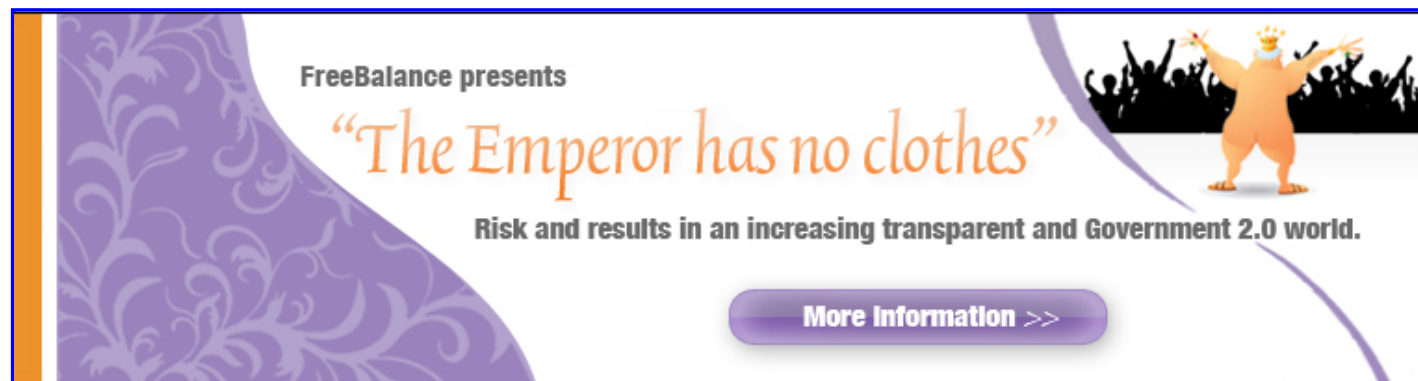# Sustainable Public Financial Management

This blog explores sustainable Information and Communication Technology (ICT) for Public Financial Management (PFM).

- Home
- About

Little Brother is Watching: Government 2.0 and Transparency

November 19th, 2010

Doug Hadden, VP Products

Two public servants speaking about Government 2.0:

Public Servant 1: "Now that we are open and transparent, the public is finding examples of our mistakes."

Public Servant 2: "That's better than the alternative. We're not open and transparent. The public assumes that everything we do is a mistake because we're trying to *hide something*."

If authoritarian regimes can't keep secrets from leaking, does the Canadian government have a chance of controlling the message and information? That's one of the reflections about risk and results for Government 2.0 for my upcoming presentation at the Financial Management Institute. For all the risk of Government 2.0, the risk of not being transparent seems greater.

Not that governments can control the message because "little brother is watching". Governments can engage citizens in dialog. They can become trusted.

It's better to be "in-network" than "out of network".

Bad News is Good News?

Mistakes and bad news might be good. Governments have been constrained by limited and faulty *feedback loops* – the ever-increasing sensational press, the odd letter from the public, the lobbyists. Government 2.0 can provide improved performance information enabling governments to increase effectiveness. At a low cost.

In the era of "doing even more for even less", Government 2.0 is good news. This is a lesson that we've learned at FreeBalance. We seek out bad news so that we can improve our products, services and support.
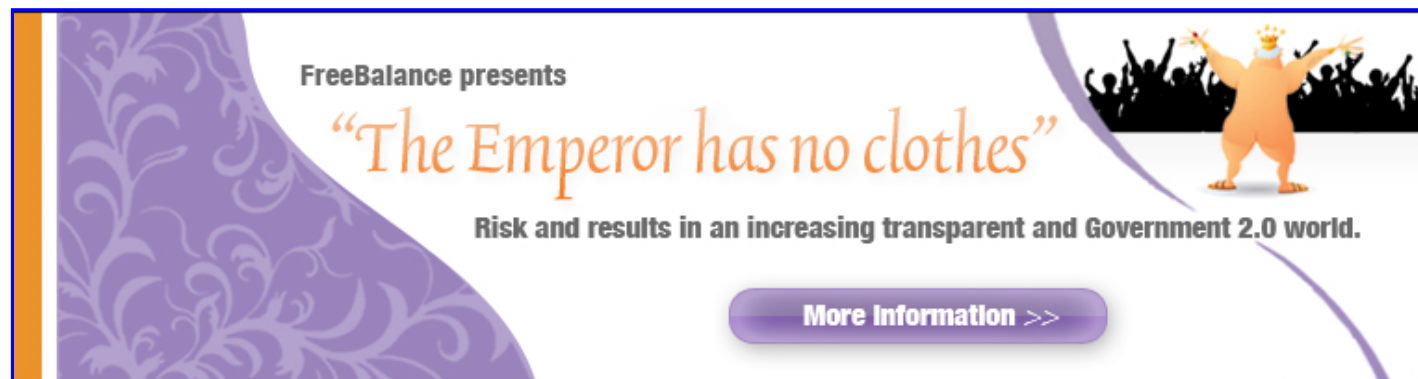
So, feel free to comment right here on any bad news you'd like to share!

Tags: [performance management](#), [risk management](#), [transparency](#)
Posted in [Government 2.0](#), [performance](#) | [No Comments »](#)

Government will Never Change, Government 2.0 is doomed

November 18th, 2010

Doug Hadden, VP Products

> There is nothing more difficult to carry out, nor more doubtful of success, nor more dangerous to handle than to initiate a new order of things.
>
> Niccolo Machiavelli

Last year, a gentleman attending my [Financial Management Institute](#) presentation on government performance management sat attentively with a rather bemused look on his face. He'd heard it all before. The enthusiasm for some technology-driven change. Some technology adoption, but no *change*.

I reflected on this a few months ago suggesting that open government isn't "[getting any respect](#)". As I said about change:

Change is not easy for large organizations. We've [written about the skills necessary to lead Government 2.0 change](#). And there any [many examples](#) of culture change and Government 2.0 adoption. Change is unevenly adopted. That's why we talk about early adopters. There is a culture of expertise in large organizations. Knowledge is power in traditional organizational structures. So, we cannot expect widespread immediate culture change. At the same time, we cannot expect that no change will occur.

We've Got Government 2.0 All Wrong

The Government 2.0 adoption debate centers around assumptions for technology-induced change:

1. **Narrow categorization view**: we debate about the differences among technologies like Government 2.0, e-Government, and collaboration, so we don't see the real *trends*
2. **Narrow time view**: we debate about cause and effect over very short periods of time, so we don't register the change *effects*
3. **Narrow technology view**: we debate about the technology in isolation of other societal drives, so we don't see the results in *cumulative*

Historical Perspective

Government structure, culture and mandates are in constant flux. Harold Innis described how empires were structured and developed based on dominant method of recording and communications whether stone, papyrus or velum. Marshall McLuhan described how the technology medium results in societal change.

Getting Government 2.0 Effects Right

It's not a question of whether Government 2.0 will or will not be adopted. Or whether it will or will not have a material transformation on government. Government 2.0 is another signpost in government change. So, the question really is: *Will Government 2.0 be able to keep up with the change or not?*

Technology-Induced Change in Government

- **Movable Type/Printing Press:** generates rise of the "nation state" as languages become standardized and people begin to identify with ethnic and "national" characteristics
- **Radio:** generates rise of government dominance in communications from Roosevelt's "fireside chats" to incendiary propaganda
- **Television**: increases the scrutiny of government from political debates to war reporting
- **Photo-copier, fax, personal computer, mobile technology, blogs**: gives individuals publication capabilities to extend discussion creating new pressures for government transparency and accountability. It also enables groups with affinities to self organize. (Also appears to enable the move to supra-national institutions and the devolution of the nation state to accommodate regional, ethnic, religious and language groups.)

The Trends of Change

Transparency has become a *meme* for government. It's in almost every political debate and promise.Government 2.0 is one of may technology signposts in the long term change in government to:

- **Higher levels of participation** in policy and operational government by citizens, whether in participatory budgeting, idea factories or political campaigns.
- **Increased focus on outcomes** away from inputs and outputs as the main driver for government spending – away from what the money was meant to accomplish to what it really did.
- **Collaborative government with multiple government tiers**, international organizations and the private sector whether in response to fiscal crisis, trade liberalization or public-private partnerships
- **Flattening of organizations** to enable more efficient and effective public services whether through one-stop services, on-line services or shared services

Government 2.0 is a vehicle for higher levels of participation through on-line communities. The use of mashups and other techniques enables the focus on outcomes. (This was the main theme of my presentation last year.) Collaboration is enabled through Web 2.0 tools like wikis.

So, in the end, when we look back at this transformation in government, we may call it Government 2.0, or we may call it something else.

Tags: accountability, change management, FMI, government transformation, Harold Innis, marshall mcluhan, mobile, participation, participatory budgeting, performance management, politics, public services delivery, transparency, web 2.0
Posted in Government 2.0, PPP, modernization, performance | No Comments »

Does Government 2.0 mean a move to the Extreme? [Extreme Programming]

November 17th, 2010
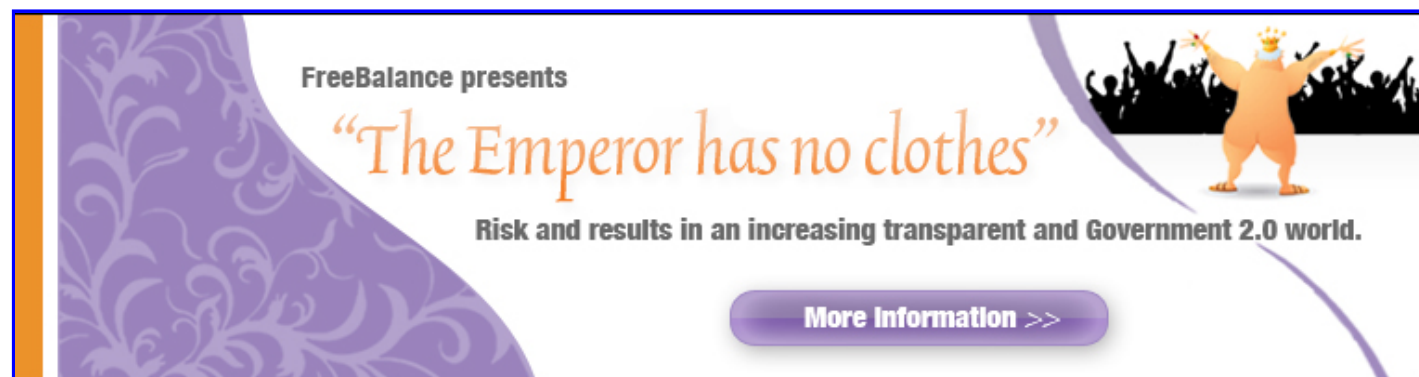
Doug Hadden, VP Products

Web 2.0 is about the *continuous beta*. Iteration. Constant *tweaking*. This seems to go against the typical project governance and enterprise architecture disciplines practiced by governments.

More agile development methods like extreme programming can be effective for the continuous beta. While considering methdology, risk management and IT governance for my upcoming seminar at the Financial Management Institute (FMI) in Gatineau – it occured to me that government might be ready for the *extreme*. Or, other forms of agile development.

Here's a first draft on why this makes sense, with some generalizations that may not be true in all cases:

	Traditional IT Projects	**Government 2.0**
Integration	Proprietary back-office systems with proprietary standards	Generally open standards, well-accepted, following Web Services standards
Assembly	Large proprietary objects	Small components, often replaceable
Enterprise architecture	Complex	Moderate if self-hosted, negligible if hosted on cloud
Focus	Transactions	Collaboration
Programming focus	Functional completeness	Usability
Technical capacity required	High	Moderate
Government presence	Out of Network	In Network

Reputational risks/reward	Moderate to medium high	High
Expected results	Generally predictable	Can have many unexpected outcomes
Governance structure	Mostly top-down and formal	Bottom-up with governance structures built into the software (i.e. peer review, moderation etc.)
Control paradigm	Central control	Give up control to the periphery
Thinking paradigm	Conventional "open-loop" thinking	Systems "closed-loop" thinking, design thinking
Design paradigm	Considerable design prior to implementation	Feedback loops built in
Security concerns	Security of transactional data, privacy	Privacy

My analysis suggests that more agile implementation methods are likely to generate quicker success in Government 2.0 than traditional governance methods. My experience is that agile development can present problems when software architectural design or significant extensibility is required. However, these techiques are very effective for project development, adapting existing software and experimentations. Some benefits of these methodologies include:

- Short iterations to ensure meeting changing needs and user feedback
- Focus on creating the interface wireframe, so solidifies usability quickly
- Small improvements over time give quick wins rather than the traditional roll-out of complex new feature sets and usability changes

It stands to reason that this approach can enhance tools used for Government 2.0:

- Open source and commercial tools enable configuration and customization from changing templates to adding functionality like rich text editors
- Use of existing social networks such as Facebook, LinkedIn, MySpace or Ning
- Ability to add widgets and embed content without programming
- Integration standards such as RSS feeds and Web Services enables integration of data across applications
- General ease of deployment to mobile platforms
- Ability to monitor or beta changes to see usage through analytics

Tags: agile development, agile prorgramming, extreme programming, IT governance, privacy, risk management, SCRUM, security
Posted in Government 2.0 | No Comments »

Government 2.0 and Innovation

November 16th, 2010
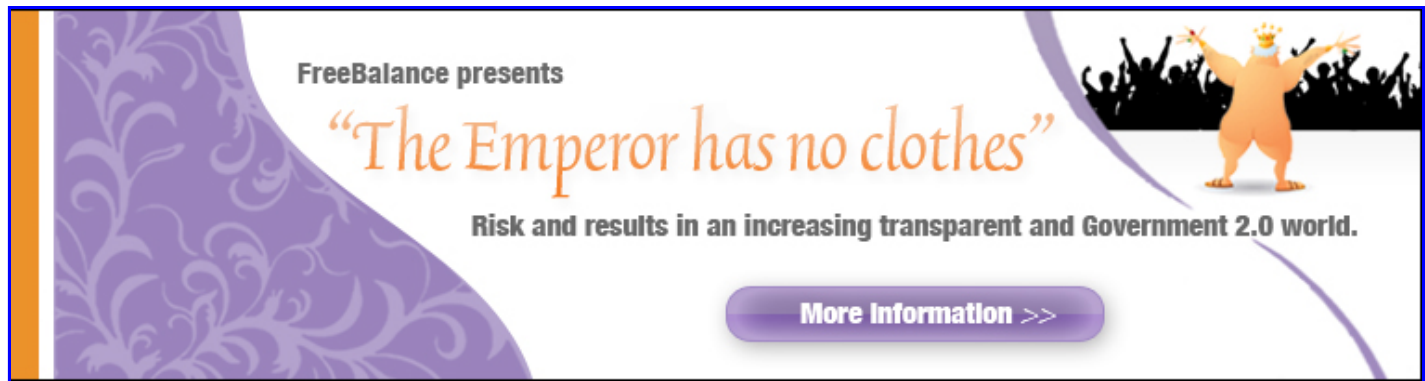
Doug Hadden, VP Products

What exactly is "government innovation'? Perhaps, like my presentation last year pointed out about "government performance", many may see this as an oxymoron. Nada Teofilovic argues against the assumption that "bureaucratic administration lacks the prerequisites for innovation, namely creative thinking, idea experimentation and inventiveness."

Innovation is an underlying theme for my upcoming presentation on Government 2.0.

Ms. Teofilovic describes innovation using the Government of Canada as a case study:

In response to a range of economic, political and ideological demands, the structures and processes of governance are changing and modernizing. The traditional public service is developing creative ways to address fiscal restraints and citizen demands for efficient service delivery; conventional, process-oriented public administration is giving way to results-focused public management; and federal departments are collaborating and working horizontally to overcome the hegemony of central agencies. In view of these developments, innovation is becoming a reality in government.

Government 2.0 support government as an *economic innovation incubator* and as *services modernization*.

Innovation is alive and well in government and will be further transformed thanks to Government 2.0, as described in Steven Johnson's Where Good Ideas Come From: The Natural History of Innovation

Economic Innovator

Tim O'Reilly of O'Reilly Media, who invented the term "Web 2.0″, is a strong advocate of "government as platform":

government is, at bottom, a mechanism for collective action. We band together, make laws, pay taxes, and build the institutions of government to manage problems that are too large for us individually and whose solution is in our common interest.

There are many who resist this notion of government as a "technology platform" or that "open data" can generate economic value. These are a bit hard to prove using legacy measurement tools. Nevertheless, there is compelling evidence of "government as platform" in the analogue world – the Internet, GPS, road and rails systems.

As Mr. O'Reilly sees it:

Government 2.0, then, is the use of technology—especially the collaborative technologies at the heart of Web 2.0—to better solve collective problems at a city, state, national, and international level.

Services Modernization

Governments are striving for services innovation. Reform of government to provide a better value to citizens has become a major political theme for the past 3 decades, according to Dr. Elaine Kamarack.

Government 2.0 promises to extend the value of citizen and business services beyond traditional e-government. E-government has focused primarily on computerizing service delivery and supporting transactions. Process-centric

services. *Structural.* Not the services that can be enabled through collaboration, as I've described in a white paper about Knowledge Management 2.0 and Government 2.0.

Government 2.0 offers improved effectiveness in internal collaboration that can result in improved services.

Government application categories include:

- *Internal*: internal by governments
- *External*: external to government with government involvement
- *Structural:* follow government structure and mandate
- *Social*: enable collaboration

Our framework suggests that there are three classes of applications:

- *Back-office:* operational budget, financial and civil service management-transaction management
- *E-Government*: exposing government information and transactions
- *Government 2.0:* social networking whether exclusively internal or collaborating externally
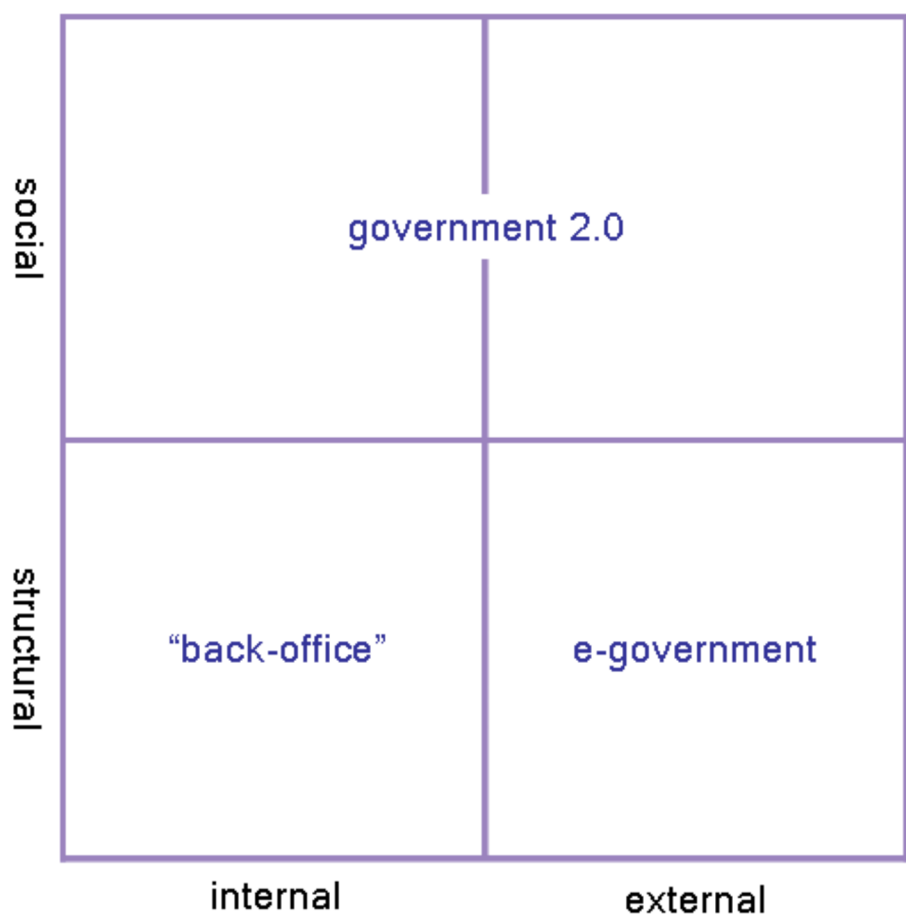
Therefore, Government 2.0 has the potential to extend services innovation from back-office and e-government functions. And, it has the potential to provide innovation separate from structural applications.

Tags: collaboration, e-gov, e-government, Gov 2.0, government as platform, government innovation, innovation, open data, open government, Steven Johnson, Tim O'Reilly, transparency, web 2.0
Posted in Government 2.0, modernization | 1 Comment »

What Works vs. What Should Work

November 15th, 2010
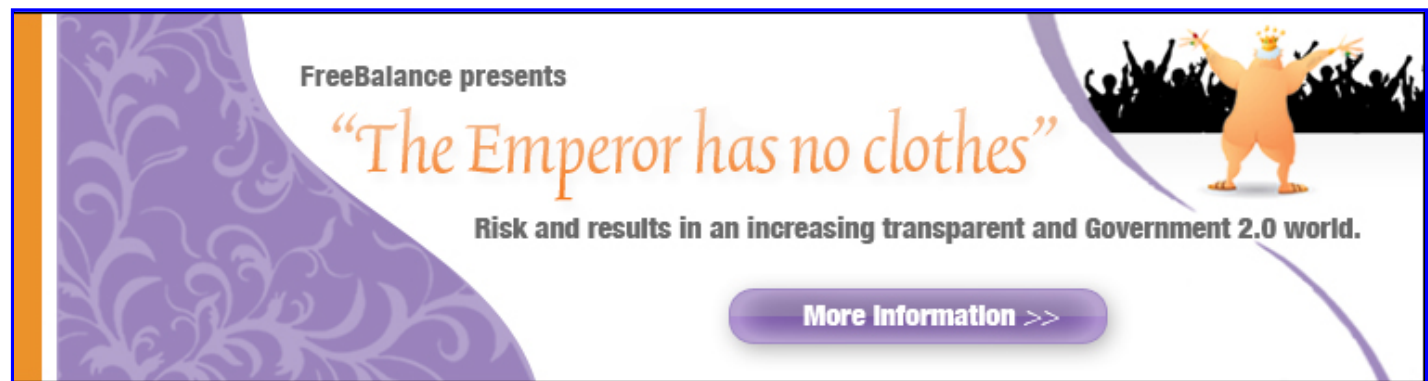
Doug Hadden, VP Products

While working on my upcoming seminar at the Financial Management Institute conference in Gatineau ("The Emperor has no Clothes" - Risk and Results in an Increasing Transparent and Government 2.0 World), I began to reflect on the **IT governance gap**. Many governance methods are predicated on generally accepted axioms. Or: "**what should work**".

My point in the upcoming seminar is that traditional IT governance structures that work in government for mature technologies need to change in order to take advantage of the Government 2.0 transformational promise. After reviewing Treasury Board Secretariat guidelines on IT governance, it occurred to me that this governance gap may exist with more traditional projects. That's not to say that TBS governance guidelines are somehow antiquated – far from it, when compared to established IT methodologies.

IT professionals often live in a world where technology is abstracted. We hold many concepts dear to our hearts. We use conventional open-loop thinking rather than systems thinking for governance and risk management. This is described fully by Dr. Pallab Saha and team in a Microsoft funded project on Advancing the Whole-of-Government Enterprise Architecture Adoption with Strategic (Systems) Thinking. What struck me was the view that conventional thinking is fragmented (Believing that really knowing something means focusing on the details) , rather than holistic (Believing that to know something requires understanding the context of relationships.)

The IT governance gap comes from specialization or, what Dr. Saha describes as "factors" and "straight line" thinking. The overall effect of any IT project comes from the relationship to other IT projects. Here's where we see a gap in traditional IT projects, when we use conventional thinking like:

- Leveraging a proven software vendor with a large installed based and $Bs in revenue reduces risk.
- Large software vendors have proven ROI.
- IT Shared Services will save money.
- It's only possible to meet requirements through customization
- IT failure is caused by process – it's the client or integrator's fault – not the software

We encounter this gap frequently where **facts collide with strong axioms**. Government 2.0 provides a compelling event for IT professionals to reconsider some of these axioms. IT governance can follow the ceremony of process yet fail to meet objectives because the project technology premise was faulty. How should IT governance adapt?

- Ignore vendor success stories (it's marketing, not reality)
- Connect with practitioners to determine what works and doesn't work
- Use technology analysts to identify issues and opportunities, but don't take their word for "what should work" – remember, vendors have influence here
- Question the technical premise behind the project at the beginning – this could reduce the IT governance overhead
- Small projects first, avoid the "big bang:

Tags: governance, IT governance, risk management. FMI, Treasury Board Secretariat
Posted in GRP, Government 2.0 | No Comments »

Manuel Pietra, President & CEO of FreeBalance, to Participate in International Conference on Public Financial Management in 'Fragile States'

November 15th, 2010

Conference to explore the role of finance and public financial management reform to accelerate the transition out of fragility

Ottawa, Canada (November 15, 2010) – FreeBalance, a global Government Resource Planning (GRP) software company, announced that it will be participating in the sixth annual conference on development finance and public financial management reform. The conference is jointly organised by the Centre for Aid and Public Expenditure at the Overseas Development Institute (ODI) and the International Monetary Fund (IMF) Fiscal Affairs Department. The sixth annual conference will focus on the practical and policy aspects of how to use finance to support fragile states in their transition out of fragility. The invitation-only conference will bring together government policy makers, international agencies, practitioners, and academics. The lessons learned will be captured in audio recordings, video footage and a conference report that will be disseminated after the conference.

Public Financial Management (PFM) discussion during the two-day event will be focused on delivering effective financial, developing local financial management capacity, the role of transparency and accountability, and lessons learned in PFM reform in fragile states. Guest speakers at the event include representatives finance ministries from FreeBalance customers including Afghanistan, the Democratic Republic of Timor-Leste, Sierra Leone, Uganda, and Liberia. Panelists and speakers will include representatives from the IMF, the World Bank, ODI, the African Development Bank and the Organisation for Economic Cooperation and Development (OECD).

"FreeBalance is pleased to have been invited to participate in the Cape Conference 2010 event," said Manuel Pietra, President & CEO at FreeBalance. "Our mission as a company is to help countries around the world leverage technology to support economic growth and development. Many of our customers are participating in this event and we fully support the collaborative exchange of lessons learned and good practices."

FreeBalance is a global provider of software solutions for PFM, where PFM is an essential part of the international development process. FreeBalance solutions support government modernization, fiscal decentralization, and public finance reform across all levels of government.

FreeBalance customers span the globe and the user community includes public financial management professionals in 18 countries, including Afghanistan, Iraq, Kosovo, Liberia, Mongolia, Namibia, Pakistan, Panama, Sierra Leone, Southern Sudan, Timor-Leste, and Uganda among others. FreeBalance operates in 15 customer time zones. FreeBalance has more than 60,000 users around the world. FreeBalance software manages a global civil service workforce of 1,500,000, and also manages a quarter trillion ($US) annual budgets worldwide.

About FreeBalance
FreeBalance helps governments around the world leverage robust Government Resource Planning (GRP) technology to accelerate country growth. FreeBalance software solutions for public financial and human resource management support reform and modernization to improve governance, transparency and accountability. Good governance is required to improve development results. For more information, visit www.freebalance.com.
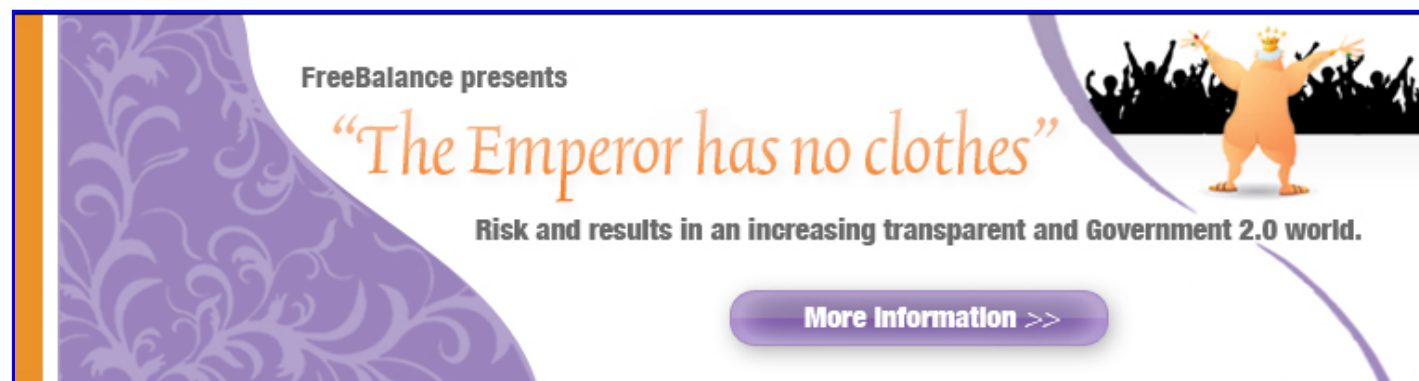
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Tags: [Afghanistan](), [African Development Bank](), [East Timor](), [IMF](), [Kosovo](), [Liberia](), [ODI](), [OECD](), [Overseas Development Institute](), [Sierra Leone](), [Timor-Leste](), [Uganda](), [world bank]()
Posted in [PFM](), [modernization](), [performance]() | [No Comments »]()

Government 2.0 Adoption and Good Practice Content

November 12th, 2010

Doug Hadden, VP Products

I've been updating my Government 2.0 information sources in preparation for my [presentation]() at the Financial Management Institute (FMI) Professional Development Week in Gatineau Quebec. The subject for the conference is "[Risk and Control: Striking the Right Balance]()". It seems apropos to talk about control and risk for new technology, particularly Government 2.0.

If you are like me, you appreciate when interesting analysis is put into [Scribd]() or [SlideShare]() format to enable quick browsing. Here are some of the sources that I'll be using in the presentation, *The Emperor has no Clothes - Risk and Results in an Increasing Transparent and Government 2.0 World* presentation.

Hewlett Packard Government IT Survey

[HP Government IT Survey Report – Government 2.0]()

View more presentations from GovLoop.

IBM Publication on Leveraging Web 2.0 in Government

Leveraging Web 2.0 in Government

Matthew Hodgson from WSG Web Standards Group

Government 2.0 – Trends and adoption strategies – WSG Web Standards Group – Nov 2008

View more [presentations](#) from [Matthew Hodgson](#).

Australian Government 2.0 Taskforce

[Australian Government 2.0 Taskforce Report](#)

I was co-author with Martha Bartoski on this paper on Knowledge Management 2.0 in government

Embracing Government 2.0 Leading Trans Formative Change in the Public Sector

Additional good links from those with good content, but don't seem to get the Web 2.0 deployment advanatages include:

- Deutsche Bank: How companies are tapping the benefits of Web 2.0
- Victorian Public Service: Government 2.0 Risk Register and Management Plan
- Deloitte: National Issues Dialogues, Web 2.0: The future of collaborative government
- McKinsey: E-Government 2.0
- Booz, Allen, Hamilton: Enterprise 2.0

My presentation is entitled: "The Emperor has no Clothes - Risk and Results in an Increasing Transparent and Government 2.0 World."

Transparency and accountability have become strong themes in government. Social media and open government initiatives have introduced a new risk and reward paradigm for public servant careers and for government organizations. Transparency, in itself, has become a key performance indicator. This presentation explores the effects of social media on risk management in government and how Government 2.0 technology enables managing for results. An updated methodology on calculating open government value will be discussed.

For those interested in more, the presentation is on Wednesday, November 24, 2010, 1:30 to 2:30pm at the Krieghoff room.

Tags: control, IT governance. FMI, risk management
Posted in Government 2.0 | No Comments »

New Public Financial Management Discussion Board Available

November 12th, 2010

Where practitioners meet to discuss Public Financial Management: http://pfmboard.com/

The structure of the site is interesting, with performance dimensions and Medium Term Expenditure Frameworks having the most discussion topics.

The discussion group has almost 300 members to date.
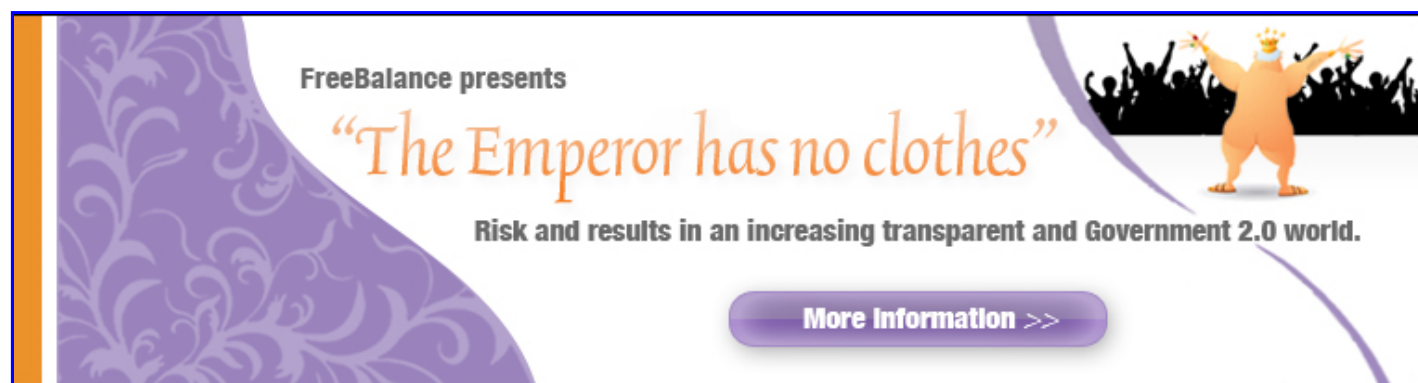
RSS feeds at: http://pfmboard.com/index.php?action=.xml;type=rss

Mobile site at: http://pfmboard.com/index.php?wap2

Tags: best practices, good practices, MTEF, PEFA, practisioners
Posted in GRP, IFMIS, PFM | No Comments »

How to Make a Good Government 2.0 Presentation

November 8th, 2010

Doug Hadden, VP Products

Surely there should be some rules about making Government 2.0 presentations. We've had enough!
Enough tormenting through dull and pointless presentations! Enough of presenting something as Gov 2.0 that isn't!
Enough of light anecdotes substituting for substance!

After all, presentations about new technology should motivate.

After reflecting on those superlative presentations I've seen, here are some guidelines to consider whenever making a Government 2.0 or Open Government presentation:

1. Framework

Describe exactly what parts of Government 2.0 you will talk about.

Questions to ask yourself:

- What concepts will be discussed – what's in, what's out of the discussion?

- Is it about internal or external Gov 2.0?
- Is it within the organization or multi agency?
- Is it focused on a single mission or generalized?
- Is it incremental to other non Gov 2.0 initiatives, a re-frame of those or net new?

Recommendation: Show what you will talk about in a graphic that clearly shows what you are not going to talk about.

2. Depth

Provide in-depth information that practitioners can use rather than provide a survey of anecdotes.

Questions to ask yourself:

- What useful aspect of Government 2.0 is most relevant to discuss?
- What is unique about the projects or projects you want to discuss?
- What did you learn that was critical or unusual such about aspects such as business case, getting usage, getting trust, engaging citizens, unexpected problems?

Recommendation: Case studies are the best vehicle for depth.

3. Technology

Describe the technology used.

Questions to ask yourself:

- Why was the technology chosen?
- Did the technology decision matter?
- Were there any technology problems such as licensing, integration, functionality, security?

Recommendation: Unless the case study is focused on technology, there should not be more than 1 slide worth of information and no more than 5 minutes.

4. Value

Describe the value achieved.

Questions to ask yourself:

- What benefits were expected?
- What was the result?
- What unexpected results occurred? (positive or negative)
- What metric used for benefits?
- What recommendations do you have for justifying Government 2.0 projects?
- Did the project help justify other Government 2.0 initiatives?

Recommendation: Value has become a source of intense discussion in government technology circles. It is best to contrast the value achieved relative to other information technology investments.

5. Cost

Describe the exact costs of the Government 2.0 project.

Questions to ask yourself:

- What were the true costs, including labour?

- Was it lower or higher than expected?
- What are the on-going costs?

Recommendation: A cost summary spreadsheet by category – software, hardware, consulting, internal staff, training etc. should be provided and contrasted with typical IT project costs.

7. Governance

Describe how the project was managed and lead.

Questions to ask yourself:

- Who lead the project?
- Was there an executive sponsor?
- What groups and executives supported the project?
- Was it skunkworks within the IT department or planned?
- Did it rise from within the organization because of a need?
- How were decisions made?

Recommendation: An organizational chart for governance is useful.

8. Good practices

Describe the project practices that were used.

Questions to ask yourself:

- What methodology, if any, was used?
- How was the Government 2.0 project managed differently, if at all, from other IT projects?
- How should Government 2.0 projects be managed differently, if at all, from other IT projects?
- What should have been done differently?
- What worked well in managing the project?
- How was change management handled?
- What was the view on scope and risk of failure?
- How was risk mitigated?

Recommendation: It is best to focus on those things that make Government 2.0 projects different. If there is really nothing different from typical IT practice, there doesn't need to be a lot of information about project practices.

9. More

Provide more information because you can never satisfy the thirst for Government 2.0 information in a single session.

Questions to ask yourself:

- Where can more information on this project or projects be found?

- What web-based resources do you recommend?

10. Avoid

Avoid the following typical problems:

- Defining Government 2.0 – that just wastes time
- Describe standard broadcast outreach as Government 2.0 – that's e-Government 1.0
- Describe transaction processing as Government 2.0 – that's just advanced e-Government 1.0

- Describe the history of computing since Alan Turing – that just wastes more time
- Try to sell your project or organization- you will gain more by having credibility
- Provide intense multiple slide overview of your organization – this makes it difficult for audience members to abstract the lessons learned based on the complexity of your organization
- Use words like 'cool' – civil servants want something that works not something that is cool
- Use private sector or consumer examples – that is often immaterial in the government context
- Winging it – it's better to have a presentation and outline because your ideas can get lost
- Reading from the slides – we can read too
- Speech but no presentation – everyone wants to see the screens

Let's hope that I follow my own advice ….

Tags: egov, egovernment, FMI, Gov2.0, PowerPoint, presentations
Posted in Government 2.0 | 1 Comment »

Open Budget Survey Transparency Stars: Afghanistan, Liberia and Mongolia

October 26th, 2010

Governments leverage Government Resource Planning (GRP) solutions to enhance budget transparency and accountability
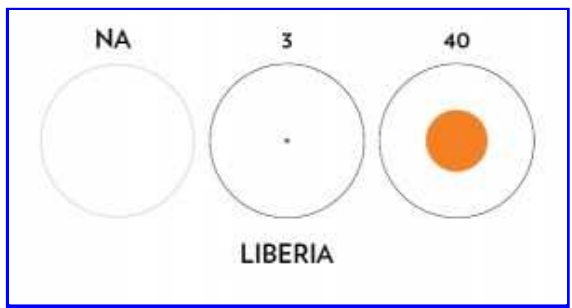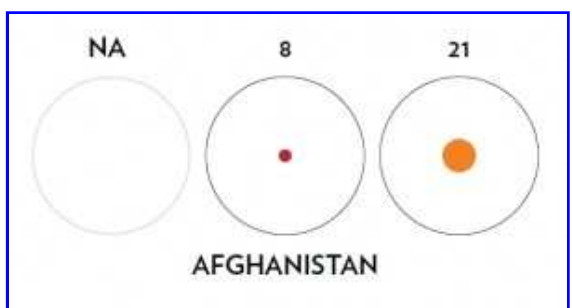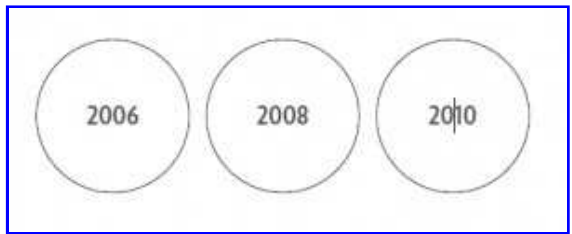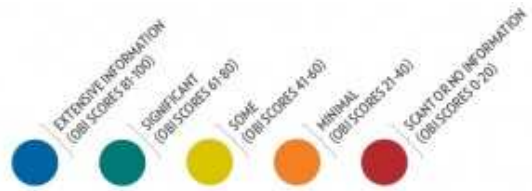
James Elrick
PR Specialist

The International Budget Partnership (IBP) recently released its Open Budget Survey (OBS) 2010 report. According to their press release, the IBP feels that "global report reveals poor transparency and accountability in government spending". But previous low scorers also demonstrated how all countries can improve transparency quickly with little cost or effort. These countries — Afghanistan, Liberia, and Mongolia — were showcased in the report as substantially increasing budget transparency.
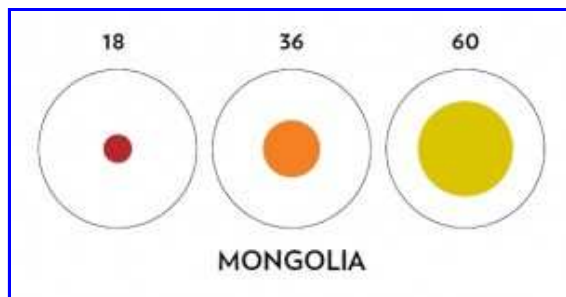
How did this happen? Because:

- Afghanistan's Open Budget Index (OBI) score jumped 13 points from 8 in the 2008 Survey to 21 in the 2010 Survey
- Liberia's score jumped a remarkable 37 points on the OBI as it increased from 3 in the 2008 Survey to 40 in the 2010 Survey
- Mongolia's score on the OBI doubled from 18 in the 2006 Survey to 36 in 2008 and further increased by 24 points to 60 in the 2010 Survey

And while these countries do not rate the highest on the OBI (South Africa earned that spot, with New Zealand a close second), they do deserve special recognition as they have made significant improvements in budget transparency.

OBS Transparency Stars[1]

EXTENSIVE INFORMATION
(OBI SCORES 81-100)

SIGNIFICANT
(OBI SCORES 61-80)

SOME
(OBI SCORES 41-60)

MINIMAL
(OBI SCORES 21-40)

SCANT OR NO INFORMATION
(OBI SCORES 0-20)

2006	2008	2010

NA	8	21

AFGHANISTAN

NA	3	40

LIBERIA

The following are short excerpts from the OBS 2010 report for the countries of Afghanistan, Liberia, and Mongolia.

Afghanistan
Afghanistan's OBI score increased from 8 in the 2008 Survey to 21 in 2010, a jump of 13 points. This improvement is a result of the government's decision to publish budget documents not previously published, including the Mid-Year Review and the Audit Report.

Since 2002 several donors have worked closely with the Ministry of Finance and provided technical assistance to help the government manage donor funds more effectively and in a more transparent manner. For instance, the government used the World Bank's support to install and operate the Afghanistan Financial Management Information System. The Ministry of Finance has been using this financial management system on an ongoing basis to manage the core operating budget of the government and produce detailed monthly reports on the execution of the budget (which are made available online). While such improvements to the public finance management system have been ongoing during the past few years, the result of these efforts in the form of timely, comprehensive, and accessible budget reports has become visible more recently.

Liberia
Liberia's score on the OBI increased from 3 in the 2008 Survey to 40 in 2010, a remarkable jump of 37 points. The improvements came about because the government published a number of documents it was not publishing earlier, including the Executive's Budget Proposal, In-Year Reports, the Mid-Year Review, and the Audit Report.

Mongolia
Mongolia's score on the OBI doubled from 18 in the 2006 Survey to 36 in 2008 and further increased by 24 points to 60 in the 2010 Survey. Mongolia, which in a short period of time has gone from being a country that provided scant budget information to one that provides much more comprehensive information (its score fell just short of placing it in the "significant information" category). While none of the countries scoring poorly in previous surveys have yet to meet best practices for budget transparency, they have been able to expand transparency by implementing simple, low cost measures — demonstrating that the achievement of budget transparency depends primarily on a government's will rather than its resources. Perhaps nothing illustrates this central point more than the fact that Mongolia modestly outperforms high-income countries like Italy and Portugal.

What is also noteworthy about the governments of Afghanistan, Liberia, and Mongolia is that they all use the FreeBalance Accountability Suite to modernize their public financial management process, improve governance, and increase transparency. The following describes these systems in more detail.

The Government of Afghanistan
The Government of Afghanistan uses the FreeBalance Accountability Suite to run its Financial Information System (AFMIS). The AFMIS was first implemented in 2002 and is the official accounting and reporting system to record government wide financial transactions for Afghanistan. The AFMIS provides management accountability at various levels of Government of Afghanistan, and offers flexibility in accounting and reporting of financial data from the FreeBalance Accountability Suite. Key functionality includes control and disbursement of funds, accounting records maintenance that supports budget execution, revenue collections records for the central government. In addition, it provides support to the Cash Management and Debt Management functions, and provides financial management information to Ministries, Agencies and Donors.

In May, 2010, the AFMIS Rollout team in Nuristan printed its first cheque from the AFMIS. With this achievement, the rollout of AFMIS across the provinces of Afghanistan was also completed. Nuristan was the last frontier in the

team's effort to connect all the provinces to the AFMIS network. All 34 provinces of Afghanistan and all Line Ministries at the centre now have system-based budget controls, and can execute system-based payments with a very high degree of fiduciary control.

The Government of Liberia
The Government of the Republic of Liberia uses the FreeBalance Accountability Suite to drive government modernization through effective fiscal management. The Government automates all public finance budget transactions. Budget preparation, expenditure controls, procurement, monitoring, reporting, payroll and human resource management will be implemented. The FreeBalance Accountability Suite will be implemented in five sites including the Ministry of Finance, Civil Service Agency, General Auditing Commission and it will connect to the Central Bank of Liberia. This implementation includes the FreeBalance Public Financials Management, Government Performance Management, Public Expenditure Management and Civil Service Management. The FreeBalance Civil Service Management payroll functionality will manage a civil service workforce of 40,000 employees.

The Government of Mongolia
The Government of Mongolia uses the FreeBalance Accountability Suite to manage its Government Financial Management Information System (GFMIS). It currently serves 294 local treasury offices under 31 regional treasury offices. Sixty-six local treasury offices are in the process of being connected. The GFMIS uses a single treasury account and is used for payments, expenditure control and reporting.

The FreeBalance Budget System is customized software based on the FreeBalance Accountability platform. It is web-based, serves all 5000 budget entities nationwide, and serves central government, local government, social insurance and Human Development Fund. It is used for budget preparation, determining monthly allocations for budget execution, and automating submission and approval of virements.

The FreeBalance Accountability Suite provides the government of Mongolia with auditability and transparency of budget adjustments, visibility to the public via a web publishing capability, and interfaces with existing systems that impact on budgeting both within the Ministry of Finance and those maintained by other government agencies.

[1] Open Budget Survey, International Budget Partnership

Download the Open Budget Survey (OBS) 2010 report >>

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