Public Financial Management

a whole system approach

Volume 1: The Approach
About CIPFA

CIPFA, the Chartered Institute of Public Finance and Accountancy, is the professional body for people in public finance.

Our 14,000 members work throughout the public services, in public audit agencies, in major accountancy firms, and in other bodies where public money needs to be effectively and efficiently managed. CIPFA is a founder member of the International Federation of Accountants (IFAC).

As the world’s only professional accountancy body to specialise in public services, CIPFA’s portfolio of qualifications covers the essentials for a career in public finance. They include the gold standard professional qualification for public sector accountants as well as postgraduate certificates and diplomas for people already working in leadership positions.

Our in-house CIPFA Education and Training Centre delivers the full range of our programmes at locations across the world, and works with other places of learning to provide our courses locally.

We champion high performance across the public service, translating our experience and insight into clear advice and practical solutions. They include information and guidance, courses and conferences, property and asset management systems, consultancy and interim people for a range of public sector clients.

Globally, CIPFA shows the way in public finance by standing up for sound public financial management and good governance. We work with donors, partner governments, accountancy bodies and the public sector around the world to advance good professional practice and enable better service delivery.
## Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>FOREWORD</td>
<td>1</td>
</tr>
<tr>
<td>CHAPTER 1: INTRODUCTION</td>
<td>3</td>
</tr>
<tr>
<td>CHAPTER 2: DEFINING PUBLIC FINANCIAL MANAGEMENT</td>
<td>5</td>
</tr>
<tr>
<td>CHAPTER 3: A WHOLE SYSTEM APPROACH</td>
<td>9</td>
</tr>
<tr>
<td>CHAPTER 4: THE PFM PROCESS ARCHITECTURE</td>
<td>15</td>
</tr>
<tr>
<td>CHAPTER 5: THE PFM INTERNATIONAL ARCHITECTURE: THE ORGANISATIONAL FRAMEWORK</td>
<td>25</td>
</tr>
<tr>
<td>ANNEX 1: GLOSSARY OF TERMS USED IN THIS REPORT</td>
<td>39</td>
</tr>
</tbody>
</table>
Foreword

Over recent years there has been a growing consensus about the importance of public financial management (PFM) for both developed and developing economies. Not surprisingly there has also been a parallel debate about the detailed definition of PFM, its principal components and the levers by which it can be successfully improved and developed.

CIPFA has developed its thinking about a whole system approach to PFM as a contribution to the international debate and with a view to assisting the improvement of PFM and public service delivery across the world. Our work has been carried out with the assistance of funding from DFID, the UK’s Department for International Development, for which we are extremely grateful.

Whatever the level of development or economic circumstances in a country, citizens will rightly keep raising the bar with regard to their expectations about public service delivery. As pressures on national budgets increase and additional demands are made by the global financial crisis, there is unprecedented need to understand better the components of PFM and how the full set of organisations and processes relate to each other. We believe that only by taking a holistic view and highlighting special characteristics of the public sphere will we be able to properly focus thinking on how to better leverage improved service delivery, transparency and accountability, and where to prioritise efforts. Governments are under pressure to respond and CIPFA takes very seriously its role in leading new thinking and developing practical solutions with our partners in the public services.

This paper builds on the concepts developed in CIPFA’s ground-breaking Financial Management Model, now widely used as a PFM assessment and performance improvement tool in the United Kingdom, by providing a strategic definition and whole system context that includes the international sponsors and the framework within which PFM underpins the delivery of public services and helps achieve sustainable social outcomes. The focus on PFM and the service delivery chain is deliberate and overt; the wider public finance functions of national economic management and fiscal policy are not the main focus of this paper.

One of the most important facets of the paper is the delineation of the whole system of PFM processes notable in particular for the inclusion of the ‘learning and growing’ element. This aspect of PFM has tended to be overlooked or only partially addressed in international development programmes. However, a number of international sponsors now recognise the importance of professionalisation, its key role in developing self sustaining approaches and the benefit of developing public sector professionals at the heart of the PFM international architecture.

At the July 2009 International Federation of Accountants (IFAC) G20 Summit in London, the World Bank highlighted the urgent need to develop and strengthen the profession in developing and emerging economies as a key step in achieving financial stability. This paper provides a framework upon which to build that thinking, based on practical experiences and tested methodologies.
The intention in mapping the global, regional and national PFM bodies is to assist all interested parties in avoiding duplication of effort, waste of resources and placing undue burdens on partner governments. These aims are in line with the 2005 Paris Declaration on Aid Effectiveness that emphasises the use of country systems, something CIPFA strongly endorses and actively supports.

We thank DFID for its support of this work under our Accountable Grant Agreement.

Jaki Meekings Davis
President

Steve Freer
Chief Executive
1.1 Public financial management (PFM) drives the performance of the public sector through the effective and efficient use of public money. Good PFM ensures that public money is used well, and is made to stretch as far as possible. In the international context it can help to change the lives of very poor people. It provides leaders and managers with information to raise finance, to know if they are using resources effectively and to make decisions. Managing finances in the public sector is about much more than accountancy – it is integral to a country’s financial health and to making critically important services available to people.

Audience

1.2 This paper advocates a whole system approach to the design and improvement of public financial management. It proposes a new definition of PFM with a reference model that describes the processes of a fully functioning PFM system, and it describes a high level approach to charting the current institutional architecture, with illustrative maps of world regions. It is intended to help governments, donors and their advisers and all those who participate in PFM strategy development. In practical terms it can be relevant to the Ministry of Finance (or equivalent) creating a strengthened PFM system, to sponsors, donors and advisers engaged in PFM reforms, and to PFM leaders seeking to improve the working of systems in operation. Its intended audience also includes the PFM professional: those who design, implement, operate, review and evaluate PFM systems and PFM improvement programmes.

Purpose

1.3 The purpose of the paper is to provide an analytical framework to support effective PFM in countries, enabling relevant public services for citizens. It aims to stimulate analysis of the performance of the PFM system, as the foundation for improvement. In the international development context, it aims to support development partners in improving the functioning of PFM systems and the legacy impact of PFM initiatives. In pursuit of these aims the paper explores three important themes.

1.4 The first theme proposes a universal definition of public financial management. This explicitly links PFM processes to achieving goals, putting effectiveness at the heart of PFM, because PFM can only be properly evaluated in the context of the outputs and outcomes that it enables for a country’s people.

1.5 The second theme describes a model of the PFM processes in a fully functional PFM system. This takes a holistic approach, to stimulate thinking about the totality of a PFM system, the connectivity between its individual processes and its performance, recognising that it also requires a supportive institutional and social environment. CIPFA argues that the effectiveness and sustainability of improvement plans are enhanced by analysing how processes can be interrelated and reinforced, and that the legacy impact of isolated interventions can be insecure. The process framework promotes a shared understanding of the elements and components of the PFM system, to guide those involved in design and improvement.

1.6 The third theme describes an approach to mapping the organisations that fund, execute and oversee public sector finances, to help development partners to mobilise PFM resources effectively for public sector goals. The benefits of adopting such an approach are to enable development partners to identify and draw fully on the resources in their area and to channel resources through the most relevant PFM organisations, to avoid duplication in aid programmes by increasing awareness of the agencies in the field and to help identify gaps in the international structure. Illustrative maps of the world regions exemplify the approach.
Scope

1.7 In setting out this approach CIPFA:
- emphasises PFM’s contribution to the delivery of public services and the social benefits this can bring. The wider public finance functions of national economic management and fiscal policy are critical to a country’s success, but are not the main focus of this paper;
- offers an analytical framework, describing the components of a fully functional PFM system, to inform design and evaluation of PFM systems and reforms and to assist discussion on sequencing PFM improvement initiatives. The framework is relevant for all countries, but particularly for partners in the developing world;
- emphasises whole system effects, including feedback loops and correction mechanisms, offering a basis to consider the complementarity, balance and completeness of reform components;
- makes observations on some ways in which PFM practice could be strengthened by international development partners.

1.8 There are also some things that the paper does not do. It does not:
- set out to be prescriptive about the course to be adopted by each country in creating a PFM system, or its strategy towards implementation. CIPFA expects that the design of a PFM system would be tailored to the characteristics, circumstances, capacities and priorities of each country, and implementation would be progressive. However, design should reflect the full range of processes that make up a whole PFM system;
- create a new tool for measuring PFM practice, though it can stimulate thinking about future helpful tools or the use of existing tools;
- provide a critique of deficiencies in current PFM practice and how to overcome the practical obstacles to reform;
- address issues of political and institutional drivers of change, while recognising their crucial importance for PFM effectiveness.

1.9 The PFM framework is intended to cover the financial resources deployed by the public sector1, including national and sub-national government and arm’s length government agencies. However, it does not cover the internal operation of publicly owned Government Business Enterprises (such as airlines or banks), except to the extent of accountability for the public’s ownership stake.

Values

1.10 This paper is based on the premise that public finances should be conducted in the public interest, with citizens having a legitimate stake in understanding how taxation and public finances have been used and managed. Support for financial accountability, citizen involvement and parliamentary scrutiny, integrity and the absence of corruption, and the effectiveness and efficiency of public services is derived from this concept. Both CIPFA’s roots in the UK and its international work underpin its approach. The paper is intended to be relevant to any country, regardless of its state of development, constitutional tradition or political alignment. It is by no means exclusive to highly developed, western or democratic countries.

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1 The term ‘public sector’ is defined by the International Public Sector Accounting Standards Board (IPSASB) of the International Federation of Accountants as referring to ‘national governments, regional (e.g., state, provincial, territorial) governments, local (e.g., city, town) governments and related governmental entities (e.g., agencies, boards, commissions and enterprises)’—(IPSASB terms of reference). The International Monetary Fund’s (IMF’s) manual for Government Financial Statistics defines the public sector as made up of the General Government Sector (including non-profit organisations) and public corporations. These definitions are concerned with financial and statistical reporting, rather than with management and match the System of National Accounts (joint EC, IMF, OECD, UN and World Bank, 2009) statistical framework. Many of the management processes and entities discussed in this paper apply across the wide public sector, such as the obligation to produce financial accounts and reports. However some, such as procurement rules, access to information, the extent of parliamentary scrutiny and the particular applicable accounting standards, will apply only to a more limited extent to Government Business Enterprises. For the avoidance of doubt therefore the term public sector is used in this paper to refer to the General Government Sector and the government’s ownership interests in Government Business Enterprises, but not to the latter’s internal commercial operations.
CHAPTER 2

defining public financial management

What is Public Financial Management?

2.1 The significance of sound public financial management for effective government is widely acknowledged. For example, the foreword to the report on the use of country systems by the Joint Venture (JV) on public financial management for the Accra Forum in July 2008, begins: “The development community has long understood that a robust public financial management (PFM) system is vital to a country’s development efforts and to the effectiveness of the aid funds that support those efforts”. And yet the concept of PFM, what is included in it and what is outside, is far from clearly defined. The Paris Declaration lists it merely as one of the elements of the financial infrastructure, separate from audit and accounting: Its edges are fuzzy – is procurement in or out? The JV calls PFM multidimensional – and liable to differ between countries.

2.2 The public sector needs to deserve the trust that goes with exacting standards of probity and accountability and demonstrable efficiency in the use of public resources. To cope with limited funding and increasing demand and expectations from citizens, new and creative solutions that make public money go further need to be found. Change and transformation must go hand in hand with the robust stewardship expected of public bodies.

2.3 The CIPFA definition of PFM used in this paper focuses on its contribution to achieving strategic and operational goals as a key aspect of good governance:

“Public Financial Management (PFM) is the system by which financial resources are planned, directed and controlled to enable and influence the efficient and effective delivery of public service goals.”

2.4 Using money well is the business of every manager charged with delivering public services. This definition of PFM applies equally across multiple or single bodies, and at all levels of government. It can therefore be used in the context of national governments or regions, localities or individual public service organisations.

2.5 High-performance means consistently demonstrating strengths in leadership, public financial management and performance management. Public financial management is not just about accountants keeping score. With diffused financial responsibilities the leadership and managers need to be financially literate and finance professionals need to contribute challenge, interpretation and advice; allied with control and compliance.

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3 Country systems and procedures typically include, but are not restricted to, national arrangements and procedures for public financial management, accounting, auditing, procurement, results frameworks and monitoring.” (Paris Declaration 2005, Paragraph 17)


5 Public sector: That part of the economy where funding comes largely from government and is defined by the System of National Accounts 2008 (see also footnote to paragraph 1.9 above). Public Services: Goods or services provided on a not-for-profit basis to the general public or for social benefit. Public service organisation: One or more bodies managed as a coherent entity with the primary objective of providing public services. The category encompasses both public sector bodies and other organisations whose primary objective is to provide goods or services for the general public or social benefit rather than providing a financial return to equity shareholders.
2.6 This moves on from the provisional definitions based on clusters of core processes, mainly budgetary, internal control, reporting and audit, that have been used in the international development context. For example, the JV offered a definition to take discussion forward:

“Although the exact definition of Public Financial Management (PFM) may differ from donor to donor and from one partner country to another, PFM, as generally understood, includes all components of a country’s budget process – both upstream (including strategic planning, medium term expenditure framework, annual budgeting) and downstream (including revenue management, procurement, control, accounting, reporting, monitoring and evaluation, audit and oversight). Sound PFM supports aggregate control, prioritization, accountability and efficiency in the management of public resources and delivery of services, which are critical to the achievement of public policy objectives such as the MDGs.”

2.7 The term PFM has therefore come to mean a cluster of core financial activities. The World Bank too describes PFM in terms of its component parts:

“For countries, financial management refers to the budgeting, accounting, internal control, funds flow, financial reporting, and auditing arrangements by which they receive funds, allocate them and record their use.”

2.8 Other definitions also tend to cluster around the budget as the central theme. PFM has perhaps become most potently described by the content of the PEFA performance assessment framework.

2.9 The purpose of a revised definition is to place relevance and effectiveness at the centre of PFM objectives. It consciously parallels the world of corporate governance, relating PFM to public purposes that will benefit the citizen and taxpayer. It highlights system effects, stressing the importance of the interactions between system components in creating a legacy of improvement. It seeks to counter the risk that what gets measured gets done and that operational effort at country level could be targeted on moving up the PEFA ladder rather than on outcomes and changing people’s lives for the better.

2.10 A definition based on control and budget also risks privileging technical expertise when leadership and practical financial management is much needed from financial practitioners in an increasingly decentralised donor approach. It may also underplay the importance of knowledge transfer and learning from the stock of existing experience, rather than repeating the mistakes inevitable in a learning–by-doing process. The definition allows for PFM to be about more than control, probity and compliance. It is also directed to supporting resource management and value for money, and to enabling the public sector to progress and adapt to new challenges.

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6 Ibid P10
7 World Bank Home/Projects/Financial Management http://go.worldbank.org/OHI4ODL60
9 PEFA – Public Expenditure and Financial Accountability - is a partnership between the World Bank, the European Commission, the UK’s Department for International Development, the Swiss State Secretariat for Economic Affairs, the French Ministry of Foreign Affairs, the Royal Norwegian Ministry of Foreign Affairs, and the International Monetary Fund. PEFA aims to support integrated and harmonised approaches to assessment and reform in the field of public expenditure, procurement and financial accountability.
CHAPTER 2: DEFINING PUBLIC FINANCIAL MANAGEMENT

The P in PFM

2.11 Although PFM has many features in common with other financial management environments it has its own distinctive concerns:

- a public interest, taxation-based, relationship with citizens and service users, rather than one defined principally by consumer interests and choice. This relationship calls for high standards of governance, probity, sound financial administration, stewardship of public assets and resources and overt compliance with regulatory standards;
- heightened values of integrity, transparency and accountability to the public, who have an interest in knowing how their taxes are being spent;
- a culture of cost centres rather than profit centres. Efficiency and value for money drivers may need to be internally generated, rather than result from market forces. In some areas the difficulty is compounded by problems of measuring outputs and impact, including difficulties in attribution;
- inelastic resources – there is competition for resources between service demands that can always consume more funds, and that may be beyond direct control, such as demographic change. Funding envelopes may be determined independently of expenditure pressures, or the relationship may be inverse, for example when a recession increases demand whilst reducing tax base and income sources;
- dependency on external funding sources of variable reliability, that can create instability in planning and implementing expenditure programmes;
- management of demand levels that are constrained not by price, but by other techniques, that may involve difficult choices like queuing and rationing;
- a political environment that imposes pressures and risks that may be calibrated differently from business risks. For example, the risks of ceasing a service feel much greater for a politically driven organisation. Electoral timetables influence the timing of decisions. Prioritisation and resolution of the competing demands for resources is essentially a ‘political’ and value driven process rather than a technocratic solution;
- there is an endemic risk that policy and financial planning take place independently;
- service delivery may take place in a system of devolved financial responsibility, that increases the complexity and risks to understanding financial implications;
- a balance to be continuously negotiated between the objectives of funders, whether government or external donors, and more locally driven priorities;
- a set of administrative processes that is characteristic of the public sector, such as tax administration or concessionary charging. These typically involve a politically judged tension between social outcomes (e.g. anti-poverty policies) and administrative efficiency (e.g. maximising income collection).

2.12 These are distinctive features of PFM. They pose particular challenges if regulation, codified good practice, advice, support, and capacity development have to rely on generic professional organisations that do not have a specific background in these issues.
Definitional Boundaries

2.13 CIPFA’s definition of PFM relates to the management of public sector finances. The UK’s Department for International Development (DFID) identifies three overall objectives of PFM: maintaining fiscal discipline; allocating resources strategically; and operational efficiency. It notes that there may be tensions between these objectives, and that the balance between them may vary in different times and conditions. CIPFA’s paper focuses primarily on finance allocated to the delivery of public services. It does not seek to cover national roles, properly part of a public finance system, in ensuring overall management of the economy, such as banking regulation or fiscal policy. It does include national and local financial processes such as debt management and taxation administration.

2.14 Even so, the whole system approach is not immune from the debate about what is in or out of PFM. Environmental factors, categorised here as forming a contextual framework outside PFM, can nevertheless be influential, and sometimes decisive, in the success of PFM reform. Such factors include legislative and institutional traditions, social organisation and cultural norms, political stability, economic conditions, technology and the level of managerial capacity. Although this topic is outside the scope of CIPFA’s paper it can be very important to address such contextual issues alongside projects for improving PFM processes themselves.

2.15 In chapter 5 on the organisational PFM architecture, organisations have been included by virtue of the specific functions they perform in relation to managing public finances. Both organisations and process elements are brought into CIPFA’s PFM model where they operate directly on the management of public finances, and where they form part of the checks and balances that are needed to ensure a healthy PFM contribution to policy results. They sit outside where they act principally to create the climate within which PFM can be effective in bringing about lasting results, when they are treated as contextual issues.

2.16 Thus procurement rules are included in so far as they are key to sound decision-making, involving financial commitment, probity and value for money, but procurement is also recognised as a wider discipline in its own right. Central Bank functions of debt management and paymaster administration are included but not wider public finance activities in relation to economic regulation, inflation control or money supply management.

2.17 Similarly, a cluster of resource related and general management disciplines are closely linked to making money go further through productivity and efficiency, for example general risk management, IT strategy, property and estates management, knowledge management, procurement and commissioning, workforce planning and natural resource management. The scope of PFM is intended to cover such processes only to the extent that they relate directly to financial effectiveness.

2.18 In the course of developing the ideas in this paper CIPFA sought feedback on its suggested PFM definition. The definition presented here takes account of comments received and a summary of the points discussed is included in Volume 2 chapter 1.

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10 By analogy there are a number of complementary diagnostics to the PEFA assessment, including the World Bank’s Country Policy and Institutional Assessment, see the Joint Venture of Public Financial Management Working Party on Aid Effectiveness July 2008 P42.
3.1 This paper proposes a whole system approach to the design and improvement of public financial management. This is based on the argument that PFM will be more effective and more sustainable if there is a balance across the full range of PFM processes, buttressed by effective national, sub-national and supra-national organisations and, in the context of international development, supported by relevant donor contributions.

3.2 It is widely understood that sound PFM is fundamental to achieving development objectives and reducing poverty. It enables aid funds to be managed and spent efficiently and with integrity and it helps to give donors necessary confidence against their own fiduciary risk. It is a lever to broader country development, to raising revenues effectively, planning and executing budget decisions reliably, and to building trust for donors and investors.

3.3 A systems model looks for mechanisms to optimise total output rather than the performance of individual elements. Single or poorly coordinated PFM interventions can generate progress, but this may be limited by other parts of the system, possibly in ways that emerge only after a time delay. A systems stress on interconnectedness can help to indicate where failure or even short-term success may bring consequences elsewhere. A whole system approach emphasises the concepts of interdependence, congruence and dynamism, as PFM improvements feed back into a strengthened political, social or economic context.

3.4 The idea that the individual aspects of reform are vitally connected is not new. The World Bank agrees that: “A good PFM reform plan shows that interventions in processes interact to achieve final goals.” The effectiveness of the PFM system in any country depends on a network of interlocking processes, within a framework of organisations at global, regional, national and sub-national level. The quality of PFM depends on how well the individual organisations work, the quality of inputs provided to the system, the feedback and control mechanisms that ensure a focus on objectives, and on how well the system functions as a whole. CIPFA aims to support a systems approach by presenting an overview of the system of PFM processes, to serve as a reference model and a framework for analysing the congruence between sets of processes.

3.5 The model can be used to examine, formulate and improve PFM design. Understanding and analysing the international PFM architecture should facilitate better designed support for the development of country systems and the capacity to operate them, targeting interventions appropriately and allowing donors collectively to allocate resources more efficiently.

11 For example: “Reforms in external audit are unlikely to have a sustained impact unless parliamentary committees, such as Public Accounts Committees are able to provide effective legislative scrutiny of audit reports.” Report on the Use of Country Systems in Public Financial Management July 2008 P23 Joint Venture of Public Financial Management Working Party on Aid Effectiveness.

12 For example: “Reforms of PFM systems are more effective if they are part of a broader public sector reform of the civil service, governance and transparency, and of the legal framework.” IMF Survey: Low-Income Countries Need Upgrades, Richard Allen and Duncan Last, IMF Fiscal Affairs Department July 19, 2007.
3.6 The proposition that development should be led by countries if it is to have lasting transformative impact implies greater international reliance on country PFM systems. “Effective financial management of public resources is essential to achieve the objectives of development programmes. It also promotes accountability within developing countries and provides donors with assurance on the use of their funds. Good financial management systems in partner countries are required for all forms of aid, but are particularly important for budget support, where donor funds are not allocated to finance specific expenditures.” CIPFA seeks to support the 2005 Paris Declaration on Aid Effectiveness and the use of country systems.

3.7 A PFM reform programme based on individual or uncoordinated initiatives risks underperforming since there may be no process to assess interactions or optimise total results across the whole PFM system. Some examples of sub-optimal outcomes can be illustrated by reference to weakness in the process or the organisations:

- assessing the performance of individual PFM components rather than optimising the outputs of the whole system;
- individual organisations underperforming: for example, local training providers may be lacking in technical skills or in other resources to play their role, leading to inadequate training that leaves no lasting impact;
- absence of some organisations e.g. accountancy bodies, in certain countries, or where present they may represent only the private sector;
- insufficient coordination and knowledge sharing, particularly at regional and country levels, failing to lever the benefit of development inputs;
- absence of a region-wide perspective, leading to fragmented and uncoordinated solutions by individual countries.

The PFM environment

3.8 Financial management is only one of the factors that make for success in public sector expenditure programmes. It sits alongside other contextual aspects, such as leadership, transparency and accountability, levels of resources and staff capacity, and is influenced by many aspects of the social, political and economic environment. However CIPFA believes that good financial management generates vital information for better decision making, better services, and better value for money if resources are managed and controlled transparently and effectively. So PFM is worth doing well.

3.9 The PFM system context is shaped by politics, society, economy and demography. Some of the relevant environmental features are illustrated below, although this is not intended to be comprehensive and includes a degree of overlap. Within these broad categories some elements will impinge closely on PFM, such as the level of resources, civil service competency and cultural traditions of patronage, while others will be more remote or generalized in effect (such as the health of the workforce).

3.10 PFM is also powered by qualitative factors, such as the quality of leadership; the responsiveness of government; the capability of the civil service and the influence of civil society organisations and the media; and the quality of donor coordination. It is influenced by the work of national and international organisations setting the terms of financial and economic stability and the catalysts of think tanks, academia and research.

3.11 PFM is also a sub-system of wider management with its concerns for effectiveness in public management, stressing leadership, governance and performance management, transparency and accountability. These are broader than PFM but contribute significantly to its effectiveness. PFM also connects with broader cross cutting themes such as ethics, equality and diversity, natural resource sustainability and anti-corruption measures.

3.12 This PFM system is therefore set within a country context whose circumstances, capabilities and culture will condition how it operates. The design of PFM improvements needs to take account of the external environment and of the formal and informal rules that can reinforce or undermine PFM effectiveness. Much has been written elsewhere on the significance of the political economy and political will in PFM reform, to the extent that an adverse political environment can frustrate improvement. This paper focuses on the formal elements of the PFM system and its components, as a necessary basis for planning improvement.


15 J Dendura has suggested a PFM description that focuses on system workings. “Public finance management is a term describing a set of sub-systems forming a coherent system linked together by flows of information and bounded by internal and external forces. That system defines formal and informal rules by which the public service’s businesses are directed, controlled and influenced, to support the delivery of assigned goals.” Response to CIPFA consultation draft 2009
The system in summary

3.13 A key aspect of the environment, internal to PFM, is the organisational architecture, including global organisations such as the World Bank and International Federation of Accountants (IFAC), regional bodies such as the groupings of Supreme Audit Institutions, national organisations including key central government actors and training bodies, and sub-national bodies.

3.14 The chart below proposes a high level delineation of the PFM process architecture alongside the institutional framework of PFM organisations. Consistent with the proposed definition of PFM, the PFM system chart stresses the link to service delivery, as a means of transmission from money to social benefit, whether this accrues to individuals, communities or to the public at large. In the international development context this should also generate results that meet donor objectives.

3.15 The model also highlights collaboration and coordination of interests in originating and prioritising expenditure policies and programmes. Planning is driven by government, with formal representation through parliamentary organisations. However, the direct involvement of citizens and service users, delivery organisations and contributing donors in decision making should help to improve the effectiveness and relevance of social outcomes.

3.16 The whole system described in this paper is a model of checks and balances which, acting together, can gear up PFM effectiveness. Its purpose is to consider whether PFM elements and components are operating together and are mutually supportive and to suggest where there may be practical gaps and weaknesses in the support that the major organisations offer to less developed countries. The model is intended as an objective base for analysis and improvement, complementing existing assessment tools rather than creating additional ones.
CIPFA’s Whole System Approach to PFM

Outcomes
Sustainable social benefit
- Funder results
- Public value
- Community value
- Individual value

Delivery of services and products

Organisational Framework
International sponsors
- World Bank
- IMF
- Donors
- OECD
- Others

Global bodies
- CIPFA
- IFAC
- PEFA initiative
- INTOSAI

Regional bodies
- Funders
- Associations
- IFAC organisational & accountancy groupings
- Advisory bodies
- Training providers
- INTOSAI working groups

Public Financial Management
Learning & Growing
- Standards
- Execution: Monitoring & Control
- Assurance
- Execution: Operations
- Scrutiny
- Execution: Strategy & planning

Legislation

Governance
Leadership
Visioning & Planning
Performance & Risk Management
Transparency & Accountability

Demand for services and projects

Stakeholder consultation
- Funders
- Country leaders
- Delivery organisations
- Citizens & Users

Organisational Framework
National bodies
- Government & legislature
- Regulators
- Standard setters
- Accountancy bodies
- SAI
- Others
- Mainly private sector

Sub-national and sectoral bodies
- Central government
- Local authorities
- Government Business Enterprises
- Others
4.1 The structural skeleton of PFM comes from governments and other major organisations. But the whole system also comprises the set of processes that animate them: a circulatory system of funding flows; processes for monitoring, balancing and regulating, formal and informal feedback systems for learning and adapting; and generative processes for organisational growth. All these elements need to operate together if development inputs are to reinforce virtuous cycles of improvement and to be self-sustaining for the longer term.

4.2 CIPFA’s process architecture provides an overview of the components of a fully functional PFM system, to assist analysis and explore connections that can lead to effective PFM systems and support the goals of the public sector. It aims to support PFM professionals in analysing, evaluating and designing system reforms and improvements.

4.3 The system is described in progressive levels of detail:

- **PFM Elements**: a grouping of PFM processes, each of which performs a different function in the overall PFM architecture.
- **PFM Components**: the high level processes that actualise each element.
- **PFM Descriptors**: a brief description of the individual processes and the role they play in the broader system.

4.4 This system constitutes a generic model, not a description of an actual country’s arrangements. CIPFA recognises that countries will bring to bear their own legal structures and administrative and cultural traditions, and that PFM will be mediated through local circumstances and capacities. It also recognises that the quality of implementation may be as important as the process itself in determining effectiveness. However, an understanding of the whole picture of PFM processes is essential in planning interventions and improvements. In particular, lack of technical understanding and practitioner experience in the donor community of what PFM involves can undermine donor strategies for improving aid effectiveness and its legacy impact. Reforms are at risk therefore of underperforming in terms of speed, effectiveness, quality and sustainability.

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16 CIPFA’s 2009 consultation showed broad consensus about the components of the model, although the model does now reflect some detailed amendments suggested by commentators.
The PFM Process Elements

4.5  The model distinguishes a number of different process elements, pictured in the chart below, and then described in summary. The proposition is that each of these elements needs to be nurtured, but equally none is sufficient without the others.

4.6  The Elements are described below in summary, and are expanded into Components as shown in the chart on page 18. More detailed Component Descriptors explain the process and its function in the overall system and are attached in Volume 2 Chapter 2.

4.7  **Legislation**: the regulatory framework for PFM, determining the powers and mandatory requirements within which public sector bodies raise and spend money and receive income. Legislation should be transparent and its application predictable, so that it can be consistently administered and can be navigated by civil society.

4.8  **Standards**: the established principles or rules common to a group of like organisations or professionals that is intended to govern their actions and behaviour to achieve compliance with a common set of non-statutory requirements. Observation of standards is likely to be on a ‘comply or explain’ basis, and unjustified breaches can attract investigation and discipline, which may result in sanctions. Standards may be developed internationally by bodies such as the International Federation of Accountants (IFAC) and CIPFA, by national governments and professional bodies or on a sectoral basis within a jurisdiction.

4.9  **Execution – Strategy and Planning**: the processes that set the direction for the activities which require financial management, in the short, medium and longer term, and the frameworks within which overall financial performance is managed.

4.10  **Execution - Operations**: the principal financial operations needed to maintain financial discipline and resilience, deliver services and enable desired outcomes. Monitoring of the Paris Declaration’s commitment to using country systems focuses on national budgeting and accounting systems in this area. In practice, while central governments may set the framework for spending, it will often be departmental ministries and local administrations who carry it out. It is important to consider the whole range of operations and the level at which they are undertaken in order to plan and create capacity building initiatives.
4.11 **Execution - Monitoring and Internal Control**: a cluster of processes, complementary to operations, designed to measure progress and achievement of milestones and to keep organisations on track to realise their objectives. They constitute a framework for activity, that manages risk and prompts corrective action if forecast results deviate from plans. Internal controls aim to ensure that resources are directed towards planned purposes with as little leakage as possible. Internal controls need to be designed into organisational processes – and are therefore distinct from internal audit, which aims to provide assurance that processes are effective, efficient and economical and to check that control and feedback mechanisms add value. Regular in-year monitoring of performance and related financial transactions by finance and service delivery teams, working together, allows organisations to understand their financial position and their progress towards service goals, and enables management to make proactive adjustments if they believe variations will prejudice results or financial sustainability. Sound internal control is a platform for delegation and management accountability.\(^{17}\)

4.12 **Assurance**: formal processes to give assurance to stakeholders about the organisation’s standards and effectiveness, carried out at arm’s length from the operations they examine. The rigour, professionalism and independence of these processes, and of the bodies that carry them out, contribute to public trust and the resilience of the taxpayer relationship.

4.13 **Scrutiny**: scrutiny of PFM processes, outside executive responsibility, can oversee, influence and challenge the allocation of resources and the administration of public sector finances. Scrutiny processes create a demand for transparency and improve accountability. Their influence can help to build pressure for a more open, honest and effective public sector. Scrutiny processes can be formal, such as a Parliamentary Public Accounts Committee, or informal, including civil society groups and the media. Viewed as a whole system, scrutiny processes and bodies are an important part of overall checks and balances and a way of enabling the citizen voice to be heard by executive authority. Citizen and media scrutiny may be extremely important in generating pressure for PFM reform.

4.14 **Learning and Growing**: processes that enable public service organisations, individually and collectively, to reflect and learn from best practice, from partners, mentors and peers and from their own experiences, in order to develop their knowledge and capabilities. Public service organisations can be supported by capacity building initiatives, but they also need to draw inspiration through their roots by involving citizens and service users. Processes for learning and growing enable organisations to become more effective and to achieve better results more efficiently, but also enable them to sustain improvements and take responsibility for their future development. Growing in this context refers to internal growth and not to organisational expansion.

**The PFM Process Components**

4.15 The chart on page 18 gives an overview of the whole system components, illustrating the important checks and balances, as well as the softer processes that help to bind them together. For PFM to drive better services and make more effective use of aid it needs both to operate at country level and to match the level of decentralisation. The whole system should be considered for appropriate application in departmental ministries and devolved administrations as well as in Finance Ministries.

\(^{17}\) World Bank Public Expenditure Management Handbook 1998, *Getting the Basics Right*
CHAPTER 4: THE PFM PROCESS ARCHITECTURE

Using the model

4.16 The system approach offers a range of ways to choose priorities for improvement, for example:

- strengthening individual financial processes;
- analysing the separate activities that contribute to targeted outcomes and focussing on the ones that will make most difference;
- looking across all the processes that need to come together, and targeting improvement plans on areas where change will have the biggest impact on overall effectiveness;
- identifying core processes in sequencing PFM improvements along with the developments that will sustain them in the future;
- suggesting complementary programmes that are not directly to do with financial management but may be blocking reform.

4.17 An emphasis on the whole system argues that the effectiveness and sustainability of PFM depends on a healthy balance across the system components. This is not to advocate a rigid implementation of every item. There should be room for what the Overseas Development Institute (ODI) calls ‘astute and opportunistic PFM interventions’ - but these aspects of Realpolitik should be located in the big picture and mindful of their system effects and possible unintended consequences.

4.18 It is also clear that it would be beyond the capacity of almost all countries to implement PFM improvements across the whole range of processes at the same time. In practice more limited objectives will be required. CIPFA aims to provide a platform for analysis of the most relevant path to PFM improvement for countries, and to assist those thinking about sequencing, rather than to prescribe a universal hierarchy of basic processes.

4.19 There is already thinking in this area. Comments on an early version of this paper made a number of suggestions for tailoring improvement plans to the circumstances of individual countries, rather than overlaying a single template. For example, it was suggested that building revenue systems and paying security forces will be priorities for a post conflict country. In more stable low income countries, initial attention may be on establishing a comprehensive budget which recognises all revenues and expenditures and provides a basis for allocating and controlling public expenditure. Training in basic financial skills up to accounting technician level is likely to be a first generation capacity development. A staged approach to PFM reform, focussing on mutually reinforcing components, might focus initially on cash management, moving to budgeting, and improving the quality of processes in subsequent rounds of reform.

4.20 The selection of PFM improvement programmes therefore depends on local priorities and circumstances. However the PFM system is dynamic. It is not simply linear, enabling a fixed staircase towards the goal of a fully functioning system. ‘Basic’ processes are not always enough at an early stage of development. A Ministry of Finance introducing a new PFM system needs to draw on relatively sophisticated understanding to act as conduit for donor assistance and champion of PFM reform, to create, lead and direct implementation, and to act as client to consultants.

4.21 A whole system perspective can focus reforms on wider or longer term consequences. For example, whole life cost assessment may not be selected as one of the techniques for first generation PFM reforms. But in fact its relevance appears early in many development programmes, such as the maintenance requirements of IT and physical investment. In general, aid interventions should address the ability of recipients to maintain the momentum of improvement. There is a risk that sustainability will be underplayed if:

- ‘learning and growing’ aspects of PFM are not explicitly addressed in development plans;
- donors’ justifiable concerns with fiduciary risk lead them to stress compliance and control aspects of PFM at the expense of resource management and other aspects of the system that focus on its performance and sustainability.

18 Overseas Development Institute: CAPE Public Finance Conference – Concept Note ‘Reforming for Results: Can PFM reform uplift government performance?’ November 2008 P2

19 Comments on the differing perspectives relevant to countries with different circumstances are particularly indebted to DFID and to Noel Hepworth.
donors prioritise short term fiduciary concerns over longer term results;
donors’ assistance is short term or its quality compromised by poor procurement, including inconsistent terms of
reference and unrealistic timescales or prices.

4.22 Feedback mechanisms are important in strengthening effectiveness and sustainability. For example:
- codifying standards and creating common concepts across the PFM architecture enables information to be
aggregated, exchanged, devolved, compared and interpreted, and supports transparency which in turn helps to
create and sustain a demand for better financial information and scrutiny;
- a whole system approach embraces standard techniques of capacity building such as training, but also
how countries can take responsibility for growing professionalisation through their own associations and peer
relationships, helping to strengthen and embed an improvement trajectory.

4.23 Key concepts in applying the whole system approach are therefore congruence, leverage, flow and sustainability.
Congruence emphasises the importance of system improvements working together. It has significance for the
selection of initiatives and the coordination of donor contributions. Leverage focuses initiatives on the processes
that can have most impact on the proposed goals, through their individual effect and their connections to other
parts of the system. Flow refers to the connections between processes that determine how, and whether, activity in
one area of the system relates to effects in another area. Sustainability examines the processes, including feedback
mechanisms, that buttress change management and enable improvements to be maintained after the initial project
has been completed.

The budget

4.24 Two examples, presented in Volume 2, illustrate different applications of the system approach. The first shows the
budget, often regarded as the heart of PFM, as a sub-system of the process architecture, highlighting key processes
that should be in place across all the elements of the system. The illustrative chart, extracted below, extends beyond
the customary budget cycle, which focuses on the duties of the financial planner rather than the system designer.

4.25 The budget cycle is the usual focus of PFM interest, often depicted in terms of the steps undertaken by finance
specialists. The analysis applies the wider PFM process architecture to the high level budget cycle. It enhances the
normal picture by bringing in other dimensions, such as the scrutiny of stakeholders and service advocates. It also
draws attention to the collaboration between finance specialists and the managers who deliver service policies and
spending plans and must live within their budgets. Differentiating these players in the process opens up issues
for capacity development that are not always visible in the standard model of a budget cycle. A broader picture of
the elements involved in delivering against a budget invites donors to consider where intervention may need to be
strengthened to produce the best overall result.

4.26 PFM plays a key role in spending decisions. These are quite likely to take place in ministries and sub-national
organisations such as local government. It is hard for international agencies to access sub-national organisations
directly although technical assistance programmes can help. Ministries of Finance must therefore be a conduit and
champion for good financial management, because PFM processes and skills need to permeate all important levels of
public service organisations. Where budgets are administered at sub-national level PFM capacity development needs
to match the levels of devolution.

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20 For example, IPSASB’s objective for high quality accounting standards: “This will enhance the quality and transparency of public sector financial reporting and strengthen public confidence in public sector financial management.” – An Overview of IPSASB’s role and standard setting process – website http://www.ipsasb.org
CHAPTER 4: THE PFM PROCESS ARCHITECTURE

Standards
- Accounting standards, revenue/capital, prescribed chart of accounts
- Revenue/capital
- Provisions

Legislation
- Rules on budget deficits, borrowing powers, “proper” practices

PFM SPACE
- Horizon scanning: legislation, demand, policy, option appraisal
- Medium term expenditure framework
- Annual plans
- Detailed service budget
- Budget execution, procurement, budget management
- Reporting

Assurance
- Corporate/Service led
- Internal audit
- Audit committee
- External audit

Horizon scanning: legislation, demand, policy, option appraisal

Integrating Policy and Financial Planning

Monitoring and Internal Control

LEARNING AND GROWING

- Budget, advice, preparation, costing, treasury management budget
- Accounting, forecasting, advice, financial options, transactions, tax collection, treasury management options
- Reporting

Strategic
- Scrutiny: Parliament, citizen representation and advocacy, media

Resource management

Accountability

WHOLE ORGANISATION GOVERNANCE, ACCOUNTABILITY, PERFORMANCE MANAGEMENT, RISK MANAGEMENT, RESOURCE MANAGEMENT
Service delivery

4.27 Focussing directly on the contribution of PFM to service delivery highlights processes that deserve a high profile in PFM improvement programmes. They support decision makers and managers, rather than directly targeting finance specialists, whose role is to analyse and interpret financial information and offer advice and options. Such processes (see box below) include:

- Integrating financial and policy/service planning.
- Financial literacy for leaders and service managers.
- Budget forecasting for budget managers.
- Managing dependency on subsidies.
- Techniques of public service demand management.
- Equipping finance staff to support managers.

4.28 Examination of the system aspects of service delivery suggests that Governments could direct PFM reform more systematically at the elements that exercise greatest leverage on service outcomes and public benefit, supported by donors.

**Supporting service delivery: key processes to support decision makers and service managers**

Integrating financial and policy/service planning, providing relevant information on accurate costing, identifying financial implications, and supporting risk management and efficient implementation. Bringing financial considerations together with strategic planning and operational design is fundamental to allocative efficiency, financial risk management and to resourcing priorities.

Financial literacy for the leaders and service managers who are responsible for decision making, and who are very often not financial experts. PFM has to operate close to the point of decision on financial commitments, which may be in devolved administrations. Non-financial decision makers at senior level (that can include ministers as well as managers) need to understand how to use financial information in their decision making, when to seek expert advice, how to manage financial risks and how to improve their use of resources. Without this leadership there is a risk that the impact of reforms may be limited.

Budget forecasting for budget managers (not just finance staff), enabling corrective action to be taken to reconcile available budget with achievable policy

Managing dependency on subsidies, including risk management, contingency planning and exit strategies

Techniques of public service demand management in circumstances of financial stress

Finance staff equipped with skills to interpret financial information, with sufficient standing to offer advice to decision makers and managers.
Sustaining PFM improvement

4.29 Analysis of feedback loops also has implications for training and development methods. A list of the usual solutions to capacity development would include short courses, one-off aid funded training programmes, academic training by universities, employing skilled staff from the private sector, and long term programmes linked to international standards of the accountancy profession. In order to maximise the impact of training it would include an assessment of need, based on the ‘service quality supply chain’, on relevance and on the probability of take-up in practice. A sustainability based approach might result in a greater emphasis on modalities designed to accelerate learning, share experience and build a continuing network, such as peer support, mentoring, improvement networks and communities of practice, alongside course based learning aimed at technical information. Leverage considerations suggest senior decision makers should be part of such initiatives, without whose leadership learning may not trickle through to real policy changes.

4.30 The 2005 Paris Declaration committed countries to strengthen their PFM systems and donors committed to use these systems to the maximum. The 2008 Report on the Use of Country Systems in Public Financial Management noted that the aggregate numbers on the latter front have changed little. It helps to clarify what it means to use a country’s PFM system. Country led reform logically starts by addressing the country’s need for PFM support. In turn this benefits from donor understanding of what PFM involves across its whole scope. Without that technical understanding, aid risks proceeding as isolated projects with limited impact, that do not raise countries’ longer term PFM capacity. In short, governments could apply system thinking more directly to PFM improvements, analysing and directing reform more systematically at the elements of PFM that exercise greatest leverage on service outcomes and public benefit. Donors could do more to encourage, develop and support this kind of methodology, which also lends itself well to donor coordination.

PFM evaluation and relationship to other tools

4.31 CIPFA’s reference model provides a base for examining the functionality of a country’s PFM system. To perform well all components of the PFM system need to function, and all need to be connected into the whole system. For example, laws on accruals accounting, intended to account better for the use of resources, achieve nothing if they are not observed and are not connected into other parts of the system concerned with monitoring and reporting.

4.32 The process architecture provides a platform for developing existing and new tools. It does not compete with, or replace, measurement tools for assessing maturity or progress in PFM such as the European Union’s Public Internal Financial Control (PIfC) manual, or other good practice guidance.

4.33 The assessment framework developed by PEFA is a key measurement tool, which itself identifies a sub-set of core financial management processes. This is a quantitative assessment, focussing on a selection of priorities, including donors’ fiduciary concerns. CIPFA’s complements PEFA’s approach, with a more broadly defined system. In particular CIPFA treats Learning and Growing as an integral part of the PFM system, rather than a catalyst and spur to performance – a role that PEFA itself helps to fulfil. Other complementary tools, such as analysis of the actors in reform will also enhance the model’s usefulness.

4.34 CIPFA’s framework for analysis is also consistent with a platform approach to PFM reform, which gives particular attention to co-ordinating and sequencing the steps needed, as part of a country led approach. The approach has been defined by DFID in a July 2005 Briefing Paper as:

“The platform approach aims to implement a package of measures or activities designed to achieve increasing levels ("platforms") of PFM competence over a manageable timeframe. Each platform establishes a clear basis for launching to the next, based on the premise that a certain level of PFM competence is required to enable further progress to take place.”

21 David Gray, DFID December 2008, Presentation: Introduction to governance
22 “Only a few donors have adopted a definition of the use of country PFM systems and these definitions tend to differ.” Report on the Use of Country Systems in Public Financial Management – Joint Venture on Public Financial Management, July 2008 P37
Planning the approach requires careful deliberation with partner governments. It requires full consideration of process, absorptive capacity, the institutional and motivational measures underpinning the platform design, and emphasises the benefits of partners harmonising reform programmes.
Organisational function

5.1 The organisational framework represents the structure of agencies and organisations that are directly involved in funding and executing public sector expenditure, and in promulgating, operating, developing and overseeing PFM standards and practices. These organisations constitute a powerful resource for development partners, that they need to mobilise in order to achieve public sector goals.

5.2 CIPFA proposes some organising principles for this collection of organisations, and an approach to their mapping. The aim is to help development partners – governments, donors and their advisers - to understand, use and enhance the functionality of the PFM architecture, by providing a simple overview. It aims to offer those who operate and oversee the PFM framework an entry point to analyse its strengths and possible gaps and identify priorities to improve its effectiveness. Mapping these organisations can assist governments and donors to navigate the PFM world, to select partner PFM organisations appropriately and to route aid efficiently.

5.3 The organisational structure can be described in progressive detail:

- Levels: that distinguish the reach of the organisation - global, regional, national and sub-national.
- Types: distinguished by principal PFM function in the overall system.

The description of organisations is taken from CIPFA’s International Glossary: http://www.cipfa.org.uk/international/glossary.cfm
Levels of organisation

5.4 Four levels of organisation are identified:

- **International**: whose ambit and influence is intended to apply across the world. This includes world wide organisations sponsoring PFM, such as the World Bank and IMF, and other global organisations whose ambit and influence extends across a number of countries, responding to the organisation’s priorities and particular interests.

- **Regional**: whose ambit and influence extend beyond a single country within a defined, usually geographical, region of the world. The key types are financial organisations funding development, associations of public finance, accountancy and audit professionals, the Supreme Audit Institutions’ regional working groups, the IMF’s Regional Technical Assistance Centres and several important topic based initiatives.

- **National**: whose ambit and influence apply within the boundaries of a single country, including its central government.

- **Sub-national**: whose ambit and influence apply within a country, limited to a particular geographic area or purpose. Types include deconcentrated national administration, provincial and local governments, and publicly owned government business enterprises.

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<tr>
<th>Organisational Framework</th>
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<tbody>
<tr>
<td><strong>International sponsors</strong></td>
</tr>
<tr>
<td>- World Bank</td>
</tr>
<tr>
<td>- IMF</td>
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<tr>
<td>- Donors</td>
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<td>- OECD</td>
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<td>- Others</td>
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<td><strong>Global bodies</strong></td>
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<tr>
<td>- CIPFA</td>
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<td>- IFAC</td>
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<tr>
<td>- PEFA initiative</td>
</tr>
<tr>
<td>- INTOSAI</td>
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<tr>
<td><strong>Regional bodies</strong></td>
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<tr>
<td>- Funders</td>
</tr>
<tr>
<td>- Associations</td>
</tr>
<tr>
<td>- IFAC organisational &amp; accountancy groupings</td>
</tr>
<tr>
<td>- Advisory bodies</td>
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<tr>
<td>- Training providers</td>
</tr>
<tr>
<td>- INTOSAI working groups</td>
</tr>
<tr>
<td><strong>National bodies</strong></td>
</tr>
<tr>
<td>- Government &amp; legislature</td>
</tr>
<tr>
<td>- Regulators</td>
</tr>
<tr>
<td>- Standard setters</td>
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<tr>
<td>- Accountancy bodies</td>
</tr>
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<td>- SAIs</td>
</tr>
<tr>
<td>- Others</td>
</tr>
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<td>- Mainly private sector</td>
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<tr>
<td><strong>Sub-national and sectoral bodies</strong></td>
</tr>
<tr>
<td>- Central government</td>
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<tr>
<td>- Local authorities</td>
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<td>- Government Business Enterprises</td>
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CHAPTER 5: THE PFM INTERNATIONAL ARCHITECTURE: THE ORGANISATIONAL FRAMEWORK

Types of organisation

5.5 PFM organisations also fall into different types. The taxonomy that follows is illustrated in relation to the international development community, rather than the developed world.

5.6 At global level, organisations can be categorised as follows.

International sponsors

5.7 A number of international organisations have a wide ranging role in the global economy, promoting economic development and poverty reduction and sponsoring high quality PFM. This includes the World Bank, IMF and OECD. They operate through a family of organisations, providing finance, technical assistance and support to the performance of PFM.

5.8 Individual donor countries fall into this sponsorship category. Countries may maintain programmes of assistance that express their own government’s priorities. Within broad aims such as the Millennium Development Goals they may focus on defined regions or substantive priorities, for example, water and sanitation or supporting small businesses, and they may be involved in multilateral programmes. Regional emphases may reflect historical cultural ties. Countries may differ in the balance they strike between relief and tackling the causes of poverty and their commitment to building global partnerships for those working on development.

5.9 Other bodies with global reach are also active in the PFM realm, often from a sectoral perspective, such as charities and emergency relief. These bodies form part of the organisational architecture because they inject large amounts of funding, and in countries where governments are seen as having weak capacity they may be the chosen conduit for action. They are therefore part of the landscape in addressing donor coordination.

Global PFM organisations

5.10 This group covers organisations that seek to provide leadership and expertise in PFM at a worldwide level, including CIPFA itself. Umbrella organisations such as the International Federation of Accountants (IFAC) and International Organisation of Supreme Audit Institutions (INTOSAI) have been set up by finance professionals to promote specific topics, to disseminate knowledge and to uphold the professional standards and status of their dispersed membership. The formulation of common standards and practices is a notable function since this supports a baseline of understanding and accountability, of particular relevance to organisations, businesses and processes that operate across national boundaries. Much of this activity is driven by organisations rooted in the private sector.

5.11 The development community has also come together to develop some public financial management tools to facilitate understanding, reduce duplication and ease the compliance burden for countries. The Public Expenditure and Financial Accountability Initiative (PEFA) is a notable example, but there are also specific organisations and initiatives that address individual PFM themes such as budgeting.

Regional bodies

Funders

5.12 The first cluster, that includes the Multilateral Development Banks, is concerned with raising and channelling finance. Their purpose is to promote economic and social development through loans, very long term loans (credits) at below market interest rates, equity investment and technical assistance, sometimes grant aided. Other Multilateral Financial Organisations (such as the European Investment Bank) lend to developing countries.
Financial professionals in accounting and auditing

5.13 The function of these bodies is to share knowledge and experience across the region. They can also substitute for national bodies if these are too weak to be effective or where it would be inefficient to duplicate resources in each country. The accountancy profession has established a strong network at both regional and country level. Regional bodies include the umbrella organisations for recognised national associations of accounting professionals. Their purpose is to support professional advancement and continuous development; to exchange technical information and best practice; to undertake research; and to establish a medium for closer relations, regional cooperation, and mutual assistance among members. These organisations do not have a distinctively public finance focus, and do not themselves confer accountancy qualifications.

5.14 The various organisations are charted in the section below on regional mapping, but they include a large number of bodies such as the Confederation of Asian and Pacific Accountants (CAPA), the South Asian Federation of Accountants (SAFA), the Fédération des Experts Comptables Européens (FEE), the Federation of Mediterranean Certified Accountants, the Fédération Internationale des Experts Comptables Francophones, the Arab Society of Certified Accountants, the Eastern Central and Southern African Federation of Accountants (ECSAFA), the Association of Accountancy Bodies in West Africa (ABWA), Gulf Cooperation Council Accounting and Auditing Organization (GCCAAO), Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).

5.15 More particular to government practice are the associations of Accountants General and Supreme Audit Institutions (SAIs). As practice leaders their purpose is to develop professional practice through training, research, technical cooperation and the exchange of ideas, to develop and promote accounting standards in Government, adapted to the requirements of member countries, and to oversee the quality of implementation. Examples include the Association of Government Accounts Organisations of Asia (AGAOA), the Federation of Accountants-General and Auditors-General of West Africa (FAAGWA) and the Eastern and South African Association of Accountants General (ESAAG). For Audit there are seven regional SAIs. Regional bodies may promote their own tools for assessing aspects of PFM, such as the EU’s Public Internal Financial Control manual. Other regional assurance bodies have specific oversight functions for the quality of practice in the private sector, impacting indirectly on PFM through the promotion of international standards. Not all bodies are geographically based but may follow other alignments, such as the scrutiny function performed by the Commonwealth Secretariat.

5.16 This is not an exhaustive list: it is given here in some detail to illustrate that there is a considerable thicket of organisations. But their place in the PFM system is dependent on the quality of their contribution to financial management specifically in the field of public service.

National bodies

5.17 At this level central government organisations are pivotal, with the Ministry of Finance, (or sometimes Planning), leading PFM functions of macro-fiscal coordination, budget formulation and execution and revenue policy and management. Legislative organisations have a part to play, in setting the regulatory framework and in scrutinising the effectiveness of PFM performance. Other national organisations include accountancy institutes, that often focus on private sector audit. Local training providers include universities and private sector providers. While some have a specialism in finance training there are few centres of excellence in public sector financial management.

Sub-national bodies

5.18 Further down the institutional hierarchy the complexity and variety of the landscape increases greatly and generalisation becomes more problematic. Organisations funded by the public purse in order to provide public services can take a number of shapes, such as elected bodies with their own powers of action, taxation and borrowing, including federal states or provinces. They may have different ranges of responsibilities, for example, whether they cover secondary education or health facilities, whether they are multi purpose or single service providers, whether they have general powers of competence or are more narrowly governed. There may be a number of tiers of sub-national authorities, such as the UK’s regional, county, district and parish councils. These patterns may vary even within the same country, as they do in the UK. They may also take different legal forms, such as national agencies, local governments or deconcentrated arms of the national administration. The operations of publicly owned commercial organisations, sometimes with hybrid terms of reference and activity (such as subsidised finance) are not uncommon, but are mainly outside the scope of this paper.
5.19 Examples of organisations falling into each grouping, together with a brief introduction to their function in the PFM system, are included in Volume 2. This list is not intended to be comprehensive.

**Contracted services**

5.20 A large proportion of PFM initiatives are carried out under contract. This applies at every level, and the effectiveness of PFM is greatly influenced by the quality of procurement, of contract management and of the consultants employed. Consultants can be very influential in spreading ideas and policies, and training PFM administrators and leaders. The major accountancy firms operate globally. Other contracted services, such as software development, help to shape PFM operations. The consultancy world is too diverse to include in this framework or the maps that follow, but its significance is not to be underestimated.

**Issues arising**

5.21 The organisational framework illustrates the complexity of the PFM architecture. This mosaic of resources and interventions requires some orchestration to avoid duplication, gaps and an overload of differing requirements placed on developing countries with limited capability.

5.22 The existing architecture of organisations described in this chapter prompts a number of suggestions that could improve the effectiveness of donor strategies and PFM interventions. These reflections are put forward to stimulate discussion and prioritisation for further analysis, and action to strengthen the system.

**Financial management is not the same as financial accounting**

5.23 Financial accounting and auditing interests, often with private sector backgrounds, are prevalent in the institutional architecture. This sizeable international superstructure suggests a bias towards creating and assuring financial accounting standards. The practical demands of financial management, enabling public services to understand cost drivers and behaviours, and to plan and deliver efficient operations on the ground, do not have such an obvious support. Nor are they the specialism of the bodies that donors often rely on to professionalise and improve PFM, even though the pressures on financial management in the public services are different from those in the private sector.

5.24 It would be helpful to generate greater awareness in the development community of the risks of over reliance on organisations that were set up to create and champion standards for a primarily private sector accountancy profession. This is especially the case when it is necessary to develop public financial management in weak countries, where the private sector itself may still need considerable attention.

**The accountancy profession’s role**

5.25 PFM elements associated with the international accountancy profession are accorded much weight in defining and ensuring high quality PFM. They are often expected to be the means for transmitting good practice towards the front line, where expenditure decisions are taken. The transmission works through:

- IFAC setting accounting and other standards such as educational standards, that drive many fundamental requirements, e.g. the nature and extent of the training need in each country;
- countries being expected to comply with external auditing standards defined by INTOSAI which are based on International Standards on Auditing (ISA) as promulgated by the International Audit and Assurance Standards Board (IAASB);
- internal auditing standards, many set de facto by IIA, assumed to be relevant to the needs of public sector bodies, although in many cases these have been developed in a private sector environment;
- increasing global adoption of accounting standards, that reduces discretion available to national standard setters in an individual country.
However in reality, the transmission of good practice and advancement of high quality PFM through international standards presents challenges for many countries, as they maintain insufficient capacity to support the implementation of international standards. IFAC has issued international public sector accounting standards (IPSAS), including both cash and accruals standards, with information on transition. Even so there can be a gulf between the technical expertise of those who define standards and that existing in country and regional bodies. In many cases, national-level capabilities are too weak to develop and follow transitional paths towards standards adoption and implementation.

The drive to global adoption of accounting standards should therefore recognize the fragile capacity of some countries expected to implement them, the sequencing implications (e.g. ‘account for cash before accounting for accruals’), as well as the proportion of capacity that may be devoted to harmonisation compared with other PFM reforms. These relative imbalances need to inform donors’ expectations. The path to compliance should take into account relevance, proportionality and meaningfulness in the public sector context, supporting where necessary the work of national government accountancy leadership, and ensuring that the path to full adoption of international standards is well charted and supported.

The sub-national PFM infrastructure

The number of sub-national delivery bodies and the differences between them in scope, resources, functions and autonomy mean that bilateral engagement between donors and these organisations becomes a practical impossibility for many donors. Donors often relate principally to Ministries of Finance and organisations such as Supreme Audit Institutions, on whom they rely to manage a structure of delivery bodies.

However, government spending programmes are not in general managed by the Ministry of Finance, and delivery agencies may be other ministries or sub-national organisations, like local governments. In practical terms effective delivery is too diverse and complicated to be driven through a primarily top down approach. Aid modalities that favour a devolved approach need to ensure that sub-national capability is addressed in reform plans, both to deliver aid programmes and to create a sustainable legacy.

Professionalisation has a key role in supporting finance staff in moving to financial leadership not just in technical expertise, and in taking responsibility for future development of themselves and others. However for this to happen, professional qualification needs to take place in a supportive environment that recognises, rewards and uses personal development.

Regional mapping

This section demonstrates an approach to mapping PFM organisations, showing the principal organisations across the main regions of the world. Some highly developed regions such as North America are excluded here because their PFM practices are well established and analogous to the other European models.

Mapping the regional architecture can assist governments’ and donors’ decisions and hence the effectiveness of development funding and programmes, by:

- giving a speedy overview of the organisations in each region and the PFM resources available;
- showing countries in their regional context, balancing a donor tendency to concentrate on individual countries, that can result in uncoordinated solutions within a region;
- assisting technical understanding of the structure, purpose and role of the PFM architecture;
- helping donors decide whether organisations are the right partners for the intended purpose by focussing on their type and function. Donors also need to look at the capacity of organisations, some of which may be quite fragile;
- suggesting how to weld together regional professionalisation. For example improving one institution ought to target a system effect in lifting the area as a whole;
- countering the risk that donors may bypass existing organisations because they are unaware of their existence or function;
- surfacing issues about the completeness of the arrangements in each region to support PFM and suggesting where gaps may need to be addressed;
opening up discussion about what functions are best performed at regional level and what at country or sub-national level. For example, setting up regional communities of practice or common PFM qualifications frameworks such as the Africa Staff Capacity Development Initiative (SCDI) may avoid duplicating cost or time and create benefits for knowledge exchange. Some PFM initiatives may work well with a common regional spine and local tailoring, for example, an audit manual. Other PFM aspects may be better tailored for country conditions. For example, professional qualifications could be awarded at country level, with a regional system for continuous professional development;

highlighting the importance of confidence about transmission or trickle down efficiency where regional bodies are selected to create country PFM improvements.

5.33 The charts produced in this paper are high level, and the development community will also want to examine more detailed aspects of organisations they might support, such as their capacity and track record. Regions are not always consistently defined by the various stakeholders across the world, so some judgement has been applied to classification. This is made clear in the countries listed for each. The maps show organisations at the different geopolitical levels of Global, Regional, and National. Description has not been extended to sub-national level, because of the complexity involved, although this is something that could be pursued on a case by case basis.

5.34 The maps prompt some immediate observations:

This is not an architecture that has developed by design. It grows out of a long history rather than out of system logic.

The proliferation of bodies says nothing about quality, and organisations with similar titles may have very different PFM capacity.

Institutional specialisation tends to fragment PFM topics, e.g. audit, budgeting, rather than to pull them together.

For countries with underdeveloped professionalisation and weak capacity, meeting the requirements of the large institutional superstructure and participating in regional initiatives may absorb a disproportionate share of resources needed more importantly for national service priorities.

Conversely it may be sensible to develop some resources at regional level rather than duplicate this effort in each country, especially where there are additional benefits in terms of the exchangeability of information or the efficiency of consultancy procurement or software development.

A striking feature is the general paucity of organisations dedicated to PFM as opposed to accountancy with a private sector focus.

5.35 Charting the organisations present in each of the major geographical regions is a basis for development partners to consider how best to route PFM reform projects. In practice it will often be useful to analyse the situation within a country in more detail in order to assess how the resources available can best be mobilised to support PFM initiatives. This could be extended to include other relevant national bodies and a wider range of local capacity building resources.

5.36 Mapping enables a simple overview of the institutional resources available and their intended function. It offers a framework for analysis of gaps and duplications, and invites discussion of the quality of existing organisations. Understanding the functions and purposes of regional and national bodies helps donors to select organisations to support country reform initiatives and to create a more efficient outcome for countries and donors.
Some hybrid bodies exist with characteristics of each:

- May be part of government
- Some regional providers have country level presence
- Some are non-governmental

* Mainly private sector
CHAPTER 5: THE PFM INTERNATIONAL ARCHITECTURE: THE ORGANISATIONAL FRAMEWORK

International Sponsors
- World Bank
- Multilateral Development Banks
- IMF
- EC
- Donors
- United Nations
- OECD
- Charities/ Emergency Relief

Global bodies
- PEFA Initiative
- CIPFA
- IFAC
- INTOSAI
- IAASB
- IAESB
- IESBA
- IPSASB
- DNC
- PAIB

Regional bodies
- AFA
- CAPA
- SAFA
- AGAOA
- Training Providers
- ASOSAI

National bodies
- Government and Legislature
- Regulatory Bodies
- Standard Setting Bodies
- Accountancy Bodies
- Central Bank
- IIA Chapters
- Supreme Audit Institutions

Some regional providers have country level presence

May be part of government

Some hybrid bodies exist with characteristics of each

China, Hong Kong, Macao Special Administrative Region of China, Democratic People’s Republic of Korea, Japan, Mongolia, Republic of Korea, Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, Sri Lanka, Brunei Darussalam, Cambodia, Indonesia, Lao People’s Democratic Republic, Malaysia, Philippines, Singapore, Thailand, Timor-Leste, Viet Nam

*Mainly private sector
The number of public finance management (PFM) organizations varies significantly from country to country. Some organizations are part of government, while others operate independently. Some are at the national level, while others operate at the regional or international level. Some regional bodies may have a country-level presence. Some hybrid bodies exist with characteristics of each.

Some PFM-related bodies are:
- IMF
- World Bank
- IFAC
- IAASB
- IPSASB
- IESBA
- PAIB
- IFAC
- CIPFA
- PEFA Initiative
- INTOSAI
- European Commission
- Group of States Against Corruption (GRECO)
- EBRD
- European Court of Audit
- EIB
- European Anti-Fraud Office (OLAF)
- Federation des Expert Comptables Europeens
- European Confederation of the IIA
- European Parliament
- Council of Europe
- Council of the European Union
- European Commission
- European Central Bank
- National Audit Offices and Co-financing mechanisms
- Group of States Against Corruption (GRECO)
- IFI
- PAIB
- IASB
- International Federation of Accountants (IFAC)
- International Organization of Supreme Audit Institutions (INTOSAI)
- Organization for Economic Co-operation and Development (OECD)
- United Nations (UN)
- Charities/ Emergency Relief
- Some hybrid bodies exist with characteristics of each.
CHAPTER 5: THE PFM INTERNATIONAL ARCHITECTURE: THE ORGANISATIONAL FRAMEWORK

International Sponsors
- World Bank
- Multilateral Development Banks
- IMF
- EC
- Donors
- United Nations
- OECD
- Charities/Emergency Relief

Global bodies
- PEFA Initiative
- CIPFA
- IFAC
- IAASB
- IAESB
- IESBA
- IPSASB
- DCM
- PAIB

Regional bodies
- OCCEFS
- FLAI
- Association Interamericana de Contabilidad
- FECECOP
- CILEA
- ICAEC
- EFSUR
- AISCCUF
- CEPAT
- Organizacao das ISC da Communidade dos Pais de Língua Portuguesa
- OLACEFS
- CAROSAI

National bodies
- Government and Legislature
- Regulatory Bodies
- Standard Setting Bodies
- Accountancy Bodies
- Central Bank
- Training Providers
- IIA Chapters
- Supreme Audit Institutions

* Mainly private sector

Anguilla, Antigua, Argentina, Barbados, Belize, Bolivia, Central America, Chile, Columbia, Cost Rica, Dominica, Dominican Republic, Ecuador, El Salvador, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Montserrat, Nicaragua, Panama, Paraguay, Peru, St Kitts-Nevis, St Lucia, St Vincent, Suriname, Trinidad and Tobago, Turks and Caicos Islands, Uruguay, Venezuela, Windward Islands

Some hybrid bodies exist with characteristics of each

May be part of government

Some regional providers have country level presence

- Some hybrid bodies exist with characteristics of each
- May be part of government
Some regional bodies have country level presence. Some hybrid bodies exist with characteristics of each. May be part of government. Some regional bodies have country level presence. Some regional bodies have country level presence.

IFC

PEFA

CIPFA

INTOSAI

CRAF

ARADO

AISCCUF

CREFIAF

AAOIFI

GCCAAO

ARABOSAI

ASOSAI

AFROSAI

ECOSAI

ACBF

Training Providers

Institutes

Supreme Audit Institutions

Treasury

Central Bank

Accountancy Bodies

Bodies Setting Standards

Regulatory Bodies

Legislature

Government

National Bodies

Regional Bodies

Global Bodies

**International:**

IEASB

IASB

EIASB

IFRIB

IFAC

IAASB

IPSASB

IAESB

DNC

IESBA

PAIB

**Multilateral Development Banks:**

IMF

EC

United Nations

OECD

**Donors:**

United Nations

OECD

**Charities/ Emergency Relief:**

World Bank

**International Training Providers:**

IFAC

IAASB

IPSASB

IAESB

DNC

IESBA

PAIB

**Regional:**

AFROSAI

ECOSAI

ACBF

**National:**

INTOSAI

CIPFA

PEFA

**Some Hybrid Bodies:**

Algeria, Bahrain, Djibouti, Egypt, Islamic Republic of Iran, Iraq, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Palestinian Territories, Qatar, Saudi Arabia, Syrian Arab Republic, Tunisia, United Arab Emirates, Western Sahara, Yemen

**Middle East and North Africa:**

PMF International Architecture: Organisational Framework: Middle East and North Africa
CHAPTER 5: THE PFM INTERNATIONAL ARCHITECTURE: THE ORGANISATIONAL FRAMEWORK

PFM International Architecture: Organisational Framework: Pacific

- **International Sponsors**
  - World Bank
  - Multilateral Development Banks
  - IMF
  - EC
  - Donors
  - United Nations
  - OECD
  - Charities/ Emergency Relief

- **Global bodies**
  - PEFA Initiative
  - CIPFA
  - IFAC
  - INTOSAI
    - IAASB
    - IAESB
    - IESBA
    - IPSASB
    - DNC
    - PAIB

- **Regional bodies**
  - TT AASAG
  - AF AANZ
  - CAPA
  - ACAG
    - ASOSAI
    - PASAI

- **National bodies**
  - Government and Legislature
  - Regulatory Bodies
  - Standard Setting Bodies
  - Accountancy Bodies
  - Central Bank
  - IIA Chapters
  - Training Providers
  - Supreme Audit Institutions

Some hybrid bodies exist with characteristics of each.

*Mainly private sector

New Zealand, Australia, Pacific Islands to east of New Zealand, Papua New Guinea, Pitcairn Islands
International Sponsors
- World Bank
- PEFA Initiative
- CIPFA
- INTOSAI

Training Providers
- ESAAG
- FAAGWA
- CABRI
- CAFRAD
- MEFMI
- ABWA
- ECSAFA
- SAIGA
- AFROSAI-E
- FIGE

Multilateral Development Banks
- IMF
- EC
- Donors
- United Nations
- OECD
- Charities/Charities

Donors
- United Nations
- OECD
- EC
- Donors
- IMF
- Multilateral Development Banks
- World Bank

Governments and Legislature
- IPFA
- Regulatory Bodies
- Standard Setting Bodies
- Accountancy Bodies
- Central Bank
- Training Providers

Sub-Saharan Africa
- Angola, Benin, Botswana, Burundi, Cameroon, Congo (Democratic Republic of), Côte d’Ivoire, Eritrea, Ethiopia, Gambia, Ghana, Guinea, Kenya, Lesotho, Liberia, Madagascar, Malawi, Mozambique, Namibia, Niger, Nigeria, Rwanda, Sierra Leone, South Africa, Sudan, Swaziland, Tanzania, Uganda, Zambia, Zimbabwe

Public Financial Management International Architecture: Organisational Framework: Sub-Saharan Africa
## ANNEX 1

### Glossary of Terms Used in this Report

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AAOIFI</td>
<td>Accounting and Auditing Organisation for Islamic Financial Institutions</td>
</tr>
<tr>
<td>ABWA</td>
<td>Association of Accountancy Bodies in West Africa</td>
</tr>
<tr>
<td>ACAG</td>
<td>Australasian Council of Auditor Generals</td>
</tr>
<tr>
<td>ACIIA</td>
<td>Asian Confederation of Institutes of Internal Auditors</td>
</tr>
<tr>
<td>AFAANZ</td>
<td>Accounting and Finance Association of Australia and New Zealand</td>
</tr>
<tr>
<td>ADB</td>
<td>Asian Development Bank</td>
</tr>
<tr>
<td>AFDB</td>
<td>African Development Bank</td>
</tr>
<tr>
<td>AFESD</td>
<td>Arab Fund for Economic and Social Development</td>
</tr>
<tr>
<td>AFROSAIN (-E)</td>
<td>African Organisation of Supreme Audit Institutions (English speaking)</td>
</tr>
<tr>
<td>AGA</td>
<td>Accountable Grant Agreement</td>
</tr>
<tr>
<td>AGAOA</td>
<td>Association of Government Accounts Organisations of Asia</td>
</tr>
<tr>
<td>AISCCUF</td>
<td>Association of SAI’s using French language (Associate member of INTOSAI)</td>
</tr>
<tr>
<td>ARADO</td>
<td>Arab Administration Development Organisation</td>
</tr>
<tr>
<td>ARABOSAI</td>
<td>INTOSAI working group for Arabian region</td>
</tr>
<tr>
<td>ASOSAI</td>
<td>INTOSAI working group for Asian region</td>
</tr>
<tr>
<td>CABEI</td>
<td>Central American Bank for Economic Integration</td>
</tr>
<tr>
<td>CABRI</td>
<td>Collaborative Africa Budget Reform Initiative</td>
</tr>
<tr>
<td>CAFRAD</td>
<td>African Training and Research Centre in Administration for Development</td>
</tr>
<tr>
<td>CAPA</td>
<td>Confederation of Asian and Pacific Accountants</td>
</tr>
<tr>
<td>Caribank</td>
<td>Caribbean Development Bank</td>
</tr>
<tr>
<td>CAROSAI</td>
<td>INTOSAI working group for Latin America and Caribbean region</td>
</tr>
<tr>
<td>CIPFA</td>
<td>Chartered Institute of Public Finance and Accountancy</td>
</tr>
<tr>
<td>CREFIAF</td>
<td>Conseil Régional de Formation des Institutions Supérieures de Contrôle des Finances Publiques de l’Afrique Francophone Subsaharienne</td>
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<tr>
<td>DAC</td>
<td>Development Assistance Committee</td>
</tr>
<tr>
<td>DFID</td>
<td>Department for International Development (UK)</td>
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<tr>
<td>EBRD</td>
<td>European Bank of Reconstruction and Development</td>
</tr>
<tr>
<td>Acronym</td>
<td>Full Name</td>
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</tr>
<tr>
<td>EC</td>
<td>European Community</td>
</tr>
<tr>
<td>ECA</td>
<td>Europe and Central Asia</td>
</tr>
<tr>
<td>ECIIIA</td>
<td>European Confederation of Institutes of Internal Auditing</td>
</tr>
<tr>
<td>ECOSAI</td>
<td>Economic Cooperation Organisation Supreme Audit Institutions, currently comprises SAIs of Azerbaijan, Iran, Kazakhstan, Kyrgyzstan, Pakistan, Tajikistan, Turkmenistan, Turkey and Uzbekistan.</td>
</tr>
<tr>
<td>ECSAFA</td>
<td>Eastern Central and Southern African Federation of Accountants</td>
</tr>
<tr>
<td>EFSUR/EFSUL</td>
<td>Latin American Organisation of Auditor Generals</td>
</tr>
<tr>
<td>EIB</td>
<td>European Investment Bank</td>
</tr>
<tr>
<td>ESAAG</td>
<td>Eastern and South African Association of Accountants General</td>
</tr>
<tr>
<td>ESAMI</td>
<td>Eastern and Southern African Management Institute</td>
</tr>
<tr>
<td>FAAGWA</td>
<td>Federation of Accountants-General and Auditors-General of West Africa</td>
</tr>
<tr>
<td>FIGE</td>
<td>La Federation des Inspecteurs Generals de l’Etat</td>
</tr>
<tr>
<td>FECECOP</td>
<td>Central American Federation of Public Accountants</td>
</tr>
<tr>
<td>FEE</td>
<td>Federation of European Accountants</td>
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<tr>
<td>FIDEF</td>
<td>International Federation of Francophone Accountants (IFAC recognised)</td>
</tr>
<tr>
<td>FLAI</td>
<td>Federación Latinoamericana de Auditores Internos</td>
</tr>
<tr>
<td>GCCAAO</td>
<td>Gulf Cooperation Council Accounting and Auditing Organisation</td>
</tr>
<tr>
<td>IIA</td>
<td>Institute of Internal Auditors</td>
</tr>
<tr>
<td>IAASB</td>
<td>International Auditing and Assurance Board</td>
</tr>
<tr>
<td>IAESB</td>
<td>International Accounting Education Standards Board</td>
</tr>
<tr>
<td>ICAC</td>
<td>Institute of Chartered Accountants of the Caribbean</td>
</tr>
<tr>
<td>ICAEC</td>
<td>Institute of Chartered Accountants of the Eastern Caribbean</td>
</tr>
<tr>
<td>IDB</td>
<td>Inter-American Development Bank Group</td>
</tr>
<tr>
<td>IDM</td>
<td>Institute of Development Management</td>
</tr>
<tr>
<td>IESBA</td>
<td>International Ethics Standards Board for Accountants</td>
</tr>
<tr>
<td>IFAC</td>
<td>International Federation of Accountants</td>
</tr>
<tr>
<td>IFAD</td>
<td>International Fund for Agricultural Development</td>
</tr>
<tr>
<td>IIA</td>
<td>Institute of Internal Auditors</td>
</tr>
<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
</tr>
<tr>
<td>INTOSAI</td>
<td>International Organisation of Supreme Audit Institutions</td>
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<tr>
<td>IPSAS (B)</td>
<td>International Public Sector Accounting Standards (Board)</td>
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<td>ISA</td>
<td>International Standards on Auditing</td>
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<tr>
<td>ISDB</td>
<td>Islamic Development Bank</td>
</tr>
<tr>
<td>Abbreviation</td>
<td>Full Form</td>
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<tr>
<td>MEFMI</td>
<td>Macroeconomic and Financial management Institute of Eastern and Southern Africa</td>
</tr>
<tr>
<td>MDBs</td>
<td>Multilateral Development Banks</td>
</tr>
<tr>
<td>OCCEFS</td>
<td>Central American and Caribbean Organisation of SAIs</td>
</tr>
<tr>
<td>ODI</td>
<td>Overseas Development Institute</td>
</tr>
<tr>
<td>OECD</td>
<td>Organisation for Economic Cooperation and Development: Development Assistance Committee (DAC); Centre for Tax Policy an Administration (CTPA); Senior Budget Officials Network (SBO).</td>
</tr>
<tr>
<td>OLAF</td>
<td>European Anti-Fraud Office</td>
</tr>
<tr>
<td>PAIB</td>
<td>Professional Accountants in Business</td>
</tr>
<tr>
<td>PASAI</td>
<td>Pacific Organisation of Supreme Audit Institutions (INTOSAI Working Group)</td>
</tr>
<tr>
<td>PEFA</td>
<td>Public Expenditure Financial Accountability</td>
</tr>
<tr>
<td>PEMPAL</td>
<td>Public Expenditure Management Peer Assisted Learning network</td>
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<tr>
<td>PFM</td>
<td>Public Financial Management</td>
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<tr>
<td>PIFC</td>
<td>Public Internal Financial Control</td>
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<tr>
<td>SAFA</td>
<td>South Asian Federation of Accountants</td>
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<tr>
<td>SAI</td>
<td>Supreme Audit Institution</td>
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<tr>
<td>SAIGA</td>
<td>Southern African Institute of Government Auditors</td>
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<tr>
<td>SCDI</td>
<td>Staff Capacity Development Initiative</td>
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<tr>
<td>UFAI</td>
<td>Union Francophone de l’Audit Interne</td>
</tr>
<tr>
<td>UK</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>WSA</td>
<td>Whole System Approach</td>
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</table>