

**Improving the  
execution of capital  
expenditure financed  
from state resources  
in the Central African  
Republic**

**practice  
notes**

# Contents

<i>Acronyms and abbreviations</i>	3
<i>The Building PFM Capabilities programme</i>	4
<i>Foreword</i>	5
<b>1. A novel approach to PFM reform</b>	<b>6</b>
<b>2. Determining entry points for action</b>	<b>8</b>
<b>3. Action-push period</b>	<b>10</b>
<b>4. Reflecting on action taken</b>	<b>15</b>
<b>5. Lessons learnt from the process</b>	<b>18</b>
<b>6. Concluding comments: taking the work further</b>	<b>20</b>
Annex 1: Rate of budget execution by expenditure category	21
Annex 2: Rate of execution of capital expenditure per ministry	21
Annex 3: Possible avenues envisaged by the team in September for finding solutions	22
Annex 4: Execution rate of estimates of revenue and expenditure	23
<i>Acknowledgements</i>	24

# Acronyms and abbreviations



<b>ACCT</b>	Treasury's Central Accounting Agency
<b>BPFMC</b>	Building Public Finance Management Capabilities
<b>BSC</b>	Building State Capability
<b>CABRI</b>	Collaborative Africa Budget Reform Initiative
<b>CAR</b>	Central African Republic
<b>DGB</b>	Directorate-General for Budget
<b>DGMP</b>	Directorate-General for Public Procurement
<b>DGPE</b>	Directorate-General for Economic Planning
<b>DGTCP</b>	Directorate-General for Treasury and Public Accounting
<b>HIPC</b>	heavily indebted poor countries
<b>IGF</b>	Inspector-General of Finance
<b>IMF</b>	International Monetary Fund
<b>MDAs</b>	ministries, departments and agencies
<b>MFB</b>	Ministry of Finance and Budget
<b>MPW</b>	Ministry of Public Works
<b>NA</b>	National Assembly
<b>PDIA</b>	problem-driven iterative adaptation
<b>PEFA</b>	public expenditure and financial accountability
<b>PEIMRP</b>	Public Expenditure and Investment Management Reform Project
<b>PFM</b>	public financial management
<b>PPM</b>	procurement plan
<b>PURSeP</b>	Emergency Public Services Response Project
<b>RCPCA</b>	Plan for Recovery and Peace-Building in CAR
<b>USD</b>	United States dollar

# The Building PFM capabilities programme

The mission of the Collaborative Africa Budget Reform Initiative (CABRI) is to build the capability of officials in African governments to implement reforms that will allow for the establishment of functional public financial management (PFM) systems. The Building Public Finance Financial Management Capabilities (BPFMC) programme is based on the problem-driven iterative adaptation (PDIA) approach and contributes to CABRI's task through action-orientated learning. In 2017 and 2018, altogether 15 teams from nine African countries successfully participated in this programme.

The BPFMC programme, developed in association with the Building State Capability (BSC) programme at Harvard University, contrasts with traditional approaches to PFM reform, which place the main emphasis on technical solutions. CABRI's programme takes the view that PFM reform does not lend itself to a one-size-fits-all approach, and requires simultaneously the careful management of political and administrative constraints and an in-depth understanding of the local context. As such, it places teams of government practitioners centre stage and equips them with an approach that drives incremental changes. Locally identified PFM problems are tackled through a structured eight-month action-oriented programme.

The BPFMC programme structure facilitates practical and experimental learning by officials, and consists of the following four gradual stages: (i) an online course on the PDIA approach; (ii) a framing workshop where the teams learn how to construct and deconstruct their PFM problems; (iii) an action-push period during which national teams practise regular iterations in order to resolve their problems with the regular support of a dedicated CABRI coach; and (iv) a peer-review seminar, which makes it possible for the teams to present the progress made, to introduce their next actions and to share what they have learnt with their peers.

In 2018, eight teams from various African countries successfully completed a second BPFMC programme. A team of senior officials from the Central African Republic's Ministry of Finance and Budget (MFB) participated in the programme with a view to resolving the persistent problem of the underspending of state resources on capital expenditure. The present document describes the evolution of the team by providing conclusive and documented data on progress made over time, and on the manner in which the team has strengthened its own capabilities and has made them generally available over a period of eight months, in the precarious context of increased tension within the country.

# Foreword



Since its return to constitutional rule, the Central African Republic (CAR) has played an active role in the wide-scale reconstruction of its economy, and in particular by implementing several economic and financial reform projects.

Within this framework, and through a team called the *Fauves de Bas-Oubangui* (the Beasts of Lower-Oubangui), CAR has participated in the second edition of the Building Public Financial Management Capabilities programme presented by the Collaborative Africa Budget Reform Initiative (CABRI).

Lived experience gained through this programme has made it possible for the *Fauves de Bas-Oubangui* to work on eliminating the bottlenecks that hinder the capabilities of the country's ministries and other institutions in spending the funds allocated from state resources to capital expenditure, and on improving the rate of implementation of capital budgets. The team has spearheaded the search for appropriate solutions to smooth the flow of capital expenditure funded from state resources through the circuit of all budgetary and accounting role-players.

This highly practical programme has made it possible to improve our ability to find answers to real challenges in the realm of public financial management (PFM), and to learn lessons as we find solutions over time to the problems that have been identified.

We wish to express our most grateful thanks to CABRI, which has made it possible for the CAR to showcase its local capabilities in finding a solution to a problem of national concern, viz. the underspending of the capital budget from state resources, by participating in the Building Public Finance Management Capabilities in Africa programme.

We wish the CABRI team all the very best.

**Alexis Guenengafu**  
Director-General for Budget

# 1

## A novel approach to PFM reform

**The CAR is a landlocked and fragile state, which has experienced numerous recurrent periods of armed conflict.** The fall of the Bozizé regime in March 2013 plunged the country into a civil war, which only ended with the February 2016 presidential and parliamentary elections. A return to constitutional order has been recognised by the international community, which promised, during an international conference of donors in Brussels in November 2016, an amount of USD 3 161 million to support the national revival plan to consolidate peace, which includes a significant amount allocated to reconstruction. However, tensions and violence resurfaced in the country in 2017 with the aggravation of the humanitarian situation. Nevertheless, the signature in February 2019 of the Khartoum peace agreement between the CAR government and all 14 armed groups, and the establishment of an inclusive government, give hope of peace.

**In terms of public finance, the CAR continues to adopt a large number of best practices.** In the wake of the heavily indebted poor countries (HIPC) initiative of the 2000s, the country has adopted a new budget nomenclature as well as a new chart of accounts, implemented by new accounting software (GES'CO), and has undertaken a thorough revision of the public procurement procedure following an audit conducted jointly with the World Bank, and has reorganised the MFB. However, significant functional gaps remained in 2010: 'the drafting of the State budget by the MFB does not truly involve the sectoral ministries'.<sup>1</sup> The conflict situation 'plunged the country into poor practices, by abusively resorting to exceptional procurement procedures and by failing to comply with the requisite administrative, financial and legal mechanisms'.<sup>2</sup> Since the end of the Brussels conference, numerous PFM programmes have been undertaken in the CAR,<sup>3</sup> while a PFM committee responsible for monitoring the implementation of reforms was established in 2014. In spite of all these efforts 'significant deficiencies remain'.<sup>4</sup>

The signature of the Khartoum peace agreement, and the establishment of an inclusive government, give hope of peace.

1 PEFA Evaluation of 2010, which is the most recent.

2 *Economic and financial reform support programmes in the Central African Republic*, African Development Bank, 2017.

3 The PFM Reform Plan supported in 2016/17 by the IMF and the World Bank, the Emergency Public Services Response Project of the World Bank for 2014–18, the Public Expenditure and Investment Management Reform Project programme of the World Bank, the grant of USD 10.2 million from the African Development Bank aligned with the IMF programme.

4 *Central African Republic – State Consolidation Development Program*, World Bank, 2018.

**While expectations are high, the precarious institutional context of the country can cause difficulties in realising promises that have been made.** According to the World Bank, ‘The public administration only gives the appearance of effective governance attributes ... In reality, the institutional incentives and basic capabilities required to carry out its fundamental functions are lacking. This situation ... reflects leaders who have deliberately prioritised the appearance of good governance above actual administrative skills.’<sup>5</sup> This statement seems to have been proven true in the field of PFM; for example, even though the ‘legal and regulatory framework of public procurement generally comply with international standards ... the bodies envisaged by the Public Procurement Code to ensure proper public procurement are not actually operational’.<sup>6</sup>

In this context, CABRI has offered the CAR an alternative approach to reforming PFM through the Building Public Financial Management Capabilities programme based on the PDIA approach, in order to build the capabilities of teams of officials so as to find and adapt local solutions to local problems.



<sup>5</sup> *Central African Republic economic update: Breaking the cycle of conflict and instability, March 2018, First Issue, World Bank Group.*

<sup>6</sup> *Central African Republic – Economic and Financial Reform Support Programme, African Development Bank, 2017.*

# 2

## Determining entry points for action

**The team<sup>7</sup> gradually converged towards an accurate formulation of the PFM problem, which is measurable and capable of mobilising support.** The extent of budget difficulties facing the CAR as an unstable country led the team to make a preliminary formulation of a broad problem – budgetary pressure and the weight of debt in a post-crisis country. The first discussions with the members of the team highlighted numerous concerns regarding payment arrears, a lack of credibility of the budget, debt growth, low revenues and weak investment financing. The need to implement the expenditure necessary to realise the promises of the Brussels conference led the team to focus its attention first on the budget, the poor credibility of which was corroborated by a public expenditure and financial accountability (PEFA) evaluation in 2010, which allocated the lowest mark (D) to indicators relating to expenditure and their composition compared to the budget initially approved. Seeking to state their problem with more accuracy, the team collected data relating to budget execution in order to identify the expenditure items that suffer most from a credibility problem. The findings were indisputable: the execution rate for capital expenditure was extremely low, with an average of only 11.75 per cent of the budget approved between 2014 and 2017 being spent (see Annex 1).<sup>8</sup> This is how the team came to define underspending of capital from state resources as the problem that it would address during the following months. This problem is well defined and measurable, and showed promise as a tool that could mobilise action, given the absolute necessity of responding to the critical needs of the population.

The team collected data relating to budget execution in order to identify the expenditure items that suffer most from a credibility problem

**During the framing workshop held in Pretoria in May 2018, the team put forward various causes of the problems identified, some of which were based on theories that needed to be confirmed.** The team designed a fishbone diagram with the aim of breaking down the problem into the numerous elements representing its principal causes and sub-causes. The main causes identified were: (i) the lack of accountability to Parliament; (ii) the inadequate way in which capital projects were implemented; (iii) interference in budget execution; (iv) failure to comply with budget procedures; and (v) inaccurate revenue forecasts. In spite of the diversity of the team, consisting of officials from the Directorate-General for Budget, Directorate-General for Treasury and Public Accounting and the Directorate for Debt and Investment, the problem included causes outside the direct fields of expertise of its members (e.g. procurement procedures, accountability and economic forecasting). It was on the basis of information collected during the weeks that followed that the team was able to include items and extend its fishbone diagram (see Figure 1).

**The team also defined a preliminary set of three entry points on which it would begin work on its return to Bangui.** The team believed that it had the necessary skills, consent and acceptance to deal with the following sub-causes: (i) capital expenditure forecasts being employed as guidelines only; (ii) ministries, departments and agencies (MDAs) not being interested in the provisional procurement plan; and (iii) officials being insufficiently familiar with procurement procedures. The other sub-causes will be addressed as the team is extended further consent for its activities and gains acceptance.

<sup>7</sup> The *Fauves de Bas-Oubangui* team, made up of six experts from CAR's MFB.

<sup>8</sup> In comparison with an average execution of 60.5 per cent of the budget expenditure for the same period.



**Divergence between forecasts and execution of capital expenditure from state resources**

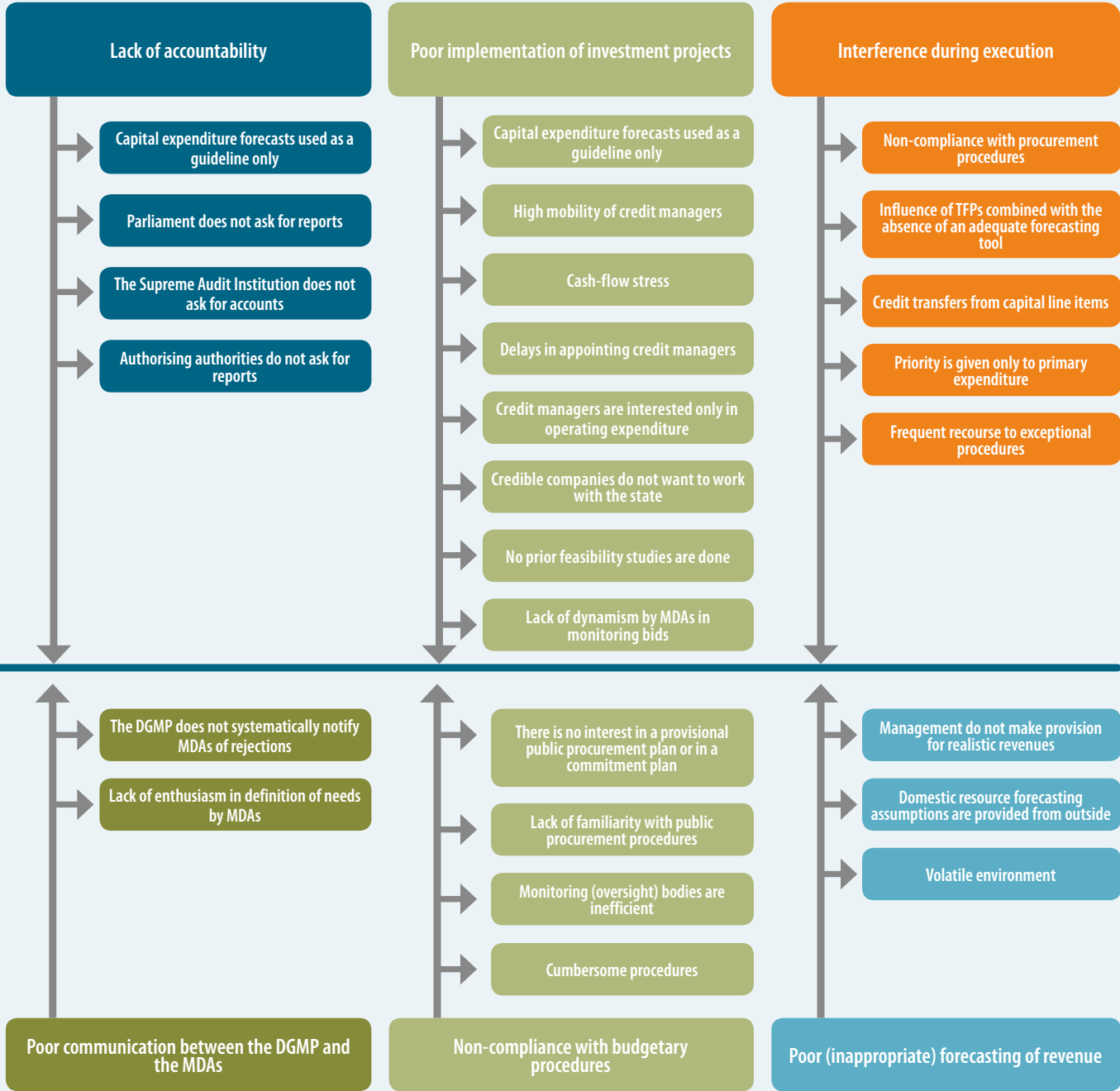


Figure 1: The CAR team's fishbone diagram

## Action-push period



### Organising the work

---

On returning to Bangui, the team presented its approach and the schedule of activities worked out during the framing workshop to the authoriser person (the authoriser), the director of the office of the MFB, who then requested a formal presentation during the minister's office meeting attended by senior MFB officials. The latter unanimously supported the work of the team and made comments on its approach. Subsequently, the team sent a note to the minister requesting formal authorisation to continue with its work by organising meetings for this purpose.

The team planned numerous preliminary meetings within the MFB with the Directorate-General for Public Procurement (DGMP), Treasury's Central Accounting Agency (ACCT), the Directorate-General for Budget (DGB), as well as from outside the MFB, with the Directorate-General for Economic Planning (DGPE) and several sectoral ministries (health, education, agriculture, urbanisation and public works). The large number of meetings envisaged meant that the team had to share out the tasks between its members and also had to adopt a strict report-back procedure for its bi-weekly meetings on Tuesdays and Thursdays at midday.

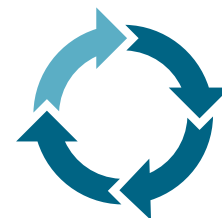
From its first discussions with the DGPE, the team learned that the MDAs very rarely complied with conditions for including capital projects in the budget, despite these conditions being clearly set out in legislation. It also appeared that the MDAs were not sufficiently familiar with procurement procedures and that they experienced delays in the submission and execution of their capital budgets. The first discussions with the DGMP and certain MDAs revealed major misunderstandings between these two bodies, undermining the working relationship essential for the execution of a capital budget.



### The first draft diagnosis

---

An analysis of execution data for expenditure items, as well as discussions with numerous MDAs, made it possible for the team to identify certain general trends: difficult projects (in particular, those involving construction) were rarely implemented; off-budget donations made the MDAs less interested in their locally funded capital budgets, which are tedious to implement, giving preference to operating expenses; and the poor qualification of credit officers, who seldom provide the necessary support for implementing investments. The team also noted that the DGMP and the MDAs were not working as closely together as necessary, causing significant delays in procurement procedures. Furthermore, discussions with the parliamentary finance committee revealed that it had limited capacity to fully execute its task of accountability because of a shortage of information and a lack of skills. Lastly, the team identified that the onerous nature of the procurement procedure could discourage many credit officers, who had suffered numerous rejections in the past.



The team also refined its analytical work on budget execution data by focusing on those MDAs that have the biggest capital budgets. While the Ministry of Health executed less than 1 per cent of the capital budget allocated to it between 2015 and 2017, the Ministry of Public Works (MPW) improved from almost no execution at all in 2015 and 2016 to 73 per cent in 2017 (see Annex 2). Considering this to be a ‘positive deviance’, the team sought to identify the measures taken by this ministry in order to attain such an execution level; in essence, this was a weekly meeting with the DGMP<sup>9</sup> using an investment monitoring matrix as well as the occasional direct awarding of contracts. Faced with political pressure,<sup>10</sup> the ministry, thus, found a suitable solution to help it execute its budget and thereby significantly reduced the processing time of bids through the official circuit.



### **In-depth investigation and official recognition of the team**

---

The team wished to investigate in depth the reasons why credit officers in the MDAs were unable to exercise their duties properly. Through multiple discussions, it appeared that annual job rotation, and the absence of even minimum qualifications in recruiting, posed very real difficulties by reducing the effectiveness of any training that may have been received.

In order to understand the reasons for 35 per cent of all contracts submitted by MDAs having been rejected by the DGMP for procedural irregularities in 2018, the team collected disaggregated data on these rejections. It appeared that the main reason for the rejections was the absence of a feasibility study (in more than 60 per cent of cases).<sup>11</sup> Moreover, the procurement departments within the four ministries<sup>12</sup> acknowledged their inability to provide support to the MDAs because of insufficient manpower.

The team also came to the realisation that the MDAs were seldom, if ever, held accountable for underspending of their capital budgets. Regardless of whether it was Parliament, the Supreme Audit Institution or appropriations authorising authorities, none properly exercised its duty of accountability, leaving ample latitude for the MDAs to continue to underspend their capital budgets, to draw up capital expenditure forecasts in the form of guidelines, and to escape the systematic submission of procurement plans (PPMs).

---

<sup>9</sup> An alternative to the normal procedure, based on lengthy correspondence.

<sup>10</sup> The President of the Republic regularly requested an update on the execution of capital projects, in particular with regard to the rehabilitation of roads.

<sup>11</sup> Monitoring of inaccuracies in technical specifications, arrival of bids after the deadline, with companies frequently not in compliance.

<sup>12</sup> The ministries of Infrastructure, Rural Development, Education and Health.

# 3

## Action-push period

On the basis of this new information, the team reviewed its fishbone diagram significantly (see Figure 1). The efforts made by the team attracted the interest of the minister who had appointed the Inspector-General of Finance (IGF) as rapporteur on their work and he requested the director of his office to authorise the team to work on the fundamental causes of the problem defined, so as to legitimise their work in the eyes of the MDAs.



### Emerging ideas

---

In its discussions, the team realised the relevance of the problem for MDAs who communicated their desire to participate in finding a solution. With the full support of their authoriser and of the IGF, the team started working out possible avenues towards finding solutions on the basis of the information that they had obtained (see Annex 3).

In terms of the lack of knowledge in procurement procedures, the team is considering improving the effectiveness of credit officers by extending the job-rotation period, as well as requiring minimum qualifications for appointment. Moreover, the team intends providing support by proposing a simplified handbook and by getting involved in the IGF's technical mission, which is intended to simplify the procurement procedure. The team also wishes to establish an information and mutual assistance exchange system between the various MDAs with regard to carrying out feasibility studies.

With regard to the inadequate communication between the MFB and the MDAs, the team is considering supporting the MDAs by sharing practices developed by those MDAs that have been able to execute their capital budgets successfully, and by instituting a system of regular notification between the DGMP and the MDAs in order to avoid delays in the approval of capital projects. These measures will be accompanied by raising awareness and simplifying the documents composing the procurement bids and overall commitment plans.

The team is aware of the need to introduce accountability in the execution of a capital budget but was not sure about the most pragmatic way of doing this. Numerous options were considered, including mobilising the Supreme Audit Institution, the highest authority responsible for good governance, creating an ad hoc monitoring committee to oversee the execution of investments or the involvement of civil society.



In order to best prepare these various avenues leading to a solution, the team reviewed its working methodology by: (i) adjusting its team meeting schedule;<sup>13</sup> and (ii) organising itself into smaller teams responsible for implementing actions at the identified entry points.



### Preparing a workshop

---

After considering the organisation of a training workshop targeting the MDAs in order to fill the technical gaps identified as obstacles in executing the capital budget, the team decided to extend this approach. The resultant four-day workshop was intended to obtain the full commitment of MDAs and their active participation in resolving the problem. In order to achieve this, the team took the initiative to submit all solutions identified for their critical assessment in September and to integrate their ideas with a view to resolving the problem.

Each day of the workshop was dedicated to one of the four entry points that had been identified (see Annex 3), and included a presentation of their diagnosis made by the team, as well as the solutions envisaged for them, followed by presentations by participants in the CAR administration focusing on those technical aspects considered important for executing the capital budget. Next, the MDAs were organised into groups to discuss solutions and to present their conclusions during the plenary session, after which a summary of the decisions was given by the team.

To ensure the success of the workshop, it was essential that participating MDAs were mobilised at a sufficiently senior level: directors of resources and the heads of the administrative and financial departments from the 16 sectoral ministries with the highest state resource capital budgets were invited. Furthermore, the team had to convince them several times of the relevance of a workshop that they considered to be 'untraditional', in particular when it came to mobilising the financing necessary for organising it. Eventually the World Bank, through the Public Expenditure and Investment Management Reform Project (PEIMRP) project,<sup>14</sup> provided the necessary support.

---

<sup>13</sup> On Tuesdays and Thursdays from 12:00 pm to 1:00 pm and from 4:00 pm to 5:30 pm as well as Saturdays from 9:00 am to 11:00 am.

<sup>14</sup> Financed by the World Bank through a grant of USD 10 million.

## Action-push period



### Building acceptance and plan of action

The workshop was held from 20 to 23 November 2018 in Bangui, and brought together representatives from 16 MDAs as well as representatives from the DGMP, the DGB, Treasury, the IGF, the Plan for Recovery and Peace-Building in CAR (RCPCA) and the DGPE. The workshop included the sharing of experiences between MDAs, in particular by those identified by the team as showing positive deviance (Public Works, Agriculture and Defence).

The participants agreed on a certain number of measures to be put in place:

- 1) With regard to procurement procedures, the periods for processing bids will be reduced from six to three months, credit managers will be appointed on the basis of a minimum qualification (Bac+2 – a French university entrance qualification plus two further years of study) and for a period of at least three years, while at the same time building capacity. Procurement reviews will also be conducted at regular intervals.
- 2) To improve co-ordination between the MFB and the MDAs, it was decided that the DGMP would systematically notify telephonically within a period of seven days of any procurement bid that has been rejected. At the same time, the MDAs agreed to be proactive in monitoring their investment bids and to derive inspiration from the approaches developed by way of positive deviance.
- 3) To ensure that feasibility studies are systematically carried out, a data base indexing the projects with available feasibility studies should be set up for MDAs, which will benefit from targeted capacity-building for this purpose. The MDAs have been encouraged to fully use the dedicated appropriations stream for carrying out feasibility studies made available in 2019 by the DGPE.
- 4) The participants agreed that a committee established to monitor capital expenditure would be a pragmatic way to ensure that the MDAs are accountable for the execution of their capital budgets. Meetings will be held quarterly and the committee will include delegated administrators, credit managers, the DGMP, the DGB, the Directorate-General for Treasury and Public Accounting (DGTCP) and the team, in order to review the execution of the capital budget and provide solutions if necessary.

Decisions taken in this way will be subject to the formal approval of the minister. Moreover, in order to monitor the implementation of the decisions, the workshop gave rise to the establishment of six MDA teams, with each team member being responsible for co-ordination and monitoring, in order to ensure the implementation of these measures.

## Reflecting on progress made

### Formulating the recommendations accepted by stakeholders

**The relevance of the measures proposed by the team lies more in their political and administrative acceptability than in their technical accuracy.** During its analysis, the team noted that certain measures, despite being technically correct, had a negative effect on the proper functioning of the administration, and even exacerbated the problem. For example, this was so in the case of the procurement procedure reviewed in 2009, which established numerous best practices, with the result that the CAR achieved its only A score in this field for its most recent PEFA evaluation.<sup>15</sup> The evaluation, dated 2010, also gave a single B for budget nomenclature. However, this same procedure lies at the heart of the difficulties encountered by the MDAs in executing their capital budgets and it was noted that resorting to private contracts, which, according to the law, is supposed to be 'exceptional', was in fact frequent. In contrast, the team ascertained from each of the role-players concerned that the measures adopted were realistic and useful.

**The team would use three different approaches to identify the proposed measures.** Many of these measures arise from an improvement in existing practices, either by modifying them slightly (e.g. by appointing credit officers) or by obtaining improvements from officials in charge (e.g. notification by telephone of a rejection within seven days). Others consist of placing officials under supervision so as to improve their performance while supporting them (e.g. by way of an accountability committee). Lastly, the team has made use of positive deviance while making known best local practice (e.g. by monitoring capital project bids). All the measures have been written up in a note sent to the Minister of Finance and Budget with a draft order pertaining to the establishment of a committee to monitor the execution of capital expenditure.

**These measures are only a preliminary step towards resolving the problem, and more iterations are needed.** Their purpose is not to find a complete solution to the problem but rather to make a contribution towards its resolution; as progress is made, the team will strengthen its legitimacy and could turn to more sensitive or more serious problems. In the course of its activities, the team has benefited from the effects of greater legitimacy, which has allowed it to increase its support and gather together role-players with whom it does not have a hierarchical relationship. Furthermore, the effectiveness of certain measures can be determined only over the long term and it is only then that the team could further iterate and adapt them. This is the case, for example, with measures relating to the appointment of credit officers.

---

<sup>15</sup> The evaluation, dated 2010, also gave a single B for budget nomenclature.

# 4

## Reflecting on progress made

### Creating alliances and sharing information

**By gathering together all the role-players in the expenditure chain around a common aim, the team awoke real potential for collaboration.** It was ascertained that role-players whose work should be carefully co-ordinated had only limited communication. A notable example of this relates to the monitoring of procurement bids: the DGMP considered the MDAs to be insufficiently proactive in this respect, while the latter felt that the DGMP did not inform them on the progress of the bids, in particular in cases of procedural irregularity. Hence, the team tried to bring the two together by getting the DGMP to agree that it would be notified of the rejection of a bid by telephone within seven days, and by getting the MDAs to monitor their bids more systematically, drawing inspiration from best practices worked out by ministries such as the Ministry of Public Works. Similarly, the team promoted the birth of ideas on collaboration and discussion between the MDAs, such as distributing feasibility studies or mutual technical support with regard to procurement bids.

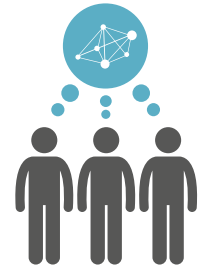
**The relationship of confidence that the team has established with the MDAs is a crucial asset for the success of their initiative.** By constantly soliciting their point of view on the measures being proposed, the team adopted an unusual approach for an MFB and, thus, was able to build up a relationship of confidence. Thanks to this, the team could have frank discussions about the origins of the problem, and was able to transmit important messages. In addition, certain high-level MDA representatives appointed themselves as advisers to the team, thereby fully participating in its work.<sup>16</sup> Hence, on the basis of this relationship, the MDAs agreed to form part of the inter-MDA working groups co-ordinated by a representative of the team. This relationship of confidence played an important role in the submission of all PPMs in 2019, for the first time without either additional technical support or out-of-the-ordinary reminders.

*The team promoted the birth of ideas on collaboration and discussion between the MDAs, such as distributing feasibility studies or mutual technical support with regard to procurement bids.*

---

<sup>16</sup> Many of them (Public Works, Agriculture, Defence, Habitat, etc.) ran working sessions during the workshop organised by the team.





## Introducing accountability

**The establishment of an accountability committee was a key and original initiative by the team.** After conducting consultations and reviewing institutions established by law, which are supposed to ensure accountability in the execution of the capital budget, the team believed that a dedicated accountability committee was a functional and realistic option. The terms of reference proposed by the team to their minister indicate that the quarterly committee would: (i) evaluate the execution of capital expenditure; (ii) share information between credit officers and managers; (iii) compile execution data into a single report; (iv) identify and find co-ordinated solutions for difficulties concerning capital expenditure; and (v) send the report to the authorising authorities. A draft order formally setting out the working method of the accountability committee has been submitted for the minister's signature.

**The accountability committee will make it possible for the team to continue its work in problem-solving within a formal and organised framework.** The committee will gather together all role-players in the capital expenditure chain on a quarterly basis and they should substantiate the level of execution of projects included in their PPMs. A discussion of this nature, within a collaborative framework, promises many advantages over and above those identified in the terms of reference, such as, sharing of practices and technical support between MDAs and officials in finance; the potential reallocation of budget appropriations; and optimisation of the credit line dedicated to feasibility studies. Furthermore, the team can use this regular meeting to pursue its work in raising awareness and to propose new initiatives aimed at continuing to solve the problem of the underspending of the capital budget. Lastly, the senior authorities of the CAR would receive a regular report which would help to enhance the legitimacy of the problem and therefore that of subsequent actions by the team.

*After conducting consultations and reviewing institutions established by law, the team believed that a dedicated accountability committee was a functional and realistic option.*

# 5

## Lessons learnt

### Obtaining results as a team

**The team has had to show that it can adapt its organisation as work progresses.**

An increase in discussions and ever denser information collected, firstly, made it necessary to share out tasks between members but also created the need for regular feedback during their bi-weekly meetings, the timing of which had to be reviewed. As a member of the team noted: ‘the enthusiasm which prevailed at the establishment of the team started waning ... The re-allocation of various responsibilities according to the skills involved put an end to this muddle.’ Then, preparing for the workshop required an additional weekly meeting on a Saturday. Lastly, when the solutions were identified, the team organised itself into sub-groups according to point of entry, and divided up the monitoring of the execution of measures per MDA group.

**The team derived inspiration from various sources of motivation during the programme.**

First of all, the relevance and the concrete nature of the problem made it possible for the team to throw itself into solving it, which was considered to be a source of personal and national pride: ‘for once, I felt as if I was working for my country. This feeling helped me to excel.’ As the team collected information and managed to identify solutions, its members developed ‘the conviction of being on the right path in order to carry out a reform for the Ministry and satisfy the needs of their fellow citizens’. This conviction made it possible for the team to deal with certain officials who resisted change and to persuade numerous officials to play an active role in their work in finding solutions. Furthermore, the proactive approach of the BPFMC programme resonated with the team, which benefited from a virtuous circle where being able to ascertain regular progress fed their motivation. Lastly, the support of the hierarchy and the expectations created by regular reports reinforced the team’s conviction that the problem had to be resolved: ‘we have an obligation to give results and the minister ... is taking a close interest in our work through the IGF which he has tasked with regularly monitoring our activities and sending him reports’.

### Problem-based learning and iteration

**Its diversity has made it possible for the team to adopt a critical view on existing practices.**

Even though it forms part of the MFB, certain members of the team initially only had limited knowledge of procurement procedures and the mechanisms of accountability. ‘Apprenticeship’ has been very important for the team, which, several times, has questioned the status quo. For example, in spite of multiple consultations with the MDAs, no senior official has been able to give any good reason for the annual rotation of credit officers, considering, in the vast majority of cases, that such a high rate of job rotation is harmful for the execution of capital projects.

For once, I felt as if I was working for my country. This feeling helped me to excel.

**Creating open-mindedness worked in favour of adopting an open, iterative approach.** An iterative approach assumes a certain degree of humility in the idea that one cannot simply claim to know the solution to a complex problem that has existed over many years. The team has subjected the numerous ideas proposed by their discussion partners for the assessment of the other role-players in the capital expenditure chain. Continuing with the previous example, the Ministry of Education proposed to the team that it would establish a body of credit officials; this idea was rejected by the IGF given the existing constraints in the public service. The team then continued its consultations to determine that the minimum qualifications, including a Bac+2, as well as a three-yearly job rotation, offered an acceptable alternative to the administration. All the solutions considered were subject to a critical and open review by the MDAs during the workshop held on 20 to 23 November, which represented an unprecedented consultation initiative for the CAR Ministry of Finance.

### Building acceptance by stakeholders

**The team realised that accepting the role-players in the investment chain is essential to the success of its undertaking.** As early as September the team identified certain solutions to their problem, but also acknowledged that the MFB alone could not solve the problem and that the MDAs would have to put in a considerable effort themselves. This is how the idea of an ambitious consultation workshop arose, including role-players in the capital expenditure chain, so as to allow them to express themselves fully on the initiatives that would be taken. These efforts to build acceptance represented at least as important an aspect of the team's work as the identification of technical solutions. As a team member put it: 'we understood that the framework of this workshop really favoured discussing all these ideas for solutions with the MDAs ... They put forward other solutions in order to bring to an end this situation of underspending in the execution of the capital budget.'

**A multiplicity of advantages would be brought about by real acceptance of the team.** Firstly, an awareness of the reality of the problem raised by the team galvanised numerous officials: 'our progress towards resolving this problem will from now on be everyone's concern'. This awareness was subsequently manifested in a concrete way when, for the first time, all 33 MDAs submitted their PPMs before any technical action of any kind had been taken in this respect. Furthermore, the open consultation approach made it possible for the team to bring in new members or support, from the DGMP or the Directorate for Statistics, which wished to play an active role in resolving the problem. Lastly, the team was able to develop fair working relationships with the MDAs, which see them as partners in solving a shared problem, thus facilitating frank collaboration and discussion.

Our progress towards resolving this problem will from now on be everyone's concern.

# 6

## Concluding comments: taking the work further

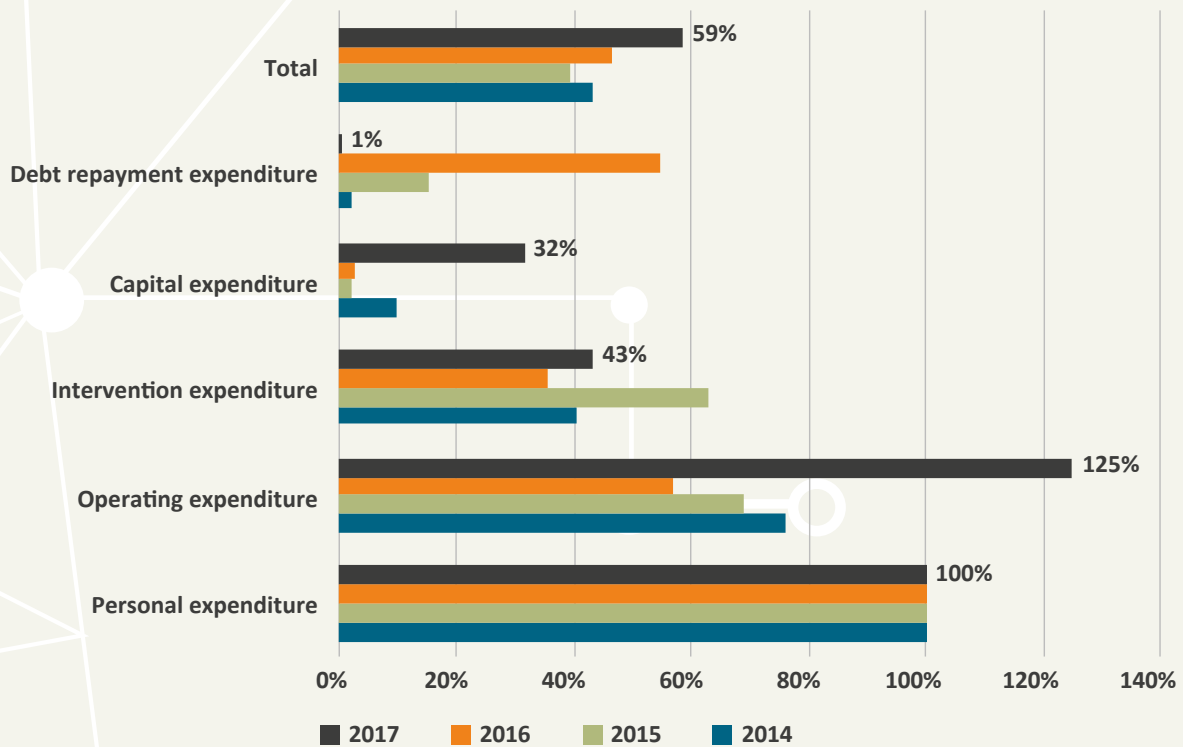
**The team is continuing with its work in 2019 and the preliminary results are encouraging.** Following the submission of a draft order to the minister and, in expectation of the appointment of a new government, the team is planning to hold the first session of the accountability committee during the first semester of 2019. In the meantime, the team is continuing to implement the measures decided upon during the work with the MDAs, which ‘continue to identify solutions to execute their capital budgets’. The team envisages new action for 2019 on the points of entry that have already been identified, including: anchoring the Treasury’s plan by using other management tools; drawing up a simplified handbook for procurement, as well as a schedule for compiling procurement bids with the DGMP; and making procurement procedures more flexible. The team is encouraged by the preliminary results, with the Minister of Finance and Budget having signed all of the PPMs of the 33 MDAs as early as January 2019. It has set an ambitious goal for 2019 of at least 50 per cent of the execution of state resource capital expenditure.

**The team also envisages dealing with new branches of the problem in the conviction that progress will be made in resolving it in 2019.** It is working on two new points of entry – inaccurate revenue forecasts, which have been structurally overestimated by between 10 and 40 per cent over the past four years (see Annex 4) and the refusal of credible companies to work with the state, which is regularly mentioned by MDAs as an obstacle to the execution of their capital budget. Participation in the BPFMC programme has built confidence in the team’s capacity to resolve the problem of underspending the state capital budget and, as one of the members of the team says: ‘I remain convinced that we are up to dealing with this challenge.’

*The team is encouraged by the preliminary results, with the Minister of Finance and Budget having signed all of the PPMs of the 33 MDAs as early as January 2019.*

# ANNEXURES

## ANNEX 1: Rate of budget execution by expenditure category



## ANNEX 2: Rate of execution of capital expenditure per ministry

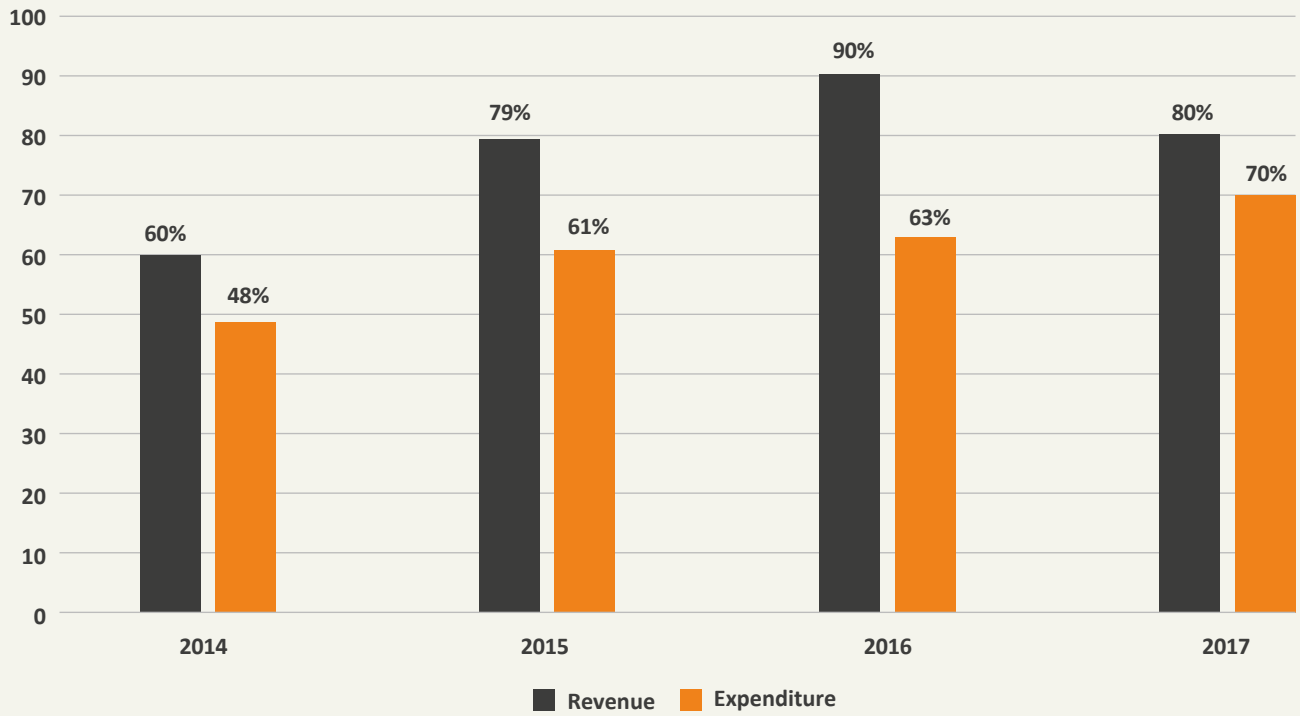
	2015	2016	2017
Ministry of Equipment, Transport, Civil Aviation and Access	5%	0%	73%
Ministry of Health, Sanitation and Population	0%	0%	2%
Ministry of Mining and Geology	24%	0%	2%
Ministry of the Economy, Planning and Co-operation	0%	1%	2%
Ministry of the Habitat and Housing	4%	11%	6%
Ministry of Finance and Budget	4%	16%	88%
Ministry of Agriculture and Rural Development	0%	14%	6%
Ministry of National Education and Higher Learning	0%	0%	81%
Ministry of Arts, Tourism, Culture and the French-speaking World	0%	10%	3%

# ANNEXURES

## ANNEX 3: Possible avenues envisaged by the team in September for finding solutions

ENTRY POINT	SUB-CAUSES	SOLUTIONS ENVISAGED
<b>Officials are not familiar enough with procurement procedures</b>	<ul style="list-style-type: none"> <li>Procedures are cumbersome</li> <li>The job rotation period for credit managers is too short</li> <li>There is no adequate qualification for this position</li> <li>The procedures are set out in a complex way</li> </ul>	<ul style="list-style-type: none"> <li>Involving the IGF mission in simplifying the procedure</li> <li>Proposing a longer job rotation period</li> <li>Approving minimum qualifications for credit managers</li> <li>Simplified handbook</li> </ul>
<b>There is insufficient communication between the MFB and the MDAs</b>	<ul style="list-style-type: none"> <li>The MDAs do not regularly monitor the progress of bids</li> <li>The MDAs do not have a clear picture of what is necessary</li> <li>No notification is given if a bid is incomplete</li> <li>Poor mobilisation of revenue (tax non-compliance, security)</li> <li>There is no overall commitment plan (no monitoring by the MFB)</li> </ul>	<ul style="list-style-type: none"> <li>Make use of positive deviance and share monitoring tools (Public Works)</li> <li>Simplify the list of requirements for bids</li> <li>Consider a system of notification</li> <li>Simplify and raise awareness on the overall commitment plan</li> </ul>
<b>There is no accountability with regard to the execution of capital budgets</b>	<ul style="list-style-type: none"> <li>Managers are not accountable to their superiors</li> <li>The minister is not accountable to the NA</li> <li>Civil society does not hold the executive accountable</li> <li>The Supreme Audit Institution does not work very well</li> <li>There is no public communication on the underspending of the capital budget</li> </ul>	<ul style="list-style-type: none"> <li>Discussions should be held with the Supreme Audit Institution to see what action it could take</li> <li>Using resources to communicate on the problem (e.g. the Upper Authority for Good Governance)</li> <li>Establishing an execution monitoring group</li> </ul>
<b>The MDAs do not carry out feasibility studies</b>	<ul style="list-style-type: none"> <li>Human capital is of poor quality</li> <li>The Ministry of Planning does not take this criterion into account</li> <li>There is no schedule of feasibility studies</li> <li>MDAs do not know who may carry out feasibility studies</li> <li>Provision has not been made for sufficient financing</li> </ul>	<ul style="list-style-type: none"> <li>Training and/or a system of mutual assistance between MDAs</li> <li>Compiling a database with feasibility studies</li> <li>MDAs may share service providers for feasibility studies</li> <li>DGPE feasibility study stream</li> </ul>

## ANNEX 4: Execution rate of estimates of revenue and expenditure





CONNECT • SHARE • REFORM

## Acknowledgements

This publication was prepared by the Collaborative Africa Budget Reform Initiative (CABRI) as part of its Building Public Finance Management Capabilities in Africa programme.

Adil Ababou from the CABRI secretariat compiled the case study together with Freddy-Arsène Kore, Ginette Fimboy-Serefio, Thierry Godefroy Lobaka, Mobiyak Daudeska Dommss Kamndomon, Evariste Dupin Tazao Telegouzou and Patrice Ngouandjika Poumayassi from the Central African Republic (CAR) Ministry of Finance and Budget.

CABRI would like to thank the participants in the 2018 Building PFM Capabilities in Africa programme for their dedication to the work and their openness to adopting a novel approach to PFM reforms. Special thanks go to Alexis Guenengafo, Director General of Budget of the Ministry of Finance and Budget in CAR for his constant support for the work of the team.

For information on CABRI, or to obtain copies of this publication, please contact:

CABRI Secretariat  
Cnr John Vorster & Nellmapius Drive,  
Centurion, 0062  
South Africa

Telephone: +27 (0)12 492 0022  
Email: [info@cabri-sbo.org](mailto:info@cabri-sbo.org)  
[www.cabri-sbo.org](http://www.cabri-sbo.org)

Copy-editing by Laurie Rose-Innes  
Production by Simon Chislett and Leith Davis

CABRI's Building PFM Capabilities Programme is funded by the Bill & Melinda Gates Foundation and the African Development Bank.



AFRICAN DEVELOPMENT BANK GROUP  
GROUPE DE LA BANQUE AFRICAINE  
DE DEVELOPPEMENT

**BILL & MELINDA**  
**GATES** *foundation*