



TEAM LIBERIA "THE ACHIEVERS"



OUTLINE

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- ▶ Part Two: Progress Over Six Months
- ▶ Part Three: Key Outputs/Deliverables
- ▶ Part Four: What Have We Learned?
- ▶ Part Five: Next Steps



INTRODUCTION

Problem *is* “*Why spending entities don’t execute their budgets as planned?*”

Team Liberia

1. Alieu F. Nyei – Fiscal Affairs
2. Prince M. Lighe – Fiscal Affairs
3. Frederick B. Krah – Economic Mgt.
4. Nahdi K. Kerkulah – Budget
5. Ohyndis B. Sleweon, Jr. – Budget
6. Adil Ababou –CABRI (Coach)
7. Hon. Tanneh G. Brunson (Authorizer)



INTRODUCTION



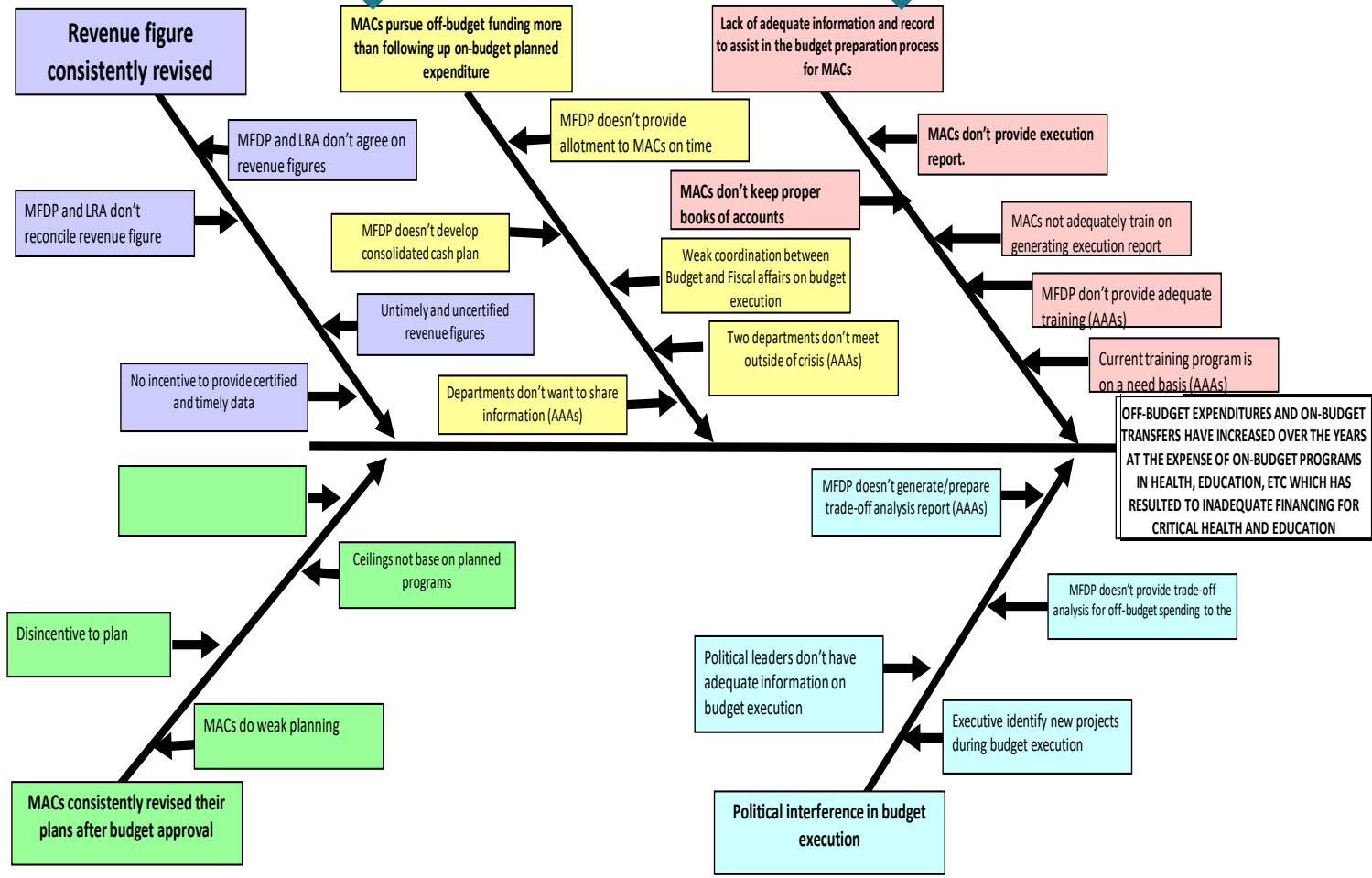
PART ONE: INITIAL PROBLEM

PROBLEM STATEMENT

OFF-BUDGET EXPENDITURES AND ON-BUDGET TRANSFERS HAVE INCREASED OVER THE YEARS AT THE EXPENSE OF ON-BUDGET PROGRAMS IN HEALTH, EDUCATION, ETC WHICH HAS RESULTED TO INADEQUATE FINANCING FOR CRITICAL HEALTH AND EDUCATION PROGRAMS, AMONG OTHERS.



Fishbone Diagram



RESULTS, ENTRY POINTS & MEANS

MACs prepares and submit timely and required reports

- MFDP don't provide adequate training (AAAs)
- Current training program is on a need basis (AAAs)

- Compile a list of MACs that submit timely reports and those that don't
- Design questionnaires for survey on reporting
- Conduct survey of targeted MACs
- Analyze survey results and Present findings to Authorizers.

Define data required for sharing
Establish regular meeting timeline

- Two departments don't meet outside of crisis (AAAs)
- Departments don't want to share information (AAAs)

- Compile a list of units and staff in departments to meet
- Identify the objectives of team engagement
- Meeting with the technicians in both department separately
- Organize separate meetings with each head of department

Submit trade-off report Authorizer

- GMFDP doesn't generate/prepare trade-off analysis report (AAAs)

- Identify data required for the report
- Generate at least two stories
- Generate a content of trade-off report on off-budget demands
- Present to authorizer and receive feedback



ASPIRATION

- ❖ Reduce off budget expenditure from about 15% to at most 5% by next fiscal year, 2018
- ❖ Reduce transfer from project to recurrent expenditure from about 20% to at most 5% by 2018



PART TWO: PROGRESS OVER SIX MONTHS

Summary

- ❑ Highly motivated Team members
- ❑ Engaged Stakeholders within and outside of MFDP which shaped the interventions undertaken by team.
- ❑ Improved data sharing between and within departments
- ❑ Improved compliance to Financial Reporting requirements by Spending Entities
- ❑ Reactivated and operationalized Liquidity Management Committee (LMC)
- ❑ Highly supportive authorizing environment and support for team's work

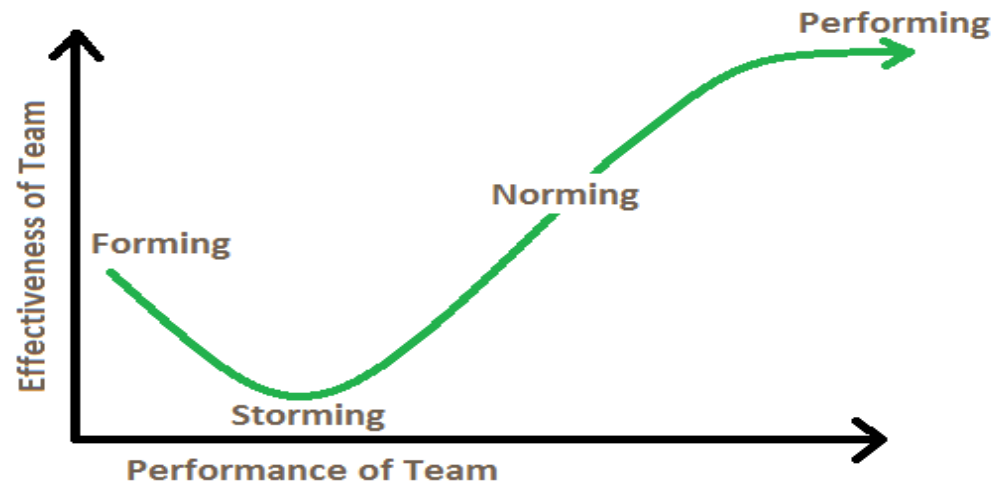


PART TWO: PROGRESS OVER SIX MONTHS

▶ Team motivation

- Team met regularly (every Tuesday) to review progress on various tasks to be delivered.
- Develop regulations for Team meetings
 - Assigned roles and responsibilities to team members
 - Strong team commitment: Every member of team fully involved into team tasks
 - Most importantly, the team delivered results
 - Team's development followed the Tuckman's Model

Tuckman's Team & Group Development Model



PART TWO: PROGRESS OVER SIX MONTHS

Interaction Outside of Team (within MFDP)

- **Dealing with technical and political incentives**
 - Vested interests in off-budget expenditures
 - Needed political support—decreasing discretionary powers
 - Building support at the technical level
- **Building Authorization**
 - Regularly met the authorizer (weekly) to update her on progress/challenges and next steps
 - Engaged the Finance Minister
 - Presented at Financial Management Team Meetings and the Senior management Team



PART TWO: PROGRESS OVER SIX MONTHS

- **Building Inter-department Coordination**
 - Met Technicians (Directors/Assistant Directors Junior Technicians) from Fiscal Affairs and Budget Departments.
 - Documented challenges in budget execution
 - Debt and Aid Data coordination challenge
 - Untimely approval of allotments
 - Challenge in information sharing
 - Improved coordination between Fiscal Affairs and Budget Departments
 - Sharing information
 - Meeting regularly



PROGRESS OVER SIX MONTHS Cont'd

Interaction Outside of Team (outside MFDP)

- *Team Engaged Spending Entities (SEs) at the following events :*
 - Annual Budget Execution Workshop in July
 - Workshop on Financial Reporting in October
 - In-Country Check-in workshop with select SEs in November
- *Engagements resulted to:*
 - Consideration of SEs inputs into Team's work
 - Commitment and compliance from SEs



STAKEHOLDERS ENGAGEMENT

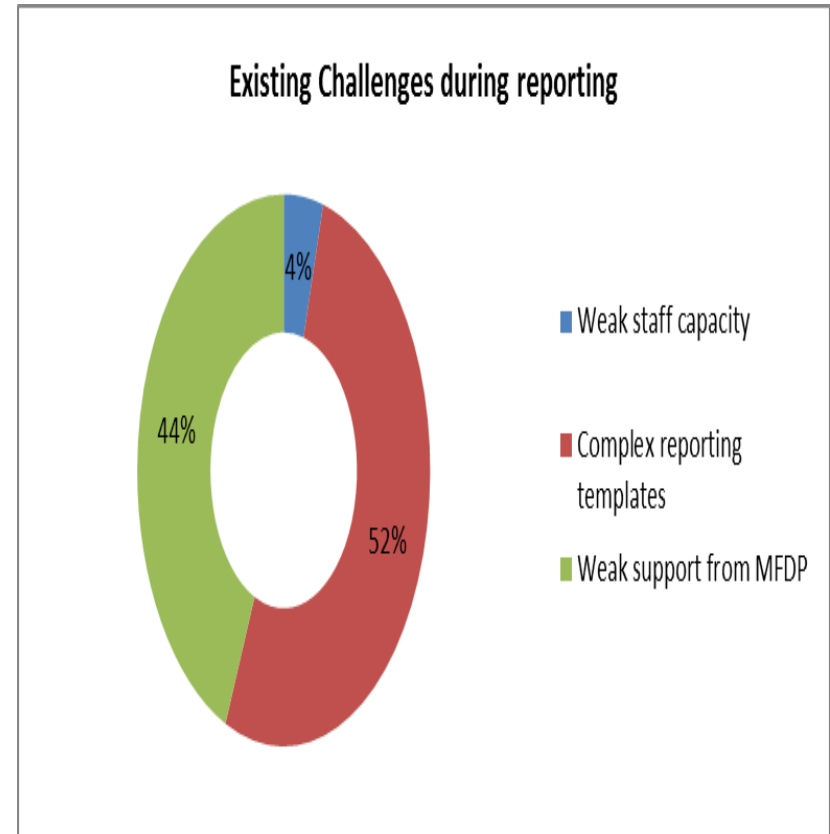
Individual (s)	Time of Engagement	Reason (s)
Authorizer, Senior Budget Technicians	June 2017 (on return from SA)	<ul style="list-style-type: none"> • Receive feedback on fishbone • Get authorization on next steps
Directors/Senior Technicians and Junior Technicians	Beginning late June 2017	<ul style="list-style-type: none"> • Understand challenges in budget execution. • Present fishbone to get their feedbacks
Finance Minister/FMT	July 2017	<ul style="list-style-type: none"> • Update FM on team's work • Get political buy-in on key reforms • Make important decision on the reactivation of the LMC
Spending Entities	Late July 2017	<ul style="list-style-type: none"> • Present fishbone and get feedbacks • Submission of spending plans and financial reports • Reporting survey and reporting templates
LMC	July 2017	<ul style="list-style-type: none"> • Update them on the work of the team • Solicit feedback on assigned tasks



Improving Reconciliation and Financial Reporting

- ▶ Conducted a Mini-Survey on reporting in July during the Budget Execution Workshop

Table 5: Spending entities suggestions for improvement				
		Frequency	Percent	Cum.
	Adequate coordination by MFDP	4	14.81%	14.81
	Allotments process should be consistent with work plan	3	11.11%	25.93
	Capacity building workshop	11	40.74%	66.67
	Capacity building on reporting templates	2	7.41%	74.07
	Increase IFMIS connection	1	3.7%	77.78
	MFDP should develop/design reporting templates	5	18.52%	96.3
	MFDP should resolve constant system failure (IFMIS)	1	3.7%	100
	Total	27	100%	



Improving Reconciliation and Financial Reporting

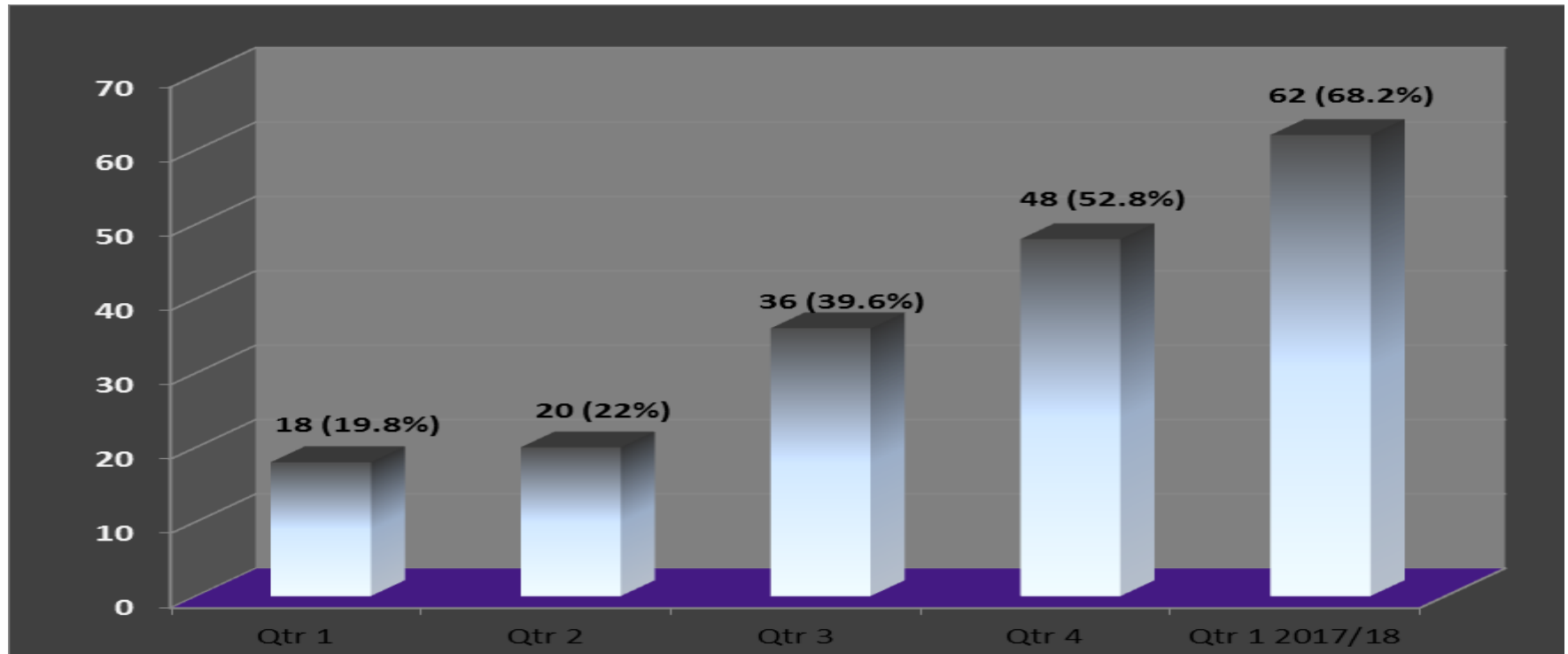
- ▶ Adjusted reporting templates due to feedbacks received from survey
- ▶ Spending entities validated changes to the template at reporting workshop in October
- ▶ Quarter One Financial Reports for FY17/18 are prepared using the amended templates



Improving Reconciliation and Financial Reporting

Compliance has increased from 19.8% in Q1 of FY16/17 to 68.2% in Q1 of FY17/18 with the use of the new templates.

FY 2016/17 reporting performance statistics with M&As



REACTIVATION OF THE LIQUIDITY MANAGEMENT COMMITTEE

- ▶ Inspired the reactivation and effective operation of the LMC in July that includes staff from:

- CAG Office
- Revenue Forecasting
- Debt and Aid management
- Budget Department and
- Cash management Unit



- ▶ Prior to the LMC reactivation:

- Spending authorization based on revenue projections
- Didn't consider cash balances
- Timing and conditions for projected aid disbursement



REACTIVATION OF THE LIQUIDITY MANAGEMENT COMMITTEE

Achievements of the LMC

- Received and compiled spending plan data from all SEs
- Prepared the first consolidated expenditure plan for the FY17/18 in October, 2017
- Defined data sharing and reporting timelines in October
- Meets regularly (every Friday) to review the fiscal position of the GoL and submit report to senior management
- Senior Management refers to LMC reports in making spending decisions.



PART THREE: KEY OUTPUTS/DELIVERABLES

- ▶ Complete submission of spending plan data by SEs
- ▶ Mini Survey Report on Financial Reporting and the revised Financial Reporting Templates
- ▶ Improvement in the number of institutions submitting financial reports from 18 in Q1 of FY16/17 to 62 in Q1 of FY17/18.
- ▶ The timely preparation of weekly report on the fiscal position of Government by LMC
 - Report circulated every Friday afternoon
 - LMC functions is now fully embedded into MFDP



PART FOUR: WHAT HAVE WE LEARNED?

Working as a Team

- *Getting our team to work together was very difficult at the beginning*
- *Successfully working together as a team required us:*
 - Setting and sticking to team rules
 - Example: meeting dates, venue, time, etc
 - Endogenous motivation
 - Team members value the importance of the assignment
 - Team efforts can help solve the problem
 - Exogenous motivation
 - Finance Minister and Authorizer
 - Buy-in from SEs and MFDP's staff
 - Mutually supporting team members
 - Information sharing within and outside of team
 - Clearly defining tasks and regularly assessing progress



PART FOUR: WHAT HAVE WE LEARNED?

Tackling the Problem

- ▶ *Required listening to many people to understand the problem from their perspectives which entailed*
 - Convincing staff that addressing problem makes work easier and leads to a noble objective
 - Looking out for perverse incentives and addressing them
 - Collecting and sharing information with staff on progress and challenges
 - Getting staff to deliver tasks and giving credit to them instead of team
- ▶ *Demonstrating competence and reporting regular progress and challenges helped us build and maintain authorization.*
- ▶ *ALWAYS expect disappointments and ALWAYS work around it.*
- ▶ *YES, reforms can be implemented during elections period*



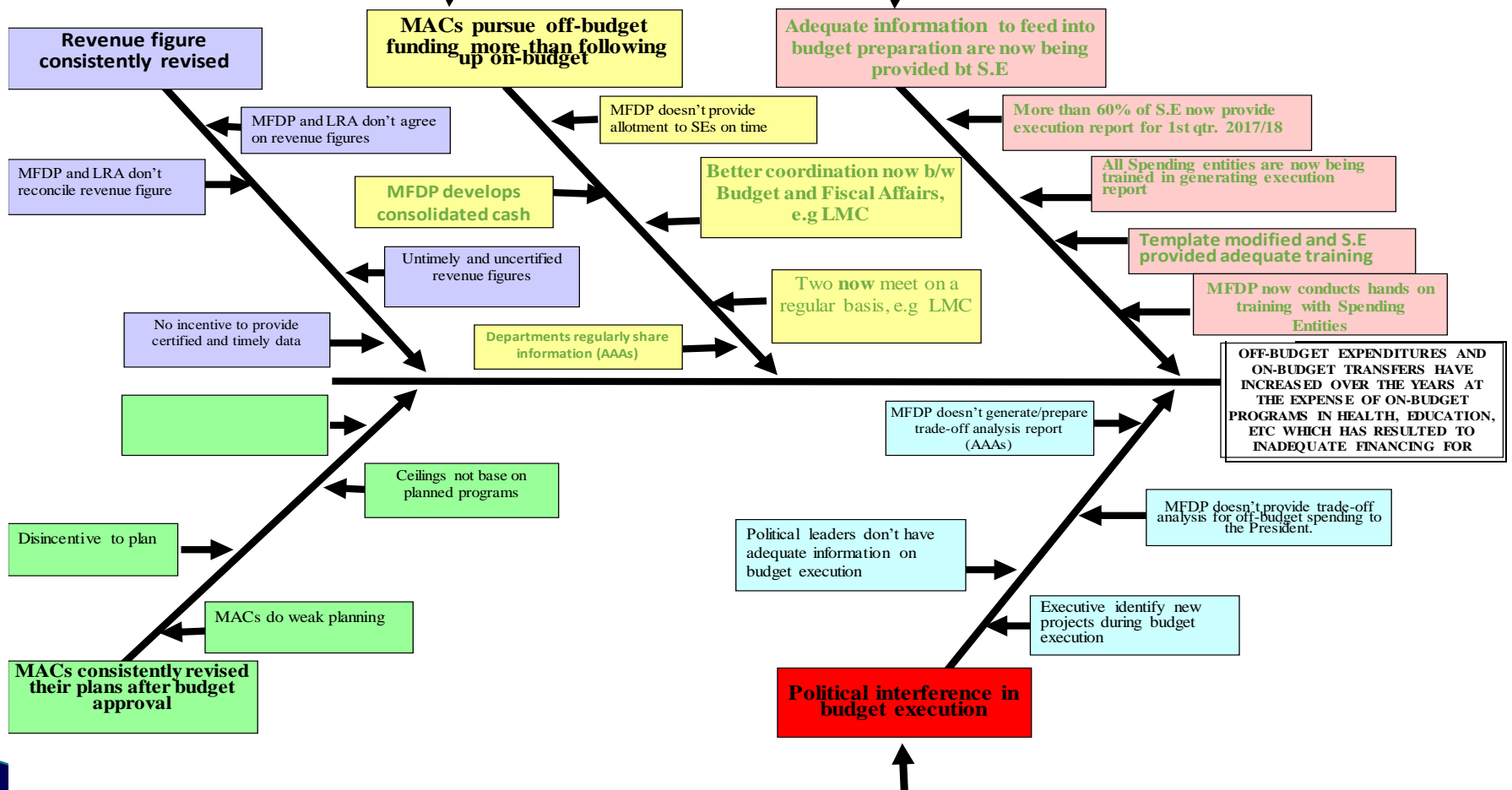
PART FIVE: WHAT'S NEXT?

- ▶ *The steps we have taken don't solve the problem but are critical to any credible long-term solution*
- ▶ *Next step is to work on 'political interference in budget execution' that leads to off-budget expenditures.*
 - Prepare for Political Transition in January, 2018
 - Document the process improvements as part of turnover package
 - Develop a strategy for post election engagement of political and technical leadership team at the MFDP and Spending Entities to sell reform
 - Advocate the establishment of new teams within and outside MFDP to work on internally identified problems



PART FIVE: WHAT'S NEXT? CONT'D

Fishbone Diagram



Message from the Authorizer

- ▶ *The steps we have taken don't solve the problem but are critical to any credible long-term solution*

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Thank you

