b>2.1.2 Political Governance Status (WGI)</b>	2	Same rating basis as for HDI, averaging country rankings across 3 WGI 'political' dimensions.	Worldwide Governance Indicators 2017: 3 'political' dimensions: Voice & Accountability, Rule of Law, Political Stability & Absence of violence.
<b>2.1.3 Technical Governance Status (WGI)</b>	2	Same rating basis as for HDI, averaging country rankings across 3 WGI 'technical' dimensions	Worldwide Governance Indicators 2017: 3 'technical' dimensions: Regulatory Quality, Govt. effectiveness, Control of Corruption.
<b>2.1.4 Quality of Authorising Environment</b>	2	1= Authorising Agent not sufficiently engaged; 2= Auth. Agent senior & engaged but lacking influence; 3= Auth. Agent senior, engaged & clearly influential; 4 = Auth. Agent senior, engaged and actively supported in PDIA initiative by other senior decision-makers.	Assess Authorising Environment from interviews with Authorising Agent, Coach and team.

#### **Comment on Overall Ranking of Country Context**

*[Present overall rating (1= Very difficult; 2= Difficult; 3= Favourable; 4=Very favourable) from average of 4 indicators, highlighting strengths and weaknesses across 4 indicators. Comment on whether this rating is supported by or mitigated by other sources of documentary evidence and/or your own observations. Where possible, i.e. where there is available evidence, highlight recent trends, providing a judgement on whether these suggest an improvement or a decline in the context for successful PFM Reform.]*

#### **Overall rating 1.5**

Lesotho ranks 159 out of 189 countries on the HDI 2017. This puts the country in the low human development category. The rank is shared with Mauritania. Between 1990 and 2017, Lesotho's HDI value increased from 0.499 to 0.520, an increase of 4.2 percent. Between 1990 and 2017, Lesotho's life expectancy at birth decreased by 4.6 years, mean years of schooling increased by 1.9 years and expected

<sup>38</sup> Aggregate ratings are derived from a simple average of the scores against the sub-dimensions, with equal weights given to each.

years of schooling increased by 1 year. Yet, Lesotho's GNI per capita increased by about 21.6 percent between 1990 and 2017 (UNDP, 2018).

Political governance measures are medium weak (average score 43.2). Based on 2017 WGI data, Lesotho falls in the 47th percentile for Voice and Accountability measures, the 44<sup>th</sup> percentile for Rule of Law and the 37<sup>th</sup> percentile for Political Stability and Violence. Over the last two decades Lesotho has not been politically stable, affecting the quality of administration as the senior layers of the administration tend to change with new political leadership. The political instability is closely tied to interference by the military, security concerns and volatility in political leadership. Since the mid-1980s South Africa has intervened twice, once in 1986 supporting a coup and again in 1997, when the elected prime minister (who jumped ship from his previous party) called in the South African Defence Force to still protests in Maseru. Since 2012 Lesotho has had three general elections, with the 2015 election occurring after intervention by the SADC. In 2017 another election was held, in the first year of the CABRI PDIA programme.

Technical governance is only slightly worse, with the country also falling in the 20-40 quintile, at an average score of 38.5. The regulatory quality is at 39.9 and control of corruption at 56.25. However, the country has a particularly low score for government effectiveness, at 19.23. This aligns with a low HDI score and low improvement between 1990 and 2017, despite better growth in country income levels.

Public administrative reform in Lesotho has been on-going for the last two decades. In PFM this has been arguably without much success. The OECD DAC Development Statistics database shows that between 2000 and 2017 over USD75 million (in nominal terms) have been invested by various donors in projects that were tagged as PFM projects. Just below USD40 million of this investment has been since 2010. Yet, if one looks at the PEFA scores, between 2012 and 2017 generally things have not improved: in some respects they have deteriorated: for instance, whereas there were 9 'Bs' and 16 'Ds' in 2012 at performance indicator level, 2016 recorded only 4 'Bs' but with an increase number of 'Ds' to 20, on the 2011 methodology (Linpicco Sari, 2017).

Furthermore, there are clear similarities between issues identified by diagnostic teams for the 2007 PEMFAR report (World Bank, 2007) and the 2017 PEFA report, particularly as relates to budget execution, internal control, accounting delays, audit backlogs and poor fiscal reporting.

The quality of the authorising environment is a judgement call: the factors in rating the environment as “2” are the following:

The authoriser is the Principal Secretary, who joined the ministry in this position in May, after the team had already started work. The initial authoriser was the deputy-PS, who the team noted was supportive. The weekly reports on CANVAS point to the DPS and the team finding it difficult to engage the PS, and eventually in September the executive director of CABRI joined the check-in and had a meeting with the PS, which enabled several interventions that required authorisation to go ahead. After this the team reports that they have had much better and more frequent engagement with the PS (the agreement was a two-weekly check in), but that they are passed on to the deputy PS when the PS is not available. A key intervention at the time of the fieldwork was still being held up because the PS was required to provide formal backing for the team's engagement with MDAs by writing to the PSs of MDAs. This action had not yet occurred, despite the PS's commitment to undertake it. At the same time however, the team and the coach emphasised that the PS and minister supports the programme and are enthusiastic about it. Furthermore, in the interview with the PS it was clear that she indeed has high appreciation for the programme, understands what it is about and supports the work/interventions proposed by the team. However, the PS does get pulled into many directions as there is a high level of centralised decision-making, and is often out of the country. So, on balance, given the definitions of the scores, the score is 2. If the first half of the team's work had similar engagement by the PS to post-September, the score would have been 3, but with some qualification on the consistency of the engagement.

*Assessment of Capability of Lesotho Country Team*

Aspect Assessed	Rating	Basis of Rating	Guidance Notes
<b>2.2.1 Balance of Skills &amp; Experience</b>	3	1= clear deficiencies in essential skills or experience; 2= reasonable but some gaps, 3= good & relevant balance; 4 = excellent balance.	Judgement based mainly on observation but may be supplemented by interviews.
<b>2.2.2 Cross-departmental coverage or knowledge</b>	4	1= One Directorate. only; 2= One Dir. only but some broader past experience; 3= Two Directorates represented; 4 = three Directorates represented or Two with some members having broader past exp.	Knowledge on background of team members must be obtained.
<b>2.2.3 Cohesive nature of team/ respect between members</b>	3	1= team is dysfunctional; 2= team clearly dominated by one or two individuals; 3= team show cohesion & mutual respect; 4 = excellent cohesion/ respect.	Team dynamics should be carefully observed and assessed.
<b>2.2.4 Time on task</b>	2	1= team meet less than once per week or quorum consistently lacking; 2= team meet most weeks but not all, or quorum often lacking; 3= team meet consistently once per week with good quorum; 4 = team meet consistently twice per week with good quorum.	Check planned meeting schedule as presented at Pretoria "framing" workshop, contrast this with Coach and with Team members.

**Comment on Overall Ranking of Capability of Country Team**

*(Present overall rating (1= Poor; 2= Moderate; 3= Good; 4= Excellent) from average of 4 indicators, highlighting strengths and weaknesses across 4 indicators. Comment on how confident you are of this rating and on the range of sources of evidence to support this rating. This rating is made at the time of the Country Report; therefore, also comment on whether you believe certain aspects of the rating might improve, either because of recent decisions, e.g. to co-opt new members, change team rules, etc., or because of the PDIA process itself.)*

**Overall rating 3**

For the rating I have interviewed four of the five team members and have sat with the team for a check-in session with the coach. Mamocheko Letsepe of the Treasury Department was away at the time of the fieldwork on family matters. I will still arrange a telephone interview with her. In addition, I have had discussions with the coach and have also gone through the weekly reports of the team on CANVAS.

**Balance of skills and experience (3, good and relevant skills and experience)**

The team on average has about 8 years' experience in the ministry of finance, with the longest experience being 16 years and the shortest 3 years. The experience of individuals also is at different levels of the administration, and in different functions of the ministry (e.g. moving from districts offices to the centre, and moving from accounting to budgeting). They are all graduates, with a couple of masters' degrees, and trained as accountants and economists. They all noted however that the practice in Lesotho is that individuals work in a very compartmentalised manner, each fulfilling the tasks on their desks, without significant engagement with tasks upstream, downstream or parallel to them. One of the results of the programme has been that it has forced them to look at processes holistically, learn about what others are doing within a process, and therefore it has broadened their skills and experience. I was leaning towards 4, but decided on 3 because of this last factor – namely that the depth and insight of the team members meant that they lacked at the start, some of the experience and skills needed to define the problem, identify the causes and develop effective solutions.

**Cross-departmental coverage or knowledge (4)**

Three directorates are represented.

**Team cohesion (3)**

The team shows strong cohesion and mutual respect, and have a healthy dynamic of discussion and mutual accountability. Interestingly, the dynamic is balanced with the lead in demanding accountability from the other team members passing around the table between 2 to 3 of the members. This is despite the members having very different ranks in the ministry: in other words, the leadership of the team has not defaulted to the most senior official, but passes between officials of different rank. In individual interviews the team also expressed significant appreciation for their fellow team members. All members said that one of the main benefits they have experienced through the PDIA programme, is learning to work in a team. Two members

noted specifically that this is something that they have not been able to do in their previous professional experience.

The only reason for not giving the top score on team cohesion and respect, is that one member of the team has been consistently not as committed to the weekly meetings and to some degree to the work – on discussion with the team member it appeared to be about not being provided the space by her direct superior to participate as fully as she would have liked. Her frequent absence has frustrated the team as she also has the lead responsibility for a key intervention.

**Time on task (2)**

The team has met frequently, often on Sundays, have had good quorum but not consistently. The team noted in the interviews and in their weekly CANVAS reports that their greatest problem is meeting frequently as a team. Besides one team member being absent often, the attendance of others was also frequently influenced by being away from their desks for their day jobs, illness and personal matters. The team started to meet more frequently towards the end of the assignment. The team did not submit all of their team assignments, judging by the CANVAS record.

The rating of 1 however, while being correct in terms of the criteria descriptions provided, does not fully do justice though to the commitment to time on task I observed. It is clear that while meetings perhaps did not occur once a week, all the team members invested significant time in working on their individual tasks and in the meetings that did occur, often outside of normal working hours. Thus, a 2 is accorded.

**Overview of the PDIA “Problem” and its Relevance**

*What is the PFM problem being addressed by the PDIA team?*

<b>Problem Addressed</b>	The Ministry of Finance does not know how much cash the MDAs need or when it is needed.
<b>Brief description of the problem (add problem “Fishbone” in Annex.)</b>	<p>Lesotho has experienced significant liquidity problems in the last two budget years, as the SACU revenues have diminished. In order to be able to start managing cash, the MoF needs to know how much cash is needed in the system overall, at any one point and for the remainder of the fiscal year. It also needs to know how much cash is required by each ministry, to be able to distribute cash so as to support the financing of activities and service delivery.</p> <p>This is however information the Ministry does not have. Prior to 2017/18 Lesotho has always been able to finance the cash requirements of ministries, due to reliable direct transfers from the South African government under the SACU agreement. It has therefore not needed to have good information, as it was able to manage budget execution through issuing quarterly warrants, basically dividing up the full budget appropriation in equal parts.</p> <p>Ministries’ cash requirements for transfers from the treasury is the net remainder of cash needed after deducting their remaining cash from a previous warrant, from their cash requirement. These are pieces of information that the Ministry of Finance does not have: arguably it transpired, most MDAs don’t have this information either.</p> <p>The team identified five branches of issues that contribute to the problem:</p>

<p><b>Key “entry points” chosen by the team to address the problem</b></p>	<ul style="list-style-type: none"><li>1. Weak monitoring and evaluation: government cannot monitor cash in the Central Bank of Lesotho (CBL), the government does not know / cannot monitor how much cash ministries have, and does not know how much revenue is collected.</li><li>2. Weak budget formulation and execution: unrealistic budgets mean that the budget is not a basis to determine how much cash is needed, there are arrears which new budgets do not take into account, there is expenditure outside of budgets, MDAs exceed their budgets, and the original budget is not comprehensive.</li><li>3. Weak expenditure and cash planning: the MDAs do not have realistic cash and procurement plans, but even if they did, they do not submit the plans to the MOF.</li><li>4. Weak communication and coordination: communication on data and requirements is weak between the MoF and the CBL, between the MoF and MDAs and within MDAs.</li><li>5. Weak data credibility: there is no monthly reconciliation between budgets, accounts and bank accounts (in fact, it appears this was only done once annually), MDAs cannot provide information on their expenditure totals, some spending is done outside of the IFMIS system so is not consistently recorded, MoF does not know how much cash government has, as there are issues with the reconciliation of the BoL statements of government accounts and IFMIS.</li></ul> <p>See Fishbone Diagram in Annex 1.</p> <p>The team identified the following entry points:</p> <p>In monitoring and evaluation: 2 entry points: (i) improving communication with and monitoring of MDAs; and (ii) working on identifying the bank accounts of MDAs and closing them down.</p> <p>In expenditure plans: getting MDAs to submit realistic procurement and cash plans.</p> <p>In Communication and coordination: setting up a coordination committee between the various departments of the MoF and the BoL to manage cash.</p> <p>In Data Credibility: getting MDAs to reconcile more frequently.</p>
<p><b>Commentary on the quality of the Problem Diagnosis and of the choice of Entry Points (by Case Study Author)</b></p>	<p>The problem selected is a contributing factor to Lesotho’s critical current liquidity problem. The lack of systems to forecast and monitor cash flows has been noted as an issue in the PEMFAR and PEFA assessments of 2004, 2009, 2012 and 2017 (with a D score assessing the dimension).</p> <p>The analysis of the contributing factors and their causes is largely accurate and comprehensive. At the cause level, however, two factors appear to be missing:</p> <ul style="list-style-type: none"><li>• In the branch on expenditure plans – which was revealed more clearly to the team as the process progressed – a missing factor (that deals with incentives rather than hard system failures) is that MDAs do not submit expenditure plans because</li></ul>

they perceive that the MoF does not use the information. Expenditure and cash plans were introduced before the 2012 PEFA, but it was noted already then that the MoF did not systematically assess and use the plans.

- In the same branch, the procurement planning factor is missing. That this is important was revealed to the team when the impact of the development budget on cash flow plans became more apparent.
- In the budget issues branch, the problem of the Accountant General not closing off the accounts, so that MDAs still lodge expenditure claims outside of the period was not noted. This would impact what the MoF knows about how issued cash is being used.

Secondly, I am not convinced that the analysis fully only selected what was fully relevant to the identified problem, or was set out in ways that makes the link apparent and would lead to the identification of entry points. It is not clear how the sub-factors on revenue projection (unrealistic revenue projection) and collection (weak collection) and decline (revenue declines while expenditure increases) noted in the diagram, contribute to the problem of the MoF not knowing how much cash ministries need or when it is needed. While it is clearly part of the overall liquidity and cash management problem – i.e. the ministry does not know how much cash it will have to distribute at any one point and generally does not have enough – it is not clear that it contributes to the specific problem identified, except for not knowing how much revenue ministries have collected and are possibly retaining.

A third point is that the exact drafting of the phrases in the fishbone diagram could have been more precise: for example that government is not able to monitor and audit the CBL is an issue generally, but for the specific problem the issue is that the MoF cannot reconcile MDA's information in IFMIS with the accounts held for MDAs in the CBL.

A fourth point is that the diagram could have been developed to an additional layer which might have identified other potential entry points to address problems. For example, that the MoF does not know how much cash government has (left) at any point because of the large number of bank accounts (254 counted by the 2017 PEFA) is partly because ministries open bank accounts for donor projects and for revenue and because commercial banks do not understand/do not play by the rules for bank accounts. An issue that arose during the work programme is that even if many accounts were closed down, accounts got re-opened on request of the MDAs. Perhaps a crucial leg of the work would have been to also improve the MoF's communication with banks and donors to limit the accounts that are opened to only when it is fully necessary.

A fifth point is that I think the whole branch on budget issues is a contributing issue to the expenditure plans, rather than a branch on its own relative to the problem. As a branch on its own it clearly is a significant contributor to the larger cash shortage issue: weak budgeting, overspending, under- or non-assessment of arrears are all

	<p>significant factors in having too many commitments versus having less revenue. The key contribution of budget issues to the selected problem however, is that the MoF cannot use the formulated budgets (and associated expenditure plans) as a benchmark against which expenditure plans can be analysed and assessed for completeness and accuracy. This is mainly because not everything that MDAs undertake during the year is on-budget (this factor is there, but stated twice, firstly as MDAs do not include all items into the original budget and secondly as unexpected / extra budget expenditure), because arrears are not known and considered, and because MDAs exceed their budgets. A factor that is missing here, is the high level of virements (perhaps because it was tackled by the 2017 team, but it should nonetheless have been noted).</p> <p>Overall, in conclusion the analysis is basically right, but could have been refined a bit more to provide a better basis on which the select entry points and determine the scope of actions related to entry points.</p> <p>The choice of entry points on balance has one major deficiency: the team opted not to tackle any of the problems related to the budget issues branch, despite it being a key contributor to the lack of information on cash needs. If this was included as a sub-branch of the expenditure plans problem, it may have enabled the team to select some of the points on it (e.g. tackling how arrears are reflected / treated in cash-flow plans)</p> <p>Otherwise, the entry points are both critical to the solution of the selected problem, and also within the means of the team to usefully influence during the work-programme, given their skill sets and authority. A second critical point perhaps is that some of the entry points were already being addressed by ongoing reforms, e.g. bank account closure was an ongoing process tackled under the EU-supported reform programme. While the team noted that their efforts helped to speed up the issue, it was not clear in the fieldwork how well coordinated the selection of their entry points (developing a data base on accounts and tracking whether they are opened or closed or reopened) with efforts to establish a single treasury account under the EU programme. Perhaps the energy and time from the team into this entry point, may have been better spent on the budget issues branch.</p>
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*How complex is the PFM problem being addressed by the PDIA team?*

Aspect Assessed	Basis of Rating	Guidance Notes
<p><b>3.2 Complexity of the PFM problem</b> (Number of stakeholders to be engaged and range of actions to initiate to reach a solution)</p>	<p>4</p>	<p>1= Problem can be solved largely by one Agent by applying an essentially known solution;                  2= Problem can be largely solved by one Agent but requires a range of not fully known actions/ solutions;                  3= Problem requires a range of not fully known solutions implemented by a range of stakeholders;                  4 = Problem requires a range of not fully known solutions implemented by a range of stakeholders, some of whom have competing interests.</p> <p>Assess complexity of problem from the documentation on the problem, including the fishbone and accompanying analysis, as well as interviews with PDIA team, Authorising Agent and CABRI coach.</p>
<p><b>Comment on Overall Ranking of Problem Complexity</b></p>		



[Present overall rating (1= Relatively easy; 2= Some complexity; 3= Significantly complex; 4=Highly complex) and briefly explain the justification for the rating.]

**Overall rating 4**

The problem is highly complex: it requires reforms and capacity development at MDA level by MDAs (even if led by the Treasury), by the Treasury division, by the CBL, by the Budget office and coordination between these actors to bring information together from their reforms. MDAs have little interest in the MOF being aware of the cash-balances in their accounts, as it would (and did during the work programme) affect how much additional cash is transferred.

For some of the problems, solutions are known. E.g. on the monitoring and evaluation branch (basically, government does not know how much cash ministries already have) the ministry is busy implementing a single treasury account system. For expenditure plans, the technical means to develop robust and useful expenditure plans are also known. For the coordination committee to pool information on cash needs and flows, the solution was already in place – the team found that the committee existed already, but was just not fully functional.

However, even where solutions are known, they are best practice and/or technical solutions, and one thing that is clear from Lesotho’s PFM reform history is that function does not follow form. In this regard, the team’s work in understanding the incentives that drive weak compliance and significant informal systems is about solutions that are not known to make the known solutions functional (e.g. the work on why MDAs do not submit reliable cash flow plans, and the work on why the coordination committee was not functional). It is this that drives the remark above, that the fishbone diagram could / should have gone further in analysing problems, so that the interventions / entry points are not just the technical solutions to things.

In other respect, solutions were not known. For example, the reconciliation problem is not just one of MDAs not having the capacity / understanding to reconcile more frequently, it is also about the CBL’s statements not being compatible with the IFMIS information.

*How relevant to service delivery processes is this PFM problem?*

Aspect Assessed	Basis of Rating	Guidance Notes
<b>3.3 Relevance of the PFM problem to issues of Service delivery</b> (how directly relevant to service delivery and with effects over what time period)	4	1= Of limited direct relevance to service delivery; 2= Of some direct relevance to service delivery but with effects only over the medium to long term; 3= Of significant direct relevance to service delivery but with effects largely over the medium term; 4 = Of significant direct relevance to service delivery and with almost immediate effects.
Assess relevance to service delivery from the documentation on the problem, as well as interviews with PDIA team, Authorising Agent and CABRI coach.		

**Comment on Overall Ranking of Relevance to Service Delivery**

[Present overall rating (1= Limited relevance; 2= Some relevance; 3= Significantly relevant; 4=Highly relevant) and briefly explain the justification for the rating.]

**Overall rating 4**

The problem is directly related to service delivery. Without knowing how much cash ministries already have, how much they need and when they need it, the MoF has insufficient knowledge of one side of the cash management equation, and cannot optimally distribute its available cash. This leads to cash not being available to fund critical service delivery programmes.

**PDIA Impact or Potential for Impact on PFM Problem - Lesotho**

Aspect Assessed	Basis of Rating	Guidance Notes
<b>4.1 Actual Impact of PDIA work on the PFM problem by end 2018</b>	2.5 1= No clearly discernible progress towards problem resolution; 2= Qualitative evidence suggests modest progress is likely by end 2018, although difficult to quantify; 3= Significant and <u>measurable</u> progress towards problem resolution can be evidenced; 4 = The PFM Problem is likely to be virtually solved by the end of the year, according to objective evidence.	Neither CABRI nor BSC expect impact on the PFM problem within 2018, so scores are likely to be low. This is intended to assess measureable impact at the outcome level, and not just the potential for change, so concrete evidence of progress is required and should be referred to in the Comments box.
<b>4.2 Potential Impact of PDIA work on the PFM problem by end 2019</b>	2 1= No clearly discernible progress towards problem resolution; 2= Qualitative evidence suggests modest progress is likely by end 2019, although difficult to quantify; 3= Significant and <u>measurable</u> progress towards problem resolution can be evidenced; 4 = The PFM Problem is likely to be virtually solved by the end of the year, according to objective evidence.	This should not be scored for the Mid-line cases, so simply mark this "NA". Within End-line cases, this is intended to assess measureable impact at the outcome level, and not just the potential for change, so concrete evidence of progress is required and should be referred to in the Comments box.

**Comment on Overall Ranking of Impact/ Potential for Impact in 2018 and 2019**

*[Present the ratings for each year (where appropriate) and briefly explain the justification for the rating, making reference to the specific evidence of progress identified. Provide also some comment on a) the likely sustainability of the "problem solution"; b) the key challenges met in resolving the problem (emphasising those which remain insufficiently addressed); and c) the likelihood of progress in the medium-to-long term (especially where there has been limited progress in the short term.)*

**Overall rating 2.5**

By November 2018 the following progress had been made by entry point:

1. Improving communication with and monitoring MDAs. The initial evidence on the communication side is encouraging, but it is not clear that sufficient progress has been made on the monitoring side. The team built on the efforts of the 2017 team to leave the 'ivory tower' of the MoF and engage directly with MDAs on cashflow planning and accounts reconciliation. The team felt that this engagement enhanced the understanding of the MoF of MDAs' situation, and the MDAs' understanding of the MoF's situation. However, it was not clear that efforts to use information from the MDAs to better monitor their position, was being used by the MoF yet. The check in pointed to the monitoring and evaluation committee that the team was trying to establish at the MoF on MDAs actual use of funding was not yet active, and that next steps were also needed to make sure that the submitted cashflow plans are analysed / assessed on a monthly basis (which is why identification of this in the diagram might have been useful).
2. Work on identifying the bank accounts of MDAs and closing them down. The team has built up a database of bank accounts and reported that by November 2018 all MDAs had submitted information on their bank accounts. One issue was that new accounts were opened (and approved by the Accountant General) as they were being closed down. An outstanding issue is also the configuration of accounts used for donor money into the IFMIS for reporting purposes. No progress has been made, but this is subject to the overall IFMIS upgrade underway being completed. The expectation is that this configuration would be completed by December, which will enhance the ability of the MoF to monitor accounts opened and closed, and cashflows in and out of accounts.
3. Getting MDAs to submit realistic procurement and cash plans. On this the team has met with individual MDAs to facilitate and promote improved coordination of procurement, cashflow planning and accounting in ministries. Key aspects that are outstanding is the process mapping at MDA level to draft guidelines, and working further on the 'soft' issues related to whether the MoF is taken seriously. Some MDAs are submitting cashflow plans, but efforts by the team to reward these MDAs and address incentive issues, by making explicit to all MDAs who are complying and who are not, were blocked by the budget controller. A key outstanding issue for the team is the need for the PS to authorise formally their work with MDAs, by writing to all PSs. This the team felt would enable their engagement with the MDAs and give them the authority to start technically working on improving the cashflow plans.
4. Setting up the liquidity management committee: The team can point to clear progress on this. When the team started working and wanted to establish a committee to coordinate information on cash needs, they found that the liquidity management committee (LMC) already had a mandate for this.

However, it was not meeting regularly, did not have a TORs and clear agendas, did not have technical support and did not keep minutes. So instead of setting up another committee, the team worked on improving the work of this committee. It would appear that this has made progress. The committee now meets regularly, has a clear TORs and takes minuted decisions. Furthermore, a technical committee has been established that also meets weekly and supports the LMC technically. A next step is to ensure that data are available regularly to the technical committee, to support discussion and decision-making.

5. Reconciliations: by early November the first monthly reconciliation was expected to be done at the end of November. Key progress has been that the team had developed a checklist of reporting and reconciliation documents, that MDAs had been trained, and that the first monthly reconciliation was required by the end of November. The team was expecting there to still be issues with compliance and the quality of compliance. A key issue for the team/MoF was that the CBL format of government bank account statements was no longer compatible with the current IFMIS configuration. This limited that capacity of the MoF to check on reconciliations, ministries to undertake reconciliations of their CBL-held accounts and get updated information into IFMIS as a basis for the next month's reconciliation. This has been a long-standing problem, but was managed by the (IMF?) resident advisor who had devised but not passed on (due to the risk of it being done incorrectly I understood) a manual procedure to reconcile. In November the team had no immediate solution to / plan to tackle this problem.

The rating of 2 is because

- 1) clear progress that can be supported by evidence has been made on the bank account identification and monitoring (although significant issues were still outstanding), and on coordination. Both of these are likely to mark progress towards solving the overall identified problem.
- 2) However, on balance
  - progress on the bank reconciliations is still only qualitative at the time of the fieldwork – more evidence on the extent and quality of compliance will be available by early next year
  - progress on the cashflow planning by MDAs is still largely qualitative and the evidence-able progress that has been made is not comprehensive for all MDAs. It would seem that the process mapping and guidelines to support MDAs to prepare better cashflow plans would be critical, and then the authorisation by the PS to enable the team to work directly with MDAs to implement the guidelines.
  - a key outstanding part is better use of information by the MoF itself to create better incentives for compliance, and to effectively use the better information better to manage the large cash management problem.

A comment is that overall, based on this set of fieldwork, it was not clear to me that the team fully exploited the synergies between the different entry points towards solving the overall problem. I would like to follow this up in the next set of fieldwork. In hindsight, it appears to me that they were very focused on monitoring progress in each entry point 'silo' and holding one another accountable for getting results within the entry points, but perhaps did not fully bring these results together and identifying remaining critical changes (the necessary and sufficient issue), towards solving the selected problem.

### Evidence of Skill Development by the 2018 PDIA team of Lesotho

Aspect Assessed	Rating	Basis of Rating	Guidance Notes
<b>5.1.1 Problem-solving skills</b> (including problem diagnosis & identification of entry points)	3	1= No clear evidence of raising of skills; 2= Modest improvement clearly discernible; 3= Significant improvement is discernible; 4 = A major improvement is discernible, equivalent to a 'transformational' change.	Judgement based mainly on triangulated interviews during the country visits of a) PDIA team; b) Authorising Agent and c) CABRI Coach.  Clearly, for the Mid-line assessment the extent of evidence will be modest and if you feel unable to reach a judgement, please mark the
<b>5.1.2 Team-working</b>	3		

Aspect Assessed	Rating	Basis of Rating	Guidance Notes
(including learning of team discipline, respect for fellow members, task sharing, etc.)	NS		relevant sub-dimension/ skill area "NS" ("Not Scored").
<b>5.1.3 Adaptive learning</b> (ability to design feed-back loops for learning, to identify positive outliers from which to learn, to channel lessons into new actions, etc.)	NS		The End-line reports will build on observations during the earlier country visits and should therefore provide a basis for a more complete scoring.
<b>5.1.4 Reform implementation</b> (including strategic planning of reform actions, management of Authorising environment, stakeholder engagement, etc.)	NS		It should be noted that both in the full Mid-line Report as well as the Final Report, the evidence presented here from Country Visits and/ or the Dakar workshop, will be supplemented by the results of a Questionnaire to PDIA participants.
<b>Comment on Overall Ranking of Skill Development</b>			
<i>[Present the overall rating from the average of 4 indicators (or the average of those scored), highlighting strengths and weaknesses across the indicators. Comment on the extent to which you feel this rating is supported by strong or more tentative evidence.]</i>			
<p><b>Problem-solving skills (preliminary 3, but need specific follow-up in next fieldwork):</b> The team saw themselves as having become much more aware of problem identification (rather than solution identification) as a key step towards effective change, and having learnt how to unpack problems into smaller component problems for which solutions can be found, one step at a time. The CABRI coach shared this view of the team's growth, and the PS as well. If one works through the team material, and individual assignments on CANVAS, there is also some evidence of this, particularly in the team continuously identifying further contributing problems, and tried to find solutions to these. A positive is also that the team learnt to investigate and solve problems more holistically, through learning about how their individual responsibility areas in their day jobs, linked to the rest of the ministry. This is significant growth and a breaking of the culture in the ministry. They were also aware of how they were 'boxed-in' by their level of authority / mandates within the ministry, and when they had to look to others to help solve problems. While they were not always successful (the PS thought they were significantly hampered by being isolated), identifying when they need to bring in others is key to problem solving.</p> <p><b>Team working (3):</b> Individually almost each member of the team identified learning how to work in a team as a very significant personal growth area during the programme. The CABRI coach agreed that they worked together well, the PS agreed and my own observation is that this is the case. I am not rating it a 4 however, because (i) I think they could still grow into more co- or creative thinking as a team – they have done very well on mutual support, team spirit and accountability however; and (ii) they were not fully disciplined as a team, not always meeting and not always submitting their team assignments.</p> <p><b>Adaptive learning (NS):</b> In going through the weekly assignments, and from discussions at the check-in, the sense is that the team had decided on the entry points, and was pursuing success within the entry points. There is however, clear evidence that the team was incorporating new evidence and learning into their activities relative to their entry points, and there is some evidence of identifying positive and negative outliers for learning. There is clear evidence of significant learning on the functions of the ministry outside of the individual team members' own responsibilities, and being able to see problems more holistically. However, it is not clear that this was a deliberate effort, that they designed feed-back loops into their working. Also, it is not clear that they channelled the lessons into new actions consistently, even if they noted them.</p> <p><b>Reform implementation (NS, likely 2 or 3):</b> I don't have enough information to score this area. I would prefer to have further discussions on exactly how strategic the interventions were, and probe further to understand better whether within each entry point, whether they went about the work strategically. A few remarks however: I am not convinced that they learnt fully how to manage the authorising environment well – there was for example no clear efforts that I am aware of at this stage, to expand this environment beyond getting the PS to write to the other MDAs. I think bringing the accountant general into the authorising environment is critical for the reconciliation and bank account closure branches, and for the coordination and communication; and bringing in the budget controller is also critical. The engagement with the MDAs however has been positive.</p>			

## Synthesis of Conclusions - Lesotho

*This sub-section brings together the findings from each of the previous sections, organised into three broad categories: A. Context (Sections 2.1 & 2.2), B. Relevance (Sections 3.1, 3.2 & 3.3) and Outcomes (Sections 4 & 5.) It first presents a table showing the quantitative ratings assigned within each of these categories. It then briefly summarises the key conclusions within each of these areas, cross-referencing across the categories as appropriate (e.g. strong outcomes for a non-complex PFM problem in a favourable environment) and, where possible, developing hypotheses on underlying causal relationships. The final section provides an overall assessment on the contribution of the PDIA process in the case study country, providing a comment on the comparison with the 2017 PDIA exercise where relevant. If appropriate, it should also present any ideas/ suggestions for improvements in the operational aspects of the PDIA process.*

### Overview table

CONTEXT		RELEVANCE	
2.1 Country Context	2.2 Team Capability	3.2 Problem Complexity	3.3 Relevance to Service Delivery
1.75	3.25	4	4
OUTCOMES			
4.1. 2018 Impact on Problem	4.2. 2019 Impact on Problem	5. Skill Development	
2.5	N/A	3	

### Summary of findings on Context and Relevance

The PDIA programme is being implemented in difficult political economy for administrative reform, with significant political instability that impacts leadership stability in the administration. Furthermore, Lesotho has a long history of public administration reform that has not succeeded in breaking through entrenched informal practices, despite significant technical assistance.

The PDIA initiative occurred at a time that the public finance / fiscal context has changed significantly. A significant portion of Lesotho's revenue is a direct transfer from South Africa under the SACU agreement: this has meant in the past that government has been cash rich. However, with the South African economy in dire straits, these transfers have diminished, leaving the Government of Lesotho with a significant cash shortfall. This has exposed the long-standing problems in PFM identified in many diagnostic studies, pushing them to critical point.

The identified problem feeds directly into a significant consequence of the changed context, namely that the Government needs a robust system of cash management. This system has never been developed and has repeatedly been diagnosed as significant weakness in diagnostic studies. Other consistent issues in these studies contribute to difficulties in establishing a system (outside of the incentives for it), namely weak fiscal reporting, lack of reliable data and weak budget planning, execution and accounting.

The team has elected to focus on a sub-aspect of the larger liquidity problem (which they correctly identified after initially selecting this as problem, as being more a symptom of many underlying problems): the Ministry of Finance does not know how much cash is needed by MDAs, and when the cash is needed. It would be impossible to manage cash better in government, without solving this sub-problem first.

### Assessment of Actual or Potential Impact of PDIA on the PFM problem

PDIA is a useful approach to the specific problem selected. It is because while there are common 'best practice' solutions, e.g. a single treasury account, regular rolling cash flow projections, regular reconciliations, to this problem, the issue in Lesotho is perhaps not whether the technical solutions can be designed effectively and mandated through

regulations and instructions, but whether these instructions will be complied with. PDIA in this context would be useful to identify the contributing incentive and behavioural problems, and devising strategies to address these issues.

### *Assessment of Skill Development achieved through PDIA*

The fieldwork has already identified areas of skill development through PDIA, namely ability to identify and devise solutions to problems, ability to implement the solutions (although with some issues not yet fully assessed), and ability to learn (again not yet fully assessed). The most significant area of learning appears however to be about team work, and about the full interlinked spectrum of PFM functions.

### *Conclusions on PDIA and Suggestions for Potential Improvements*

#### **Improvements:**

1. The initiation of the programme in a country is critical. It is important for the direct superiors of team members to understand better that the programme is not just the individual's opportunity for skills development and training, but of significant importance to investigate and address the key challenges that the ministry face. A key problem for the team was that their immediate superiors were not always willing to allow them space to work in the programme, limiting their participation (particularly for one member) and ability to fulfil their tasks.
2. Secondly, the problem selection should involve senior management. The PS main comment on the process is that the team was too isolated to be fully effective. While this reflects partly not fully understanding the role of the authoriser (who should help the team not to be isolated) it also reflects that if senior management as a whole would be part of selecting the problem, the problem is more likely to be seen as a shared priority for the ministry as a whole, easing authorising issues and time on task issues.
3. It was not clear exactly how the team was selected. It appears that one of the 2017 team members was involved, and that the selection was made higher up (by a leadership that was no longer in place when the programme started). However, it seems to me that the sequencing is perhaps not quite right. It would make better sense to first select a priority problem for senior management, and then identify which departments should be involved. In this case, it may have included procurement expertise. While the current sequencing means that a problem is selected that is within the scope and understanding of the team, and their individual capacities for future reforms are built, a different sequencing may at the same time help solve key issues for the ministry, build confidence that the ministry can address its own problems with its own capacities, and build the capacity of individuals for reforms.
4. A fourth possible improvement is about whether the level of officials selected for the team is right: it would seem to me that more progress could have been made if more senior officials were involved, but this is a tentative thought about improvement as it would have trade-offs in terms of time on task and the dynamics within the team. Perhaps the logic is simply that if mid-level to mid-senior officials are involved, they will bring a better view on reform processes to the senior level down the line.

Overall however it would seem to me that the most significant gain in the long term is **officials realising that they do not need external help to identify and solve problems**, that the work of any official with more substantive responsibilities is not just to administer what comes past their desk, but to think critically about how those processes can be improved, and that public financial management systems are an interconnected web of systems that operate at central and MDA level. The immediate traction on the problem itself is also a gain, but in this case, at this stage of the assessment, it is not yet clear how deep the change is and whether it will be sustained.

## Annex Five: Liberia Country Case Study

### Key facts on PDIA Country Case Study for Liberia

Country	Liberia
<b>Problem Addressed</b>	Limited allocation of funds for PSIPs and underutilisation of allocated funds which have negative implications for the country's socio-economic development.
<b>Name of PDIA team (if any)</b>	The Innovators
<b>Names &amp; Titles of PDIA team members</b>	<p>Emmanuel S. Lloyd. - Assistant Director for Strategy Development and Forecasting, Budget Policy Coordination Unit, Department of Budget, Ministry of Finance and Development Planning.</p> <p>Henry D. Z. Yanquoi - Assistant Director for Financial Sector Policy, Department of Economic Management, Ministry of Finance and Development Planning.</p> <p>J. Wellington Barchue - Senior Economist in the Office of the Deputy Minister for Budget and Development Planning, Ministry of Finance and Development Planning.</p> <p>Kpambu P. Turay – Director, Cash Management Unit, Ministry of Finance and Development Planning.</p> <p>Ohyndis B. Sleweon, Jr. - Senior Planning Officer in the Office of the Deputy Minister for Budget &amp; Development Planning, Ministry of Finance and Development Planning.</p> <p>Titus K. Tikwa, Jr. - Senior Compliance and Monitoring Officer, Division of Compliance and Monitoring, Public Procurement &amp; Concessions Commission.</p>
<b>Gender Balance (how many men, how many women)</b>	There are five men and one woman in the team.
<b>Is 2018 first PDIA or repeat?</b>	2018 is the second year. In 2017 the Liberian team addressed the problem “Reducing off-budget expenditures and on-budget transfers in Liberia.”
<b>Summary of CABRI assessment of 2017 PDIA (Provide doc reference)</b>	<p>CABRI's aim was to introduce an alternative approach to PFM reform in Liberia against the backdrop of mixed PFM results after various “traditional” interventions.</p> <p>Based on CABRI's assessment, the 2017 team had initial issues of gaining acceptance and authority as well as coming together as a team for team meetings. The team was able to overcome this by writing to the Minister and developing guidelines to govern team activities. Having overcome these initial challenges, the “action-push period” saw the team organising meetings with various Ministries Agencies and Commissions (MACs),</p>

**Further Comments/  
Interesting background  
facts on 2018 exercise**

designing and administering a survey to MACs to better understand their concerns, supporting two legal changes related to the fiscal rule and compensation regulations, and drafting a consolidated cash plan for the Government.

The last initiative relating to the cash plan was supported by the Minister of Finance who was interested in cash management to improve budget execution. This increased the level of authority and led to the Liquidity Management Committee (LMC) having an increased role in cash and liquidity management. According to the CABRI assessment, the cash plans produced by the team together with the LMC were presented to the financial management team (which includes the Minister and his deputies). Presentation of this plan is noted as the *“first time the Minister was presented with different possible scenarios in deciding on allotments”* (CAPBRI 2018, p.8). This was seen as a significant accomplishment and led to the institutionalisation of the LMC, which is still functional. Subsequent to this, the team – with the help from an IMF AFRITAC West TA – developed a new reporting template for MACs to use in compiling their financial reports. This was all done despite disruptions due to the presidential elections.

Overall CABRI’s assessment is positive and recognises the team’s role in enhancing co-ordination and data sharing within MFD, improving the reporting compliance of MACs and operationalising the LMC.

Ohyndis B. Sleweon, Jr. was a member of both the 2017 and 2018 teams. The Authorising Agent Deputy Minister Tanneh G. Brunson is common across both years as well. From conversations with both Ohyndis and Hon. Brunson, as well as Prince M. Lighe, a member of last year’s team; the PDIA process was successful last year and elements are still present today.

The most mentioned was the Liquidity Management Committee (LCM). The team used the LMC to help with coordination among various departments. The LMC existed before the PDIA process, but the focus was on cash management. Now they meet once a week and advise senior management on the liquidity position of the Government. The team had to actively work to ensure this was sustained with the transition of the government. Now it does not appear as though the team still meets to address the overall problem.

In comparing where the 2017 was in October 2017 in comparison to the 2018 team, there is less progress this year. One of the key reasons that was highlighted and attributed to the success of the 2017 PDIA initiative was the authorising environment, enhanced by the fact that an Assistant Minister in the Ministry of Finance was a member of the team. It is felt that this team member was able to bridge the gap between the technical and political which was needed to push the reform given the context. The experience for the 2018 team thus far also shows the decline in the Deputy Minister’s authority between 2017 and 2018 with the change of Government.

Although the 2017 team made steps in the right direction, the identified problem has not fully been addressed carrying on into 2018. Based on the 2017 Fishbone diagram, the problem is stated as “Off-budget expenditures and on-budget transfers have increased at the expense of on-budget programmes in health and education, etc”. This is essentially a subset of the



	2018 problem which tackles underutilisation of PSIP funds that have been allocated in the budget, or in other words reduction to capital spending from increases in recurrent spending. It is evident from the causes and sub-causes identified by the 2018 team that although some progress was made, elements of the 2017 problem persists. This is expected given the complexity of PFM reform.		
<b>Timing of Report (Mid-line; post-Dakar; End-line)</b>	<b>Source of Information:</b>	<b>Report Date</b>	<b>Author</b>
Mid-line	Canvas Info + Country Visit	15/10/2018	Jamelia Harris
End-line	Country Visit	31/05/2019	Jamelia Harris

## Assessment of Liberia Country Context & Team Capability

### Assessment of Country Context

*This question seeks to assess the Country Context, specifically considering how favourable/ unfavourable to PFM reform it appears to be. It aims to capture the underlying features of context and thus includes three sub-dimensions that tend only to change significantly over the medium to long term, namely socio-economic status (which we assume is correlated with levels of education/ capacity), political governance status and technical governance status. These three are scored exclusively from HDI and WGI rankings. A fourth dimension assesses the quality of the Authorising Environment for the PDIA exercise, recognising that shorter term changes in leadership/ political engagement can also improve the extent to which the context is favourable to reform. This latter dimension is assessed directly via the observations of the case study author.*

Aspect Assessed	Rating <sup>39</sup>	Basis of Rating	Guidance Notes
<b>2.1.1 Socio-economic status (HDI)</b>	1	1= lowest 20% of HDI country rankings; 2= 20-40%, 3= 40-60%, 4 = top 40%;	Use UNDP Human Development Index 2017.
<b>2.1.2 Political Governance Status (WGI)</b>	2	Same rating basis as for HDI, averaging country rankings across 3 WGI 'political' dimensions.	Worldwide Governance Indicators 2017: 3 'political' dimensions: Voice & Accountability, Rule of Law, Political Stability & Absence of violence.
<b>2.1.3 Technical Governance Status (WGI)</b>	1	Same rating basis as for HDI, averaging country rankings across 3 WGI 'technical' dimensions	Worldwide Governance Indicators 2017: 3 'technical' dimensions: Regulatory Quality, Govt. effectiveness, Control of Corruption.
<b>2.1.4 Quality of Authorising Environment</b>	2	1= Authorising Agent not sufficiently engaged; 2= Auth. Agent senior & engaged but lacking influence; 3= Auth. Agent senior, engaged & clearly influential; 4 = Auth. Agent senior, engaged and actively supported in PDIA initiative by other senior decision-makers.	Assess Authorising Environment from interviews with Authorising Agent, Coach and team.
<b>Comment on Overall Ranking of Country Context</b>			
[Present overall rating (1= Very difficult; 2= Difficult; 3= Favourable; 4=Very favourable) from average of 4 indicators, highlighting strengths and weaknesses across 4 indicators. Comment on whether this rating is supported by or mitigated by other sources of documentary evidence and/or your own observations. Where possible, i.e. where there is available evidence, highlight recent trends, providing a judgement on whether these suggest an improvement or a decline in the context for successful PFM Reform.]			
<b>Overall rating 1.5</b>			

<sup>39</sup> Aggregate ratings are derived from a simple average of the scores against the sub-dimensions, with equal weights given to each.

Liberia ranked 181 out of 189 countries with an HDI score of 0.435. Globally, Liberia sits in the bottom 5% for human development and is below the Sub-Saharan average of 0.537. Improvements in life expectancy and the mean years of schooling have led to an improvement in the HDI score since the turn of the millennium, but fluctuations in - and ultimately the relative decline in GDP per capita PPP between 2000 and 2017, has limited progress. Political governance measures are also relatively weak. Based on 2017 WGI data, Liberia falls in the 31<sup>st</sup> percentile for Political Stability and Absence of Violence measures, the 16<sup>th</sup> percentile for Rule of Law and the 46<sup>th</sup> percentile for Voice and Accountability. Technical governance fears even worst with the country falling in the lowest quintile for two of the key measures. Liberia was in the 15<sup>th</sup> percentile for Regulatory Quality, the 26<sup>th</sup> percentile for control of corruption and the 8<sup>th</sup> percentile for government effectiveness.

These conditions make the reform environment particularly difficult. According to the CABRI synthesis on the 2017 Liberia PDIA exercise, the country has benefitted from significant external assistance in the reform process which has led to the production of a PFM Reform Strategy 2011-2017 and the establishment of a TSA and IFMIS system. Despite this, the PEFA 2016 highlighted the gap between *de jure* policies and *de facto* practices. The WGI data supports this, over the reform period, the Government Effectiveness score changed from -1.3 to -1.4, representing a marginal decline in the efficacy of government over the period.

The Liberia Team’s problem is directly related to this as it focuses on the inability of the government to deliver on the Public Sector Investment Programme (PSIP). The Deputy Minister for Budget and Development Planning (Hon. Tanneh Brunson) recognises this as an issue and reform priority and has “authorised” the team to undertake the work. The Authoriser was actively engaged and supportive of the team throughout the PDIA process, and tried on many occasions to assist the team in expanding the authorising environment.

However, the Authorising Agent has seen her influence diminish with the change of Government in 2017/2018. The Hon. Tanneh Brunson was a Deputy Minister under the previous administration, and though she has not been removed from her position, observations from the country visit and the team reports suggest that the power of her office has not been sufficient to push the reform. Two examples of this were discussed. One, the team submitted a proposal to the Minister of Finance in June and has not been able to get feedback yet. And two, the team has not been able to get a meeting with the Minister of Finance. This contrasts the experience of the 2017 who met with and presented the problem and entry points to the then Minister in August 2017. The inability to expand the authorising environment continued throughout the PDIA cycle, and the team were still not able to secure meetings with high-level policy makers.

Moreover, the reform context generally became more difficult owing to macro-economic downturn, and continued failure of the Government to follow the fiscal rule (IMF, 2019). This ultimately contributed to the suspension of the IMF programme in late 2018.

In sum, at the macro-level little growth (and hence little tax revenue) and weak political and technical governance, coupled with limited influential power from the Authorising Agent at the micro-level, makes the context a difficult one to successfully carry out the intended reform.

### Assessment of Capability of Country Team

Aspect Assessed	Rating	Basis of Rating	Guidance Notes
<b>2.2.1 Balance of Skills &amp; Experience</b>	3	1= clear deficiencies in essential skills or experience; 2= reasonable but some gaps, 3= good & relevant balance; 4 = excellent balance.  1= One Directorate. only; 2= One Dir. only but some broader past experience; 3= Two Directorates represented; 4 = three Directorates represented or Two with some members having broader past exp.	Judgement based mainly on observation but may be supplemented by interviews.
<b>2.2.2 Cross-departmental coverage or knowledge</b>	4		Knowledge on background of team members must be obtained.
	Agg. 3.5 (3.25 at mid-line (av.))		

Aspect Assessed	Rating	Basis of Rating	Guidance Notes
2.2.3 Cohesive nature of team/ respect between members	4 (3 at mid-line)	1= team is dysfunctional; 2= team clearly dominated by one or two individuals; 3= team show cohesion & mutual respect; 4 = excellent cohesion/ respect.	Team dynamics should be carefully observed and assessed.
2.2.4 Time on task	3	1= team meet less than once per week or quorum consistently lacking; 2= team meet most weeks but not all, or quorum often lacking; 3= team meet consistently once per week with good quorum; 4 = team meet consistently twice per week with good quorum.	Check planned meeting schedule as presented at Pretoria “framing” workshop, contrast this with Coach and with Team members.

**Comment on Overall Ranking of Capability of Country Team**

*(Present overall rating (1= Poor; 2= Moderate; 3= Good; 4= Excellent) from average of 4 indicators, highlighting strengths and weaknesses across 4 indicators. Comment on how confident you are of this rating and on the range of sources of evidence to support this rating. This rating is made at the time of the Country Report; therefore, also comment on whether you believe certain aspects of the rating might improve, either because of recent decisions, e.g. to co-opt new members, change team rules, etc., or because of the PDIA process itself.)*

**Overall rating 3.5**

The team is very senior and spans a range of technical areas. I accompanied and observed the team giving presentations to the Legislative Budget Office (LBO) and Budget Analysts during the mid-line evaluation. In both cases, the team demonstrated their knowledge of the problem and wider PFM issues and were able to communicate this effectively, drawing on their various expertise. One of the key strengths that I observed was the ability of the team to organize themselves around their various skills and core functions in the Ministry to complete various tasks such as data analysis or organising/attending meetings. In presenting at the two meetings named above, the team divided tasks in advance and were able to deliver two good presentations as a unit.

The team spans across various offices/units within the Ministry of Finance and Development Planning (MFDP), with one member external to the MFDP from the Public Procurement & Concessions Commission. This member is one of the strongest and most pro-active in the team and brings various insights from his background in procurement. For example, one of the team’s focus is to strengthen the role of the Budget Management Committees in Spending Agencies and this team member is able to relay good practices from the Procurement Committees which the team can factor into their approach. 3 of the 6 members are from the budget function (across two offices). According to the Coach, this is not uncommon across the CABRI PDIA countries given the contact for CABRI is usually the budget office.

Although the team consisted of relatively senior technical experts from a range of departments across (and outside of) the Ministry of Finance, and demonstrated sound knowledge of the budget and necessary technical skills to execute reforms; conversations with other technical assistance teams within the Ministry suggest that none of the team members directly report to Assistant Ministers in the Ministry of Finance that were seen as “key drivers” in the Ministry. These include the Assistant Minister of Budget Division and Assistant Minister of Planning and Coordination Division<sup>40</sup>.

Of the 6 team members, 5 were extremely active and it was very clear what their roles were in the team. This was less clear for the 6<sup>th</sup> member (the only female) who was absent for most of the meetings during the mid-term evaluation and contributed little at the meetings she attended. This member was on leave during the end-line mission. Ohyndis emerged as the de facto team leader. From my assessment this is likely to be on account of his position in the Budget Office which the Authorising Agent oversees, his participation in the 2017 Liberia PDIA team, and overall out-going personality. Almost all members submitted above 90% of the individual assignments on the Canvas system.

By the end-line the enthusiasm of all team members had noticeably diminished. The team member that was still most engaged and pushing the others to continue the reform work was Titus, who is based at the Public

<sup>40</sup> <https://www.mfdp.gov.lr/index.php/departments/budget-dev-planning/documents>

Aspect Assessed	Rating	Basis of Rating	Guidance Notes
<p>Procurement Commission. This may be on account of the fact that his primary duties are outside the Ministry of Finance and thus is he less exposed to the daily environment of little to no movement to reform (or actions that are contradictory to the good PFM)</p> <p>During the PDIA cycle the team met once per week, though they had some difficulties getting all members together in some weeks. When this was the case, they would check in via WhatsApp rather than in person. They also briefed the Authorising Agent weekly, and she sometimes joins their meetings if there are pressing issues. Now, having concluded the PDIA cycle, the team does not routinely meet, but engages with each other on account of other Ministry of Finance duties. They still maintain contact on WhatsApp.</p>			

## Overview of the Liberia PDIA “Problem” and its Relevance

### What is the PFM problem being addressed by the PDIA team?

Problem Addressed	Limited allocation of funds for PSIPs and underutilisation of allocated funds which have negative implications for the country’s socio-economic development.
Brief description of the problem (add problem “Fishbone” in Annex.)	<p>The problem comprises two components:</p> <ol style="list-style-type: none"> <li>1. Low allocation to the capital budget</li> <li>2. Non-execution of the capital budget</li> </ol> <p>According to the team, Government’s inability to allocate funds to the capital budget/PSIP stifles development as there is little investment in health and education. They have collected evidence that show the decline in capital spending compared to the non-decline (stable and increasing in some years) of recurrent spending. In particular, the wage bill has been increasing. The Team articulates this as a transfer to government employees while the average citizen is unable to benefit from basic services.</p>
Key “entry points” chosen by the team to address the problem	<p>From the updated fishbone diagram, the Team has identified 6 causes of the problem. These include: (i) inadequate absorptive capacity to execute public investment, (ii) delays in passing the national budget, (iii) an increasing wage bill, (iv) low revenue generation, (v) shifting of expenditure priorities during budget execution and (iv) poorly planned projects.</p> <p>From these 6 causes, the following entry points were identified based on a combination of sub-causes:</p> <ol style="list-style-type: none"> <li>(i) Revenue generation – focusing on the mismatch between revenue forecasts and revenue collected. The rationale here is that revenue forecasts are often exaggerated to allow for increased spending. Thus, how revenue is forecast need to be addressed.</li> <li>(ii) Inadequate absorptive capacity to execute public investment – here the team has decided to focus on procurement. The rationale is that procurement capacity is low in Government and knowledge is often lost when staff are retired with a change of Government. Low procurement capacity, the team</li> </ol>

<p>Commentary on the quality of the Problem Diagnosis and of the choice of Entry Points</p>	<p>reasons, may affect how funds are allocated and spent on the PSIP.</p> <p>(iii) Shifting of expenditure priorities during budget execution/Poorly planned projects – the entry point here focuses on the technical side of these causes, rather than the political side and emphasises lack of central government support to Ministries Agencies and Commissions (MACs). The rationale is that if Budget Management Committees can be more involved with spending agencies in both the planning and execution phases, the chances of having a credible budget that is implemented is higher.</p> <p>A fourth entry point was identified in July, though the push has not been the same as with the other three. Reducing the wage bill is the potential fourth. At first, the team felt that this would be too difficult to tackle given the politics behind the wage bill and therefore did not include it as an entry point. In July however, the Assistant Minister of Budget expressed interest in this area and the team has considered it as a way to leverage the authorising environment and get higher level buy-in.</p> <p>After the mid-line evaluation, the team attempted to leverage the Assistant Minister of Budget and indirectly capitalise on his interest in reducing the wage bill to gather support for their reform objectives. In particular, they were hopeful the Assistant Minister could facilitate a meeting with the Ways and Means Committee of the legislature. As such, the Assistant Minister of Budget was invited to, and attended the closing workshop in Dakar. The team then set a list of ambitious “next steps” which was contingent on the Assistant Ministers help. These next steps included:</p> <ul style="list-style-type: none"> <li>- Following-up on progress of PSIP procurement activities</li> <li>- Following-up with budget analysts on the performance of BMC</li> <li>- Engaging Ways, Means and Finance Committee of the National Legislature</li> <li>- Engaging the LRA through the Asst. Min for Revenue Policy</li> <li>- Collaborating with PPCC and LIPA on the conduct of Procurement</li> <li>- Training for new Directors</li> <li>- Holding team meeting at least once every quarter</li> <li>- Working with PPCC on protecting procurement officers</li> </ul> <p>The statement of the problem was refined since the initial proposal, and the fishbone diagram updated during the process. Based on the proposal submitted to CABRI the problem was stated as:</p> <p><i>“Perennial inconsistent and unrealistic budget costing across spending entities of government which has created overpricing of budget estimates puts additional pressure on our already meagre resource envelope and makes the government spend a huge portion of revenue on itself as opposed to spending on its citizenry, who of course are the target beneficiary in the entire budget process.”</i></p>
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This was then refined to *“Low socio-economic impact of public spending due to growth in recurrent expenditure”* and finally to *“Limited allocation of funds for PSIPs and underutilisation of allocated funds which have negative implications for the country’s socio-economic development.”*

The refined problem is significantly more concise in comparison to the initial proposal and clearly states what the problem is and why it matters. The team has also identified to whom the problem matters and various institutions in Government who should care about the problem and work together to address it. Various causes of the problem have been identified, which can be grouped into either technical or political causes. Based on the entry points selected, the Team has opted for a technical approach to addressing the problem.

Given the complexity of the problem, the entry points are diverse spanning the revenue-side, procurement, recurrent spending and management of the budget. These entry points also make use of the team members’ expertise and existing networks. With each of the entry points, the team reached out to various technical bodies including the Legislative Budget Office, Budget Management Committees, Budget Analysts, Liberia Revenue Authority and various Procurement and Control staff. The approach seems appropriate for the technical-side, however, the challenges may actually be more political than technical. One team member notes this by saying: *“the (PDIA) process is excellent. This exercise utilises local expertise and is more sustainable. We have identified the problem and potential ways to get a solution. The drawback is the level. We don’t have the power to affect the change. But it depends on the people at the top. I have said this on all the surveys.”*

Related to the comment above on Assistant Ministers that drive policy in the Ministry (see section 2.2), increased efforts on the planning of projects (an identified entry point in the fishbone diagram) may have called for a more political entry point, which if pressed from the beginning could have led to more results. The Assistant Minister responsible for Planning and Coordination is directly responsible for the PSIP, sectoral planning and M&E. All of which are key to the identified problem.

That said, the political side of the problem and the absence of a more politically focused approach has limited the success of the various entry points. For instance, the Legislative Budget Office and Budget Analysts are sympathetic to the Team’s efforts and accept the problem as a problem, but do not believe the higher levels are ready to reform. This likely contributed to the limited effort by these agencies, and insufficient commitment to the cause. According to one team member: *“We have not been getting support for our work. The technical people understand. We have a new executive director in procurement. He is open, but the policy-makers in the Ministry of Finance is the key.”*

*How complex is the PFM problem being addressed by the PDIA team?*

Aspect Assessed	Basis of Rating	Guidance Notes
<p><b>3.2 Complexity of the PFM problem</b> (Number of stakeholders to be engaged and range of actions to initiate to reach a solution)</p>	<p>4 (3 at mid-line)</p> <p>1= Problem can be solved largely by one Agent by applying an essentially known solution;                  2= Problem can be largely solved by one Agent but requires a range of not fully known actions/ solutions;                  3= Problem requires a range of not fully known solutions implemented by a range of stakeholders;                  4 = Problem requires a range of not fully known solutions implemented by a range of stakeholders, some of whom have competing interests.</p>	<p>Assess complexity of problem from the documentation on the problem, including the fishbone and accompanying analysis, as well as interviews with PDIA team, Authorising Agent and CABRI coach.</p>
<p><b>Comment on Overall Ranking of Problem Complexity</b></p>		
<p><i>[Present overall rating (1= Relatively easy; 2= Some complexity; 3= Significantly complex; 4=Highly complex) and briefly explain the justification for the rating.]</i></p>		
<p><b>Overall rating 4</b></p>		
<p>The problem is significantly complex and requires a variety of solutions from across government, some of which the team has identified, and some are unknown. From the Fishbone diagram, the reform requires actions from the Liberia Revenue Authority (LRA), Procurement staff, the Ministry of Finance (in particular the Budget Directorate), the Legislature, and various big-spending agencies (MACs).</p>		
<p>My assessment of the entry points is that they are relevant to the problem. However, it became apparent in the two meetings that I observed with the Legislative Budget Office (LBO) and the Budget Analysts (during the mid-line evaluation) that the causes and entry points identified were limited to the Team’s experience and knowledge. For example, the meeting with the LBO shed light on some of the nuances of the problem such as gaps in the Financial Management legislation that may allow the problem to persist, as well as previous prompts to the legislature and Government by technical staff using similar entry points such as highlighting poor revenue forecasts, the increasing wage bill and failure of spending agencies to deliver spending reports. These were all without a change in the status quo. In addition to this, in meeting with the LBO to gain acceptance, the team realised how limited the LBO’s influence was, but was directed to the Ways and Means Committee who are the real decision makers. These comments are not intended to reflect on the knowledge of the team, but to highlight the complexity of the problem and the fact that new information is still becoming available to the team 5 months into the process. It should be noted that the team has been adaptative and have acted on new information as it emerged.</p>		
<p>The team has navigated getting various stakeholders to acknowledge that the problem is indeed a problem. The challenge was getting these stakeholders to change behaviour when many believe technical efforts are limited. In addition to this, few officials mentioned the possibility of being seen as “not standing with the government” if they are the ones to push a reform agenda. For example, some members of the team noted the competing interests of lobbying for a reform to reduce the wage bill, which in principle threatens the jobs of government workers.</p>		
<p>The end-line assessment shed light on some of the competing interests in the reform space that were not evident at the mid-line. As such, the score has been changed from 3 to 4. One such interest is the wage bill. There has been ongoing effort to reduce the wage bill in light of a worsening macroeconomic situation, poor revenue performance and ever-increasing recurrent spending. Recent figures suggest the wage bill was about a third of spending. Two strategies have been discussed: (i) limiting employment and (ii) harmonising salary packages across government entity. Both have proven to be difficult because of competing interests. For the former, new workers have been hired despite announcements of a hiring freeze; and for the latter, there is disagreement in the policy space as to whether wages should be reduced (which would be a consequence of harmonising wages).</p>		

### How relevant to service delivery processes is this PFM problem?

Aspect Assessed	Basis of Rating	Guidance Notes
<b>3.3 Relevance of the PFM problem to issues of Service delivery</b> (how directly relevant to service delivery and with effects over what time period)	3	1= Of limited direct relevance to service delivery; 2= Of some direct relevance to service delivery but with effects only over the medium to long term; 3= Of significant direct relevance to service delivery but with effects largely over the medium term; 4 = Of significant direct relevance to service delivery and with almost immediate effects.
<b>Comment on Overall Ranking of Relevance to Service Delivery</b> <i>[Present overall rating (1= Limited relevance; 2= Some relevance; 3= Significantly relevant; 4=Highly relevant) and briefly explain the justification for the rating.]</i>		
<p><b>Overall rating 3</b></p> <p>The statement of the problem is tied to service delivery as it relates the current allocation and execution of the budget to limited public sector investment for the citizenry. It is therefore directly relevant to service delivery. The problem firstly tackles the funds available for services to be delivered by having more credible revenue estimates and giving some priority to capital spending. The second way in which it tackles service delivery is by addressing how Government delivers services. This includes the procurement side, coordination between central Government and spending agencies, and having some monitoring and evaluation function whereby the Budget Analysts and Budget Management Committees are involved in tracking the spending of various agencies.</p> <p>Given the focus on capital spending, the effects are unlikely to be in the short term, but rather the medium term. In addition to this, for there to be an impact on service delivery, this requires behavioural changes that move reforms from form to function. Given the country context described above, this is another reason why effects may not be visible until the medium term.</p> <p>Moreover, the suspension of the IMF programme has further tied the problem to service delivery. The Government is required to reduce the wage bill and increase capital spending in order to renegotiate the programme. The implications are therefore also linked to the amount of services the Government can deliver as donor funding is conditional on renegotiating the IMF programme.</p>		

### PDIA Impact or Potential for Impact on PFM Problem

Aspect Assessed	Basis of Rating	Guidance Notes
<b>4.1 Actual Impact of PDIA work on the PFM problem by end 2018</b>	2	1= No clearly discernible progress towards problem resolution; 2= Qualitative evidence suggests modest progress is likely by end 2018, although difficult to quantify; 3= Significant and <u>measurable</u> progress towards problem resolution can be evidenced; 4 = The PFM Problem is likely to be virtually solved by the end of the year, according to objective evidence.
<b>4.2 Potential Impact of PDIA work on the PFM problem by end 2019</b>	2	1= No clearly discernible progress towards problem resolution; 2= Qualitative evidence suggests modest progress is likely by end 2019, although difficult to quantify; 3= Significant and <u>measurable</u> progress towards problem resolution can be evidenced; 4 = The PFM Problem is likely to be virtually solved by the end of the year, according to objective evidence.
<b>Comment on Overall Ranking of Impact/ Potential for Impact in 2018 and 2019</b> <i>[Present the ratings for each year (where appropriate) and briefly explain the justification for the rating, making reference to the specific evidence of progress identified. Provide also some comment on a) the likely sustainability of the "problem solution"; b) the key challenges met in resolving</i>		



the problem (emphasising those which remain insufficiently addressed); and c) the likelihood of progress in the medium-to-long term (especially where there has been limited progress in the short term.)

## Overall rating 2

The team explored various entry points in an attempt to resolve the problem. These have mainly been technical given the limited political influence of the team and the Authorising Agent. The team attempted to address this by expanding the authorising environment by approaching the Assistant Minister of Budget as discussed above. Albeit, there was limited impact by the end of 2018.

Despite the overall inability to expand authority and drive the reform, evidence suggest that there will be progress on the PFM reform problem by the end of 2019. In particular, it is expected that the wage bill will be better managed (if not reduced) and the allocation to the PSIP will increase. The latter is the first component of the identified problem and the former an entry point of the problem diagnosis. It should be noted, that these gains cannot be directly attributed to PDIA, but instead are the result of reactionary measures to reform in light of IMF pressures and public discontent<sup>41</sup>.

This has been especially demoralising to the team as they felt that “we don’t have a voice as technicians. They don’t hear us. We hear ourselves.” Added to this, it is believed that they are less likely to be “heard” because they are local technicians. The perception is that foreign technicians are more likely to have the ear of the Minister and other senior policy makers. Conversations with foreign technical assistance teams attached to the Tony Blair Institute for Global Change (TBI) and Budget Strengthening Initiative (BSI) corroborate the notion of “foreign privilege” in the policy space. This undoubtedly has implications for the PDIA approach which is centred on local solutions to local problems. It is especially problematic is the mere fact of being local imposes a ceiling on one’s voice in the policy space. Potential ways of PDIA penetrating the “higher level” policy space is discussed in section 6.5 below.

## Evidence of Skill Development by the 2018 PDIA team - Liberia

Aspect Assessed	Rating	Basis of Rating	Guidance Notes
<b>5.1.1 Problem-solving skills</b> (including problem diagnosis & identification of entry points)	3	3 (up from 2.5 in mid-line) (av.)  1= No clear evidence of raising of skills; 2= Modest improvement clearly discernible; 3= Significant improvement is discernible; 4 = A major improvement is discernible, equivalent to a ‘transformational’ change.	Judgement based mainly on triangulated interviews during the country visits of a) PDIA team; b) Authorising Agent and c) CABRI Coach.
<b>5.1.2 Team-working</b> (including learning of team discipline, respect for fellow members, task sharing, etc.)	3		Clearly, for the Mid-line assessment the extent of evidence will be modest and if you feel unable to reach a judgement, please mark the relevant sub-dimension/ skill area “NS” (“Not Scored”).
<b>5.1.3 Adaptive learning</b> (ability to design feed-back loops for learning, to identify positive outliers from which to learn, to channel lessons into new actions, etc.)	4		The End-line reports will build on observations during the earlier country visits and should therefore provide a basis for a more complete scoring.
<b>5.1.4 Reform implementation</b> (including strategic planning of reform actions, management of Authorising environment, stakeholder engagement, etc.)	2		It should be noted that both in the full Mid-line Report as well as the Final Report, the evidence presented here from Country Visits and/ or the Dakar workshop, will be supplemented by the results of a Questionnaire to PDIA participants.

<sup>41</sup> There were mass protests on June 7<sup>th</sup> where the public demonstrated general discontent with the Government

**Comment on Overall Ranking of Skill Development**

*[Present the overall rating from the average of 4 indicators (or the average of those scored), highlighting strengths and weaknesses across the indicators. Comment on the extent to which you feel this rating is supported by strong or more tentative evidence.]*

**Overall rating 3**

The problem-solving skills of the team has improved from the start of the programme. This is evident from phrasing of the problem at the proposal stage to the most recent Fishbone diagram (see annex 7). In moving from the old to the new Fishbone diagram, the team was able to identify new causes as seen by the enhancement of the various bones in the diagram. Though this is not reflected in the updated fishbone diagram, the team continued to identify new ways of addressing the problem as they acquire new information. There were no further improvements on problem diagnosis between the mid-line and final country visit. It should be noted that this has been scored 3, and not 4, because the team began at a fairly good starting point with the problem diagnosis, so the change was very discernible, but not “transformational” given the base was not very low.

The team appears to work well together, but it is difficult to score the team working component having not observed the entire team together, and not having a baseline to evaluate the team against. For the mid-line, what can be said is that team-working is not an issue for the Liberia team, but one of the strengths. Of the 4 members that I observed and met in October 2018, three of the members were very active and had clear roles within the team. The role of the fourth was less clear. The team was very cordial and respectful of each other, and both the Coach and Authorising Agent were positive about the team. During the end-line visit, I met five out of the six members, and again, it was evident that there was a good team spirit.

The mid-line mission highlighted various points that the Team had learnt and were still learning. For instance, from various meetings and a survey administered to MACs. The Team agreed with the coach various action points which was intended to channel efforts to new actions. This was evidence of adaptive learning. Adaptive learning could also be seen from the final presentation at the closing workshop and discussion during the end-line visit. The presentation from the final workshop showed that the team had again adapted their strategy, and had laid out several action steps for continuation of the reform push after the official PDIA cycle (see sub-section 4 above). As a result of the clarity of these action steps and a detailed road map, the Liberian Team was voted “best next steps” at the closing workshop in Dakar. At the end-line visit, the team spoke openly about mistakes they had made, and how they had learnt from these mistakes.

At the mid-line visit, there has been modest improvement in the reform implementation between the two check-in visits by the coach in July and October. In particular there was evidence of more stakeholder engagement as the Team organised various meetings with a range of stakeholders to discuss the problem with the aim of sharing information, acquiring new data and gaining acceptance. There have also been marginal improvements in managing the authorising environment, though this has fallen short of expectations.

At the end of the PDIA cycle, the notable results were:

- i. Up to 75 percent of PSIP projects procurement plans had been approved in December 2019 compared to 35 percent at the same time in the previous year
- ii. Up to 25 percent of PSIP procurement activities had been concluded compared to the 12 percent at the same time in the previous year
- iii. Budget Management Committees and Budget Analysts were more aware of their responsibilities

The team were therefore modestly able to implement reform, but only at the level of technical staff. Further engagement with technical staff has since halted. It has been challenging to bring institutions together in light of the macro-fiscal situation in Liberia. The Government is yet to finalise the budget and spending entities have not been allocated their ceilings. The team is therefore unable to assemble budget officers.

**Comment on significance and likely sustainability of these Skills**

*[Are these enhanced skills likely to prove significant to future PFM reform in this country? To what extent are the skills developed likely to be sustained within the PDIA team itself and/or diffused through ‘demonstration effects’ or more formal ‘training of trainers’ activities by the PDIA team?.]*

The skills development of the members of the team at the individual level appear to be significant both at the midline and end-line, and is likely to be sustained. Each member of the team was able to identify key ways in which they had developed their skills and how these skills were transferable to other areas of their jobs or their lives in general. In particular, it appears that these skills are likely to be diffused within their teams.

Bearing this in mind, the capacity development objective of PDIA in its purest sense has been achieved in Liberia as the team and their Authoriser equally credit PDIA for skill development. In the future, should members of the team be in influential positions, these skills could prove useful. More immediately, some members of the team are involved in ongoing reforms because of their positions with the Ministry. For example, one member is currently working on wage harmonisation across government and another on the national development strategy. In both cases, the team members have been able to apply their PDIA knowledge and skills in these roles.

Comments from each team member on the key skills developed are copied below.

**Ohyndis:** *“I learnt to be investigative and deconstructing. It’s like an FBI investigation. It allows you to get to the root of the problem. I also like to look at it like as though you’re watching a football match from different angles – there are many perspectives to a problem. I can use this in all of my life. We learn the skills, but the environment might constrain us from using the skills”.*

*“In 2017, Matt gave out different scrabble tiles. Some have z worth 10. Some had c. If we put our individual strengths together, we can make something. We can bring out the best in each other. Some people have latent ability that can be brought out. I like the teamwork we do in PDIA”.*

**Titus:** *“the main takeaway for me is the leadership component – to take risks on behalf of the team. You take the lead and try to mobilise support. I have tried to integrate this into my day to day. Also, working in a team is not easy. You need to be able to work alongside different institutions. It will help me to work in other cross-governmental teams”.*

*“I use the fishbone exercise in my teaching. I teach operations management and elimination of waste. It’s an executive master’s course. I show the class how to investigate problems and look at symptoms of the problem.”*

**Henry:** *“I agree with Titus on the leadership. I deal with data collection and analysis. I need people to be responsive. Now I take the lead and go personally for the data. We did our third quarter report on time because of this. They can also explain to me the constraints on their end. Problem-solving is another of the key take-ways. I learnt to be able to look for several causes”.* (refers to fishbone diagram of different routes).

*“I use some of the analysis in my office and personal life. I am part of the strategic planning team for the next five-year plan. I am using problem diagnosis here. I am also trying to bring in some of the PDIA issues we’ve been working on.”*

**Kpambu:** *“I also do compilation of different data. My take-away is different ways of solving problems. Also, I did not know much about budget before. Now I know more about what is happening in the Ministry at a bigger level. I like the information sharing.”*

**Emmanuel:** *“The whole concept on stakeholder approach, engaging more with people, gauging the problem. I used stakeholder engagement in the wage bill work. We engaged stakeholders for two weeks trying to get buy-in. Because of PDIA I better appreciate having different views and how people can have different issues.”*

*“I also appreciate that it is the accumulation of lots of little things. So we should not stop if we only do something small. Like Ohyndis said, we need to see the big picture.”*

### **Comment on the influence of the PDIA process on Skill Development**

*[To what extent can the development of these skills be attributed to the PDIA process **per se**? Or has the learning been more driven by the simple fact of working on reform issues? If the former, can links be made to specific aspects of the PDIA process?]*

Learning has been from both the PDIA process and the act of reforming. As with Kpambu’s quote above, some members of the team learnt a vast deal about the Ministry, the budget and other functions within Government by simply being part of a reform initiative. This type of learning is not unique to PDIA, but it has been facilitated by the PDIA programme which brought the team together. This type of learning also speaks to knowledge more than skills.

Being part of the team has led to some team members developing team-working and leadership skills. Similarly, this may have come about from being in any reform team; but has been facilitated by CABRI by the weekly team assignments which require the team to meet weekly, the bi-weekly check-in with the coach and the overall focus of the programme on team-working (a simple example is having to organise and represent as Team Liberia at the framing and closing workshops).

Problem-solving is one skill that is more clearly attributable to the PDIA process. During my meetings with the team, they often referenced either the Building State Capabilities book, Matt Andrews’ videos or the coach – all of which push them to dig deeper to identify causes and solutions.

### **Comment on the drivers of Skill Development within the PDIA process**

*[Is there any sense from the available interview evidence of certain aspects of the PDIA proving more significant in the skill development process? For example, are the BSC learning materials or the role of the CABRI coach or the role of the peer-to-peer exchanges seen as especially important? Do the interviews give any sense of the relative importance of the BSC learning materials?]*

The key factors from conversations with the team include the BSC learning material and the coach. The team was very aware of Matt Andrews’ teaching and was able to repeat, sometime verbatim, some of the BSC lessons and examples. Matt Andrews has shown to be instrumental here, as the team found that *“Matt has charisma to move people to action. The motivation, confidence. He told us we all have ability.”*

The Coach (Awa Touray) also drove skills development. Awa provided good feedback on their assignment, alternatives if they were stuck and was good at focusing them if they were straying away from the problem. They also appreciated that Awa had been through the process herself and as Ohyndis noted *“a coach should start from ground level.”* The little things like Awa’s efforts to stir conversations in the team WhatsApp group and always asking about each member of the team, were simple but meaningful touches.

There was no mention of peer-to-peer exchanges in relation to tackling the problem or adapting their solutions. The 2018 team interacted with their peers from other countries at the framing and closing workshops. Unlike the 2017 PDIA cycle, the spirit of comradery and cross-country knowledge sharing did not appear to be present in 2018.

## Synthesis of Conclusions – Liberia Country Case study

*This sub-section brings together the findings from each of the previous sections, organised into three broad categories: A. Context (Sections 2.1 & 2.2), B. Relevance (Sections 3.1, 3.2 & 3.3) and Outcomes (Sections 4 & 5.) It first presents a table showing the quantitative ratings assigned within each of these categories. It then briefly summarises the key conclusions within each of these areas, cross-referencing across the categories as appropriate (e.g. strong outcomes for a non-complex PFM problem in a favourable environment) and, where possible, developing hypotheses on underlying causal relationships. The final section provides an overall assessment on the contribution of the PDIA process in the case study country, providing a comment on the comparison with the 2017 PDIA exercise where relevant. If appropriate, it should also present any ideas/ suggestions for improvements in the operational aspects of the PDIA process.*

### Overview table

CONTEXT		RELEVANCE	
2.1 Country Context	2.2 Team Capability	3.2 Problem Complexity	3.3 Relevance to Service Delivery
1.5	3.5	4	3
OUTCOMES			
4.1. 2018 Impact on Problem	4.2. 2019 Impact on Problem	5. Skill Development	
2	2	3	

### Summary of findings on Context and Relevance

The reform context is relatively difficult given global measures of development, political and technical governance, and the authorising environment for the reform. Despite this, the Liberia team was/is strong and comprises a diverse, experienced group who work well together and were committed to working through various entry points to address the problem. Motivation has since declined and there has been little momentum since the closing workshop. The team attempted to address the limited allocation of funds for PSIPs and underutilisation of allocated funds which have negative implications for the country's socio-economic development. This is a complex problem and requires various stakeholders such as MFDP, MACs and the legislature to work together to arrive at a solution. The complexity of this problem became more apparent in the end-line visit, especially relating to competing interests around the government wage bill.

In deconstructing the problem, the team initially identified a variety of causes and sub-causes. They iterated on this to identified more sub-causes, from which three entry points were selected based on ability, authority and acceptance. The entry points are diverse spanning the revenue-side, procurement, recurrent spending and management of the budget. The team then tried to leverage a fourth entry point (on the wage bill) in a bit to specially target an Assistant Minister and expand the authorising environment. Should the problem be address, the relevance for service delivery is very high, though this is likely to be seen in the medium term.

### Assessment of Actual or Potential Impact of PDIA on the PFM problem

The potential impact of PDIA on the PFM reform problem in 2018 was modest/small, and similarly PDIA will have little impact in 2019 given the progress made to date and the authorising environment. It is expected

that there will be increased allocation to the PSIP in Liberia, this is likely to result from efforts to renegotiate the IMF programme, rather than because of the PDIA work.

The team recalibrated and tried exceedingly hard to expand the authorising environment, but this has proved exceedingly difficult in Liberia. In particular, there was a new Government at the start of the PDIA process, the authoriser was a deputy minister from the previous regime with little political clout, and in the past few months, the Government has been “fire-fighting” so it is exceedingly difficult to get a meeting with senior officials.

The inability to see significant gains, is not a reflective of the team’s performance. The team has followed the PDIA progress and have deconstructed the problem, completed the “Triple-A” analysis, analysed the data and reached out to various entities within and external to the MFDP. Despite this, progress is still contingent on the ability to expand the authorising environment and get key Ministers in the Ministry of Finance on board. It follows that despite skills development and technical capacity building (see 6.4. below), political will remains an issue for PDIA in the reform space.

### *Assessment of Skill Development achieved through PDIA*

The team was able to identify and attribute various skills that they have developed to the PDIA process, for example problem diagnostic, team-working, stake-holder engaging and leadership skills. Some of these skills – such as problem solving – can be seen from tangible materials like the Fishbone diagram. Each member was able to identify the main skill they have developed and to give an example of how this spills over to their work and/or life. These skills are likely to be diffused to other areas of PFM reform and sustained in coming years. Members of the 2017 team were also able to speak favourably of the skills they had developed, some of which were used in their current roles such as problem solving and team working.

### *Conclusions on PDIA and Suggestions for Potential Improvements*

In the words of a member of the 2017 team *“We normally carry the mentality that we need outside help to get things done. Now we see we can get things done. Now we see we can look within. Stakeholder engagement is key. Everyone needs to buy into it.”* This quote captures both the strengths of the PDIA process in Liberia, and areas for improvement.

Overall the PDIA process has provided a way for the local team to identify a problem and work through it. This is unique to the PDIA process, and greatly appreciated by the Authorising Agent, the 2018 Team and the 2017 Team. The ownership of the problem and confidence instilled in the team to arrive at a solution is empowering. The process has also led the team members to work across functions, learn about new areas in Government and develop transferable skills.

The key issue remains the authorising environment. As the team member rightly notes in the quote above: *Everyone needs to buy into it.* The PDIA materials does provide advice and guidelines on how to expand the authorising environment, and the lobby acceptance, but this remains a challenge. As it is, the PDIA process may not be able to overcome the age-old “political will” issues common to many reforms.

The inability to get political by-in was constrained by lack of access to senior management. As discussed in section 4 above, the team believed that “being local” generated less access than being foreign. This has clear implications for PDIA, which is principally based on local initiatives. Added to this, the team believed that access was limited because unlike the IMF and World Bank (for example) that provide bot technical and

financial assistance, organisations like CABRI (via PDIA) only provide technical assistance, and thus IMF/World Bank endorsed reforms are given higher priority in Government.

The team was very reflective on the inability to expand the authorising environment, and from the Liberia case, two recommendations on PDIA in the PFM reform space emerge:

1. A two-pronged approach is needed. For example, technical staff drive the reform process from below (as is currently done under PDIA), but this is complimented by sensitisation of the PDIA problem identified by the team at higher levels by CABRI. An example of this is Neil Cole (or someone of similar level) meeting with the Minister in the Ministry of Finance. This puts the PDIA problem and team on the Ministers “radar” essentially, thus making it easier to expand the authorising environment.
2. Including two “political” appointees on the team: By having political representatives on the team, this person/people can bridge the political-technical gap. This was the Assistant Minister in the 2017 Liberia Team. From reports, this Assistant Minister was able to “slip PDIA on the agenda” of senior management meetings. This significantly expanded the authorising environment in 2017. Admittedly the Authorising Agent should bridge this gap, but this has proven difficult when the Authorising Agent has little authority. The suggestion is for two political appointees to mitigate the effect of one person being removed from their position; or losing favour with the administration.

## Annex Six: Nigeria Country Case Study

### Key facts on PDIA Country Case Study for Nigeria

Country	Nigeria
Problem Addressed	Inadequate funding to the health sector resulting in very poor primary health care outcomes.
Name of PDIA team (if any)	Pacesetters
Names & Titles of PDIA team members	<p>Anayo Ike - Director General's Office of the Budget Office of the Federation, Ministry of Budget and National Planning</p> <p>Garba Bakunawa - Senior Medical Officer and Gavi Focal Person for the Agency, Nigeria National Primary Health Care Development Agency (NPHCDA)</p> <p>Franca Ugbolue - Health Schedule Officer, Budget Office of the Federation</p> <p>Matthew Gali - Budget Office of the Federation, Ministry of Budget and National Planning</p> <p>Mustapha Adamu - Administrative Officer, Fiscal Policy Department of the Budget Office of the Federation, Ministry of Budget and National Planning</p> <p>Alfred Okoh – Senior Advisor, Budget Office of the Federation of Nigeria, Ministry of Budget and National Planning</p>
Gender Balance ( <b>how many men, how many women</b> )	The team comprises 5 males and 1 female
Is 2018 first PDIA or repeat?	There was also a PDIA team in 2017. The 2017 team focused on the problem: <i>“Weak capital project selection, inclusion process and poor implementation in the annual budget”</i> .
Summary of CABRI assessment of 2017 PDIA ( <b>Provide doc reference</b> )	<p>The problem was set against a background of reduced federal government revenues, spending cuts, and a deliberate government initiative to prioritise capital expenditure (CABRI, 2017).</p> <p>Three entry points were selected: (i) enhancing pre-budget engagement (ii) improving timelines of the budget process and (iii) improving capacity of the budget officers. Various actions were undertaken around these entry points as outlined in the Nigeria PDIA team’s final presentation in December 2017. Achievements reported at the 2017 closing workshop included: (i) improved coordination between the executive and the parliament on budget preparation, (ii) early submission of the 2018 Appropriation Bill was facilitated by the PDIA team’s efforts, and (iii) improved usage of the GIFMIS system.</p> <p>The 2017 Nigeria coach credited the achievements to the approach and entry points selected. The 2017 team opted for a more political approach to the problem (as opposed to a more technical approach), which facilitated</p>



<p>Further Comments/ Interesting background facts on 2018 exercise</p>	<p>some of the successes. Despite these results, according to the team’s final presentation, there was still need to deepen engagements between the Executive and Legislature at lower levels.</p> <p>Similar to the 2017 exercise, the 2018 problem is set against a background of economic recession in Nigeria, though the country has seen improvement in various macro-economic indicators such as growth and foreign reserves (IMF, 2018). The government has been running a fiscal deficit due to weak revenue mobilisation, and backlogs in some current expenditure payments remains an issue. The medium-term outlook gives some priority to capital spending which is expected to increase over the period.</p> <p>Nigeria has been criticised for low spending on health (and education) and the efforts to develop human capital. According to the World Bank, Nigeria ranks 152 out of 157 countries in the Human Capital Index. In the 2018 budget, only 3.9% of expenditure was allocated to the health sector. This declined from 4.16% in 2017 and 4.23% in 2017 (Premium Times, 2017). In all cases, this is below the Abuja Declaration where countries pledged to allocate 15% of expenditure to health. As such, low spending on health has been associated with poor performance in global health indicators. One of the points emphasised by the team is the high number of unvaccinated children in the country.</p> <p>Such poor performance in turn has led to various international organisations intervening in the health sector. This is set to decrease as Nigeria graduated from a LIC to LMIC in 2008 and thus, will receive less international funding. Despite projected declines in donor financing and increasing Nigerian counterpart funding, in 2014, the Government (in keeping with international development objectives) passed legislation which affords all citizens a Basic Minimum Package of Health Service.</p> <p>The PDIA team is therefore addressing a policy-relevant question at a point in time where the Nigerian government is emerging from a recessionary period, re-prioritising expenditure, and beginning to strategise on advancing government health financing.</p>		
<p><b>Timing of Report (Mid-line; post-Dakar; End-line)</b></p>	<p><u>Source of Information:</u></p>	<p><u>Report Date</u></p>	<p><u>Author</u></p>
<p><b>Mid-line</b></p>	<p>Canvas Info</p>	<p>6/12/2018</p>	<p>Jamelia Harris</p>

## Assessment of Country Context & Team Capability

### Assessment of Country Context

*This question seeks to assess the Country Context, specifically considering how favourable/ unfavourable to PFM reform it appears to be. It aims to capture the underlying features of context and thus includes three sub-dimensions that tend only to change significantly over the medium to long term, namely socio-economic status (which we assume is correlated with levels of education/ capacity), political governance status and technical governance status. These three are scored exclusively from HDI and WGI rankings. A fourth dimension assesses the quality of the Authorising Environment for the PDIA exercise, recognising that shorter term changes in leadership/ political*

engagement can also improve the extent to which the context is favourable to reform. This latter dimension is assessed directly via the observations of the case study author.

Aspect Assessed	Rating <sup>42</sup>	Basis of Rating	Guidance Notes
<b>2.1.1 Socio-economic status (HDI)</b>	1	1= lowest 20% of HDI country rankings; 2= 20-40%, 3= 40-60%, 4 = top 40%;	Use UNDP Human Development Index 2017.
<b>2.1.2 Political Governance Status (WGI)</b>	1	Same rating basis as for HDI, averaging country rankings across 3 WGI 'political' dimensions.	Worldwide Governance Indicators 2017: 3 'political' dimensions: Voice & Accountability, Rule of Law, Political Stability & Absence of violence.
<b>2.1.3 Technical Governance Status (WGI)</b>	1	Same rating basis as for HDI, averaging country rankings across 3 WGI 'technical' dimensions	Worldwide Governance Indicators 2017: 3 'technical' dimensions: Regulatory Quality, Govt. effectiveness, Control of Corruption.
<b>2.1.4 Quality of Authorising Environment</b>	2	1= Authorising Agent not sufficiently engaged; 2= Auth. Agent senior & engaged but lacking influence; 3= Auth. Agent senior, engaged & clearly influential; 4 = Auth. Agent senior, engaged and actively supported in PDIA initiative by other senior decision-makers.	Assess Authorising Environment from interviews with Authorising Agent, Coach and team.

**Comment on Overall Ranking of Country Context**

*[Present overall rating (1= Very difficult; 2= Difficult; 3= Favourable; 4=Very favourable) from average of 4 indicators, highlighting strengths and weaknesses across 4 indicators. Comment on whether this rating is supported by or mitigated by other sources of documentary evidence and/or your own observations. Where possible, i.e. where there is available evidence, highlight recent trends, providing a judgement on whether these suggest an improvement or a decline in the context for successful PFM Reform.]*

**Overall rating: 1.25**

Nigeria was ranked 157 out of 189 countries in the 2017 HDI index, with a score of 0.532. This is well below the world average of 0.782, and marginally below the Sub-Saharan average of 0.537. Improvements over time have been slow, and has been primarily driven by GNI growth. Between 1990 and 2017, life expectancy at birth increased by 8 years to 53.9 years, mean years of schooling increased by 1 year to 6.2 years and expected years of schooling increased by 3.3 years to 10 years. In comparison, GNI per capita increased by about 87.4% over the same period. This growth has occurred in the context of poor governance.

Political governance is very weak in Nigeria. This is mainly driven by low scores in Political Stability and Absence of Violence, where the country ranks in the 6th percentile. With respect to Rule of Law, Nigeria ranks in the 19th percentile, but fares relatively better for Voice and Accountability – the 35th percentile. In addition to this, the technical governance status is even weaker than political governance status. The country ranked in the 17th percentile for Regulatory Quality and Government Effectiveness indicators, and in the 13th percentile for Control of Corruption.

Taken together, the problem is relevant to the context given the poor rankings in the HDI measures and general poor performance in health indicators as briefly discussed in under section 1. That said, the problem identified is likely to be a difficult one to solve as the Team is attempting to tackle budget formulation and execution in the context of weak political and technical governance. A strong authorising environment is therefore required. From the team reports, the authoriser (Ben Akabueze, the Director General in the Budget Office) has been fully supportive and is aware of the Team’s progress through reports, briefing meetings and scheduled work-plans that have been submitted. The issue remains the authorising environment more generally and getting high-level support to push changes forward. Lack of sufficient authority has prevented the team from meeting with heads of relevant agencies, getting stakeholder buy-in and acquiring a data on donor-funded projects. For example, the team described cooperation with the National Primary Health Care Development Agency (NPHCDA) as key to their success, but was only able to meet with the Executive Director at the end of October.

<sup>42</sup> Aggregate ratings are derived from a simple average of the scores against the sub-dimensions, with equal weights given to each.

In sum, at the macro-level weak political and technical governance, coupled with limited influential power from the Authorising Agent at the micro-level, as well as the nature of the problem, makes the context a difficult one to successfully carry out the intended reform.

### Assessment of Capability of Nigeria Country Team

Aspect Assessed	Rating	Basis of Rating	Guidance Notes
2.2.1 Balance of Skills & Experience	NS	1= clear deficiencies in essential skills or experience; 2= reasonable but some gaps, 3= good & relevant balance; 4 = excellent balance.	Judgement based mainly on observation but may be supplemented by interviews.
2.2.2 Cross-departmental coverage or knowledge	3	1= One Directorate. only; 2= One Dir. only but some broader past experience; 3= Two Directorates represented; 4 = three Directorates represented or Two with some members having broader past exp.	Knowledge on background of team members must be obtained.
2.2.3 Cohesive nature of team/ respect between members	NS	1= team is dysfunctional; 2= team clearly dominated by one or two individuals; 3= team show cohesion & mutual respect; 4 = excellent cohesion/ respect.	Team dynamics should be carefully observed and assessed.
2.2.4 Time on task	2	1= team meet less than once per week or quorum consistently lacking; 2= team meet most weeks but not all, or quorum often lacking; 3= team meet consistently once per week with good quorum; 4 = team meet consistently twice per week with good quorum.	Check planned meeting schedule as presented at Pretoria "framing" workshop, contrast this with Coach and with Team members.

#### Comment on Overall Ranking of Capability of Country Team

(Present overall rating (1= Poor; 2= Moderate; 3= Good; 4= Excellent) from average of 4 indicators, highlighting strengths and weaknesses across 4 indicators. Comment on how confident you are of this rating and on the range of sources of evidence to support this rating. This rating is made at the time of the Country Report; therefore, also comment on whether you believe certain aspects of the rating might improve, either because of recent decisions, e.g. to co-opt new members, change team rules, etc., or because of the PDIA process itself.)

Overall rating: 2.5

The team mainly comprises members of the Budget Office of the Federal Republic. Within the members from the Budget Office, the profiles are varied, and include personnel from the Director General’s Office, Fiscal Policy Department within the Budget Office, a Health Schedule Officer and Senior Budget Advisor. In addition to the fiscal side, the team includes a Senior Medical Officer and Gavi Focal Person for the Agency, Nigeria National Primary Health Care Development Agency (NPHCDA) to contribute input from the health side. The range of the team is good and should pool pertinent knowledge and background to the problem. It is difficult to comment more deeply on the usefulness of the team’s experience and skills in more details without interviewing the term or observing them.

The team reported meeting regularly initially, either in person or virtually, but this became a struggle in September – presumably related to preparation of the 2019 budget and their commitments to this. One of the things that is noted throughout the process as a struggle is balancing their normal workloads with the requirements of the PDIA work. In particular, getting everyone together has sometimes been challenging, especially if the meeting was impromptu. This was particularly an issue around the budget preparation period. In September the Team noted that “We are struggling with time management, the engagements with NPHCDA is becoming a weekly affair and usually takes 2-3 days per week. We try to balance ourselves and attend as much as we can”. The team has also struggled with some of the planned timeline activities and have been tardy with some assignment submissions to Canvas.

## Overview of the PDIA “Problem” and its Relevance

### What is the PFM problem being addressed by the PDIA team?

Problem Addressed	Inadequate funding to the health sector resulting in poor primary health care outcomes.
Brief description of the problem (	<p>The problem comprises a government funding/PFM side, external funding side, and a results side as the Team has attempted to link low funding to the health sector to health indices.</p>
	<p>Based on the entry points, funding is considered in its entirety and includes the government, donors and private sector. As such, funding in this case is not the usual government PFM problem alone.</p>
	<p>The health indices identified by the team as poor performers include high infant mortality, high maternal mortality, high under-five mortality and low immunization coverage; though as the data suggests, the team has placed the most emphasis on immunisation.</p>
Key “entry points” chosen by the team to address the problem	<p>The causes identified in the updated fishbone diagram include: (i) scaling down of donor funding support, (ii) low revenue generation, (iii) low budgetary allocation, (iv) low release of allocated funds, (v) governance and accountability and (vi) low private sector investment in health. Of this six, the three entry points initially selected in July were scaling down of donor funding, low budgetary allocation and low private sector investment in health. The 3’A analysis is summarised below. The team rated each of these three entry points 9 out of 9 for acceptance, and rated authority for the first as 9, the second at 8 and the third at 6.</p>
	<p>The entry points have changed over time though. At the early stages of the PDIA process, focus was placed on the budgeting process, which may in part be owing to the expertise of the team. Unanimously, members of the team reasoned that the budget formulation and execution stages were crucial to addressing this problem. These were the sentiments from the first assignment in April. In line with this, an initial entry point chosen was to address non-funding of the Basic Health Care Provision Fund (BHCPF). However, this entry point was not kept as it was seen to be too political and data on health spending and resources flow were lacking<sup>43</sup>. Subsequent to the three entry points above being selected, the third - low private sector investment in health, was dropped and governance and accountability issues added as an entry point.</p>
	<p>Of the final three entry points selected, progress has been primarily centred on the first concerning donor funding. The team has set up and established itself as the secretariat for the inter-Ministerial Technical Working Group for Nigeria Aid Transition Plan (TWG), worked to facilitate the release of counterpart payment in mid-year, triggering the extension of GAVI and the helped in developing a ToR for the TWG. The team continues to work with the TWG to produce the Aid Transition Plan by December 2018. The team has also reached out to CHAI and National</p>

43 This was in the end committed by the Health Appropriation Committee even though the team did not address this as an entry point.

Commentary on the quality of the Problem Diagnosis and of the choice of Entry Points (by Case Study Author)

Primary Health Care Development Agency (NPHCDA), among others. With respect to governance and accountability, the Team worked to develop an Accountability Framework for implementation of GAVI Transition. Section 4.2 discusses progress and potential impact further.

It should be noted that progress made, save from the work on the accountability framework, was all done before August. This is indicative of diminishing efforts from the Team as their workloads became more demanding as discussed in 2.5.

The problem diagnosis improved moving from the old to updated fishbone, but the quality of the new diagram is still wanting and so too is the statement of the problem.

With respect to the fishbone diagram, there are two major issues. Firstly, some sub-causes are very vague or simply repeat the main cause that they fall under (for example under governance an accountability, a sub-cause is accountability). Secondly, it does not appear as though the full range of sub-causes were explored in their entirety/fleshed out properly for all the causes. An example of this is the cause “Low releases of allocated funds”, under which there are two very broad sub-causes.

An issue which speaks to the process of choosing the entry points is the quality of 3As analysis, which appears overly positive. As noted above, the Team scored all three entry points 9 out of 9 for acceptance. Despite this, the strategy as detailed by the team for improving the 3As mainly focus on information sharing, which in fact affect acceptance more than authority and ability. No strategies are outlined for ability (for example acquiring knowledge and information), which was the lowest scoring ‘A’ for two out of three entry points.

The entry point focusing on budget allocation is the most relevant as the the Nigerian Government needs to increase their contribution to health spending over the period 2018-2028, and has continuously fallen short of meeting the funding requirements under the Abuja Declaration. However, this is likely the most difficult entry point as allocation decision are largely political. A more realistic entry point (and possibly complementary) may have been to address the use of the funds that are already allocated to determine if these funds can be used more efficiently.

And finally, as general point, neither the statement of the problem nor 3As analysis gives an indication of the complexities of the Federal system as Federal Government’s mandate is to focus on tertiary care, while the States are responsible for primary care. As such, an entry point focusing on Federal coordination of state activities appears to be lacking as this may be a binding constraint. As noted in the coaches July check-in report: *“There are many challenges around fiscal decentralisation and trying to get states to implement policies developed at the Federal level”*. Under the current system, the Federal Government makes an allocation to States, who then decides how much is spent on health. There has also been issues with States reporting back to the Federal Government how much has actually been spent per sector.

### How complex is the PFM problem being addressed by the PDIA team?

Aspect Assessed	Basis of Rating	Guidance Notes
<b>3.2 Complexity of the PFM problem</b> (Number of stakeholders to be engaged and range of actions to initiate to reach a solution)	4	1= Problem can be solved largely by one Agent by applying an essentially known solution; 2= Problem can be largely solved by one Agent but requires a range of not fully known actions/ solutions; 3= Problem requires a range of not fully known solutions implemented by a range of stakeholders; 4 = Problem requires a range of not fully known solutions implemented by a range of stakeholders, some of whom have competing interests.
<p><b>Comment on Overall Ranking of Problem Complexity</b>  <i>[Present overall rating (1= Relatively easy; 2= Some complexity; 3= Significantly complex; 4=Highly complex) and briefly explain the justification for the rating.]</i></p> <p><b>Overall Ranking: 4</b></p> <p>The problem is very complex and requires engagement from various government entities at both the federal and state level, donor organisations and if the demand side of the problem is considered in terms of usage, civil society organisations and the general public at large. In addition to this, there are existing complications related to allocation and reporting between the federal and state governments that need to be resolved in order for the defined problem to be remedied.</p> <p>How to fix the problem is also a complicated issue. It is apparent from the November check in report that information is still being gathered and pieces of the puzzle are still being brought together. The solutions are therefore not fully known and will require more research from the team, and engagement with various stakeholders.</p> <p>In addition to the fact that multiple organisations across government (at both the federal and state levels) and the donor community need to be engaged, the way in which the problem is defined (the results side of the problem), the extends become a “normal” PFM problem around allocation, execution, accountability, transparency, etc; to a wider national health outcomes. This is a long-term issue and requires demand and supply interventions, as well as political buy-in to increase allocations. The team has, to some extent, considered the demand-side by including civil society organisations as key stakeholders in their initial conceptualisation of the problem, but there has been little engagement with civil society groups during the PDIA process. It follows that if even if the PFM side of the problem is remedied and financing to the health sector increases, there still may not be improvements in health outcomes. For instance, the July check-in report notes that a BMGF study shows that while healthcare facilities were sufficiently stocked with vaccines to cover 85% of the target population, much of this was not used and subsequently disposed of by healthcare workers. Estimates from GAVI in the November report suggests that vaccines are intended for 100% coverage; however, actual coverage is closer to 33%. These data speak to issues on the demand-side of health care.</p>		

### How relevant to service delivery processes is this PFM problem?

Aspect Assessed	Basis of Rating	Guidance Notes
<b>3.3 Relevance of the PFM problem to issues of Service delivery</b> (how directly relevant to service delivery and with effects over what time period)	3	1= Of limited direct relevance to service delivery; 2= Of some direct relevance to service delivery but with effects only over the medium to long term; 3= Of significant direct relevance to service delivery but with effects largely over the medium term; 4 = Of significant direct relevance to service delivery and with almost immediate effects.
<p>Assess relevance to service delivery from the documentation on the problem, as well as interviews with PDIA team, Authorising Agent and CABRI coach.</p>		

**Comment on Overall Ranking of Relevance to Service Delivery**

[Present overall rating (1= Limited relevance; 2= Some relevance; 3= Significantly relevant; 4=Highly relevant) and briefly explain the justification for the rating.]

**Overall rating: 3**

The problem identified is highly relevant to service delivery. In line with Nigeria graduation from LIC to LMIC in 2008, Nigeria’s funding from the donor community will change, and primary health care funding is expected to be influenced by this. Alongside this, Nigeria passed the National Health Act in 2014 entitling all Nigerians to a Basic Minimum Package of Health Services (BMPHS) and specifying the Basic Health Care Provision Fund (BHCPF) as the principal funding vehicle. The Minister of Health in 2015 attempted to review health statistics and better align health budgets with wider national strategies such as the Economic Recovery and growth Plan (ERGP). Addressing health financing is therefore a highly relevant problem, and one which has featured in the recent policy discourse. The impacts have the potential to be seen as early as 2019 if the government increases funding to the health sector, but this looks unlikely given the context. This is further discussed in 4.1 below.

**PDIA Impact or Potential for Impact on PFM Problem**

Aspect Assessed	Basis of Rating	Guidance Notes
<b>4.1 Actual Impact of PDIA work on the PFM problem by end 2018</b>	1	1= No clearly discernible progress towards problem resolution; 2= Qualitative evidence suggests modest progress is likely by end 2018, although difficult to quantify; 3= Significant and <u>measurable</u> progress towards problem resolution can be evidenced; 4 = The PFM Problem is likely to be virtually solved by the end of the year, according to objective evidence.
<b>4.2 Potential Impact of PDIA work on the PFM problem by end 2019</b>	1	1= No clearly discernible progress towards problem resolution; 2= Qualitative evidence suggests modest progress is likely by end 2019, although difficult to quantify; 3= Significant and <u>measurable</u> progress towards problem resolution can be evidenced; 4 = The PFM Problem is likely to be virtually solved by the end of the year, according to objective evidence.

**Comment on Overall Ranking of Impact/ Potential for Impact in 2018 and 2019**

[Present the ratings for each year (where appropriate) and briefly explain the justification for the rating, making reference to the specific evidence of progress identified. Provide also some comment on a) the likely sustainability of the “problem solution”; b) the key challenges met in resolving the problem (emphasising those which remain insufficiently addressed); and c) the likelihood of progress in the medium-to-long term (especially where there has been limited progress in the short term.)

**Overall Rating: 1**

The Nigerian Government should be increasing funding to the health sector progressively commencing from 2018 as GAVI phases out by end 2028. As such, it is possible that there could have been an impact as early as 2019 (in the 2019 budget statement). However, the November check-in report states that *“the government has very little/no fiscal space to increase the budget allocation to health. The country is still recovering from the recent recession, which led to an increase in government debt. There will therefore be budget cuts across all sectors in 2019 compared to 2018.”* So although the problem is highly relevant, it is unlikely that funding to health (from the Government) is increased in the short term, given the economic situation in the country. Albeit, some other gains have been made with respect to ensuring continuity of funding from the donors over the medium term. According to the July check-in report, Nigeria entered Gavi’s accelerated transition phase in 2017 and was expected to transition fully by 2021. The deadline was extended to 2028, which was facilitated by the Team’s efforts in triggering the release of counterpart funds which paved way for the extension. The team has also been part of the TWG that devised an Accountability Framework for implementation of GAVI Transition.

There may be potential for some impact in the 2020 budget if the team continues to work on the problem beyond the Dakar workshop. The prospects of this has been acknowledged by the team and coach, but no solid commitments have been made. Should the team continue to work on this issue, their experience during the PDIA process have indicated a shift in focus to efficiency of spending may lead to great results given the fiscal constraints. Related to this, some of the key issues identified by the team include:

- i. Improving the linkage between health spending and strategic priorities outlined in the national development plan
- ii. Looking at the allocation within the health sector to ensure that limited resources are used to improve health outcomes
- iii. Improving procurement systems
- iv. Improving utilization rates
- v. Reducing wastage

The impacts discussed above all relate to the first half of the problem statement which deals with health financing. As discussed under 3.2, the impacts may be limited to outputs rather than outcomes as has had little engagement with users of health services.

### Evidence of Skill Development by the Nigeria 2018 PDIA team

Aspect Assessed	Rating	Basis of Rating	Guidance Notes
<b>5.1.1 Problem-solving skills</b> (including problem diagnosis & identification of entry points)	NS	1= No clear evidence of raising of skills; 2= Modest improvement clearly discernible; 3= Significant improvement is discernible; 4 = A major improvement is discernible, equivalent to a 'transformational' change.	Judgement based mainly on triangulated interviews during the country visits of a) PDIA team; b) Authorising Agent and c) CABRI Coach.
<b>5.1.2 Team-working</b> (including learning of team discipline, respect for fellow members, task sharing, etc.)	NS		Clearly, for the Mid-line assessment the extent of evidence will be modest and if you feel unable to reach a judgement, please mark the relevant sub-dimension/ skill area "NS" ("Not Scored").
<b>5.1.3 Adaptive learning</b> (ability to design feed-back loops for learning, to identify positive outliers from which to learn, to channel lessons into new actions, etc.)	NS		The End-line reports will build on observations during the earlier country visits and should therefore provide a basis for a more complete scoring.
<b>5.1.4 Reform implementation</b> (including strategic planning of reform actions, management of Authorising environment, stakeholder engagement, etc.)	NS		It should be noted that both in the full Mid-line Report as well as the Final Report, the evidence presented here from Country Visits and/ or the Dakar workshop, will be supplemented by the results of a Questionnaire to PDIA participants.

**Comment on Overall Ranking of Skill Development**

*[Present the overall rating from the average of 4 indicators (or the average of those scored), highlighting strengths and weaknesses across the indicators. Comment on the extent to which you feel this rating is supported by strong or more tentative evidence.]*

Overall rating:

In the July check-in report, it is noted that the team met with Dr Filani of the Department of Health Planning, Research and Statistics who suggested they focus on other indicators of success in the health sector given how broad their focus was, and the fact that they were looking at national health indices. The suggested indicators mentioned



included: (i) the timeliness of transfers from federal to state to facilities and how quickly funds can be used to provide services rather than sitting at the Ministry of Finance; (ii) the number of people accessing services; and (iii) the quality of reporting, that is, how well information flows and how credible the information is. Taken together, this speaks to efficiency, usage and accountability. Efficiency (in terms of release of funds) and accountability were identified as sub-causes in the fishbone analysis, but were not selected as entry points. Based on the evolution of Canvas assignments, it does not appear as though the team adapted their approach in light of this advice during the months July to November. This speaks to whether adaptive capacity and problem-solving skills were developed, or were slow to develop; or the team simply did not have time to adapt. Ultimately, the Team realised the potential benefits of tackling productive use of funds that have already been allocated, rather than increasing allocation as discussed in 4.2. The former is a more technical problem (with political elements), whereas allocation decisions tend to be mainly political.

Furthermore, the team tried to identify positive deviants in July, but were not successful. Since then, it was not evident until the November check in report that the Team had attempted to identify positive deviants from which to learn. The possibility of finding positive deviants at the State level was discussed with the coach and GAVI in November.

One of the skills that has featured favourability is team-working. Throughout the assignments and presentations, the team has expressed an appreciation for coming together as a team and recognised very early in the process that “each team player has a talent/role to bring on board in any capacity or form”. In line with this, each member assumed a specific role in the team in May. Time constraints are likely to have affected the team dynamics in the second part of the process.

#### **Comment on significance and likely sustainability of these Skills**

*[Are these enhanced skills likely to prove significant to future PFM reform in this country? To what extent are the skills developed likely to be sustained within the PDIA team itself and/or diffused through ‘demonstration effects’ or more formal ‘training of trainers’ activities by the PDIA team?]*

#### **Comment on the influence of the PDIA process on Skill Development**

*[To what extent can the development of these skills be attributed to the PDIA process **per se**? Or has the learning been more driven by the simple fact of working on reform issues? If the former, can links be made to specific aspects of the PDIA process?]*

#### **Comment on the drivers of Skill Development within the PDIA process**

*[Is there any sense from the available interview evidence of certain aspects of the PDIA proving more significant in the skill development process? For example, are the BSC learning materials or the role of the CABRI coach or the role of the peer-to-peer exchanges seen as especially important? Do the interviews give any sense of the relative importance of the BSC learning materials?]*

It was clear from the assignments submitted that the Team members were fully aware of and able to apply several of the jargon from the BSC material.

As a side note, the CABRI coach was changed in June. It is unclear how changing the coach mid-way may have affected the team’s skill development and addressing the problem.

## Synthesis of Conclusions – Nigeria Country Case Study

*This sub-section brings together the findings from each of the previous sections, organised into three broad categories: A. Context (Sections 2.1 & 2.2), B. Relevance (Sections 3.1, 3.2 & 3.3) and Outcomes (Sections 4 & 5.) It first presents a table showing the quantitative ratings assigned within each of these categories. It then briefly summarises the key conclusions within each of these areas, cross-referencing across the categories as*

*appropriate (e.g. strong outcomes for a non-complex PFM problem in a favourable environment) and, where possible, developing hypotheses on underlying causal relationships. The final section provides an overall assessment on the contribution of the PDIA process in the case study country, providing a comment on the comparison with the 2017 PDIA exercise where relevant. If appropriate, it should also present any ideas/ suggestions for improvements in the operational aspects of the PDIA process.*

### Overview table

CONTEXT		RELEVANCE	
2.1 Country Context	2.2 Team Capability	3.2 Problem Complexity	3.3 Relevance to Service Delivery
1.25	2.5	4	3
OUTCOMES			
4.1. 2018 Impact on Problem	4.2. 2019 Impact on Problem	5. Skill Development	
1	1	NS	

### Summary of findings on Context and Relevance

The reform context is very complex given the global measures of political and technical governance. Although GNI per capita has been increasing since the 1990s and Nigeria graduated from LIC to LMIC, the recent decline in oil prices has led to a recession in Nigeria, and lower Government revenues. This makes the reform context even more difficult as the problem seeks to increase health sector funding.

The essence of the problem is very relevant given the poor performance of the country in global human capital indices and various health indicators. In addition to this, expected future reductions in donor funding, recent political actions and the new legislation affording a basic health package are key indicators of the national significance of addressing the problem and the importance to service delivery.

From afar, the team appears to be varied with expertise in both budget formulation, execution and the health sector.

### Assessment of Actual or Potential Impact of PDIA on the PFM problem

From the 2017 team presentation, the sentiments expressed were that the “PDIA provides a simpler and better methodological approach to understanding problems and providing solutions”. The programme was also credited for fostering teamwork. To have an impact on the PFM problem though, one must move beyond understanding the problem thoroughly to driving change. According to the 2017 team, “Political capital is very important in achieving key objectives in the Programme”. As such PDIA may be a necessary tool, but not a sufficient one if political will and authorisation is absent.

The 2018 had similar issues with respect to *political capital* and was not able to fully expand the authorising environment and gain access to high level officials. Unlike the 2018, this team also struggled with appropriately dissecting the problem and refining it to be less broad. Following from this, the entry points could have been better identified and adapted to have a more meaningful impact on the problem.

The main achievement to date has been the extension of GAVI funding, which at its core, is not a PFM success. It is not conclusive if PDIA will have an impact on the problem as the problem is very broad and was not defined in such a

way that PFM reform alone will be influential. At a very late stage in the process, the idea of focusing on productive efficiency rather than increasing allocation was raised, but this may have been too late in the process.

### *Assessment of Skill Development achieved through PDIA*

From the online materials, it is not clear if the team developed major skills such as problem-solving, adaptive learning, team working and/or reform implementation. Given the status of progress as at end of November, it is not indicative of problem-solving skills, adaptive learning or reform implementation. That said, the current status is a product of skills and the reform context, which in itself is a difficult one. This may have also been affected by time constraints on the part of team members.

### *Conclusions on PDIA and Suggestions for Potential Improvements*

From the Nigeria case, the lessons that can be learnt for PDIA is that the 'P' in PDIA matters. For a problem that has not been narrowed and fully dissected, the process may break down as it is difficult to determine what the key priorities should be and where to focus attention. This in turn would lead to little results and poor motivation of the team, thereby creating a vicious cycle.

The motivation of the team cannot be commented on in great details here, but it can be noted that the team has been late at submitting assignments on Canvas and postponed their second meeting with the coach twice because they were not ready. This is a likely second lesson for PDIA. The process requires a significant amount of commitment (alongside other employment responsibilities) so team commitment and motivation, as with everything else, is integral to the process.

And finally, a third lesson is related to the authorising environment and political capital. The 2018 team was affected by their inability to reach high level officials. Political influence was also mentioned as a key parameter by the 2017. The reform context in many developing countries requires a combination of technical skills and political commitment. **Though PDIA may be able to foster the former, it is not clear how the latter can be attained from the PDIA process.**