Public Financial Management’s Role in Meeting Sustainable Development Goals

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GLOBAL CHALLENGE & OPPORTUNITY: ELIMINATING EXTREME POVERTY

- Over 1 billion people live < US$1.25 per day
- Over 1 billion do not have access to clean drinking water
- Over 70% of world’s poor live in Middle Income Countries
2015-2030: Setting the Roadmap

Addis, New York, Paris
We partner to end extreme poverty and to promote resilient, democratic societies while advancing our security and prosperity.
Ending extreme poverty will only be possible if we focus on inclusive, sustainable economic growth that is supported by capable and accountable governments that ensure the health, safety and wellbeing of their people.
2015-2030: Mobilizing Resources

From Billions to Trillions

Natural Resources

Illicit Financial Flows

Public Expenditure Management

Private Finance (PPPs)

Infrastructure Deficit

Domestic Resource Mobilization (DRM)

Official Development Assistance (ODA)
HOW ARE PFM AND ACCOUNTANCY PROFESSION CONTRIBUTING?
PFM’s Role in Development

- Fiscal Discipline
- Allocation Efficiency
- Operational Efficiency

improving public sector efficiency by 10 percent could release $250 billion
Ensuring that governments are held accountable for using ALL resources economically, efficiently and effectively for the purposes intended

- Donor Funds
- Government Funds
- Broader Partnerships

Country PFM Systems
Robust accounting & auditing practices provide reliable financial information, reporting, auditing.

- Furthering the growth and development of Small and Medium Enterprise sector
- Attracting Foreign Direct Investment
- Improving the development and delivery of vital public services
- Enhancing the effectiveness of foreign aid
- Enhancing transparency and accountability in the use of public funds

Economic Growth & Social Development

Ending Extreme Poverty
ARE PFM and ACCOUNTANCY PROFESSION DELIVERING?
Lessons from Diagnostics

400+ PFM and 130 ROSC A&A Diagnostics + Others Completed

weak capacity
PFM Diagnostics:
MAJOR CROSS-CUTTING THEMES

- Incomplete Budget Information
- Inadequate Accounting Systems
- Obsolete Legal Framework
- Ineffective Internal and External Audit
- Poor dissemination of PFM information
- Shortage of qualified PFM Professionals
- Barriers to IFMIS

Weak Capacity
ROSC A&A:
MAJOR CROSS-CUTTING THEMES

- Outdated legal frameworks
- **Weak accountancy professions**
- Widespread non-compliance with standards
- **Weak monitoring/enforcement mechanisms**
- Lack of access to international standards
- **Inadequate training and curricula**
- Non-availability of implementation guidance and practice manuals

Weak Capacity
Going Forward: QUO VADIS?

In which direction are we moving?
STRATEGIC Objectives: 2 PILLARS

Poverty Alleviation

**FIDUCIARY**
- Providing reasonable FM assurance on use of funds

**DEVELOPMENT**
- Building sustainable FM capacity of partner countries
From Diagnostics to Building Sustainable FM Capacity

HOW CAN WE ACCELERATE?
Guiding Principles: CAPACITY DEVELOPMENT

Ownership & Leadership

Customize, Adapt, Tailor

Donor Coordination

Holistic Approach
Global Strategic Partnerships

- OECD-DAC and Bilateral Donors
- MDBs
- IMF
- PEFA
- Professional Organizations
- INTOSAI
- IFAC
- IASB
- AfDB
- AsDB
- IADB
- WB
- PEFA
- USAID
- INTOSAI
- IFAC
- IASB
- AfDB
- AsDB
- IADB
- WB
- PEFA
- USAID
To enhance the capacity of USAID Staff so they are better positioned to support capacity development in partner countries.
We promote good governance and build the capacity of domestic and international accountability organizations.
No matter how much hard work is done by development agencies, no matter how large the donations and commitments that are made by donor countries, if we don't take care of some other elements of development, we will not meet the goals that we've set.

Number one, development is threatened by bad governance.
Public Sector Governance

- Enhance Transparency and Public Accountability
- Efficient Use of Public Resources
- Fight against Corruption

Robust Accounting, Reporting and Auditing Systems
Robust PFM Systems + Accountancy Profession

- Promote Transparency
- Strengthen Governance
- Enhance Oversight
- Build Sustainable Capacity
Challenges and Opportunities

- Address Capacity Constraints at Professional and Technician Levels
- Enhance Accounting Practices in Public and Private Sectors
- FM/PFM Adding Value
TIME TO ACT!

Partnering for Results:
Learning from the past, Building the future