

Future of PFM in the Caribbean

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Effective Public Financial Management - Who Cares and Why?

Politicians

- Effective public financial management (PFM) equates to less waste and more money for development and delivery of public services – from health care, to education, licensing, environment, economic development and many more
- Inspires confidence of citizens, funders and donors
 - Improved confidence of lenders – lower cost of borrowing

Donors and Lenders

- Provides confidence that funding and loans will result in improved sustainable development and delivery of public services

Citizens

- Increased demand for public services
- Low tolerance for corruption and mismanagement of taxpayer dollars

Supreme Audit Institutes (SAIs)

- Supports auditability of nation's financial statements/public accounts

Why is Effective PFM a Challenge in Caribbean?

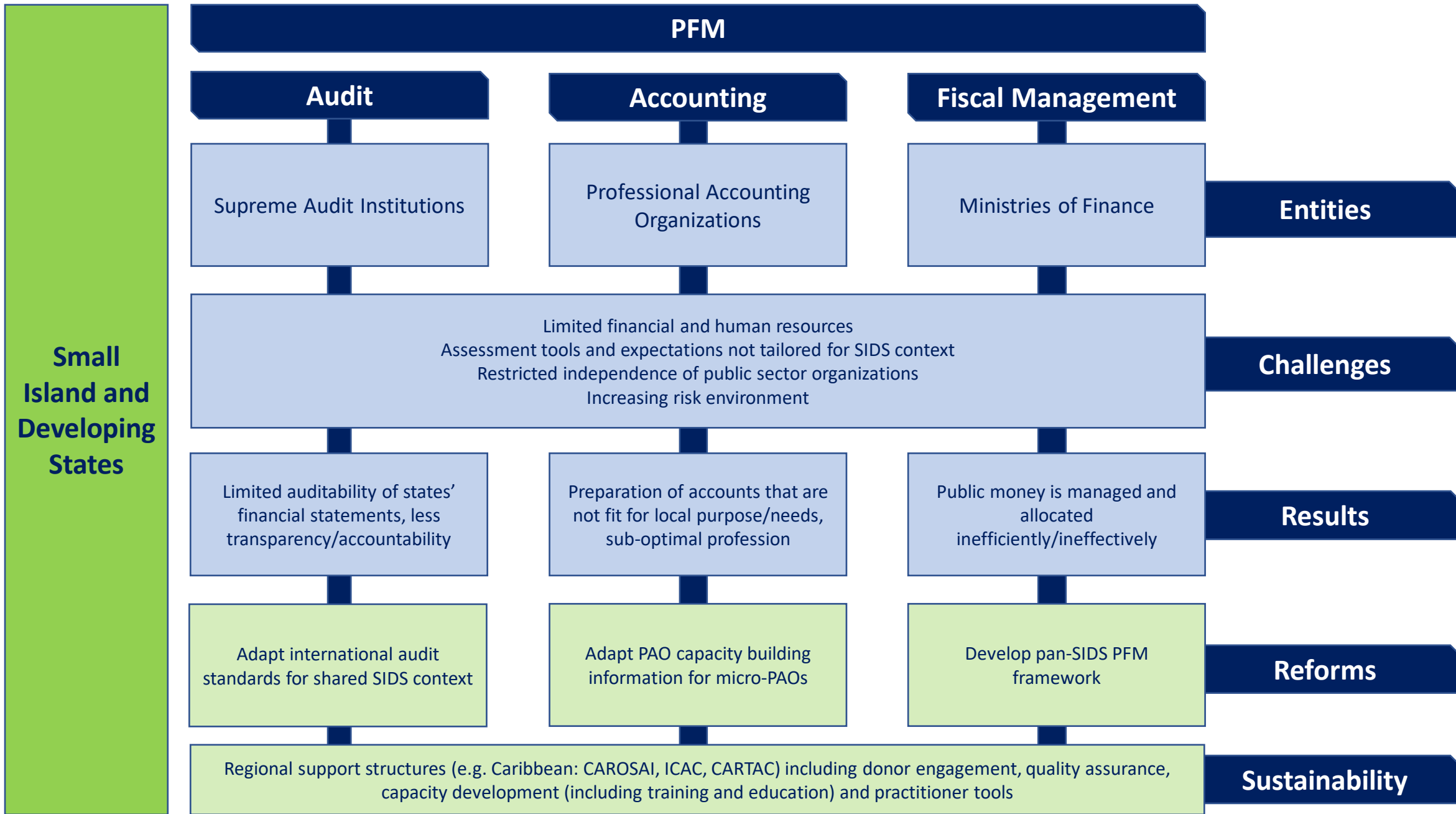
- No standard/common PFM framework for Caribbean nations to leverage and adapt
- PFM assessments and reviews carried out by lenders and donors (i.e. PEFA Assessments) have not resulted in meaningful, sustained improvement in PFM:
 - Assessment tools and expectations often not calibrated to the reality of very small nations
 - Assessment reports often not made public
 - Recommendations often not implemented
- Limited PFM capacity across the public service in the Caribbean

How can we Overcome PFM Challenge?

- Develop standardized, streamlined PFM framework relevant to Caribbean nations that:
 - Respects sovereignty of each Caribbean nation
 - Is scalable depending on the nation's unique needs, capacity and risks
 - Is recognized and accepted by donors and lenders
 - Forms basis for financial management component of donor/lender assessments, thereby supporting consistency and reducing administrative burden
 - Reduces cost of capital – greater confidence of lenders
 - Can be applied at a national, municipal, program and/or project level – adaptable

Key Success Factors

- Made in the Caribbean for the Caribbean
- Buy-in of politicians
- Buy-in of the broader stakeholder community, including lending institutions, donors and standard setting bodies:
 - Alignment with donors' and lenders' priorities
 - Financial support from lenders/donors for development and implementation of Caribbean PFM framework
 - Leadership/support of ICAC, CAROSAI
- Relevant and practical to implement and sustain
- Forge linkage with academia (i.e. UWI) to support integration into public policy/business curriculum where appropriate and feasible



Next Steps

- Consultations with:
 - ICAC
 - INTOSAI and CAROSAI
 - Lenders and donors including the World Bank, IMF, CDB, IADB
- Identify potential lead organization(s) for:
 - Developing the PFM framework
 - Piloting the framework:
 - Project (i.e. Major procurement) , program and/or national level
- Assess the results of the pilot and adjust the PFM framework as required
- Develop implementation and change management strategy

Questions?