Note: Improving PFM digital transparency in African finance ministries

by John Leonardo

Introduction

This note provides an introduction to our "Improving PFM digital transparency in African finance ministries" [presentation](#) which is also available as a [video](#). Transparency of public finances is a key element of a public financial management (PFM) system enabling public scrutiny of government actions and intentions. Transparency of public finances is achieved by providing information on PFM which is comprehensive, consistent, and accessible to users.

Ministries of Finance (MoFs) play a leading role in promoting transparency of public finances. The World Bank's September 2020 report "[Enhancing Government Effectiveness and Transparency – The Fight Against Corruption](#)" has highlighted the importance of ensuring greater transparency in government operations.

Transparency is an important factor in African public financial management (PFM) in view of historically relatively weak PFM in many African countries, including transparency activities, and relatively poor recent progress in curbing corruption.

PFM digital transparency

In a PFM context, digital transparency can be defined as the process of providing PFM related information using digital platforms such as websites and social media; for example, Facebook, Twitter and YouTube. PFM digital transparency should be an important part of African MoFs' digital government strategies.

Currently African MoFs employ PFM digital transparency practices using a range of platforms such as websites and social media (Facebook, Twitter, WhatsApp, YouTube, LinkedIn). They publish a range of PFM and related material on the latter platforms.

Current PFM digital transparency trends analysis

We have examined MoF website, Facebook and Twitter use to obtain an understanding of Africa MoFs' current use of digital platforms.

The following statistics are presented and reviewed in the presentation:

- Country internet usage

- MoF website visits during May/July 2020 and projected annualised visits for 2020

- Domestic and non-resident visits to MoF websites

- Country Facebook usage

- MoF Facebook page follower numbers

- Country Twitter usage

- MoF Twitter follower numbers

We have also examined penetration levels for MoF website users, Facebook and Twitter followers to demonstrate the level of usage of these digital platforms. In addition, we have identified correlations that may exist between digital platform use and leading economic and governance indicators including those relating to e-government.

Some key findings

Some of our key findings from our analysis are as follows:

- Six of the twenty-five MoFs with Facebook pages had higher Facebook follower numbers than estimated 2020 MoF visits to the respective websites demonstrating the role that MoF Facebook pages can play in boosting PFM transparency

- MoF social media content approaches differ quite markedly with MoFs generally publishing a wider range of material on their Facebook pages compared with the material included in tweets on Twitter.

- African MoF social media activity is helping to raise awareness about African MoFs' PFM activities. Some African MoFs have generated considerable interest in their activities using social media.

- The proportion of non-domestic visitors to MoF websites varies considerably demonstrating how digital structures enable reach to the diaspora and other international stakeholders

- Use of digital communication mechanisms to strengthen African MoFs' operational capacity and support PFM reform plans have to date been limited prior to the onset of COVID-19

- African MOFs overall progress to date in the use of digital platforms to promote transparency has been relatively modest

Recommendations

We recommend African MoFs should take advantage of the opportunities provided by digital platforms to improve their PFM digital transparency by:

- Addressing identified PEFA transparency gaps which will result in more PFM material being published

- Establishing Facebook pages if these are not already in place

- Posting a variety of PFM related information on Facebook pages to increase community interaction and promote transparency

- Preparing PFM digital transparency action plans to improve PFM digital transparency performance and support PFM reform activities.

We have also outlined the nature of the tasks that should be included in PFM digital transparency action plans.

Regional analyses of trends in key PFM digital transparency indicators for all 45 African finance ministries are available

for:

Digital Government in Developing Countries

Posted by David Fellows and Glyn Evans[1]

With the aid of development partners, developing countries are making commitments to maximise the use of digital technology. The ICT industry is right behind them. In these reforms, digital technology is being represented as the principal transformative medium of government. But to think of "Digital Government" as necessarily transformative, almost an end in itself, is misguided. Governments should be primarily concerned to provide their services and engage with electorates in the most cost-effective way. Digital technology may or may not have a role in that process.

Here are some of the fields in which digital technology has demonstrated that it has a potential role to play in developing countries:

- Transparency and public engagement
- Basic public service delivery in the fields of health

and education
- Public safety and security
- The collection of tax and non-tax revenues
- The management of population growth in urban areas
- The sustainability and development of rural communities
- Skill shortages throughout the economy
- Economic diversification
- Measures to combat corruption
- Resilience to natural disasters

We do not accept, however, that the answer to any of these challenges is necessarily a massive investment in digital technology, say a 'digital city' or a fully integrated expenditure, revenues and payments system.

Many developing countries are not well positioned to make sustainable progress with digital technology in huge multi-faceted programmes requiring vast initial expenditure. This form of development may do little more than provide substantial fee income for international consultancies and software developers. Once the consultants are gone and system design faults surface, client needs change or in-house staff are poached by others, then the facilities that promised so much may become more of a hindrance than an advantage.

Things may not even get that far. Without governments having sufficient staff with the necessary technical skills, digital systems may never be properly configured and the client may be left with a partially implemented system. Nevertheless, it is surprising how many such projects are specified and funded. Problematic factors are sometimes acknowledged without being fully taken into account.

We suggest that an evolutionary approach to digitally-enabled reform offers a more realistic way forward. The process should start with an analysis of the operational imperatives for improvement. This requires the following ten-point strategy:

1. A clear vision for future service delivery and the developing relationship between citizens and the government
2. A thorough assessment of internal resources (skills, knowledge, staffing commitments and budgets) required to support the implementation of reform and new ways of working
3. An overhaul of management philosophy and governance arrangements
4. The identification of mechanisms to address relevant gaps in capacity including improvements in the recruitment and training of in-house staff and encouragement of local firms to upgrade their ICT capacity incrementally to support public service digital applications (multinational collaboration for the [professional development of public servants](#) and the [improvement of governance and working practices](#) are addressed in previous blogs)
5. An examination of the various options by which change can be achieved
6. A robust approach to investment appraisal
7. An assertion of priorities based on sound information and analysis
8. A clear strategy to deliver project sustainability (including security)
9. The identification of the benefits sought and how such benefits are to be achieved, and
10. A relentless focus on benefits realization accompanied by the modification of working methods to rectify performance shortfalls.

This approach is based on our past work, which we can illustrate with examples of two completed major projects, as well as our experience in developing countries.

The first example in Knowsley, one of the UK's most deprived areas, was one of the world's first "smart city" projects, started in 1997. It featured public information systems, electronic application forms, payment facilities, public feedback on quality of service, schoolwork support, an interactive liveability learning application for mentally challenged young adults, digital enablement schemes and public availability of PCs in libraries and community centres.

The second project in Birmingham, the UK's largest metropolitan municipality was probably the largest digitally-enabled change programme ever undertaken in a European city. It included the digitisation of procurement, HR (including performance management) and accounting practices, providing managers with accurate, real-time information, and digitising customer contact and the fulfilment management of customer requests, resulting in customer satisfaction improving by 20 percentage points. The entire change programme realised revenue savings of £100 million a year.

These examples suggest that it is possible to make significant reductions in the risk to both funders and recipients of digital-enabled developments by:

- Preparing an organisational readiness analysis and development strategy as set out above
- Establishing the necessary roles and finding the right people to fill those roles
- Monitoring and evaluating progress, and

- Responding with operational modifications as necessary to achieve the desired outcomes, and as technological advances offer fresh opportunities.

Some developments will not necessarily require state financial or operational support. Private sector encouragement may be sufficient. For example, physical planning that offers confidence to developers or infrastructure standards that support the public use of digital technology.

In our view, a challenging reform agenda demands a flexible approach, cool judgement and realistic timescales. Those in positions of responsibility should take steps to avoid being found friendless and trapped by the expectations and largesse heaped upon them.

[1] *David Fellows is a director of PFMConnect Ltd, a management consultancy specialising in financial, digital and engineering services for developing countries. He is a winner of the Swedish Prize for Democratic Digital Service Delivery. Glyn Evans is the Vice President of the Major Cities of Europe IT Users Group and former CIO of various major cities.*

State-owned enterprise Reform

Roundup

Authors: David Fellows and John Leonardo

PFMConnect's state-owned enterprise (SOE) [Board](#) on Pinterest for the first half of the current year demonstrates the financial burden that SOEs can impose on governments and the resulting dilemmas that arise. SOE services range from oil producers, insurers, railway operators and broadcasters. They can be large or small and some states have a vast number of them. Tensions arise between the desire to retain state ownership to exercise control over pricing of essential services for the benefit of the poorer members of society and concerns over the effects of poor management and lax governance that can create unacceptable service standards and high prices.

States are giving consideration to a variety of improvements including outright sale, partial sale through stock exchange listings, governance reform, increased professional representation on management boards and the rationalisation of sprawling conglomerates.

It is very clear that in many countries the financial drain of SOEs on the exchequer and the political burden of justifying their poor performance, lack of transparency and corruption are leading towards a raft of drastic measures. The question remains as to whether chosen solutions will be seen through to

successful outcomes. Slow progress with partial privatisation by some states raises a few doubts.

Some of the **Pins** that reflect these concerns are, as follows:

An IMF press release on 26 June reported that the Executive Board of the International Monetary Fund had concluded the Article IV consultation with South Africa. In the accompanying statement the IMF made the point that 'The public sector's balance sheet is … exposed to sizable contingent liabilities from state-owned enterprises'.

The Southern Times reported on 26 June that South Africa, Namibia and Zimbabwe had all experienced problems with SOEs. As a result, South Africa and Namibia had both established ministries specialising in the management of SOEs. The Namibian Government was considering obtaining stock market listings for most commercial parastatals having spent in excess of R$1 billion in the past few years on financial bailouts. The report also quoted the Zimbabwe *Sunday Mail* as suggesting that the Zimbabwean Government had a list of around ten parastatals that were essential to the economy but needed urgent restructuring to and achieve profitability and improved service delivery. Governance reforms were also needed.

The Telegraph, India on 15 April reported that the Government was in the process of selling stakes in a series of SOEs through stock exchange listings. This included the Steel Authority of India Ltd, the Indian Oil Corporation and various railway and defence companies.

Radio Pakistan on 24 January quoted Finance Minister Ishaq Dar as expressing concern over SOE losses. He stated that the government intended to improve transparency and progress the privatisation of state enterprises.

The Lusaka Times on 23 April reported that the Zambian Government Minister of Finance, Felix Mutati, had expressed the Government's commitment to deal with the financial impact of SOEs on the state's finances and was introducing legal reforms to enforce fiscal discipline.

Ukrinform reported on 3 April that the Ukrainian Prime Minister, Volodymyr Groysman, had announced to his Cabinet the intention of selling some 3,500 SOEs that were 'absolutely ineffective' and 'of no strategic importance'. He considered that this would lead to economic improvements.

Finally, looking back almost a year **The Financial Express, Dhaka** voiced a relevant concern on 18 November 2016 when it reported that no appreciable progress had been made towards Bangladeshi SOEs gaining listings on the stock market. SOE officials cited disinterest of investors in the loss-making concerns. Some commentators suggested that the lack of progress was related to board members' objections to investment income accruing to Government rather than SOEs and their fears about the loss of personal entitlements.

An International eCollaboration Route to Public Service Reform

Author: David Fellows

Governance of public affairs is a complex topic. It includes the processes by which decisions are made, the means by which service performance is assessed, the standards of behaviour to which public servants are held, the transparency applied to public life and the extent to which ordinary citizens are engaged in policy-making. In this respect, developing countries provide a wealth of expertise and examples of outstanding practice, research projects, and reform programmes.

In this post I propose an approach to governance reform in developing countries that is owned and developed more extensively through multinational collaboration, and that uses digital media as a basis for that collaboration. This is not to suggest that development partners should be excluded from generating ideas or providing support but that developing countries should become more dominant orchestrators of their own development through more effective collaboration.

Working with an International Perspective

Each nation requires its own strategies and implementation plans for governance reform, reflecting its specific needs, capacities, cultures, geographies and priorities.

Nevertheless, multinational collaboration can offer a valuable combination of experience, ideas and expertise from diverse perspectives. At the centre of such an approach would be those who are responsible for achieving administrative reform, both civil servants and politicians, and who are intimately familiar with the challenges of the operational situation.

Such an approach would require an open and honest sharing of key problems and possibilities, the reality of progress made and the means by which achievements are being realised. Research could be shared at an early stage, development programme progress could be followed as it is rolled out and promising initiatives could be emulated promptly. Practical solutions could be sought to common problems, including mutual dependences.

This shared approach could involve officials, academics, staff from development agencies and the private sector, journalists and other experts. Technology can facilitate virtual exchanges that would not otherwise be feasible due to time, cost, and travel restrictions. It could enable the engagement of those best placed to assist, rather than those who are most readily available. In short, digital technology is an excellent medium for bringing the most appropriate combination of people together in a low-cost, time-efficient manner.

There are very many collective organisations in most if not all regions of the world, including organisations with broad national representational remits, organisations consisting of specific types of institutions, and professional bodies. The purpose of this proposal is not to supplant these organisations, but to use them as a source of expertise, conduits for dissemination and platforms for discussion. Regional collaboration whether of formal groupings or ad hoc alliances can also provide a highly effective means by which these proposals can be approached in their entirety.

New Ways of Working using Digital Technology

There are four basic strands to my proposed approach: (i) collaborative development arrangements; (ii) expert advice and mentoring; (iii) professional training for public servants; and (iv) public transparency and engagement.

(i) Collaborative development. Central to this proposal is the notion of collaboration: sharing current practice; learning from research and reform programmes; and identifying more effective ways of working through collective consideration. Relevant subject matter could include: public procurement; budgeting and performance management; auditing and risk management; broad-based annual reporting; the appointment of public officials; the conduct of elections; declarations for public office; small business development; cross border trading; taxation policy and the administration of justice. Broader themes are also relevant, such as strategic planning; combatting corruption and equality of opportunity.

A key aspect of the collaborative approach is to engage a broad range of relevant people to contribute their ideas, experiences and judgements. The emphasis should be on how national priorities might be identified, reform programmes constructed, and viability tested. Their objective would be the creation of reasonably effective solutions that are affordable, feasible and sustainable.

The use of digital technology would allow flexible connectivity between people and ready access to information resources. Databases capturing a wide variety of policies, plans, reviews, process descriptions and standards would need to be constructed and made available for interrogation. Updatable schedules of financial and performance data would be required together with platforms to facilitate multiple authoring of documents. Working group meetings could be

conducted over video conferencing systems offering document display and a record of proceedings.

(ii) Expert advice and mentoring. Beyond large group collaborations, the proposal also offers the opportunity for knowledge and experiences to be shared on a more personal basis. The key technological contributions here would be email, chat rooms and video conferencing with some use of databases as discussed under (i) above.

(iii) Professional training for public servants. Professional training is an essential aspect of public service development. However, traditional training methods can be highly expensive when physical attendance is required and can make significant demands on the student's time away from the office.

'Open university' approaches to further education have been in operation for decades in many countries and new technology has given them a boost [1]. There is no reason why the model cannot be extended to suit the particular professional development needs of public servants from developing countries.

Digital technology can enhance the learning experience with video packages, interactive learning modules, online assessments, conventional study material, chat rooms and email exchanges together with video conferencing for tutorial sessions. Existing study programmes (e.g., World Bank courses) could be incorporated. Academics from major institutions around the world, experts from development agencies and specialists from international centres of excellence could be approached to lend support, providing a rich learning experience. It is possible that some existing public service training institutions could provide the basis for this type of provision.

Financial support for traditional training facilities has tended to fall out of favour with development partners.

Perhaps this should be reconsidered using an evidenced-based approach to the value derived. A recent study [2] undertaken by PFMConnect provides substantial support for the feasibility of such an approach.

(iv) Public transparency and engagement. This can equip citizens to contribute ideas for the development of public service and hold officials to account for their judgement, integrity and effectiveness. Going further, it can also help to reduce costs and improve service benefits, root out corruption, and create confidence in public institutions.

This process of accountability and engagement can be effectively achieved through official websites, chat rooms, email and social media. There is considerable scope for all governments to improve two-way communication with their citizens. A professional training institution as discussed above should seek to play a leading role in advancing key developments in administrative reform, including public transparency.

Key Technical Considerations

This proposal mainly concerns the infrastructure available to central government services in capital cities, as central government offices are the principal subject of these proposals. In this respect there is already a fairly high standard of general internet connectivity and the capacity to implement facilities of the kind required. The public engagement aspects must, however, rely on whatever public networks are available in a particular locality and these can be expected to improve over time.

In terms of government offices, there appear to be three principal technological issues. Firstly, individual offices need to have appropriate internal facilities. Secondly, there will need to be agreement to a range of key considerations concerning the digital architecture, service providers and

core software products. Some issues must be decided internationally and some can be left to local discretion. For example, video conferencing requires basic software decisions to be made on behalf of all users with operating systems and browsers having the capacity to support the chosen software but beyond this there can be considerable desktop flexibility. Thirdly, it may be useful to establish document standards for certain purposes [3].

A balance would need to be struck between the sharing of information across a broad network of participants and the need for confidentiality and security over some material. Clearly such a proposal will not take root if it is based on stipulations that are highly complex and expensive. An evolutionary approach is clearly required.

Conclusion

In a previous blog covered by the World Policy Journal the author and colleague John Leonardo set out the case for governance reform in developing countries in order to reduce corruption and thereby improve economic performance and public service delivery.

Shifting the balance of responsibility and organising power for governance reform towards developing nations could give this agenda new impetus. An imaginative use of digital technology could enrich the inclusivity and practicality of such an approach.

This is a very tentative proposal. I have not started to discuss whether it would constitute a unified system or a series of ad hoc arrangements; how such a proposal would gain traction; and how the system would be financed. Observations and reactions would be welcome.

David Fellows is Co-principal of PFMConnect.

Thanks are extended to Chris Fellows of ITI Europe for his

views on the application of digital technology.

[1] See this example from a British university: http://www.wbs.ac.uk/courses/mba/distance-learning/teaching/

[2] Commonwealth Africa Anti-Corruption Programme Evaluation – see http://blog-pfmconnect.com/wp-content/uploads/2017/05/Anti-Corruption-Africa-Programme-Evaluation-Feb-2017.pdf

[3] For instance: Horizon 2020 EU programs must include a deliverable called "data management plan" that, in part, describes the kinds of formats that will be adopted within the consortium. See http://www.sussex.ac.uk/library/researchdatamanagement/create/biddingforfunding/horizon2020dataplan and http://ec.europa.eu/research/participants/data/ref/h2020/grants_manual/hi/oa_pilot/h2020-hi-oa-data-mgt_en.pdf)