Ministry of Finance Workshop

Change management for the PFM Roadmap

– Sunday 9th January 2011

OUTCOMES
Change management principles

- Phrase change in way stakeholders will understand
- Reflect benefit
- Find allies
- Listen to and understand opposition
- Manage expectations
Proposed vision for PFM Reform:

By 1393 we will have:

• Made significant progress towards a sustainable Afghan budget and a self-sustaining government, with more than 80% of aid being channelled through the government budget;

• National priority programmes fully funded, addressing the most pressing needs of the nation;

• Transparent and simple public financial management, with an Open Budget Index rating above 50%; and

• Effective operation of the budget with over 70% of the development budget executed.
## Stakeholder analysis - Budget Policy

### Stakeholder groups:
- Donors/IFIs
- Parliament
- Planning/Finance Depts in line ministries
  - ANDS/Policy Dept/MoEc
  - Budget Dept/Budget Cttee/Cabinet
- IDLG
- IARCSC
- Civil society organisations
- Private sector
- ARD/ACD
- ISAF/PRTs

### Donors will feel threatened by:
- Losing control of how money is spent
- Lack of confidence in govt to use their funds
- Unless Budget is approved, projects can’t be implemented
- More work for donors

### Line ministries threatened by:
- More work to implement Prog Budgeting
- Loss of power in the LMs’ units
- Low capacity to implement change
Key messages to persuade donors:
• Investment through budget will increase effectiveness of their assistance and alignment with govt priorities
• Their assistance will be more visible and appreciated by Afghanistan government and public

Key messages on programme budgeting
• Bringing more transparency and accountability to the system
• Encouraging funds to move from external to core budget by obtaining donor confidence
• Better service delivery
• Better justification of LMs budget
Stakeholder analysis - Budget Execution

**Stakeholder groups:**
- Budgetary units
- Treasury/mustofiat
- Provincial/district finance
- Donors
- Contractors
- Advisers
- Central bank
- Parliament
- PPU/ARDS
- SPC
- Budget Committee

**Will feel threatened by:**
- Civil servants fear they will lose their job
- Lack of capacity to keep up with the change
- Private sector does not adjust to the reforms
- Donors fear giving discretionary support to budget – want to keep control
Key messages to persuade stakeholders:

- Coordination mechanisms will help all parties
- Public wants to see results delivered – this puts pressure to execute budgets
- Reforms accompanied by training opportunity to build capacity and job security
- Increased transparency promotes confidence of public
Stakeholder analysis - Transparency & Accountability

Stakeholder groups for communication:
- MoF staff, Mustofiat
- Line ministries
- Donors

Will feel threatened by:
- Being forced unwillingly to participate in the reform process
- Having their jobs and security interfered with

Key messages:
- Build trust
- Enhance professional relationships
- Fulfil higher objectives rather than individual objectives
- Reform actions are complementary and supplementary
- Give ownership and assurance
Stakeholder analysis - Transparency & Accountability

Stakeholder groups for internal/external audit:

- MoF staff, Mustofiats
- Line ministries
- Donors
- And...Central Audit Office

Will feel threatened by:
- Having their work and security interfered with

Key messages:
- Build strength of internal audit function in their own organisation
- Explain difference between internal audit (checks as you’re going along) and external audit (investigation after completion)