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## Professionalising PFM

Developing qualified PFM professionals through education and training

# A Briefing for Training Providers

Professionalising Public Financial Management (PFM) should be an integral component of every PFM reform programme. It:

- Ensures that finance staff working in government are properly trained to the highest international standards;
- Embeds ethical behaviour into everyday working life;
- Increases country capacity on a long-term and enduring basis;
- Provides strong and unique foundations for almost all other PFM reform initiatives.

For training providers, who have the capacity to deliver tuition locally, Professionalising PFM offers an opportunity to provide training and support for public sector employees to gain a recognised professional qualification. Qualifying will strengthen the skills of public financial managers to match the best international standards. It offers opportunities to influence the wider development of public financial management in country and beyond.

For the public sector, Professionalising PFM should become the bedrock on which every comprehensive programme of PFM improvement is based. As Professionalising PFM embeds into the fabric of the organisations, it will assume a higher profile and demand will grow for other products such as advice and development of standards.

## What exactly is Professionalising PFM?

Professionalising PFM means the achievement of a number of mutually reinforcing and complementary states of affairs:

- The establishment, on a sustainable basis, of a recognised PFM profession in the country, represented by a local Professional Accountancy Organisation (PAO).
- The existence of individuals properly qualified to become members of the PFM profession in the country.
- Non-financial managers and other PFM role players with the skills, support and other resources to play their part in PFM, including taking responsibility for the resources they manage and formulating and controlling their budgets.
- Capacity locally to provide the training, products and services required by the PFM community in the country.
- Creation of the environmental conditions necessary for the establishment and sustainable development of the profession over time.

Public sector managers and staff will be better equipped with skills that are appropriate to their needs. Because the qualification is tailored to meet public sector needs it offers real opportunities to strengthen governance in the management of public money, and inspire confidence amongst the citizens and taxpayers in the long-term.

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Successful completion of training gives individuals a recognisable qualification that is likely to benefit them through more interesting work and different opportunities. Professionalising PFM encourages individuals to see public sector employers as an attractive place to work and develop a career that matches the best in the private sector.

As a training provider Professionalising PFM presents a significant opportunity to provide training for public sector employees. In the longer-term there is the potential to work with both the professional accountancy association and government to develop more products and services to meet the needs of the wider PFM community.

### **Why is this happening now?**

Professionalising PFM is emerging as a key tool in the process of PFM reform supported by international donors and development partners. Reform of PFM is urgently needed to help countries to meet the challenges of a rapidly changing world, and achieve their aspirations of matching the best international standards.

Training providers will be able to forge a partnership with the government, to develop training material and run carefully tailored training programmes for financial managers in public sector organisations. The initiative may be introduced in a small number of central organisations at the beginning, and be widened to include a much more diverse community of public sector organisations across the whole country.

### **How will Professionalising PFM be introduced?**

Professionalising PFM needs the wholehearted involvement of four key stakeholder groups:

**Government.** There needs to be clear and unequivocal support for Professionalising PFM at Ministerial level. Public Finance Leaders, or other members of senior management, must also show leadership. Professionalising PFM is not a short-term option; it will take time for the initiative to produce results, and even longer before it will become embedded in the fabric, with evident sustainable improvement in PFM.

**The local PAO.** Professionalising PFM should be a natural development of the current activities of an established local PAO. The organisation will probably focus on the private sector, and so have an understanding of some aspects of public financial management. Its status as a professional organisation in relation to the private sector positions it uniquely to become the focal point for the public sector.

**A local training partner.** Specially designed, locally relevant education and training programmes will be needed for public sector employees to successfully qualify. A local training partner with experience of providing such programmes for the private sector is likely to be in a strong position to develop and extend their role and serve the public sector. CIPFA's experience of work with local providers in Lesotho is that providers enjoy the experience of developing fresh material for the public sector, and these specifically tailored subjects become desirable assets that help them expand into other public sector training markets.

**Donors and development partners.** Professionalising PFM means investing for the future. In countries with the greatest need government is unlikely to be in a position to provide the financial

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resources required to develop the capacity locally to achieve professionalisation of PFM. Donors recognise that investing in Professionalising PFM will lead to improved performance of the PFM system over time, and will see funds applied for Professionalising PFM as complementing other PFM reform activities.

Professionalising PFM will almost certainly be new to all stakeholder groups in the country; training providers will need advice, guidance and possibly other forms of support if they are to create a successful partnership with the public sector. *As the leading global body for the PFM profession, and with many years running public sector training programmes, CIPFA is uniquely placed to provide that support.*

### **What will we have to do to be considered as a training partner?**

Public sector managers will carry out research and analysis at the inception of the project to provide estimates of the initial need for training and forecasts of potential future demand. The government will be seeking training providers who will become partners in the training programme. Suitable partners will be able to demonstrate capability and capacity, in terms of building facilities and teaching resources, to meet identified demand now or within a reasonable time frame.

An established PAO will design the qualification framework, and within that the curriculum and syllabuses. Undoubtedly some subjects in the curriculum, such as public policy, that are specific to the public sector, will be new to both the PAO and to training providers. Others will be grounded in familiar concepts, but require a different emphasis in a public sector syllabus, for example budgeting. Training providers will need to consider the implications of the subject content and emphasis in terms of determining the extent to which they may need to re-train some existing staff, or need additional resources to teach the subjects to the required standard.

The new qualification will require suitable training material and one of the key tasks of the training provider is to develop this material. *CIPFA's experience and knowledge can help here.*

Some material may exist in a generic form already and can be adapted to the public sector context for example, accounting and auditing. Other material, for example public sector financial management, will need to be developed from scratch and reflect the specific needs of the country context.

### **Will courses be purely classroom based?**

In the long-term, probably not. Initially training will probably be a centralised "face to face" tuition programme, to ensure that the programme is tested and refined, and successfully qualified students emerge. In the longer-term the model for training provision may be more mixed: for example a central tuition college with distance learning for students working in less central areas.

### **Is tuition the only role for the training partner?**

No, although overall the key role is to focus on producing successfully qualified individuals. The training partner will provide formal training, support to prepare students for their assessment, offer helpful advice and feedback on progress, and counselling on their performance. Assessment of students will be by the professional accountancy body at least in the short-term; once the programme

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settles down the training partner may be asked to provide markers for progress tests, mock exams and potentially first-line marking of actual exam scripts.

A second role will be to prepare reports to government on the progress of the overall training programme throughout the training period. Training providers will also be expected to liaise closely with employer groups to ensure that the training programme is planned to meet employer needs, for example in relation to the timetables, and to provide feedback on individual students. Training providers may not be familiar with playing such a role for private sector based training, but it will be an important and valued role for the public sector employers. This is a new activity for them and they may well need support in selecting appropriate work place experience for their students and to understand student needs with regards to study time etc.

### **What are the entry requirements for candidates?**

The entry criteria will be set by the PAO. It is likely that in the early years the public sector may wish to support students from diverse backgrounds whose educational attainments are not sufficient for direct entry to a full professional level qualification. In these circumstances training providers may be asked to teach a foundation course to give interested students an opportunity to raise their level of basic education to meet entry criteria.

### **How long does Professionalising PFM take?**

Introducing Professionalising PFM starts with what may be called an "Inception Phase"; preliminary analysis and research work is carried out by stakeholders to put in place key building bricks for the programme. As an example, decisions will be taken on the design of the qualification framework, the admission criteria and the training provider. The duration of this phase will depend on the country context. Once these building bricks are in place, development of the programme, training material and supporting infrastructure can start. Professionalising PFM takes a considerable period of sustained effort and investment. However, qualified staff will begin to emerge within a year.

### **What sort of costs will be involved?**

Costs will vary according to country context and key decisions the government takes in the Inception Phase. Inception costs include research and analysis into the type of qualification and qualification framework that will be required to meet the specific needs of the public sector. Obviously the design of the syllabus content is likely to be a key determinant of the cost of the development of course material that training providers will carry out. It will also determine potential costs of providing any necessary training for current staff resources of training providers, and need for additional staff.

Training providers will need to plan for work to be carried out to meet infrastructure requirements, such as classroom facilities and information technology, and it may be possible that funds to support this work would be available from government or donor sponsors. Additionally training providers will need to plan for building the administrative infrastructure to administer, manage and monitor training.

The training partner will take part in discussions about the development of the training programme and training providers need to plan for costs of their involvement here as it may involve a number of meetings.

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## **Where will the funding come from?**

Government will receive funding support from donors and development partners to develop the programme, and in the short-term may use some of these funds to support the development of the necessary training capacity. In the longer-term the revenue for training providers will come from payment of student fees, with the possibility of expanding the revenue stream as new training products are required to meet evolving needs, and as more public sector organisations join the programme.

## **What makes it a sustainable programme?**

A well designed professional qualification framework offers opportunities for the development of other training to meet the inevitable evolution in PFM needs. Public Finance Leaders will see the benefit of ensuring that training is available more widely to public sector organisations, for example regional public sector offices.

*CIPFA can help the local training partner and the PAO put in place a business model for Professionalising PFM. This is designed to identify how the two institutions can generate the revenue that will be necessary to help ensure the long-term financial viability. Subscriptions and fees from students and members will provide some revenue. However this is unlikely to be enough to ensure long-term sustainability. This is much more likely to be achieved through providing new products and services to the local PFM community – such as advice, short course training, seminars and publications – that the market will value. CIPFA has considerable experience of doing this in its own environment.*

## **How will the training partner be selected?**

The government will identify training providers that meet their capability and capacity requirements, or are likely to reach those requirements quite quickly. They will probably wish to carry out discussions with the providers to clarify the opportunity and to offer potential partners the opportunity to ask questions; to meet some of the training staff; and to visit and assess the training facilities.

## **Why doesn't the government use a ready made solution, and save time and money?**

No private sector qualification meets the needs of PFM. CIPFA's work in a range of different countries demonstrates clearly that neither a "one size fits all approach", nor an imported and imposed solution, meets the PFM needs of countries with different cultural, institutional and economic profiles. This is an opportunity for training providers and their colleagues to work with the government to design a solution that is tailored specifically to the country context, and aspirations for PFM reform.

*Using CIPFA's wide experience of Professionalising PFM elsewhere, and its long history of successfully providing training to public sector financial managers, training providers will benefit from the lessons learned and its unique understanding of the challenges facing public sector organisations today.*

For further information please visit [www.cipfa.org.uk/ppfm](http://www.cipfa.org.uk/ppfm).

For advice on Professionalising PFM contact please contact our International Office via [ppfm@cipfa.org.uk](mailto:ppfm@cipfa.org.uk).