

ALIGNMENT OF PFM AND SERVICE DELIVERY

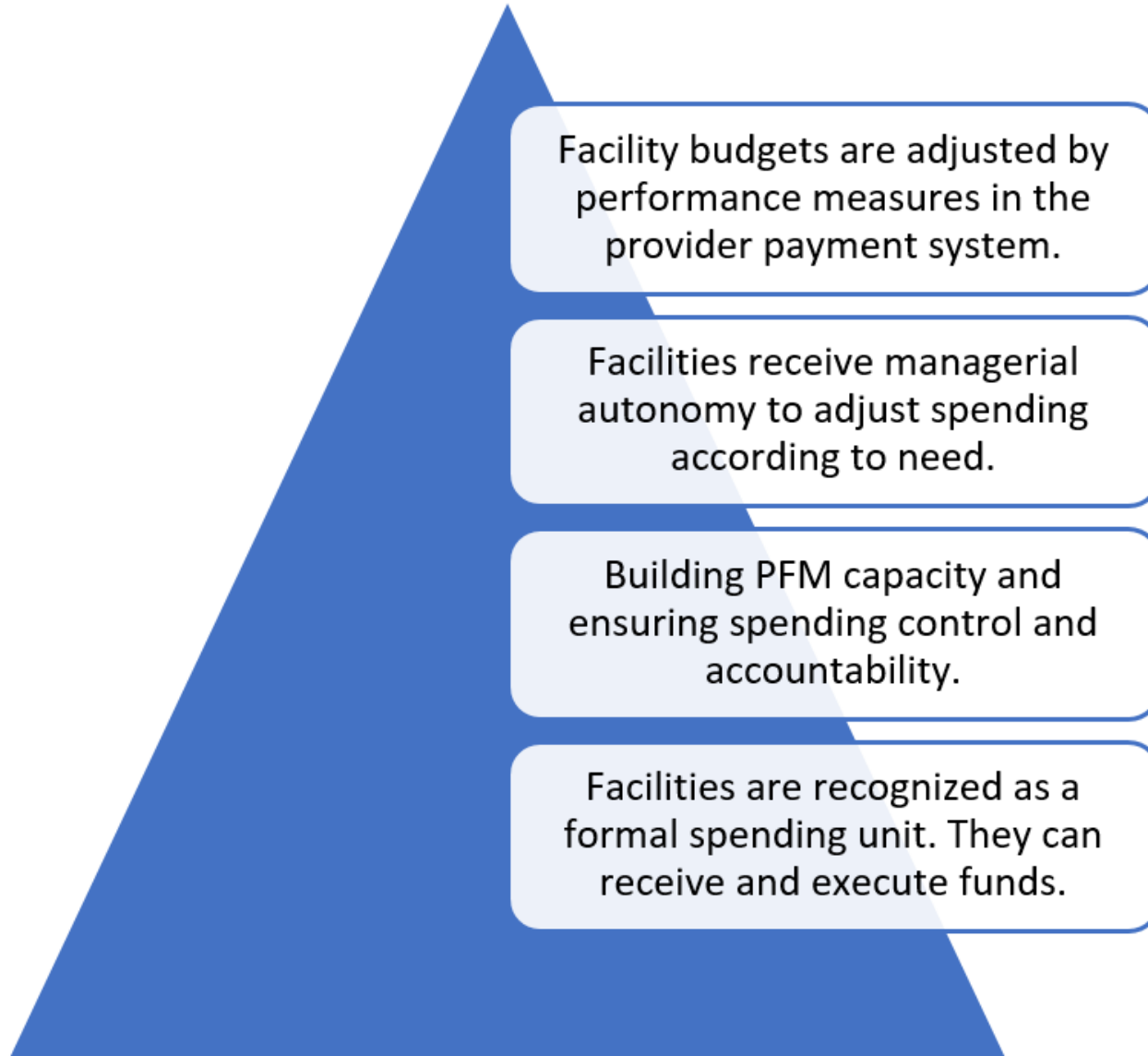
Service delivery objectives

- Efficiency
- Equity
- Quality
- Accountability

PFM objectives

- Aggregate fiscal discipline
- Allocative efficiency
- Operational efficiency

TOWARD AN OUTPUT BASED HEALTH SYSTEM



WHY FOCUS ON BUDGET EXECUTION?

“Effective expenditure control is the sine qua non of good public financial management (PFM). Fiscal rules, medium-term budget plans, and annual budgets are meaningless if expenditure cannot be controlled during execution.” (Pattanayak 2016, 1)

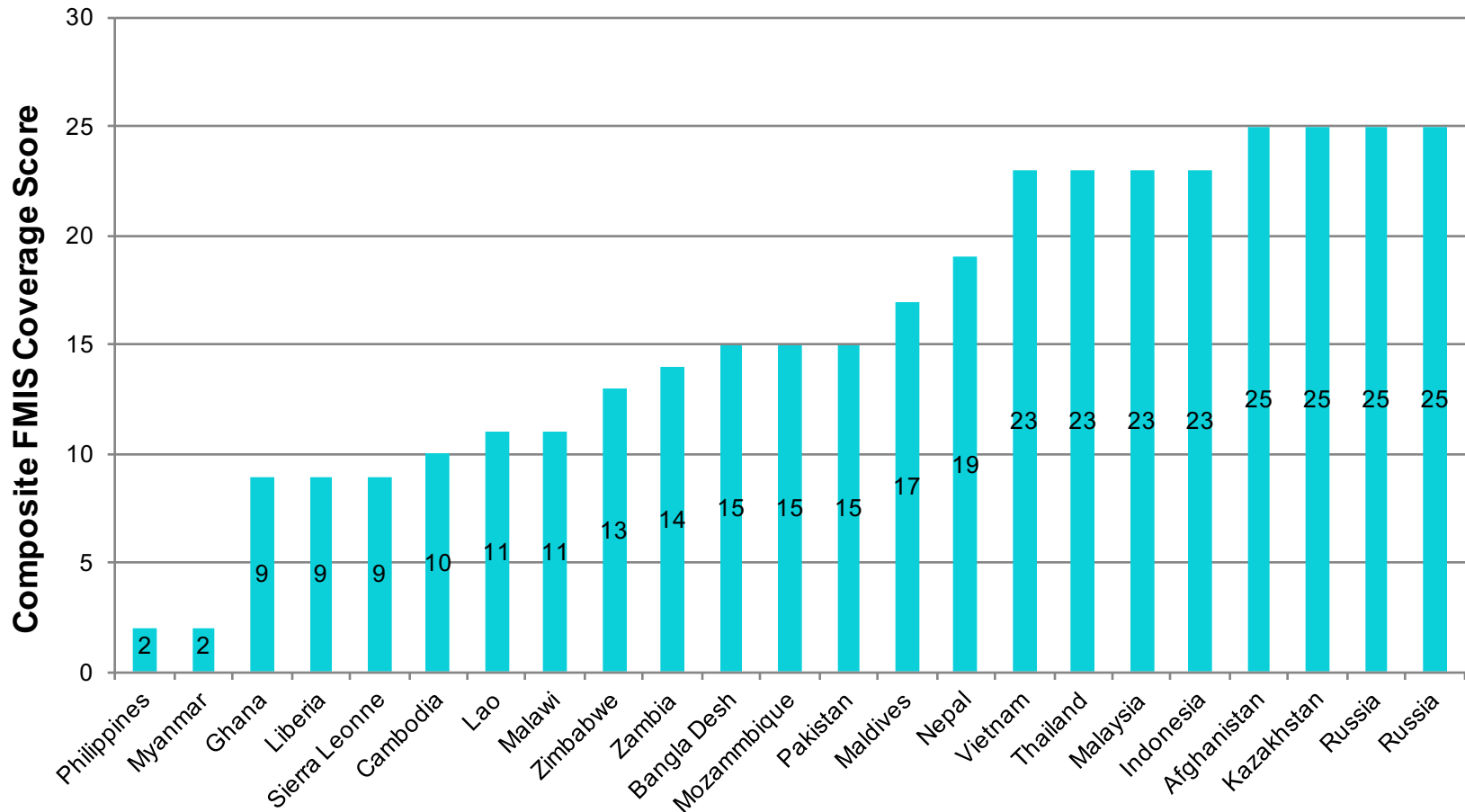
“the core challenge of good budget execution systems is how to balance control with flexibility” (Schiavo-Campo 2017, p.178)

THE CONTROL AND FLEXIBILITY QUADRANT

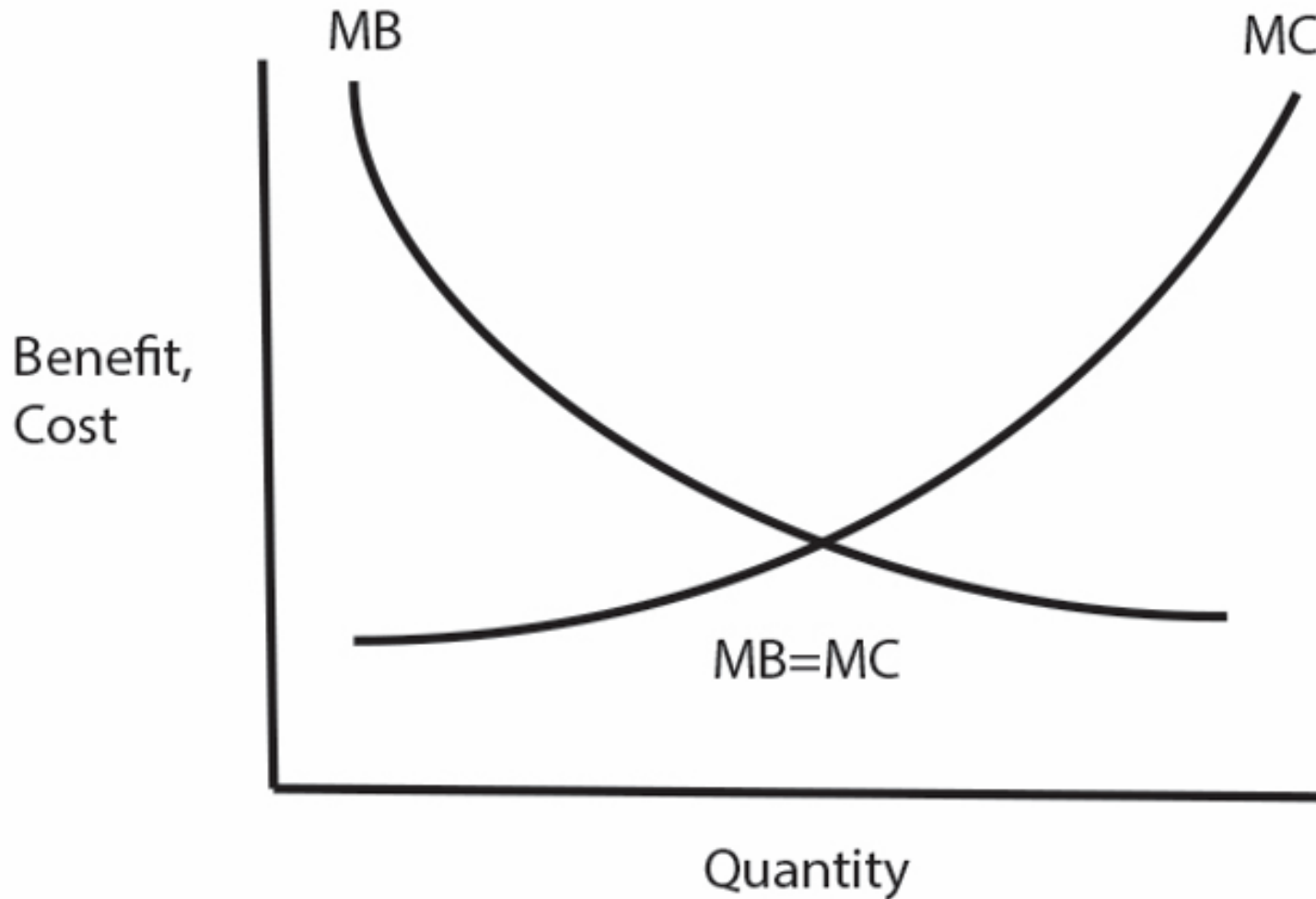


LOW FMIS BUDGET COVERAGE MEANS LOW EXPENDITURE CONTROL

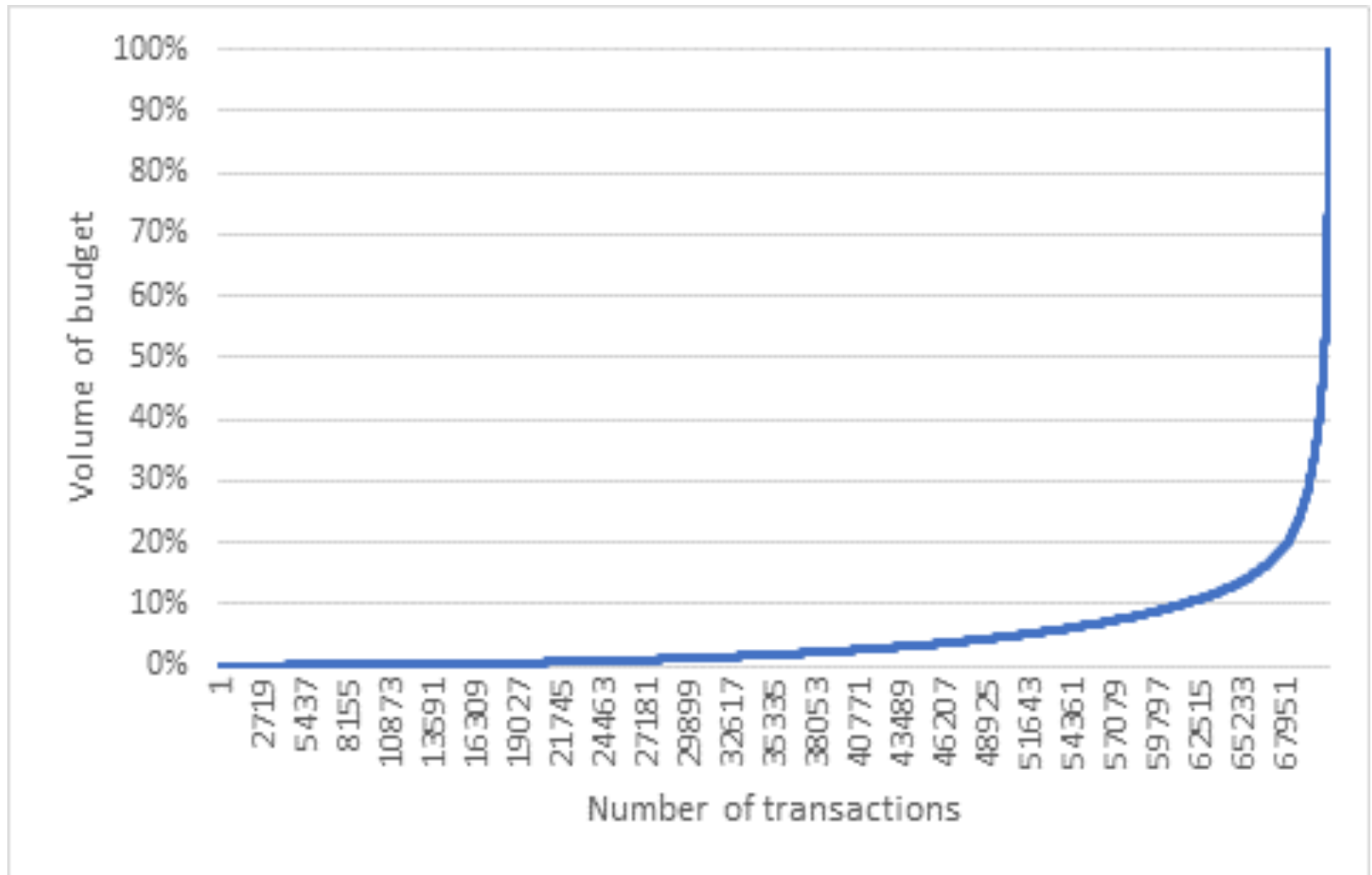
Link to FMIS Diagnostic Framework can be accessed [here](#).



FMIS DEPLOYMENT IS NOT COST EFFECTIVE



DIAGNOSING THE TRANSACTION ECOSYSTEM



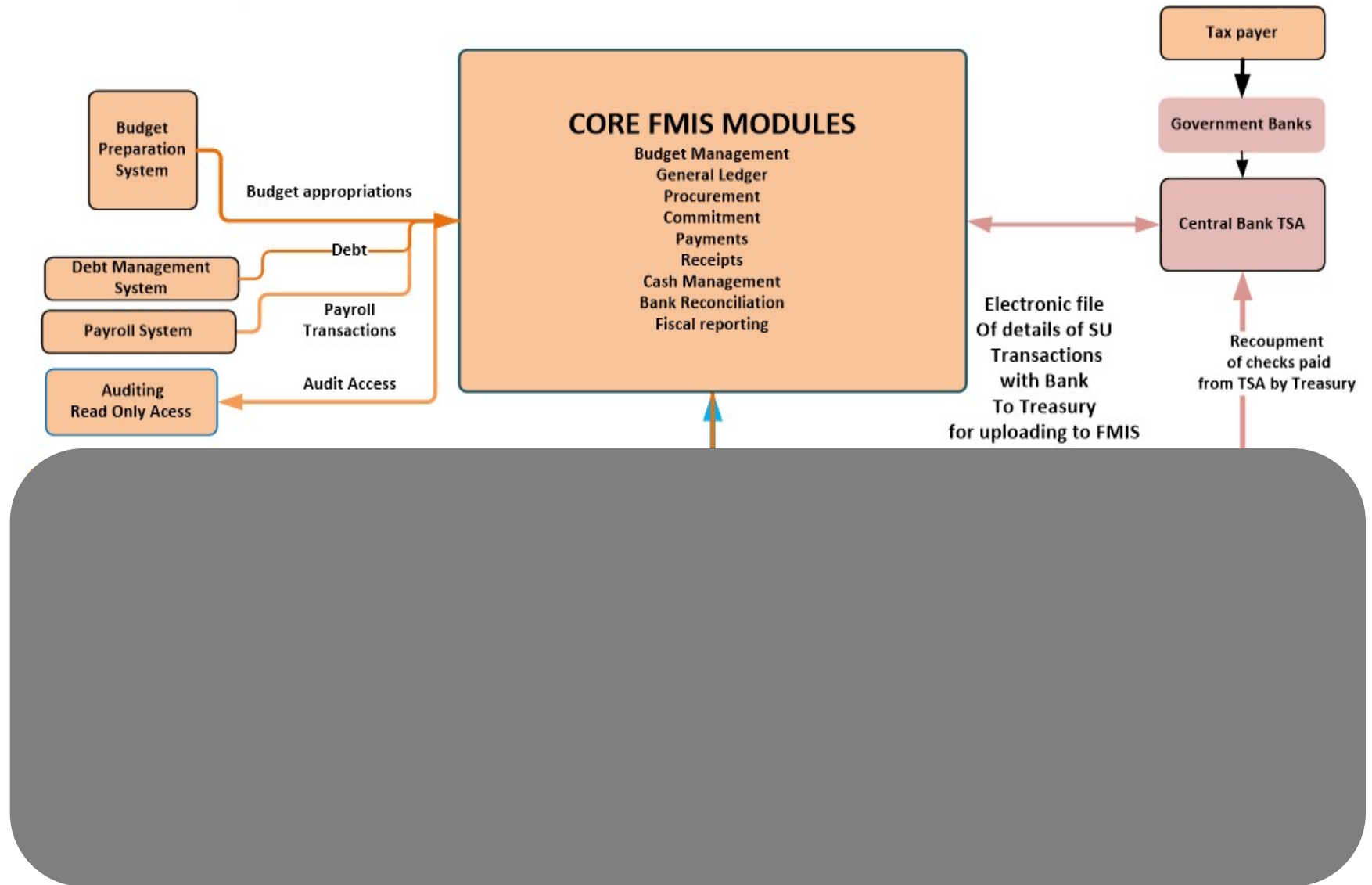
A NEW FMIS DEPLOYMENT STRATEGY

Taking a risk based approach for expenditure control

- Focus on high value spending agencies
- Focus on high value transactions
- Use treasury reference model to capture these transactions

How to treat low value transactions?

- Make use of banking sector innovations (e.g. smart cards; m-pesa; etc...)
- Allow flexibility in spending by category
- Integrate spending information with FMIS at higher level



CONCLUDING REMARKS

- Budget execution is central for moving toward an output/results based service delivery system
- FMIS plays a central role in facilitating budget execution
- We need to reflect on the capacity of the FMIS to serve as a good budget management tool both in terms of
 - fiscal discipline
 - efficient service delivery
- The nature of transactions differs and holds valuable information for a reform agenda.
 - Control high value transactions
 - Relax low value transactions
- We can utilize banking sector innovations to enable this

Economists and sector specialists should join the FMIS reform dialogue to ensure it serves economic management and service delivery purposes

REFERENCES

- Piatti-Fünfkirchen M and Hashim A. Rethinking FMIS Deployment: Bridging Control and Flexibility for Improved Service Delivery. *Forthcoming*.
- Hashim A and Piatti-Fünfkirchen M. 2016. [A Diagnostic Framework to Assess the Capacity of a Government's FMIS as a Budget Management Tool](#). IEG Working Paper 2016/1
- Hashim A and Piatti-Fünfkirchen M. 2018. [Lessons from Reforming FMIS: A Review of the Evidence](#). WB Policy Research Working Paper 8312
- Piatti-Fünfkirchen M, Hashim A, and Wescott C. 2017. [Using FMIS for Fiscal Control: Applying a Risk-Based Approach for Early Results in the Reform Process](#). International Public Management Network, 2017 Conference Paper

Thank you



<i>Country</i>	<i>TSA status</i>		<i>FMIS coverage</i>		<i>Core functionality</i>		<i>Ancillary features</i>		<i>Technical aspects</i>		<i>Total system strength</i>	
Max score		10		25		40		15		10		100
Afghanistan		10		25		22		8		8		73
Bangladesh		6		15		9		5		3		38
Cambodia		5		10		25		4		7		51
Ghana		2		9		34		5		9		59
Indonesia		7		23		35		13		10		88
Kazakhstan		9		25		29		4		8		75
Lao PDR		6		11		18		3		7		45
Liberia		2		9		26		7		8		52
Malawi		10		11		16		4		5		46
Malaysia		9		23		39		14		9		94
Maldives		3		17		26		3		8		57
Mozambique		2		15		26		6		8		57
Myanmar		9		2		8		1		3		23
Nepal		7		19		18		5		6		55
Pakistan		7		15		26		9		9		66
Philippines		6		2		10		0		0		18
Russian Fed.		9		25		29		4		9		76
Sierra Leone		2		9		24		5		7		47
Thailand		7		23		39		11		10		90
Vietnam		8		23		34		3		8		76
Zambia		3		14		22		7		8		54
Zimbabwe		2		13		26		8		9		58