



Wrap-up Session

CABRI 6th Annual Seminar
Mauritius

18 and 19 May 2010



Session 1: Good Financial Governance

- Good governance of the public finances
 - What functions should be in place?
 - What are achievements, challenges to establish these functions and therefore what are priorities for reform?
- Discussions highlighted challenges
 - Cross cutting challenges
 - capacity,
 - compliance with formal systems,
 - effectiveness of sanctions,
 - functioning monitoring systems,
 - political commitment to GFG at operational level
 - effect of donors
- Reminder that research should stay in touch at operational level: what are real problems faced



Good Financial Governance continued

- In budget formulation
 - Resource predictability (domestic and donors)
 - Framework for allocating resources at sector level
 - Performance orientation
 - Are formulated budgets optimal?
- In budget execution
 - Loss of control with fiscal decentralisation
 - Balance between flexibility and predictability
 - Cash planning and cash management (some successes)

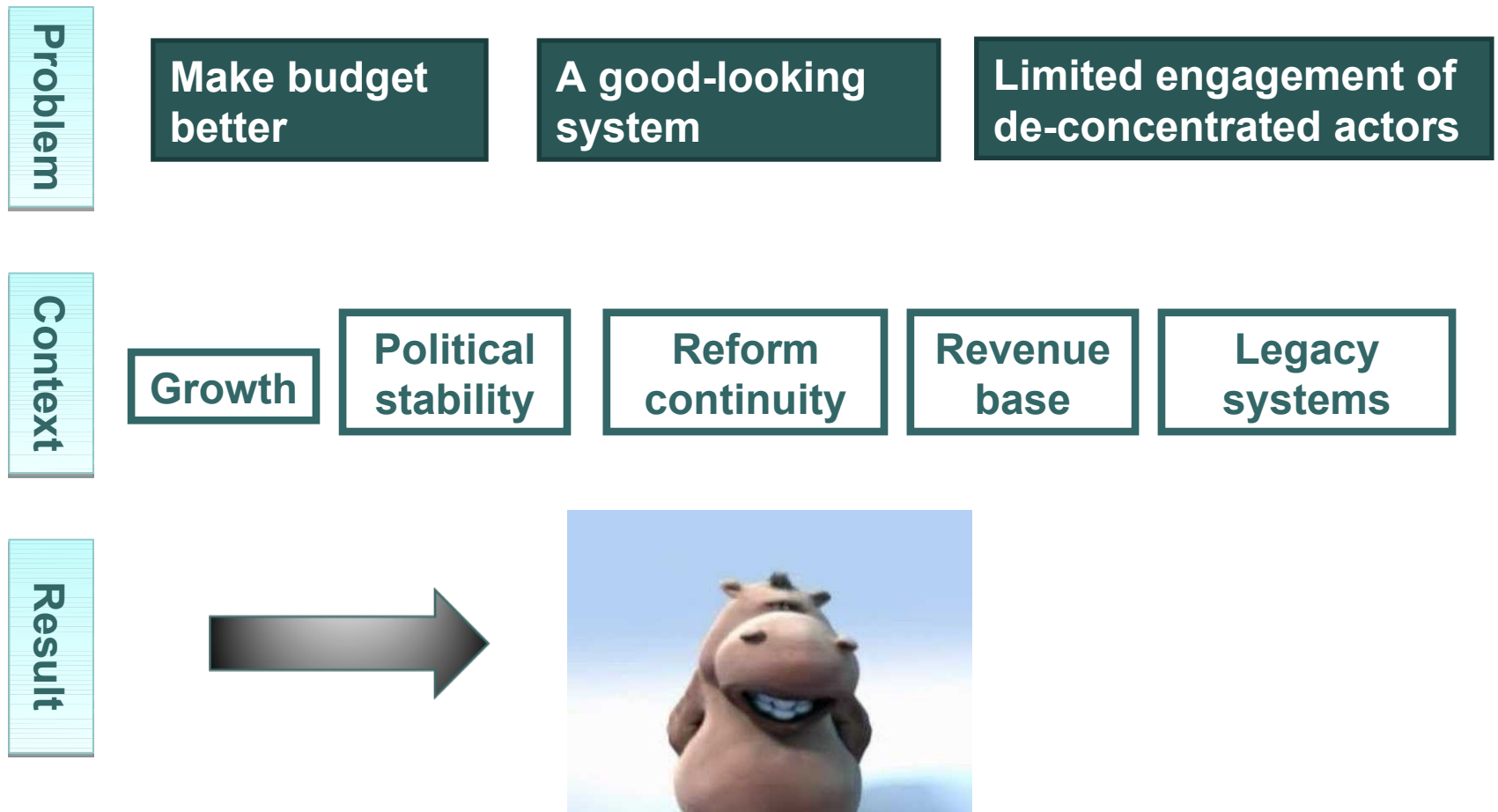


Good Financial Governance Continued

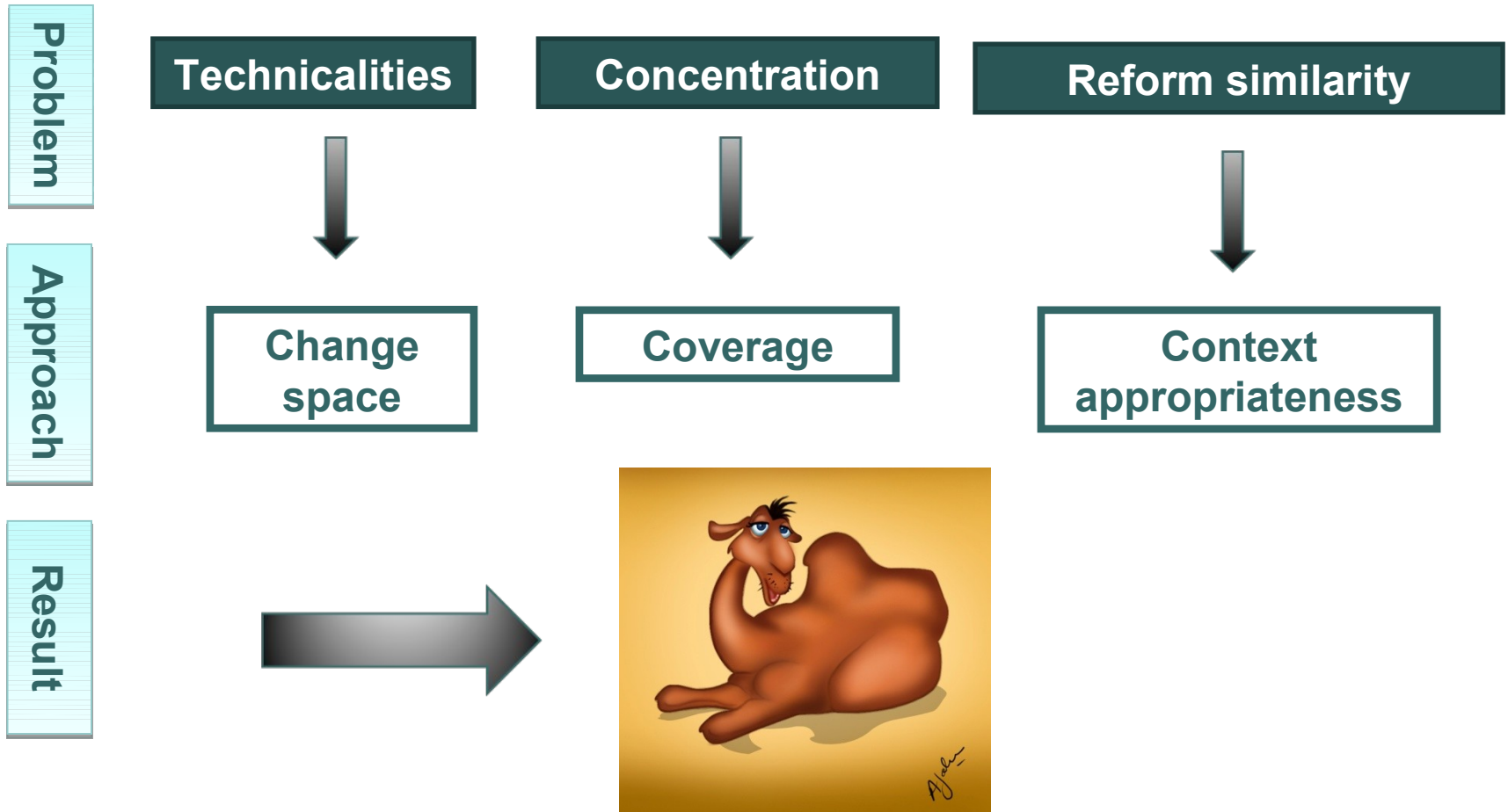
- Oversight
 - Weaknesses in legal frameworks
 - Internal audit: establishment of function and capacity
 - Need more clarity on framework for external oversight – look at oversight rather than just effectiveness of current institutions
 - Ineffective parliaments
- Financial asset and liability management
 - Value for money
- Decentralisation
 - Quality of PFM functions at lower levels of government
 - Availability of information on use of resources

Session 2:

Managing Money for (a) Change






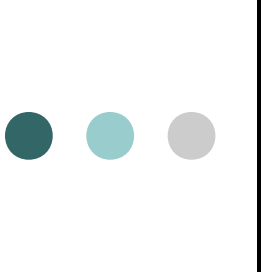
Session 2: Managing Money for (a) Change





Session 3: Programme based budgeting in Mauritius

- **Designing an implementation strategy**
 - Pre-requisites need to be in place?
 - Iterative process and context specific
 - Sequencing and timing of reform
- **Common challenges**
 - Developing consistent concepts & terminology
 - Buy-in  de-concentrated actors  engagement throughout process  building capacity
 - PBB to drive performance
 - PBB as a tool to deepen policy making and analysis, and result in better resource allocation
 - Strategic Plan is important to ensure policy focus to PBBBB
 - Linking financial and non-financial information
 - Strengthen monitoring as well as evaluation
- **Way forward for CABRI**



Session 4: Financing Infrastructure

- Huge infrastructure gap in African countries. Infrastructure investments are much lower than for other developing countries
 - Existing services very expensive
- Existing public sector spending higher than previously thought
- But, the public sector alone cannot address this
 - Issues of resources
 - Issues of capacity
- Private sector involvement is one way to address the infrastructure and efficiency gap



Financing Infrastructure

- Benefits of PS involvement

- Eg diversified financing sources, improved efficiency, risk transfer, experience, technology transfer, local effects like deepening of capital markets

- Pitfalls

- Distortion of priorities, financing more expensive, high cost of supervision, loss of public responsibility, not enough competition



Financing infrastructure

- Therefore, arrangements need to be in place to ensure value for money throughout project cycle
 - Clear objectives
 - Leadership
 - Policy and regulatory environment
 - Public sector requires the capacity to:
 - Conduct feasibility studies
 - Assess the risk and manage it
 - Manage procurement/tendering.
- It matters how you set up projects!!



Financing Infrastructure

- In sum, PS involvement in infrastructure can unlock value for money, but we need to be fully aware of the risks and challenges, including the added difficulties of involving private sector in bilateral (government) agreements.



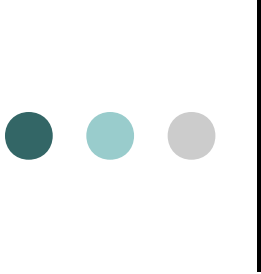
Session 5: Use of Country Systems

- Progress on meeting commitments in Africa
 - Low progress on use of country systems (5 percentage points PFM systems)
- Global partnership
 - Sub-body of Working Party on Aid effectiveness
 - On-going technical work
 - Country system initiatives
 - Demand driven
 - 3 phases (identification, addressing, sharing)
 - Ghana, Malawi, Mali, Namibia, Swaziland and others



Use of country systems continued

- Ghana
 - Good progress in several indicators
 - But bad or negative in others
 - Country Systems, aid predictability
 - Use of country systems key in Ghana's aid policy
 - Mutual accountability ; investment in leadership and aid management; several studies point towards need
 - Now in phase 2
 - Key areas identified
 - One combined assessment; On audit: using Ghana AG; On budget: better info sharing in budget finalisation; On account: information to Accountant and Controller General; Statistical development
 - Next steps
 - Local development partners informed
 - CABRI team
 - Support to working party co-chairs



CABRI role in use of country systems

- Basis for CABRI work is making public finances (and aid) work
 - Specific concept and aim of use of country systems
- Support of SBO capacity
 - Work at country level
 - Peer exchange at country and network level
- Influence the international debate
 - From experience
 - Work beyond international meetings and milestones



Overall

- Common experience of obstacles at country level to use of country systems
- Reforms are undertaken to make systems more transparent, yet donors resort to own systems
 - Despite importance of bringing aid on budget
- Issues should be addressed at country level
 - Process to identify and address issues frankly
 - Lessons around use of existing sector structures and processes to bring aid on budget