

Public Financial Management at the Sub-national Level in Sub-Saharan Africa

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Public Financial Management (PFM) is attracting increasingly attention. In the past PFM was regarded to a large extent through a purely technical lens. However, PFM has a much broader impact on the governance quality of states and their performance. PFM systems are crucial in terms of service delivery and in terms of core government dimensions (like separation of power, checks and balances etc.). The performance and non-performance of states and its main actors in Sub-Saharan Africa (SSA) is at least partially caused and influenced by PFM structures in place.

The analysis of performance-measurements of PFM systems provides detailed insight on weaknesses and strengths of donor support in this area. However, current debates in the field are so far hardly sensitive to regional specifics. In addition, PFM is mostly still regarded as an issue at the central government level only. The capacity of, and the conditions at the sub-national level have been neglected in the past. A common perception assumes less capable PFM structures at the sub-national level. Weak capacities (not at least because of overall challenges in the area of human resources) and conflicting interests between central and local governments in most African countries are hypothesized to be underlying this assumption.

The proposed paper is going to review the (limited) literature on the subject of PFM at the sub-national level in SSA. The main focus will be on taking stock of the empirical evidence on PFM capacities on the sub-national level, and identifying trends and instrument of SN PFM in the context of donor decentralization programs. Evidence shall be drawn from existing performance-measurement instruments as well as case studies. Performance-measurement instruments include Public Expenditure and Financial Accountability (PEFA) studies, which to date include the local level in over 20 cases in SSA (several more assessments planned for 2011), and related analytical approaches (Public Expenditure Reviews/PER etc). In addition, empirical evidence coming from different sources such as Supreme Audit Institutions (SAIs), performance measurement approaches of local authorities etc will be used as well. Rwanda will serve as a point of reference and provide country-specific evidence.