

Value Creation of Public Financial Management Reforms through Their Long-Term Impacts

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Abstract : Public Financial Management (PFM) reforms are promoted by various international organizations such as the International Monetary Fund (IMF) or the World Bank, local development banks and the donor country community to strengthen governance and accountability in developing countries across the world. Reform efforts undertaken are often systematically measured against international best practice by the application of standardized analytical instruments such as the Public Expenditure and Financial Accountability Framework (PEFA) or the Poverty Reduction Action Plan (PARP). While those instruments analyze direct achievements of PFM reforms, the long-term benefits of such reforms for society remain untapped. This gives rise to the question why the concept of impact evaluation with its experimental or quasi-experimental settings in the form of randomized control trials has rarely been applied in the context of PFM reforms. To close this gap, this study provides examples where the concept of impact evaluation can be applied to PFM reforms and thereby shifting the focus from outcome towards a long-term impact. As it is a new approach, this study does not attempt to conduct a fully flagged impact evaluation of a certain PFM reform. However, it will outline, as a form of pre-test the applicability of the impact evaluation methodology in this context, for example, by more closely analyzing the commonly used indicators (for example within PEFA or PARP). This would mean to scrutinize these indicators as to how they were designed and how they are related to the long-term impact, they should be producing. The analysis of PFM reform indicators and their relation to long-term impacts should provide practitioners and scholars alike with new insights on how to strengthen the accountability of public service delivery through successful and sustainable PFM reforms.

Keywords : accountability, impact evaluation, PFM reforms, public financial management

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