Presentation Outline

- What is PFM
- Healthy PFM – Ultimate Goal
- Achievements
- Challenges
- Way Forward
- Conclusion
What Is PFM?

PFM is a framework in which state resources are allocated, put to use and accounted for.
Healthy PFM – Ultimate Goal

- **Policy-based budgeting.** Strong linkage between policy, sector plans and the budget. (Planning to budgeting)

- **Budget realism.** The budget is realistic and implemented as intended in a predictable manner.

- **Liquidity management.** Sound cash mgt – prioritization of exp – limited short term borrowing – no distortions in the monetary sector.
Healthy PFM – Ultimate Goal cont..

- Accounting records and information are produced, maintained and disseminated to meet decision-making, control, management and reporting purposes.
- Value for money
- Strong internal audit and internal controls.
**Achievements**

- Introduction of the MTEF to link planning and budgeting and create a medium term planning horizon
- Merging the recurrent and the development budgets – increased alignment of bgt to policy
- Introduction of an IFMS (SIBET/Smart gov).
- Strengthened legal framework – OBL, financial regulations, Procurement laws.
- Creation of the Accountant General’s Office to coordinate budget execution, reporting and control.
Achievements cont..

- Stronger OAG – 2003 and 2004 audit reports presented to parliament.
- Increased role of stakeholders in the entire PFM process thru;
  - Treasury Management committee
  - PFM reform steering committee
  - Partnership framework for harmonisation and alignment of budget support between GOR and development partners
Achievements cont..

- Introduction of a cash planning system and a zero drawing bank accounts system as way towards introduction of a TSA
- Closure of all dormant bank accounts
- Needs assessment for developing the public accounting and auditing capacity in Rwanda has been conducted.
Challenges

- Ability to recruit, train and retain skilled staff (capacity problems)
  - Scarcity of some professional disciplines in the local labour market
  - Need to do a massive training of acc.
  - Only few professional training institutes with highly expensive packages
  - Ability to compete with the private sector and other international org for the scarce skills
Challenges cont..

- Ability to capture all government fiscal transactions
  - A multitude of donor funded projects outside the government financial system
  - Revenues collected by some budget agencies outside the budget framework
- Fully operationalising and maintaining the IFMS
- Implementation of the OBL
- Need to mobilise sizeable resources to finance the ongoing reforms e.g. MINECOFIN strategic plan for 2006-2008 is under funded by 15.0mn USD
Way Forward

- Government to approve a retention strategy for MINECOFIN staff and the other scarce skills
- Enactment of the OBL and issuing of the other related regulations and instructions
- Approve a training curriculum for accountants and internal auditors and train trainers
- Recruit and train accountants and internal auditors
- Source out skills to produce 1st financial statements
Way Forward cont..

- Agree with all stakeholders to channel all public thru the government PFM systems
- Create more linkages between sector plans and the budget – develop capacity of planners
CONCLUSION

- A strong PFM is a major ingredient for economic development
- A lot of reforms have been done towards strengthening our PFM
- A lot remains to be done to consolidate the ongoing reforms
- As has been the case, we need to keep up the commitment from all stakeholders if we are to reach our ultimate goal
I THANK YOU