

Public financial management in **MENA**

The GIFT-MENA Network Annual Meeting - 2010



Reforming
for results
at a time
of crisis



GIFT MENA network

A regional partnership for the creation and sharing of knowledge on financial governance

The Governance Institutes Forum for Training in the Middle East and North Africa is a consortium of MENA schools and institutes specialized in the training of government civil servants. It is a locally-owned initiative that was launched in Beirut on March 2006 by the Basil Fuleihan Institute of Finance of Lebanon, and supported by the World Bank and the French Ministry of Finance.

The network objectives are: (1) to strengthen the institutional capacity of its member institutions; (2) to promote networking and cooperation among its members; (3) to act as a platform for the dissemination of good practices; (4) to provide access to high quality training modules predominantly in the Arabic language.

GIFT-MENA brings together more than 40 regional and international member institutions. The Basil Fuleihan Institute of Finance houses its Secretariat.

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Foreword

Dear reader,

This work is published at a time where the Arab region is witnessing unprecedented uprising of population and growing demands for democracy, inclusive of economic growth and better institutional performance, power sharing and governance; a time when all governments are called on to rethink their economic agendas, deliver better services and be more accountable.

The 2010 GIFT-MENA Annual Conference on “Reforming for results at a time of crisis: Public Financial Management in MENA”, (November 30 - December 2, 2010) attempted to showcase successful initiatives in Public Financial Management (PFM) Reform from the MENA region in the context of a global financial and economic crisis.

This two-day conference was the opportunity to discover new trends from across the region and engage on a dialogue on all aspects of PFM reform, from budget preparation and execution to procurement, and internal and external audit. It was also the occasion to launch the first specialized curricula in PFM in the Arabic language for the MENA region, comprising of four modules addressing budget preparation, budget execution, government accounting and audit and control. The conference, as well as the offering of a regional curriculum on PFM, intended to foster knowledge sharing and transfer of know-how among the Arab community of PFM practitioners and to encourage the development of a promising and successful model of South-South cooperation.

By tackling a cross-boundary issue that is modernizing the management of public finance, these proceedings aim to provide governments, policy-makers and experts from MENA countries with food for thought to better perform the spending function of the State.

Among the many lessons learnt during the conference you will find that the key for success lies in preparing capable and performance focused public achievers, not administrators, who are able to benefit from the global knowledge and adapt it to national/local political, administrative and institutional frameworks. This engages the implementation of tailor-made practical tools and most of all the existence of competitive recruitment and learning frameworks that can continuously expand human and organizational capacity and engage civil servants in leading change.

By the time this work is published, the Institut des Finances Basil Fuleihan would be celebrating its 15 years anniversary. These are 15 years of commitment to those objectives, to the modernization of the Lebanese Ministry of Finance and to building capacities in public financial management of Lebanese and Arab civil servants. These are 15 years of dedication, hard work and creativity to promote Lebanon’s role as a regional platform for continuous learning and exchange, notably through the Network of Training Schools and Institutes - GIFT-MENA, which permanent secretariat is housed at the Institute.

Before concluding, I would like to thank all our partners, the International Cooperation Agency of the French ministries of Economy and Finance - ADETEF, the Arab Planning Institute and the World Bank not only for their trust and collaboration in making this conference a success but mostly for their continuous support and commitment to the GIFT-MENA network.

A network through which, today, more than ever, we pledge to accompany MENA Governments’ efforts to strengthen national capacities in PFM, expressing our sincere and ambitious hope that your reading of these proceedings will trigger new impetus for innovative initiatives that will bring economic growth to our countries and improve the performance of our public finances.

Lamia Moubayed Bissat

Head - Institut des Finances Basil Fuleihan



Introduction

Public finance management (PFM) is at the very heart of how governments translate public resources into socio-economic development results. All governments initiated public finance reform initiatives to enhance the effectiveness and transparency of public finance expenditures and to better target the collection of revenues. Furthermore, with the recent financial crisis and resulting shocks, all governments, and mainly those of indebted countries, have been put under pressure to rethink their regulatory framework and accelerate planned PFM reforms.



Although financial systems in MENA countries have not been highly vulnerable to the crisis, the impact of the global recession on the real economy was significant in many countries. Countries' capacity to react varied, depending on initial fiscal and external account positions, level of public debt and institutional capacity to implement sound macroeconomic and structural policies.

In such context, governments took action and designed various solutions to address the vulnerabilities identified in their economies. Recovery plans included support to the national banking system and stock markets, more flexible monetary policies, the increase of public capital and infrastructure investment, fiscal stimulus package and others. Drastic importance was especially given to reform measures

that aimed at:

- Directly reducing borrowing through improved cash management and the establishment of Treasury Single Accounts;
- Improving predictability of the budget and efficiency of public spending through result-oriented and medium term budgeting;
- Monitoring and controlling public spending through the modernization

of public procurement functions and the strengthening of internal and external audit.

Still, the capacity of the public service to implement the mandate and manage the functions of the state, including public finance, remained a critical factor for the development of any country. In this respect, capacity building has become a key component of public service reform projects, reflecting the desire of both recipient governments and international donors to help civil servants cope with modern approaches and effectively implement sustainable change.

In this context, the Governance Institutes Forum for Training in the Middle East and North Africa (GIFT-MENA) network annual conference on **Reforming for results at a time of crisis: Public financial management in MENA**, held in Beirut from November 30th to December 2nd, 2010, was an essential halt for every PFM policy advisor, expert and practitioner in the MENA region. The conference gathered more than 120 participants and speakers, representing 16 countries and 7 international organizations, offering them a platform to:

- Build an overview on the advance-

ments and challenges pertaining to the implementation of PFM reform in MENA countries,

- Discuss common challenges and innovative solutions related to PFM reform design and implementation among peers,
- Get a first-hand presentation of the PFM curriculum developed in the Arabic language by the Institut des Finances Basil Fuleihan and the World Bank,
- Share capacity-building needs and contacts with providers and beneficiaries of technical assistance and training in the area of PFM.

List of acronyms

ADETEF	■ Association pour le Développement des Échanges en Technologies Économiques et Financières
CDR	■ Council for Development and Reconstruction
EFMIS	■ Emergency Fiscal Management Reform Implementation Support
EU	■ European Union
FMIS	■ Financial Management Information Systems
GFMIS	■ Government Financial Management Information Systems
GFSM	■ Government Finance Statistics Manual
GIFT-MENA	■ Governance Institutes Forum for Training in the Middle East and North Africa
GTZ	■ German Technical Cooperation Agency
IMF	■ International Monetary Fund
IPSAS	■ International Public Sector Accounting Standards
MENA	■ Middle East and North Africa
MTEF	■ Medium Term Expenditure Framework
OECD	■ Organization for Economic Co-Operation and Development
PEFA	■ Public Expenditure and Financial Accountability
PFM	■ Public Financial Management
SIGMA	■ Support for Improvement in Governance and Management
TSA	■ Treasury Single Account
UNDP	■ The United Nations Development Program
WB	■ The World Bank

Opening Ceremony

MENA Economic Outlook: Ten Years of Public Finance Reform

The conference opening ceremony held under the auspices of Mr. Saad El Hariri, President of the Council of Ministers, gathered a panel of high officials representing the Lebanese Government and the donors' community to assess the status of public financial management reform in MENA and discuss requirements for future prospects. Main issues addressed in the opening speeches are summarized below.



Opening panel

Ms. Lamia MOUBAYED BISSAT,
Head of the Institut des Finances
Basil Fuleihan, Lebanon

Ms. Agnès ARCIER,
President, ADETEF, France

Mr. Hedi LARBI,
World Bank Mideast Director,
represented by

Ms. Hanine SAYED,
Human Development Coordinator
in Lebanon, Jordan and Syria,
Middle East and North Africa Region

Her Excellency Ms. Raya HAFFAR,
Minister of Finance, Lebanon



Her Excellency Minister HAFFAR

PFM Reform: Driving Economic Growth

Ms. Hanine Sayed introduced PFM reforms as the strategic government instrument for better management of public money and available financial resources, hence creating an enabling environment for economic growth. Value-for-money expenditures are vital, she stated, in that they encourage macroeconomic stability in a region where public debt is constantly at a rise.

Ms. Raya Haffar provided a concrete example of how the PFM reform agenda in Lebanon was a driver for economic growth. In 2009-2010, Lebanon's economy has largely escaped the impact of the global crisis and performed remarkably well, reflecting a stable political environment and prudent macroeconomic management. Bucking international trends, the Lebanese economy maintained a strong growth momentum, reaching GDP growth of respectively 9 and 7%.

Challenges for the MENA Region

Referring to the latest World Bank report on PFM practices in the MENA region "Public Financial Management Reform in the Middle East and North Africa: An overview of Regional Experience", Ms. Sayed underlined two results from the study that will probably shape the scope and direction of PFM interventions in the future:

- The relative absence of medium term expenditure frameworks in MENA countries
- The need to improve budget coverage and integration

This set of results highlights the difficulties faced by MENA countries in designing and executing their budgets to act as a key driver for economic development and social welfare.



Ms. Hanine SAYED

The Need for Skills and Talents

The need for capacity development was emphasized as a core requirement for the successful implementation of the PFM reform agenda in the region. Most reforms were defined as technical and resources intensive, creating a demand for highly qualified staff. Ms. Lamia Moubayed Bissat highlighted the demand for training and awareness on PFM issues in the Arabic language as well as the need to attract and retain competent and skilled staff. She stressed on the importance of addressing three (3) levels of capacity development: institutional, organizational and individual. While changes in procedures and policies need to be accompanied by extensive on the job training,

technical training is expected to be supplemented by a review of the public service policies, practices and values to foster institutional change and retain competent staff.

Representatives of the World Bank and ADETEF also acknowledged the fact that weak human capacity constituted the biggest challenge for successful and sustainable reform implementation.

In line with this perspective, Ms. Moubayed Bissat launched the PFM training curriculum "A Roadmap to Public Financial Management Reform" in the Arabic language, addressed to mid and senior civil servants in the MENA region involved in PFM reforms. The curriculum was developed through a joint collaboration between the Institut des Finances Basil Fuleihan, the World Bank and ADETEF. It resulted in the creation of a set of four (4) specialized modules focusing on budget preparation, budget execution, government accounting and audit and internal control. The intent of this curriculum, she said, is to encourage the regional exchange of expertise, and bring local practices in line with international standards by developing the technical and managerial skills of public managers across the region in charge of the PFM reform agenda.

Working together: Networking and Innovation

Ms. Moubayed Bissat also focused on the synergies created within the framework of GIFT-MENA. She discussed the role played by the network since 2006 in strengthening the institutional capacity and fostering the exchange of expertise, experiences and knowledge among its members. She highlighted the network's mission to reinforce the role of training schools and institutes servicing the public sector as agents of change and modernization in MENA countries.

The GIFT-MENA network provides a unique model of regional cooperation, bringing countries of the Euro-Mediterranean closer and offering a bridge to the Arab world. It is an opportunity to join hands and share know-how for the advancement of the PFM reform agenda in the MENA region.

Towards Greater Transparency

Ms. Agnès Arcier underlined transparency as a main driver of the reform process and a priority to be set by governments when reshaping public policies. Better transparency helps gaining the trust of citizens and building the credibility of governments towards the public, the local and the international communities.

As stated by Mr. Salam Fayyad, Prime Minister of the Palestinian National Authority, in the Governance Newsmaker Interview of the World Bank: *"One of the lessons of public finance reform is that the people do not 'eat' reform, people cannot relate to reform. So what is important is to look for ways to make people actually feel the difference"*.

Her Excellency Minister Haffar asserted that connecting with citizens and promoting transparency have been at the core of the Ministry of Finance's guiding principles in reform



Ms. Lamia MOUBAYED BISSAT

implementation. Transparency efforts included, among others, the provision of timely and relevant publications and financial database to taxpayers, citizens, the business community and donors, the creation of a 24/7 call center, the active participation in the National Network for the Right of Access to Information and the publication of a Citizens' Guides series on major tax procedures as well as of the first Citizens' budget in 2010.

How can the donor community help?

The effectiveness of donor support and funding of PFM reforms is difficult to assess and has led to controversial conclusions. Still, the main recommendations that seem to rally the support of all local stakeholders are:

- The need to develop and respect a "home-grown" agenda of reform,
- To benefit from a coordinated and programmatic support from the donors community, and
- To provide enough flexibility in the approach as for the government to decide for what project or purpose the donors' support is to be allocated.

The importance of local ownership was stressed upon by Ms. Arcier who advanced a mixed approach to reform including the use of external expertise and the development of national capacities. Only a strategy providing balance between the external and internal expertise is capable of ensuring a sustainable outlook for reforms.

The World Bank was one of the main providers of technical and financial assistance to countries of the region, especially in PFM related areas. The conference was the occasion to reiterate the commitment of the Bank to work alongside governments and help them define the adequate strategies and intervention means to address the PFM challenges ahead. France, through ADETEF, also expressed its commitment to continue providing support to the essential area of good governance that is PFM.

Ms. Arcier presented the GIFT-MENA network as an interesting model of donor support to the PFM reform agenda in MENA countries. The GIFT-MENA network is offering a platform for member institutions to engage with European and international experts, foster the transfer of know-how and share relevant country experiences in PFM practices. In this context and through various forms of assistance and contribution, international organizations such as the World Bank, ADETEF, the Arab Planning Institute and others are channeling their efforts towards building and reinforcing the institutional capacity of civil service training schools and institutes and thus contributing to enhancing national capacity in PFM. Forging such partnerships will definitely enhance and accelerate the sound implementation of PFM reforms in the MENA region and help concerned countries better respond to emerging challenges following the global financial crisis and the growing pressure of the street for a fair and efficient public service and a better management of public money.

Opening Session

Public Financial Management Reform in the Middle East and North Africa: An Overview of Regional Experience



Keynote speaker
Mr. Mark AHERN,
Senior Public Sector Specialist,
MENA, The World Bank

Context and Challenges

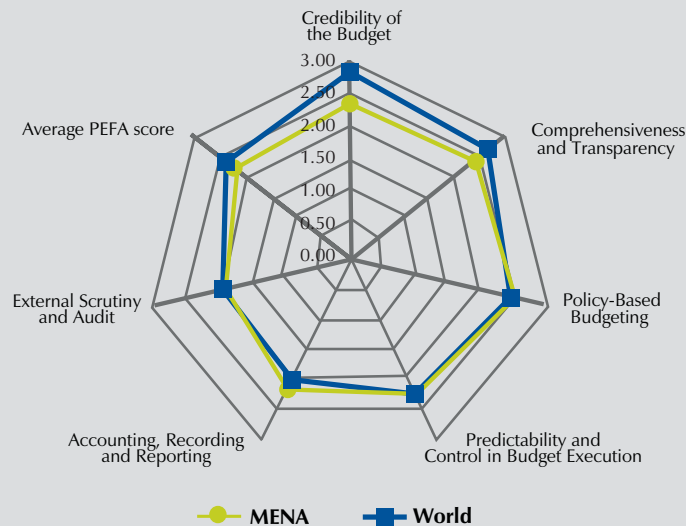
The presentation reported the experience of Middle East and North Africa countries in the implementation of Public Financial Management (PFM) reforms. It shared the results of a recent survey conducted by the World Bank and aimed at analyzing the status as well as ingredients of success and failures of PFM reforms in MENA countries. It sought to reflect upon the experience, substantive content and thrust of PFM reforms in MENA over the last decade as well as on the lessons learnt that can be of value to other countries and the donor community.

The analysis relied on the cross comparison of PEFA scores averages for MENA countries. The PEFA scores provide an indication of the performance of a country in six areas of PFM reforms covering the different

stages of the budget cycle:
 (1) Credibility of the budget;
 (2) Comprehensiveness and transparency;
 (3) Policy-based budgeting;
 (4) Predictability and control in

budget execution;
 (5) Accounting, recording and reporting; and
 (6) External audit.

Figure 1: MENA PEFA Averages Compared to Global PEFA Averages for Comparable Low Middle Income Countries



Source: World Bank, *Public Financial Management Reform in the Middle East and North Africa: An overview of regional experience* (Report No.55061-MNA), June 2010

Recommendations

The study tried to identify an emerging set of promising practices for the implementation of PFM reforms in MENA countries. The reforms were divided into three (3) categories:

- Successful PFM reforms, related to the reform areas that have registered substantive, concrete and verifiable improvements/results;
- Mixed, referring to the areas where generalization across the region is

difficult and where different countries stand at a different level of reform implementation;

- Challenging PFM reforms, regrouping the reforms that are seen as problematic or rather challenging.

Table 2: Breakdown of successful, mixed and challenging PFM reforms in MENA

Successful PFM reforms	Mixed	Challenging PMF reforms
<ul style="list-style-type: none"> ■ Improving budget classification ■ Improving budget transparency ■ Reforms in tax and customs 	<ul style="list-style-type: none"> ■ Enhance macro-fiscal capacity ■ Budget integration ■ Streamlining ex-ante control processes ■ Commitment control ■ Payroll management ■ Treasury operations ■ Reform of accounting systems ■ Internal and external audit 	<ul style="list-style-type: none"> ■ Medium term sector strategies ■ Improving budget scope and coverage ■ Introducing performance into the budget ■ Procurement reforms ■ Large information technology projects

Source: World Bank, *Public Financial Management Reform in the Middle East and North Africa: An overview of regional experience* (Report No.55061-MNA), June 2010



The study identified several areas where MENA countries ranked well and achieved consistent results in regard to PFM reforms: aggregate revenue outturn compared to original approved budget, comprehensiveness

of information included in the budget documentation, orderliness and participation in the budget process, transparency of taxpayers' obligations. However, it also identified where MENA countries ranked low, in areas

such as expenditure outturn compared to original approved budget, effectiveness of internal audit, timeliness of annual financial statements as well as external scrutiny and audit.

As PFM provides the legal and organizational framework for supervising all phases of the budget cycle and in view of reaching high performance levels, it was acknowledged that government practices should be in line with PFM objectives in terms of macroeconomic stability and fiscal sustainability, as well as spending compliance with monetary and fiscal policies. In view of the above, the session highlighted ten principles or insights on the implementation of PFM reforms in MENA:

1. Know the value - and limitations - of political economy analysis
2. PFM reform as means and not ends
3. Context matters, so swim with the current
4. The wisdom of "muddling through" - grand strategy versus incremental change
5. Establish basic systems before contemplating more advanced reforms
6. Whenever possible, keep reforms quick, simple and mutually reinforcing
7. Be wary of large financial management information systems
8. Internal challenges: leadership, coordination, skills and incentives
9. External stakeholders - useful, but don't count on them
10. Lessons for donors: be more strategic, selective, modest and flexible

Panel # 1

Reforming Budget Preparation: The Government's Strategic Tool for Policy Implementation



Moderator

Ms. Kawthar DARA,

Project Manager, CDR-UNDP
Millennium Development Goals
Framework, Lebanon

Speakers

Mr. Mounir RACHED,

Economic Consultant and Vice
President of the Lebanese Economic
Association, Lebanon

Mr. Bernhard SCHATZ,

Budget Officer, Ministry of Finance,
Austria

Mr. Mohammed HADDAD,

Head of Division - Budget Reform,
Follow-up, Budget Execution and
Organic Law, Ministry of Economy
and Finance, Morocco

Mr. Lamine MOULAH,

Director General, Budget Directorate,
Ministry of Finance, Tunisia

Context and Challenges

Many countries in the MENA are attempting to remedy shortcomings in budget preparation by introducing a performance focus to the budget, in order to enhance efficiency and accountability, assess outcome and raise effectiveness.

Efforts are also geared towards more budget transparency to build governments' credibility and reinforce trust from the public and the donor community.

Strategic orientations focus on strengthening macro-fiscal capacity, developing medium-term frameworks, improving budget integration by moving away from dual budget systems and integrating the management of current and capital expenditures, broadening budget coverage to

enhance accountability and finally improving economic classification by having it aligned to the classification used in the IMF's Government Financial Statistics 2001.

These various initiatives aim at transforming the budget into an effective tool for fiscal control and proper and efficient allocation of resources. Countries' experiences presented by the speakers introduced the participants to different approaches to budget reforms in countries from MENA and beyond. It tackled several issues related to modernizing the budget preparation process, trying to provide elements of response to the following questions:

- **Strategic budgeting:** How are MENA countries improving their macro-fiscal capacity and developing

medium-term sector strategies?

- **Budget integration:** What are the challenges encountered for integrating the management of capital and operations spending?

- **Introducing a performance focus to the budget:** Are MENA countries still at a pilot stage of performance budgeting? What are the reform and PFM system prerequisites that would facilitate the successful introduction of performance budgets?

- **Role of legislature:** How do parliamentarians review and deliberate budgetary proposal from executive?

Recommendations

The panel's discussions led to the identification of a set of recommendations pertaining to the modernization of the budget preparation functions:

1 A single institution driving reforms, usually the Ministry of Finance, that acts as a trendsetter

To have one institution drive the reform agenda - usually the Ministry of Finance with a clear mandate - is expected to facilitate the whole modernization process and help win interest and support on the political level. Reform should start with sound policy formulation at a macroeconomic level and be backed up with political commitment and leadership for long term and sustainability purposes. Budget reform needs to be implemented as part of an overall strategy. The experience of Tunisia showcased a ministerial committee supervising and piloting the reforms. The committee was chaired at the higher level by the Prime Minister and composed of 15 ministers.

2 Adopting a pragmatic, progressive and participatory approach to reform

Successful budget reform needs to focus on both the process of reform and creation of an enabling environment, and on the substantive changes to be made to the macro-fiscal and operational framework. It needs to take realistic account of the entire processes,



institutions and systems and identify realistic priorities for action. The experience of Austria, Morocco and Tunisia showed a budget reform agenda that was translated into feasible and practical programs, set-up in sequence and articulated in a work-plan with deadlines and assigned responsibilities.

However, these experiences also agreed that a prerequisite for successful implementation regarded the launching of a pilot phase that can help ensure continuity and sustainability overtime. The pilot phase can be of a few months, a year and up to a longer period, which was the case in Austria where the testing period reached six (6) years.

The experiences shared by the panel recommended reducing complexity when embarking on such an exhaustive reform process. It highlighted the importance of empowering key

institutions, including those that operate autonomously from government such as the Central Bank and oversight bodies. Civil society organizations, private sector representatives and the media should also be brought on board. Emphasis was laid on the positive impact of involving wide consultation with all stakeholders and mainly civil servants. The budget reform framework offers civil servants more flexibility and decision-power and works towards strengthening their know-how and internal organization while making them more accountable to the planned/expected results. The experience of Austria provided a practical example of granting administrative units budgetary flexibility and decision-making competences, and of a participatory approach that involved politicians, the court of audit and other line ministries.

3 Underscore the role of legislature

All experiences provided a practice in which the sound and sustainable implementation of reforms was linked to its institutionalization within a modernized legal and judiciary framework. However, the sequence of the legal and fiscal frameworks' amendments would vary from one country to the other. Both Tunisia and Austria amended their Constitution/Budget Law to make the reform irreversible whereas Morocco introduced a performance focus to the budget without revising the legal framework.

4 Countries ought to commit to a sound medium term discipline...

A number of countries in the MENA region are experimenting medium-term frameworks, but very few have had an effective functioning system to date. The PEFA scores indicate that the quasi-absence of medium term forecasting remains one of the most weighing weaknesses of the region. Medium-term macroeconomic frameworks establish consistency between the different set of policies and ensure flexibility of public resource allocation. Embarking on medium-term budgeting is expected to enhance predictability of the budget as well as the overall macro-fiscal situation and improve economic growth. The panel stressed on the need to develop medium-term sector strategies that would reflect the strategic choices of governments in terms of public policies.

5 ...And adopt performance-based budgeting

Performance based budgeting was presented as a core element of budget reforms; it enables a result-oriented approach to the budget and subsequently a transparent presentation of the outputs to the public. However, the panel highlighted the difficulties and challenges associated with the adoption of performance budgeting mainly because of the strong correlation between having many elements of PFM systems in place and successfully working, and the move towards effective performance budgeting. Also, the successful introduction of performance-based budgets necessitates a strong and well-established coordination mechanism among all ministries and government entities for planning and reporting purposes and the design of pertinent performance indicators.



Panel # 2

A Roadmap for Budget Execution Reform: Treasury, Accounting and Reporting



Moderator

Mr. Jacques CHAARAOUI,
Project Manager, EFMS Project,
Ministry of Finance, Lebanon

Speakers

Mr. Robert BOU JAOUDEH,
Senior Financial Management
Specialist, The World Bank

Dr. Jalal DEBAI,
Advisor, GFMS project,
Ministry of Finance, Jordan

Context and Challenges

The budget execution framework deals with the release of funding to line ministries, departments and agencies, the initiation of spending, the payment procedure, the recording of transactions as well as the production of accounting and budgeting reports. Credibility of PFM systems is linked to the execution of the budget and expenditure management processes.

In this context, treasury and accounting reforms are recognized as a prerequisite to improving performance and value-for-money in government operations as well as enhancing the quality of financial management information and service delivery.

In face of increasing fiscal pressure and borrowing costs, governments are realizing the opportunity cost of having

inefficient cash management practices.

Most MENA countries have designed reforms that aim at establishing a Treasury Single Account (TSA) and adopting international standards for accounting and reporting, experimenting for some with a gradual move towards accrual accounting. These reforms are also associated with heavy investments in information systems that are expected to facilitate the information flow and improve data collection as well as the reliability and accuracy of financial reports. However, experience with treasury and accounting systems has been mixed in the region, with limited success. One major challenge identified is that these reforms involve a change of practices and procedures for most

of the civil servants involved in expenditures management, which may create some resistance to change within the administration.

In the panel, a number of questions were raised:

- How can a well functioning treasury system reduce the costs and risks of government operations? Where do MENA countries stand in implementing Treasury Single Accounts?
- What are the technical challenges that lay ahead MENA Ministries of Finance in conducting sound Treasury and Cash Management reforms?
- What is the role of Financial Management Information Systems (FMIS) in treasury reforms?

Recommendations

1 Targeting the implementation of effective cash management reforms and treasury single accounts...

Most treasury reforms have involved establishing a TSA that aims at consolidating and managing the government's cash resources. TSAs have also been targeted as an essential mean to address budget shortcomings while reducing the costs of borrowing.

The presentation of Mr. Robert Bou Jaoudeh highlighted the importance of cash management in assuring funds availability for meeting government obligations, minimizing borrowing costs and maximizing returns from idle cash. It covered entry points for better cash management using various tools that can be based on the use of country systems such as the TSA, financial plans, warrants, invoice payments debts issuance and supplemental budgets.

A series of steps have been recommended as prior to the effective establishment of a TSA: the

familiarization and capacity development of concerned staff with day-to-day cash planning and management, the operation of cash plans, the consolidation of all government accounts' balances at the Central Bank, the review of the expenditure commitment procedure, the establishment of linkages with debt management. But most importantly, it was noted that successful reforms demand a fully committed government and staff.

2... While equipping ministries with effective Financial Management Information Systems (FMIS)

The Jordanian experience in FMIS contextualized the advantages of putting in place such a system to manage the budget with greater efficiency and apply control measures on relevant levels. Well developed systems provide more transparency and clarity of information and facilitate the control of decentralized operations. A prior step to the activation of the

GFMS in Jordan was the adoption of a new chart of accounts that aligned budget classification to the international GFSM 2001. In Jordan, the breakthrough resided in the introduction of "geographical classification", a feature that didn't exist in the GFSM 2001. One important feature of the reform raised by the speakers is the mobilization and commitment of employees across the Ministry of Finance to facilitate the successful implementation of the "technological" change as well as the reinforcement of technical capacities and improved IT environment at the Ministry of Finance and other line ministries. Indeed, investing in accurate and timely information system is key to effective PFM management and more accountability and constitutes the first step in moving to an output, rather than input, management framework. In Jordan, the GFMS helped establish a better control system at all levels of budget preparation and execution. It also provided a sound base to launch the administrative decentralization project.

Panel # 3

Public Procurement Reform: Improving the Government's Value-for-Money



Moderator

Ms. Nancy TYAN,

Contracts Department Manager,
Legal Affairs Division, Council for
Development and Reconstruction,
Lebanon

Speakers

Mr. Marian LEMKE,

Senior Advisor, SIGMA, EU-OECD

Mr. Sepehr FOTOVAT,

Country Procurement Coordinator,
World Bank Beirut Office, Lebanon

Mr. Anaam Yahya Al-SHAHARY,

Secretary General, High Tender
Board, Yemen

Mr. Abdelmjid BOUTAQBOUT and

Mr. Mohamed SEGHROUCHNI,

Ministry of Economy and Finance,
Morocco

Context and Challenges

Public Procurement is liable for high shares of total government expenditures, reaching a global average between 12 and 20 percent, depending on the country. However, the attributed share of public procurement in MENA countries is substantially higher, accounting for up to 70% of public expenditures and 15% of GDP in some developing countries. These countries have incurred heavier costs by entertaining poorly designed public procurement systems.

Public procurement reforms aim to achieve value-for-money with efficient allocation and use of available resources. They are essential to improve government performance in meeting

economic and social goals and enhancing public sector productivity. They are also an essential component for public investment efficiency.

Though the quality of procurement systems in the region is still rated as “weak”, according to the PEFA scores many MENA countries have launched reforms addressing procurement shortcomings. However, a number of challenges are yet to be addressed such as the lengthy reform process and weak capacity of institutions in charge of public procurement functions. In addition, public procurement reforms have been, for long, mostly donor-driven. More recently, countries of the MENA region have been trying to

promote local ownership and making home-grown agenda prevail.

The panel focused on the experiences of MENA countries in modernizing their public procurement functions by analyzing a set of questions:

- Why are procurement systems weak and how are MENA countries attempting to upgrade them?
- How is international technical assistance supporting public procurement modernization?
- To what extent are MENA countries integrating international standards and information technologies into their new procurement systems?

Recommendations

A set of principles have emerged to guide the establishment of an open and accountable public procurement system:

1 Modernize the legal framework to streamline public procurement services into an efficient and consistent network

Sound public procurement policies are considered key to good governance and public performance. The importance of designing a suitable legal framework and reviewing procurement laws to meet best practices criteria was advanced as a key step in making the implementation of procurement reforms more rigorous and sustainable. The production and promotion of standard procurement manuals and bidding documents also play a central role in the professionalization of the procurement process.

The case of Yemen provided an example whereas public procurement reform necessitated the preparation of a new bidding law and standard documents as to properly progress towards matching the system to international best practices. It also

featured a well-targeted contribution of international organizations such as the World Bank and the OECD.

The experience of Morocco described a multi-stakeholder approach to the reform and also shed light on the vital importance of a modern and consistent legal framework to promote sustainability of the reform process.



2 Establish a central body equipped with the proper capacity to implement and accompany the reform process

Alongside revamping the legal framework, recommendations focused on the need to set up an autonomous administrative structure/authority that centralizes the public procurement function. This body is expected to bring an efficient and effective procurement system into government, seek to implement a gradual systematic approach to the lengthy reform and assume a regulatory role at the national level.

The new tender law of Yemen established two regulatory and monitoring institutions: the High Tender Board and the High Authority for Tender Control.



3 Favor local ownership of reforms for sustainability

The panel has pointed out that a key ingredient of success is the adaptation of international practices and standards to the local culture/framework. Donors are encouraged to help beneficiary countries upgrade and use their procurement systems and to play a supportive role to the local political leadership. The international community is also expected to invest in strengthening the individual and national capacities of public procurement institutions and helping them design incentive schemes to attract and retain qualified staff.

4 Reinforce transparency and curb fraud practices with the development of e-practices

Modernized procurement policies and procedures are to be consistent with the principles of transparency, fairness, competition and value-for-money.

One major effort towards improving access to public information is the appropriation of an electronic portal for public procurement.

Morocco has already undertaken the necessary steps towards establishing a modernized electronic procurement system in a secured environment. A legal decree has allowed the creation of a procurement portal that seeks to promote principles of transparency and integrity and reduce discrimination and attempts to corruption and fraudulent practices. The e-procurement reform was designed following a three (3)-phased approach:

- E-procurement
- E-tendering
- E-purchasing

The progressive implementation of the procurement reform process was claimed as one major element of success.

5 Strengthen internal control and external audit procedures for more accountability

Stakeholders involved in public procurement reforms are in favor of sanctions for non-compliance with the regulations and strictly scrutinized procedures, especially regarding the tender process. Improved mechanisms are to be put in place to apprehend risks associated with public procurement such as: the recruitment of “whistle blowers”, the establishment of a clear chain of responsibility, the modernization of the audit and monitoring tools, the handling of complaints in a timely and transparent manner, the enactment of a Code of Conduct to be respected and followed by all civil servants involved in public procurement, and the collaboration with third parties such as the civil society organizations, the media and the private sector for public procurement monitoring.

Panel # 4

Financial Oversight and Scrutiny: Holding the Government to Account



Moderator

Ms. Dina MELHEM,

Head of MENA Programs,
Westminster Foundation for
Democracy, United Kingdom

Speakers

Ms. Celeste KUBASTA,

Advisor on Budget and Financial
Accountability

Mr. Daniel BATO,

International expert in implementing
IPSAS

Mr. Nader SALAHAT,

Director General of Internal Audit,
Ministry of Finance, Palestine

Dr. Alaa KADUM,

Director General of Technical Affairs
Department, Iraq Board of Supreme
Audit, Iraq

Context and Challenges

Government oversight and more importantly audit functions consist of processes designed to ensure conformity of expenditures to a country's legislature, spending within budgetary provisions, and consequently improving the effectiveness of government operations as well as accountability. Oversight is recommended to take place at both an internal and external levels. Setting-up a modern advanced audit system is also expected to reinforce government credibility towards the public and the donor community. The latest global financial crisis is also directly linked to the lack of enforcement of financial

accountability, which is laying more focus now on effective regulation schemes.

Struggling to reinforce the trust of citizens in the government, MENA countries are undergoing reforms aimed at modernizing their financial governance framework and control environment.

However, the degree of reform implementation varies significantly across MENA countries. The panel of experts debated the following set of questions concerning internal and external controls:

- Why does financial scrutiny matter and what does it involve? How are

internal and external audit functions being reformed to accompany the achievement of a culture of performance?

- **Internal audit:** How are MENA governments streamlining the control processes?
- **External audit:** What are the shortages in terms of external audit in MENA? How to address them? How to build successful public-private partnerships between the supreme audit institutions and private audit firms?
- What are the role and functions of parliamentary committees in financial oversight?

Recommendations

Senior officials are in charge of the establishment of an effective control environment in their organizations as part of their responsibility over the use of government resources.

1 Financial reporting: A tool to foster good governance

Accurate financial reporting remains a core indicator of the financial position and performance of governments. It provides a sound base for well-informed decision-making and resource allocation.

MENA countries tend to dismiss the importance of financial reporting and its relation with internal audit. Reviews agree that accounting systems in MENA countries need to be developed and aligned with international standards, to enhance the quality of financial information. Recent trends have been directed towards the progressive migration from cash-based to accrual accounting.

Mr. Daniel Bato introduced the International Public Sector Accounting Standards (IPSAS) as an essential tool to foster accountability and transparency

in government reporting. The IPSAS streamline financial reporting, unify the accounting language across the public sector, and help establish a comparative approach to assess the performance of governments and set benchmarks. Their application encourages governments to perform with high standards and quality by proposing a good financial management tool. However, the application of the IPSAS has proven quite a challenge to some countries, mainly due to the large changes accounting reforms require.

2 Internal Control: A foundation for accountability in government

Performing internal controls helps provide reasonable assurance that government agencies are working towards the achievement of planned outcomes, risks are well managed, resources are safeguarded against mismanagement and reliable financial information is maintained. The internal audit function is more and more used to measure effectiveness and quality in risk management, control and governance processes. One additional key prerequisite to achieve an objective and reliable internal audit function is to maintain the independence of the auditor.

Current internal control processes in MENA countries are assessed to date as relatively weak according to the PEFA indicators. The main challenges



identified relate to the existence of conflicts of interest and weak institutional capacities. The internal control procedures are still strongly focused on controlling transactions rather than auditing the adequacy and performance of the overall system.

The experience of the Ministry of Finance of Palestine offered an example of the type of reform initiatives that are being implemented in the MENA region. An internal audit division was put in place to manage the efficient use of public resources and rationalize the spending of all public institutions according to the new financial legislation. The reform has followed internationally-recognized norms and standards. The next step is to further develop the scope of work of the division towards more decentralization, risk management and performance quality.

3 Financial oversight: Controlling to coping with change

The role of the Parliament and supreme audit institutions, known as the external controllers, is gaining momentum. These institutions provide a formal way of monitoring budget execution, reviewing performance and pushing for both allocation and operational efficiency. For parliamentary oversight to be effective, a number of conditions are expected to prevail: parliamentary finance committees should be empowered to oversee budget appropriation and the outcomes of budget allocations. Members of Parliament should be independent and have sufficient resources at their disposal.

Supreme audit institutions also play a vital role in holding governments to account. However, their work is conditioned by their integrity and alignment with professional standards. They are expected to fulfill their mandates as effectively as possible in environments marked by constant change and challenge.

The main challenge raised focused on the need to further strengthen the capacities of supreme audit institutions, targeting three (3) levels:

- Professional audit capacity (including audit methods and quality insurance)
- Organization capacity
- Capacity to deal with the external environment (Parliament, the media, the donor community, the ministries, etc.)

The international technical assistance provided to the Bureau of Supreme Audit of Iraq to establish a coordination unit with the Parliament Finance Committee and other committees constituted for instance a concrete step towards the reinforcement of the financial oversight capacity of Iraq. However, in the period 2003-2005, the attempt was oriented towards bringing the US model of inspector general to the external audit process. The endeavor was ambitious but experience revealed that the model needed to be more adapted to the local culture to lead to effective results.

Finally, the media and civil society organizations should also be encouraged to play a role in overseeing the implementation of public policies and generating pressure for reform. They create a demand for information and more transparency.

In MENA countries, the role of both inspection bodies remains limited, in part reflecting the relatively low engagement of parliaments in financial oversight and scrutiny.

Concluding Remarks

By

Ms. Lamia MOUBAYED BISSAT,

Head, Institut des Finances Basil Fuleihan, Lebanon

Ladies and Gentlemen,

Dear colleagues and friends,

We have come to the end of our conference on Reforming for Results at a Time of Crisis: Public Financial Management in MENA.

I would like to express my appreciation to all delegations, participants and speakers for actively participating in this two-day event. The various keynote presentations as well as the country experiences have made this gathering a successful and enriching event.

A full summary report of the conference will be shared with you at a later date. At this time, I only wish to highlight a few key points emerging from our discussions.

It was obvious that, over the past 10 years, MENA Governments have made strong commitment to modernize their public finance operations and governance.

The driving forces behind these reforms were many: It was either to support economic growth or improve social welfare, or to rebuild the State and benefit from international assistance, especially in post-conflict countries, or a combination of both.

The comparative approach presented in the first session by our colleague from the World Bank, Mr. Mark Ahern, led to establishing conclusions on where MENA currently stands regarding PFM reform in contrast with the rest of the world: good progress was noticed concerning budget transparency and credibility; however, countries in MENA still have a long way to go in strategic budgeting areas of better MTEF, and most certainly viewing budgets as an expression of a clearly articulated vision and expression of the commitment of the governors to those they are governing. Reform initiatives are still required in the areas of budget scope and coverage, and procurement reform. Consensus was also noticed on the importance of the timeliness

and quality of budget oversight and control especially by parliament. The presentations showed that each country adopted a different approach to reform. For instance, in budget modernization, we had the opportunity to be exposed to two different approaches to reform: the case of Austria and Tunisia that started by amending their Constitution/Budget Law to make the reform irreversible and the experience of Morocco that introduced a performance focus to the budget without revising the legal framework.

The main lesson learnt from these two approaches is that there is no single recipe for successful reform implementation.

However, a set of practices applied by the various countries, for modernizing budget preparation, budget execution, the procurement process or internal and external audit were identified during our discussions. These practices are to be understood within the context of being food for thoughts and not necessarily recipes of success. We have to apprehend that the risk entailed in implementing solutions without proper and enough understanding of the problems will only undermine our reform initiatives. Proper assessment of problems and of the political economy and the systems limitations is a necessary step to any successful reform practices.

First, most of the speakers stated the importance of having a reform driven by a single institution, usually the Ministry of Finance that acts as a trend setter, but **recommended adopting a PRAGMATIC, PROGRESSIVE and PARTICIPATORY approach to reform**. It insisted on the positive impact of national consultation and the involvement of all concerned stakeholders such as the Court of Audit, the Parliament and others. They have also emphasized the need to ensure a **pilot phase for sufficient testing and to look at reform as a continuous and long-lasting process**, not limited to a particular time schedule. For instance, budgets are plans that are not made to be fixed and not changed during the years. We were also provided with thoughts and ideas about the issue of adopting grand strategies versus incremental changes. I have particularly noted the recommendation of Mr. Daniel Bato in being the actors of reform and in having a voice in the adoption of ISPAS for example, or the use and implementation of other international significant issues. On another level, **local ownership and political leadership** was advanced as

a key ingredient of success. It was clearly pointed out that sustainability of efforts is function of having qualified civil servants and visionary leaders. The **modernization of the legal framework**, whether it is instating a new budget law or modernizing a single article in the Constitution, has also been presented as concomitant with most of the reform measures put in place.

The importance of Information Systems was referred to by many participants: Though one of the recommendations of the WB assessment report was to be ware of large information management systems, we were exposed to a couple of successful experiences in deploying efficient and practical information systems, in Jordan and Morocco. These systems have helped simplify administrative procedures, enhance the control and monitoring of public finance operations, improve transparency and limit, and to a certain extent fraud and corruption. The cases of Jordan in implementing the GFMIS or of Morocco in developing e-procurement, e-tendering and e-purchasing are good examples of

ambitious information systems.

Many speakers stressed on the importance of Peer Learning from experience sharing: The experience of the Ministries of Finance of Austria and Tunisia, of the High Tender Board of Yemen and others highlighted the benefits of studying and learning more about other/peer experiences before engaging into reform. These cases provided good examples on how international practices and standards can be adapted to local culture, to the benefit of all.

The role of Donors: Presentations showed the engagement of the donor community in Public Finance Management in MENA. Many donors, especially the WB and the IMF, were, and still are, **providing substantive support to PFM reform in MENA countries**. France, Italy, GTZ and OECD are also contributing to technical assistance efforts. However, lessons from experience seem to encourage the **donor community to rethink its** approaches and rhythm, suggesting greater **use of country systems** for the financial management of projects, **supporting “home-grown” agendas of reform, better**

Launching of the Public Financial Management Curricula

The new curricula **“A roadmap to Public Financial Management Reform” in the Arabic language, funded by a World Bank Trust Fund** is the result of a collaborative work conducted by the Institut des Finances Basil Fuleihan, the World Bank and the ADETEF.

The grant aimed at providing a high quality set of training modules specialized in Public Financial Management in the Arabic language to be offered to mid-career civil servants in MENA countries. This is expected to improve the overall public sector governance, transparency as well as performance, and help prepare the next generation of leaders. The project was launched in 2007.

Four distinct yet intertwined modules formulate the curriculum:

- Budget Preparation
- Budget Execution
- Government Accounting
- Audit and Internal Control

Each program is composed of a combination of presentations by subject-matter specialists, self-assessment exercises as well as work groups and case studies. The intent is

to encourage regional exchange of expertise, and bring local practices in line with international standards. The content of the modules is modular and can be easily adapted by the trainers to the local culture of the country where the training is conducted.

The **Budget Preparation module** offers an entry point to moving from a traditional budget framework to performance budgeting. It examines

coordination among the donor community, more investment in the country agenda over longer periods of time and leaving out linear models to the benefit of flexibility and longer term follow-up. In this respect, it was mentioned that the PEFA framework assessments provide good benchmarks for countries of the region and will help improve donor assistance and coordination.

The theme that has also resonated in these meetings is **clearly the need for continuous internal capacity-building** and know-how to support all reform initiatives and develop new skills. Technical skills of civil servants as well as their capacity to conduct change were presented by most of the speakers as key to successful reform. Despite the fact that successful initiatives are supported by extensive training and awareness; the quality of civil service recruitment and qualification of government leaders most certainly remain a central piece of successful reform implementation. Due attention need to be given to modern and successful experiences in attracting, retaining and training competent government leaders.

Ladies and Gentleman,
Today, though we stand at different stages of reform implementation, and despite challenging times and circumstances that faced our network, not to mention an in-between destructive war on Lebanon in July 2006, we were able to achieve some of our hopes and dreams and create a high worth value network. What started as an experiment turned into an innovative action we undertook together. We will continue doing so each in its own way, whenever we think of a colleague in Yemen for advice or in Morocco to mobilise an expert or in Iraq to see what's new, We will continue existing as long as we create value. That has been our pledge at the beginning in Beirut, in Amman at the National Institute for Training, in Paris and in Beirut again.

Dear colleagues,
For us, these have been very productive meetings, not just in the formal sessions but in many personal encounters and discussions with all of you. As our conference draws to a close, I would like to thank our partners, the ADETEF, the Arab Planning Institute and the World Bank for making it happen and call upon new partners to help us because as I said on Tuesday, it is not easy to operate a network without support in ideas and in cash. I wish you all a safe journey home and look forward to seeing you all again very soon in Jordan.

I declare the Conference closed.

the steps followed in modern budget preparation systems as well as typical weaknesses and pitfalls.

The program is expected to equip participants with the proper tools for budget modernization.

The **Budget execution module** provides an in-depth view of the execution cycle and recommendations on the necessity to restructure some key functions to enable the Government to effectively discharge the various budget responsibilities.

The program is expected to endow participants with the required professional knowledge and techniques to modernize the Treasury, Cash Management and Debt functions.

The **Government Accounting module** focuses on the principles of

classification in accordance with the IMF-GFS 2001. It introduces cash and accrual accounting as a basis of recognition of transactions and day-to-day cash management.

The module on **Audit and Internal control** provides practical guidelines on how to set-up audit systems that include efficient ex-ante and ex-post control systems. It addresses the legal and technical requirements for implementing effective monitoring systems.

The program aims at endowing participants with the skills of a "professional auditor" and at improving their tax audit capacity as well as their risk-based auditing capacity.

The curriculum content was developed by a team of international experts lead by ADETEF, with the contribution of Lebanese and regional Arab experts. It will be made available in the French and Arabic languages, starting June 2011.



Conference Agenda

**Tuesday,
November 30, 2010**

17:00 - 18:30 / Grand Serail

**Conference Opening Ceremony
under the auspices of Mr. Saad
El Hariri, President of the
Council of Ministers
MENA Economic Outlook: 10
Years of Public Finance Reform**

Introduction by **Ms. Lamia**

MOUBAYED BISSAT, Head of the
Institut des Finances Basil Fuleihan,
Lebanon

Keynote speeches

- **Ms. Agnès ARCIER**, President,
ADETEF, France
- Speech by **Mr. Hedi LARBI**, World
Bank Mideast Director, represented
by **Ms. Hanine SAYED**, Human
Development Coordinator in
Lebanon, Jordan and Syria, Middle
East and North Africa Region
- **Her Excellency Ms. Raya HAFFAR**,
Minister of Finance, Lebanon

**DAY ONE: Wednesday
December 1st, 2010**

9:00 - 10:00 / Grand Serail

**Public Financial Management
Reform in the Middle East and
North Africa: An Overview of
Regional Experience**

Issues to be addressed

- Comparative approach of PFM
reform in MENA countries
- What reforms are working, what
are not, and why?
- An emerging set of promising
practices

Keynote speaker

- **Mr. Mark AHERN**, Senior Public
Sector Specialist, MENA, The
World Bank

10:00 - 11:30 / Grand Serail

Panel 1 / Plenary

**Reforming budget preparation:
The governments' strategic tool
for policy implementation**

Issues to be addressed

- Strategic budgeting: How are MENA
countries improving their macro-
fiscal capacity and developing
medium-term sector strategies?
Can medium-term budgeting assist
MENA countries recover from the
crisis? Budgeting under constraints.
- Integrating recurrent and capital
expenditures: Why is shifting the
management of capital spending to
the Ministry of Finance a lengthy
process; How to address sources of
institutional resistance?
- Introducing a performance focus to
the budget: Experiences from the
field; Are MENA countries still at a
pilot stage? What are the reform
and PFM system prerequisites that
would facilitate the successful
introduction of performance
budgeting?
- Role of legislature: How do
parliamentarians review and
deliberate budgetary proposal from
executive?

Countries' Experiences

MOROCCO: Budget modernization
in Morocco and the development of
forward estimates and sector policies;
Review of the Moroccan experience
and the way forward.

AUSTRIA: The case of Austria in
modernizing budget preparation:
Challenges, ingredients of success and
lessons learnt; The evolving role of
legislature and Parliament;
Comparison to other OECD countries.

TUNISIA: The experience of Tunisia
in introducing performance based
budgeting; The agenda of reform,
challenges encountered during
implementation, first results, lessons
learnt and the way forward.

Speakers

- **Mr. Mounir RACHED**, Economic
Consultant and Vice President of
the Lebanese Economic
Association, Lebanon
- **Mr. Bernhard SCHATZ**, Budget
Officer, Ministry of Finance,
Austria
- **Mr. Mohammed HADDAD**, Head
of Division - Budget Reform,
Follow-up, Budget Execution and
Organic Law, Ministry of Economy
and Finance, Morocco
- **Mr. Lamine MOULAH**, Director
General, Budget Directorate,
Ministry of Finance, Tunisia

Moderator

Ms. Kawthar DARA, Project
manager, CDR-UNDP Millennium
Development Goals Framework,
Lebanon

11:30 - 12:00 / Coffee break



12:00 - 13:30 / Grand Serail

Panel 2 / Plenary

A roadmap for Budget execution reform: Treasury, Accounting and Reporting

Issues to be addressed

- How can a well functioning treasury system reduce the costs and risks of government operations? Where do MENA countries stand in implementing Treasury Single Accounts?
- Are cash management reforms effectively associated to debt management reforms? How do effective cash management and the implementation of Treasury Single Account help governments reduce borrowing?
- What are the technical challenges that lay ahead MENA Ministries of Finance in conducting sound Treasury and Cash Management reforms?
- How to secure the solid commitment of staff at Ministries of Finance for successful reform implementation?
- The role of Financial Management Information Systems (FMIS) in treasury reforms;

Countries' Experiences

JORDAN: A comprehensive approach to improve economic classification; Development of a new chart of accounts, the adoption of International Public Sector Accounting Standards and the broad GFMS project.

Speakers

- **Mr. Robert BOU JAOUDEH**, Senior Financial Management Specialist, The World Bank
- **Dr. Jalal DEBAL**, Advisor, GFMS project, Ministry of Finance, Jordan

Moderator

Mr. Jacques CHAARAOUI, Project Manager, EFMIS Project, Ministry of Finance, Lebanon

13:30 - 14:30 / Lunch break

14:30 - 16:00 / Grand Serail

Panel 3 / Plenary

Public Procurement Reform: Improving the Government's value-for-money

Issues to be addressed

- MENA countries approaches to Public Procurement Reform: Why are procurement systems weak and how are MENA countries attempting to upgrade them?
- To what extent are MENA countries integrating new international trends like Green or Sustainable Public Procurement?
- How is international technical assistance supporting Public Procurement Modernization?

Countries' Experiences

YEMEN: Implementing the New Tender Law passed in 2007: How did the new law address the shortages of the old law? How was it implemented? What were the challenges? Was it supported by capacity-building initiatives?

MOROCCO: How did the e-procurement platform act as a strong tool to reduce corruption?

Speakers

- **Mr. Marian LEMKE**, Senior Advisor, SIGMA, OECD
- **Mr. Sepehr FOTOVAT**, Country Procurement Coordinator, The World Bank
- **Mr. Anaam Yahya Al-SHAHARY**, Secretary General, High Tender Board, Yemen
- **Mr. Abdelmjid BOUTAQBOUT** and **Mr. Mohamed SEGHROUCHNI**, Ministry of Economy and Finance, Morocco

Moderator

Ms. Nancy TYAN, Contracts Department Manager, Legal Affairs Division, Council for Development and Reconstruction, Lebanon

DAY TWO: Thursday December 2nd, 2010

9:30 - 11:00 / Grand Serail

Panel 4 / Plenary

Financial oversight and scrutiny: Holding the government to account

Issues to be addressed

- Why financial scrutiny matters and what does it involve? Helping the government set its strategic priorities and levels of expenditures.
- Internal audit: A foundation for accountability in government? How are MENA governments streamlining the control processes?
- External audit: Building public-private partnerships between the supreme audit institutions and private audit firms.
- What are the shortages of external audit in MENA? How to address them?
- How internal and external audit functions are being reformed to accompany the achievement of a culture of performance.
- Role and functions of Parliamentary committees in financial oversight.

Countries' Experiences

PALESTINE: How did the Ministry of Finance build its internal audit functions? Were international standards adopted? How did international technical assistance contributed to this reform?

IRAQ: Limitations of ex-ante control systems and its impact on the government's ability to conduct business; How is Iraq planning to modernize its control scheme? Lessons learnt from the introduction of an "inspector general" function as part of external audit reform.

Speakers

- **Ms. Celeste KUBASTA**, Advisor on Budget and Financial Accountability
- **Mr. Daniel BATO**, Team Leader, System-wide IPSAS Project, The United Nations
- **Mr. Nader SALAHAT**, Director General of Internal Audit, Ministry of Finance, Palestine
- **Dr. Alaa KADUM**, Director General of Technical Affairs Department, Iraq Board of Supreme Audit, Iraq

Moderator

Ms. Dina MELHEM, Head of MENA Programs, Westminster Foundation for Democracy, United Kingdom

11:00 - 11:30 / Coffee Break

12:00 - 13:30 / Grand Serail

Plenary

Concluding Remarks

- **Mr. Robert BOU JAOUDEH**, Senior Financial Management Specialist, The World Bank
- **Ms. Lamia MOUBAYED BISSAT**, Director, Institut des Finances Basil Fuleihan, Lebanon

13:30 - 14:30 / Lunch

