Developing a PFM Action Plan

i) Process

Country officials are generally already well aware of the key issues confronting their country. The planning process seeks to use this understanding to develop a country-defined PFM Reform Action Plan.

It is recommended that a week be set aside for the development of the Action Plan. The process commences with a one and a half-day workshop where the group focuses on the results of the PEFA and other diagnostics performed in the country (a draft schedule for the workshop can be found on pg. 4). The authorities should also identify key reform issues from their perspectives, which may not have been identified in the PEFA process. This will be done in small groups, ideally based on functional areas of reform (e.g., budget preparation, budget execution). Involving key players in the development of the action plan is essential for building commitment to its implementation and addressing resistance to change.

CARTAC then supports the authorities in identifying the key activities that should be undertaken to improve PFM based on where the country currently stands in each area.

While the proposed workshop timeframe of one and a half days is relatively brief, a reasonable action plan structure will result from this workshop. This is because the process uses the extensive experience of country officials and pre-existing diagnostic information to analyse needs. CARTAC will also offer suggestions on interventions based on the findings of PEFA and other diagnostics to assist the authorities\(^1\).

The plan is designed to capture the key activities required, but not to become too onerous a process in its own right. Some countries have undertaken large investments in developing the action plan. Unfortunately, such processes often become the “end itself” with numerous iterations, and consultations, with limited real improvements to the quality of the plan being worked on. CARTAC believes that investing these resources in implementing actual change processes is likely to realise greater benefits to a country. On occasions, additional information will be required to provide more detail on specific activities to be addressed.

The remainder of the week is used to:

- Conduct bilateral follow-up meetings with the key functional groups to fine-tune the plan, particularly to agree on more detailed actions (\textit{days 2 and 3});

- Meet with senior officials to discuss specific issues and identify indicative costings for the interventions proposed in each area (\textit{day 4});

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\(^1\) CARTAC has undertaken similar processes in other countries
- Present a draft PFM Reform Action Plan to the authorities (*day 5*);

**Next Steps by the Authorities**

- Finalise the plan and distribute to it development partners including CARTAC (*within two weeks is preferred*)

- Conduct joint meeting with development partners seeking commitment for the plan (*suggest within six weeks*)

**Action Plan Template**

The proposed template for the PFM reform Action Plan can be found on pg. 5. This is a recommended format only, and countries should modify it to suit their needs.

**Who Should Participate in the Process?**

**ii) Responsibilities**

It is important to ensure that all key players involved in the reform process are involved in development of the plan. Experience shows that plans developed and driven external to the responsible area do not have buy-in and, as a consequence, often fail. A suggested attendance list can be found on pg. 7.

**Responsibilities of Recipient Country**

1. Organise a venue (also include catering if this is to be provided).
2. Organise attendees and submit the list of attendees for CARTAC records.
3. Ensure the following equipment is available:
   - ✓ Projector
   - ✓ Computer
   - ✓ Marker pens
   - ✓ Flipchart

4. Finalise and approve the PFM Reform Action Plan.
5. Organise the development partner consultation process following completion of the plan.

**Responsibilities of CARTAC**

1. Payment for travel and other costs associated with the visiting consultant.
2. Delivery of a draft PFM Reform Action Plan.
3. Agreement on future CARTAC technical assistance within the framework of the Action Plan.
## Draft Schedule for the 1½-Day Action Plan Development Workshop

<table>
<thead>
<tr>
<th>Date/Time</th>
<th>Item</th>
<th>Lead Person</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Day one</strong></td>
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<tr>
<td>0900 – 0915</td>
<td>Opening Address</td>
<td>Finance Secretary</td>
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<tr>
<td>0915 – 0920</td>
<td>Introduction to the process for today</td>
<td>CARTAC</td>
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<tr>
<td>0920 – 1015</td>
<td>Overview of the PEFA results and other diagnostics</td>
<td>CARTAC</td>
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<tr>
<td>1015 – 1030</td>
<td><strong>Morning Tea</strong></td>
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<tr>
<td>1030 – 1145</td>
<td>Overview of the PEFA results and other diagnostics (continued)</td>
<td>CARTAC</td>
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<tr>
<td>1145 – 1245</td>
<td>Additional PFM issues identified by the authorities</td>
<td>Group discussion</td>
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<tr>
<td>1115 – 1230</td>
<td>Introduction to draft PFM plan template</td>
<td>CARTAC</td>
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<tr>
<td><strong>Day Two</strong></td>
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<tr>
<td>0900 – 1030</td>
<td>Group work – identification of specific PFM activities for 2010/11 (continued)</td>
<td>Facilitated by CARTAC</td>
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<tr>
<td>1030 – 1045</td>
<td><strong>Morning Tea</strong></td>
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<tr>
<td>1045 – 1200</td>
<td>Groups report back, discussion held with whole group</td>
<td>Facilitated by CARTAC</td>
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<tr>
<td>1200 – 1230</td>
<td>Summary and next steps</td>
<td>CARTAC</td>
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<tr>
<td>1200 – 1215</td>
<td>Final comments and close</td>
<td>Finance Secretary</td>
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</table>
## Attachment B
Proposed Template for the PFM reform Action Plan

<table>
<thead>
<tr>
<th>Objective/Sub-Objective</th>
<th>Action</th>
<th>Priority (H/M/L)</th>
<th>Key Performance Indicator</th>
<th>Timeframe for Start and Completion (Q1–Q4 of fiscal year)</th>
<th>Responsibility</th>
<th>Development Partner</th>
<th>Costing/Resources</th>
<th>Reference (PEFA etc)</th>
<th>Monitoring</th>
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</thead>
<tbody>
<tr>
<td>Budget credibility</td>
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<td>Comprehensiveness and transparency</td>
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<td>Policy-based Budgeting</td>
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<td>Predictability and control in budget execution</td>
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<td>Accounting, recording and reporting</td>
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<td>External scrutiny and audit</td>
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</table>

**Explanation of columns**

**KRA** – The key result area is the key functional area in which the PFM activities will take place
**Objective/Sub-Objective** – The result you are trying to achieve. In some cases an objective will be supported by sub-objectives where the intervention required is more wide-ranging and over a greater period of time.

**Action** – The specific activity and intervention proposed.

**Priority** – The urgency of the intervention:  
- **high** – next 6 months;  
- **medium term** – 12 months;  
- **long term** – next 2 to 3 years.

**Key Performance Indicator** – A measure that will show us we have been successful.

**Timeframe** – When should the activity start and finish. At this stage only those activities planned for the next 12 months would be included.

**Responsibility** – Functional area/manager responsible for managing the activity.

**Development Partner** – If external support is required, this identifies which development partner would support the activity.

**Costings/Resources** – Estimation of the total cost of each action/intervention, based on calculation sheet provided.

**Reference** – The PEFA or other diagnostic where the need for this intervention was described.

**Monitoring** – Information to be used to monitor progress of the plan in each reform area.
Attachment C

Suggested Attendance List

For the purposes of the planning workshop, a group of 20–25 is ideal. Attendees should be encouraged to attend the full one and a half days. Key participants include:

✓ Finance Secretary
✓ Budget Director
✓ Accountant General
✓ Head of Development Budget
✓ Head of Macro-fiscal Unit
✓ Head of Customs
✓ Head of Taxation Authority
✓ Auditor General/Director of Audit
✓ Director of Internal Audit
✓ Other senior representatives from the above areas
✓ Senior officials from key ministries and departments