

ANNUAL AND 5-YEAR REVIEW MEETING OF PUBLIC FINANCIAL MANAGEMENT REFORM PROGRAM

Achievements, Challenges, and Way Forward of the implementation of PFMRP

General Secretariat of PFM Reform Steering Committee

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5-Year Achievement (2013-2017)

Challenges

Objectives for the Next 5 Years of PFMRP (2018-2022)

Conclusion



1. 5-Year Achievement (2013-2017)

5. Public Debt is well managed <40%

4. No arrears. Salary and **Allowances** are transferred to Bank accounts within 4th Week of the Month

Budget is more credible and has become a momentum for

new economy

budget is a twofold

State Current increase, from Riel 9.1 Trillion to Riels 18.4 Trillion (2018 Projection)

> 7. Budget related Laws and Regulations are developed

1. New

Chart of

Accounts

2. 7 Budget Classifications

Main Prerequisites are realized and strengthened to ensure Financial Accountability

3. Cashier Function at **GDNT** is removed

> 4. Phase 1 and Phase 2 of FMIS are operational

3. Current Surplus. **Deficit** decreases from -7.01% in 2013 to -5.84 (2018 Projection) of GDPP

2.Expenditur e execution is close to approved budget (+/-5%)

6. Budget Transparenc y are enhanced

5. Internal Audit functions are created in all LMs



1. 5-Year Achievement (2013-2017)

2. Policy objectives and BSP in all LMs

1. Full Program Budgeting in all LMs

rogram Budgeting Framework is developed, expanded and strengthened for budget-policy linkage

> 4. Budget Entities: More transparency, Accountability, Power Decentralization

3. Legal Framework for Program budgeting formulation and Executions

Capacity in LMs in managing public finance

1. More

Trainings are provided

is

strengthened

3.Effective Budget **Execution:** Actual vs Projection

2. Better Quality of BSP, **Annual Budget** Proposal and Budget Negotiation



1. 5-Year Achievement (2013-2017)

2. Dissemination workshops to Higher Education Institutes

1.
Dissemination
workshops to
LMs and
SNAs

Understanding and participation in PFMRP are further realized

3. Various
Dissemination Tools:
Bulletins, leaflets,
websites, Social
Network, News
Releases, Interviews,
Video Clips, etc.,

Strategic
Milestone is set to
move forward

1. Budget System Reform Strategy 2018-2025 is approved by the Council of Ministers

4. Series of Related Laws and Regulations



2. Challenges

Institution Factors

- Coordination Mechanism between GDs and Units of MEF and LMs, especially in Budget Execution is not consolidated
- Even though Willingness, Awareness and Participation of LMs are gradually improved, it is still insufficient to accelerate the implementation of PFMRP
- 3. No Clear action Plans to link the three reforms

<u>Technical and Human Resource</u> Factors

- 1. The Development of GDAP3 and MAP3 are not fully responded to CAP3
- 2. Trainings are provided just to raise awareness. There is no medium and long terms training plans to enhance capacity.

Financial Factors

- RGC's budget to financially support PFMRP is limited.
 There is still a need of DP's financial supports
- Incentive Scheme for PFMRP's Working Group in LMs is not implemented. it is planned to implement in 2018



3. Objectives for the Next 5 Years of PFMRP (2018 - 2022)

Ultimate Objectives of PFMRP



Integrity of budget Discipline



Budget effectiveness in allocation and execution



Efficiency in Public Service delivery



3.1. Objectives for MEF (1/2)

- 1 Developing Medium Term Tax Policy Framework 2019-2023
 - 2 Executing Budget System Reform Strategy 2018-2025
 - 3 Strengthening and expanding FMIS
 - Developing Medium term Financial Framework (MTFF) and Medium term Budget Framework (MTBF)
 - 5 Amending Public Finance Law 2008
- Finalizing draft laws on State Property Management and Non Tax Revenue Management



3.1. Objectives for MEF (2/2)

- 7 Developing Budget System Reform Strategy for SNAs 2018-2025
 - 8 Developing Public Procurement Reform Strategy 2019-2025
 - 9 Developing Public Private Partnership Investment Framework
 - 10 Developing Roadmap for Accrual Accounting
 - Developing guideline of RCC's Financial Management Manual
- Developing comprehensive PFMRP Fund capacity development for financial management



3.2. Objectives for LMs (1/2)

1 Reviewing Mid Year and Annual implementation of Program Budgeting (Objective 31)

- 2 Strengthening Budget Strategy Plan (Objective 32)
- Developing institutional structure of LMs to be in line with Program budgeting(Objective 33)
- Managing and implementing revenue collection (Objective 11)

Strengthening the development of revenue and expenditure programs (Objectives 11 and 14)



3.2. Objectives for LMs (1/2)

Strengthening Public Procurement Transparency and Budget Transparency (Objective 25)

- 7 State Budget Management (Objective 25)
 - Implementing FMIS: (1) Develop SOP, (2) Change management and (3) Delegated Budget Managers for Budget Entities (Objective 21)
- 9 Strengthening internal audit and inspection functions (Objectives 35

Strengthening capacity and disseminating PFMRP (Objectives 51, 52, 53)



4. Conclusion

The achievement of the Fifth Legislature of the National Assembly RGC's PFMRP has resulted in further developing and strengthening public financial management and shall be highlighted as follows:

- ✓ Budget is more credible and has become a momentum to leverage and sustain economic growth
- ✓ Main Prerequisites are realized and strengthened to ensure Financial Accountability
- ✓ Program Budgeting Framework is developed, expanded and strengthened for budget-policy linkage
- ✓ Capacity of Officials in LMs in managing public finance is strengthened and
- Understanding and participation in PFMRP are further realized



Public Financial Management Reform Program

"System, Mechanism, Legal Framework and Human Resources" are Key Success Factors to ensure discipline, transparency, accountability, efficiency and effectiveness of Public Financial System

