How and Why Progress in Public Financial Management Reforms Vary in Post-Conflict Anglophone Liberia and Sierra Leone

by

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A thesis submitted to the University of Birmingham

for the degree of

DOCTOR OF PHILOSOPHY

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September 2019

ABSTRACT

After almost two decades of implementing New Public Financial Management (NPFM) reforms, progress in reforming Public Financial Management (PFM) systems, processes and institutions in developing countries has been limited and uneven. This is in spite of the substantial financial and technical support from Development Partners. However, there is a lack of empirical evidence and often the evidence cited is anecdotal about the specific role of non-technical drivers in in explaining the state of PFM reforms in developing countries. This is in part, because each of the approach used to study PFM reforms has focused mainly on addressing only limited aspects of PFM, leaving many critical aspects unaddressed in the reform strategy. In response to the many challenges and shortcomings of current approaches, this study adopts a *holistic approach,* using *case studies* and the *process-tracing method* to investigate the cumulative contributions of the underlying drivers to understand why progress in PFM reforms is limited and uneven in post-conflict Liberia and Sierra Leone.

This evidence-based study reveals the substantial progress made in upstream reforms is *not enough* to deliver on the promise of PFM reforms and has not trickled down to downstream service delivery elements of PFM. Partial implementation of reform initiatives has been typical in post-conflict Anglophone countries. The untypical progress made in some downstream reforms, such as Integrated Financial Management Information Systems is partly because politicians and civil servants have found ways to bypass core control and accountability mechanisms. It is easier to align the interests of International Partners and Country Governments in upstream and *de jure* reforms, but downstream and deconcentrated reforms areas remain the challenge. They are deeply rooted in the interests, incentives and power-relations of Political Leaders and their appointees. The implications of this study, therefore suggest that strategic nuancing of PFM reform programming, through the *holistic approach* is *n*eeded, capable of addressing both the low-hanging fruits and more far-reaching reforms by expanding the reform space, engaging wider stakeholders and deepening reform of downstream service delivery units.

DEDICATION

The Thesis is dedicated to my two children, my wife and my parents

ACKNOWLEDGEMENTS

I must firstly thank God Almighty for everything that has happened in my life during the PhD journey. I also want to express my sincere thanks and appreciations to the Commonwealth Scholarship Commission for the great opportunity to study in the UK. A very BIG THANK YOU to my Supervisors, especially Simon De Lay, who showed great faith in what I could do and gave me all the support in the last four years. Many thanks to my wife, my parents and my friends Hamid Marah and Sorie Ibrahim Koroma for always being there for me in every step of the way.

LIST OF ABBREVIATIONS

AfDB	African Development Bank
AG	Auditor General
AGD	Accountant General's Department
ASSL	Audit Service Sierra Leone
BAN	Budget Advocacy Network
BFP	Budget Framework Paper
CAPE	Centre for Aid and Public Expenditure
CFAA	Country Financial and Accountability Assessment
CPIA	Country Policy and Institutional Assessment
DFID	Department for International Development
DoC	Drivers of Change
DP	Donor Partners/Development Partners
EC	European Commission
EU	European Union
EUSM	Expected Utility Stakeholder Model
GAC	General Audit Commission
GBS	General Budget Support
GoL	Government of Liberia
GoSL	Government of Sierra Leone
HIPC	Highly Indebted Poor Countries
IBP	International Budget Partnership
IFIs	International Financial Institutions
IMF	International Monetary Fund
IPFMRP	Integrated Public Financial Management Reform Project
IFMIS	Integrated Financial Management Information Systems
LBR	Liberia
LGA	Local Government Act
LGFD	Local Government Finance Department
LTAs	Local Technical Assistance
MDAs	Ministries, Agencies and Departments
MDGs	Millennium Development Goals
MDRI	Multilateral Debt Relief Initiative
MDTF	Multi-Donor Trust Fund
MoF	Ministry of Finance
MFDP	Ministry of Finance and Development Planning
MTEF	Medium-Term Expenditure Framework
MTFF	Medium-Term Fiscal Framework
NPFM	New Public Financial Management
NPM	New Public Management
NSAs	Non-State Actors
OPS	Open Budget Surveys
PAC	Public Accounts Committee
PDIA	Problem-Driven Iterative Adaptation
PEA	Political Economy Analysis
PEFA	Public Expenditure and Financial Accountability
PEM	Public Expenditure Management
PERs	Public Expenditure Reviews
PETS	Public Expenditure tracking Surveys
PFC	Public Finance Committee
PFM	Public Financial Management
PFMICP	Public Financial Management Improvement and Consolidation Project

PFMRP	Public Financial Management Reform Project
PFMRCU	Public Financial Management Reform Coordination Unit
PFMRU	Public Financial Management Reform Unit
PIPs	Public Investment Programs (PIPs)
PS	Public Sector
OECD	Organisation for Economic Co-operation and Development
ROSCs	Reports on the Observance of Standards and Codes
SL	Sierra Leone
TC	Transparency Committee
TSA	The Single Treasury Account
US	United States
USAID	United States Agency for International Development
WB	World Bank
WDI	World Development Indicators
WDR	World Development Report
XX	Interviewee from Sierra Leone
XL	Interviewee from Liberia

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CHAPTER ONE

LIMITED AND UNEVEN PROGRESS IN PFM REFORMS IN DEVELOPING AND POST-CONFLICT COUNTRIES

1.0 Introduction

> *The Auditor-General and other stakeholders have questioned the commitment of the political leadership to the PFM reform process, especially during the period since 2010 onward. In the latest annual audit report (2013), the Auditor General commented as follows: "[The various issues giving rise to my qualified opinion] serve to further confirm the government's widely held reputation of being unable to decisively deal with poor public finance management. As I have said before, with a stronger commitment and willingness to address public financial management reform and strong enforcement of existing well-established laws and regulations, the matters could be put right quickly as other countries have done.*
>
> *(Auditor General's Annual Report for 2013, p. Vi47).*

> *The first thing this is a general [problem] for most African countries - we are nice at policies, good laws, but there are a lot of issues with implementation. There are political issues. Sometimes laws are written, but there is no political will to implement those laws*
>
> *(A Senior Official in the Ministry of Finance in Liberia - Interview: XL301).*

The above quotations represent the views from constituent stakeholders about the state and the level of progress achieved after nearly two decades implementing Public Financial Management (PFM) reforms and the extent to which causal factors have contributed the state and level of progress achieved in post-conflict Liberia and Sierra Leone. While both statements do not give any indication about whether PFM reforms have led to better development outcomes in Liberia and Sierra Leone, the views expressed, however, underscore important points about PFM development in post-conflict Anglophone countries that are germane to this research study. First, these views resonate well with findings and sentiments shared by leading academics and PFM practitioners in the existing PFM reform literature (de Renzio and Dorotinsky, 2007; Andrews, 2010; de Renzio el al., 2010; Fritz et al., 2012; Fritz et al., 2014a). They point to the fact that significant progress has been made in some dimensions of PFM, such as enacting laws and having new policies in place, but not so much when compared with other dimensions of PFM. They further provide some insights as to why there has been limited and uneven progress in the implementation of PFM reforms in the two post-conflict countries and across the dimensions of their PFM. Some of the reasons for the level of progress achieved include technical and contextual non-technical factors. Finally, the views expressed also highlight concerns about the dysfunction that exists in PFM institutions and the failure of the reforms to deliver on the overall promise of the reforms.

Public Financial Management (PFM) reform as used in thesis is part of the broader New Public Management (NPM) reform agenda by International Partners in developing countries starting in the late 1990s. Thus, the phrases Public Financial Management (PFM) and New Public Financial Management (NPFM) are used interchangeably in this thesis and are part of the broader NPM agenda by International Partners. In light of the foregoing, this study is broadly about Public Financial Management (PFM) reforms in the context of the definition put forward by Andrews et al (2014), which deals with how a government manages revenue and expenditures and the results - in terms of short, medium and long-term impact of its resources on the economy and citizens of a given country. It provides a broader perspective on the processes, systems, institutions, policies and the governance arrangements that are fundamental to the main idea of this study, which is to investigate why is progress in the implementation of PFM limited and uneven in post-conflict Anglophone countries and dimensions of PFM.

1.1 Approaches to Understanding the Drivers and Challenges PFM Reforms

The points raised from the views expressed in the beginning of the previous only portray only a glimpse of the broader recognition in the literature of the limited and uneven progress in the implementation of PFM reforms in developing countries (de Renzio & Dorotinsky, 2007: 12-21; Pretorius & Pretorius, 2008: 17-18; Wescott, 2008:39-50; Andrews, 2010; de Renzio el al., 2010; Fritz et al., 2012; Fritz et al., 2014a; De Lay et al., 2015: 7-12), despite the substantial financial and technical support from the International Partners supporting PFM reforms (Allen & Last, 2007: 170-1). This reality has led to the PFM landscape being marked by much controversy; with different ideas, approaches and models trying to find solutions to the initial challenges encountered and to understand what drives or impedes PFM reform progress in developing countries more broadly.

In light of the foregoing, many approaches and models have been proposed to enhance the efficiency and effectiveness of PFM reform programming and lead to better development outcomes, such as contributing to state-building, macro-economic stability, efficient resource allocations and improved service delivery and building basic social infrastructure in developing countries. It started with Schick's model of Public Expenditure Management (PEM) (Schick, 1998a:1-27), which paved the way for the

World Bank's seminal PEM Handbook that developed a conceptual framework for thinking about what constitutes an effective PFM system. This conceptual framework is based on three levels of budgetary outcomes: aggregate fiscal discipline, strategic prioritisation and efficient and effective service delivery (World Bank, 1998: 17-30; see also Schiavo-Campo, and Tommasi, 1999: 3-7).

In the early to mid-2000s the debate began to shift to the application of more technical issues such as the *sequencing of PFM reforms*. The *sequencing approac*h and it variant models called for a logical and sequential approach to reform, instead of having a 'big bang' approach to PFM reforms in developing countries, where too many reform initiatives are carried out simultaneously within a short time frame (Brooke, 2003). Irrespective of the broad understanding from PFM practitioners and scholars on the sequencing of reforms, there is still the absence of any consensus on any model of sequencing of PFM reforms in developing countries. It owes primarily to variations in country contexts, suggesting that any attempt by International Partners to import a universal reform approach or objective, is likely to encounter severe problems and resistance in partner countries. This is so because these western normative paradigms or approaches to PFM were largely not suited to the contexts in developing countries (Quist, 2009; Schiavo-Campo, 2010:4; Diamond 2013:17).

The debate began shifting more towards understanding the role of non-technical drivers/causal factors, which saw the emergence, within the PEFA movement in the mid-2000s, the *Strengthened Approach* to PFM reforms in developing countries (Allen et al., 2004:67-74; Betley, 2008; Allen, 2009:16-27). This approach emphasised the role of ‘institutions’ as the basic leitmotiv of PFM reforms in developing countries, and that reforming PFM institutions was an art, not a science. That further implied reforming budgetary institutions was a continuous and never-ending process but also emphasised the importance of the detailed components of PFM systems such as human resources and technical expertise, information and business processes. This institutional perspective is shared by several scholars such as (Schiavo-Campo, 1994; Compos and Pradhan, 1998 and Schick, 1998a) who argue in favour of the critical role of what they described as ‘rules of the game’ in reforming PFM in developing countries. Tanzi (2000) similarly made a dichotomy between first-generation reforms and second-generation reforms’, noting that the later concerns reforming ‘institutions’ which are necessary to improve the quality of the public sector and to consolidate and sustain gains from the former.

The debate has rapidly evolved in the last decade to focus on the political economy of reforms in developing countries. Although the concept of Political Economy Analysis (PEA) has been around much longer (Grindle and Thomas, 1989; Thomas and Grindle, 1990; Geddes, 1991 & 1994; Nelson, 1990; Williamson, 1994; Bates and Krueger, 1993; Haggard, 2000; and Krueger, 2000), its application to PFM reforms has been limited and has only taken centre stage in the last decade, amidst ongoing challenges encountered by both donor partners and developing countries governments in reforming PFM institutions in those countries (Pretorius and Pretorius, 2008). The concept as applied to PFM was pioneered by the Department for International Development (DFID) and the

World Bank through their models, such as the Drivers of Change Approach and the Expected Utility Stakeholder Model respectively (DFID, 2005a&b; World Bank, 2004a).

Today, there is widespread appreciation and understanding among donors, practitioners and independent scholars that ‘thinking and working politically’ is relevant to improving aid effectiveness and to expand our understanding of the formal and informal political structures and processes, incentives and information that are critical to successful development interventions and PFM reforms in developing countries (DIFD, 2005a&b; World Bank, 2004a; Goetz, 2007; Marquette and Scott, 2005; Bjuremalm, 2006; Fisher and Marquette, 2014; Rocha Menocal, 2014; Unsworth, 2015; Wild et al. 2015; Bain et al., 2016; Kelsall, 2016; Fritz et al., 2017; Hadley & Tilley, 2017; Hudson et al., 2018; Moshonas, 2018; Laws and Marquette, 2018).

More recently, a new set of approaches have emerged referred to as ‘innovative’ or ‘thinking out-of-the-box’ approaches to solving problems contributing to an understanding of the drivers of PFM and wider Public Sector (PS) and governance reforms in developing countries. These approaches range from the Problem-Driven Approach (Andrews et al., 2012; Blum, Manning, and Srivastava 2012; Andrews, 2013; Andrews et al., 2017; Bridges and Woolcock, 2017); power and systems approach in institutional change (Green, 2016; Mansoor and Williams, 2018; Wehner, 2018); the proposal for doing development differently (Booth, 2015); and Bottom-Up approaches (Welham et al., 2017).

1.2 Rationale of the Study and Research Questions

The various approaches highlighted in the previous section have not considered PFM reform from a holistic standpoint. Each model has focused only in addressing some aspects of PFM, often leaving many critical aspects unaddressed in the reform programming calculus. Also, many of these approaches are prescriptive reform models rather than derived from formal analysis of empirical evidence from developing countries. They have mostly fallen short of creating an appropriate balance in addressing issues such as *how* and *why* specific reform initiatives or countries became successful when compared with others. PFM reform is itself a complex process, involving many interactive processes and with diverse stakeholders with different interests and incentives. The many shortcomings from the idiosyncratic nature of approaches to PFM reforms, the complex and interactive processes involved in PFM reforms, and the existence of different actors with varying interests and incentives imply the need for a *holistic approach* to understanding the cumulative contributions of drivers that underpin PFM reform progress in developing countries.

Meanwhile, there is considerable agreement among practitioners, reformers and academics about the increasing role of non-technical drivers in PFM reforms in developing countries (Andrews, 2010; de Renzio et al. 2010; de Renzio et al. 2011; Andrews et al., 2012; Fritz et al. 2012; Lawson, 2012; Fritz et al. 2017). However, there is lack of a critical mass of empirical evidence and much evidence is anecdotal about the specific role of non-technical factors in shaping opportunities for change in specific contexts (Srivastava & Larizza, 2013:458; De Lay et al., 2015; Hudson et al., 2018; Laws and Marquette, 2018). De Renzio for example, notes "beyond broad generalisations, there is little knowledge of what precisely makes some PFM reform efforts more successful than others and how financial and technical support to PFM reform can most effectively be provided" (2009b, p. 5). According to Fritz et al.

> *There is typically little systematic analysis of the wider political economy drivers and dynamics affecting the prospects for PFM reforms. Discussions of political economy and related nontechnical drivers are also not systematic in project documents. They are most commonly addressed in the risk section of program assessment, not always with a clear or substantial link to project design.*
>
> *(Fritz et al., 2017, p.3).*

For example, while there is agreement that Political Support for PFM reforms is fundamental to the state and level of progressed achieved and for the sustainability of the reforms, there is a lack of substantial specific empirical evidence about how and why politics or political economy factors shape opportunities for change in developing countries.

There exist a small number of single case study evaluations (Betley et al., 2012; Folscher et al., 2012; Lawson et al., 2012) and as well as some multiple case studies conducted recently (Fritz et al. 2012; Lawson, 2012; Fritz et al. 2017) that attempt to explain the relationship between PFM performance and non-technical drivers of PFM reforms in developing countries. However, several of the above studies are donor evaluations of PFM reform interventions by International partners in developing countries. Moreover, many of the existing studies that attempts to address the role of structural and non-technical drivers of efforts to strengthening PFM in developing countries are quantitative studies (Andrews, 2009; Andrews, 2010; de Renzio, 2009a; de Renzio et al. 2010; de Renzio et al. 2011; Fritz et al. 2014a).

There have been few efforts in the existing PFM literature to address, in a single study, the ***how*** and ***why*** aspects of PFM reforms in developing countries. This research study, therefore, adopts a holistic approach, which represents an important step in filling the emerging gap in much of the existing literature on PFM and NPM and institutional reforms in developing countries and dimensions of PFM.

This research study attempts to answer the overarching research question **why is progress in Public Financial Management reforms limited and uneven in post-conflict countries and dimensions PFM**? In answering this question, this study draws mainly on empirical evidence from post-conflict Anglophone Liberia and Sierra Leone, and as well from similar single and multiple case studies and the broader literature of PFM to address the following sub-research questions:

1) How and why do some post-conflict Anglophone countries perform better than others in the implementation of PFM reforms over time?

2) How and why do some post-conflict Anglophone countries perform better in upstream and de jure dimensions than in downstream, de facto and de-concentrated dimensions PFM?

3) To what extent have political support and country ownership; institutional and management arrangement of reforms; donor support and practices; and economic factors contributed to these issues?

4) Which lessons of good practice may, therefore, be drawn regarding future PFM reform programming and implementation in post-conflict Anglophone countries?

1.3 The Research Approach

This research adopted a two-pronged approach to the research design. The design included a theoretical perspective and as well as a methodological perspective, which are set out in chapters two to four and Appendices A, B and C. Combining the two perspectives was critical to contributing to an understanding of the state and the level of progress achieved, how progress was achieved, and the underlying political economy factors and institutional dynamics enabling or impeding PFM strengthening efforts in the case study countries. The combined approach provided a more nuanced contribution to understanding PFM reforms, which is different from prescriptive reform models that have dominated PFM reform strengthening efforts in developing countries.

The theoretical approach included justifying through the literature and analytical framework chapters the need for the holistic approach. A key feature of this approach was to also address the research questions, explore reasons for country difference and making the case for the case study approach to understanding the drivers of PFM reforms, especially in developing post-conflict countries like Liberia and Sierra Leone. This theoretical perspective contributed to the study's twin objectives through the following three points:

- summarising and building on existing PFM literature to fully capture, critique, appreciate and understand the evolution of theoretical and policy debates about the drivers of PFM reforms, and to draw lessons from past reform experiences in both developed and developing countries;

- justifying the need for a shift towards a holistic analytical framework that assesses the systemic changes in PFM reforms and the cumulative contributions of drivers proposed to underpin reform success or failure in developing countries over time; and
- Identifying the need for more case studies to better understand the factors proposed to underpin reform success or failure in developing countries over time.

The theoretical approach stated above, and the research questions needed to be met with an appropriate research design. Thus, this research study adopts an intensive research design (Lewis, 2003: 51-52), rooted in the ontological assumption that PFM reforms in developing countries have been driven by a myriad of causal factors. Political support and local ownership; economic factors; donor support and practices; and institutional and management arrangements will be specifically investigated to understand the limited and uneven performance in developing countries and across PFM dimensions. In accomplishing the task at hand, the thesis examines two post-conflict Anglophone countries that have implemented PFM reforms, both of which are pursued in "the epistemology of causal mechanisms and the methodology of process-tracing" (George and Bennett 2005, p. 129). The choice of case study countries is limited to post-conflict Anglophone countries to be able to provide a more contextualised analysis of the evidence that could provide some generalisable insights for International Partners, state authorities and researchers with interest in countries with similar contexts and not run the risk of overgeneralisation of the findings.

The study combines a case study approach with the process-tracing method, which facilitated within-case and cross-case analyses to investigate the underlying causal mechanisms associated with the limited and uneven progress in the Implementation of PFM reforms in Liberia and Sierra Leone (see George and Bennett, 2005: 67-72; Hall, 2006: 24-31; Collier, 2011:824). This combination of approach and method was mainly because of their combined ability to address the *how* and *why* research questions pursued in this thesis, address a contemporary phenomenon within a real-life context, their ability to achieve high conceptual validity and address complex causal relationships (George and Bennett, 2005:17-19; Yin, 2003:1 and 2014:4-24). This strategy fits well with the highly recognised contextual nature of PFM reforms (Schiavo-Campo & Tommasi, 1999:2; de Renzio et al., 2010:59). Peterson for example argues that "PFM [reform] is contextual; it begins with context and ends with context" (Peterson, 2010, p.8). The choice of research approach and method was further justified as Yin writes when the "boundaries between phenomenon and context are not evident" (2003, p.13). Again, this point was corroborated by the fact that some of the most comprehensive reviews (Pretorius and Pretorius, 2008; Wescott, 2008; De Lay et al., 2015) of PFM reforms have found little evidence or a very thin-line between PFM reform interventions and approaches and practical reform experience in developing countries.

1.4 Research's Aims and Contributions

The researcher's aim is that this study may contribute to an understanding of why progress in PFM reforms is limited and uneven in post-conflict countries and dimensions PFM dimensions. This study, therefore, contributes to the existing PFM reform literature in three different ways. These three-dimensional contributions include theoretical contribution, practical contribution and a methodological contribution. This research's forward-looking approach through the holistic model, its related proposals and detailed specific implications for both theory development and practice can provide generalisable insights that are relevant to International Partners, local reformers and researchers with interest in countries with similar contexts. Like most studies on PFM, the study aims to make specific practical contributions and suggests implications that might be relevant to international partners and local authorities in partner countries with similar contexts.

Perhaps this study's most critical and unique theoretical contribution is expected to be to the ongoing debate on innovative or thinking out-of-the-box approaches (Andrews, et al., 2012; Andrews, 2013; Andrews et al., 2017; Krause 2013; Unsworth, 2015; Wild et al. 2015; Bain et al., 2016; Green, 2016; Bridges and Woolcock, 2017; Welham et al., 2017; Mansoor and Williams, 2018; Wehner, 2018) to providing solutions and understanding the drivers of reforms in developing countries. The dynamic nature of PFM problems presents an inherent limitation that no single approach listed above is a either a necessary or a sufficient condition for successful development outcomes in different contexts. This study, therefore, aims to provide a dynamic framework that facilitates a better understanding of the drivers of PFM reforms and solve the dynamic PFM problems in developing countries.

Also, the study hopes to contribute to the PFM literature by providing a comprehensive synthesis and critical analysis of various approaches and theoretical debates of PFM reforms in developing countries in one place. This research, therefore, expects to contribute explicitly to bridge the gap identified from the approaches summarised in section 1.3. To this end, it aims to examine both what factors drive and sustain PFM reform efforts (literature review chapter) and what success or failure looks like (analytical framework chapter). That is significant, in that, the study hopes it will open up new avenues of thinking and theorising about PFM reforms in developing countries more generally.

This study also aims to make an empirical contribution by providing new empirical cross-country data that might be useful for future researcher in explaining why is progress in Public Financial Management reforms limited and uneven in post-conflict countries and dimensions PFM (de Renzio, 2009a; de Renzio et al., 2010; Fritz et al., 2012; Fritz et al., 2014a; Fritz et al., 2017). It will provide a more nuanced and systematic empirical examination of, and construct logical explanations about who and what has led to the initiation and support for PFM reforms, and in what ways have structural and non-technical factors have enabled or impeded opportunities for change in the two case study countries.

Finally, by combining the case study approach and the process-tracing method, the study aims to facilitate both within-case and cross-case analyses to investigate the underlying causal factors that drive and sustain PFM reforms in post-conflict Anglophone countries. It aims to provide a model for applying the process-racing method to provide mechanism-based explanations of fine-grain detailed analysis of evidence and as well as analysis of the role of non-technical drivers at the macro level in each case study country (Waldner, 2015; Pouliot, 2015). This study, therefore, hopes that especially in the new age of social science research, applying process-tracing to both within-case and cross-case analyses will also encourage other researchers to try new ideas, theories and methods from other disciplines in understanding the cumulative contributions of the drivers of PFM reforms in developing countries.

1.5 Summary of the design logic and structure of the thesis

This section details the design logic and structure of this thesis, which is separated into three phases. These phases closely mirror the steps earmarked by George and Bennett (2005:73) as a necessity for case study design for developing theories and as well as testing theories about a phenomenon in a real-life context.

Phase One: This phase highlights the two-pronged approached the thesis adopted to provide a more nuanced contribution to an understanding of the state of PFM, the level of progress achieved, how progress was achieved, and the underlying political economy factors and institutional dynamics enabling or impeding PFM strengthening efforts in the two case study countries. The combined approach includes a theoretical perspective and a methodological perspective to contribute to our understanding of PFM reforms, that is different from prescriptive reform models that dominate PFM reform strengthening efforts in developing countries.

The theoretical perspective covers the literature review and analytical framework chapters (chapters two and three respectively). Both chapters seek to justify the need for a holistic approach to the research questions and as well as the need for more evidence-based cross-country case studies. Also, both chapters provide a synthesis of the existing literature on PFM and the broader PS and institutional reforms, including a review of various theories, concepts, approaches and the practical implementation experience in developing countries. That includes, assessing both what success or failure looks like and as well as accounting for the factors proposed to underpin reform success or failure in developing countries.

Chapter Four covers the methodological perspective of the combined research approach. It combines the case study approach and the process-tracing method that facilitates a within-case and cross-case analyses to investigate the underlying causal mechanisms associated with the limited and uneven progress in the Implementation of PFM reforms in post-conflict Anglophone Liberia and Sierra Leone.

Phase Two: This phase comprises detailed background notes about the PFM reform processes in Liberia and Sierra Leone, which are provided as an appendix in this thesis for readers who may be interested in some descriptive historical accounts of the reforms in the case study countries. They provide what methodologists describe as "soaking and poking" (Fenno, 1978, In George and Bennett, 2005:89), which helps both the researcher and readers get a grip of PFM reforms in each case study country, and set the basis for any process-tracing conducted and the findings set out in Chapters Five and Six in this thesis.

Phase Three: The first segment of this phase includes analysis of the empirical data from the fieldwork in the case study countries. Through the process-tracing method, this segment analysis the interviews, which are triangulated with data from other sources. The empirical results are further analysed, interpreted and presented in Chapters Five and Six.

The analytical presentations and discussions also include structured and focused comparisons between the two cases, peer reviews with small and large N studies on PFM reforms and with wider theories on PS and institutional reforms in developing countries. The objective is that the analytical presentations in Chapters Five and Six may transform specific causal narratives about PFM reforms from the case studies into more general theoretical concepts about PFM reforms and theories about reforms in post-conflict Anglophone countries more generally. The second segment of this phase includes, drawing on the findings and implications presented and discussed in Chapters Five and Six to write-up the conclusions chapter (Chapter Seven). This chapter, therefore, summarises the main research findings and presents the research contributions and implications for both theory development and practice in post-conflict Anglophone countries and developing countries more generally.

CHAPTER TWO

LITERATURE REVIEW

TOWARDS A HOLISTIC APPROACH FOR UNDERSTANDING THE DRIVERS OF PFM REFORMS IN DEVELOPING AND POST-CONFLICT COUNTRIES

2.0 Introduction

Public Financial Management (PFM) reforms as the term is used in this thesis are part of the broader New Public Management (NPM) reform agenda by International Partners in developing countries starting in the late 1990s. Thus, the phrases Public Financial Management (PFM) and New Public Financial Management (NPFM) are used interchangeably in this thesis and are part of the broader NPM agenda.

A few attempts have been made to synthesise the current Public Financial Management (PFM) Reforms landscape, but those efforts often divert in different directions, focusing either on the main debates and about the drivers of PFM reforms (Pretorius and Pretorius, 2008) or relating to International Partners' evaluation of their PFM reform interventions in developing countries (de Renzio, 2009b). Too often also, the focus has been on investigating the drivers and challenges of specific technical reform initiatives such as Medium Term Expenditure Frameworks (MTEF) (Oxford Policy Management, 2000; de Renzio and Smith, 2005; Wynne, 2005; Schiavo-Campo, 2008; World Bank, 2013b), Performance or Programme Budgeting (Robinson, 2007a; Robinson and Last, 2009), Integrated Financial Management Information Systems (IFMIS) (Diamond and

Khemani, 2005; Hendriks, 2012; Combaz, 2015), expenditure tracking and monitoring through Public Expenditure Tracking Surveys (PETS) (World Bank, 2002a), etc.

These in part, have culminated to a very daunting exercise for researchers attempting to review the NPFM reform literature. The state of the NPFM literature is also the result of the diverse disciplinary backgrounds of the authors, ranging from accountants, economists, political scientists, development experts, and practitioners writing on PFM reforms in developing and post-conflict countries. The latter are mainly working for international financial institutions or bilateral donor agencies such as the World Bank, IMF, DFID, OECD, and to name but a few. Moreover, contributions from these international financial and bilateral donors have mostly been driven by their different development agendas, principles, interests, and other bilateral relations.

The review in this chapter focuses on the drivers and challenges of introducing NPFM reforms in developing and post-conflict countries. However, references are made to the broader NPM and NPFM reform literature in elsewhere, where the evidence directly relates to the research questions and objective of this study. This review considers both theory and practical implementation experiences of International Partners and developing and post-conflict countries in PFM reforms since the emergence of the new wave of reforms in the late 1990s up to 2018. This new wave of reforms means PFM or NPFM reform initiatives undertaken following the World Bank’s 1997 annual report The State in a Changing World (World Bank, 1997), the seminal paper on Contemporary Public Expenditure Management (PEM) by Allen Schick (Schick, 1998a) and the subsequent World Bank's PFM Handbook in that same year, paving the way for what is today known as NPFM reforms (World Bank, 1998).

This review builds on earlier reviews (Pretorius and Pretorius, 2008; de Renzio, 2009b; Simson et al., 2011; De Lay e al., 2015) in synthesising the contributions of the various theoretical approaches to informing our understanding of the drivers and challenges PFM reforms, what lessons can be drawn from them, and linking theory and reform experience in developing and post-conflict countries. These lessons and implementation experiences may range from how the various approaches to the assessment of the drivers and challenges to the introduction of NPFM reforms have influenced both thinking and practice in developing and post-conflict countries on 'best practice' or one-size-fits-all normative views of PFM reforms. The lessons and experiences may also concerns the role and importance of politics, governance, institutional dynamics and economic factors in enhancing better development outcomes.

In moving towards a holistic approach is assessing PFM reform progress, less emphasis is dedicated to defining what success or failure looks like, instead the focus is on examining the drivers PFM reform success or failure over time in developing and post-conflict countries (Andrews, 2010; de Renzio, 2009a; de Renzio, et al., 2010; Fritz, et al., 2012; Fritz, et al., 2014; Fritz, et al., 2017). The former (what success or failure looks like), is covered in the next chapter (analytical framework chapter) by building on the work by the PEFA Secretariat (2005, 2011, 2016) and de Renzio (2009b) to define what success or failure looks like. This also includes reviewing the existing literature on the quality of

PFM institutions, geared towards providing comprehensive and appropriate measurable minimum criteria for assessing the quality of PFM systems across countries.

Unlike de Renzio (2009b), by combining both what factors (i.e., the drivers) determine reform success or failure (this chapter) together with what success or failure looks like (chapter three), this study builds a much broader and inclusive analytical framework to address the research questions set out in Chapter One. This review therefore, aims to build a holistic framework, offering an inclusive and comprehensive assessment of what success or failure looks like and the cumulative contributions of the drivers in shaping opportunities for change that is different from prescriptive reform models or evaluation of specific donor programs in developing and post-conflict countries.

The objectives of this chapter are two-fold:

1) Summarising and building on existing PFM literature to fully capture, critique, appreciate and understand the evolution of theoretical and policy debates over time, and to draw lessons from past reform experiences in both developed and developing countries;

2) Justifying the need for a shift towards a comprehensive analytical framework that assesses systemic changes in PFM reforms and the cumulative contributions of various factors theorised to underpin reform success or failure in developing countries over time.

To achieve the above set objectives, this chapter seeks to review technical and academic articles and books, evaluation assessment reports, country governments PFM assessment reports, development practitioner guides and handbooks in PFM. It must be emphasised that most of the materials are practitioner materials, written by PFM contributors who had previously or are still working for international development institutions such as the World Bank, IMF, DFID, AfDB, etc. Although the views expressed in those materials are those of the authors, they are, however, mostly a reflection of the programs and policy positions of the institutions they represent. Most of their work have centred, in the last decade and half on the three levels of budgetary outcomes advocated by World Bank (World Bank, 1998).

Also, it is noteworthy that the review does not intend to cover the specialised individual dimensions of PFM reform initiatives, systems and mechanisms such as MTEF, IFMIS, and performance or programme budgeting, transparency and accountability, gender-responsive budgeting and the role of civil society, etc. As stated earlier in this section, too often the focus has been on specific and technical reform initiatives, which in part, has contributed to apparent failure to provide (which is the focus of this research) a holistic understanding of the underlying drivers and challenges of PFM reforms.

2.1 The Rationale and Scope of the NPFM Reforms in Developing and Post-conflict Countries

Partial success in a few highly developed countries such as New Zealand, led many in the World Bank and other organisations to view managerial changes, such as privatisation, contracting-out, the move from public service to service delivery, etc., a single set of universally desirable innovations; the "best practice" of the New Public Financial Management (NPFM). Sometimes, oblivious to the pitfalls of transplanting institutional models, staff of international financial institutions like the World Bank and IMF attempted to push several developing and post-conflict countries to leapfrog all the way to the endpoint of institutional change in their PFM (Schiavo-Campo and Tommasi, 1999 and Allen, et al., 2004). Even with the early recognition of the unrealistic nature of importing western normative concepts and practices to developing countries, the World Bank and partners and other development agencies believed it was still important that the fallout against NPFM did not discourage the adaptation of NPFM innovations that are more likely to be suitable to developing countries (Schiavo-Campo and Tommasi, 1999 and Schiavo-Campo, 2007).

The above line of thinking precipitated a shift in the worldview of what constituted and the role of PFM reforms in promoting better development outcomes in developing countries. NPFM came to the spotlight when the World Bank in its well-known 1997 annual report *The State in a Changing World* included PFM reform, as part of its overall public sector reform strategy in the fight against poverty and achieving the Millennium Development Goals (MDGs) in developing countries (World Bank, 1997). At the same time, it should be noted that PFM reforms in developing countries had been in existence, dating back to the colonial state and continued to the post-colonial era (see for example Caiden, 1980; Caiden & Wildavsky, 1980; and Schiavo-Campo, 2007).

PFM reform interventions in developing and post-conflict countries have continued to evolve considering the complexities and changing development landscape, often responding to emerging issues at specific points in time. Since the late 1990s, PFM reform initiatives have been tied to a number of development agendas such as the broader NPM agenda, the World Bank's Poverty Reduction Strategy Papers (PRSPs), the joint World Bank and IMF HIPC and MDRI Initiatives, IMF Code of Good Practices and Fiscal Transparency and Good Governance, and the World Bank's 2000 and 2012 reforming public institutions and strengthening governance Strategies respectively (See IMF 2001; Schiavo-Campo, 2007; Shah, 2007; World Bank, 2000; Bunse and Fritz, 2012). The World Bank's 2000 public sector strategy for example, emphasised for a "more efficient use of public resources for development through improved public expenditure analysis and management" (World Bank, 2000, p. 60), while the HIPC Initiative required recipient countries to re-orient limited resources towards education and health to qualify for debt relief (Schiavo-Campo, 2007).

Against these backdrops, effective public expenditure management became a centrepiece for managing limited resources for poverty reduction and promoting economic development and as well as a frequent requirement to meet donor conditionality in recipient countries. In this regard, a comprehensive budget was required for coherency of donor programs, coordination of donor interests and interactions, to effect basic economic policies, allocation of finite resources to sectors and programs and monitoring of all donor projects (Schiavo-Campo, 2007).

However, the specific objective, entry points, scope, and intensity of reform initiatives were different from one country to another or between different groups of countries. Schiavo-Campo (2007) for instance, suggests that a primary objective for post-conflict countries might be to protect the money – ensuring accountability for public resources, both external and domestic resources. They might also be subject to different conditionality such as “No Aid without a Program, No Program without a Budget” (Schiavo-Campo, 2007, p. 437). That implies, conflict and post-conflict countries had to accept far more stringent conditions in return for much-needed resources for post-conflict reconstruction and recovery efforts. On the other hand, reform efforts in other countries like South Africa and Ethiopia were borne out of local desire. With South Africa, for example, reforming its budgetary institutions as a requirement in its constitution in the early 1990s (Schiavo-Campo, 2007), while Ethiopia’s reform agenda as part of its decentralisation program (Peterson, 2010).

All the above invariably led to the influx of many uncoordinated donors and the subsequent problems that came with them, such as the creation of gaps, fragmentation of programs, duplication and enfeeblement of local ownership (Schiavo-Campo, 2007). Those developments led to the first global coordinated approach, through the joint World Bank, and IMF led PEFA attempted at the first comprehensive assessment of PFM systems (PEFA Secretariat, 2005). Also, the above shortcomings further contributed to the shift of focus of reform initiatives towards the use of country systems and donor alignment and harmonisation through General Budget Support (GBS), which are set out in target five(a) of the Paris Declaration on Aid Effectiveness of 2005 (OECD, 2005) and the Accra Agenda for Action in 2008 (OECD, 2008). The changing agenda is reflective of the initial failures from the donor-led approach to PFM reforms, which resulted in increased donor pressure (Wescott, 2008) and financial support (Allen and Last, 2007; World Bank, 2018) to developing and post-conflict countries to pursue NPFM reforms.

Irrespective of the huge donor financial and technical support, limited gains were reported in the years running up to the early 2000s, resulting in serious concerns from both donors and recipient country governments (Wescott, 2008). These initial setbacks led to the emergence of many approaches to PFM reforms, with different ideas and models in a bid to understand to the drivers and challenges of introducing NPFM reforms in developing countries. These approaches and models form the basis of the discussions in the next section.

2.2 Approaches to Understanding the Drivers and Challenges of Introducing NPFM Reforms in Developing and Post-conflict Countries

This section reviews the existing NPFM reform literature, accounting for the various theoretical approaches, policy debates and practical implementation experience to contribute to an understanding of the drivers and challenges that underpin country differences in the implementation of PFM reforms and the dimensions of PFM in developing countries. The review and theoretical discussions about the various theoretical approaches to understanding the drivers of PFM reforms and their impact on reform success or failure are designed to address the first three research questions set out in Chapter One. The theoretical approaches range from technical models to political economy and innovative/out-of-the-box approaches to understanding the drivers and challenges of introducing NPFM reforms. The basic premise of the review of the various theoretical perspectives is that each emerged in direct response to the initial challenges encountered in the introduction of NPFM reforms in developing countries, and in so doing attempts to understand what drives reforms and to prescribe solutions to those challenges. As stated in the introduction to this chapter, the review focuses on the drivers and challenges of introducing NPFM reforms in developing and post-conflict countries. However, references are made to the broader PFM and PS reform literature and draws on lessons of from the various perspectives and past reform experiences in both developed and developing countries, where the evidence directly relates to the research questions and the objective of this study. These lessons may range from how the various approaches have influenced both thinking and practice in developing countries, regarding 'best practice' or one-size-fits-all normative view of PFM reforms, to the role and importance of donor-partners, politics, governance, and institutional arrangements and country contexts in enhancing better development outcomes from the implementation of PFM reforms. Concepts, good practices and implementations experiences from these approaches will be combined with some aspects of Chapter Three to develop the analytical framework that will guide the conduct and analysis of findings from the empirical fieldwork.

It is noteworthy that the reviews of the more technical approaches are shorter than those that tend towards addressing non-technical drivers of PFM reforms, or both. The exception to the nontechnical models is the innovative approaches, which are only emerging with a short literature review section.

2.2.1 Schick's *Getting the Basics Right* and The World Bank *Public Expenditure Management* Contributions Toward Understanding the Drivers and Challenges in NPFM reforms in Developing and Post-conflict Countries

Getting the basics right by Schick (1998a&b) and the World Bank's *Public Expenditure Management (PEM)* (World Bank, 1998) are the first of the approaches to understanding the drivers and challenges on implementing NPFM reforms in developing countries. Allen Schick in his seminal paper, argued that developing countries should focus on getting what he termed 'the basics right' rather than trying to replicate the more advanced New Zealand and other PFM models. His concept of modern Public PEM emphasises substantive policy outcomes at the three levels of budgetary outcomes, which he specified as aggregate fiscal discipline, allocation of resources per policy priorities and efficiency of public service delivery. He noted that every developing country government should strive to achieve these three levels of expenditure outcomes. His conceptual model of modern PEM remains influential to date and continue to form the bedrock for NPFM reform models such the PEFA Framework (PEFA Secretariat, 2005, 2011 & 2016). However, he maintained, it is not enough for governments to always expect optimal outcomes once these budgetary outcomes have been set, rather country governments should recognise that PEM extends beyond the routine budget processes to include institutional and management arrangements, information, and incentives, which should be properly managed and aligned (Schick, 1998a).

Schick, therefore, argued against importing market institutions to traditional PEM systems, where informal rules were dominant (Schick, 1998a); see also his paper on *why* *most developing countries should not try the New Zealand reform model* (Schick, 1998b). He noted that developed and developing countries in Sub-Saharan Africa (SSA) are on the opposite end of the continuum of PFM reforms, with the objectives of the former being mainly to restore fiscal discipline in the budget process and to ensure efficiency and value for money in public service delivery. For Schick (1998a) developing SSA countries suffer from inherent problems, among others, such as poverty, low revenue generation base, economic instability and low political mobilisation that make them less amenable to the transfer of western normative views of PEM.

Against this backdrop, Schick (1998a) therefore, recommends that in striving to achieve the three levels of budgetary outcomes, developing countries governments should first focus on *getting the basics right*. Specifically, that, "reformers should focus on the basics on which reform is built, not on particular techniques" (World Bank, 1998, p. 8). His argument is summarised in the World Bank Public Expenditure Management Handbook as follow:

Box 2.1: Getting The Basics Right

In elaborating his argument for "Getting the Basics Right," Schick states:

- Foster an environment that supports and demands performance before introducing performance or outcome budgeting.
- Control inputs before seeking to control outputs.
- Account for cash before accounting for accruals.
- Establish external controls before introducing internal control.
- Establish internal control before introducing managerial accountability.
- Operate a reliable accounting system before installing an integrated financial management system.
- Budget for work to be done before budgeting for results to be achieved.
- Enforce formal contracts in the market sector before introducing performance contracts in the public sector.
- Have effective financial auditing before moving to performance auditing.

Source: Public Expenditure Management Handbook - World Bank (1998, p. 8)

Following Schick's paper, the World Bank released its PEM handbook which specified broad principles including comprehensiveness and discipline, legitimacy, predictability, contestability, honesty, information, transparency and accountability and more importantly institutional arrangements to foster sound budgeting and financial management in developing countries. Those principles also heavily influenced the initial PEFA framework (PEFA, 2005). Given the former, the Bank noted both formal and informal institutional arrangements are indispensable in achieving budgetary outcomes at the three-levels of aggregate fiscal discipline, allocative of resources in accordance with policy priorities and operational efficiency in the use of resource and service delivery (World Bank, 1998; see also Schiavo-Campo, and Tommasi, 1999).

In reforming PFM in developing countries, the World Bank (World Bank, 1998) specifically advocated for the following to achieve the three levels of budgetary outcomes (World Bank, 1998):

- The introduction of performance measures in PEM;
- Linking policy to planning and budgeting through the introduction of MTEF and program budgeting;
- Accounting and financial management information systems such as IFMIS;
- Aligning PEM with overall public sector processes and activities and governance issues;
- To recognise country capacity;
- The balance between comprehensiveness and simplicity; and
- Political commitment.

Though Schick's basics first model and the World Bank three levels of budgetary outcomes and its list of configurations received broad endorsements from donors (see Petrei, 1998; Schiavo-Campo, and Tommasi, 1999; Allen and Tommasi, 2001; Shand, 2001), they did not prove popular among developing and post-conflict countries in SSA and PFM Practitioners (Wescott, 2008; Diamond, 2013). The early introduction of IMTEF and program budgeting in many developing and post-conflict countries in SSA was regarded by many as untimely and failed to deliver the desired results. A recent implementation status report by Worthington (2013: ix) shows none of the developing and post-conflict countries in SSA where MTEF and program budgeting were introduced has a full-fledged system in place that is in line with all the MTEF guidelines.

Schiavo-Campo and Tommasi (1999), for example, noted that the sequence from fiscal discipline to resource allocation and operational efficiency should only hold in developing SSA countries with weak revenue forecast and cash management systems. Thus, the primary emphasis should be on expenditure control before moving the next two levels. They argued that this chronology should be followed strictly but emphasised the same should not hold true for developing countries where expenditure control and cash management are fairly acceptable. In those countries, the three levels should then be implemented concurrently and not in isolation. Both Schick (1998a) and Schiavo-Campo and Tommasi (1999), however, agree on having a coherent planning and road map for all three levels so that progress in one should not impinge progress in another.

However, Schiavo-Campo and Tommasi (1999) do recognise the unique challenges associated with achieving allocative efficiency, especially in developing and post-conflict countries, suggesting that it is less amenable to technical reforms than aggregate fiscal discipline and operational efficiency. This interdependency amongst the three levels of budgetary outcomes is what the World Bank noted as perhaps the most powerful discovery in modern PEM (World Bank, 1998). However, Allen and Tommasi (2001) suggest the optimal mix of these three levels of budgetary outcomes depend on the country context, and there should be a clear road map to ensuring that progress at one level does not compromise progress in another level.

Other critiques (Stevens, 2004; Allen, 2009; Browne, 2010 and Diamond, 2013), of 'getting the basics rights' approach, for example, argue that initial poor performance by developing countries is primarily because donors and country government officials do not have a common understanding of what constitutes 'the basics'. Perhaps, noting the lack of clarity in the definition, often leading to reform initiatives based on the western normative view of PEM that are doomed to stall and fail in developing countries. In the same vein, Andrews (2006) argues that too much emphasis on *the basics* may promote overly focus on expenditure control, which will invariably hinder deeper PFM reforms. He further reckoned the lack of plausibility in the *basics first approach*, arguing there is no guarantee that *getting the basics rig*ht will lead to better performance in other budgetary outcomes or other performance-related reform initiatives. He, therefore, submitted that, in the presence of political will and the right institutional management arrangements, performance-based reform initiatives could be implemented either in line with the ‘*asics* or without the *basics first approach*. While Roberts (2004) criticises the strict application of the *basics first approach*, he, however, recognises that performance-based reform initiatives may be inhibited by economic instability and excessive informal rules in developing countries.

2.2.2 Sequencing of Reforms: The Platform Approach and It Variant Models to Understanding the Drivers and Challenges to NPFM Reforms in Developing and Post-Conflict Countries

Following Schick’s *basics first approach*, the PFM reform debate continued in search of an appropriate balance or optimal way to sequence reform initiatives in developing countries. These debates dominated the NPFM reform literature for most of the 2000s (Brooke, 2003; Peterson, 2007 and 2010; and Bietenhader and Bergman, 2010; Diamond, 2013). They ensued as a result of the growing recognition in the early 2000s of the relevance of using country systems and capacities, the use of donor budget support, the influence of politics and governance issues in the budget process and much later, the Paris Declaration on aid effectiveness.

The initial response by donor partners to these debates was the introduction of series of diagnostic instruments (such as PERS, ROCS, PEFA, and later Gap Analysis) to examine the role of drivers of the drivers of PFM reforms and to assess progress and challenges to provide a common ground for discourse by the donor community and recipient country governments (see Braun 2008; Bergmann 2009; and Bietenhader and Bergman, 2010). What is clear from the literature, and all the above mentioned instruments is the fact they do not attempt to specify a clear pathway or step-by-step reform initiatives that should be implemented in order of priority, leaving both the donor community and country governments to figure out the appropriate mix of reform programs (Allen, 2009; Tommasi, 2009 and Bietenhader and Bergman, 2010).

Brooke's initial proposal of the *platform approach* involves logical sequencing of reform initiatives, which he argues "considers an appropriate and sustainable package of measures rather than one that is focused on individual measures… reform should be considered as a series of realistic step changes ('platforms'). …. The important thing is that each platform establishes a clear basis for launching to the next" (Brooke, 2003, p. 2). Brooke went further to suggest examples of possible measures that fit into the initial platform for developing countries, as shown in the box below:

Box 2.2: Examples of Possible Measures That Might Fit Within an Initial Platform

BUDGET PLANNING

- Macro budget framework/ model for planning and controlling overall resource management.

BUDGET FORMULATION

- Greater comprehensiveness of coverage ((improvements in capture of significant public resources and deployment) Simple and targeted performance data that flows from what already exists

BUDGET EXECUTION

- Budget risk management plan (to minimise impact of unforeseen difficulties, but including monitoring of significant commitments)
- Basic improvements of controls within key transaction processing systems (e.g. payroll and procurement processes)
- Simple but meaningful aggregate statements bringing financial and service performance together
- Some initial delegation and flexibilities based on assessed 'readiness' of budget units to assume responsibility.

ACCOUNTING

- Basic reconciliation between central accounts, local accounts and bank balances
- Simple data aggregation techniques
- Classification improvement within existing code structures (better identification of object)
- Recovery of backlog of accounting statements
- Providing access to financial management training based on 'demand pull' – linked to 'readiness' based incentives)

SCRUTINY AND ACCOUNTABILITY

- Fund flow tracking exercises (to be systematically repeated)
- Sample joint procurement reviews (with SAI)
- Sample joint transaction reviews (with SAI)
- Acceleration of production of audit reports.
- More effective follow up arrangements for audit recommendations.

INSTITUTIONAL MEASURES

- Targeted staffing improvements in key areas
- Development and commencement of a staff development plan for resource management skills.

Source: Brooke (2003, p. 3)

Brooke, however, cautioned that the above example should not be taken as blueprint approach in sequencing PFM reform initiative, country government and the donor community should apply a degree of judgment of what appropriate measures to include in the initial platform. Pretorius and Pretorius (2008) reinforce this point, showcasing the fact that different countries, such as Kenya, Cambodia, Uganda, etc. have applied the platform approach in their state-building efforts rather differently.

The dichotomy between Brooke's *platform approach* and Schick's *basics first* is that the *platform approach* offers a broader perspective to state-building and flexibility to reformers and country authorities to select reform initiatives and present a more sustainable approach to the reform process (Bietenhader and Bergman, 2010 and Diamond, 2013). The Cambodian experience is a clear manifestation of the need for local ownership, appropriate prioritisation and flexibility in deciding what and what not to include in a platform and realistic duration for implementation of each platform (DFID 2005c). Similar experiences were found in other country studies on the platform approach in Cambodia (Taliercio, 2009 and 2010) and Russia (Olander, 2007).

Though Brooke did not specify any timeline for completion of the initial platform, critics (Allen, 2009; Tommasi, 2009; and Schiavo-Campo, 2010) have questioned his prioritisation of reforms. Case studies have also raised concerns about overloading of a particular platform with a long list of activities and the relatively short timeframe set for completing those activities. The Kenya and Cambodia cases have been cited as examples where the platform approach has been seriously flawed, owing to its disregard for institutional and management arrangements and politics (Taliercio 2009 and 2010).

Diamond (2013) while raising a lot of questions on the sequencing of reforms, such as the lack of generalisability of reform sequence because of the dominance of non-technical factors and the vast difference between countries, also suggests the need to sequence PFM reforms. He argues for reforms to succeed there must be at least a "notional reform path, no reform can define what it is ultimately attempting to achieve, and certainly cannot define the steps to be taken on the way to achieving this" (Diamond, 2013, p. 7). His argument is significant given the holistic nature of PFM reforms initiatives, but which cannot be implemented altogether at once. Rather we are left with little or no choice to prioritise and create a road map for reforms. Moreover, the absence of a prescribed reform path and specific reform objectives is a recipe as Diamond puts it for "Band-Aid, Quick-Fix, dealing with symptoms, and reforms will be difficult to sustain" Diamond (2013, p. 7).

Other scholars, such as Peterson (2007 and 2010) have also suggested similar sequencing models. Peterson argues for what he called 'an evolutionary approach,' which is based on the Ethiopian experience to PFM reforms (Peterson, 2007). Peterson's approach though varying in content, shares similar design and objective with Brooke's 'platform approach.' A subsequent report by Peterson (2010) further highlights the Ethiopian model of sequencing PFM reforms into what he described as 'plateaus.' For Peterson, PFM lies at the heart of the state and its sovereignty, and therefore not an appropriate arena for foreign aid intervention, rather the objective of PFM should be to build 'sustainable plateaus' in line with local context, owned by local authorities, with a clear purpose and strategy to accomplish set objectives (Peterson, 2010).

While Quist (2009) uses what he called the 'PEFA Reform Sequence Model Framework' as a basis for sequencing PFM reforms, noting that this presents a broader perspective and planned activities into sequencing because it covers all the PFM dimensions. He argues PEFA indicators (all 74 sub-indicators) will serve the purpose of showing the interdependencies of the various dimensions to achieving the three levels of budgetary outcomes. Although his approach is more country-specific in deciding on the reform sequence, his model has been criticised for several reasons.

First, the determination of interdependencies could be questioned, since such a notion of interdependency will mean given priority to a specific dimension, which can undermine his systems mode (Schiavo-Campo, 2010). Second, PEFA indicators are given equal weightings, though, in reality, some are derivatives – measuring only the performance of other indicators (Tommasi, 2009). And third, Diamond (2013) further notes the additional complications that will emerge from the application of Quist's model, by having to transition countries from one level to another, given that a particular indicator might cover separate levels of the PEFA framework.

Moreover, a study by Andrews of 31 African countries, draws on the PEFA indicators to classify countries into what he called *performance leagues*. He divides the PEFA framework into three broad dimensions which he labelled those that are easier to reach, those in the middle and those that are furthest to reach. Because African countries at different *performance leagues* (ranging from 1 – 5) were mostly scoring high in the basic indicator range, he therefore argues that the 'PEFA Reform Sequence Model Framework' is not an appropriate model for sequencing reform since it does not specify which basic reform measures should come before others, given the reform experience of the countries covered.

It is, however, noteworthy that both Quist (2009) and Andrews (2010), like many other scholars, recognise the influence of non-technical factors in the reform process. Quist for example, specifically notes that sequencing should, “like all change management, take into account several considerations: political as well as functional technical factors, and formal as well as informal institutional elements, capacity as well as governance structures” (Quist, 2009, p.7).

2.2.3 The Strengthened Approach to Understanding the Drivers and Challenges of NPFM Reforms in Developing and Post-conflict Countries

Drawbacks from the ‘basics first,’ the various ‘platform’ approaches inspired other scholars such as Richard Allen to advocate for what has been nominated ***T****he Strengthened Approach* to PFM reforms, especially in developing SSA. The approach emphasised the role of technical factors and institutional drivers of NPFM reforms. The objective of the framework proposed by Allen (2009) is to exemplify some of the critical technical and institutional drivers that developing countries’ government and donor agencies, especially International Financial Institutions (IFIs) must consider in reforming PFM institutions. His framework is rooted in the framework developed by North, Wallis, and Weingast (2006) that classified state development into three: ‘primitive states,’ ‘natural states’ and ‘open-access societies’, characterised by politics and market competition. Allen (2009) applied this concept to economic institutions, noting that budgetary institutions closely mirror the development of political and economic institutions. Though the logic of development from political to economic and budgetary institution should make sense, in reality, Allen (2009) unlike North, Wallis, and Weingast (2006) however do not suggest the adherence to such a strict chronology.

He argues developing countries are ‘natural states’ characterised by powerful elites and politicians with primary and unlimited access to resources, who are willing and able to manipulate their political systems to their advantage. What is needed is appropriate ‘institutions’ and political will if PFM reforms were to be successful in these countries. His concept of ‘institutions is based on the original theory of ‘institutions’ set out by North (1991), who defined ‘institutions’ as both formal laws, rules and informal procedures, codes, customs, etc. that govern and regulate the structure and behaviours of public officials and organisations.

This institutional perspective in understanding the drivers and challenges to NPFM reforms is also shared by a number of scholars such as (Schiavo-Campo, 1994; Compos and Pradhan, 1998 and Schick, 1998a) who argue in favour of the critical role of what they described as ‘rules of the game’ in reforming PFM in developing countries. Tanzi (2000) also made a dichotomy between first-generation reforms and second-generation reforms’, noting that the later concerns reforming ‘institutions’ which are necessary in order to improve the quality of the public sector and to consolidate and sustain gains from the former.

Given the experience and available evidence in assessing PFM reforms in developing countries, Allen (2009) in trying to find a way out of the failure in the reform efforts by both donors and developing country governments, suggest the following measures. First, he suggests institutional constraints as the key challenge responsible for the limited progress in SSA countries. This institutional constraint represents an important factor especially, in the so-called 'natural states,' where politicians and powerful civil servants dominate and resist NPFM reforms if they threaten their interests and security. That, in turn, is heightened by the supply-driven nature of the NPFM reform efforts in developing and post-conflict countries by their western donors, which often come with enormous influence that may distort national priorities and be untimely, given the developmental state in developing and post-conflict countries (see also Schiavo-Campo, 2010).

The second factor is attributed to the tendency of western donors to undermine local ownership in NPFM reform efforts by getting involved in setting priorities and designing action plans. Too often, these plans are over-simplistic and too optimistic in their time scales for achieving the deliverables therein. These plans usually take a two to five-year timeframe, often tied to funding programs of bilateral donors with absolute disregard for local realities, at least as reform experiences in developed countries suggests (Allen, 2009).

The third, and the final reason which Allen (2009) mentioned include the excessive focus by the IMF and World Bank on what has been called 'big ticket' reforms initiatives such as the implementation of MTEFs and IFMIS. For example, a stock-take by Wynne (2005) on the MTEF experience in Uganda, Tanzania and Ghana shows mixed results. The mixed performance in ‘big-ticket’ reforms such as the MTEF and IFMIS is also noted in the following studies (Pretorius and Pretorius, 2008, Wescott, 2008; and Hove and Wynne, 2010). Several other studies have, however, shown lessons of some progress but not without significant costs resulting in the complete disregard for local ownership, fiscal constraints, and inefficiency in spending and premature implementation of MTEF and IFMIS reforms (Brumby, 2008 and Schiavo-Campo, 2008).

Practices such as separation of capital and recurrent budgets, perpetuated by the Public Investment Programs (PIPs) has been described by Lienert and Sarraf (2001) as being a major contributor to the failure to link policy, planning and budgeting and poor performance in the three levels of budgetary outcomes. While the use of diagnostic tools such as PEFA, PERs, CFAA, etc., which have been largely described as inadequate for assessing PFM institutions and systems quality. They have been criticised, particularly because of their inability to assess the underlying institutional drivers and challenges that are critical to NPFM reform success (Andrews, 2007; Betley, 2008; Allen, 2009; Hedger and de Renzio, 2010).

Allen, therefore, summarises as follows: “weak institutions and sometimes ill-focused interventions by IFIs and donor partners largely account for the poor progress of developing countries in reforming their budget institutions, which, in many cases, remain 100-150 years behind those in advanced countries” (Allen, 2009, p. 16). It is against these experiences and shortcomings that Allen (2009) proposed his *Strengthened Approach* to NPFM reforms in developing countries. He advocated a tentative hierarchical structure of PFM reforms in developing countries similar to the *Platform Approach* by Brooke (2003). His four-level hierarchy of budgetary levels (with level 1 being the most basic PFM systems and level 4, the most developed requirements that depend on the efficient and effective implementation and the existence of sound Level 1 to 3 systems). He, however, maintained the *Strengthened Approach* is nonetheless different from the *Platform Approach* and other approaches in the following ways.

It emphasises that reformers give priority to institutional issues as the basic 'leitmotiv' of reform before engaging on the technical aspects of reforms. For Allen (2009), all other constraints such as human resources and other capacity constraints such as ICT infrastructure are secondary factors. Though these issues certainly matter and have to be addressed, institutional factors/drivers and overly technocratic approach to institutional analysis must be eschewed to advance the implementation of NPFM reforms in developing countries. Rather, the analysis of institutional drivers of NPFM must be approached from a much broader perspective, taking into account the core objectives of NPFM in developing and post-conflict countries to the role and accountability of decision-makers, reformers and development partners.

Like many scholars (Brooke, 2003; Quist, 2009; Diamond, 2013), Allen (2009) also agrees on the hierarchical order of reform sequence. But he further maintained this natural sequence should only apply in ideal situations and applicable only in a technical sense. He argues, sequencing should not follow such a strict chronology, it should instead be informed by the given political and institutional contexts in the respective developing country. That means, it is possible to implement, for example, some elements of level 3 together with some elements of level 1 or 2. Like other sequencing models, the problem with this approach is that it does not spell out deliverables and indicators that need to be achieved before moving the next levels in the leader of hierarchy.

A third unique attribute of the *Strengthened Approach* is that it is based on a breakdown of the elements of PFM systems into series of categories and processes, emphasising the importance of detailed components of PFM systems such as human resources and technical expertise, information and business processes. Allen advocates the systematic diagnosis and analysis to determine which PFM areas are 'weak' and which ones are 'strong' to further inform reform interventions towards the former. The diagnostic assessments should be carried out across the following sub PFM systems to include existing laws and regulations and organisational and management arrangements and business processes, human resources and the available technical expertise and training facilities and ICT systems (Allen, 2009).

Finally, the framework differs from other sequencing models in that it recognises that PFM reforms in developing and post-conflict countries go beyond reforming PFM systems and processes alone. PFM reforms should provide the incentive structures to encourage reformers to identify core fiscal objectives and design appropriate programs and action plans geared towards achieving the set objectives. Allen (2009, p. 22) went on to identify core objectives for developing countries, which he notes are only indicative that developing countries might follow:

- Protecting public money from theft and misappropriation;
- Budgeting in a transparent way;
- Ensure public funds are spent consistently with the approved budget;
- Strengthening the link between public priorities and the budget, for example, integration of capital and recurrent budgets, and improved medium-term perspective in the budget process;
- Providing sufficient flexibility of decision-making and program management combined with accountability within NPM, leading to efficiency in delivering of public services; and
- Monitoring the results of spending in terms of the access to, and quality of public services, and injecting some external accountability through citizens and public sector users for effectiveness.

2.2.4 Political Economy Analysis (PEA) Approach to Understanding the Drivers and Challenges of NPFM Reforms in Developing and Post-conflict Countries

The debate has rapidly evolved in the decade to discussions around the political economy of NPFM reforms, especially in developing countries and in challenging or post-conflict environments. Although the concept of Political Economy Analysis (PEA) has been around much longer (Grindle and Thomas, 1989; Thomas and Grindle, 1990; Geddes, 1991 & 1994; Nelson, 1990; Williamson, 1990; Bates and Krueger, 1993; Haggard, 2000; Krueger, 2000), its application to NPFM and budget reforms is limited and has only taken centre stage in the last decade, amidst ongoing challenges encountered by both donors and developing countries governments in those countries.

The initial NPFM reform models, such as the *Basics First*, *Sequencing of Reforms* and *The Strengthened Approach*, which are covered in previous sections, by donor partners were overly technocratic (including the introduction of 'big-ticket reforms' such as the MTEF and IFMIS), and did not address the fundamental role and impact underlying country dynamics, institutional and political economic drivers in the reform process (Pretorius and Pretorius, 2008).

The concept as it is applied to NPFM was pioneered by DFID and the World Bank through the Drivers of Change (DoC) Approach and the Expected Utility Stakeholder Model respectively (EUSM) respectively (DFID, 2005a&b; World Bank, 2004a). The DFID DoC approach seeks to combine institutions (both formal and informal), a country's underlying structural features and agents to understand the interactions between them. The model posits that both structural features and agents affect each other but rely on institutions to regulate the effects that each has on each other. The approach does recognise the inappropriateness of using a single model in understanding drivers of change and, therefore, emphasis broadening the scope and analysis of the dynamics of change into six dimensions, to include basic country analysis, medium-term dynamics of change, role of external forces, link between change and poverty reduction, operational implications and DFID's operations including its organisations incentives for using country systems (DFID, 2005a&b). For example, a report on the use of DoC commissioned by AusAID on Vanuatu, earmarked among others, political obstacles to the country's economic performance, but falls short of providing any remedies on how to overturn these bad results (Cox et al. 2007).

The World Bank uses its EUSM to factor political realities into the design of its reform programs. The EUSM model was based on the premise that “Successful public sector reforms require understanding and addressing political realities” (World Bank, 2004a, p. 1). The model does not only predict stakeholders’ preferences in forming coalitions in favour of or against a particular reform, it goes further to provide an empirical assessment of the likelihood of reform success and the level of political support for the results therein, through consistent and systematic framework for analysing stakeholder preferences and predicts how bargaining dynamics play out over time (World Bank, 2004a). Other variant models by the Bank include Agent-Based Stakeholder Model (ABSM) used by the East Asian Pacific (Green et al., 2010).

The emphasis on PEA by both DFID and the World bank symbolises a growing consensus of the inseparability of politics in development discourse in general, and its relevance, to understanding the drivers and challenges in introducing NPFM reforms in developing countries. As Marquette and Scott (2005) write, such moves by DIFD and the World Bank also ignited interests from academics in both political science and development studies in the recent years. As evidence also suggests, if reform has nothing to do with politics, politics obviously has something to do with PFM reforms progress and these models are a step in the right direction, since both contribute to our understanding of stakeholder preferences and interests and power relations, rather than simply playing a blame-game that lack of political will negatively impact reform success. However, the World Bank model, in particular, relies heavily on high-quality data that requires expert knowledge to analyse, which often is unavailable in developing countries.

More so, the World Bank model falls short of providing a rich picture of a country's political system, rather it is limited to only a snapshot of the country's current government and political parties at a point in time, which has been argued requires broadening through the application of other models of political analysis that can garner more support and applicable to local the contexts. It, therefore, does not address the fundamental elements of the research questions of *how* and *why* certain factions of political actors form opposition to reform efforts in developing countries (Marquette and Scott, 2005, see also Killick, 2005).

The DFID DoC approach, irrespective of its focus on donor understanding of the history and political economy of a country or a given situation and its flexibility (both thematically and in terms of its applicability, not just at country level, but also at regional and sectoral levels), suffers from a number of caveats. These caveats include, among others, its lack of country ownership, which like the EUSM it is also not all-encompassing as it does not include in the analysis vital stakeholders such as civil society organisations. The latter is particularly vital, given the different perspectives, various groups do bring into the analysis in determining support or obstacles to change. Similarly, the DoC like the EUSM, is also limited in its ability to provide answers as to why certain agents and structures drive or block opportunities for change in NPFM reform efforts in developing countries (Marquette and Scott, 2005).

Other variant models of PEA have also been put forward by academics and experts in NPFM and broader public sector reforms in developing countries. Notably, Goetz (2007) for example, unlike many scholars, argues that the reasons for cross-countries difference or failure of governance reforms in some developing countries, are not entirely as a result of absence of top-level ‘Political Will’, rather she opines what is fundamental to decoding reasons for success or failure in different countries lies in our understanding of the incentives facing both politicians and civil servants when deciding whether or not to support reforms. For politicians, on the one hand, she maintains their position is influenced by the incentive to maintain existing patronage systems and rents and the incentive to generate political support and alliances.

Bureaucrats or reformers, on the other hand, are influenced by the existence of informal rules and practices to compensate those who stand to lose from NPFM reforms; the nature of society-state relations, which inform the extent of intervention by political parties and other intermediary organisations in shaping consensus around reform objectives; and the political agency and skills required to deal with the design and implementation of reforms, including their type, scope and pace and sequencing issues etc., so that resistance is undermined.

In light of the above propositions, she concludes by categorising the factors that influence reformers to take political risks into *structural features of politics and society*, that determine adaptability of social institutions to change, including depth of institutions, composition of governing elites and composition of civil society organisations; and *design and implementation features* of the reform itself, including reform sequence, space and timing of reform, existing technical capacity of the civil service, the extent of decentralisation and monitorability of reform programs.

The later distinction by Goetz emanates from what had been labelled *first-generatio***n** and *second-generation* of reform, further known as *policy reforms* and *governance reforms* respectively (Naim, 1994 and 1995; Tommasi and Velasco 1996; and Burki and Perry 1998). The focus here is on the latter, but the former is mostly associated with reforms efforts in the following the economic crisis in the 1980s and the Washington Consensus. The main arguments and findings of these set of reforms are summarised in the following literature (Nelson, 1990; Williamson, 1990; Bates and Krueger, 1993; Haggard, 2000 and Krueger, 2000). However, what is central to these debates is that crisis is the single driver of these set of NPM reforms (Rodrik, 1996).

With regard second-generation governance, institutional and administrative reforms, there is consensus among academics and observers that these sets of reforms are relatively more difficult to implement and manage, complex and may require longer time period to realise their benefits (Naim, 1994, Haggard 2000). As evidence suggests, the reality is that in the words of Kaufman, "it may be easier to alter government policy than to change the institutional rules through which policy is made" (Kaufman 1999, P. 360).

Using a different approach, Grindle and Thomas (1989) and Thomas and Grindle (1990) in their study of 12 developing countries focused on the role of political elites, procedures for setting reform agenda, policy decision making and implementation as critical to our understanding of the drivers and challenges that account for *how, why,* and *when* policy and institutional changes happen in different contexts. Specifically, they seek to address the following questions: "how did the issue of reform get on the agenda of government decision making? Why were political, bureaucratic, and technical criteria important in promoting or inhibiting the process of change? And what drivers led to the sustainability or abandonment of reform initiatives?" (Grindle and Thomas, 1989, P. 214).

In combining both theory and practice, they argue the following, that: first, politicians and bureaucrats play important roles in shaping policy and institutional progress, but they also reveal the concrete ways in which contextual factors constrain the leverage available to these politicians and bureaucrats. Their case studies further reveal that elites influence reform initiatives through a blend of their values, experiences, and perceptions with the historical, political and institutional contexts of their respective countries, and by responding to both domestic and external pressures for change (Grindle and Thomas, 1989).

Second, they posit that circumstances unique to a particular reform initiative affect the dynamics processes of decision-making, although they do not necessarily determine the outcome of that process in different countries. The critical consideration is whether a reform initiative is perceived as in response to a crisis or under conditions which Grindle and Thomas describe as *politics-as-usual* is critical in understanding the dynamics of reform initiatives in different contexts, who are the decision-makers and the timing of their decision and to what extent are the level of change. The *politics-as-usual,* of which PFM reforms are a part, are particularly relevant to the current debate of NPFM reforms, in that, they exhibit essential characteristics that are worth noting. These characteristics include the fact that they are dispersed and accrue benefits over the long-term; they are highly technical and require adequate technical expertise and takes longer to implement (Grindle and Thomas, 1989).

And finally, they argue that the characteristics of particular reforms determine the type of resistance they are likely to face during implementation. From their empirical findings, Grindle and Thomas (1989) further argued that the characteristics of a particular reform initiative has significant implications for the continuance, sustainability and the intended outcome (see also Thomas and Grindle, 1990).

What Grindle and Thomas (1989) did uniquely in terms of their approach, is that, they avoid the usual risk of running into one of the extreme positions taken by other scholars either making broad generalisation of a particular PEA framework, often becoming meaningless or adapting their models to a specific country context or situation, which like the former, too often becoming idiosyncratic. Although they avoided either extremes, their framework is based on country experiences and intended to also stimulate further debate and research into the PEA of NPM reforms in developing countries. Another important point from Grindle and Thomas (1989) and Thomas and Grindle (1990) is their stance on the need to bridge the gap between policy decisions and implementation of NPM reforms, which they argue reform initiatives should not be limited to whether they are successful or unsuccessful. Instead, reform programming should focus on achieving policy outcomes and must be accompanied with a strategic plan of implementation. Robinson (2007b) made similar conclusions that affirm the findings of Goetz (2007), arguing that critical to reform progress is the nature of the political agency, in the form of high-level commitment to reforms, but also show of efforts to address existing opposition to NPFM reforms. He also added that other drivers of NPFM reforms may include the level of technical capacity of the civil service and the degree of insulation from political and societal pressures, sequencing and timing of reform initiatives must be conducive for sustainable reforms in developing countries.

On the basis of their case study findings, Grindle and Thomas (1989) and Thomas and Grindle (1990) conclude that governance and institutional reforms are continuous processes that differ between developing countries in significant respects, and that will require intimate knowledge of a country's environment, historical and existing context to enable a fuller analysis and understanding as a basis for launching NPFM reform initiatives. While Robinson (2007b) generally agrees with Goetz (2007) in many respects, he, however, went further to maintain that donor support though essential, but it should remain moderate and requires flexibility, at least in the short-term and should be domestically driven and incremental over the long-term.

Unlike Grindle and Thomas (1989 and 1990) and Robinson (2007b), Geddes (1991 and 1994) through the game-theory and rational choice theory respectively focused on the effect of electoral and party systems for initiating and sustaining reforms in several countries in Latin America, which practitioners and observers of NPFM reforms in developing countries continue to draw from (Fritz et al., 2009; Fritz et al., 2017). Her initial findings reveal that: a) reforms are more likely to be initiated in countries where the two dominant political parties have equal opportunity to the patronage systems; b) that reforms stand higher chance of being followed and sustained in countries where electoral power of the dominant parties are relatively even and stable; and c) other characteristics of the political systems, such as open list proportional representations and the role of legislators and party leaders may also increase or decrease the chances of reform initiation and survival (Geddes, 1991). Also, through the adoption of rational choice theory, Geddes (1994) argues understanding the compelling dilemmas facing politicians is critical for explaining the potentials for reform success.

On the one hand, Geddes argues that while party leaders tend to believe that competent civil service is fundamental to efficient and effective public management, political realities invariably lure them to reward powerful party cohorts, undermining long-term capability and proficiency in the civil service. On the other hand, Geddes also shows how bureaucrats become more effective if they are protected from partisan pressures and operate through transparent merit-based hiring and promotion policies.

Today, there is widespread appreciation and understanding among donors, practitioners and independent observers of NPFM in developing countries that *thinking and working politically* is relevant to improving aid effectiveness and to expand our understanding of the formal and informal political structures and processes, incentives and information that are critical to successful development interventions and NPFM reforms in developing countries (Fisher and Marquette, 2014; Rocha Menocal, 2014; Unsworth, 2015; Wild et al. 2015; Bain, Booth, and Wild 2016; Kelsall, 2016; Fritz et al., 2017; Hadley & Tilley, 2017; Moshonas, 2018; Laws and Marquette, 2018).

It, therefore, becomes imperative that this study seeks to find out how the PEA to policy and governance reforms applies to PFM and budget reforms, or more broadly to NPFM reforms in developing and post-conflict countries? How have the above political economy models helped shape our understanding of, and the implementation practices and overall impact on NPFM reforms in developing and post-conflict countries? The above review of some the perspectives of PEA to policy and governance reforms shows a clear link and the importance of political economy drivers for successful implementation of NPFM reforms in developing and post-conflict countries.

Considering the above, some scholars and observers of NPFM reforms in developing countries opine, for example, that good governance concepts such as transparency and accountability are fundamental to NPFM reform success (Campos and Pradhan, 1999 and Diamond, 2006). This link has even propelled others to argue that NPFM reform should be integrated into overall public service reform, noting that the latter is broader in scope and will complement PFM reform efforts in developing countries (Stevens, 2005; Diamond, 2006).

Additionally, others claim that support from civil society represents another essential mechanism for NPFM reform progress, even in the absence of reliable governance apparatus (Robinson, 2009 and de Renzio and Krafchik, 2007). Having said these, readers of this thesis should, however, be wary of the fact that good governance is not a panacea for successful NPFM reforms, especially in developing countries. Circumstantial evidence from many case studies show that the existence of good governance in developing countries does not guarantee the acceptance and sustenance of PFM reforms. In fact, reforms do thrive in the presence of other drivers even with weak governance systems (Goldsmith, 2007). We should, therefore, be warier in the light of these contradictions, and the first instance will be to seek a better understanding of these complexities in order to accurately predict the direction of causality between good governance and PFM reforms.

Primarily, both the political economy approach to governance reforms and the apparent uneven and limited progress with high-level technical reform initiatives such as the MTEF and IFMIS have led to the growing recognition that developing countries' political systems are critical for successful implementation of NPFM reforms. Indeed, as Shah (2006), Campos and Pradhan (2007), DFID (2007), Wehner et al. (2007) and Wescott (2008) note both institutional and the political context must be considered PFM reform programming and implementation in developing countries. On this front, the various debates and empirical findings on the application of PEA to NPFM reforms are presented based on the three broad types: quantitative, qualitative and interpretive approaches to policy and governance assessments earmarked by Schneider (2006). See also the World Bank independent evaluation by Wescott (2008).

Quantitatively, many studies such as Kaufmann et al. (2003 and 2005) and IBP (2006) based on establishing broad correlations have emerged. As usual, they can be replicated elsewhere, and precise, comprehensive to some degree and are good at offering comparability over time of various PFM reform components in a specific country and as well as facilitates cross-country comparisons. The common grounds have been cross-country comparisons of similar countries often reveal weaknesses and strengths that reformers to consider, while within-country comparisons of governance components over time often showed relative progress.

Like all other quantitative analysis, the validity and reliability of these studies have come under a lot of scrutiny, especially in light of the complex relationships and confounding variables involved, which often lead to inaccuracy of indicators and the aggregation and weighting of these indicators are themselves flawed and may wrongly indicate the directions of causal relationships. Marquette and Scott (2005) and Acosta and de Renzio (2008), for example, argue that these complex statistical analyses have, however, been criticised because of the shared complexity, the multi-dimensional nature of reforms and as well as the limited technical expertise in developing SSA countries. Regarding the direction of causality, Goldsmith (2007) highlights an inverse relationship between better governance institutions and NPFM reform progress, arguing that some developing countries perform better even with weak governance institutions.

Additionally, in the words of Acosta and de Renzio (2008, p. 1) "contrary to established findings for rich countries, the uncontested executive authority has counterproductive effects on fiscal balances in the context of aid-dependent and resource-rich countries". However, as Wescott (2008) points out, the caveat from Goldsmith's argument is that we are left with no clues as to which governance reforms are more influential, considering the sequencing of NPFM reforms and country-specific context.

Others such as Besancon (2003) and Hood (2007) have criticised these quantitative models sighting the challenges in replicating them over time, and because of their focus on interviewing mostly outsiders, who may not have sound knowledge of the local context and other errors arising from interpreting these results. See also critiques of these models from Arndt (2006).

Qualitatively, it is noteworthy that the relevant studies were commissioned on the basis that they provide historical and explanatory accounts and present a rich-picture of country-specific applications of political economy analysis of the drivers and challenges of NPFM reforms. This section now presents a summary of the accounts of the relevant qualitative studies. Primarily, evidence from PEA now shows that budget decisions and policy execution reflect the underlying power dynamics, which are in turn shaped by political dynamics and as well as institutional factors in developing countries. The political aspects of the budget process mainly drive and shape the *rules of the game*, their *ownership, sequenc*e of reforms and *timing* and the *commitment* to reforms by developing countries' government (DFID, 2007; see also Shah 2006; Campos and Syquia, 2006; Campos and Pradhan, 2007; and De Renzio, 2009). Country specific and cross-country case studies also point out the influence of politics and party systems in driving and sustaining PFM reforms in developing countries (Dixon, 2005 and Grindle, 2007). Other seminal country case studies of the PEA in Mozambique by (Hodges and Tibana 2004), Malawi by Rakner et al. (2004) and in Ghana by Killick (2005) are fundamental to our understanding of the political implications to PFM reforms in developing countries. Together, the writers agree that PFM is not only a technical process but is also a political process; and that informal rules and norms (the actual budget process) often dominate the formal institutions (the ideal budget process). The latter is often regarded as a mechanism of keeping western donors happy.

Other scholars and observers have adopted more complex statistical models, such as simulation software to be able to explain the incentives facing both politicians and bureaucrats in determining the feasibility and sustainability of policy and governance reforms in developing countries (Reich and Cooper, 2000 and Nunberg and Green, 2004). However, Duncan et al. (2012) without using a statistical software also carried out a similar analysis in order to predict the underlying factors that influence politicians in deciding whether to support or oppose certain PFM reform efforts.

Also on the linkages between governance and PFM reforms in developing countries, Hedger and Agha (2007) in a conference report from the Centre for Aid and Public Expenditure (CAPE) note that there is sometimes a disconnect between the two, arguing that some countries perform better in PFM reforms even with weak governance systems.

They, however, emphasised the role of political leaders, aided by their top bureaucrats in enhancing reform implementation. Duncan (2014) confirms this assertion in his report on Kiribati that the 'room for manoeuvre' for reform emanated from the leader's interests in reforming large government parastatals, coupled with a small group of senior bureaucrats with similar vision as the leader. One could, therefore, reasonably infer that both politics and institutional dynamics have negative and positive consequences on PFM reform efforts in developing countries. In the words of Tomassi "budget politics offer both challenges and opportunities. Politics is not only a risk to mitigate but also an opportunity to seize" (Tommasi, 2009, p. 11).

What stands out from the above review of the quantitative and qualitative approaches, the confounding and contingent nature of governance and policy choices means a standard model promoting specific political indicators is unlikely to be satisfactory for policy and governance reforms. Regarding PFM reforms, De-Lay et al. note "the holistic nature of PFM systems does not suit a "medical model" investigating links between specific "treatments" and specific results" (De-Lay et al., 2015, p. 12). Moreover, Acosta and de Renzio (2008) suggest that the political dynamics behind good governance must be analysed to provide a more comprehensive understanding of the budget process and that additional and improved quality data is required to measure the impact of politics and institutional factors on PFM reforms in developing countries. As the evidence suggests, this is also true not just for the impact of politics of PFM reforms, for which De-Lay et al. (2015) further argue establishing reliable attributions in PFM reforms, in general, are usually not possible.

Amidst these complex relationships, is there any practical relevance of PEA on budget reforms? Although there is still lack of clarity as to whether these sophisticated analyses have culminated into operational strategies and programmes, the researcher disagrees with the argument by Marquette and Scott (2005) that political economy models such as DFID's DoC have barely had any practical implementation relevance in reforming budgetary systems in developing countries. Instead, this study argues that indeed the PEA to governance and PFM reforms have created significant awareness on the part of donors that, a country's political elite, top-level bureaucrats and party-systems are critical to the planning and sustainability of reforms. The researcher, however, does agree on the one hand, with Fisher and Marquette (2014) on the lack of efficacy of PEA to governance and budgetary reforms, primarily as a result of methodological concerns and the nature of the approach itself. They argue "PEA has today become a tool or product 'sold' to donors and 'done' externally, and it is no longer fit for purpose. …tracing its evolution from a transformative approach to policymaking to a discrete instrument that is applied to specific 'problems', usually by external consultants" (Fisher and Marquette, 2014, p. 3). On the other hand, the researcher argues the request by Fisher and Marquette (2014) seems to suggest for the complete abandonment of PEA to the *thinking politically* agenda to governance and budget reforms contradicts the overwhelming evidence and recognition by scholars and experts about the impact of this approach.

So, what does donor support tell us about the application of PEA to governance and PFM reforms? An examination of the relevant literature explains, for example, the critical role of donors in reforming Mozambique's governance and budgetary systems through their support to reformers within the central government (Hodges and Tibana, 2004). They, however, note that such international influence undermines the accountability of local institutions, further worsening capacity and accountability for public resources by the central government to its citizenry. See also a report on the performance of Programme Aid Partners in Mozambique by Killick, Castel-Branco and Gerster (2005). Shah (2006) also highlighted the adverse effects of international intervention in NPFM reforms in developing countries on reform success as a result of the proliferation of high-level tools and assessments and uncoordinated advice by donor-partners.

So, how has international intervention shape thinking and practice in PFM reforms in developing countries? Evidence from Tanzania suggests the manipulation of donors by bureaucrats, often presenting 'shop windows' through speaking the language of good governance, contrary to the 'smoke-filled room' of the country's political systems and ruling elite where the real policy and budget decisions are made (Kelsall, 2002). He further argues that donor-supported reforms including PFM tend to disregard political considerations, which as in the case of Tanzania undermined the interest of political elites, and when they did, they often run the chance of being resisted.

Similarly, other developing countries such as Ghana have been found to be using the annual budget process as a façade to establish trust and keep donors happy, given the fact that the budgets were fundamentally flawed and biased towards specific areas of the budget. Thus, PFM reforms in Ghana as Killick (2005) argue, is the product of western donors, often leading to the usual complaints of weak political commitment. In the same vein, Hydén (2005) in a study of Tanzania added that donors have mainly succeeded in institutionalising formal rules in pockets where they are active. Hydén writes, "informal practices found at the policy implementation level have their roots in society. They, rather than formal institutions constitute the principal threat to the reform effort. …because they are embedded in society and its culture; they will remain 'necessary evils' that the donor community can at best contain, not erase altogether" (Hydén, 2005, p. 17).

Consequently, this study concludes that understanding the political economy drivers remains fundamental to PFM strengthen efforts in developing and post-conflict countries. This point was emphasized by Allen, Hemming and Porter, who made similar conclusions that politics is critical in the PFM reform process in developing countries, and that they "anticipate that, over the next ten years, the importance of political economy analysis as applied to PFM will continue to grow both as an area of research and in its practical application." (Allen, Hemming, and Potter, 2013, p. 6).

2.2.5 Innovative or Thinking Out-of-the-Box Approaches to Understanding the Drivers and Challenges of NPFM Reforms in Developing and Post-conflict Countries

More recently, a new set of approaches have emerged known as "innovative" or "thinking out-of-the-box" approaches to *problem solving* in developing and challenging or post-conflict environments. However, these approaches are mostly entrenched within the existing institutional, policy and governance approaches to reforms, including NPFM reforms in developing and challenging or post-conflict environments. These approaches range from the Problem-driven Approach (Andrews et al., 2012; Blum, Manning, and Srivastava 2012; Andrews, 2013 & 2017; Bridges and Woolcock, 2017), power and systems approach in institutional change (Green, 2016; Mansoor and Williams, 2018; Wehner, 2018), the proposal for doing development differently (Booth, 2015) and Bottom-Up approaches (Welham et al., 2017).

Among these innovative approaches, the problem-driven model has gained more prominence in efforts to strengthen PFM in developing countries. The problem-driven approach argues against current policy reforms by donor partners, which according the authors lead to isomorphic mimicry and capability-traps in reforming PFM institutions in developing countries. Instead, the authors emphasis the need for solving problems, instead of selling solution, which must include the engagement of wider national stakeholders, and must be done through an iterative process that facilitates rapid experiential learning (Andrews et al., 2012). Apart from its application on ten donor-funded projects in Malawi (Bridges and Woolcock, 2017), and in PS reforms in Sierra Leone (Srivastava & Larizza, 2013), the problem-drive approach is still emerging and based on the prescriptive propositions made by the pioneers. Building on their findings from Malawi, Bridges and Woolcock (2017) have also argued about the limit of reforms that are driven-externally, instead calling for more home-grown solutions to locally identified development challenges.

However, critiques (Krause, 2013) of this approach cite its failure to recognise the importance of similar countries learning from each other and the significant time it will take for developing countries (especially post-conflict countries) to develop the capacity to learn and adapt. Moreover, some of the specific proposals of the problem-driven approach appear to be untenable to development partners or unattractive in the current policy landscape of interventions by development partners in PFM reforms in developing countries. It calls for radical changes such as abolishing the current log-frame approach used by international partners. This request takes away the control mechanisms of development partners. However, it also does not help donor partners, amid the increasing calls for higher results and accountability in development assistance.

2.3 The Role of Theory vs Practical Implementation Experience in Understanding the Drivers and Challenges in PFM Reforms in Developing Post-conflict Countries

This section examines how theory versus practical implementation experience in the implementation of PFM reforms have contributed to both an understanding of the drivers and challenges and how those experiences have further guided the development of new models and practice in developing countries. It is no longer surprising when Pretorius and Pretorius (2008) in their synthesis of the NPFM literature note that there has been a thin line between reform experience and theoretical PFM models in developing countries. An even broader review covering 197 studies by De Lay et al. (2015) shows significant challenges in acquiring robust evidence. Their evidence mapping analysis in terms of liking PFM interventions to results, shows that evidence on outcomes was 'patchy' (De Lay et al., 2015). This study notes that the list of studies covered is not exhaustive, as there were many exclusions which they note was based on the study's terms of reference and presumably as a result of the overwhelming realisation by both academics and PFM observers about the difficulties in acquiring robust evidence.

Unlike Pretorius and Pretorius (2008), the evidence mapping by De Lay et al., (2015) went further to show a much thinner evidence as one tends to look deeper down the budget cycle or what they described as *softer intervention areas*. The lack of clear evidence of impact perhaps, could be linked to the recent resurgence in political economy analysis and another meta-analysis such as the *strengthened approach* to PFM reforms, which emphasis political factors, country context and other implementation issues. Meanwhile, there are still fewer studies on, for example, political bodies or on implementation stages and other downstream areas of the PFM cycle (De Lay et al., 2015; Mills and De Lay 2016). Perhaps, because of their complexity as they involve multiple actors and challenging to observe by external stakeholders (Andrews, 2011). Allen (2008) suggests this is because donors and consultants are unable to see beyond PFM institutions and PFM systems or the limited coverage might have in part contributed to poor performance of these downstream dimensions of PFM. Furthermore, as Pretorius and Pretorius (2008) also highlight the feasibility of establishing any useful links becomes complicated, in part, also because of the cyclical relationship between PFM models and reform experience. PFM models are often informed and guided by reform experience in developing countries, leading to the need to continue to tailor PFM models with country-specific contexts.

Meanwhile, the PFM literature continues to point to the fact that reform programmes or immediate outcomes often are construed differently from one country to the other. That is also true even with the meaning of PFM, which has been conflated with various definitions from both academics and practitioners of PFM. For example, the use of brolly/umbrella terms such as *linking policy to budget*, are most often attributed to PFM intervention areas such as MTEF, or performance budgeting. However, the actual make-up or elements of any of these in PFM jargon may be interpreted differently from one expert, or from one country to the next. Linking budgets with policy objectives, most often to PRSPs as per donor recommendations especially for HIPC countries led to attributions, and among others, the budget mostly failed to cover non-priority areas and questionable expenditure groupings, which invariably led to unreliable budgets (Tommasi, 2009). Also, both Andrews (2006) and Tommasi (2009) highlighted the confusion created using the terms 'best practice' and Schick's *basics first approach*. Thus, improper understanding of these programmes meant introducing inadequacies in the budget preparation and implementation processes in developing countries.

However, what does the above background tell us in terms of reform experience? In part, we can deduce that even with the massive influx of many donors and higher resource flows to PFM (World Bank, 2018:9-11), progress has been slow and uneven (Dorotinsky and Floyd, 2004; IMF, 2007; Pretorius and Pretorius, 2008; de Renzio et al., 2010; Fritz et al., 2012; Fritz et al., 2014). It is reported that there are at least 50 donors worldwide supporting PFM, averaging at least seven donors per country. With the World Bank alone having 25% or more of its total project cost, with a PFM component increasing from 110 over the period 1987-99, to 202 over the period 2000-2006 (Allen and Last, 2007; Allen et al., 2004). Between 2008 and 2017 support to PFM by the World

Bank amount to $32billion, with developing countries SSA accounting for more than a third with 409 approved funding and the largest beneficiary (World Bank, 2018:9-11).

Irrespective of the above development, most of the success stories cited by the World Bank Independent Evaluation Group study are in developed and transitional countries, apart from a few developing countries in Asia, the North America (Wescott, 2008). In developing countries, and in SSA countries in particular, the slow and uneven progress could be accounted for in respect of the fact that the early experience in Uganda for example, shows that actual immediate outcomes were worse than budgetary allocations would imply because of leakages in the transfer of funds from the centre to service delivery units, thus constraining efforts in improving outcomes. This early ground-breaking research in PFM led Ablo and Reinikka (1998) to argue that budgetary allocations are inappropriate in explaining outcomes in PFM and policy decisions especially in developing SSA countries with weak institutions (see also DFID, 2007; Wehner et al., 2007). This early development also led to the rise of anti-corruption measures, mostly as donor requirement through HIPC and other programmes. However, Heilbrunn (2004) was quick to repudiate such efforts, by arguing that the creation of anti-corruption programme is a token effort that lacks substance, without advancement in PFM reforms in developing countries.

Additionally, early studies suggest a long list of triggers - donor pressure and post-conflict situations were the main drivers of NPFM reforms in developing and post-conflict countries, with exceptions such as South Africa, where reforms were mostly driven by political change (Schiavo-Campo and Tommasi, 1999). Some PFM observers such as Lienert (2004) suggests, that colonial heritage is influential in driving PFM reform efforts and make specific distinctions between Francophone and Anglophone countries in SSA (Lienert 2004). Some have also argued that differences in historical, legal and institutional contexts are significant drivers of PFM reforms for countries at similar levels of income, complexities which might complicate aid modalities (de Renzio, 2009a; Andrews et al., 2010).

As noted earlier, reform experiences have mostly guided PFM interventions and models in developing and post-conflict countries. For instance, experience with some post-conflict countries meant that some countries had to go through more robust reform efforts when compared with others. One such case is Liberia which went through a more robust, radical and controversial reforms in PFM through its governance and economic management programme - GEMAP (Shah, 2007).

Also, Schiavo-Campo (2007) in his review of budgetary institutions in post-conflict countries suggests that a first entry point for these countries was to protect the money – ensuring that public resources both external and domestic resources are correctly accounted for. More so, post-conflict countries often accepted much tougher conditions such as *no aid without a program, no program without a budget*, in return for much-needed resources for post-war reconstruction and recovery efforts (Schiavo-Campo, 2007:436).

Apparently, after years of reviews of PFM interventions in developing countries by the donor community, there seems to be an overwhelming agreement that the influence of non-technical factors dominate in the efforts in reforming budgetary institutions in developing and post-conflict countries. However, as Diamond (2013) argues, the challenge has been the lack of a consensus on what these non-technical drivers of PFM reforms in developing and post-conflict countries are, which presumably could also be as a result of country differences. Scanning through the previous sections of this chapter reveals a long list of drivers, within the broad ambit of *politics and ownership of reforms, institutional dynamics, economic factors, support from international partners* and *other contextual factors*.

A survey of the contributions from some PFM reform observers Bergmann and Bietenharder (2010) reveals a consensus in the critical role of what they described as *softer factors* in efforts to improve and sustain NPFM reforms in developing countries. Andrews (2011) also finds these *softer factors*, or what he called *de facto*, *downstream* and *de-concentrated dimensions* of reforms to be less amenable to externally driven PFM reforms. The finding of these PFM reform observers corroborates earlier proposal by Brooke, who in addition to proposing the *platform approach*, emphasised political context, process development, motivational development, capacity development, and institutional development as critical factors in advancing PFM reforms in developing countries. For Tommasi, the optimal mix of measures to improve PFM performance depends on country context including, among other elements, "human resources capacity, current strengths and weaknesses of the budget system, the administrative culture and the institutional and political context" (Tommasi, 2009, p.9). In the same vein, Quist points to the political context, the maturity and level of activity by civil society, the level of donor harmonisation, the degree of ownership of reform strategy along with the 'political will' as drivers of PFM reform progress (Quist 2009:7).

Among many studies, De Renzio et al. (2010) and Fritz et al. (2014) represent to date the most comprehensive quantitative studies of the list of drivers of PFM or the factors that may have been responsible for cross-countries difference in PFM performance and across the dimensions of PFM over time. These cross-country econometric analyses show that economic factors such as income levels and continuous economic growth have higher explanatory power than aid-related factors. Countries with larger populations, higher levels of per capita income and better recent economic growth records, generally have a high-performance rate. Donor support and presence of long donor engagement are only minimally associated with reform progress, because a marginal increment in donor support, for example, corresponds to an average PEFA score rise by half-point, even after applying several robust statistical checks. By contrast, they find that resource-based economies and state fragility (mainly countries in conflicts or post-conflict situations) and to be negatively associated with PFM reform performance (see also Andrews and Turkewitz, 2005; de Renzio and Dorotinsky, 2007; Andrews, 2010).

Andrews (2011) also challenged the usual excuse given by donors whenever their projects fail to yield the appropriate results. Donor partners often argue that their interventions need time to produce good results, even when these results sometimes will never come. Often, they associate these failures to inadequate capacity in developing countries and lack of donor focus (Andrews, 2009 and 2011). These Andrews and Turkewitz (2005, p. 210) note are *usual suspects* for public sector reform failure. They further argue that reforms mostly fail because of the approach to change in the public sector, including the international-led approach to NPFM reforms in developing countries.

However, we must take exception to Andrew's treatment of the importance of time factor as a pinch of salt for PFM reform success in developing countries. Time does matter in reforms not only in PFM, as Pretorius and Pretorius (2008) have shown, the literature generally agrees in the long-term perspective and the continuous process of PFM reforms. Unrealistic timescale has been cited by many as one of the contributing factors of reform failure such as in the implementation of IFMIS (Diamond, 2013). Andersson and Isaksen (2003) earlier argue that 'things take time', and this is true with the experience in PFM, with often higher targets to be accomplished in three-years, whereas a twenty-five-year time frame would be ordinarily appropriate. It is a truism that budget reforms in developed countries took many decades to develop; Allen (2009) argues that timing was dependent on the evolution of the country's' economic and political institutions. In fact, as Allen points out: it took, for example, France 217 years to develop its budgetary systems from the introduction of Accounting Office reporting to parliament in 1791 to full medium-term expenditure framework in 2008; UK 217 years, from establishing the consolidated fund in 1787 to fully operationalising resource (accrual) budgeting in 2004; and USA 214 years, from establishing the Treasury Office of

Accounts in 1776 to the introducing Accrual accounting for all federal entities in 1990 (see table one in Allen, 2009, p. 4).

Finally, what is also valid for developing countries (especially post conflict countries) is that their PFM institutions are in their infancy, they do not possess the necessary infrastructure – therefore any significant progress in their reform will need time to fully materialise (Schick, 1998a; Shah, 2007; Diamond, 2013).

2.4 Conclusion

The review in this chapter has mainly examined, from a two-dimensional angle, the drivers and challenges in the introduction of NPFM reforms in developing and post-conflict countries. The first of the two-dimensional angle has examined the various theoretical perspectives and policy debates in understanding the drivers and challenges that underpin country differences and differences in performance over time and across dimensions of PFM. The second aspect examined the role of theory versus practical implementation experience in understanding the drivers and challenges, but also how practical implementation experiences have further guided both policy and practice.

Having reviewed the different drivers and challenges and being informed by the thin line between theory and practical implementation experience, this study makes the argument that no single driver or group of drivers provide definitive answers to the research questions or account for cross-country differences and the differences in performance over time and across dimensions of PFM. The broader divide in the literature between technical approaches such as the *sequencing of reforms* and non-technical approaches such as PEA is even less helpful in contributing to an understanding of the drivers and challenges of introducing PFM reforms in developing countries. No single perspective to understanding the drivers and challenges of PFM reforms can explain what works or what does not work and why. Many of the perspectives and solutions are merely prescriptive reform model, which are not derived from formal analysis of empirical evidence in developing and post-conflict countries. Moreover, the most influential studies covered in the review have not provided an appropriate balance in addressing the central idea of the research questions examined in this thesis, which are ***how*** and ***why*** specific reform initiatives or countries became successful in their implementation of PFM reforms, when compared with others.

While the review in this chapter shows a long of list of drivers of PFM reforms in developing countries, this thesis groups these drivers into five major categories namely, technical factors; local ownership and political factors; economic factors; institutional dynamics; and the role of international partners. A relevant point to note also is the fact that, while these drivers/factors may be present in many countries, their role and influence in shaping opportunities for change may vary in different contexts.

There is, therefore, no single practical solution that is both a necessity and a sufficient condition for improving development outcomes through PFM reform interventions in developing and post-conflict countries. So, while the review shows a growing consensus among reformers and PFM observers on the prominence of non-technical factors or drivers, such as the political economy and institutional factors, this study further argues their role and influence in determining *what works, how and why* could only be fully captured if they are examined together with technical drivers and the interactions between them within a given country context.

This thesis further makes the case that PFM or PFM reform itself is a complex and iterative process that involves broader stakeholder engagement, which makes it less amenable to any single approach that explains the drivers and challenges and as well as proffer practical solutions that might be relevant in specific context and future interventions in PFM. Thus, this thesis concludes that in order to understand both the drivers and challenges of PFM reforms and to proffer practical solutions that will improve development outcomes through PFM reforms in developing and post-conflict countries, the study of PFM reform should be approached holistically. This means examining both the technical and non-technical drivers and the interactions between them within a given country context. This is what the researcher describes in this thesis as moving towards a *holistic approach. This holistic approach* to PFM will facility the investigation of the cumulative contributions of the underlying drivers and challenges that underpin *how* and *why* do some developing countries perform better than others and *how* and *why* PFM reform performance also vary across the dimensions of PFM.

CHAPTER THREE

ANALYTICAL FRAMEWORK

UNDERSTANDING WHAT SUCCESS/FAILURE LOOKS LIKE IN PFM REFORMS IN DIFFERENT CONTEXTS AND THE NEED FOR CROSS-COUNTRY CASE STUDIES

3.0 Introduction

This study has established in the previous chapter that all the approaches are, prima facie, fundamentally different, no one approach tells us everything about the drivers and challenges of NPFM in developing and post-conflict countries. None of them provides all the answers to facilitate a deeper understanding of the underlying technical issues, economic, political and institutional dynamics that drive and sustain reform efforts in developing countries. When taken in isolation, each perspective/approach also falls short of creating an appropriate balance in addressing issues such as *how* and *why* specific reform initiatives or countries are successful when compared with others. The *why* and *how* aspects of PFM reform performance are fundamental to the research questions this thesis attempts to answer, which are addressed in this chapter. Moreover, the approaches reviewed in the previous chapter leave us with little or no evidence as to the specific roles of political actors and country ownership, management and institutional arrangements and the specific role of donor partners in enhancing PFM reforms in different contexts, such as in post-conflict and other challenging environments.

That is not to say that the various approaches reviewed in the previous chapter are not relevant to our understanding of the drivers of PFM reforms in developing countries. In fact, these different approaches, together provide the configurations needed in developing a more *holistic approach* to PFM reforms that this study espouses. Correctly, these approaches have identified the relevant technical and non-technical drivers needed to be considered in developing the analytical framework, which is set out later in this chapter.

This chapter, therefore, builds on the work by the PEFA Secretariat (2005, 2011, and 2016) and that of de Renzio (2009b) amongst others to first, define the quality of PFM institutions, by establishing a comprehensive and appropriate measurable minimum criteria for assessing the quality of PFM systems (what success or failure looks like) across different developing countries. Second, it examines the reasons for differences in PFM reform performance in different contexts. And third, it establishes the need for more cross-countries empirical case studies by capitalising on the apparent thin line between the various approaches in understanding the drivers of PFM reforms and practical reform experience in developing and post-conflict countries.

3.1 Conceptualising and Understanding Public Financial Management

3.1.1 Defining PFM – Its Principles, Objectives and Processes and Defining PFM Systems Quality

A starting point in conceptualising PFM is to try to understand as De Renzio (2009b) suggests what budget institutions are, defining their quality, how they can be measured and how their progress can be tracked over time. It is noteworthy that this section will not delve into the history and evolution of the various perspectives of what a budget is Public Administration Perspective (Coe, 1989 and Guthrie et al. 2005); Public Finance Perspective (Musgrave 1959); Political Economy Perspective (North 1990 and Campos and Pradhan 1996, cited in De Renzio, 2009b); and the Principal-Agent Model (Forrester, 2002). It is, however, worth reiterating the fact that the various perspectives listed above have offered contrasting and often overlapping definitions of what constitutes 'better' or 'strong' budget systems. Like De Renzio, conceiving budgeting as "a process for systematically relating the expenditure of funds to the accomplishment of planned objectives"(Schick, 1966, cited in De Renzio, 2009b, p. 9), the political economy perspective would tell us that budget is a political process where decisions about public funds are made. The public administration perspective would describe the institutional and management arrangements needed to accomplish budgetary decisions. And the public finance perspective would attempt to measure the likely impact of these budgetary choices on the broader public.

Similar arguments can be put forward regarding the continuing confusion in defining Public Expenditure Management (PEM) or PFM. The former is associated with a system of principles, processes and procedures that originated in modern states of Western

Europe to manage, forecasts and authorise the annual receipts and expenditures of the state. Wildavsky (1975) (cited in De Renzio, 2009b, p. 8) however noted that the overwhelming trend nowadays among scholars is the claim that "government budgets are fundamental instruments of economic policy-making and arenas where major political battles are fought". Rubin (1997) also added that Public Expenditure Management (PEM) could range from collecting revenue, allocating limited resources, spending, debt management and maintaining an appropriate balance with other functions of government that, are associated with the budget cycle, that may have a significant influence on the overall management of the economy of any country.

Allen Schick elucidated on the differences between the conventional idea of PEM and contemporary view of PFM. Given the former, he noted the focus is on traditional procedural rules or norms, while the latter emphasised substantive policy norms or outcomes and covers wide-ranging institutional and management arrangements, not just those traditionally associated with conventional PEM. Schick went further to suggest that the first difference between modem PEM and conventional budgeting is that PEM moves from strict adherence to procedural rules to achieve the three levels of budgetary outcomes: aggregate fiscal discipline, allocation of resources in accordance with government policy priorities and efficiency in the use of public funds (Schick, 1998a).

Others have contrasted paradigms of conventional budgeting such as 'probity' and 'propriety' to modern PFM paradigms such a policy and efficiency of performance. The latter has been closely linked to Schick's three levels of budgetary outcomes (Schiavo-

Campo, 2007; Tommasi, 2009; see also Stewart and Ranson, 1988 and Witt and Müller, 2006). See also Premchand (2007) for a detailed history and evolution of PFM.

What has emerged clearly from the literature is that PFM covers revenue collection, allocation of public funds by policy priorities, expenditure execution, recording and accounting for public resources (See Tommasi, Allen, Schiavo-Campo and Garrity, 2004). Furthermore, there is a growing recognition that PFM goes beyond technical accounting, reporting and audit issues, but instead extends to include overall tax administration, spending and debt management, management and institutional arrangements, complex and involve multiple actors and inter-related processes (Pretorius and Pretorius, 2008).

This lack of consensus in defining budgets or PFM is probably as a result of the differing theoretical approaches and the long-time intervals between the different accounts (Key 1940; Schick 1988, cited in De Renzio, 2009b; for budgetary theory and discourses see also Neuby, 1997; Gianakis and McCue, 2002; Hackbart and Ramsey, 2002; and LeLoup, 2002). These controversies, therefore, reinforce our basis for a more integrated approach, such as that put forward by PEFA, in defining PFM and its institutional and management arrangements and the characteristics of PFM quality that countries should aspire towards; arguing that having these differing perspectives only lead to ascribing different, but often overlapping meanings to PFM.

At this juncture**,** the starting point in defining PFM systems quality will be to identify its *principles*. These principles are set out the seminal work on Budgetary Principles by

Sundelson (1935) to include, comprehensiveness, clarity, prior authorisation, appropriation, specification, comparability, unity, annularity, accuracy and publicity. One of the most influential writers on budgetary reforms, Wildavsky defended these principles, arguing that they bring consistency into and satisfy the various needs of the actors in the budgetary process (see Jones, 1996). These principles have remained in force and still, though in slightly different terminologies, being widely applied in modern-day PFM literature. That is clear in our review of the World Bank PEM Handbook, which stipulates different principles including comprehensiveness, legitimacy, predictability, contestability, honesty, information, transparency and accountability and more importantly institutional arrangements in order to foster sound budgeting and financial management in developing countries. These are measurement attributes of PFM systems quality which should enable cross-country assessment of reform progress.

A second criterion for defining what makes up a quality budget system is to look at the objectives/outcomes of PFM, which have evolved as given in the table below:

Table 3.1: Different definitions of budget objectives and outcomes

Musgrave (1959)	Schick (1966)	Schick (1998) & World Bank (1998)
Allocation	Control	Aggregate fiscal discipline
Distribution	Management	Resource allocation
Stabilisation	Planning	Operational efficiency

Source: adapted from De Renzio (2009b, p. 11)

Again, the key differences lie in the authors underlying theoretical perspectives, but there is a clear link at various levels among the three models presented in the above table. For example, aggregate fiscal discipline can be mapped to control and to stabilisation.

Informed by the political economy perspective, the third criterion of desirable characteristics of PFM systems quality will be to identify and address comprehensively, the processes of the budget cycle, including its nature and the iterations among various actors involved. What forces go into the budget-making process or What factors govern the decisions of budgetary officials. Moreover, what roles does the legislature and centre/ministry of finance play? etc. Key (1940:1144). (See also Wildavsky, 1964; Wildavsky and Davis et al. 1966, cited in De Renzio, 2009b; Covaleski and Dirsmith, 1986). The importance of budgetary processes and the iteration among various actors on a country's fiscal position have also been established in a number of studies in Latin America and other Countries (see Hagen and Harden, 1995; Hallerberg and von Hagen, 1997; Alesina et al., 1999; Hallerberg, 2004 and Von Hagen, 2006, cited in De Renzio, 2009b).

Underscoring the argument of Wildavsky (1961), the analytical framework I present at the end of this chapter is rooted in the view that until we know something about the underlying contexts in which budgetary actors find themselves, any reform efforts are, therefore, based on woefully inadequate understanding (Wildavsky, 1961: pp. 189-190; see also Jones, 1996). Wildavsky has argued that failures in the introduction of budgetary reforms such as performance budgeting and zero-based budgeting in the United States can be attributed to the lack of root in the thorough understanding of the budgetary process (Wildavsky, 1975).

In response to Key's answer to the question "on what basis shall it be decided to allocate X dollars to Activity A instead of Activity B" (Key 1940: p. 1138), Wildavsky argued that Key had in fact, asked the wrong question. Instead, the question should have been who decides whether to allocate X funds to activity A and not Activity B. For Wildavsky, the answer was clear for the simple reason because the budget process was inseparable from the political system (Wildavsky, 1961). In his Political implications of budgetary reforms, Wildavsky further argues successful reform initiatives would invariably alter the budgetary process and its outcomes. Moreover, since such change has political implications, a sensible thing to do in attempting to understand the implications of reforms efforts will be to increase our understanding of the budget process (Wildavsky, 1961 and 1992).

Borrowing Wildavsky's proposition, this study argues that explaining the three levels of budgetary outcomes (fiscal discipline, allocative efficiency and operational efficiency), for example, requires accounting for the operations and outcomes of the budgetary process. Thus, what is needed in determining PFM systems quality will be to describe the power relations among budgetary players, provide an explanatory of the account of why some actors perform better than others and account for circumstances and other intervening variables under which specific measures or reforms become useful or not, thereby accounting for regularities in the budgetary process. A vital aspect of the analytical framework presented later in this chapter will, therefore, be to provide an explanatory account of not only what, where and why, but how? Individual countries or programs became successful, while others do not.

Unfortunately, any attempt to rely, in isolation on anyone the three categories of desirable characteristics of PFM systems quality (principles, outcomes/objectives and comprehensive understanding of the budget process) set out in this section is not without its inherent problems. For example, the focus on *principles* alone may lead to a long mechanistic list of desirables, inflexibility and will undoubtedly ignore the underlying mechanisms that may shape the level of adherence to budgetary principles from one country to another. At the same time, the exclusive focus on the three levels of budgetary outcomes, is a recipe for contradictions or sequencing issues among them, with little or no regard for the complex political, institutional and management arrangements of the budget process. Likewise, focusing on processes alone will almost certainly turn to be futile, because of too much emphasis of form over substance and risk of not being able to assess the quality of different budgetary institutions (Dee Renzio, 2009). For example, Alesina and Perotti reiterated the trade-off with fiscal discipline, stating that… "hierarchical institutions are more likely to deliver fiscal discipline … they produce budgets that are titled in favour of the majority… Collegial institutions have opposite features…. They guarantee rights of the minority and emphasis checks and balances, moderation and compromise…" (Perotti, 1996, p. 402). While Campos and Pradhan (1996) lamented on the possible contradictions that might arise in the simultaneous pursuit of multiple objectives. Moreover, Stasavage and Moyo (2000) in their study of Uganda and Zambia demonstrate how reform efforts aimed at achieving fiscal discipline through the mechanism of 'cash budget' adversely affected resource allocations during the budget implementation.

A more recent definition of PFM that perhaps, offers the broadest perspective to approaching PFM reforms is that put forward by Andrews et al. (2014). Their conceptualisation of PFM is particularly relevant to the holistic approach taken in this study, as it deals with how a government manages revenue and expenditures and the results therein- in terms of short, medium and long-term impact of its resources on the economy and citizens of a given country. Their definition of PFM offers flexibility in studying PFM processes, systems, institutions, policies and governance arrangements that are fundamental to the main idea of this study. The latter being, to investigate the reasons for the limited and uneven progress in the implementation of PFM reforms in developing countries. However, such a preference for this broader perspective offered by definition from Andrews et al. (2014) does not mean this study will not utilise the various perspectives and insights provided by earlier definitions and PFM principles reviewed in this section.

3.1.2 How Can FPM Systems Quality be Defined and Measured?

In light of the differing perspectives highlighted in the previous section, this thesis still faces the question of how can we, therefore, assess the quality of PFM systems, or determine what success or failure looks like across different countries? The response to this question warrants asking another question: how can the quality of PFM institutions be defined and measured? The answer certainly further warrants the need for a more integrated and comprehensive approach that will account for all of the three spheres of desirable characteristics of PFM systems quality. In light of this, a good starting point will be to ratify the minimum set of criteria suggested by De Renzio of defining what good PFM looks like De Renzio (2009b, p.13):

- It should be broadly in line with budgetary principles, while at the same time allowing for sufficient flexibility; It should be policy-neutral, in order to limit potential normative bias;
- It should be applicable and comparable across countries and historical, legal and institutional contexts; and
- It should be amenable to empirical measurement.

This set of criteria will form the basis for the analytical framework set out at the end of this chapter and inform the selection of appropriate dimensions of PFM in order to be able to assess and measure the overall quality of PFM systems over time and across countries. Unlike de Renzio's three dimensions (comprehensiveness and transparency; linking budgeting, planning and policy; and control, oversight and accountability), we will follow a much comprehensive approach by adopting the six critical dimensions of PFM performance specified by the PEFA Framework of 2005, revised in 2011 to include (PEFA, 2005 and 2011[1]):

- *The credibility of the budget* - The budget is realistic and is implemented as intended Comprehensiveness and transparency - The budget and the fiscal risk oversight are comprehensive and fiscal, and budget information is accessible to the public. *Policy-based budgeting* - The budget is prepared with due regard to government policy.
- *Predictability and control in budget execution* - The budget is implemented in an orderly and predictable manner, and there are arrangements for the exercise of control and stewardship in the use of public funds.

[1] The analytical framework has been limited to the 2005 and 2011 PEFA frameworks because most countries, including the choice of case study countries didn't have PEFA assessment based on the 2016 framework during the field work and data collection.

- *Accounting, recording and reporting* – Adequate records and information are produced, maintained and disseminated to meet decision-making control, management and reporting purposes.
- *External scrutiny and audit* - Arrangements for scrutiny of public finances and follow up by executive are operating

Our analytical framework will assess PFM systems quality against the above broad dimensions of PFM in order to further assess their likely impact on the three levels of budgetary outcomes. Therefore, we can define strong PFM systems as those that exhibit credibility, comprehensiveness and transparency, policy-based, predictable and based on controls, accountable and provide consistent and accurate records and reports and subject to external scrutiny. The reverse should hold for weak PFM systems, characterised by lack of budget credibility, comprehensiveness and transparency, detached from policy and planning and suffer from systemic weaknesses in recording, reporting and accountability. The researcher is nonetheless aware of the inherent difficulties in adopting these intermediate outcomes in the analytical framework presented later in this chapter. For example, there is a growing recognition among scholars that not all these intermediate outcomes will be particularly relevant for some countries at different stages of their adoption and implementation of NPFM reforms.

Once NPFM reforms are adopted, countries will naturally be pursuing different sets of outcomes – gradually moving from conventional budgeting concerned with controls and procedural rules to a more policy-oriented budgeting geared towards improving performance (Diamond, 2013). This challenge will, however, be cushioned by the fact that the analytical framework is designed in the first instance, to be able to provide a detail and historical account of how countries have been able to transcend over time from one continuum of their reform cycle to another in their drive of the ultimate goal of achieving the three levels of budgetary outcomes espoused by NPFM.

The 2005 and 2011 PEFA framework have been chosen not only because it presents the most comprehensive and generally acceptable measure of assessing PFM systems quality, but also because as De Renzio (2009b:13) argue it satisfies with first three minimum criteria of good/strong PFM systems. The PEFA framework has also been chosen in part, because it provides us with the opportunity to increase the time frame of the study covering periods before operationalisation in 2005, by retrofitting of the 2005 PEFA indicators with indicators of other diagnostic tools such as the HIPC AAP framework. Meanwhile, in-depth discussions on PEFA and other diagnostic tools and how the final minimum criterion of measuring a well-functioning PFM system can be met will be covered in the following section.

3.2 Country Differences in PFM Reform Performance and the Need for a Cross-country Case Study Approach to PFM Reforms

Perhaps, the most important objective of developing the analytical framework is to provide the foundation to be able to carry out qualitative cross-country analysis of PFM systems quality over time and to assess whether PFM reforms are contributing the overall promise of NPFM reforms in developing countries. The analytical framework will guide a detailed investigation of the underlying mechanisms that drive and sustain PFM reform progress in the selected case study countries.

To this end, assessments of PFM systems, since the advent of PEFA, have mostly been quantitative studies and desk reviews (De Renzio and Dorotinsky, 2007; De Renzio, 2009a; Andrews, 2009 and 2010; Fritz et al., 2014a). Apart from a small number single country case-studies that exist (Dixon, 2005; De Renzio, 2007; Peterson, 2007 and 2010; Betley, Bird and Ghartey, 2012; Folscher, Mkandawire and Faragher, 2012; Lawson, Chiche and Ouedraogo, 2012; Fritz et al., 2012; Tavakoli, Cessay and Cole, 2015), the majority qualitative studies have geared towards assessing the performance of specific PFM interventions such as MTEFs (Oxford Policy Management, 2000; Le Houerou & Taliercio, 2002; Holmes & Evans, 2003; de Renzio and Smith, 2005; Wynne, 2005; Schiavo-Campo, 2008; World Bank, 2013b), Performance or Programme Budgeting (Robinson, 2007 and Robinson and Last, 2009), IFMIS (Diamond and Khemani, 2005; Hendriks, 2012 and Combaz,2015), PETS (World Bank, 2002a); or evaluation of PFM interventions of specific donors (Andersson & Isaksen, 2003; AusAID, 2004; Westcott, 2008).

The most influential and comprehensive cross-country quantitative studies were conducted by de Renzio et al. (2010) and Fritz et al. (2014a) to assess the factors that influence reform progress, or that may have been responsible for cross-country differences and variations over time. Their evaluation draws mostly from HIPC, PEFA and CPIA data from more than 100 developing countries, through retrofitting PEFA data with the HIPC data. They also collected data on donor support to PFM reforms and other economic, political and institutional variables for the countries covered in their studies.

The cross-country econometric analyses by de Renzio et al. (2010) and Fritz et al. (2014a) generally reveal that economic factors such as income levels have higher explanatory power than aid-related factors. Countries with larger populations, higher levels of per capita income and better recent economic growth records, tend to have high PFM performance rates. Donor support and presence of long donor engagement are only minimally associated with reform progress, because a marginal increment in donor support, for example, corresponds to an average PEFA score rise by half-point, even after applying several robust statistical checks. Modelling their data to reflect developing countries only revealed positive associations between both donor funding and long donor technical support and reform progress, but only with upstream and concentrated dimensions of the budget cycle, perhaps, reflecting the idea that donors tend to focus more on upstream dimensions, rules and procedural norms of PFM. The most prominent downstream reform measure associated with donor support is the IFMIS, which perhaps, can be attributed to the huge amount of donor resources directed in this area. By contrast, de Renzio et al. (2010) and Fritz et al. (2014a) find that state fragility (mainly countries in conflicts or post-conflict situations) to be negatively associated with PFM reform performance.

However, both studies have been quite wary about the findings and therefore, vehemently cautioned about their interpretations. Noting for example, that the positive associations with donor funding may reflect the reverse, whereby donors supported countries with better financial management systems rather than countries with weak budget systems. De Renzio et al. (2010) concludes that:

> *PFM reforms in developing countries are still largely unfinished business …, further work is needed. Qualitative case studies will be fundamental, too, to complement and address the many shortcomings of quantitative analysis, most notably the difficulties in explaining not only if and when donor PFM support has had an impact on PFM systems, but also why and how it has, taking into account the differences in country context in which PFM reforms take place (De Renzio, Andrews and Mills, 2010, p. 59).*

Andrew (2011) had earlier challenged the excuse usually given by donors whenever their projects fail to yield the appropriate results. They argue that their interventions need time to produce good results, even when these results sometimes will never come. Often, they associate these failures to inadequate capacity in developing countries and lack of donor focus (see also Andrews and Turkewitz, 2005). Andrews applied institutional theory on isomorphism and quantitative data from PEFA scores of 31 African countries to conclude that western normative PFM reform initiative faces significant limits in developing countries, especially where countries institutional and management characteristics are "difficult to observe externally, core to the organization, and involve actors with whom the externally defined change agenda is unlikely to resonate normatively" (Andrews, 2011, p. 132; see also Andrews, 2009). Andrews (2011) proposes conclude that there are generally poor performances in downstream, de-factor, and de-concentrated set of actors and professional deficient dimensions of the budget cycle of the 31 African countries than in de-jure and upstream dimensions of

PFM, adding that progress in upstream and de jure budget systems are mostly as a result of developing countries trying to buy legitimacy from the foreign donors.

Meanwhile, there have been limited cross-country qualitative analysis of PFM systems quality over time. Thus, “beyond broad generalisations, there is little knowledge of what precisely makes some PFM reform efforts more successful than others and of how financial and technical support to PFM reform can most effectively be provided” (De Renzio, 2009b, p. 5). In light of this, most of the significant reviews and empirical studies in assessing PFM reform progress (Pretorius and Pretorius, 2008; Wescott, 2008; de Renzio et al., 2010; Fritz et al., 2014a) and even more recently evidence mapping of 129 developing countries by De Lay, et al., (2015) have recommended the need for comprehensive and qualitative cross-country case studies to be able to provide a more vibrant picture or detail explanatory accounts of the underlying drivers and challenges of PFM reform progress in developing countries.

In response to these recommendations (Pretorius and Pretorius, 2008; Wescott, 2008; De Renzio, Andrews and Mills, 2010; Fritz et al., 2014a and De Lay, et al., 2015), a synthesis of three country evaluations (see Betley, Bird and Ghartey, 2012; Folscher, Mkandawire and Faragher, 2012; Lawson, Chiche and Ouedraogo, 2012) of Burkina Faso, Ghana and Malawi prepared by Lawson (2012) was the first giant step in filling this gap through addressing the twin research objectives: a) “Where and why do Public Finance Management (PFM) reforms deliver results, in terms of improvements in the quality of budget systems?; and b) Where and how does donor support to PFM reform efforts contribute most effectively to results?"(Lawson, 2012, p. 18).

Although the final evaluation by Lawson (2012) was drawn mainly from the recommendations by de Renzio et al. (2011), it however, did not address the following:

- their influential finding on why progress in PFM reform is uneven across the budget cycle - with countries performing better in upstream dimensions than in downstream dimensions; and
- the treatment of donor support in the evaluation framework as the primary driver of reform progress undercut the importance of some of the most critical factors, such institutional and management arrangements, politics and economic factors that have mostly been associated to PFM systems quality. That could be interpreted as, perhaps, because it was a joint donor evaluation of PFM reforms.

Unlike the above joint donor evaluation, this study is an academic research project and intends to cast the net widely on factors theorised to be associated with PFM systems quality, instead of treating donor support as the primary driver of reforms in developing countries. Moreover, given the unmet gap in the literature, this study is also primarily informed by the recommendations (Pretorius and Pretorius, 2008; Wescott, 2008; de Renzio et al., 2010; de Renzio et al., 2011; Fritz, et al., 2014a; De Lay, et al., 2015) for more comprehensive cross-country case studies. Also, it further seeks to broaden and deepen on the findings of the joint donor evaluation, which Lawson writes "it is hoped that [this study]… may also lead to further country studies – in Africa, Asia, …, which should serve to deepen its findings and clarify the extent of their applicability internationally" (Lawson, 2012, p. 18).

3.3 Some Caveats in Comparing PFM Systems across Developing and Post-conflict Countries

In light of this study's cross-country assessment of PFM systems quality over time, the researcher is, however, mindful of the fact that such cross-case analysis must be based on understanding some of the crucial issues that will underpin the development and operationalisation of the analytical framework. These caveats and limitations have been succinctly summarised by de Renzio (2009b). They arise for example, from the fact that the PFM reform landscape has been fraught with different understanding and theoretical perspectives. These differing understanding and perspectives stem from the diverse backgrounds of various experts and academics, the international pursuit of reform agenda versus local understanding and PFM practices in different contexts.

Some of these caveats have long been recognised when Key (1940) initially observed that budgetary systems are made up of complex and interrelated processes involving many players (see also Wildavsky and Davis et al. 1966). Naomi (1980) soon afterwards argued that these complex and interrelated processes might not be amenable to a single set of prescriptions for all countries (cited in de Renzio, 2009b, p. 23). Irrespective of this reality, this study's review of the current PFM literature reveals the continuing transplant of western normative models of what constitutes ideal PFM systems and practices to developing countries. This is glaring in the OECD's seven key institutional features necessary to effectively control public expenditures, stated by Blöndal to include: "medium-term budget frameworks; prudent economic assumptions; top-down budgeting techniques; relaxing central input controls; focusing on results; budget transparency; and modern financial management practices"(Blöndal, 2003,p.10). De Renzio identified similar papers (Brumby, 1999; Diamond, 2002; and Rubin and Kelly, 2007) which promoted such normative models that other countries should follow in reforming their PFM institutions (de Renzio, 2009b). A typical example of the transfer of western normative models to developing countries can be traced to the forceful push by western donor institutions, such as the World Bank of dominant reforms models such as the MTEF, IFMIS and performance budgeting (see World Bank 1998, Schiavo-Campo and Tommasi 1999, IMF 2007).

Other important caveats worth noting in comparing PFM systems across countries is the fact that countries are at different ends of the development continuum. That leads to significant difficulties, for example, comparing wealthy versus developing countries (Wescott, 2008). Adding to this argument, Caiden and Wildavsky (1980) (cited in De Renzio, 2009b, p. 24) argues that poor countries suffer from inadequate 'functional complex redundancy' that enhance smoother working of budgeting in rich countries. Schick (1998a) explicitly stated that developing countries suffer from among others, poverty, low revenue generation base, economic instability and low political mobilisation that make them less amenable to the transfer of western normative views of PEM. Schick, therefore, specifies essential preconditions for developing countries to follow, if they were to successfully adopt the New Zealand model of PFM reform. That he argues should be getting the basics right.

The PFM reform experience also shows potential complexities owing to differences in historical, legal and institutional contexts, even with countries at similar levels of income. Lienert (2004), for example, highlighted the difficulties that could be encountered in comparing African Anglophone countries. Also, the review of PFM reform experience in chapter two reveals for example, that post-conflict countries such as Liberia were subject to more stringent measures such as "no aid without a program, no program without a budget" (Schiavo-Campo, 2007, p. 436).

Thus, tremendous precaution is needed in comparing countries. The reason for this is probably because as De Lay, et al., (2015, p. 12) observe is that "different solutions in different countries make comparative studies difficult". Perhaps one of the most fundamental challenges in assessing and comparing PFM systems across is the problem of attribution. This is rooted in the fact that PFM reforms interventions have mostly been implemented simultaneously, and it, therefore, becomes very difficult or sometimes impossible to track which interventions led to which outcomes or objectives. That is more so because as it has been argued because of the inadequate data and lack of statistical tolls to attribute results to specific interventions (De Lay, et al., 2015).

3.4 The Research Questions and the Analytical Framework

Drawing on the points raised in the literature review and in the previous sections in this chapter, this study seeks to both test and build theory about the drivers proposed to be associated with or may have influence PFM reform progress in different countries and dimensions of PFM. The review in Chapter Two and in the previous sections of this chapter show PFM reform progress in developing countries and across PFM dimensions over time is predisposed by technical and non-technical drivers, but non-technical drivers collectively have a more significant influence in driving and sustaining efforts to strengthen PFM reforms in developing and post-conflict countries.

There have been few efforts in the existing PFM literature to address, in a single study, the ***how*** and ***why*** aspects of PFM reforms in developing countries. This research study, therefore, adopts a holistic approach, which represents an important step in filling the gap in much of the existing literature on PFM and broader PS and institutional reforms in developing countries.

This research study, therefore, attempts to answer the overarching research question: **why progress in PFM reforms has been limited and uneven in post-conflict Anglophone countries and across the dimensions of PFM.** In order to answer this question, this study draws mainly on empirical evidence from Liberia and Sierra Leone, and as well as from similar single and multiple case studies and the broader literature of PFM to address the following sub-questions:

1) How and why do some post-conflict Anglophone countries perform better than others in the implementation of PFM reforms over time?

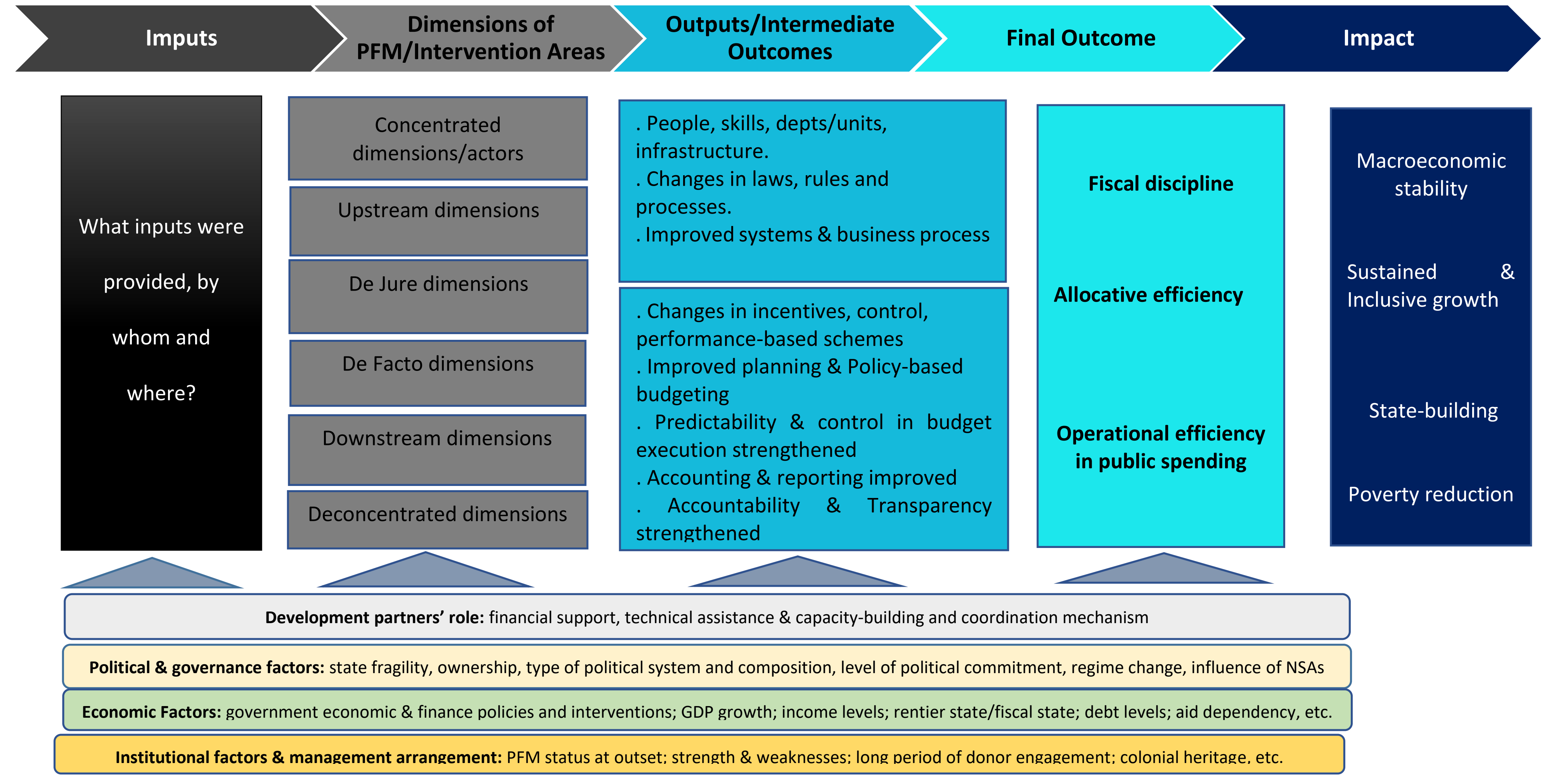
2) How and why do some post-conflict Anglophone countries perform better in upstream and de jure dimensions than in downstream, de facto and de-concentrated dimensions PFM?

3) To what extent have political support and country ownership; institutional and management arrangement of reforms; donor support and practices; and economic factors contributed to these issues?

4) Which lessons of good practice may, therefore, be drawn regarding future PFM reform programming and implementation in post-conflict Anglophone countries?

The empirical investigation in the selected cases and the results therein will be analysed using the analytical framework in Figure 3.2 below. The holistic analytical framework has been developed to cover the entire PFM systems and it associated institutional and management arrangements. It builds on the work developed by Lawson and de Renzio (2009) in part B of their approach and methodology paper for the evaluation of donor support to PFM reforms in developing countries. The framework by Lawson and de Renzio has been used widely by researchers and practitioners, including more recently by the World Bank in the evaluation of its PFM for development intervention (World Bank, 2018). It captures the most important elements and drivers of PFM systems quality, but also foster a broader analysis of both the technical and non-technical causal factors associated with PFM systems quality. It further facilitates the detail investigation of the systematic changes in the quality of PFM systems across countries.

Figure 3.2: Analytical Framework for Assessing Progress in PFM Reforms in Developing Countries



Source: adapted from Lawson & de Renzio (2009, p.32)

Unlike the evaluation framework of Lawson and de Renzio (2009:32), the above analytical framework in Figure 3.2 provides a more holistic perspective into the investigation and analysis by capturing the role of international partners as only one of the potential drivers of PFM reform progress in developing countries. It puts the role of international partners in PFM on a par with other non-technical drivers and systematically maps out the ways each driver affects the reform process. Moreover, the role of international partners in PFM in developing and post-conflict countries has become so profound and entrenched into the local institutional and political economy dynamics that is must not be treated as a one-off exogenous factor in the investigation into the reasons for country differences in performance and variations across dimensions of PFM.

In as much as PFM reform is contextual, every reform intervention must, therefore, start with a comprehensive understanding of the underlying factors that underpin PFM reform success or failure. As such, the above adapted analytical framework facilitates, at the outset of any reform intervention, a data gathering and analysis that go beyond the usual technical analysis. Instead, it provide a more inclusive framework for investigating the underlying economic and political contexts, formal and informal institutional and management arrangements and the role of development partners to understand *how* and *why* some countries and/or PFM reform efforts are more successful when compared with others.

By focusing on providing a robust, systematic and a more profound examination of the underlying drivers of PFM reform progress, the framework will, therefore, create enough flexibility for innovation and also make it amenable to application in different contexts, including in the selected post-conflict Anglophone countries.

However, the researcher knows the applicability of the above analytical framework, like any other framework must be treated with caution. As noted in a study by CABRI/AfDB (2008), a single analytical framework may not always be suitable in the investigation and analysis in different contexts or specific issues with every country's PFM systems. It may not be desirable since the various perspectives to understanding the drivers and challenges of PFM covered in the previous chapter may be difficult to integrate into a single analytical framework, thus preventing any analytical hegemony. As Bjuremalm (2006) argues, a particular donor might develop an analytical framework that is mostly geared towards evaluating a particular project, intervention(s) or thematic area of interest in PFM, which might have less relevance and applicability to another donor-partner with different interest and objective.

CHAPTER FOUR

RESEARCH METHODOLOGY AND CASE SELECTION

4.0 Introduction

Both the literature review and analytical framework chapters have presented the evidence and theoretical perspectives about drivers and challenges of PFM reform and what success or failure looks like in the implementation of NPFM reforms in developing and post-countries. The above was achieved by presenting and discussing the relevant theoretical perspectives and practical implementation experience about the drivers and challenges of PFM reforms in developing countries in Chapter Two. Chapter Three provided a conceptual understanding of what constitutes effective PFM systems and more importantly laid a pathway to a holistic approach in assessing not only what success or failure looks like (which have been the focus of most studies in PFM), but also discussed the reasons for cross-country differences and made the case for the need for a case study approach to understand PFM reforms in developing countries.

This chapter examines how the research questions will be answered in order to achieve the overall research objectives, while also illustrating the overall methodological fit. This methodological fit means streamlining the nature of the phenomenon being studied with the research approach and choice of cases selected to ensure the validity of the research findings. To further illustrate this methodological fit, this chapter specifically provides the detailed analytical procedures, data gathering and analysis on *how* and *why* some countries perform better when compared with others in their implementation of

PFM reforms. The methodological challenge, however, is to be able to trace back how developing countries implemented NPFM reform models and systems back to their formative years. This challenge is addressed by the application of the process-tracing method, which is discussed later in this chapter.

As shown in chapters two and three, the premise of this study is rooted in the ontological assumption that PFM reform in developing and post-conflict countries have been or may have been driven by a myriad of technical and nontechnical drivers/factors. These factors are then specifically investigated to understand the uneven performance across countries and variations in performance across dimensions of PFM. In order to accomplish this task, the thesis examines two developing and post-conflict Anglophone countries that have implemented PFM reforms in the last 15 years, both of which are pursued in "the epistemology of causal mechanisms and the methodology of process-tracing" (George and Bennett 2005, p. 129).

It is also important to note here that discussions of the two cases in this chapter and throughout the thesis should not be interpreted as a traditional comparative design (Hall, 2006: 24-31). Instead, the design combines within-case analysis of each case with a cross-case analysis in order to investigate claims of causal relationships in the selected cases. To achieve this, this thesis has been situated within a broader design frame that aspires to:

- first, describe the effects to be explained (covered in the previous two chapters and this chapter);

- Investigate and present the evidence from both cases; and
- interpret, discuss, ensure the validity of findings from the empirical fieldwork, and relate these findings to cases elsewhere and theories on PFM and the broader public sector reform literature.

4.1 The Research Design Logic and it Links to the Research Questions and Research Strategy

Like all scientific research, this study is also based on a mode of reasoning from which we expect to derive logical conclusions based on a set of premises. These premises are what Mahoney described as "facts from the case [s] and one or more pre-existing generalizations that can be applied to these facts" (Mahoney, 2012, p. 14). In light of the overarching research question, which is to investigate why is progress in PFM reforms limited and uneven in post-conflict Anglophone countries and across dimensions of PFM, the task here is to differentiate between two inferential models in social science research; namely "effects of causes" or "causes of effects" (Bennett & Elman, 2006: 457; see also Brady, 2002: 3; Mahoney and Goertz, 2006: 229), and the "forward versus reverse causal inference" (Angrist & Pischke, 2008:4-8; Gelman, 2011:955).

Effects of causes and forward causal inference are concerned with selecting variables in advance to be tested, while 'causes of effects' and 'reverse causal inference' are concerned with finding and assessing the relevance of the causes. Typical questions based on the inferential model of 'effects of causes' or 'forward causal inference' might be what are the effects of PFM reforms on developing countries' PMF systems? On the other hand, a typical question based on the reverse or causes of effect inferential model might be how and why some developing countries perform better than others in the implementation of PFM reforms? This thesis, therefore, adopts the inferential model of “causes of effects” or reversal causal inference. The reason for espousing this model is because of its association with how and why questions, which are fundamental to the research questions in the thesis.

These ‘causes of effects’ are the mechanisms that make things happen or events to happen. The methodological challenge, then, is to trace back how these mechanisms contributed or may have contributed to the variation in performance among developing countries and across the budget cycle in the implementation of PFM reforms. In order to achieve this methodological objective, the thesis adopts an intensive research design situated in a real-life context (Lewis, 2003: 51-52).

Specifically, the research design combines a case study strategy with the ‘process tracing’ method. The two approaches are covered in subsequent sections of this chapter. Given our holistic approach which forms the basis for our analytical framework set out in Chapter Three, the strict application of either an inductive or a deductive mode of inference will not accomplish the purposes of this thesis. Inductive inference, on the one hand, is useful in establishing “limited generalizations about the distribution of, and patterns of association amongst, observed or measured characteristics of individuals and social phenomena” (Blaikie: 2010: 83); while deductive inference, on the other hand, is useful in finding “an explanation for an association between two concepts by proposing a theory, the relevance of which can be tested” (Blaikie: 2010: 85). Both types of inferences limit the scope and undermine the full application of the analytical framework and the purposes of the research. For example, given this study's theory-driven research, it is likely that findings from the empirical investigations in the selected cases might not have been capture in the analytical framework in chapter three. Thus, a deductive approach only attempts to prove or disproved the analytical framework, but any findings outside this framework will remain unexplained or unaccounted for, and thereby limiting the prospects for theory development. An inductive approach alone similarly lacks the theoretical and conceptual validity to fully operationalise our theoretical and analytical framework (Habermas, 1972:113-139; Thomas, 2013:122-124). Thus, given the nature of the phenomenon under consideration, which exhibits both transitive and intransitive aspects of knowledge (Bhaskar, 1975:21-30; Danermark et al., 1997:22-24) it becomes apparent that using either approach in isolation falls short of achieving the object of this research.

Against this backdrop, this thesis, therefore, adopts the middle-ground approach; namely abduction and retroductive inferences to be able to fully operationalise our analytical framework and achieve the purpose of the research. Abduction on the one hand I argue is fundamental to theory-driven research, not only because it provides the leverage to move between theory and data like deductive inference (De Vaus, 2001:5-8, 1972; Danermark et al. 1997:73-114; Hall, 2006:29-30), but also because it addresses the criticism that deductive nomologies are not capable of logically identifying any unintended artefacts of the empirical data (Meyer & Lunnay, 2013:2). These attributes of abduction are particularly useful as they enhance the flexibility of our analytical framework by not only making it amenable to discoveries beyond the theoretical frame but also guard against the potential bias of deduction through providing greater transparency in the research process. Thus, as Meyer & Lunnay (2013:2) further argue, abduction facilitates an iterative research process that allows the researcher to expand the preliminary theoretical propositions through investigating unknown findings in the data collection, analysis, and thereby facilitating comprehensive understanding of the theoretical frame. This comprehensiveness is one of the hallmarks of our theoretical framework and *holistic approach* espoused in this thesis.

Retroduction on the other hand, though not a formal mode of inference (Danermark, et al., 1997: 73-114), is rooted in the premise that “social reality consists of structures and internally related objects, but we can only attain knowledge of this social reality if we go beyond what is empirically observable…” (Meyer & Lunnay, 2013:3). That is what Danermark, et al. (1997:96-106) described as knowing the conditions fundamental to the phenomenon under study. Thus, retroduction in this thesis will involve conceptualising, by identifying the circumstances, the underlying institutional dynamics, governance systems, the actions or inactions of political leaders and bureaucrats, etc. that underpin strong or weak PFM systems. In order to operationalise the concept of retroduction, I apply (in chapters 5 & 5) in this thesis two of the four strategies (Counterfactual thinking and comparison of different cases) specified by Danermark, et al. (1997:101-112).

By combining abduction and retroduction, the researcher, therefore, argues in line with Danermark, et al. (1997) and Meyer & Lunnay (2013) that these are complementary tools which facilitate the comprehensive analysis of theory-drive research. Thus, this makes it possible to have a more holistic assessment of PFM systems quality in developing countries over time and across the budget cycle. When used in conjunction, the preceding also demonstrates how the two modes of inference are particularly relevant and could be applied to case studies and the process-tracing method discussed in the next sections.

4.2 Research Strategy: Case Studies and the Process-Tracing Method

4.2.1 Why a Case Study Approach – rationale, advantage and caveats

The choice of strategy and method has been made to ensure that the evidence acquired allows the researcher to answer the research questions as explicitly as possible, given the purpose of the research and within the current PFM reform landscape in the context of the individual cases. That turns our attention to the link between research approach and research questions in social science research, where Robson notes the latter is "concerned with turning research questions into projects" (Robson, 2002, p. 79). For Thomas, "research approach should be the servant of your research question, not its master" (Thomas, 2013, p. 116). Taking a philosophical stance and then subsequently identifying your research to one of the Q words, before the research questions and approach amounts in Thomas's words to "a cart-before-the-horse mentality" (2013, p. 116; see also De Vaus 2001: 8-10; Gorard, 2013: 37-38).

Given the objective of the research and ensuing research questions stated on page eight in chapter one, it therefore, becomes imperative to adopt a case studies approach, which Yin describes "are the preferred strategy when ***how*** or ***why*** questions are being posed, when the investigator has little control over events and when the focus is on a contemporary phenomenon with some real-life context" (Yin, 2003, p. 1; see also Lijphart, 1971; Yin, 2014:4-24). Thus, the case study approach according to George and Bennett (2005:17-18) gives a detailed examination of an aspect of a historical episode to develop or test historical explanations that may be generalisable to other events. The case study approach is vital to understanding PFM reforms process, as Peterson argues, PFM is contextual, it begins with context and ends with context (Peterson, 2010:8; see also Schiavo-Campo & Tommasi, 1999:2; de Renzio et al., 2010, p. 59). Still in line with Yin, case studies are considered particularly useful when the "boundaries between phenomenon and context are not evident" (Yin, 2003:13). Again, this can be corroborated by the fact that some of the most comprehensive reviews (see Pretorius and Pretorius, 2008; De Lay et al., 2015) of PFM reforms have found few evidence linking PFM reform interventions and approaches with practical reform experience in developing and post-conflict countries.

Following Lijphart (1971), it became apparent that case studies and other designs each have advantages in answering certain kinds of questions. Considering this, George and Bennett in their award-winning book: C*ase Studies and Theory Development in Social Science* highlight the specific advantages of this method that are particularly relevant in addressing the research questions and achieving the purpose of the research to include:

> *their potential for achieving high conceptual validity; their strong procedures for fostering new hypotheses; their value as a useful means to closely examine the hypothesized role of causal mechanisms in the context of individual cases; and their capacity for addressing causal complexity (George and Bennett, 2005, p. 19).*

In a bid to achieve a high conceptual validity of the research, attention will be dedicated in chapters five and six to identifying and piece together the finest grains of evidence that adequately explain each of the causal factors within each case. This speaks to the fact that causal factors may operate differently within each context, which means their impact in one context may not always be the same in another. To remedy this situation, thesis study provides contextualised comparisons across cases, which are inherent in case studies given their ability to give detailed considerations of the contextual factors, which may otherwise be extremely arduous to accomplish by statistical studies.

Also, through both case studies, it is hoped that new causal factors and hypotheses will be identified thus, reinforcing the holistic approach espoused by the analytical framework. This heuristic identification of new causal factors will be made during the fieldwork in both cases – through interviewing key government officials, experts and other stakeholders with an interest in PFM and by examination of various policy documents and reports from both donors and country governments. Thus, when I ask a question, and I get an unexpectedly different answer from a respondent, it makes sense to earmark this new variable(s), which can then be tested elsewhere through formerly unexamined evidence (George and Bennett, 2005:20-21).

However, to avoid the criticism of case studies running into an unending list of new variables, the data analysis will focus on identifying key patterns/themes from the empirical findings using data analysis software, discussed in section 4.4.2.3 below. This was an important element that came out from my first-year panel review – to make the research objectives more focused and manageable. That resulted in the revised research approach and research questions stated in chapter one.

Finally, case studies are particularly relevant given the complex decision-making processes and networks of different stakeholders involved in PFM – through examining complex causal and sometimes reciprocal causal mechanisms or scope conditions that should be prevalent in order to activate causal mechanisms, which otherwise will be difficult to do by statistical studies (Yin 2003: 2; George and Bennett, 2005:21-22; Gerring 2007: 43-48).

However, case studies suffer from a number of limitations and caveats, ranging from their problems in selecting cases (resulting in the potential for over-generalisation of results from the study) and their focus on achieving high conceptual validity which impose restrictions to any broader generalisation of results to other cases studies (George and Bennett, 2005:22). A further consequence of these limitations means trading-off the desire of generalising the findings from the empirical fieldwork to broader populations and achieving internal validity and historical explanations from each case studied. Also, a significant limitation for this study is the weak capability for estimating the average "causal effect" of the hypothesised causal factors (George and

Bennett, 2005:22). These limitations and caveats are addressed in part, by the approach to case selection and logical structures adopted and by the nature of the research objectives of this thesis.

However, what does each case represent in this thesis? To answer this question, I turn attention to George and Bennett who state that a case presents “an instance of a class of events” (2005, p.17) or as Yin puts it, a case is a “phenomenon of interest (2003:12-13). The instance or phenomenon of interest in this thesis is PFM reforms in developing countries. However, the choice of cases could well be instances of many classes of events within the broader PFM reform agenda, but the concern in this thesis is on providing an explanatory account of the causal mechanisms associated with the uneven progress across cases and dimensions of PFM.

4.2.2 Application of Process Tracing: definition, rational - both theory testing and theory building, Advantages and limitations and caveats

To adequately address the purpose of the research and provide the most plausible explanatory account to our research questions, our case studies approach covered in the previous section would require extensive process-tracing evidence to document and address the complex interactions in the PFM reform processes in the case study countries. This George and Bennett (2005:22) note would otherwise be impossible through statistical methods without a large sample size, even with which, models of nonlinear interactions often become complex and challenging to interpret (see also Hall, 2006:27; Goertz and Mahoney, 2012:10-11). That is the focus of the discussions in this section.

The process-tracing approach adopted in this thesis is fundamental to research that is based on theory or an analytical framework, which Hall referred to as theory-oriented process-tracing (Hall, 2006, p. 27-30). It is a method well regarded by many (Brady, Collier & Seawright, 2006; Collier, 2011; Bennett & Checkel, 2015) for its suitability for both theory testing and theory development about phenomena that are particularly affected by multiple interactions effects or equifinality - where it is tough to provide plausible explanation of outcomes in the presence of many independent variables. Traditionally, the method of process tracing is used to “identify the intervening causal process—the causal chain and causal mechanism—between an independent variable (variables) and the outcome of the dependent variable” (George and Bennett, 2005, p. 206). A more recent and nuanced definition by Bennett and Checkel (2015:9) tends to eliminate the concept of intervening variable and replaced it with what they argue that process-tracing involves investigation and analysis of ‘diagnostic pieces of evidence’ about processes, events and sequences within a case to either develop or test hypotheses about mechanisms that might explain the cases covered.

Given the various perspectives and the varying degree of the factors theorised to be associated with PFM systems quality in our literature review chapter, process tracing has also been theorised to be especially relevant not only because it serves the purpose of the research but also because it compels the researcher to take seriously the concept of equifinality, through casting the net widely and considering the processes through which a country’s PFM systems could have improved or deteriorated. In line with our analytical framework, the process-tracing conducted and detailed analytical presentations Chapters 5 & 6 will help facilitate the mapping out of different causal paths that lead to improvement or deterioration of PFM performance across the cases examined and the conditions under which these outcomes occur.

In light of the above, the starting point for the process-tracing method will be the mapping out of all the detailed contexts (historical, political, institutional and management arrangements and economic factors), inputs, processes and interventions in reforming each country's PFM systems, through primary and secondary data collection sources covered in the section of data sources and collection methods below. In the context thesis, process-tracing will thus provide explanations for each of the cases examined in Chapter five followed by cross-case comparisons and implications to the broader literature on PFM reforms in Chapter Five. That brings us to an essential distinction between within-case comparisons and traditional comparative methods (Lijphart, 1971; Hall, 2006:20-30). In this vein, Bennett and George (2005: 205-232) argue that within-case analysis combined with process tracing can facilitate cross-case comparisons, which serve as an alternative to controlled comparisons and conventional comparative methods. For this purpose, they define a case study approach as adopted in this thesis to include:

> *both within-case analysis of single cases and comparisons of a small number of cases, since there is a growing consensus that the strongest means of drawing inferences from case studies is the use of a combination of within-case analysis and cross-case comparisons within a single study or research program…(Bennett and George, 2005, p. 18).*

It is, therefore, noteworthy to state that combining case studies with the process tracing method, in the context of this thesis is different from the traditional comparative method, which involves comparisons among small-n by looking at causal inference from a correlational perspective (Hall, 2006:25-26). Thus, Hall argues "small-n can be used as terrain for process-tracing in which many facets of the causal chain are examined, … [thus], small-N research designs can be valuable for testing causal propositions if [the] method [of process-tracing] is applied…" (Hall, 2006, p. 27). By using process analysis combined with within-case analyses, the thesis takes full advantage of the wealth of detail that enquiry of a small number of cases offers in securing more compelling grounds for causal inference than what a conventional comparative method might offer, especially when supplemented with within-case analysis (see also Collier, 2011:824).

Finally, application of process tracing and within-case comparisons in this thesis will be guided by the standard set of criteria of what constitutes a systematic, operational and transparent application of the process-tracing method, as set out by Bennett & Checkel in the following table:

Table 4.1: Process Tracing Best Practice

1	Cast the net widely for alternative explanations
2	Be equally tough on the alternative explanations
3	Consider the potential biases of evidentiary sources
4	Take into account whether the case is most or least likely for alternative explanations
5	Make a justifiable decision on when to start – for example, the signing of the first PFM reform agreement between donor and country governments
6	Be relentless in gathering diverse and relevant evidence, but make a justifiable decision on when to stop
7	Combine process tracing with case comparisons when useful for the research goal and feasible
8	Be open to inductive insights

9	Use deduction to ask, "if my explanation is true, what will be the specific process leading to the outcome?"
10	Remember that conclusive process tracing is good, but not all good process tracing is conclusive

Source: Adapted from Bennett & Checkel (2015, p. 21).

Meanwhile, as they suggest this thesis will not be subject to the strict application of these best practices, instead it will continuously modify, and adapt these criteria as necessary to serve the context and purpose of the study (Bennett & Checkel, 2015: 260-269).

4.2.2.1 Exploring Causal Mechanisms: Scope Conditions and Necessity

Process tracing, as applied in this thesis is not about testing or establishing causal laws; rather it is about identifying and explaining causal mechanisms. These causal mechanisms are the drivers of PFM reform efforts that provide more detailed and fundamental explanations about the uneven progress in developing countries and across PFM dimensions than causal laws do. The central focus in applying process-tracing (Appendix C and in chapters 5 & 6) in this thesis will be on investigating the hypothesised roles of the drivers/causal factors, which have emerged from the literature review and analytical framework chapters.

Thus, in order to increase confidence in the research results, theories and assumptions about the causal factors according to George and Bennett (2005:147) must support each step of the hypothesised role of these factors for each of them to form a historical explanation of the cases studied, at both micro and macro levels (see also Pouloit, 2015:237-259; Schimmelfennig, 2015:97-125; Waldner, 2015:126-152). To this end, the process-tracing technique will involve interviewing critical stakeholders involved in the PFM reform process and budget cycle, examining various policy documents and the historicity of the reform process itself to be able to determine whether the observable implications of the hypothesised roles of each causal factor are in fact present in the causal chain in each case study.

Considering what has been said above about causal mechanisms or causal factors and their hypothesised roles, it does become necessary to define what a causal mechanism or causal factor means as applied in this thesis. Following Bhaskar (1975:45-62) who first places causal mechanisms at the ontological level, the thesis adopts a more viable working definition of causal mechanisms put forward by George and Bennett (2005). They define causal mechanisms as "…unobservable, physical, social, or psychological processes through which agents with causal capacities operate, but only in specific contexts or conditions, to transfer energy, information, or matter to other entities. In so doing, the causal agent changes the affected entity's characteristics, capacities, or propensities…" (George and Bennett, 2005, p. 137).

Two critical points could be gathered from the above definition; one being that causal mechanisms are unobservable and, secondly that, causal mechanisms operate only under certain conditions. For example, one could argue that donor policies and reform efforts could only be meaningful where they are supported by local actors and provided with the right political climate to succeed. Given this ontological standpoint of causal mechanisms, both Mahoney (2012:15-18) and George and Bennett (2005) agree on the unobservable nature of causal mechanism or causal factors.

However, unlike Mahoney (2012:15-20) who seems to suggest that mechanisms, when activated under specific contexts, become sufficient to generate an outcome of interest, George and Bennett (2005:145-147) on the other hand, went further to argue that though causal mechanisms operate under certain conditions, their effects are however dependent on their interaction with other causal factors that make up each case studied or context. To this end, they opine that specific causal factors may be necessary conditions but need not be sufficient in order to explain a phenomenon of interest. The other factors that make up each context are also of interest to this thesis and these are what Checkel (2005:8-9; 2006:364) described as 'scope conditions', which serve as intervening variables and/or conditions that must be present for the hypothesised causal factors to be effective. Therefore, in identifying the observable implications of the hypothesised role of the causal factors, this thesis considers the different roles played by these factors; whether a variable was complementary, endogenous or exogenous (Bennett and Checkel, 2015:10-38).

Additionally, the position argued above by George and Bennett (2005:25-30) is also essential in two respect: first, because it throws light on two crucial concepts – necessity and sufficiency, which are fundamental to explaining the hypothesised role of the causal factors in this thesis; and second, because these two concepts are in tandem with the four process-tracing tests of causality by Evera (1997), which are also relevant in explaining the causal significance of the hypothesised causal factors in this thesis.

These four tests of causality are set out in the table below:

Table 4.2. Process Tracing: Four Tests for Causation Sufficient to Establish Causation

	NO	*YES*
Necessary to Establish Causation	Straw in the Wind	Smoking Gun
NO	Passing affirms the relevance of the hypothesis but does not confirm it. Failing suggests hypothesis may not be relevant, but does not eliminate it.	Passing confirms the hypothesis. Failing does not eliminate it.
YES	Hoop	Doubly Decisive
	Passing affirms relevance of the hypothesis but does not confirm it. Failing eliminates it.	Passing confirms hypothesis and eliminates others. Failing eliminates it.

Source: Adapted from Van Evera (1997:31-32).

Thus, combining case study and process-tracing provides a more robust approach in identifying the scope conditions under which the hypothesised causal factors operate and in examining accounts about causal necessity or sufficiency in each of the cases studied. However, even combining case study and process-tracing provides little opportunity to assess the causal weight of each factor or their average causal effects as statistical methods do. Thus, George and Bennett (2005:25) note the fundamental question should be whether and how a variable mattered and not how much it mattered? In this regard, the focus of the thesis will be on examining whether and how each causal factor mattered in explaining the variations in PFM performance in developing countries and across PFM dimensions.

In addressing the causal necessity and/or sufficiency, we also turn attention to the concept of conjunctions of variables, in order to determine which of the factor(s) explain each case in the presence of other factors. For example, international partners could only influence a country's PFM performance in the presence of political support and local ownership and effective institutions. Thus, we can infer that donor support together with political and local ownership effective institutions are sufficient to positively influence a country's PFM performance. This further implies having only the last two factors is not sufficient to positively influence a country's PFM performance. What is clear from this hypothetical scenario is that there can be numerous situations emerging from each case of interest – meaning a causal factor can be necessary or sufficient, or either necessary or sufficient in a case. However, even with the application of counterfactual argument in the process-tracing analysis, it will still be difficult to justify with certainty that a causal factor is necessity or a sufficient condition in explaining a case. That in part, emanates from the fact that in social science research it is almost impossible to have one variable alone explaining a case.

That being said, in the presence of the interaction of many variables and the potential for different causal paths, a more appropriate causal argument the thesis makes will be as George and Bennett argue "to settle for a more defensible claim that the presence of a variable "favours" an outcome, [otherwise] term[ed] a 'contributing cause', which may or may not be a necessary condition" (George and Bennett, 2005: 27). A final caveat regarding causal mechanisms that this thesis will consider is the fact that any determination on the necessity or even sufficiency of any of the hypothesised causal factors in any of the cases studied will not automatically transcend into a broader claim of its effect in the second case and beyond (see also Checkel, 2015:97).

4.3 Case Selection

Unlike most case studies that select cases based only on the dependent variable (Bryman, 2008: 55-57; Thomas, 2013:151-155), the case selection in the context of this thesis has been made both on the basis of the dependent variable (PFM systems' quality) and from a selection of a number of independent variables (donor support to PFM reforms, state fragility/stability, colonial heritage, consistent and high levels of economic growth and countries CPIA[2] score), for which quantitative data is available. The cross-country evaluation of donor support to PFM reforms in three developing countries (Ghana, Malawi and Burkina Faso) by Lawson (2012) is the only study that based its case selection on both the dependent and independent variable. Unlike this study, the case selection by Lawson (2012) was based on a single independent variable, donor support. Given that PFM systems' quality over time has been hypothesised to be affected by many factors, and because of the availability of more and high-quality data, the case selection in this thesis has been carried out to include other independent variables.

Like De Renzio (2009b:19-19), PFM systems quality over time has been assessed by retrofitting PEFA and HIPC scores from 2001 to 2018 to determine countries whose PFM

[2] World Bank Country Policy and Institutional Assessment (CPIA) – measures countries performance against 16 criteria grouped across four clusters: economic management, structural policies, policies for social inclusion and equity and public sector management and institutions

systems have improved and those with weak PFM systems as at the most recent PEFA assessment for each country included in the data set (see also De Renzio & Dorotinsky, 2007:8-10). The scores for both HIPC and PEFA are available at the World Bank HIPC and PEFA Secretariat websites [3]respectively. Results of the quantitative data analysis for HIPC and PEFA scores across all six [4]core PFM dimensions and all the independent variables are available with the researcher for the records. However, the analysis of the HIPC and PEFA for all 29 countries are available in Appendix E. Also, the final grouping of all 29 Sub-Saharan African countries across the dependent and independent variables is present in the following table:

Table 4.3: Grouping of Countries by Dependent and Independent Variables

INDEPENDENT VARIABLES:	COUNTRIES WITH IMPROVED PFM SYSTEMS	COUNTRIES THAT DID NOT IMPROVE IN THEIR PFM PERFORMAMCE
High Donor Support	Ghana, Mozambique, Rwanda, Sierra Leone	Lesotho, Liberia and Sao Tome & Principe
Low Donor Support	Botswana, Burkina Faso, Ethiopia, Gambia, Kenya, Malawi, Mali, Mauritius, Senegal, Seychelles, Tanzania, Uganda and Zambia	Benin, Burundi, Congo, Cote d'Ivoire, Guinea-Bissau, Madagascar, Mauritania, Niger and Togo
Fragile States	Mali and Sierra Leone	Burundi, Congo, Cote d'Ivoire, Guinea-Bissau, Liberia and Niger
Non-fragile States	Botswana, Burkina Faso, Ethiopia, Gambia, Ghana, Kenya, Malawi, Mauritius, Mozambique, Rwanda, Senegal, Seychelles, Tanzania, Uganda and Zambia	Benin, Lesotho, Madagascar, Mauritania, Sao Tome & Principe, and Togo
Anglophone	Botswana, Ethiopia, Gambia, Ghana, Kenya, Malawi, Mauritius, Rwanda, Sierra Leone, Tanzania, Uganda and Zambia	Liberia, Lesotho,
Francophone	Burkina Faso, Mali, Senegal, Seychelles	Benin, Burundi, Congo, Cote d'Ivoire, Guinea-Bissau, Madagascar, Mauritania, Niger and Togo
Others	Mozambique, Sao Tome & Principe	
High and sustained Economic Growth	Burkina Faso, Ethiopia, Ghana, Mozambique, Sierra Leone, Rwanda, Tanzania, Uganda and Zambia	Liberia
Low and declining Economic Growth	Botswana, Gambia, Kenya, Mali, Mauritius, Malawi, Rwanda, Senegal and Seychelles	Benin, Burundi, Congo, Lesotho, Guinea-Bissau, Madagascar, Mauritania, Niger, Sao Tome & Principe and Togo
CPIA public sector management and institutions cluster average (high scores)	Burkina Faso, Ethiopia, Gambia, Ghana, Kenya, Mozambique, Rwanda, Senegal, Sierra Leone, Tanzania, Uganda, Zambia, Malawi and Mali	Benin, Lesotho, Madagascar, Mauritania, Niger, Sao Tome &Principe,
CPIA public sector management and institutions cluster average (low scores)		Burundi, Congo, Cote d'Ivoire, Guinea-Bissau, Liberia and Togo

Source: prepared by the Author from analysis of HIPC & PEFA scores and the independent variables

[3] https://pefa.org/
[4] Based on PEFA 2011 Framework

The above table highlights a couple of important points. First, most countries with improved PFM systems are Anglophone countries, while most countries with poor PFM systems are Francophone. Of the performing countries, Mali and Sierra Leone are the only countries categorised as conflict/post-conflict countries. However, there are fundamental difference in the PFM systems, institutional wider authorising environment between Anglophone and Francophone countries (Lienert, 2004), which might affect any form of *structured and focused comparison* (George and Bennett, 2005) between the two post-conflict countries. Also, given practical constraints such as communication barrier for an English-speaking researcher, together with the cost involved to hire an interpreter and the current security situation in Mali, the focus was, therefore, turned to Liberia, which is also a post-conflict country but with a relatively moderate PFM reform performance when compared with Sierra Leone.

Moreover, Sierra Leone shares essential similarities with Liberia across most of the independent variables such as their post-conflict status, both are English-speaking and enjoys high economic growth before the Ebola Outbreak and more importantly they share border with similar cultural and social backgrounds. Considering these similarities, I, therefore, find Sierra Leone and Liberia to be particularly intriguing cases and they both present opportunities to investigate the four broad drivers proposed in the literature to drive or impede PFM reform progress in developing and post-conflict countries. Hence, Liberia and Sierra Leone are selected for the study. The PFM performance ratings of the two countries and the reasons for the state and level of progress made in their implementation of PFM reforms are explained in detailed in

Chapter Five. These cases also present significant opportunities for application of the process-tracing method irrespective of their similarities. As one would expect they both have their own unique public administrative systems, different political systems, formal and informal institutional arrangements and different country priorities. Thus, suggesting that different causal factors or mechanisms will be prevalent in each case.

Although the primary aim of the thesis is not to generalise results from the thesis to other countries, the mere shift from Francophone Mali to Anglophone Liberia means the results from the case studies must be treated with caution and not overgeneralised to Francophone countries and developing countries more generally. The impact of this shift on any attempts to generalise to francophone countries only becomes relevant where it can be established there is little or no difference in the PFM systems, institutional setup and in the design and implementation of PFM reforms between Anglophone and Francophone countries.

It is noteworthy that the cases have also been selected as part of the 'building block' (George and Bennett, 2005:76-78) approach adopted in this thesis, which uses Liberia and Sierra Leone as subtypes or instances of PFM reforms in developing countries and post-conflict countries more specifically. The objective of this 'building block' approach is to identify common patterns within the two cases, through a heuristic process in order to provide contextualised and contingent conclusions that might be relevant to countries with similar contexts.

Against this backdrop, the case selection has been narrowed down to developing post-conflict countries in Sub-Saharan Africa – all of which have implemented PFM reforms over the last decade with some form of donor support. Narrowing down the cases to developing post-conflict countries is beneficial to this thesis, as it has been argued it fosters better results through avoiding a broad definition of the phenomenon of interest, but also provides a more circumscribed generalisation in particular, about causal factors of PFM reform progress, theories and concepts about reforms in general. Thus, as George and Bennett (2005:78) suggest that the usefulness and validity of the research results will not depend upon results from studies of other cases elsewhere of PFM reforms in general. This is achieved in part, by providing more analytically equivalent cases, but given due consideration to the contexts within each case. However, as Gorard (2013: 18) argues, irrespective of the chosen design what is important in this thesis is that the design presents the most plausible explanation to the research questions (See also De Vaus 2001: 9; Thomas, 2013).

An apparent issue that this thesis takes seriously and addresses in this section is the concept of case selection bias. Given the non-random approach used to select the cases, which often present significant risks (Seawright and Gerring, 2008:295), several measures have been taken to remedy the effects of potential selection biases in this thesis, whether done wittingly or not. First, the case selection has been done on both the dependent and independent variables. But more so, the variation in the dependent variable is particularly important to this thesis because it facilitates the identification of which causal factors are necessary or sufficient in explaining the cases selected (Dion, 2003:127-142). This prior knowledge of the variables has been argued might precipitate a potential bias towards hypothesised variables considered in the case selection from case study researchers (King, et al., 1994:122-126), but such a prior knowledge has also been argued to enhance a much stronger design, especially when applied in within-case processing-tracing provides a more robust test of a theory (George and Bennett, 2005:22-25). In addition, researchers selecting cases can benefit from knowledge of the findings of existing studies and be guided by estimations of whether the theories of interest are robust and previously tested or new and relatively weak (Laitin, 1995: 546).

As mentioned overleaf, the second and most important remedy against any case selection biases is the fact that the cases have been selected as part of the 'building block' approach, with the specific objective of increasing the conceptual validity of the research results – through providing a more contingent and contextualised generalisation. Thus, to avoid any case selection biases or possibly any overgeneralisation from the research results, the thesis makes a trade-off between achieving high internal validity from the findings against any generalisations of the findings to other cases that have implemented PFM reforms and wider theories and concepts of reforms.

4.4 Fieldwork, Data collection and Analysis

4.4.1 Practicalities of the Research

This study included a field research activity in the selected post-conflict countries: Liberia and Sierra Leone from December 2016 to May 2017. This fieldwork lasted for five-months but with only one visit to Liberia lasting for five weeks as opposed to two visits that were originally planned. This was largely because it was very difficult to establish trust and gain the confidence of potential interviewees in both countries. Consequently, I spent almost 6 weeks in Sierra Leone and almost 3 weeks in Liberia to obtain my first interviews. The realities on the ground in terms of gaining the trust and confidence of interviewees fell far below expectations, even as a native from Sierra Leone, not just those associated with cost savings from having to conduct a fieldwork in my country origin, but also in terms of having access to potential interviewees and other methodological benefits. The latter is what methodologists (Reinharz, 1983; Robson, 2011; Gorard, 2013; Robson & McCartan, 2016) described as 'researcher knowledge' in the choice of cases selected. That meant the researcher had a comparative advantage to better understand the local contexts and use existing local connections. More importantly, this local knowledge and connections are useful to cast the net widely and facilitate the application of the process-tracing method more effectively. However, caution will be taken to address the issue of 'reflexivity', which Crotty (1998) argues is a threat to validity because it serves as a source of unreliability such the introduction of observer error and observer bias.

The fieldwork in Liberia, on the other hand, was a lot easier, primarily because of the support and reliability of one of the contacts at the Liberia Ministry of Finance. His intervention, commitment and reliability proved to be the difference between the two countries. However, this should not be taken to mean that the local knowledge and relationships in Sierra Leone were not significant as well. The learning point is that to conduct an effective field-research, what is required irrespective of any prior knowledge and relationships, is to have someone (or people) who believes in your research, has the influence and authority and can effectively translate your research ideas and interests to your potential interviewees.

Another critical leaning experience from the field-research was the marked difference in the level of openness of interviewees and less bureaucracy in Liberia's public administrative system. Some I interviewed related this to the colonial heritage of each country, with Sierra Leone's public administrative system being more bureaucratic and conservative. Again, this is hard to prove definitively given the influence of my contact in Liberia in securing the trust and confidence of the interviewees in that country.

Meanwhile, the researcher did recognise that the field-research in both countries also presented specific design and ethical considerations that needed to be considered as an 'involved researcher' or 'researcher-as-instrument' (Reinharz, 1983:166-174; Robson, 2011:133; Robson & McCartan, 2016:148; Gorard, 2013:165-6). Specifically, considerations were given to design elements such as intervention and positionality and other ethical considerations in social science research. The later involved addressing the two ethical dimensions: procedural ethics and ethics in practice (see Carolyn 2007:3-26; Guillemin and Gillam, 2004: 263-274). The procedural ethics phase involved seeking the necessary approval from the university ethics committee, through filling various forms and complying with other formalities required. Because the research design involves human participants, my submissions to the ethics panel focused on explaining the methodologies, description of participants and context of the research in both cases, and how specific unexpected outcomes will be addressed (Crotty, 1998:20-2; Atkinson, 2005:425-433; Robson & McCartan, 2016:145-9). I eventually had a successful ethical review and was given approval to conduct fieldwork in November 2017.

Ethics in practice on the other hand concerned "the everyday ethical issues that arise in the doing of research" (Guillemin & Gillam 2004, p. 263). Here I address series of ethical dilemmas ranging from soliciting informed consent, anonymity and confidentiality and privacy, etc. (see Bryman, 2008; Carolyn, 2007:3-29; Lincoln, 1995; and Macfarlane, 2010:19-21). To this end, each participant was given an information sheet and a consent form before the actual interview (see appendix D), explaining some of the issues like anonymity, confidentiality, data protection, etc. and how they are addressed in this thesis.

Given the combined within-case analysis and process-tracing approach to each country, specific practical considerations will also be given to issues such as getting access to participants, the kind of evidence that will be sought and how those different kinds of evidence might cumulate, how accessible, costly or difficult to obtain what evidence. On these notes, (Bennett and Checkel, 2015:263) suggest turning attention to experts for advice on what archives are available, recruiting appropriate interview participants and due considerations on the specific country contexts where the field work will be carried out.

A final practical consideration in this thesis concerns what (Dunning, 2015:228) describes as 'transparency' in the application of the process-tracing method. This will be addressed in this thesis through disclosing as best as possible evidence from the process-tracing field interview transcripts, published and unpublished policy documents and reports and other archival documents in the process-tracing analyses. However, given the fact that both countries emerged from civil conflicts, and as expected the researcher was challenged with some poor data and record keeping management typical of such settings, which might have some effects on the research's ability to conduct a rigorous process-tracing (See Lyall, 2007:186-207). This scenario has been experienced by the researcher in both countries, and a typical evidence of this has been an internal report produced by a former PFM expert who worked for DFID in the early stages of PFM reforms in Sierra Leone. This report was referred to by many as having a very detailed and comprehensive analysis of PFM reforms undertaken in Sierra Leone but is yet to be found (accounts from many stakeholders interviewed)

4.4.2 Data Collection Sources and Data Analysis

4.4.2.1 Application of process tracing: forms of evidence

Regarding the data collection and analysis, both primary and secondary data have been collected. This section, therefore, presents these data collection sources, their analysis and how they will be used to support the process-tracing investigation in this thesis. Applying process-tracing to investigate causal mechanisms of the hypothesised factors associated with cross-country differences and variations in PFM performance PFM dimensions, the imminent questions became what kind of data should be collected and how evidence should be examined? To answer these questions, the process-tracing method adopted here involves:

- examining various policy documents and reports on PFM reforms from both donors and country governments;
- tracing the history of how PFM reform got to the forefront of donors and government agendas;
- examining the accounts from interviewees about various events and decision-making processes in both the design and implementation of PFM reforms; and
- Investigating other sources considered necessary in identifying the observable implications of the hypothesised causal factors in each country.

The preceding implies conducting a thorough process-tracing requires gathering data from various sources (both primary and secondary data sources). Secondary data sources included data from published sources such as books, technical and academic articles, donor evaluation reports, donor manuals, handbooks and databases on PFM, and publications and national accounts from the countries examined. Primary data collection, on the other hand, involved semi-structured interviews during the fieldwork in Sierra Leone and Liberia.

Thus, the various sources will complement each other in order to make up for deficiencies in any of the sources. For example, process-tracing evidence will involve examining historical accounts as Langley puts it of "events, activities, and choices ordered over time" (Langley, 1999:692) during the pre-design, design and reform implementation stages. However, as mentioned earlier deficiencies in some data sources create reliability problems, regarding for example, issues like timing of events and activities in the reform process, who said what and who said it first, which document or policy action came first, how reliable and truthful the accounts from various interview participants, etc. This reliability concern will be addressed, in part by triangulating the various data sources in chapters 5 to 8. Many (Denzin, 1978; Creswell, 2003:203; Yin, 2003:97-98; Tansey, 2007:766) have argued that triangulation is an effective means to enhancing the validity of research findings. This will be accomplished in this thesis through combining accounts from experts, reformers and other stakeholders and factual data in ways that support better theoretical construct.

4.4.2.2 Semi-Structured Interviews and the Process-Tracing Method

In line with our holistic approach to assessing the factors that may have influenced cross-country differences and variations in PFM performance across PFM dimensions, semi-structured interviews are a quintessential example of research techniques that facilitates effective process-tracing of historical events and decision-making processes. To this end, semi-structured interviews help identify new variables and hypothesis beyond the hypothesised causal factors (Kvale & Brinkmann, 2009:27). For example, as George and Bennett states that asking an interviewee "were you thinking X when you did Y," and gets the answer, "No, I was thinking Z," (George and Bennett, 2005: 20) presents a scenario wherein if the answer is different from any of the hypothesised factors, then we can be confident this is a potential new variable or factor that needs to be explained. The interviews are also particularly relevant to answering the how and why questions posed in this thesis, because of their ability to provide detailed historical accounts of events and activities during the pre, design and post-implementation stages of the reforms.

Although the questions were orderly and carefully worded, a specific set of questions targeted a specific set of participants (for example, reformers, implementers, donors, civil society, etc.). However, what remained central to the interview was the opportunity for flexibility in the interview process, through allowing interviewees to describe their perceptions and develop their thoughts (Gillham, 2005:3-4; Denscombe, 2007:176; 2014: 186). The interview focus with each participant was defined beforehand, and questions followed sequentially, but in reality, the interview process invariably moved back and forth along a scale or a continuum, with the interviewer controlling the interview process (Dunne, Pryor and Yates, 2005:30-1 and Gillham, 2000:45-7, 2005:72-3). The interview topic guide is available in Appendix F. The interview process took the form of a continuum between structured and unstructured forms of interviewing (Kvale, 1996: 133-135; Kvale, 2007:19-22; Dunne, Pryor and Yates, 2005:28). This further implies the interviewees took the lead role, while the interviewer discovered new insights from their stories (Arthur & Nazroo, 2003: 110). That is what Kvale & Brinkmann describe as "interviewer-traveller" role (Kvale & Brinkmann, 2009:48-9). A vital role for the interviewer was to prompt and then probe the interviewee to be able to gain an in-depth understanding based on interviewees' contexts and experiences of the phenomenon being studied, (Gillham, 2005:45). It must be noted that accounts from interviewees will be analysed and interpreted in Appendix C and chapters 5 & 6 with hindsight of their personal, professional and political affiliations, role and interests. This means the data analysis will involve some form of 'meaning-making' and not just the mere extraction of information from interviewees. But in doing so, care will be taken to ensure little or no dilution of accounts of the interviewees (Holstein & Gubrium, 2004:150; Kvale and Brinkmann, 2009:17-9).

In conducting the interviews, due consideration was also given to practical and ethical issues such as length of the interview, managing the interview process, informed consent from the interviewee, confidentiality and anonymity (Carolyn 2007:3-26; Bryman, 2008; Kvale & Brinkmann, 2009:109-123; Macfarlane, 2010:18-25). The first two practical concerns were particularly challenging to the researcher – this is evident from varying degree of time taken to interview interviewees (ranging from half an hour to one-hour thirty-minutes). However, the variations were also in part to the nature of some of the interviews, the experience and depth of the interviewees on the subject matter and sometimes due to the research's continuous probing for more information from the respondents.

Meanwhile, a key question that the researcher was initially confronted with was the issue of who should be interviewed during the fieldwork in both countries? However, this question further required asking other questions like, who were the key players in the PFM reform process in the two countries and the budget cycle and what are the strategies for identifying them? How easy or challenging will it be to identify relevant participants? Regarding who was interviewed, the focus was on relevant actors and stakeholders involved in key decision-making processes during the pre-design, design and implementation phases of PFM reforms in each case, implementers of the reforms and those involve in the routine budgetary process, and other stakeholder outside of government – such as the private sector, civil society and experts in PFM. Table 4.4 below shows the categories of interview participants, split between the two countries and the respective coding structure for each category of participants.

Table 4.4: List of interview Participants

PARTICIPANTS	Participants by Country & Category[5]		Coding Structure by country & Category	
	Sierra Leone	Liberia	Sierra Leone	Liberia
Key Ministry of finance officials (current and ex-officials – where applicable)	8 persons	8 persons	XX301-309	XL301-309
Officials from key Ministries, Agencies and departments (current and ex-officials from at least two sectors)	3 persons	6 persons	XX401-XX	XL401-407
Local Council/county Officials	2 persons	1 person	XX501-502	XL501
Parliamentarians and their staffers: members of the finance and public accounts committees	2 persons	1 person	XX601-601	XL601
Civil Society Organisations with interest in PFM	2 persons	3 persons	XX701-702	XL701-703
Private sector Actors	0 persons	0 persons	XX801	XL801
PFM Experts	1 person	0 persons	XX201 -	XL201 -
Donor representatives (drawn from the World Bank, AfDB, DFID, IMF & Sida)	4 persons	3 persons	XX101-107	XL101-103
TOTAL - 45	**24 persons**	**22 persons**		

Source: prepared by the author

[5] Some participants were counter in different categories and one participant represented two countries, which is refletive in the coding structure in the above table and main text in subsequent chapters and appendices. However, the number of persons interview was 45, representing actual partcipants irrespective any dual role they played.

In total 45 participants were interviewed during the fieldwork from both countries – with a complete list of the interviewees is available with the researcher and omitted from this thesis to maintain the anonymity of the interviewees. Both current and former officials in each case involved in the reform process were interviewed. For this reason, techniques such as snowballing (see Tansey, 2007:770; Robson, 2011:275-6; Gorard, 2013:84) was used to identify those former officials and stakeholders.

It must be emphasised here that the interviewees do not themselves represent independent variables in this thesis as in market and statistical research. Rather, they are those actively involved in the reform process, while others represent key stakeholders in the routine budget cycle. The study, therefore, is only interested in their perspective and not to treat them as objects of the study. Consequently, measures such as sampling of potential participants were avoided in favour of identifying and selecting participants with valuable insight into PFM reforms and the routine budget processes. As Tansey (2007: 766-7) argues, the objective in using interviews to facilitate a process-tracing method is not to generalise about participants' attributes, values, believes, or their actions to the wider population of various actors involved. Rather, the goal is to use accounts from those actors who were actively involved to construct a theoretically informed explanation of critical events, activities and decision-making processes during the reforms in each country. Thus, a key strategy in identifying relevant participants was to holistically look at their positions, interests, objectives and reputations in selecting them for the interviews. Again, in line with Tansey (2007: 767) different categories of participants were selected who may not necessarily be considered integral to the reform process, but who may be however influential and might provide a critical perspective that may not apparently be known ex-ante.

Talking about the relevance of interviews in enhancing robust process-tracing evidence, interviews are useful in addressing two important caveats of the process-tracing method. First, causal mechanisms even if hypothesised beforehand may not always be observable even through the most robust process-tracing method. Thus, as George and Bennett argue the only remedy for process-tracing research will be to push inquiry "to the outer boundaries of what is observable" (as George and Bennett, 2005, p. 143). Second, although the key focus in Appendix C and chapters 5 & 6 will be to eliminate as best as possible rival explanations. But given the multiple causal factors hypothesised to be associated with the PFM reform progress, a piece of process-tracing evidence need not eliminate all rival explanations or potential contributing causes or factors. Meaning, where multiple causal factors are involved, a single process-tracing evidence linking cause to an outcome might invariably turnout to be incomplete or a misrepresentation of more complete interaction of events and processes (George and Bennett, 2005:143).

Interviews play important role in addressing the above caveats. First-hand accounts from interviewees may provide insights into causal factors, even those not originally anticipated, through perceptions about sequences and interconnections of events and activities, thereby identifying chains of unobservable processes during the reforms. With the respect to the second caveat, interviewees were given the opportunity to judge or weigh-in on the relevance of the various hypothesised causal factors, key events and decisions taken during the reforms in ways that other methods, such as archival research alone, may have found it difficult to achieve (Checkel, 2005:11). The interviews therefore formed an important element in enhancing the validity of the research findings, through using interviewees' perspectives to checkmate any priory perceptions of the researcher, in order to uncover any causal chains through ordering, weighting and interpreting supporting and contradictory evidences from interviewees with that of the researcher's intent.

Finally, three important points regarding the usefulness of interviews to facilitating robust process-tracing are discussed in the following paragraphs. First, the interviews focused on the background, interests and internalised elements of participants. As part of the objective in the process-tracing analysis and Chapters 5 and 6 will be to verify perceptions about internalised aspects of the interviewees' perceptions, their role and views of their organisation, etc. Thus, specific questions were designed to target areas such as their work routines, processes and relationships with other units or departments. The second and most important aspect relates to interviewee's accounts of the historical development of PFM reform design and implementation. Again, the process-tracing evidence conducted used the interviews to establish when key events and activities happened, establish the various actions that took place and decision-making points in determining what factors drive and sustain PFM reforms, and thereby confirm or refute the hypothesised causal factors.

To facilitate quality data analyses and interpretation, accounts from interviewees will be critically examined to eliminate any potential biases and increase the reliability of their various accounts sought in Appendix C. But what we do know from the methodology literature (Seldon & Pappworth, 1983; Kramer, et at., 1990:212-218; Kvale, 1996:34; George and Bennett, 2005:102) is that interviewees are most-likely inclined to sometimes downplay or overstate their role or that of others, dilute or omit certain aspects from their accounts, or present some more colourful and logical explanation. In dealing with these dilemmas, I refer in chapters 7 & 8 to the following questions put forward by George to include "Who is speaking?" "Who are they speaking to?" "For what purpose are they speaking?" and "Under what circumstances?" (George, 1973:107-121, In George and Bennett, 2005:99-100). Others (Dexter 1970, Davies, 2001: 77-9) have forward similar frameworks for assessing the evidentiary value of data from interviews.

4.4.2.3 The Two-stage Process-Tracing Analysis in Appendix C:

The process-tracing evidentiary analysis started by identifying and defining critical statements gathered from the interviews about the drivers and challenges of implementing NPFM reform efforts and variations in PFM performance across countries and dimensions of PFM. These statements are identified through the data coding exercise performed in NVivo. These statements assumptions that represent what has been theorised in the recent literature on PFM. That enables the process tracing adopted in this thesis to proceed through a combination of inductive, deductive and retroductive inferences. The researcher believes the current state of available evidence warrants this mix of logical conclusions on PFM performance and the ongoing theorising on the potential impact of non-technical drivers on PFM reform progress. The consideration of a considerable number of assumptions/hypotheses is made possible through the inductive application of process tracing, which employs a much wider lens than deductive reasoning on possible non-technical drivers, and in the analysis the observable implications of each of the assumptions or hypothesised macro-level country characteristics on the non-technical drivers of PFM reform efforts.

The process-tracing analysis unfolds by grouping observations/statements from interview participants and from other data sources about a specific driver or aspects of PFM performance, which test he plausibility of assumptions/hypothesis explored in the process tracing exercise. Word frequencies and other query searches in NVivo data analysis software were used to identify and gather the various observations/statements and from other available data sources elsewhere.

The detailed process tracing analyses and tests of causal inference of each set of statements/observations are presented in Appendix C. In line with Fairfield (2013), the presentation of the process analyses tests of causal inferences in Appendix C represents a significant departure from many practitioners of process-tracing, who often leave these analyses implicit and informal, partly to manage constraints with word limits.

The two-stage process, which comprises combining process-tracing through NVivo data analysis together with process-tracing through CPOs applied in this appendix, is presented in the next two subsections.

Stage One: Process-Tracing and NVivo Data Analysis Software

This stage involves data coding exercise in NVivo, and it proceeds in stages. Firstly, it involves unpacking the data from various sources (including transcribing the interview audios) and grouping the evidence into manageable database, using NVivo software to manually code the data in an organised and systematic manner, manage and query the data and ideas, and extract reports from the data (Gibbs, 2002:10-12; Bazeley, 2007:2-3). The NVivo software is particularly relevant because it allows the grouping of data from various sources (for example, interviews and from published sources), enabling a complete, rigorous analysis of the data and regular comparisons within a case and across cases. It must be emphasised here that the use of NVivo was limited (see Bazeley, 2003; Gilbert, 2002:222) to grouping the evidence about hypothesised role(s) of causal mechanisms from the various data sources, mapping these across the stages of the reform process or analytical framework and identifying key themes emerging from the various evidentiary sources. The detailed and thorough explanations of the evidence from various sources will be done manually and outside the NVivo software, as Bazeley (2007:3) argues computer software cannot make up for inability of the researcher to adequately interpret and analyse data. Detailed explanations of the specific advantages, disadvantages and limitations of the software can be found in Gibbs (2002:11-12) and Di Gregorio and Davidson (2008).

Stage two of the process-tracing and data analyses will involve drawing from the key themes identified in stage one to construct narratives about causal factors that are analytical and chronological (Langley 1999:694-706; Gerring 2006:76-8) across the stages of the analytical framework. The flexibility of the thematic coding (Holloway and Todres, 2003; Braun and Clarke 2006) of the interviews is based on the research questions, hypothesised non-technical drivers, objectives of the research and other relevant areas of PFM reforms that are of interest to the researcher, chosen for further analysis. However, a key challenge for the researcher was how to transform the detailed historical accounts into analytical explanations? This challenge was addressed in this thesis in part, by transforming the detailed descriptive and historical accounts in Appendices A and B into the logical explanations presented in Chapters Five and Six. By so doing, both the researcher and readers can make a more informed analysis of the reform processes in each case, ascertain how and why performance in PFM varies across the selected cases and dimensions of their PFM.

The objective in switching from the detailed historical accounts to logical explanations will be to transform specific causal narratives into theoretical concepts about reforms set out in the theoretical framework in chapter three (see George and Bennett, 2005:92-4). The researcher took precaution to ensure that valuable data was not lost in the process, especially during the data coding and analysis in NVivo. The objective was to ensure that the framework was broad enough to account for elements of the hypothesised causal factors and other contextual conditions, in explaining PGM reform outcomes in each case. As stated in section 4.2.2.1 about causal mechanisms – whether they are necessary and sufficient conditions, the challenge was to distinguish between what is necessary or not, and whether elements of the hypothesised causal processes are evident across the cases under consideration (George and Bennett, 2005:25-7).

The researcher carried out further analysis of the coding, recognising recurrent features in the data and applying the codes to other data sources. Moreover, the third stage involved categorising - identifying patterns, similarities and differences in the data. Word frequencies and other query searches in NVivo data analysis software were used to identify and gather the various observations/statements and from other available data sources elsewhere. The latter provided the basis for the application of process tracing in the next section, which was done through identification and grouping observations/statements from interview participants and other data sources about the patterns, similarities and differences in the data, but also about the non-technical driver or aspects of PFM performance. The objective of this exercise was to increase or decrease the plausibility of assumptions/hypotheses explored in the process tracing exercise.

State Two: Process-Tracing and Causal Process Observation (CPO)

The analyses of observations/statements from interviews and other data sources grouped in the previous section about how and why PFM performance (PFM reform progress) varies across countries, the budget cycle (PFM dimensions) and overtime is carried out through CPOs (Bennett, 2010; Collier, Brady, & Seawright, 2010; Collier, 2011; Goertz & Mahoney, 2012). That involves careful and in-depth analysis of diagnostic pieces of evidence (labelled here as observations/statements) about the assumptions/hypotheses explored in this section for each of the case studies combined. Through my analyses of these observations I do not only demonstrate the relevance and application of process tracing to provide mechanism-based explanations based on analysis of fine-grain detail or individual level of analysis of evidence, but I also show how it could be done thorough analysis of hypothesised causal mechanisms at the macro level for each case study country (Waldner, 2015; Pouliot, 2015).

The researcher also shows that the application of the CPOs is consistent with the thesis's overall objective, which is to inductively build theory and as well as explore the observable implications of the hypothesised non-technical drivers of PFM reform progress. As I have already presented in section 4.2.2.1, the remainder of the process-tracing in appendix C explored the four approaches to evidence-based causal inference: Straw-in-the-Wind Test; Hoop Test; Smoking-Gun Test; and Doubly-Decisive Test (see Van Evera, 1997; Bennett, 2010; Collier, 2011; Goertz & Mahoney, 2012). These tests are based on logic connecting diagnostic pieces of evidence and the assumptions/hypothesis explored in this section, and their potential implications for rival explanations.

4.5 Conclusion

This chapter has examined how the research questions will answered and illustrated the methodological fit between the theoretical approach laid out in Chapters Two and Three and the research approach and the choice of cases selected for the study. This chapter further explained the methodological approach by situating it within the broader context of the phenomenon being studied, I.e., PFM reforms and justifying the philosophical and logical reasoning behind the research approach. Because of the methodological challenge of tracking back how the case study countries implemented NPFM reform models and systems back to their formative years, this chapter has explained how this challenged was addressed during the study, through combining the case study approach and the process-tracing method. This combination of the case study approach and the process-tracing method was mainly because of their combined ability to address the *how* and *why* research questions pursued in this thesis, their ability to address a contemporary phenomenon within a real-life context and their ability to achieve high conceptual validity of the research findings and as well address complex causal relationships between PFM reforms and the drivers proposed in the literature. The choice of case study countries was limited to post-conflict Anglophone countries (Liberia and Sierra Leone) to be able to provide a more contextualised analysis of the evidence that could provide some generalisable insights for International Partners, state authorities and researchers with interest in countries with similar contexts. But also, not to run the risk of overgeneralisation of the research findings.

CHAPTER FIVE

HOW AND WHY PFM REFORM PROGRESS VARIES IN POST-CONFLICT LIBERIA AND SIERRA LEONE

5.0 Introduction:

This chapter provides analytical interpretations of the pieces of evidence and analysis drawn from different sources about ***how*** and ***why*** PFM reform progress varies in the two case studies and across the dimensions of their PFM over time. The findings in this chapter and the next one is derived explicitly from the empirical findings during fieldwork in post-conflict Liberia and Sierra Leone and the process-tracing analysis of the evidence carried out after the field work. The evidence is triangulated with evidence and discussions of PFM reforms from other case studies and large-N studies from elsewhere and theories in the existing literature of PFM and broader institutional and public sector reforms in developing countries. There is more detailed background material in the appendices for readers who may be interested in the detailed historical accounts of PFM reforms in the case study countries. These additional materials could serve as reference point for readers who may want to cross-check references to some of the arguments or gain further insight into the evidence presented.

There exist a small number of single case study evaluations (Betley et al., 2012; Folscher et al., 2012; Lawson et al., 2012) and as well as a multiple case studies conducted recently (Fritz et al., 2012; Lawson, 2012; Fritz et al., 2017) that attempt to explain the relationship between PFM performance and country-level characteristics. This chapter, however, and this thesis, in general, provide a more nuanced approach to exploring the connections between PFM systems quality and reform progress over time and underlying factors enabling or impeding efforts to strengthen PFM in the case study countries.

The approach in this chapter and the thesis generally is oriented towards exploring the role played by structural and non-technical causal factors in enabling or impeding PFM reform efforts, when, where and on which specific PFM dimensions they have the most significant causal impact. Irrespective of the lack of focus on the detailed technical aspects of PFM reforms or the search for 'better fit' reform models, the process-tracing evidentiary analysis, however, considered in great detail the interactions of these structural and non-technical factors with technical reform models in this chapter and the next one.

The analytical framework developed in Chapter Three provides the guiding framework for the within-case and cross-case process-tracing examinations. The within-case examination covers tracing the specific processes through which PFM strengthening was pursued, the stakeholders involved, the quality of PFM systems and expected outcomes, and progress in PFM reforms and their relationships with structural and non-technical factors. That means, accounting for both the challenges with PFM reforms and as well as successes, and the specific factors associated with both. The study combines the within-case process-tracing with cross-case analysis to map out to what extent reform programs and plans are similar or differentiated, which structural and non-technical factors are associated with better or worse PFM systems across the two countries. Alternatively, if an element was present and affected a reform or PFM system in one country in a certain way, was also present in another country, and whether it affected PFM quality is the same way or not.

The above two-pronged approach (within-case and cross-case analysis) which accounts for both successes or failures and the specific factors associated with both, presents the best approach in answering the ***how*** and ***why*** aspects that run through the main research question and sub-questions. Accordingly, the presentations and analyses of the empirical evidence in this chapter have been tailored to address the first three sub-questions set out in chapter one as follows:

1) How and why do some post-conflict Anglophone countries perform better than others in the implementation of PFM reforms over time?

2) How and why do some post-conflict Anglophone countries perform better in upstream and de jure dimensions than in downstream, de facto and de-concentrated dimensions PFM?

3) To what extent have political support and country ownership; institutional and management arrangement of reforms; donor support and practices; and economic factors contributed to these issues?

The remainder of this chapter has, therefore, been stylised into sections to address each of the above sub-research questions as best as possible. However, while each of the remaining three sections attempt to answer one sub-question, the distinctions are not always clear-cut given the overlapping nature of reforms and the multiple interaction effects of specific structural and non-technical causal factors examined in this thesis.

Section 5.1 addresses sub-question one by presenting and discussing the evidence that portrays the state and level of progress achieved in PFM in the two case study countries and ***why***. Section 5.2 addresses sub-question two by presenting the evidence, analysis and discussions of ***how*** current levels of PFM reform progress have been made in the two countries and ***why***. Finally, section 5.3 conceptualises the evidences in sections 5.1 and section 5.2 to explain the causal effects of the non-technical factors (sub-research question three above) on the overall level of achievements or progress in PFM reforms over time in the two case study countries.

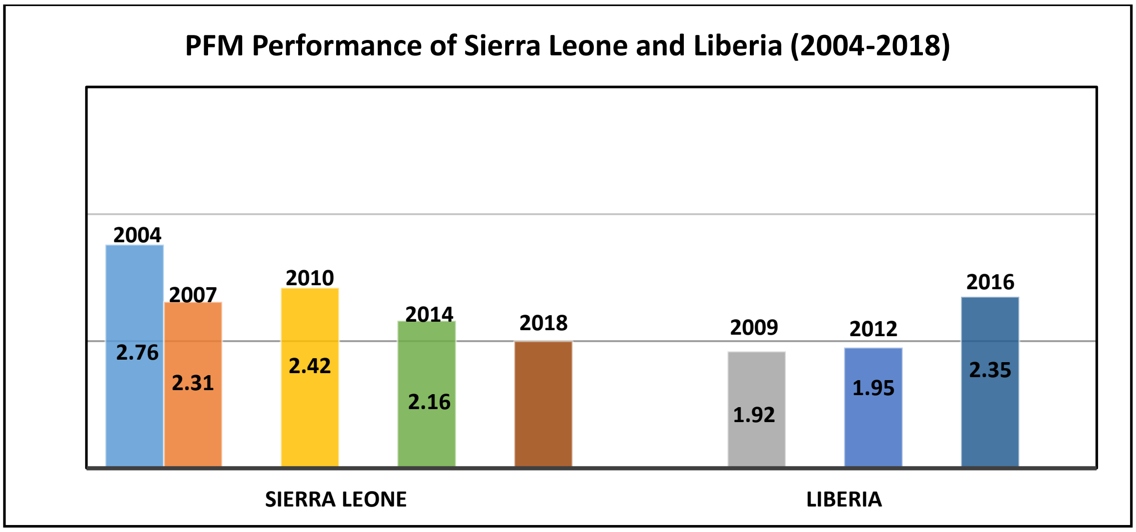
5.1 The State and Level of PFM Reform Progress

This section looks at the available evidence that portrays the status of PFM performance and level of progress achieved in Liberia and Sierra Leone to answer the research question **how and why some post-conflict countries perform better compared with others in the implementation of PFM reforms over time**. The evidence about state and level of progress made are drawn from evidence collected during fieldwork and from published sources, including PFM reform project implementation assessments and reports from country governments and donor-partners and independent publications from scholars and observers of PFM and analysed. I then triangulate this with PEFA reports and the World Bank's CPIA on quality of budgetary institutions.

As maintained throughout in this thesis, the presentations and discussions about the state and level of progress achieved in PFM are not intended to address the specific technical aspects of PFM reform models. Instead, the focus is on presenting the overall picture of PFM performance, backed by detailed analytical interpretations and discussions of the underlying factors enabling or impeding efforts to strengthen PFM in the two case study countries. In some instances in this and in subsequent sections, this study makes reference to specific reform initiatives such as MTEF, IFMIS, or distinctions between downstream vs upstream reforms to explain the effects and role of the underlying factors in enabling or impeding efforts to strengthen PFM in the two cases study countries.

Figure 5.1 and 5.2 below summarise the state of PFM systems in Liberia and Sierra Leone and level of progress achieved over time in the two case studies. It uses both PEFA scores and CPIA, given the unique advantages each brings to our understanding of the overall state and depth of PFM systems quality and comparisons between two countries over time respectively.

Figure 5.1: PFM Performance of Sierra Leone and Liberia 2004 -2018



Source: Calculated by the author from HIPC AAP and publicly available and verified PEFA scores[6]

[6] Liberia https://www.pefa.org/country/liberia and Sierra Leone https://www.pefa.org/country/sierra-leone and HIPC data from World Bank https://www.worldbank.org/en/topic/debt/brief/hipc

Figure 5.1 presents PFM performance of Liberia and Sierra Leone from 2004 to 2018 by combining both HIPC AAP and PEFA scores. The combined HIPC AAP and PEFA scores were determined by retrofitting the HICP AAP scores with the equivalent PEFA scores. This concept is borrowed from de Renzio and Doritinksy (2007), who first retrofitted HIPC APP with PEFA scores to expand the scope of their study to capture PFM performance before the advent of PEFA. The detailed analysis of the PFM performance of both countries is available in Appendix E. As shown in Figure 5.1, the analysis covers five assessments for Sierra Leone on the left and three for Liberia on the far right in Figure 5.1 above. The HIPC AAP scores are available only for Sierra Leone and form the starting point in 2004, the highest average score the country recorded during the period under consideration. Liberia does not have HIPC AAP scores, which were no longer in use at the time of the country's preliminary HIPC assessment in 2008.

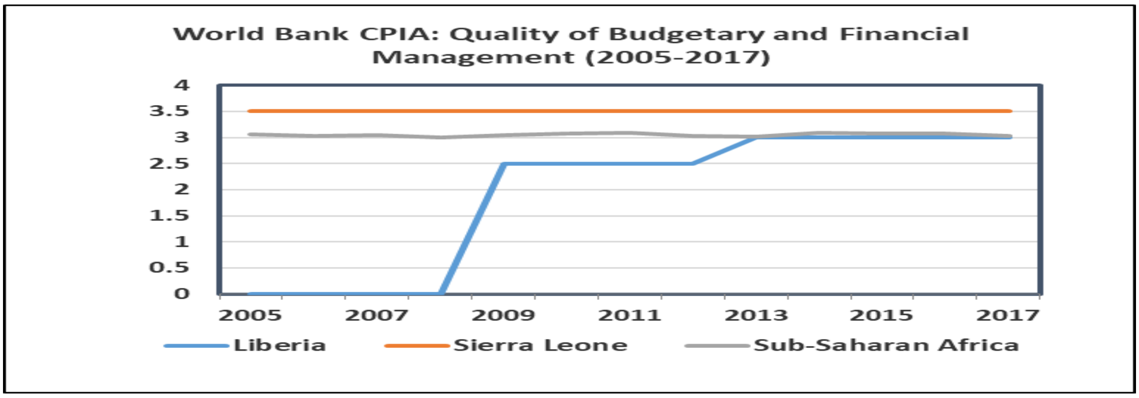
Sierra Leone's PFM performance improved significantly in the years immediately after the civil war, scoring its highest level in 2004 based on the HIPC AAP scores. Its overall score did decline slightly in the first PEFA score in 2007 before improving, again, marginally in 2010. Since 2010, Sierra Leone's overall PFM systems quality declined in the last two assessments (2014 and 2018). Liberia, on the other hand, had a steady, but marginal improvements in its overall PFM systems quality.

In comparing the two countries, Sierra Leone's has had more advanced PFM systems and processes when compared with Liberia over time. However, Liberia maintained a steady, but marginal progress while the quality of Sierra Leone's PFM systems declined over time. As things stand, the most recent PEFA assessment for each country (2016 and 2018 PEFA assessments for Liberia and Sierra Leone respectively) shows Liberia has overtaken Sierra Leone, with overall advanced PFM systems and process when compared with Sierra Leone. It is noteworthy that the most important consideration of this thesis is not to pinpoint, based on any single assessment, which of the two countries has the best PFM system. Rather, the analysis in this section and in subsequent sections in the chapter and the next is about how each country's PFM systems improved or declined or both over time. Thus, the focus of the analysis is on how and why Sierra Leone's PFM systems declined over time, in spite of its overall more advanced PFM systems and processes when compared with Liberia over time as shown in Figure 5.1 above.

Also, considering the inclusion of different assessments (HIPC AAP and PEFA), different PEFA framework (2005, 2011 and 2016 framework), and the nature of the performance and context in each country, Figure 5.1 may, therefore, not explain the full picture of the status and trend in PFM performance in the two countries. I further draw on the analysis of PFM performance of twenty-nine SSA counties to lend credence and help explain the current status and trend in PFM performance in Sierra Leone and Liberia. First, the analysis of PFM performance, excluding the most recent PEFA of twenty-nine SSA countries in Appendix E shows Sierra Leone had an average score equal to the regional average, while Liberia's performance was below average with twelve other counties out of twenty-nine. However, in the most extensive PFM assessment (Fritz et al., 2014a; Fritz et al., 2017:2), Sierra Leone only recorded an average performance while Liberia scored above average, when their latest assessment is included in the analysis. These results show that Sierra Leone's rating has been declining over time but continues to compare favourably with other countries in SSA and globally. Liberia, on the other hand, has made gains, especially in the last few years than Sierra Leone has.

Notwithstanding Sierra Leone's better starting point than that of Liberia, both countries did make initial progress, especially when they emerged from more than a decade of conflict. Their PFM performance when compared with other countries in the sub-region ranked even better when the World Bank's CPIA assessment is used, as shown in Figure 5.2 below. Based on their CPIA 13, which shows the quality of budgetary and financial management rating of countries, Sierra Leone consistently maintained scores above the regional average and superior to Liberia's CPIA 13 score over the period 2005 to 2017. Since its first CPIA assessment in 2009, Liberia has made rapid progress, with scores equivalent to the regional average in the last five years to 2017.

Figure 5.2: World Bank CPIA-13: Quality of Budgetary and Financial Management (2005-2017)



Source: computer by the author from World Bank WDI[7]

[7] World Bank WDI https://databank.worldbank.org/source/world-development-indicators

The initial picture that emerged from the above presentations and analysis is that Liberia and Sierra Leone recorded significant gains immediately after the end of their civil conflicts, with a somewhat declining trend for Sierra Leone, but with a steady and marginal improvement for Liberia as shown in Figure 5.1. Irrespective of the significant gains immediately after the civil conflicts, overall PFM systems quality in the two countries are still relatively low. This total stagnation or somewhat declining trend in the level of progress in the two countries is similar to the PFM performance in SSA and low-income countries generally (Fritz et al., 2014a; Frtiz et al., 2017:9).

However, all three types of assessments (HIPC AAP, PEFA and CPIA) involved some level of subjectivity, which means both the scores from the assessments and reasons for changes in the scores given by experts who conduct these assessments may not always reflect the status, progress achieved or capture the real reasons why ratings have changed. By extension, they may fail to accurately reflect the underlying PFM dynamics in countries where these assessments are carried out. These reasons, therefore, warrant further discussions of two crucial points: 1) how progress in PFM performance is constructed by stakeholders in the two countries and its implications for ongoing PFM strengthening efforts, and 2) a detailed examination of the reason(s) for the significant gains recorded immediately after the civil conflicts, and stagnation or declining trend in PFM performance in the two case study countries over time. I discussed these points in the next two subsections. The evidence and detailed analytical work to support the findings relating to the above two points in the next two subsections (5.1.1 and 5.1.2) are derived from the process-tracing analysis in Appendix C of the first two claims/arguments as following:

- progress in the implementation of PFM reforms in developing countries has been generally substantial but limited in the delivery of real change or improved service delivery.
- countries generally perform better in upstream and de jure PFM reforms/systems than in downstream, de-facto and de-concentrated reforms or dimensions PFM

5.1.1. Different Interpretations of PFM Performance and Implications for the Level of Progress and Future PFM Strengthening Efforts

In terms of the PFM state and level of progress achieved in the two case study countries, the process-tracing analysis tests the evidence as they relate to the above claims/argument, coupled with evidence from published sources show a mixed picture. Also, the analysis of the evidence shows progress in efforts to strengthen PFM in the two countries is constructed differently, at different levels and by different groups of stakeholders consulted. They discussed the status and progress in PFM reform efforts in terms of three broad perspectives: in terms of project deliverables and level of investments; based on PEFA results and other relevant assessments; and in terms of the overall impact of PFM on service delivery and poverty reduction. While the distinction is not always clear-cut, representatives of donor-partners and officials from government mostly judge PFM performance in terms of the first two perspectives. For example, a number of donor reports and PFM assessments, including from the Liberian government describe PFM reforms as largely a success in light of the country's low starting point

(World Bank, 2009a, p. 37; Bank, 2011a, p. 1; AECOM, 2016; MFDP, 2017), but critics believe progress has been slow and limited compared to the level of investments made by donor partners and the GoL (Chessen and Krech, 2006; Hope Sr, 2010). Hove and Wynne (2010) also made similar points in their review of the MTEF and IFMIS experience in SSA relative to the level of investment and efforts directed in pushing these reforms.

On the other hand, representatives from civil society/NSAs, officials from line ministries and local government spoke about PFM performance in terms of its role in enhancing service delivery. Out of many instances is the account from a NSA representative in Sierra Leone, who characterised the reforms as “If you look at the number of interventions as against the impact, I can say it is still low in terms of the reforms” (Interview: XX701). The impact from the standpoint of NSAs means the extent to which reforms have contributed to improvements in the services and the living standards of people in these countries.

These differences in interpretations and focus are, perhaps, not surprising as each group of stakeholders view PFM with regards to how it affects their work and interests. A World Bank study on PFM reforms in eight post-conflict countries found ‘intermediate’ and ‘substantial’ progress in Liberia and Sierra Leone, respectively (Fritz et al., 2012:5). Similarly, accounts from a number of interviewees and from publish sources about PFM reforms in both countries describe the level of progress achieved in ways such as substantial, limited, slow, inconsistent and uneven (REPIM, 2007 and 2010; Coffey Ltd, 2014; Tavakoli et al., 2015; see also Appendix C observations 1a – 1m).

Also, the implementation completion and results report for the Sierra Leone IPFMRP rates the overall outcome of the project as moderately satisfactory (World Bank, 2015). Again, only 34% of the PFM indicators in the joint Performance Assessment Framework (PAF) for the MDTF, which funds PFM reforms for Sierra Leone were achieved (Ecorys and Fiscus, 2016:66). The summary of the 2016 independent PEFA assessment for Liberia shows uneven and weak results in many PFM dimensions (AECOM, 2016:7). At the same time, the response from NSAs, officials from line ministries and subnational government, who view PFM from the perspective of its impact on service delivery may give a different impression about PFM performance.

The evidence found from the within-case analysis reveals these different perspectives and the varying focus on PFM performance have significant implications on the status, level of progress, and ongoing efforts to strengthen PFM in the two countries. Meanwhile, irrespective of these different perspectives of PFM performance in the two countries, there is a general sense among those interviewed and from recent studies of the apparent failure of current PFM reform efforts to improve service delivery and poverty reduction efforts. Recent PFM reform projects in Sierra Leone (PFMICP) and Liberia’s Public Financial Management Reforms for Institutional Strengthening Project are clear indications of the growing realisation by stakeholders of the need to re-strike the balance between efforts to strengthen PFM and the focus on improved service delivery and overall poverty reduction (GoSL, 2014a&b; World Bank, 2017a; World Bank, 2019).

The PFMICP in Sierra Leone is primarily driven by a desire to consolidate the initial gains and deepen efforts towards service delivery areas (World Bank, 2017a). While the PFM for Institutional Strengthening Project signed in June 2019 in Liberia has for the first time, a specific component (component 4) dedicated at improving ‘upstream and downstream PFM service delivery systems in selected sectors’ (World Bank, 2019:6).

The differing perspectives of stakeholders in the previous paragraphs have significant implications on the state, progress achieved and ongoing efforts to strengthen PFM. Two examples stand out. First, a World Bank study characterised PFM performance in Sierra Leone as ‘substantial’ (Fritz et al., 2012:5). Second, much earlier by the World Bank’s CFAA in 2002, characterised PFM as ‘working surprisingly well’ (World Bank, 2002b). These two instances show at best, the authors’ characterisation of the state and level of progress achieved were taken out of context, or worse failed to assess PFM in terms of its overall goal as a machinery to improve service delivery and enhance shared prosperity in the two countries.

By judging the quality of a country’s PFM systems on the basis of tools such as the CFAA, HIPC AAP and PEFA, means those in charge of driving efforts to strengthen PFM in these countries approached PFM as an end in itself, and not as a means to improve service delivery and overall poverty reduction. As I show in the process-tracing analysis, donor-partners and their local counterparts have been very focused on meeting the short-term objectives of efforts to strengthen PFM in the two countries. The project intervention model used for most PFM reforms interventions in the two countries and PFM assessment tools such as CFAA, HIPC AAP and PEFA provide a perfect mechanism and incentives to measure short-term performance and justify future efforts to strengthen PFM. For example, the PFM reform process in Liberia has generally been categorised according to the World Bank into three phases. Phase one (2003-2005) was mostly about restoring the status quo ante before the war broke out in 1989. Phase two (2005-2008) was about consolidating gains under phase one, while also enforcing tight control and accountability in PEM notably through GEMAP. And phase three (2009 and beyond) is characterised by a more structured, coherent PFM reform agenda and long-term institutional development capacity building efforts (World Bank, 2012b:1-2). Often, the experience in these countries have not been linear.

A further consequence of this short-term perspective of PFM performance was the treatment of PFM reform efforts as a transactional process. The evidence from the process-tracing analysis shows this transaction approach to PFM strengthening happens at two levels: between donor-parts and central finance officials and the between the central finance agency and the lines ministries and subnational authorities. On the one hand, donor partners propose a series of reforms programs (mostly through assessment reports and recommendations as to the basis for new PFM reform programs) in exchange for developing countries promise to implement those programs. These reform programs often come with conditions/triggers which recipient countries are expected to fulfil in return for GBS from donor partners.

On the other hand, central government (mainly the Ministry of Finance) roll-out reform programs to Ministries, Departments and Agencies (MDAs) and local government for implementation, often with no real ownership and commitment from MDAs and subnational government to finance and sustain those reforms in the future. The ultimate result from such a transactional nature of these reforms was the fact that the focus kept changing from one reform program to the next pressing reform activity. Local authorities spend considerable time and resources on activities that are less pertinent to the survival and sustainability of gains already made, in favour of short-term results that benefited them, and as well as meet the objectives of donor-partners. This pattern of intervention in PFM continue to create perverse incentives for local authorities to direct their efforts to meet donor conditions, especially with reform programs attached to budget support triggers.

Finally, the evidence shows what could be characterised as substantial progress now may not only fail to explain what progress means (in terms of its primary goal of contributing to improved service delivery), but it could undercut future PFM performance and efforts to strengthen PFM in countries with low capacity and weak institutions. As I show in subsection 5.2.2, critical PFM dimensions which observers and reformers regard as the basics in the two countries continue to rank among the worst-performing areas in the two country case studies. The experience in these countries weakens the claims of key PFM models such as sequencing approach and the 'basics first' strategy, or that local reformers may have misapplied ideas from these models. Through the process-tracing analysis and examination of the detailed historical materials, the evidence shows efforts to strengthen PFM in the two countries kept shifting from one short-term objective to the next, or from one project to another without measures to consolidate gains made and ensure the sustainability of the reforms.

The results in the two countries reflect what Schick (1998a) feared, when he noted that it was not enough to have new rules, build new institutions and roll out new systems and expect them to deliver results, without taking appropriate steps to create an environment that fosters improved performance in the long-term.

5.1.2: Rapid Initial Progress Achieved, but steady or a somewhat Declining Progress

I discuss under three headings the factors that account for the rapid initial progress achieved and somewhat stagnating or declining trend in PFM progress in the two countries presented in section 5.1 above: 1) structural factors or macro-level country characteristics; 2) the nature of PFM reform interventions; and 3) capability traps and Isomorphism. While I do not expect that only one factor might have contributed to the rapid initial progress and somewhat declining trend in PFM strengthening efforts, I discuss under each sub-section the evidence from the process-tracing analysis of how each section contributes to the state and trend in PFM performance in the case study countries.

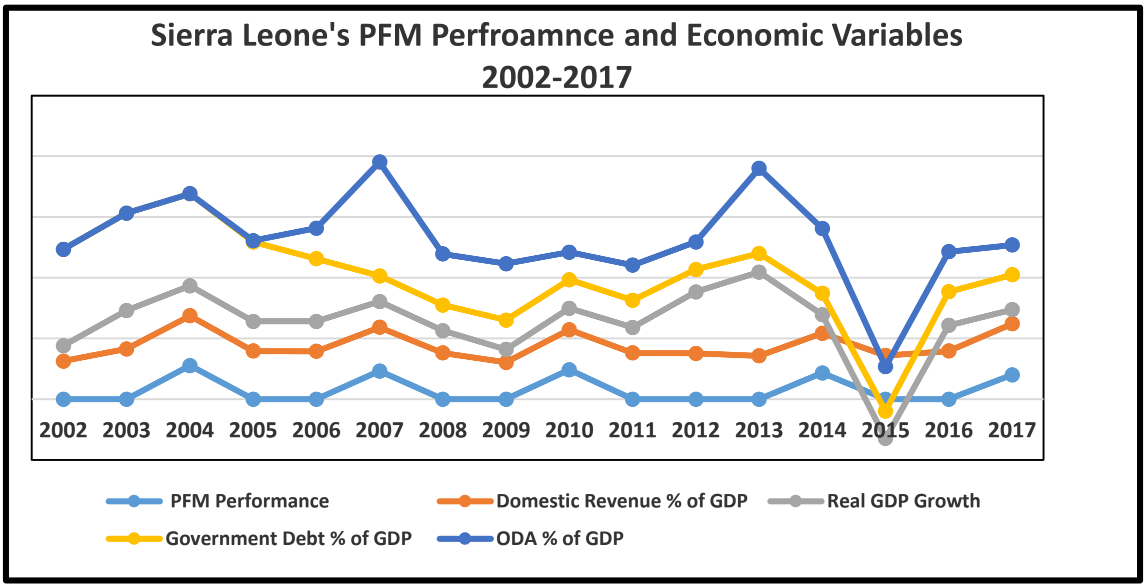
5.1.2.1 The Impact of Structural Factors and their Interactions with other Country Characteristics on the State and Trend in PFM Performance

The evidence presented in this section and the ensuing analytical interpretations and discussions relates mostly to macro-economic variables, their interactions with other country-level characteristics and how they contribute to the PFM state and performance trend in the two case study countries. These analytical interpretations and discussions do not include how specific country characteristics, such as the role of institutions, governance structures, political commitment and how the role played by international partners affect specific aspects or dimensions of PFM systems.

The PFM performance, as shown in Figures 5.1 and 5.2 for Sierra Leone and Liberia respectively improved immediately after their civil wars. The immediate gains in PFM also coincided with significant improvements in economic dynamics such as ODA, GDP growth rate, domestic revenue, and declining government debts. Apart from this initial pattern, there is no clear relationship between PFM performance and the four economic variables considered in Figures 5.1 and 5.2 above. The PFM performance in the two countries remained on average, relatively low and did not change significantly over time. Beyond these broad patterns, it seems almost impossible to be able to draw any meaningful inferences regarding the nature of any possible causal relationships between PFM performance and the economic dynamics covered in the below figures. However, the two countries experienced similar events over the period under review that might provide more context into how economic dynamics might have directly or indirectly influenced PFM performance, the level of appetite or commitment to PFM reforms, or vice versa. Specifically, the two countries had gone through post-conflict, received debt reliefs through the HIPC and Multilateral Debt Relief Initiatives (MDRI), recovery and development, external shocks (global economic crisis in 2008 and the fall in commodity prices around 2013-2014) and natural disasters (the Ebola Outbreak 2014-

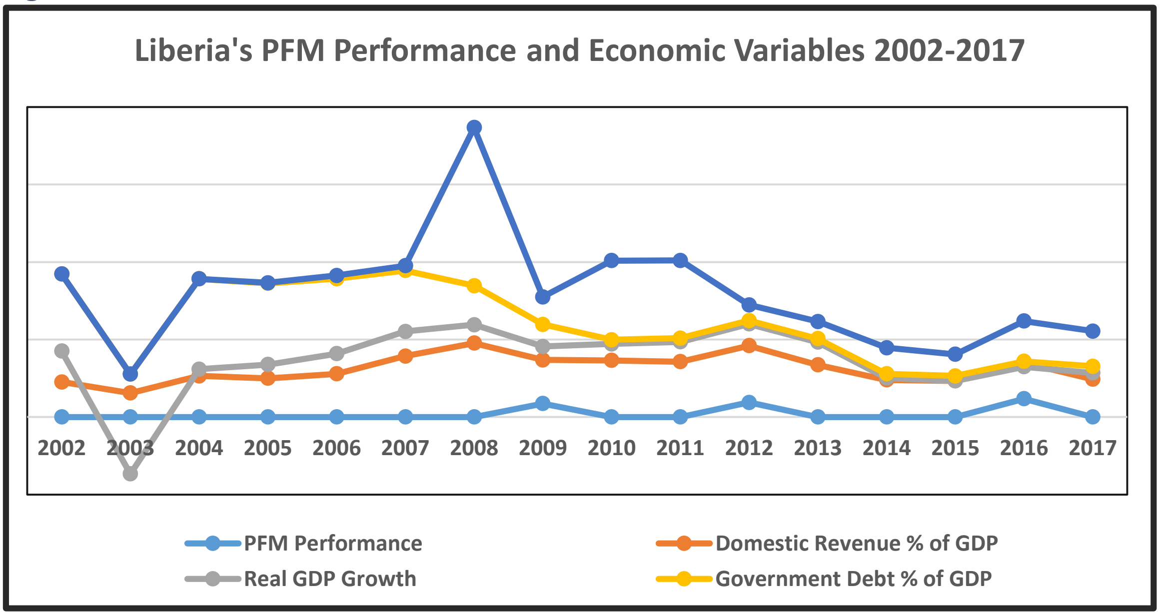
2015). I discuss these events under two broad categories - post-conflict phase and the recovery and development phase.

Figure 5.3: Sierra Leone's PFM Performance and Economic Variables 2002-2017



Source: IFM Article IV Reports and WEO; Figure 5.1; OECD's CRS & World Bank's WDI

Figure 5.4: Liberia's PFM Performance and Economic Variables 2002-2017



Source: IFM Article IV Reports and WEO; Figure 5.1; OECD's CRS & World Bank's WDI

Post-conflict Phase (2002 - 2008)

First, the period immediately after the civil conflicts saw improvements in all the economic dynamics and increased efforts towards PFM strengthening. Emerging from civil conflicts, both countries started from a low base, and suddenly recorded significant improvements in economic dynamics. The immediately post-conflict period witnessed increased PFM reform activity brought about by the PRSP agenda and the HIPC debt relief initiative. As part of the HIPC debt relief initiative, these countries had to implement several PFM reforms in return for debt cancellations (see HIPC decision and completion points documents for both countries (IDA/IMF, 2002, 2006, 2008 & 2010).

The reforms initiated in the immediate post-conflict environment in these countries were part of the new wave of reforms, promoted by activists and civil society, such as pop star Bono and Pope John Paul and international financial institutions (mainly the World Bank and the IMF), through debt relief and PRSPs (Easterly, 2002; Busby, 2007; World Bank, 2009a, p. 3). At the HIPC completion points, aid flows to the two countries had reached their highest level, with declining government debt, reaching its lowest levels in the history of the two countries in 2006-2007 and 2008 in Sierra Leone and Liberia respectively. As with many post-conflict countries, there was also improved economic activity with rising GDPs. It is, therefore, hard to delink aid and the promise for debt relief with the initial pace in the reform process reported in these countries in the immediate post-conflict and recovery phase.

Moreover, interviews and information from published sources and the process-tracing analysis provide compelling about how GBS under the Multi-Donor Trust Fund in the two countries have been the main instrument used by donor-partners to drive PFM reforms. More than half of all budget support triggers in Sierra Leone, for example, were related to PFM reforms (Ecorys and Fiscus, 2016, p. 21). Local authorities, in turn, saw PFM reforms as an essential aspect to attract foreign aid. In the words of one local consultant who also worked in the Ministry of Finance in Sierra Leone "the government needed the structures for decentralisation and PFM reforms because the only way to have more money [from donor-partners] is when you have structures and PFM reforms and getting various financial management acts" (Interview: XX105_303). Even before the MDTFs, PFM was used in the two countries as a platform to protect international development assistance, but also as a mechanism to foster peace-building efforts in Liberia through GEMAP (Dwan and Bailey, 2006, p. 21-25; Atkinson, 2008; Zounmenou, 2008, pp. 4-5; Farrall, 2010, pp. 338-9) and support decentralisation efforts in Sierra Leone through the World Bank Institutional Reform and Capacity Building Project (IRCBP) (GoSL, 2004 World Bank, 2004d; Thompson, 2007:20; World Bank, 2011d).

Because of the bulk of the causal significance comes from within-cases analysis, the above evidence presents a stronger claim of the impact of aid and the promise of debt relief on the rapid initial progress in PFM than those claimed by Fritz et al. (2014a) in their quantitative analysis. Even with the high levels of aid and support to many developing countries, averaging $1.3 billion in the early 2000s and reaching its peak at $1.9 billion in 2009 after the financial crisis (figures from OECD Creditor Reporting System). The amount of significance or confidence one can have on the causal impact of aid or support to PFM and the promise of debt relief on the initial PFM success can be limited. In part, because there is no direct connection between aid and support to PFM beyond the immediate post-conflict environment in the two countries in figures 5.3 and

5.4. Also, as Fritz et al. (2014a) found many low-income countries that did not benefit from debt relief also recorded significant initial progress even after starting from a similar low-base.

Based on the above analysis, the evidence is not conclusive about the overall impact of aid and the promise of debt relief level on progress achieved. Undoubtedly, it is permissible to claim the role of foreign assistance, and the promise of debt relief in the initial progress made Liberia and Sierra Leone. This relationship is easy to discern, as it has direct bearing with the nature of the initial reforms implemented in the two countries discussed in the next subsection.

Recovery and Development Phase (2009 - 2017)

The recovery and development phase in the two countries experienced decline in the economic variables examined. However, PFM the performance on average remains the same in Sierra Leone and with some marginal improvements in the case of Liberia. Like in the immediate post-conflict phase, the relationships, if any, between these economic variables and PFM performance are less clear. Unlike the post-conflict period, the recovery and development witnessed different set of economic dynamics (the global financial crisis, increased domestic revenue from mining exports and the Ebola Outbreak) that elucidate on our understanding of the relationships between efforts to strengthen PFM and the economic variables under consideration.

This study presents the empirical evidence from the process-tracing analysis to explain the relationship between PFM performance and macro-economic variables in the recovery and development phase. Through process-tracing, the researcher analysed the evidence from both countries, which is then triangulated with other sources to either increase support or reduce support for the argument/claim that**: improvements in economic variables could lead to improvement in PFM systems.** The empirical evidence from Liberia and Sierra Leone shows less support for the hypothesis that improved PFM systems are associated with strong economic performance as initially claimed by some scholars and observers of PFM reforms (de Renzio et al., 2010; de Renzio et al., 2011; Fritz et al., 2014a).

In response to this statement/claim, the evidence points to a reverse causal relationship between improvements in economic and PFM systems. This proposition is mostly true for growth in resource-based revenues, which tend to undermine PFM reform progress in the two countries. Expanding revenues in these countries seem to have triggered the impulses of political leaders to more than proportionately double their promises or build their political clouts through exponential levels of spending towards their 'political roots'. There was a natural tendency by politicians to announce large expenditure promises with the expectation that revenue streams from mining will continue to flow. That led to fiscal indiscipline with large extra-budgetary expenditures and declining PEFA scores for budget credibility and frequent in-year revisions of budget ceilings during that period in the two countries. This finding fits well into the existing body of literature that suggests that resource-based countries tend to have weak PFM systems or poor PFM performance (de Renzio et al., 2010; Fritz et al., 2014a; Fritz et al., 2017).

There is also evidence from the two countries that expanding resource-based revenues tend to promote rent-seeking behaviours which undermine specific aspects of PFM, such as budget credibility, planning, budgeting and execution, procurement reforms, lead to frequent in-year revisions to the budget ceilings and promoted large extra-budgetary expenditures. The large inflows from mining exports even undermined efforts towards bolstering domestic tax-based revenue mobilisation in the two countries. Mining contracts signed in the two countries were filled with tax concessions that led to the loss of billions of US dollars that might have been used to finance critical services.

Similarly, a report funded by the UK Charity Christian Aid and its partners estimated that revenue losses from tax incentives in 2011 and 2012 amounted to 13.7% and 8.3% of GDP respectively, with an annual average loss of $199 million between 2010 and 2012. The report further projected that revenue losses were estimated to rise to $131 million in 2012-2014, fuelled almost entirely as a result of revenue losses from the five mining companies (BAN Sierra Leone, 2014). The impact of these losses could, perhaps be seen from the fact that Sierra Leone ranks 3rd from the bottom, on tax-revenue collection among 23 African countries according to an IMF report (IMF, 2012, p. 18). These findings resonate with earlier propositions about the impact of rent-seeking behaviours on reform implementation, especially in resource-based economies (Khan and Jomo 2000; Barma, Kaiser, and Le 2012; Okonjo-Iweala 2012; Levy 2014; Fritz et al., 2017).

Also, the surge in resource-based revenue from mining has direct implications on procurement reform efforts in the two countries. In-year revenue collections from mining companies caused unplanned expenditures, which were often, treated as emergency procurements. That could be seen from the drop in PEFA score for indicator 19 for competitive procurement from C in 2010 to D in 2014 assessment (see PEFA website for ratings relating to 2010, 2014 and 2018 assessments)[8]. According to the Joint-donor Progress Assessment Framework (2013) for PFM reforms in Sierra Leone, 73% (by value) of all government procurement 2012-2013 were conducted through non-competitive practices such as sole-sourcing or as emergency procurements (PAF 2013, in Ecorys and Fiscus, 2016:63). Liberia had similar PEFA scores for indicator 19, with an increase in non-competitive procurement practices reported in the 2014 assessment, covering the mining boom (2011-2013). Its PEFA scores relating to competitive procurement methods dropped from C in 2009 to D in 2014 assessment (GoL, 2014)

Inflows from mining revenues also had implications on other PFM dimensions. It resulted in increased unreported extra-budgetary expenditures, but also sparse multi-years perspectives in planning, budgeting, and execution. The PEFA scores for indicators 7(a) and 12 (a, c & d) for Sierra Leone consistently underperformed (averaging D scores) during the mining boom. Several interviewees from both countries recounted several instances of how mining revenue lead to reckless spending and over promises, which was best capture from the statement of a donor presentative in Sierra Leone as follows:

[8] https://www.pefa.org/country/sierra-leone

…so it is that when economies grow, they support PFM. I can tell you this is not necessarily yes, because we saw the economy grew around 20% in 2012 and 2013 that was around the time when government was most reckless because expectations grew and they thought that the mining was going to be forever. The increased the salaries of parliamentarians by 100% in this country. And if you look at the PEFA scores it was very horrible (Interview: XX101).

Even with increasing domestic tax-based revenues, the evidence suggests the adverse effects of improvements in resource-based revenues on PFM systems and overall PFM performance surpassed by far, any potential benefits that might have resulted from improvements in tax-based revenues in the two countries. Moreover, the conditions (increased public pressure for better services and demand for greater accountability) under which improvements in domestic tax-based revenue according to Moore (2004) and Prichard and Leonard (2010) could lead to gains in PFM performance were almost non-existent in the two countries. Citizen's participation, according to the open budget survey, continue to the weakest link among the open budget indicators across the two countries. The scores for participation in the most recent open budget survey were 6 and 11 out of 100 points for Sierra Leone and Liberia respectively (IBP, 2015a&b; IBP, 2017a&b).

Also, results from PEFA assessments show that accountability dimensions within PFM are among the weakest areas within PFM in the two countries (PEFA reports for the two countries from PEFA website). The evidence from the two countries points to a reverse causal relationship between improved economic performance and PFM reform progress. This means that, improvements in PFM performance leads to improvements in some economic variables. For example, several reforms, especially improvements in revenue reforms, were cited for having contributed to the improved economic performance in the two countries. Liberia's superior revenue administration capabilities were expressly noted to have added to its superior domestic tax-based revenue as a % of GDP over Sierra Leone (Ecorys and Fiscus, 2016:41).

While there is a general recognition that the fall in commodity prices and the Ebola Outbreak did affect the economic conditions of both countries, a direct impact on PFM performance is less obvious. I primarily based this on the fact that PFM performance in Sierra Leone began declining during the mining boom (2011-2013) as shown in Figure 5.1. Based on the evidence, I argue the fall in commodity prices and the Ebola Outbreak could have only worsened the situation because the governments in the two countries had already promised too ambitiously than they could deliver in anticipation of the increasing inflows from mining exports. The experience in Liberia further supports that argument - the country did have moderate improvements after the decline in commodity prices and during the Ebola outbreak. However, Liberia's resilience to the twin-shocks was mostly because of its reliance on external aid, which helped cushion the effects of the twin-shocks on government's ability to continue to finance its operations.

The relevance of inflows from ODA was not uncommon to Liberia alone. I traced its significance to the PFM reform processes in the two countries and across all phases (post-conflict, recovery, and development). International partners used ODA finance as a countercyclical measure or a response to external shocks that supported government functions immediately after the civil wars, in the aftermath of the global financial crisis and following the decline in commodity prices and the Ebola Outbreak. Even where ODA did not increase, inflows from debt relief under the Enhanced HIPC and MDRI Initiative was critical to the economies of the two countries (Ecorys and Fiscus, 2016:52).

A pattern, therefore, emerged as shown in figures 5.3 and 5.4 wherein, PFM performance improved following every spike in external financial support, especially during the post-conflict era and after ODA receipts following the global financial crisis. However, every spike in ODA or inflows from debt relief created disincentives that affected domestic tax-based revenue mobilisation efforts, especially In Sierra Leone (see also Poate et al. 2008; Ecorys and Fiscus, 2016: 51). That in turn, as I have shown above and in the detailed process-tracing analysis of group-five arguments/claims in Appendix C, negatively affected the quality of PFM and overall progress made in the two countries.

5.1.2.2 PFM Reform Intervention Approach and its Effect on the State and Level of Progress Achieved

PFM interventions in the immediate post-conflict environment in the two countries, as with many post-conflict countries were primarily about ensuring tight control of public expenditure management and accountable use of donor resources to (Schiavo-Campo, 2007, p. 436; Shah, 2007). Apart from being highly centralised and fragmented at times, initial efforts to strengthen PFM in the two countries were undertaken as part of the more substantial state-building efforts. The first major PFM reform program in Sierra Leone was part of the broader governance and decentralisation program, through the IRCBP - 2004-2011 (GoSL, 2004a; World Bank, 2004d: 2; World Bank, 2011d). PFM intervention in Liberia started in 2006 as part of the GEMAP after former president Sirleaf came to office (Dwan and Bailey, 2006; World Bank, 2012b, pp. 1-2).

Notwithstanding the different commentaries from observers and practitioners regarding the appropriateness of those reform programs (World Bank, 2011b) and their overall impact on PFM strengthening efforts in post-conflict countries generally (DeGroot, 2011, p. 20), those programs are considered highly 'embedded' PFM reform programs. This embeddedness is what Fritz et al. (2017) describe as the extent to which a PFM reform program is part of broader governance or public sector reform efforts. Moreover, they claim such embeddedness is vital to the overall success of PFM reform interventions. While the evidence from the two case study countries is not enough to prove that embedded PFM reform programs were more successful than stand-alone programs, the former at least served as engines that helped the successful implementation of the broader development agenda in the immediate post-conflict environment.

However, there were several other PFM reform efforts, which were part of other governance programs, while some were stand-alone projects. The DFID support to the governance reform secretariat in the office of the President and the economic policy unit in the ministry of finance and the EU support to the Accountant General's department in Sierra Leone are among several other small PFM strengthening efforts in the post-conflict environment in Sierra Leone. The evidence gathered during the field work shows there was a consensus among experts, practitioners, donor-partners and local authorities on the substantial transaction costs associated with implementing different PFM reform programs in the two countries. That later led to the setup of the Multi-donor Trust Fund (MDTF) in the two countries to support a comprehensive approach to PFM reforms.

The lack of conclusive evidence to claim the impact of having embedded PFM reforms on the overall PFM performance immediately after the conflicts does not entirely weaken how much confidence readers can place on the effects of embedded PFM reforms in the two case study countries. In part, this is because of the declining or somewhat slow pace of PFM progress following the implementation of comprehensive, but stand-alone PFM reform projects in the two case study countries.

The study also draws on the experiences from other countries that implemented embedded PFM reform programs to increase confidence in the evidence from the two case studies. Ethiopia's initial PFM success was mainly attributed to the reforms been part of the country's decentralisation programs (Peterson, 2007 and 2010). While South Africa's initial PFM success was linked to its implementation as a requirement in the constitution and part of the overall governance reforms in the early 1990s (Schiavo-

Campo, 2007). A more recent assessment by the World Bank shows some benefits of having embedded PFM reforms in Georgia (Fritz et al., 2017:51-2).

5.1.2.3 The Effect of Isomorphism and Capability Traps on the PFM Status and Level of Progress Achieved

In this section, I show how the effects of *isomorphism* and *capability traps* have shaped the status and level progress achieved in the two case study countries presented in section 5.1.1. *Isomorphic Mimicry* is a concept in public sector reform that depicts "the tendency to introduce reforms that enhance an entity's external legitimacy and support, even when they do not demonstrably improve performance, [and after several projects] programs add up to *capability traps* - a dynamic in which governments constantly adopt reforms to ensure ongoing flows of external financing and legitimacy yet never actually improve" (Andrews et al., 2012, p.2). As discussed below, I argue based on the evidence from the two countries that the potential impact of *isomorphic mimicry* and *capability traps* on PFM reforms may vary between countries, and that depends on several factors or conditions.

First, I show that the influence of *isomorphic mimicry* on *capability traps* and overall quality of a country's PFM may be less visible where reforms are piecemeal and embedded within a specific and broader government development program. However, the evidence from comparing reform programs implemented at different periods (post-conflict phases and the recovery and development phase) in the two countries, shows the impact of *isomorphic mimicry* on *capability traps* and level of progress in PFM reforms is significantly higher when country governments and their development partners attempt at implementing comprehensive and stand-alone PFM reforms.

As discussed in the previous section, the level of embeddedness of PFM reforms is the extent to which reform programs are entrenched within a broader and specific governance, state-building, or decentralisation program. The distinction of the level of embeddedness could be seen from the nature of the initial reforms (GEMAP in Liberia and IRCBP and the DFID Governance Reform in Sierra Leone) compared with the Integrated Public Financial Management Reform Programs (IPFMRP) that followed the MTDF in the two case study countries. The latter were stand-alone reform programs, irrespective of expressions of support to PFM in the respective PRSPs and the Agenda for Transformation (AFT) in Sierra Leone and Liberia respectively.

The IPFMRPs were the first attempts at implementing comprehensive and integrated reforms in the two countries. Those programs for the first time included technical PFM reform models such as sequencing approach, harmonisation of international support to PFM and the use of country systems into the design and implementation. While these measures were positive steps, the experiences from both countries suggest trying to implement comprehensive, and integrated 'best-practice' solutions in countries with local capacity and weak institutions, and without a clear understanding of underlying institutional dynamics and political interests and incentives could exacerbate the potential for *capability traps*. The chances of this full-blown approach leading to *capability traps* are higher than from implementing small-scale and incremental reform programs. The design and implementation of those comprehensive and integrated reforms (such as the IPFMRPs in both countries in the recovery and development phase) were particularly problematic, given the apparent lack of a critical mass of evidence which reformers could capitalise on to design and implement reform programs that would be more likely to work the under specific contexts (Srivastava & Larizza, 2013: De Lay et al., 2015).

While this study does not fundamentally disagree with the proposition of isomorphic mimicry and capability traps suggested by Andrews et al. (2012), it argues that capability traps do not always have to be a cumulative process, whereby countries accept new reforms, one at a time, which then add up over time and lead to capability traps. Even if increasing acceptance of new reforms lead to capability traps, their potential effect on PFM reform progress takes much longer and is less severe than governments attempting to carry out full-blown reform programs. Especially, when reforms are integrated with advanced reforms models like sequencing approach and trying to use country systems at the same time. The IMFPRP 2009-2014 is a typical example of such reforms, and among the first projects in many developing countries that had the concept of sequencing fully integrated into its design (Word Bank, 2009b; Tavakoli, 2012:17; World Bank, 2015).

Comprehensive and integrated reforms were often, implemented with the expectation that completion of a series of measures in one platform (which was typically the case in IPFMRP in Sierra Leone) would lead to the conditions necessary to implement measures in the next platform. That resulted in higher capability traps than those created from implementing small-scale, incremental, and embedded reforms in the immediately post-conflict environment. Sierra Leone, for example, had great PFM success in the immediate post-conflict environment with weak institutions and low capability compared to later periods on any measure. That happened even with the introduction of more sophisticated reforms such as MTEF and IFMIS (World Bank, 2002b; World Bank, 2004d: 18-20).

Trying to implement comprehensive and integrated 'best-practice' PFM solutions together with advanced models like the sequencing approach, harmonisation of support to PFM and use of country systems in developing countries with low capability have a more significant impact on capability traps and on efforts to deepen reforms. Such full-blown and integrated reforms may exacerbate the 'superficial completion' of measures and activities in one platform to move to the next platform. The evidence is particularly strong in Sierra Leone, where with several reform programs having been completed, there are ongoing efforts by donor-partners and local authorities to come back to the 'basics., as evidenced in the focus of the most recent projects: The EU State-building Project and the DFID Building Core Systems project and the government's PFMICP (DFID, 2014; EU, 2014; GoSL, 2014b). I, therefore, argue in this thesis that having a reasonably manageable and incremental approach is very significant for countries with low capabilities and a weak institutional environment.

Secondly, the PFM experience in the two case study countries also suggests the impact of isomorphic mimicry on capability traps and level of progress achieved is somewhat less evident where similar countries engage in peer learning or sharing experiences and technical capabilities. As shown in the process-tracing evidence in the second group of arguments, Liberia's flagship PFM reform program - the IFMIS was launched following a learning visit by the IFMIS team to Sierra Leone in 2010. Authorities from both countries interviewed singled out the significance of the learning visit before the IFMIS launch in Liberia. The noted that the design and implementation of Liberia's flagship PFM program benefited tremendously from the failings, challenges, and lesson learned from implementing similar programs in neighbouring Sierra Leone. By the time of the fieldwork, Liberia has surpassed Sierra Leone, both in terms of the roll-out and on the functional improvement of IFMIS.

More importantly, much of the gains made on IFMIS in Liberia is being driven by Sierra Leonean experts who also designed and implemented IFMIS in Sierra Leone. The IFMIS Technical Lead in Liberia at the time of the fieldwork was a Sierra Leonean who worked on IFMIS in Sierra Leone and is now providing technical support to the IFMIS roll-out in Liberia. Sharing of technical expertise between the two countries was vital in understanding the technical requirements for implementing such an advanced system in a country with even a weaker infrastructure and institutional environment than Sierra Leone has. Moreover, the IFMIS technical experts from Sierra Leone had the experience of hindsight to understand the inherent institutional, informal and political dynamics that are likely to undermine the implementation of such as expensive and sophisticated financial management system.

The experience gained from the learning visit and exchange of technical expertise might not be the only reason for Liberia's success with IFMIS. However, the knowledge sharing and exchange of technical expertise were vital in helping local reformers in Liberia to have a more realistic plan - in terms of costs, expertise needed, infrastructure and institutional arrangement than they would have without the experience gain from Sierra Leone. The advantages Liberia had from the learning from Sierra Leone in the words of Sierra Leone's top PFM reformer, who was head of the PFMU at the time of the fieldwork was that:

> *When [the first PFM reform in Sierra Leone] IRCPB was formed, the kind of funds that were allocated to IFMIS was so small. So, Liberia had to learn from that and did not need to micromanage projects like IFMIS. What did we do? We wanted to implement [IFMIS] at the AG's department, but what did they do? [They had] WAN, LAN, you [and bought] all the equipment - servers, computers, UPS… you then implement the project. Now we want to roll-out to the four big MDAs, so we had to come back and start everything all over. You see we are micro-managing and it is so scattered. Liberia came and studied, and when they went back, they did a complete infrastructure. They did all the WAN. So, it is a matter of just connecting the WAN. So, it is easier for them (interview: xx305).*

The evidence and experiences indicate the effects of isomorphism on capability traps decrease where there are direct sharing of experiences and exchange of technical expertise between countries with similar context, even where the countries involved are developing countries with low technical capabilities, inadequate infrastructure, and weak institutional environment.

Moreover, Liberia's IFMIS success remains the main driver of its continued progress, which is exhibited by its highest PEFA scores in two dimensions: predictability and control in budget execution; and accounting, recording, and reporting. The country's ratings for these dimensions are higher than the regional average for SSA and with a steady upward trend than comparable scores for Sierra Leone.

The peer learning experience between Liberia and Sierra Leone has implications for the ongoing efforts to promote the agenda of *doing development different* (promoted in a 2015 ODI Workshop on *Doing development differently: can it be managed*? And ideas such as *problem-driven solutions, working politically*, etc. promoted by several academics and practitioners (Andrews, 2013; Andrews, et al., 2012; Blum, Manning, & Srivastava, 2012; Andrews, 2013; Booth & Unsworth, 2014; Booth, 2015). The experiences underscore the benefits of peer learning as a tool to promote more realistic solutions in developing countries. PFM reformers in Liberia were able to learn from the challenges and bottlenecks encountered in Sierra Leone to design a system that focused on delivering results, instead of processes and addressing the specific issues before and after launching IFMIS. The Liberian authorities were able to set up an IFMIS infrastructure that considered the specific challenges emanates from trying to micro-managed such as large-scale and sophisticated system.

The experience gained from peer learning also introduced *realism* into the PFM reform process in Liberia, which led Liberia to approach its IFMIS roll-out differently, than the usual roll-out process in Sierra Leone and elsewhere. Instead of doing the usual roll-out of IFMIS to the subnational government with deficient capabilities and poor infrastructure, Liberia created Financial Management Centres/county treasuries (service centres) which provide direct financial services to ministries, agencies, departments and health centres in Counties. At the time of the fieldwork, the country was piloting the IFMIS roll-out to four counties with county treasuries/service centres. These financial management centres provide essential functions of the Controller General's Office such as budgeting, accounting, procurement, and audit to the ministry of internal affairs (which is the county government), health centres and schools in the pilot counties.

Before the IFMIS roll-out to counties, local authorities had to travel to Monrovia, sometimes spending days to request funds from the ministry of finance to procure essential goods and services. In words, one country treasury officer interviewed, "before we used to come to Monrovia for everything, sometimes we had to spend 5 to 6 days to get there. Now for all goods and services, we get them locally. Now counties like mine have their budget lines for nearly everything ranging from services, fuel, and general admin expenses. Our job now [the country treasuries/service centres] is to help them follow the procedure and solicit their funds directly from the Ministry of Finance" (Interview: XL501). Such a different approach in light of the realities in Liberia is not only providing realistic solutions to the country's efforts to improve service delivery to remote areas, but it has also potentially prevented potential *capability traps* that might have results from rolling-out such as a complex system in regions with no capacity and poor infrastructure.

While the contribution of peer learning in promoting realistic solutions and eliminating the focus on processes instead of form, is acknowledged in the literature on peer learning (Andrews and Manning, 2015), the impact of the exchange of the technical expertise has been given little attention.

Having experts, such as the IFMIS Consultant from Sierra Leone working across the two countries was also critical to the success of IFMIS in Liberia. The experts from Sierra Leone had the first-hand experience in dealing with political dynamics that can potentially undermine reforms like IFMIS. However, they also provided invaluable advice on how to deal with donor-partners on pre-design and funding allocations needed for expensive programs like IFMIS given their experience in Sierra Leone. More importantly, the actual exchange of technical expertise was critical in contexts like Liberia with little or no human resource expertise to implement IFMIS. Having expertise from Sierra Leone with all their knowledge, experience in the contexts in both countries helped maximised the benefits from peer learning in Liberia.

5.1.3 Summary of Findings

Throughout section 5.1, I have presented the evidence, analytical interpretation, and discussions of the status and level of PFM progress in the two country studies. This section draws on the evidence about the state and level of progress achieved in the two countries from PFM assessments, such as PEFA, HIPC AAP and the World Bank's CPIA on quality of budgetary institutions. The analytical interpretations and discussions also relied on PFM assessments reports from donor-partners and local governments, and independent publications from scholars and observers of PFM.

The evidence from the two countries show rapid initial progress in their immediate post-conflict environment, but with somewhat steady and marginal progress in Liberia and a declining trend in Sierra Leone. The high-level of subjectivity involved meant those PFM assessments did not always reflect the actual status and level of progress achieved. Which also meant those assessments were incapable of capturing the real reasons why scores have changed, and by extension, accurately reflect the underlying dynamics in the two countries.

The above reasons and previous analyses of the state and level of progress in PFM, therefore, warranted further discussions of two crucial points.

First, a review of how progress in PFM performance is constructed by stakeholders in the two countries and its implications for ongoing PFM strengthening efforts. Second, a detailed examination of the reason(s) for the rapid initial progress experienced, and stagnation or declining trend in PFM performance in the two case study countries. Regarding point one, the critical point to note from experience in the two countries is that there is a need for consensus and a better understanding by all stakeholders of the essence of PFM reforms. Which means, steps must be taken to re-strike the balance between efforts to strengthen PFM and the focus on improved service delivery and overall poverty reduction.

I then presented analytical interpretations and discussions of the evidence to explain point two under three headings: structural factors and country characteristics; the nature PFM reform interventions; and the effect of isomorphic mimicry and capability traps. Regarding structural and economic variables, the evidence shows less support for the hypothesis that improvements in economic variables could lead to improvements in PFM systems over time.

However, among the structural factors examined, aid and debt relief did contribute to the initial successes in the two countries. Rising domestic revenues only created negative incentives for political leaders, which adversely affected PFM systems quality. Instead, advancements in revenue administration in Liberia was expressly noted to have contributed to its superior domestic tax-based revenue as a % of GDP when compared with Sierra Leone. In terms of the nature of PFM reform interventions, the evidence suggests it is preferable to have embedded and incremental reforms than large-scale stand-alone projects, even if the latter was better coordinated and integrated with technical PFM reform models such as the *sequencing approach* and the use of country systems.

While efforts to strengthen PFM reforms did lead to *isomorphic mimicry* and created *capability traps*, large-scale stand-alone PFM projects heightened both the scale and pace of *isomorphic mimicry* and c*apability traps* in the two countries. However, experiences in the two case study countries suggest the impact of *isomorphic mimicry* on *capability traps* and level of progress achieved is somewhat less evident, where similar countries engage in peer learning or sharing experiences and technical capabilities. Moreover, authorities from both countries interviewed singled out the significance of the peer learning and exchange of technical expertise to the significant progress achieved on the IFMIS front in Liberia.

5.2 Analytical Interpretations and Discussions of How Progress has been made and Why?

In contrast to section 5.1 which focused on the PFM state and level progress achieved, I provide in this section a *within-case* and *cross-case* analytical interpretation of *how* progress has been made and *why.* In order to achieve this, I examine the nature PFM reform intervention areas in the two case study countries (the extent to which they are homogeneous or dissimilar), the pattern of the progress achieved or the extent to which progress made vary across the two countries and the dimensions of their PFM.

The analysis of each of these aspects includes detailed analytical presentation and interpretations derived from the process-tracing evidentiary analysis carried out to answer the second research question *How and why do some developing countries perform better in upstream and de jure dimensions than in downstream, de facto and de-concentrated dimensions PFM.* To specifically address the ***why*** aspect of the research question, the process-tracing analysis carried out also included analysis and interpretation of the evidence about the underlying factors that account for such similarities or differences in intervention areas and pattern of progress achieved. As in section 5.1, the analysis included extensive use of evidence with regard to specific PFM reform programs, dimensions (downstream and upstream reforms) or specific aspects such as MTEF, IFMIS, etc., to explain the effects of non-technical factors and their interaction with technical and structural factors in shaping how progress has been made in the two case study countries.

5.2.1 How Big are The Variations in PFM Performance Between Liberia and Sierra Leone and Why?

In this section, this thesis examines how homogeneous or dissimilar are reform interventions, and how widespread are the variations in PFM performance and why? The process-tracing analysis of the evidence (data from interviews and background notes in the appendices) conducted firstly examined the nature of PFM reforms or reform packages in the two case stud countries. This analysis of the evidence reveals PFM reform intentions or interventions in the two case study countries have remained relatively homogeneous over time.

Unlike similar findings of homogeneous reforms in other countries (Andrews, 2009, 2011; Andrews et al., 2012; Fritz et al., 2014a; Fritz et al., 2017), the similarities of reform intentions in the two case study countries are striking. Apart from the usual list of around ten reform areas that have mostly been implemented across developing countries, PFM reform intentions in the two countries have evolved in a similar fashion. The reforms initially focused on ensuring tight controls in budget execution. And then reform intentions went from establishing tight control to maintaining a stable macro-economic environment and medium-term fiscal planning and budgeting, to building PFM institutions and PFM legal and regulatory environment and much later to such as transparency and accountability, revenue administration and other cross-cutting areas such as debt management, managing state-owned enterprises and public investment management (Chessen and Krech, 2006; Shah, 2007; Schiavo-Campo, 2007; Tavakoli, 2012)..

The uniqueness of the sequence of intervention areas in the two case study countries is explained mostly by their contexts and the interest of donor-partners to initially institute mechanisms that ensured accountability for development assistance. The context in the immediate post-conflict environment in Liberia and Sierra Leone was characterised by weak institutions and low capacity as shown in Appendices A and B, and which in the views of some observers and PFM stakeholders interviewed warranted exceptionally measures from donor-partners.

However, there were some fundamental differences in the governance structures and institutional arrangements between the two countries that led to some nuanced aspects in the initial PFM strengthening efforts. A specific example of this was the effort to restore Sierra Leone's decentralised governance system, which led to the creation of a local government in 2005 and efforts to strengthen PFM at the subnational level featured prominently in the first major PFM reform project - the Institutional Reform and Capacity Building Project (GoSL, 2004a; World Bank, 20011d).

A somewhat surprising contrast in the initial reform intentions (which was mainly about ensuring tight control in budget execution) was the early introduction of MTEF reforms - just at the end of the civil conflicts in 2002 and 2003 in Sierra Leone and Liberia respectively. The researcher traced this to the broader development agenda at the time, through the PRSPs and the HIPC initiative - which had some of its indicators (indicator 6 & 7 in the HIPC AAP Framework) directly requiring countries to identify poverty-reducing expenditures and introduced a medium-term perspective into the planning and budgeting process (IDA/IMF, 2002, 2006, 2008 & 2010).

Apart from the slight initial differences in reform intentions and reasons thereof, much of future efforts to strengthen PFM in the two countries became more homogeneous over time. Unlike, the influence of local contexts in shaping the nature of PFM reform intentions in the immediate post-conflict environment in Liberia and Sierra Leone, the increased standardisation of reform packages was driven mainly by the need to show results by donor-partners (detailed process-tracing of the desire by international partners to show results is available in Appendix C for argument 4c). This was best explained by a donor-partner representative who also worked in the Ministry of Finance in Sierra Leone, challenging me if I could come up with even a single reform initiative that was initiated and funded by the government. He remarked as follows "I am throwing that at you, you are the researcher. Go and pinpoint to each and every reform and try to see which donor was behind this. I can guarantee, you are going to correlate 100% to donors. If you correlate below that then...". (Interview: XX101).

The international desire to show results has used mechanisms such as the PEFA framework and Schick's three-level budgetary outcomes - fiscal disciple, allocative efficiency and operational efficiency to strengthen PFM in developing countries (Schick, 1998a; PEFA Secretariat, 2005, 2011 and 2016). PFM reform projects in both countries during the recovery and development phases have followed a stylised approach featuring aspects across the six dimensions of the PEFA framework. Also, those projects were similarly streamlined to address all three levels of budgetary outcomes advanced by Schick (see, for example, the components in the IPFMRPs and PFM strategies in both countries). However, the emergence of models and concepts in international development interventions, such as the 2005 Paris Declaration and the Accra Agenda for Change also helped shape PFM reform intentions and intervention areas. I process-trace their effects, for example, on the MDTF that supported PFM reforms in the two countries, which increased focused on harmonisation, the use of country systems, and aligning programs within a country's development agenda.

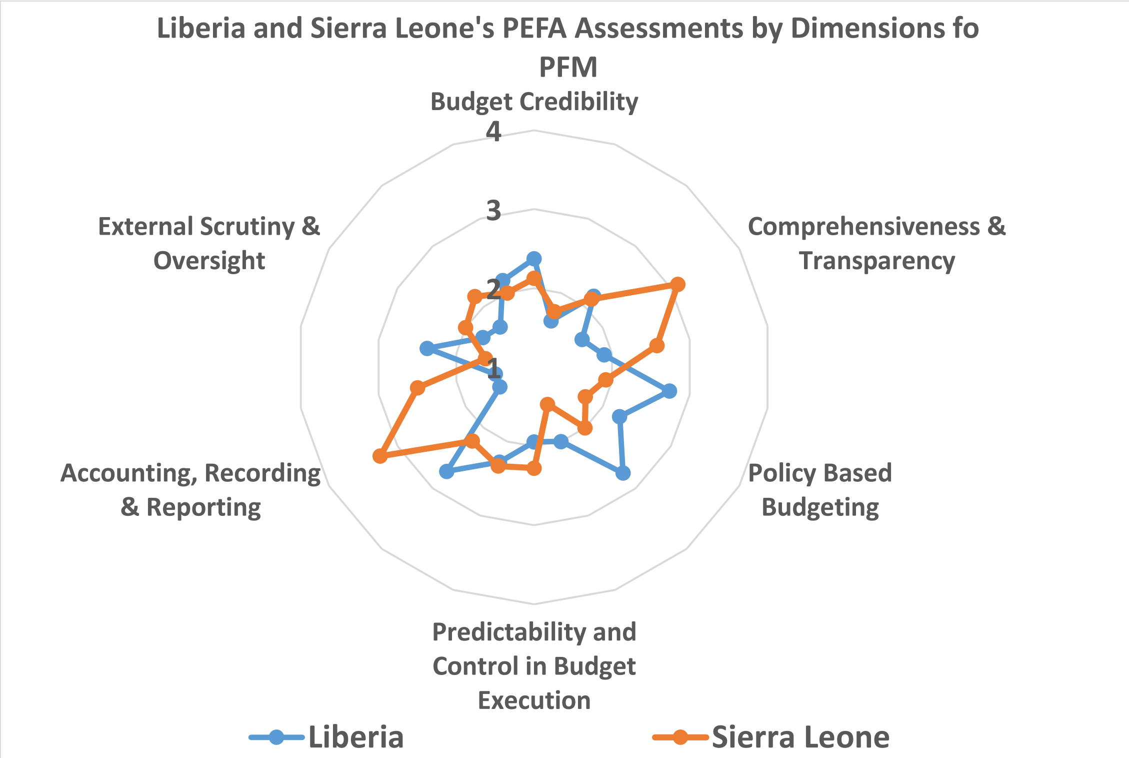
Liberia's PFM reform efforts became increasingly like efforts in Sierra Leone. Thus, I describe the reforms in Liberia as 'carbon-copy' of PFM reforms in Sierra Leone. The relevance of the homogeneity in reforms across the two countries has long been discussed in the institutional reform literature (DiMaggio and Powell, 1983; North, 1990; Powell and DiMaggio, 2004). While homogeneous reforms may not always yield the desired results, the evidence from Liberia seems to weaken arguments advanced by critics of having standardised institutional development across countries (Andrews at al., 2012; Andrews, 2013; Blum, Manning, and Srivastava 2012; Krause 2013; Brinkerhoff and Brinkerhoff, 2015). I argue in this thesis, that there must be room for some form of knowledge transfer and sharing of experiences in terms of what works or what does not work between countries with similar contexts.

Moreover, Liberia has, in recent years, benefited enormously from the experiences from Sierra Leone with the implementation of specific reforms such as the IFMIS. This study advances a more nuanced approach to PFM and institutional reforms, which is to drive the discussion in terms of what works and what does not between peers or countries with similar contexts. Up till now, the debate has been about how successes in advanced economies can be replicated in developing countries. Emphasis should now be directed to firstly, trying to understand what has worked or what has not worked in countries with similar experience and contexts, and how those experiences can then be tried in similar countries. In attempting to understand what works or what does not work in the two case study countries, the study shifts the analysis of the evidence from these countries to show how widespread are the variations in PFM performance and why?

With regards to how these homogeneous reform intentions performed in the two case study countries, the quantitative results (see Figure 5.5 below) and the evidence from the process-tracing analysis show widespread variations. These variations in performance happen between the two countries and across PFM dimensions. Figure 5.5 below shows PFM performance by dimensions under the 2011 PEFA framework across the different assessments for Liberia and Sierra Leone. The scores, however, only include three assessments for Liberia. The PFM performance for Sierra Leone across all five assessments declined by comparing its initial scores with scores from the most recent PEFA assessment.

Also, Sierra Leone's performance fluctuated across all six dimensions between the initial and final assessments. Liberia also experienced similar variations but a somewhat improving trend across most dimensions unlike Sierra Leone. Irrespective of the upward trend for Liberia, Sierra Leone still maintains the upper hand in terms of overall state of its PFM systems across most dimensions.

Figure 5.5: Liberia and Sierra Leone's HIPC/AAP and PEFA Assessments by PFM Dimension



Source: Computed by Author from World Bank/IMF HIPC Database and PEFA Database

Figure 5.5 above shows the PFM performance (by dimensions of PFM) of Liberia and Sierra Leone for last three publicly available PEFA assessments. The PEFA scores are presented on a scale of 1 to 4 and the dimensions are based on the 2011 PEFA framework.

Specific patterns could be observed in figure 5.5 above, irrespective of the implementation of homogeneous reform packages across the two case study countries, PFM performance, has been inconsistent over time for each of the six dimensions.

Moreover, the PFM results vary significantly between the two countries and across all the dimensions of PFM. While these findings reflect the broader results of inconsistent, contradictory and variable PFM performance between countries and across their PFM dimensions (de Lay et al., 2015; Fritz et al., 2017: 10-11; Mills, 2018), the process-tracing analysis of the evidence from the two countries traced these to many reasons.

First, beyond the quantitative displays of the variations in PFM performance, the process-tracing analysis also reveal the partial implementation of reform packages, projects and programs was the norm across the two countries. Both the quantitative data and accounts from interviewees illustrate many instances of partial implementation, but I refer to examples relating to the MTEF and IFMIS as two major reforms being implemented in Liberia and Sierra Leone. The MTEF for example, was launch in 2002 and in the words of a donor-partner representative who is also a Sierra Leonean "the MTEF is supposed to be a medium-term but, in actual fact, the budget is on a yearly basis…[asked about the annual budget process only involving adding 10 per cent to the previous year budget]. That is the issue, they are not really following the MTEF principles. And there are also weak costed sector strategies. Now they are trying to get more budget officers to help with costing sector strategies to augment the MTEF process itself". (Interview: XX107). Similar observations were given regarding the IFMIS. In particular, the was not only partial roll-out to MDAs, but the process-tracing analysis of the evidence shows significant differences between the number of IFMIS roll-out and the actual functional of the system itself.

The partial implementation observed in the case studies takes different shapes and form, and could be seen for example, from the detailed process-tracing analysis of the nature, types of reforms and reform outputs. Further detailed background notes of the various reforms implemented in case study countries are available in Appendices A and B. Other instances of partial implementation that stood out include the partial implementation of laws, processes and even activities and interventions in the various PFM reform programs in the two countries. Similar experiences of partial implementation were found by the following studies (Curristine, Lonti, and Joumard 2007; Robinson and Last 2009; Lienert 2012; Moynihan and Beazley 2016).

The process-tracing analysis specifically looked at the how long were reforms on the agenda before they were adopted and implemented or failed to be implemented despite commitments made. The evidence shows with some exceptions (such as the failure to even initiate TSA in Liberia and the refusal of the legislature in Sierra Leone to transfer leadership of the PAC to the opposition MP), most reform programs, packages or measures on various plans and strategies get adopted/initiated. Even the most complex and most expensive reforms such as IFMIS also gets adopted, and their implementation at least gets initiated. However, the extent to which reforms are implemented in practice has been the challenge. The evidence from the two case study countries suggests, whether a reform program/project, package, or a mechanism/tool such as MTEF gets implemented (fully implemented, partial/incomplete or not implemented at all) was driven by three factors:

- The number/level of stakeholders involved in the implementation of specific reform package or tool. For example, upstream reforms with fewer stakeholders are more likely to be fully implemented than de factor, downstream and deconcentrated reforms packages;
- The extent of the impact of a specific reform package or tool on political accountability and survival; and
- The extent of the impact of a specific reform package or tool has on the freedom or leverage political actors have over the resource envelope (specific examples include internal audit, procurement and TSA).

However, there is little or sometimes no clear-cut distinction between the above three factors. Specific reform programs, packages or tools may have an impact on political accountability and survival and as well as on the freedom/leverage of political actors on the resource envelope. At the same time, the actual implementation of such measures or reform tools might fall into one or two categories identified under point one. For example, while the inclusion of a component to establish a new PFM law in a PFM project constitutes a de jure reform, the actual implementation of the said PFM law is then categorised as a de facto dimension, and it might also take several years to fully implement that PFM law. As the evidence from the two case study countries show, the new PFM laws and regulations are mostly partially or selectively implemented, which is evidence for example, from the lack of implementation of audit recommendations in the Auditor general's report or the frequently in-year extra budgetary expenditures that do not go through the normal parliamentary approval as enshrined in the PFM laws and regulations (GoSL, 2016; GoSL, 2018).

The cumulative effect of the above three factors is that most reform programs, packages or tools that get fully implemented are mostly upstream and de jure reforms, and those that do not require greater political accountability or limit the freedom/leverage political actors have on the resource envelope. The long delay in the conception and introduction of TSA in Sierra Leone and the complete failure, at the time of the field work to introduce the TSA in Liberia are typical examples of the combined effects of the three factors listed above. As Fritz et al. (2017:56) also found, some reform packages like TSA have even more significant effects on the three factors above and may even take longer to progress from conception, design and implementation. A notable exception to these propositions is the success of IFMIS reforms in the two countries. Irrespective of IFMIS being a downstream reform, involving deconcentrated entities and actors, and its use as a mechanism to instil control, limit the discretion of political actors and ensure accountability in the use of public resources, its implementation is regarded as a great success story in Liberia and Sierra Leone (Fritz, 2012:35-38; Tavakoli et al., 2015: 347). The evidence regarding the progress made on the IFMIS front contradicts earlier findings by Andrews (2010) who found limited progress made on IFMIS and budget execution generally in his analysis of how far PFM reforms have come in Africa.

The process-tracing evidence from both countries, however, shows the progress on IFMIS is in part, because political actors and civil servants have found ways to override its control, transparency and accountability mechanisms. Unlike the IFMIS, the process-tracing evidentiary analysis shows a different effect on the implementation of MTEF reforms in both case study countries. The MTEF process in both countries has been undermined in part, by the divergent interests and excessive discretions of political leaders, such as ministers and those at the highest level of state authority. Several observations were made by interviews regarding the political interference in the MTEF process, such as the frequent changes in ministers in key ministries who often come with different agendas. The new ministers often abandon previous medium-term plans or the challenges with the funding envelope, which often result in lack of funding for programs in the medium-term and even beyond.

While this might not be the actual reason for the partial or lack of implementation of reform packages or measures, there appear to be some misconceptions about what constitutes full implementation or partial implementation. There are numerous instances across wide-ranging reform measures in the two countries where such misconceptions happen. For example, MTEF was described by many, as among the first reform packages that were implemented. However, there were several admissions from stakeholders interviewed within and outside government that there is nothing to write home about MTEF. Planning and budgeting remain an annual process, where MDAs only add 10 percent to their previous year budget. This point was explicitly made by senior government official in the Liberia Ministry of Finance as follows:

> *For the MTEF, I honestly do not think we have implemented anything in this country. People feel that it is just about having the medium-term*

budget and the forward estimates. But if you do an empty plan for three years.... take for example, a type of expenditure that spans over some years such as road construction contracts. The problem with this kind of arrangement is that the ministries, agencies and departments do not know whether the next chunk of money to undertake certain development programs are going to be approved (Interview: XL306).

The progress with IFMIS was also frequently mentioned in terms of the number of the roll-out, without any facts about the functionality of the system itself. For example, IFMIS has been rolled-out to 36 MDAs in Sierra Leone, but the IFMIS system at the time of the fieldwork only had a couple of modules that were up and running. Moreover, I found in one of the critical ministries the system was down for at least nine months before the field visit undertaken for this research.

The implications of having partial implementation and the misconceptions therein about what constitutes full or partial implementation are that they lead to overstatements of the benefits from specific reforms and undercut the applicability of practical PFM reform models such as the sequencing approach.

In terms of the overstatements of the potential benefits of certain reform measures or mechanisms, the accounts from interviewees about the successes of IFMIS, as it relates to the number of rollouts and its usage as a control and accountability mechanism are overrated. For example, too much emphasis was placed on the number of IFMIS roll-out and there was a tendency by respondents to compare the two countries on this basis.

But also, the IFMIS system in both countries do not have audit trails and according to a Principal Accountant interviewed in Liberia, there are sometimes transactions within their ministry's account/business unit that they are unaware of. The rollouts are mostly not reflective of the functional improvements in the systems which are necessary to achieve the overall objective of the system.

Also, by effectively and actively bypassing (budgeting of corruption) controls, accountability and resource allocation and monitoring mechanisms undermine the effectiveness of the system. All these dysfunctions negatively affect the overall promise of PFM as machinery to improve service delivery and poverty reduction. Furthermore, the overstatements of benefits from specific reforms and misconceptions therein, means some reforms never get implemented or may lead to partial implementation. This often, unnaturally shifts the focus to the next activity or reform, and thus affects the application of PFM models such as the sequencing approach and overall sustainability of the gains already made.

Apart from the widespread partial implementation of reforms found in the two countries, the researcher used the process-tracing analysis to also go beyond the quantitative display in figure 5.5 to discuss in the next section, in greater detail, the factors that account for the inconsistent and variations in PFM performance in the two countries and across PFM dimensions.

5.2.2 The Contrast between Upstream, De Jure and Concentrated Reforms vs Downstream, De-concentrated and De Facto Dimensions of PFM

The results shown in Figure 5.5 from the previous section (section 5.2.1) shows a mixed picture in terms of PFM performance in the two countries and across dimensions of PFM. A prominent feature amid that emerged from the mixed-picture in terms of PFM performances is that some PFM dimensions performed, on average fairly-well compared with others. Among the six dimensions, comprehensiveness and transparency and accounting, recording and reporting rank top and second-best performers respectively. In contrast, external scrutiny and oversight and policy-based budgeting are the worst performing areas in that order. Also, the remaining two dimensions budget credibility and predictability and control often, show slightly below, and sometimes above-average performance.

Given the inconsistent performances even within specific dimensions, these classifications are less helpful to facilitate an in-depth and analytical discussions about, both the specific and broader role and effects of non-technical factors. For these reasons, this study adopts in this section a stylised approach to present and discuss the process-tracing evidence regarding how and why non-technical factors (or country characteristics) affect the variation in PFM performance in the following broad dimensions: *upstream, downstream, de jure, de facto, concentrated and deconcentrated dimensions of PFM reforms*. These broad categorisation was first adopted by Andrews (2010:2) in his analysis of how far PFM reforms have come in Africa in 31 countries. The analyses and discussions may also refer to the six dimensions set out in Figure 5.5. It is, however, noteworthy that even with these broader dimensions, the specific role and effects of a non-technical factor on PFM dimensions may not always be clear-cut.

Based on these broader dimensions, the process-tracing evidence and accounts from PFM observers in the two case study countries show there is some level of progress across each dimension. The findings also reveal that there is generally better performance in de jure, upstream and concentrated dimensions compared with de factor, downstream and deconcentrated dimensions of PFM. Several reasons and insights have been provided for these differences in PFM performance in the background information provided in Appendices A and B. Besides, the researcher presents in the following sections in-depth and analytical discussions, based on the process-tracing evidence about the role and effects of nontechnical factors on the variations in performance in the two countries and across these broad dimensions.

5.2.2.1 De Jure and De Facto Dimensions of PFM in Liberia and Sierra Leone

Based on the process-tracing evidentiary analysis conducted, the primary difference in PFM performance cited by all participants is the increasing gap between PFM laws, regulations, and policies and their actual implementation in practice. Investigating this implementation-gap in formal laws, regulations and policies and their actual implementation was fundamental during the fieldwork and interviews. The was a general consensus among interviewees in the two countries about the lack of implementation of PFM laws and regulations, which in the words of senior official in the Liberia Ministry of Finance "…this is a general thing for most African countries - we are nice at policies, good laws but there are lot of issues with implementation. There are political issues. Sometimes laws are written but there is no political will to implement those laws" (Interview: XL301).

To this end, this study dedicated specific attention to investigate whether PFM strengthening efforts were overly ambitious or not, whether there are fundamental design issues that affect implementation of PFM legislation, or whether there are structural issues such as politics, informal norms and patronage, institutional dynamics and economic factors that affects the implementation of PFM laws and policies. The evidence reveals several competing explanations for the implementation-gap which the researcher examined through the process-tracing analysis and the main findings are outlined in the following paragraphs.

First, the evidence reveals the significant gains achieved in de jure reforms are linked explicitly to the approach to PFM strengthening efforts in the two countries. These efforts focused initially on building the PFM legal architecture in Liberia and Sierra Leone. The experience of enacting laws in PFM strengthening efforts is not uncommon among developing countries. It was part of the more extensive approach by international partners in developing countries, with mostly weak institutional environments (de Renzio and Dorotinsky, 2007; de Renzio, 2009; de Renzio et al., 2010; Andrews, 2011; Fritz et al., 2014a:5). Moreover, the evidence of the initial focus in establishing laws is even stronger in the case study countries, where the focus mostly was about *protecting the money* and restoring the state of PFM before the civil conflicts (World Bank, 2004b;

Chessen and Krech, 2006; Dwan and Bailey, 2006; Lawson, 2007: 19-20; Shah, 2007; Schiavo-Campo, 2007; Bank, 2012b, p. 5; Tavakoli, et al., 2015: 340).

In terms of the implementation of the various PFM laws enacted, there is enough evidence to support the implementation-gap of formal laws and policies. As one Local Council accountant from Sierra Leone puts it "I believe we have exhausted most of the issues relating to the reforms. We have the act, regulations and manuals but if we are not sincere it will be very difficult for us to move the reforms. Reform is beyond just having these laws, regulations and systems in place it has to do with us and we should believe that we can move from where we are now [with the implementation of these laws and regulations] (Interview: XX502). However, the existence of mounting evidence, from diverse sources, to support the apparent implementation-gap of PFM laws does not mean it is at the same time a necessary condition, or responsible for the uneven performance in the two countries and across the dimensions of PFM. By examining different rival explanations, stakeholders frequently cited *i*nappropriateness of PFM laws and regulations, informal institutional norms and patronage systems and lack of political support to enforce various PFM laws and policies as factors responsible for the implementation-gap.

The evidence in support of technical factors, including the inappropriateness or inconsistencies of laws to the country contexts or other legislations (for example, the 2004 Local Government Act in Sierra Leone) (GoSL, 2004b), could only pass a weaker form of process-tracing test of causal inference - the Straw-in-the-Wind test. There were inconsistencies between new PFM laws and existing laws, and in some cases, the new PFM legislation was not appropriate to the local contexts in the two countries. For example, as a senior official in the Liberia Internal Audit Agency explained "…some of these laws are not practical in our settings. For example, the PFM law states that before you carry out any transaction for a certain amount you have to advertise in newspapers in certain places. Newspapers are only in Mustorado county, and all the other 14 counties do not have newspapers. So, if you were to implement a project where you would face a serious challenge of advertising (Interview: XL401).

The existence and influence of technical factors such as the inappropriateness or inconsistencies of PFM laws with other laws and regulations could be hard to justify after the first PFM laws and regulations were revised to match the local contexts or eliminated the inconsistencies in the two case study countries. The technical inconsistencies in the various laws can be corrected, and they have mostly been corrected. This means their mere existence is relevant and could affect the implementation of the laws. Their absence, however, does not mean stakeholders will fully implement all the PFM laws and regulations, as is the case in the two case study countries.

On the other hand, there is consistency in the presence of nontechnical factors such as the lack of political support and informal institutional norms and patronage systems in the two countries. Nontechnical factors such as top-down political directives and informal client-patron networks are difficult to eliminate, which Hydén famously notes are "…embedded in society and its culture, they will remain 'necessary evils' that the donor community can at best contain, not erase altogether" (Hydén, 2005, p. 17). These nontechnical factors have the potential to derail the implementation of PFM laws and reform efforts. By the same token, the evidence shows political support and commitment to PFM reforms, for example, could almost certainly guarantee the implementation of PFM laws. The Auditor-General in Sierra Leone in her 2013 report said "[various issues giving rise to my qualified opinion] serve to confirm further the government's widely held reputation of being unable to deal with poor public finance management decisively. As I have said before, with a stronger commitment and willingness to address public financial management reform and strong enforcement of existing well-established laws and regulations, the matters could be put right quickly as other countries have done"(Audit Service Sierra Leone, 2013, p. Vi).

Also, the absolute authority by executive branch in Sierra Leone to approve extra-budgetary items and misuse of the contingency fund within the laws and regulations are perhaps the most significant factors that continue to undermine budget credibility and overall PFM performance (Coffey, 2014; World Bank, 2015; World Bank, 2017a:3). The 2015 audit report, for example, showed that 80% of all procurement was done through non-competitive bidding (sole sourcing) that seriously undermined the effective implementation of the procurement regulation (Audit Service Sierra Leone, 2015b).

I draw on four specific examples to illustrate the influence nontechnical factors have on whether a PFM law gets passed at all, when or if a law fails to pass or stalls. These specific instances relate to the significant delay in including TSA in PFM legislation in Sierra Leone, and the complete failure to even initiate it in Liberia; the 2007 stand-off in Sierra Leone between parliament and international partners on SO75[9] that allowed the Auditor General to make her report public; the long delay before the new procurement act in Sierra Leone was enacted; and the outright refusal of Sierra Leone Parliament to transfer leadership of the PAC to opposition party, after considerable external pressure from international partners.

Moreover, several other events or experiences in the two countries could also help boost confidence in the influence of nontechnical factors and reduce confidence in influence of technical factors such as inconsistencies of new laws with old legislation. There is a sense of déjà-vû in both countries, with a long history and reputation for their failure to implement laws, policies and reform programs (World Bank, 2010:41; Bank, 2011c). In Liberia for example, lack of commitment from state authority to enforce controls was cited as the main reason for the failure, in less than a year of the USAID stabilisation program to boost revenue collection and expenditure control in 1988 set up by the projects and other operational arrangements of the project (USAID, 1989; in, Chessen and Krech, 2006, p. 3). Secondly, the evidence from the process-tracing analysis and other sources on Sierra Leone indicate the lack of implementation of policies, laws and programs is ubiquitous across different reform interventions in the country (Jackson,

[9] SO75 means Standing Order 75, which is the Parliamentary that was reinterpreter by the Sierra Leone Partliament in 2007 to allow the Auditor General to publicly publish her audit report. Before 2007, audit reports in Sierra Leone were only sent to the Public Accounts Committee and were never made public.

2007; ICG, 2008: Robinson, 2009; Fanthorpe & Gabelle, 2013; Jibao & Prichard, 2013; Roseth & Srivastava, 2013; Srivastava & Larizza, 2013).

The evidence in support of nontechnical factors is substantial and passes a much stronger process-tracing test - the hoop test, given their high relevance in determining not only whether a law gets passed, stalled or not passed at all, but they also largely explain the lack of implementation of PFM laws and regulations. Based on the above analysis, I argue that the deeper the roots a specific PFM law has in non-technical factors, such as political economy issues or the more it threatens the political survival of politicians, informal norms and patronage systems, the higher the likelihood it will encounter stiff resistance or be derailed in its implementation. This premise holds in the two case study countries, and it so irrespective of the nature of governance structures or extent of complexity of a country's institutions and wider authorising environment.

5.2.2.2 Concentrated Reforms/Professionalism (Actor-Concentration) vs De-concentrated Reforms/Professional-deficiency (Actor de-concentration)

The conventional wisdom is that professionalism or concentration of reforms generally presents better opportunities for institutional reforms than professional-deficiency or de-concentration. The empirical results from the two case study countries and process-tracing analysis do provide some support to this proposition, but they also provide some nuanced perspectives that challenge this normative thinking about budgetary/institutional reforms in developing countries.

This normative thinking was deeply rooted in the international-led approach to PFM in the two countries. First, there was a strong belief among donor-partners that building a cadre of local experts, who were recruited mostly from overseas or some of whom came from Europe and America could facilitate the transfer of 'best or good practices' in the PFM strengthening efforts by international partners. The placement of foreign experts in crucial finance positions is a quintessential example of the 'best practice' approach in the two countries. Further efforts in this direction could also be seen with the recruitment of what is now commonly regarded as LTAs in Sierra Leone (Tavakoli, et al., 2015; Welham & Hadley, 2016). Also, I also draw on the experience in the implementation of the two capacity building programs - Senior Executive Service (SES) and Transfer of Knowledge through Expatriate Nationals (TOKTEN) in Liberia to illustrate the 'best practice' approach to PFM in that country (Tripathi, 2017).

Second, the evidence shows there was an even stronger emphasis in PFM strengthening efforts in the two case study countries towards having a more centralised and less complicated PFM institutional architecture. Again, notable examples include the merger of finance and development ministries and the enormous powers given to the Minister of Finance in the new PFM laws in the two countries (GoL, 2009; Tavakoli, 2012; GoSL, 2016).

While the fundamental premise for promoting professionalism in institutional reforms in the institutional literature (DiMaggio and Powell 1983, 152; Slack and Hinings 1994, 820; Ezzamel et al., 2007: 29--30) did contribute to the initial progress achieved in the two case study countries, the evidence from the process-tracing analysis also reveal several misconceptions about applying this normative thinking in developing countries. First, the evidence shows that the strategy worked well initially in the two countries because it aligned well with the interests and motivations of professional elites mostly in the ministry of finance and their political masters. Professional elites in the ministry of finance in the two countries relied on the successes of the initial reforms to continue to survive - in terms of huge salaries they received from those programs but also to guarantee their political masters continued development assistance from international partners. Political leaders also supported those reforms, as far as they did not threaten their legitimacy and survival.

The evidence is further supported by the fact that the apparent declining trend in PFM performance in Sierra Leone happened at the same time as GBS started to decline and coincided with the transfer of LTAs remunerations to the government payroll. Most of the LTAs continue to occupy some of the most strategic positions in the central finance ministry, albeit their salaries are no longer tied to the continued progress in reforms. The latter was observed to have had significant implications on their level of interest and motivations to pursue reforms. This pattern of behaviour of shifting interests is not uncommon as shown in section 5.1.2.1 how the boost in domestic revenue, after the decline in international assistance provided negative incentives to and affected the level of interests and commitment of local leaders to PFM reforms (IMF, 2010; Ecorys and Fiscus, 2016:51).

Also, the notion that professionalism alone presents better opportunities for institutional change is further challenged based on the experience in the two case study countries. The fundamental assumption that there will be a transfer of knowledge from professional elites or a small group of experts to rank and file civil servants might be severely weakened by the interests, motives and behaviours of professional elites. Reports from three capability building and knowledge transfer programs (GEMAP, SES and TOKTEN) and responses from interviewees have all criticised those programs for their limited impact on transferring technical expertise to rank and file civil servants. Instead, broad-based efforts through the financial management training school and support to the University of Liberia are given much credit (Tripathi, 2017). The evidence from the process-tracing analysis further shows how the three programs (GEMAP, SES and TOKTEN) in Liberia made little progress on knowledge transfer, which in the view of a senior official in the Comptroller General's Office in the Liberia Ministry of Finance who had the first-hand experience of the programs said:

> *I firmly believe those programs were not about capacity transfer. It was only about bringing Liberians from the diaspora to work in the country for a couple of years and then return. The question that always comes to mind when I hear donor-partners say the SES and TOKTEN were about the capacity transfer. The reality was, whom those experts were supposed to transfer capacity to when we had mostly school dropouts and at best new university graduates. It was just not practical having some experts from the USA transferring knowledge to someone who was a school dropout or someone who had very limited technical ability to receive the knowledge that was supposed to be transferred (Interview: XL309).*

The strength of the evidence of the failure of those programs to transfer knowledge and expertise to local civil servants could be ascertained by the admission of some of the LTAs interviewed. One of the LTAs who worked in senior positions in the Ministry of Finance in Sierra Leone and was leading one of the donor-funded PFM reform projects explicitly said: "…the strategy should be if you bring in an adviser [which could be an LTA] is to build the capacity of the civil servants. We have more civil servants who are holding those positions, and we should concentrate on building their capacity and maybe moving out and allow them to take control" (Interview: XX105_303). These remarks indicate that LTAs and professional elites recruited under those programs continue to occupy the most strategic positions and preside over ongoing PFM reform efforts in the two countries. A World Bank study in 2012 shows that there are fewer middle and senior-level officials in Sierra Leone than in most counties. Professional and technical personnel make up only 11% of all civil servants, and most of them work in the ministry of finance, of whom LTAs are in the majority (Roseth and Srivastava, 2013).

Again, the process-tracing analysis reveals the evidence for the failure by professional elites to transfer knowledge was rooted in their interests and motives, which is to consolidate their power and control and continue to receive salaries that are well above the government pay scale in the two countries. This claim is further supported by evidence from the fieldwork and from Welham and Hadley (2016: 21-22) that indicates the increasing consolidation of informal power within small circles of professional elites, who are mostly LTAs in the institutional set-up in the Ministry of Finance in Sierra Leone. That has led to the personalisation of much of the institutional memory, knowledge and real authority by LTAs and professional elites, which prevents knowledge transfer and hinder long-term capacity-building efforts. This informal power and consolidation of real authority even extends to the relationships with development partners, which in the words of the same ex-LTA quoted above, “LTAs were convinced they were well qualified and represented the best talents in-country. They successfully projected this notion to their donor masters who paid their salaries, which further cemented the level of marginalisation of local non-technical civil servants” (Interview: XX105_303).

The effect of the three programs in Liberia and the LTAs in Sierra Leone was that they created many resentments from ordinary civil servants and tension within the civil service. The evidence shows several instances of negative sentiments from ordinary civil servants and as well as among senior-level officials interviewed in the two countries. A senior official in the Budget Bureau in Sierra Leone summed these negative sentiments neatly. He notes, “the LTAs in fact just created tension, in the sense that because of the difference in pay with people working in the same institution just differentiated by pay scale. Somehow it created a lot of tension, …a lot of many other problems, which even now is affecting our payroll aspect, which the government is trying to address now” (Interview: XX304).

From the perspective of concentrated (or actor-concentration) and de-concentrated (or actor-de-concentration) dimensions of PFM, quantitative data from PEFA scores for national and sub-national (in the case of Sierra Leone) and evidence from the process-tracing analysis show significant variations in PFM performance.

The first critical difference is that actor-concentration/concentrated areas of PFM tend to perform relatively better than de-concentrated dimensions of PFM. Based on the evidence, the most critical implication for future PFM strengthening efforts worth noting from the experience of the two countries concerns the trade-off involved in deciding the extent to which PFM functions should be concentrated or de-concentrated, when and how to do it. Maintaining an appropriate balance is paramount, especially in the two case study countries with low infrastructure, low technical capabilities and weak institutional environment. However, the absence of any theoretical model to determine this balance or trade-off in such contexts, often led to the default approach, which centralised PFM functions mostly in the Ministry of Finance in the two countries.

Based on the evidence from the process-tracing analysis, the heavy concentration of PFM functions in the Finance Ministries in the two countries was significantly driven by the desire of international partners to show results and ensure accountability for their taxpayer resources. There are several indications from both the nature and focus of PFM reform programs such as the GEMAP in Liberia and the Public Sector Support to PFM in the Accountant General's Department by the World Bank and the EU in Sierra Leone in the immediate post-conflict era (World Bank, 2002b; World Bank, 2004d; Chessen and Krech, 2006; Dwan and Bailey, 2006). The approach did create immediate results by restoring PFM functions and ensuring transparency and tight control in budget execution in the two countries (REPIM, 2007; Last et al., 2009).

In Sierra Leone where initial efforts to deconcentrate PFM functions were taken through its decentralisation programme in 2004, the roll-out was done in the form of a transactional process. There was little commitment from the ministry of finance later to build capacity, and often with no real ownership and commitment from MDAs and local councils to finance and sustain those reforms in the future. All of which had led to further weakening of capacity in front-line service delivery areas (MDAs) and continues to affect overall service delivery efforts in the two countries (IRCBP, 2008; Tavakoli, 2012).

As noted earlier, the critical challenge has been for local reformers is to understand the trade-offs involved in deciding the extent to which PFM functions should be concentrated or de-concentrated and when and how to do it. The study draws on two examples from the two countries to illustrate the challenge faced by local reforms and development partners. First, the de-concentration of some PFM functions to line ministries and sub-national government in Sierra Leone has been associated with the massive corruption that took place during the recent Ebola Outbreak in Sierra Leone. The Ebola Audit carried out by the Audit Service found serious misappropriate of Ebola funds and complete disregard for procurement laws, control mechanisms and reporting requirements in the financial management system (Audit Service Sierra Leone, 2014 and 2015a). Both countries were affected by the Ebola Outbreak, albeit the scale of the scandal was greater in Sierra Leone than it was in Liberia. Audit Service Sierra Leone note in its Ebola audit that "it is clear from our audit conducted that there continue to be lapses in the financial management system in Sierra Leone and these have ultimately resulted in the loss of funds and a reduction in the quality of service delivery in the health sector" (Audit Service Sierra Leone, 2014, p. 1). The role of having de-concentrated PFM functions in the massive Ebola corruption in Sierra Leone was discussed in a meeting in 2015, involving officials from the two countries and development partners according a NSA officials in Liberia interviewed and who were also present at the said meting (Interview: XL701). So perhaps, it is not surprising that it was specifically recommended in the evaluation of donor support to PFM to re-concentrate some PFM functions away from MDAs or re-establish budget credibility and control over the budget process (Ecorys and Fiscus, 2016:129).

Second, the recent de-concentration of some PFM functions in Liberia through piloting of treasury centres has been described by some as long overdue, in terms of efforts to improve service delivery in that country. However, such as incremental approach seems much more realistic considering the insufficient capacity, inadequate infrastructure and weak institutional environment. The treasury centres piloted at the time of the fieldwork were contributing immensely to service delivery efforts in the four counties according to one country treasury financial management officer interviewed (Interview: XL501).

Considering all the pieces of evidence and analysis above, the default preference by local reformers and international partners towards professionalism and for having concentrated reforms (or actor-concentration) does create opportunities for PFM reforms/institutional change. This normative strategy allows for effective influencing and relationship management that delivers immediate results. At the same time, it has the prospect to disproportionately and negatively affect long-term capacity-building and commitment from front-line service delivery units to sustain these efforts.

Actor-concentration or professionalism alone is not enough to drive change, reformers and international partners must seek to understand the local institutional and political dynamics and the interests and incentives (which are continually changing) that influence the behaviours of professional elites. So, if the right strategy is not employed correctly, there will be little or no real transfer of knowledge, and instead, there will be informal consolidation of authority, knowledge and institutional memory within small circles of professional elites. That has the potential to result in resentments and tension within the civil service and could undermine long-term capacity-building efforts. One good example which is undoubtedly relevant for future PFM strengthening efforts in countries with local capacity is the broad-based capacity development through the financial management training school and support to the University of Liberia. These highly rated programs further reduce support for the argument about relying on the technical expertise of small circles of professional elites.

Finally, the experience from the two case study countries suggests it necessary the local reformer and international partners understand the trade-offs involved in de-concentrating some PFM functions and should always seek to create an appropriate balance regarding the extent to which they can de-concentrate PFM functions, when and how in their respective country context.

5.2.2.3 Upstream and Downstream Dimensions of PFM in Liberia and Sierra Leone

The evidence from the process-tracing analysis used in this section comes from much broader sources (including PEFA reports, government and donor-partner reports and reports from independent sources) and analysis of different of the interviews. The evidence shows there is more progress made in upstream than in downstream reforms processes in the two case study countries. Upstream reforms are mostly those related to establishing new institutions, departments, introducing macro-economic planning and policy-based budgeting (MTFF, MTEF, investment and public debt management, having a budget framework paper), the annual budget process, including the budget calendar, legislative scrutiny of the budget ex-ante and the final budget document. Whereas downstream reform processes include budget execution and external scrutiny and oversight processes - treasury management including managing inflows and outflows and TSA, accounting and reporting, payroll, human resources management, procurement, internal audit and external scrutiny and oversight (external audit, ex-post legislative scrutiny and social audit - participation of NSA).

The above pattern of progress in PFM in the two countries is not surprising given the existence of similar results from several studies (Andrews, 2010; Fritz et al., 2012; de Lay et al., 2015). However, as stated in the introductory section of this chapter, the emphasis in this section is to contribute to the large objective of section 5.2 to answer the second research question, which is to *examine how and why some developing countries tend to perform better in upstream reforms than in downstream reform processes.*

As stated by a DFID funded rapid evidence assessment of the extant PFM literature, PFM strengthening efforts have been “excessively focused on processes at the front end of financial management, especially budgeting and financial planning, but at the expense of more downstream processes linked with implementation and oversight” (Mills and de Lay, 2016, p.23; see also de Lay et al., 2015). However, as I stated in the introduction to this section, the evidence from the two case studies and more extensive quantitative studies indicates upstream reforms such as policy-based budgeting is among the weakest areas, while downstream budget execution such as accounting, and reporting are among better performing areas of PFM. So, while upstream reforms generally perform better, the apparent poor performance in the most coveted upstream reforms, such as MTEF and the relatively superior performance in some of the most complex downstream processes necessitates an in-depth examination of the underlying mechanisms that might better explain these dynamics.

The first reason frequently cited for the superior performance of upstream reforms and assessed through the process-tracing analysis is the role of project design and other technical factors, such as the sequencing of reforms. The role of project design, PFM plans and technical models in shaping reform outcomes in the two case study countries have been cited in many PFM reports and by independent observers of PFM in the two countries (World Bank, 2009b; Fritz et al., 2012; Tavakoli, 2012:17; Tavakoli et al., 2015). Their basic argument has been that PFM reform plans focus excessively on upstream processes and are influenced by results from diagnostic PFM assessments and PEFA reports, which do not fully capture and address the underlying issues that undermine efforts to strengthen PFM in the two countries.

This fundamental argument seems plausible and backed by significant evidence, which is verifiable in the various PFM strategies, plans and diagnostic PFM assessments in the two countries. Their argument might not, however, qualify as a necessary factor, or significant enough to drive variations in performance between upstream and downstream reform processes. I argue differently that those plans and technical models, such as the sequencing approach, do not have any causal power to influence PFM reform outcomes.

Instead, I focused the process-tracing evidentiary analysis on addressing several issues/questions such as what went into the design and implementation of those projects, programs and plans, how did reform get to the agenda of country governments, did domestic stakeholders set the specific features of the agenda, or were they strongly influenced by external 'scripting', has there been enthusiasm for particular types of reforms, and what explains that enthusiasm, and how long were reforms on the agenda before being adopted and implemented.

The above questions speak to the fundamental issues of reform ownership, incentives/motives to pursue reforms and leadership to ensure PFM intentions are implemented or to deepen existing reforms and sustain the gains already made. Also, addressing these cross-cutting issues is critical to contributing to our understanding of why upstream reforms perform better than downstream reform processes.

Regarding how PFM reforms got onto the agenda of government, the process-tracing analysis reveals both countries share several features about how PFM reforms were conceptualised or how the PFM agenda emerged. Moreover, the evidence indicates that several factors explain those features, which are driven by two mechanisms: reactions by both local authorities and international partners to various crises experienced in the two countries; and through efforts by local authorities to meet international demands under various frameworks and modalities such as HIPC debt relief and general budget support. International efforts in PFM reforms in the two countries were at their peak in the aftermath of each crisis, except for HIPC debt relief which was part of the broader global agenda benefited many developing countries as well.

Based on the above two reasons, international efforts in PFM strengthening in the two countries occupied a lead role, and this was irrespective of the nature of the crisis experienced. In the view of a donor-partner representative, who is also a Sierra Leone national "PFM reforms was mostly thought of by development partners and discussed with the government" (Interview: XX106). Even for some local actors who share the view that PFM reform was also partly conceived locally, they indirectly admit that any local effort towards PFM was also influenced by some form of external incentives from development partners. As one local PFM reform leader notes, "yes, we try to champion the reforms. But again, we have to have the political will and again the development partners because we do not know the angle they will be coming from. Because if they come today and say this is what we want to do, [we will have to do it], because as we speak now, we have the PFMICP funded by the donor-partners, we have Adam Smith funded by DFID, and EU funding the states building project" (Interview: XX305).

The above evidence is vital to explain the second fundamental issue of whether the specific features of the PFM agenda were set by domestic stakeholders, or whether they were strongly influenced by external 'scripting'. Regarding the latter, the evidence indicates an overwhelming international 'foot-print' in the design of PFM reform programs in the two case study countries. Several observations from interviewees and from various PFM diagnostic and review reports were not noted in the process-tracing evidentiary analysis. The international 'foot-print' in the design of PFM reforms took different shapes and forms - ranging from recommendations from donor-partner assessment missions/reports, developing adhering to international 'best practice' and to the placement of international consultants who influence policy directions and take the lead in the design of PFM reform strategies and programs (World Bank, 2004b&d; Dwan And Bailey, 2006; World bank, 2009b).

The lead-role taken by international partners following every crisis in the two countries and their heavy 'foot-print' in the design of PFM reform strategies, programs and plans are essential to help us understand why countries perform better in upstream than in downstream reforms for several reasons.

First, they help explain findings elsewhere in this chapter and the next that the nature of PFM reforms or reform intentions are explicitly driven by the **international desire to show results for their development assistance**. Upstream and de jure reforms are more amenable to current international intervention and result-based models used by donor-partners to support PFM strengthening efforts in developing countries. This finding is supported by earlier results found by Andrews in is his empirical analysis of which organisational attributes are amenable to external reforms of African PFM (Andrews, 2011).

Also, instruments such as PEFA represents the immediate objectives of international efforts to support PFM in developing countries (Wescott, 2008:22). Moreover, the evidence found also increases support for another key finding of this thesis that argues that *there is a limit to what could be achieved from PFM reforms that are championed externally*. As one donor-partner representative from Sierra Leone, who was interviewed admittedly notes, "downstream [reform processes] is the problem, a whole nightmare" (Interview: XX107). This study, therefore, deduces two implications based on the evidence and reform experience in the two countries: that the most critical aspects of these reform measures are primarily outside the scope of current policy reforms being supported by the development partner; and by extension downstream reforms are not always amenable to disbursement triggers mostly relied on by international partners to drive PFM reforms in partner countries. Against this backdrop, PFM reform efforts supported by internal partners in the two countries have primarily focused on changing the face of PFM institutions or what things should look like or the peripheral areas of institutions or to ensure legitimacy and standardisation of a set of practices (Ashworth, Boyne, and Delbridge 2007, 165; Andrews, 2011).

The fact that some upstream reforms continue to lag, while some downstream reforms continue to show relatively stronger performance indicates there is some other factors that explains the upstream and downstream divide in PFM performance. However, previous studies that assessed the upstream and downstream divide in PFM performance de Renzio and Dorotinksy (2007), de Renzio (2009a), Andrews (2010), or those that examined the limit to externally driven reforms (Andrews, 2009; Andrews, 2011; Andrew et al., 2012; Andrews, 2013) did not also seek to explain why some upstream reforms continue to lag, while some downstream reforms continue to show relatively stronger performance in developing countries.

Based on the evidence, the study argues that success in both upstream and downstream reforms is deeply rooted in the local institutional and political dynamics that might otherwise be explained by the above criticisms of the international-led approach to PFM reforms in developing countries. Understanding the role of the local institutional and political dynamics is critical, especially in terms of forward-looking implications for future PFM strengthening efforts in developing countries. To this end, I provide through specific examples, in the next two sections why and how local institutional dynamics and political factors affect not just the upstream and downstream divide, but also why and how they enable or derail specific reform efforts in all six dimensions of PFM.

5.2.3 The IFMIS Test Case of PFM Reforms in Liberia and Sierra Leone

I show in this section how local institutional dynamics and political factors shape opportunities for change and fundamentally determine whether progress is made in specific reforms, even with the most downstream reform areas. I call this the IFMIS test-case, which explains the underlying local technical dynamics and political factors that enable or derail the progress of IFMIS reforms in the two case study countries. The process-tracing evidentiary analysis was undertaken against the backdrop that IFMIS reform is widely regarded as the most expensive (Hashim and Piatti, 2016), and one of the most complex and challenging reforms to implement (Combaz 2015; Fritz et al., 2017), in spite of it implementation being largely successful in Liberia and Sierra Leone.

Unlike most PFM reforms, IFMIS reform is very complicated because it involves many different facets and different players at different levels of government. Those involved have to deal with the technical challenges with IT and ICT infrastructure, procurement, project management (Hashim and Piatti-Fünfkirchen, 2018), and also solicit adequate political backing to finance it, and to sustain the process in the midst of constant challenges from actors, who have the incentives to circumvent the system's control and oversight mechanisms (Fritz et al., 2017:64).

Surprisingly, IFMIS reforms and its associated accounting, recording and reporting, comprehensiveness and transparency dimensions of PFM have performed relatively better than most PFM dimensions in the two case study countries. Tavakoli et al. (2015: 347) described the relatively better performance of IFMIS as a surprise and contrary to more conventional pattern of progress in the general PFM literature (Pretorius and Pretorius, 2008; Andrews, 2010; de Renzio et al., 2010). The experience with IFMIS is, however, less striking, given that such progress according to findings from Dener, Watkins and Dorotinsky (2011) is possible in low-income countries, and even in the most challenging environments, such as those in Liberia and Sierra Leone.

However, it is essential to point out that the roll-out of IFMIS in the two case study countries is only another step towards improving budget execution. At the time of the field work, Liberia had rolled-out IFMIS to 50 MDAs while Sierra Leone has only rolled-out IFMIS to 36 if of its 50 MDAs. The evidence shows the number of IFMIS rollouts to MDAs does not necessarily mean those front-line ministries have a functioning IFMIS in place. The experience, especially from Sierra Leone identified severe functional-gaps in the IFMIS roll-out process. In one of the largest ministries I visited in Sierra Leone, I found the IFMIS had been down for several months before my fieldwork. Even in MDAs where the system is 'up and running', budget and finance officers have to regularly commute to the Ministry of Finance to do budget checks, process vouchers, print out cheques, among others.

Perhaps, the biggest surprise based on the research findings in that Liberia's IMFIS capabilities (both in terms of roll-out to MDAs and functionality of the system) had surpassed that of Sierra Leone, after coming from behind, with even more challenging environment than its neighbour. Considering the above, *the process-tracing analysis specifically examined how and why Liberia has made more progress in the* *implementation of its IFMIS than Sierra Leone***.** Interviewees frequently cited several factors, such as interests in FMIS from civil servants in the Ministry of Finance in Liberia. That, they pined to the fact that IFMIS makes their financial management functions easy. One Ministry of Finance official in Liberia, for example, states that "I think IFMIS has been very instrumental in Liberia because it has made work a lot easier. It has been able to facilitate a lot of payroll and other accounting and payments issues that were not possible before. And I think the Investment in the IFMIS has yielded the necessary benefits or the desired results" (Interview: XL306). This evidence seems plausible to qualify as a *necessary condition* to establish causation in the process-tracing approach, which means its presence indicates its relevance, but the evidence is not conclusive. Thus, the evidence in support of the interest in IFMIS argument is not decisive to explain the significant progress made on IFMIS in Liberia. Several respondents from Sierra Leone, in fact, also shared the same reason to explain to level progress made in IFMIS reform. The presence of similar reasons in both countries makes such an argument even less decisive. This argument is further weakened, given that both countries emerged from conflicts and had to do things manually in their day-to-day financial management. Therefore, it was more likely that would have embraced any advanced financial management systems and move away from the traditional and manual accounting systems that existed in the immediate post-conflict environments in the two countries.

Also, several interviewees from the two countries cite the control and accountability mechanisms of IFMIS as a prime reason for the challenges encountered from stakeholders, who have continued incentives to circumvent those controls and accountability mechanisms. However, this widely held view from participants that IFMIS faces stiff resistance from some local actors, because of its inherent control in budget execution did not prevent both countries from making initial progress in the implementation and rollout of IFMIS. Again, while this control argument seems plausible, the evidence is not decisive, and its impact is quite benign and hence explained by the rapid initial progress achieved in IFMIS in the two countries. As the study explained in section 5.2.1 political leaders and top-level bureaucrats, have found ways to override the control, transparency and accountability mechanisms of IFMIS through what I describe in this thesis as *budgeting of corruption* in the annual budget process in the two countries.

The most compelling explanation for Liberia's IFMIS success was strong leadership and commitment from its government. This study draws on three reasons to support this claim. First, the Liberian government, ex-ante showed strong leadership and commitment in IFMIS. The authorities had a firm conviction that IFMIS was fundamental to PFM reforms in the country, which they manifested through the learning visit to Sierra Leone in 2010. The then President Helen Johnson Sirleaf had direct knowledge and interest in IFMIS reforms. Her strong leadership and interest were shown in the words of IFMIS Consultant who worked in both countries "she was in Washington when the vice president was about to launch IFMIS, but she instructed the vice-president to wait for her to launch the project herself. For her, launching the project was important because citizens will also appreciate and support the government in their reform efforts" (Interview: XL308_XX306). This explicit political backing was also found to be critical in the initial progress achieved with IFMIS rollout across national and subnational government in Tanzania (Diamond and Khemani, 2005,14--15).

In comparing the two countries, the strong leadership and commitment of the Liberian government are also explained by the fact that the authorities financed the IFMIS upgrade from domestic resources. Unlike Liberia, Sierra Leone has never financed IFMIS from its domestic revenue. Ministry of Finance officials interviewed in Sierra Leone did defend the country's moderate performance compared to Liberia, claiming that the latter allocated more funding to IFMIS given their experience with the scenario in Sierra Leone. While this argument is supported by Hashim and Piatti-Fünfkirchen (2018) who concluded having realistic cost estimates is critical to IFMIS success, the move by Liberian authorities to finance the IFMIS upgrade from domestic resources sufficiently demonstrates their level of commitment. There is no such commitment from the Sierra Leone government. After all, Liberia is not wealthier than Sierra Leone.

Moreover, there is consistency in the leadership and commitment to IFMIS reforms from the Liberian authorities. In Liberia, every Finance Minister since the IFMIS launch has maintained some level of commitment. While in Sierra Leone, there was much techno-political disagreement with the new Finance Minister in 2007, which stalled IFMIS reforms for a couple of years before it was resolved. The reason was that the new finance minister in 2007 thought IFMIS was not desirable and had wanted a completely different financial management system. The inconsistency in leadership and commitment was also manifested in the long delay to roll-out IFMIS to the remaining 26

MDAs in Sierra Leone. Also, it took almost two years under the current PFMICP to recruit a procurement consultant to initiate the process for the IFMIS upgrade and to procure ITC equipment. The delay led, in 2016 International partners to institute a special IFMIS audit.

Finally, there is more broad-based support and commitment to IFMIS reforms in Liberia than in Sierra Leone. Most of the civil servants interviewed in Liberia discussed PFM reforms exclusively from the lens of IFMIS. One interview participant from the Liberia Ministry of Finance described IFMIS as "a grandchild that we need actually to hold and pamper" (Interview: XL309). Unlike their counterparts in Sierra Leone, this sentiment was widely shared by many respondents and in different quarters within the Government of Liberia. IFMIS is like the face of PFM reforms in Liberia, and it was easy to read this high level of enthusiasm for IFMIS reforms during fieldwork in that country.

5.2.4 How and Why Certain PFM Reforms are more challenging to implement than others

As in section 5.2.3, I also show in this section how and why local non-technical factors shape opportunities for change and fundamentally determine whether progress in specific reforms are achieved, irrespective of whether they are downstream or upstream, concentrated or de-concentrated and de jure or de facto dimensions of PFM. To explain this, I draw on the experiences in the two countries regarding the successes and challenges encountered with specific reforms such as TSA, MTEF, IFMIS, internal audit, procurement and oversight.

The basic idea of this section is to warn against the usual upstream and downstream divide, which might not always be helpful to our understanding of how and why particular reforms fail while others achieve progress. This is because the nature of specific reforms underpins the level of resistance which they may face and is not based on the usual upstream or downstream, de jure or de facto divide.

De jure reforms are the most successful and regarded as the most straightforward to pass but may encounter significant resistance where they conflict with the interest and incentives of powerful political elites. Specific examples from the two country experiences further illustrate this point. The first example is the resistance by Sierra Leone's parliament to amend Standing Order 75 (SO75), which prevented the Auditor General to publish publicly the annual audit report and the outright refusal to change the leadership of the PAC. Second, the new procurement law in Sierra Leone stalled for three years before it was approved. The third example is the refusal by the authorities of both countries, to even include TSA in their PFM laws since the inception of the reforms over a decade and half ago. The common theme portrayed by these examples is that the above reforms challenge the techno-political state in the two countries, albeit some being later passed into law. Even where some are enacted into law, mobilising enough political support and commitment may be impossible. However, even the most challenging reform to enact into law could still be enacted where it is aligned with the interests and incentive of politicians and their bureaucratic actors.

Recent experience in Sierra Leone saw the inclusion of TSA into 2016 PFM Act and ex-ante planning of the initial roll-out, defying resistance from MDAs and autonomous agencies. According to many interviewees, the resistance faced in Sierra Leone was also driven by some misconceptions from MDAs that TSA will impose restrictions, and they might no longer have access to their funds. A senior reformer in the Sierra Leone Ministry of Finance states “MDAs are saying government is going to close their accounts and utilise their funds. Obviously, they will not be happy. But at times for reforms to be successful strict measures need to be put in place” (Interview: XX305). While such a resistance from ministries, autonomous agencies, local councils and even commercial banks is not surprising (Fritz et al., 2017:60), the process-tracing analysis shows such a giant step from the Sierra Leone Government was motivated by fiscal pressures and a worsening economic situation in the country following the crash in commodity prices and the Ebola Outbreak as shown earlier in section 5.1.2.1 in this chapter.

Fiscal pressures and a worsening economic situation also meant the Ministry of Finance needed to exercise tight control, managerial oversight and accountability amidst the high borrowing costs and excessive commitments from MDAs. The senior PFM reformer in Sierra Leone referenced above emphasised this point during the interview, stating that “The Government of Sierra Leone cannot be borrowing, paying high-interest rates when you have funds lying with MDAs. The government will utilise those idle funds and then refund them later” (Interview: XX305). These benefits of TSA and its control, accountability and managerial oversight mechanisms are also detailed in a 2010 IMF Working Paper (Fainboim and Pattanayak 2010:6-7).

The extent to which local political factors and institutional dynamics shape opportunities for change could also be explained from experience with reforms such as MTEF. The implementation of the MTEF is perhaps the most challenging reform in the two countries, albeit it being an upstream reform mechanism. After a decade in Liberia and a decade and a half in Sierra Leone since was first introduced, the objective of MTEF as a mechanism to link policy and planning to the budget, and to support resource allocation and contribute to fiscal sustainability has not produced the desired results. Despite its initial introduction and considerable support from International Partners, the reviews are particularly appalling as a senior official in the PFMRU in Liberia states:

> *For MTEF, I honestly do not think we have implemented anything in this country. People feel that it is about having the medium-term budget and forward estimates. …take, for example, a type of expenditure that spans over some years, such as road construction. The problem with this type of arrangement is that ministries and agencies do not know whether the next chunk of money to undertake specific development programs are going to be approved (Interview: XL306).*

Considering the above admission of the relatively poor performance of MTEF, I was specifically interested in finding out during the fieldwork and interviews whether MTEF reforms involve more high-level political process than other reforms such as IFMIS. The experience from the fieldwork and process-tracing analysis show MTEF reforms are more of a political process that frequently clashes with the interests and incentives of the high-level politicians and their political actors. In the words of a senior official in the Budget Bureau in the Ministry of Finance official in Sierra Leone, "…the MTEF is just a tool to drive the political agenda. There is no way you can divorce the political leadership from MTEF implementation. If you are told you have to do it to carry out their activities or agenda [whether or not it in line with the MTEF guidelines], you will have to do it anyhow" (Interview: XX304). However, the MTEF experience in terms of the high-level political process is not unique to the two countries. The role of politics and its interactions with institutional rules and dynamics in shaping the final budget and its links to policy goals are also discussed by Norton and Elson (2002); Hallerberg et al. (2009); and Fritz et al. (2017:56-9).

The most important idea from the MTEF experience in the two countries is that high-level political interests and incentives frequently changed, which lead to ad-hoc policy changes that undercut earlier policy planning and budgeting. The impact of changes in the interests and incentives and the ensuing ad-hoc policy changes are substantial even where the MTEF process has been in existence for many years. The annual and repetitive process means budget support triggers tied to successful MTEF implementation may only be temporary. Also, adherence to the MTEF guidelines in one fiscal year to meet budget support triggers does virtually nothing to ensure future adherence and commitment from political leaders. A similar experience is also reported in Tanzania, where earlier progress in MTEF reforms did not guarantee future improvements, and the annual budget remained largely unrealistic for several years after its initial roll out (Holmes and Evans 2003; Oyugi, 2008).

The MTEF experience from the two countries and from elsewhere offers significant implications for PFM reformers that, specific PFM reforms do not merely improve with time. The unique political interactions of the MTEF with political interests, incentives and institutional dynamics, coupled with its repetitive nature, may defy any logical or sequence of improvement over time. This claim is supported by the status on performance and programme-based budgeting in Africa, which finds that after decades of implementing MTEF and programme-based budgeting, most African countries to date do not have a fully-fledged system in place that is in line with all the guidelines (Worthington 2013: ix).

The process-tracing also reveals changes in the interests and incentives are driven by two factors: the desire by political leaders to fulfil their political promises (to fund their political roots[10]) and the frequent changes to cabinet positions in the two countries. Government regimes in Sierra Leone are known for frequent cabinet reshuffles - rotating politicians between ministries and agencies. Even when MTEF is often claimed to be linked with the broader government agenda, there will be "…a Minister whose interest is to provide fertilisers. [However] you can have another Minister in the next year, whose interest will be to provide attractive subsidies, and now, you begin to see the deviations and these are some of the key challenges, in terms of implementing programs like the Medium-Term Expenditure Framework" (Interview: XL308_XX306). The experience in the two countries is that, sometimes, a whole program could be neglected or abandoned in favour of a new and politically attractive program.

[10] **Political roots** in this thesis means promises of big infrastructure or investment projects by political leaders during political campaigns or in their manifestos. These infrastructure projects are seen as pivotal to their re-election campaign.

The experiences in the two case study countries with reforms such as procurement, internal audit and oversight also provide invaluable insight into how and why political factors and institutional dynamics shape opportunities for change, irrespective of whether a specific reform is downstream or upstream. These reform measures are mostly concerned with front-line MDAs engaged in service delivery. They concern routine activities that involve many stakeholders, who have different interests and incentives that may undermine PFM regulations. Internal audit, for example, despite being a relatively new reform (Vani, 2010) faces a much broader challenge because of its role in bridging the gap between policy and regulations and practice. Considering the breadth and scale of PFM reforms in the two countries, reforms such as internal audit encounter stiffer challenges because it “connects people to policy” according to an Internal Audit official in the Internal Audit Agency in Liberia (Interview: XL401).

The evidence also indicates some inherent societal problems such as the lack of goodwill to follow laws and misconceptions among civil servants, who view internal auditors as policemen, are critical drivers of the weak internal audit function in the two countries. In the words of the Internal Audit official from Liberia quoted above, “there is a culture of impunity in Liberia. Some people may get away with things. So, people who feel that they can benefit from that impunity they are not so inclined to do the right things” (Interview: XL401).

Procurement reforms, on the other hand, is described by a NSA representative in Sierra Leone as a “death trap” (Interview: XX702). Procurement reforms remains as one of the worst areas in the two countries, absorbing about 70 per cent of all central government expenditure. Because it takes the lion's share of government expenditure, procurement reforms are of particular interest to political leaders and political actors manning MDAs, which could be seen in the 2015 audit report in Sierra Leone, which found that 80 per cent of all procurement was done through non-competitive bidding or sole-sourcing (Audit Service Sierra Leone, 2015b).

Oversight reforms such as external audit, parliamentary oversight, internal audit and procurement also involve many actors with interests and incentives that can threaten existing political patronage systems. Much of the progress on oversight is in the area of ex-post scrutiny from the SAIs in the two countries. The main factors that appear to drive the progress made by SAIs are the direct support from international partners and the fact that their work is enshrined in the laws of the two countries. The most critical challenge concerning oversight is the lack of political accountability and failure to enforce audit recommendations, irrespective of the enforcement powers conferred upon the Ministry of Justices by the constitutions and PFM laws in the two countries (GoSL, 1991; GoL, 2009; GoSL, 2016).

By contrast, IFMIS reforms, unlike the other reforms discussed above, continue to enjoy strong support in the two countries. The process-tracing evidence indicates that three factors drive the level of support and commitment. First, both countries needed an IFMIS system after the conflicts to facilitate the work of the Ministry of Finance, but also to exercise control and managerial oversight over MDAs. Second, IFMIS reforms often come with substantial financial implications, through large procurement contracts that are attractive to local reformers. However, this high-level interest in IFMIS because of the large procurement contracts involved negatively affects other dimensions of PFM, which is reflective of the systemic weaknesses in procurement reforms indicated by the low PEFA scores shown in section 5.1.2.1. And finally, IFMIS is an accounting system and routine processes involving mostly technical personnel. With the latter, IFMIS unlike other reforms such as TSA, MTEF, procurement, which present political economy dilemmas from the senior Ministry of Finance officials, encounter less resistance from high-level political actors because senior officials or reformers in the Finance Ministries in both countries can carry it out safely without any confrontations with their political masters.

5.2.5 Summary of Findings

Section 5.2 focused on how progress has been made and why in the two case study countries. The evidence presented and discussed relates to the extent to which PFM reforms pursed are homogeneous or dissimilar; the pattern of the progress achieved or the extent that to which progress achieved varies across the two countries and PFM dimensions; and how much of the preceding are influenced by political factors and local institutional dynamics. The evidence from the process-tracing analysis reveals that reform intentions and programs were homogeneous across the two case study countries. Irrespective of the homogeneous reform intentions across the two case study countries, two clear pictures emerged from their implementation.

First, there are wide variations in the performance of homogeneous reforms across the two countries and PFM dimensions. Second, partial implementation of reform packages, projects and programs is the common theme in the two countries and across PFM dimensions. Whether a reform gets implemented (fully implemented, partial/incomplete or not implemented at all) is driven by three factors. The number of stakeholders involved in the implementation of specific reform packages or tools; the extent of the impact a specific reform package or mechanism on political accountability and survival; and the extent of the impact a specific reform package or mechanism on the freedom or leverage political actors have over the resource envelope.

Based on the evidence of the level of progress achieved and variations in performance between de jure and de facto reforms, between concentrated and de-concentrated reforms and between upstream and downstream reforms are mostly the results of non-technical factors and their intersections, in some instance, with technical reform models. This study argued the more profound the roots a specific reform initiate or mechanism has in nontechnical factors, such as political economy factors and institutional dynamics, or informal norms and patronage systems, the higher the likelihood it will encounter stiff resistance, or it will only be partially implemented.

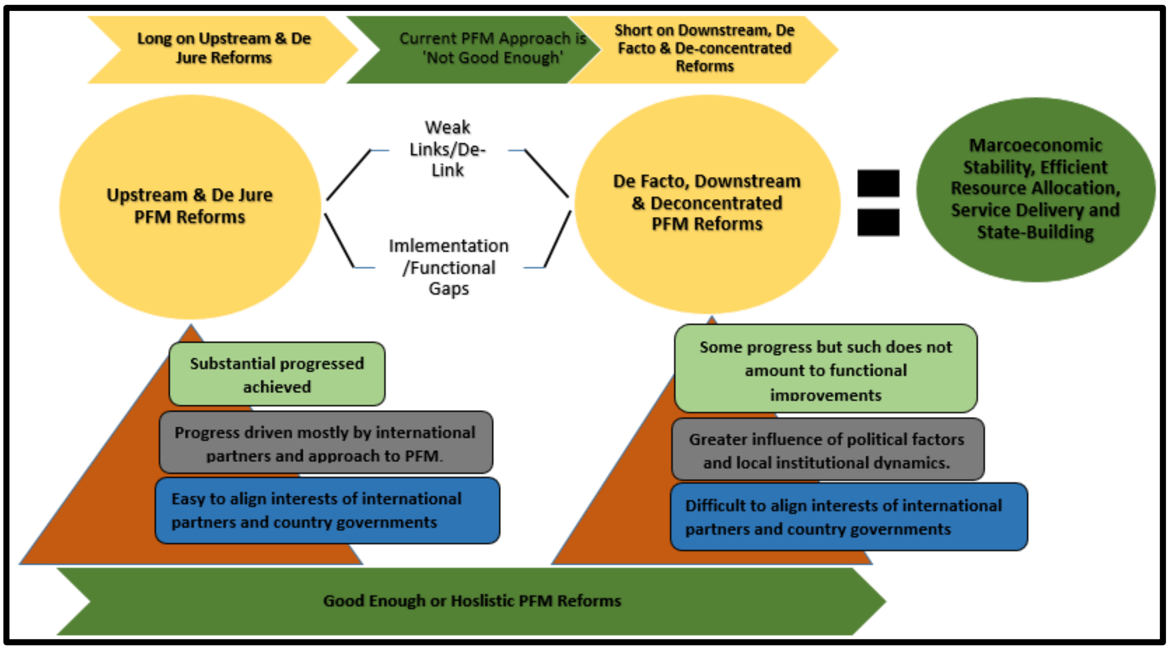
This study demonstrated this through the IFMIS test-case, in which I showed how strong and consistent local leadership and broad-based commitment were principally responsible for Liberia's superior IFMIS roll-out and functional capability compared with Sierra Leone. I also demonstrated the strength of these nontechnical factors in shaping opportunities for change by providing evidence that explains why some reforms, such as MTEF, TSA, procurement, internal audit and oversight are more challenging to implement than other reform initiatives.

Perhaps, the most significant takeaway and challenge for international partners is that political-economy factors and local institutional dynamics are underpinned mostly by the interests, incentives and motivations (which are continually evolving) of politicians and their proxies. However, the interests and incentives of political leaders and local reformers are easily more aligned with upstream, de facto and concentrated reforms than with downstream, de facto and de-concentrated reform areas.

5.3 The Key Findings and Conclusion: Current PFM Reform Progress is *Not Good Enough* to Deliver on Its Promise

This chapter has addressed the twin objectives of providing logical explanations of the evidence from the two case studies about ***how*** and ***why*** progress in PFM reforms vary in the case studies and across PFM dimensions. For far too long, there have been few efforts in the existing PFM literature to address, in a single study, the ***how*** and ***why*** aspects of PFM reforms in developing countries differ. So, while readers of this chapter and this thesis might feel overwhelmed by the details of the process-tracing evidentiary analysis, the analytical discussions in this chapter allow the researcher to contribute to correcting this deficiency. The analysis I have laid out in this chapter is critical to an understanding of the state of PFM, the level of progress achieved, and the underlying political economy factors and institutional dynamics enabling or impeding PFM strengthening efforts in the two countries. The process-tracing evidentiary analysis has also provided a more nuanced contribution to understanding PFM reforms, which is different from the prescriptive reform models that dominate PFM reform strengthening efforts in developing countries. The evidence has been presented in two-folds and tailored to address the first and second sub-questions stated in the introduction of this chapter. In this section, I conceptualise and crystalise the evidence from sections 5.1 and section 5.2 to address the third sub-research question and to make an overall assessment on the state and level of progress achieved in the case study countries.

Figure 5.6: The State and Level of PFM Reform Progress in Liberia and Sierra Leone



Source: Prepared by the Author based on the evidence from the case studies

In summarising and crystalising the main findings, the critical challenge throughout this chapter was maintaining a balance between a retrospective and a prospective view, and as well as identifying implications from the experience in the two countries that might better inform future PFM strengthen efforts by both development partners and country governments.

The presentation in this section provides an overall assessment on the state and level of progress achieved in PFM reforms in the two case sties, which is then followed by a detailed analytical discussion that explains the extent to which the non-technical causal-factors contributed to the main findings and overall assessment or conclusion reached. Figure 5.6 below presents a framework that conceptualises and crystalises the evidence presented and discussed in the previous two sections. It shows the *apparent failure of current PFM reform models and interventions to deliver on the overall promise/objective of PFM reforms in the case study countries*.

As depicted in upper half of Figure 5.6, the evidence shows the current PFM reforms models championed by development-partners are *not good enough* to accomplish the real thrust of PFM reforms in the two countries. This thrust of PFM reforms is, according to Welham et al. (2013), to ensure macroeconomic stability, contribute to state-building efforts, improve service delivery and ensure efficient resource allocation in developing countries as shown in the extreme right in Figure 5.6 above.

The first critical point based on the evidence is that current PFM reform models and interventions are long to upstream and de Jure reforms and short on downstream, de facto and deconcentrated dimensions of PFM. The evidence shows the approach has been pivotal in influencing both the state of PFM reforms and level of progress achieved in the two countries. While this approach has resulted in *substantial progress* in upstream budget processes and building the legal foundations, its influence on downstream budget executions, the actual implementation of the laws and policies, programs and reform initiatives at front-line service delivery ministries, agencies and department has been minimal. The substantial progress in upstream and de jure reforms has been achieved because international partners have mostly relied upon policy-based instruments. The approach in the case studies was based on the general belief among development partners that progress in upstream budget processes and enacting of laws, creation of new institutions and departments or the injection of professionalism in PFM could trickle down to other PFM dimensions further down the PFM spectrum (Fritz et al, 2017:21).

As the evidence and discussions in the previous sections also show, this pattern of progress in part, is because of policy-based instruments were overly focused on achieving the short-term interests of development partners. That meant PFM strengthening efforts kept moving from one short-term objective, without strong commitment to deepen reforms, especially in downstream, de facto and de-concentrated dimensions of PFM. This further meant PFM reforms were treated as ends in themselves and not as means to improve service delivery in the two countries. The Ebola Outbreak in the two countries is a good example that exposed the limitations of the current level of PFM progress achieved. After decades of reforms, current PFM systems and institutions in the two countries were incapable of supporting front-line service delivery in the health sector. Instead, the process was marred by corruption through bad procurement process and misappropriations of much-needed funds to combat the epidemic.

The weak links or the apparent failure of current policy reform models and interventions to trickle down to downstream service delivery units is also explained by three points as depicted on the right-hand side in Figure 5.6 above. First, while the evidence in the previous two sections (sections 5.1 and 5.2) PFM reforms have been largely homogenous, partial implementation of these reforms was, however, widespread in the case study countries. The widespread partial implementation of PFM reforms found explains the lack of function improvements or functional gaps in PFM institutions and the lack of implementation of PFM laws and regulations. The evidence shows the full implementation, incomplete implementation or lack of implementation is driven by misconceptions about what these terms mean. That further led to partial completion of some reform initiatives, overstatement of benefits from specific reforms and generally undercut the applicability of practical PFM reform models such as the sequencing approach.

With respect to the implementation of PFM reforms, the study found whether a reform gets implemented (fully implemented, partial/incomplete or not implemented at all) is determined by three factors. 1) The number of stakeholders involved in the implementation of specific reform packages or tools. 2) The extent of the impact a specific reform package or mechanism on political accountability and survival. 3) The scope of the effects a specific reform package or mechanism might have on the freedom or leverage political actors have over the resource envelope. However, there is an important caveat to these propositions which could be seen with the success of IFMIS reforms in the two countries. The evidence reveals an important element that explains the successful implementation of IFMIS reforms is because political actors and civil servants have found ways to override its control, transparency and accountability mechanisms through what I describe as *budgeting of corruption* in the annual budget process.

Through adopting a broader frame of analysis of PFM performance, I showed how and why political factors and local institution dynamics shape opportunities for change especially in downstream dimensions of PFM in the two countries. Based on the evidence, the limited progress in downstream dimensions of PFM are primarily the results of non-technical factors and their interactions, in some instance, with technical reform models. The deeper the roots a specific reform initiative or mechanism has in nontechnical factors, such as political economy factors and institutional dynamics, or informal norms and patronage systems, the higher the likelihood it will encounter stiff resistance, or it will only be partially implemented. The research demonstrated this through the IFMIS test-case, in which I showed how strong and consistent local leadership and broad-based commitment were principally responsible to Liberia's superior IFMIS roll-out and functional capability over Sierra Leone.

I also demonstrated the strength of these nontechnical factors in shaping opportunities for change by providing evidence that explains why some reforms, such as MTEF, TSA, procurement, internal audit and oversight are more challenging to implement than other reforms initiatives. Perhaps, the most significant takeaway and challenge for international partners is that political-economy factors and local institutional dynamics are underpinned mostly by the interests, incentives ad motivations (which are constantly evolving) of politicians and their proxies. The evidence shows the interests and incentives of political leaders and local reformers can be easily aligned in upstream, de factor and concentrated reforms than in downstream, de facto and de-concentrated reform areas.

Several implications and lessons of good practice can be deduced from the evidence that might be relevant for future PFM strengthening efforts by development partners, country government and independent observations with interest in PFM in development countries. First, while debt relief and higher ODA did positively influence PFM reform efforts, especially during periods of crisis, their influence, however, declined in the development period (post-2009), as country governments mobilised domestic revenue - domestic tax revenue and large inflows of mining revenues. The large inflows of mining revenue and domestic taxes, however, derailed efforts to strengthen PFM by triggering the impulses of local political leaders to increase levels of spending towards their 'political roots' in disregard of PFM laws and regulations and created opportunities for patronage networks.

Also, the evidence suggests it is preferable to have embedded and incremental reforms than large-scale stand-alone projects, even if the latter is better coordinated and integrated with technical PFM reform models such as the sequencing approach and the use of country systems. Large scale PFM reform efforts heightened both the scale and pace of isomorphic mimicry and capability traps in the two countries. However, the experiences in the two case study countries suggest the impact of isomorphic mimicry on capability traps and level of progress achieved is somewhat less evident, where similar countries engage in peer learning or sharing experiences and technical capabilities. The experiences underscore the benefits of peer learning as a tool to promote more realistic solutions or introduce 'realism' into the PFM reform process in developing countries. It also weakens arguments advanced by critics of having homogeneous reforms or standardized institutional development across countries (Andrews at al., 2012; Andrews, 2013; Blum, Manning, and Srivastava 2012; Krause 2013; Brinkerhoff and Brinkerhoff, 2015). There must be room for some form of knowledge transfer and sharing of experiences in terms of what works or what does not work between countries with similar contexts.

Again, the implications of the short-term focus and treatment of PFM reforms as means in themselves are perhaps, not surprising, given the apparent lack of clear evidence of the impact of current PFM strengthening efforts in the literature (Fritz et al., 2014; de Lay et al., 2015; Mills, 2018:2). For example, the World Bank which has been for decades, the dominant player in PFM reforms in developing countries admitted in its ongoing evaluation of its support to PFM the lack of adequate evidence of impact on eradicating extreme poverty and promoting shared prosperity (World Bank -IEG, 2018a).

Apart from the methodological challenges such as the attribution problems of studying effects of PFM reforms, I have also shown in the previous sections that the lack of adequate evidence of impact is also the result of the approach and the tools used by international partners to assess progress. In the words of de Lay et al., “The holistic nature of PFM systems does not suit a "medical model" investigating links between specific "treatments" and specific results” (De Lay et al., 2015, p. 12). For example, the theory of change depicted in figure 3.2 in the analytical framework in chapter three, which is used widely by international partners to evaluate the impact of their support to PFM reforms is not suitable to accurately reflect the state and level of progress achieved. It does not address whether outputs and processes in upstream and de jure dimensions are, tricking down to downstream, de factor and de-concentrated dimensions, or whether those outputs such as new institutions, laws and systems have the adequate and appropriate capability to deliver functionality. Based on the evidence, the latter is what matters most, and in fact, is what contributes to real progress, or improved service delivery and poverty reduction. One indication of the failure of the progress achieved in upstream and de jure reforms to trickle down could be seen in the limited number of studies and as well as the limited impact of downstream and de-concentrated reforms such as legislative oversight (Mills and de Lay, 2016). Similar evidence of the limited focus on downstream and de-concentrated reforms such as oversight, and their limited impact on service delivery, improved governance and poverty reduction are available in the following studies (Migliorisi and Wescott, 2011; Mills, 2018).

Similarly, current PFM strengthening efforts together with the evaluation framework used to measure impact have limited ability to address the underlying political-economy factors and institutional dynamics that shape change opportunities, especially in downstream, de factor and de-concentrated dimensions of PFM. It is generally easy to align the interests of donor-partners and country governments in upstream and de jure reforms. Current policy-based reform instruments such as GBS and associated triggers do work relatively well because local they provide incentives to local authorities to pursue reforms. Those incentives are an essential source of finance to local authorities, and sometimes they provide the lifeline to country governments, especially during crisis periods in the two countries as shown in section 5.1.2.1.

What is needed is a *holistic approach* to PFM reforms, that can address both the immediate upstream quick-fixes or low-hanging fruits and as well as downstream, de facto and de-concentrated functional gaps and service delivery challenges to optimise better and lasting outcomes in PFM reforms in developing countries. The critical point to note with regards to ongoing efforts to strengthen PFM from experience in the two countries is that there is a need for a clear understanding by all stakeholders of the essence of PFM reforms. Which means, steps must be taken to re-strike the balance between efforts to strengthen PFM and the focus on ensuring improved functionality of PFM institutions, including ensuring macroeconomic stability and efficient resource allocation, improved service delivery and overall state-building efforts in developing countries. Thus, future efforts must include both medium and long-term plans to ensure outputs and processes in upstream and de jure dimensions trickle down to downstream, de factor and de-concentrated dimensions.

The issues raised in the last several paragraphs are an essential starting point for further discussions and theorising on the hypothesised role of non-technical factors enabling or impeding PFM strengthening efforts in the two case study countries in the next chapter.

CHAPTER SIX

UNDERLYING DRIVERS/BLOCKERS AND IMPLICATIONS FOR BOTH THEORY DEVELOPMENT AND PRACTICE IN PFM REFORMS

6.0 Introduction

This chapter has a -focus on constructing logical explanations and theorising on the hypothesised role of structural and nontechnical factors that drive or impede efforts to strengthen PFM in the two case study countries. In doing so, this chapter explicitly addresses the third sub-research question and contribute to our understanding of the extent to which political support and country ownership, institutional and management arrangement of reforms, donor support and practices and economic factors explain the first two sub-research questions or contribute to understanding the state and pattern of PFM reform progress in the case studies shown in the Chapter Five. It does so by providing a systematic empirical examination of, and construct logical explanations about who and what has led to the initiation and support for PFM reforms, and in what ways have structural and non-technical factors have enabled or impeded opportunities for change in the two case study countries.

The within-case process-tracing evidentiary analysis adopts a much broader perspective for each of the four non-technical factors covered in this chapter. By adopting this more general perspective, I demonstrate also demonstrate in this chapter how mechanism-based explanations are possible at both individual level in analysing the fine-grain pieces of evidence and as well as capture the hypothesised role of mechanisms at the macro level. The analysis and theoretical discussions in this chapter generally proceed from the analysis of specific pieces of evidence to a 'big picture' perspective about the hypothesised role of the four factors examined.

Meanwhile, the discussions and theorising in this chapter is underpinned is by two important points. First, this chapter has its foundation on the findings and conclusion reached in Chapter Five. Specifically, the overarching conclusion reached that current PFM reform efforts are *not good enough* is based on the broader evidence that indicates weak links, or implementation gaps/functional gaps between upstream, de jure and concentrated reforms and more downstream, de facto and de-concentrated dimensions of PFM. Those weak links mean the substantial level of progress achieved in enacting new laws, creating new institutions, systems and processes do not address whether those outputs such as new institutions, laws and systems have adequate and the appropriate capability to deliver functionality. As I show in Chapter Five, the evidence indicates the weak links or functional gaps are mostly the results of nontechnical factors. It is, therefore, not surprising that the World Bank has also recently emphasis in its 2017 WDR the importance of ensuring functional improvements in ongoing efforts to strengthen PFM and PS institutions more broadly (World Bank, 2017b).

Second, this chapter is based on, and contributes to the broader debate about *innovative approaches* to difficult reforms and institutions strengthening in developing countries (Krause 2013). A dominant theme among the most notable approaches, such as *PDIA* (Andrews at al. 2012; Andrews et al., 2017; Blum, Manning, and Srivastava 2012;

Brinkerhoff and Brinkerhoff, 2015), *power and systems approach* in institutional change (Green, 2016) and the proposal for *doing development differently* (Booth, 2015; Unsworth, 2015; Wild et al. 2015; Bain, Booth, and Wild 2016) is a discussion about understanding the role and impact of non-technical drivers.

While there is considerable agreement about the role of non-technical drivers of PFM reforms in development among practitioners, reformers and academics (Andrews, 2010; de Renzio et al. 2011; Andrews et al., 2012; Fritz et al. 2012; Lawson, 2012; Fritz et al. 2017), there is lack of critical mass of empirical evidence, or at best the evidence is anecdotal about their specific role in shaping opportunities for change in particular contexts (Srivastava & Larizza, 2013:458; De Lay, et al., 2015; Hudson and Marquette, 2015). According to Fritz et al.

> *there is typically little systematic analysis of the wider political economy drivers and dynamics affecting the prospects for PFM reforms. Discussions of political economy and related nontechnical drivers are also not systematic in project documents. They are most commonly addressed in the risk section of program assessment, not always with a clear or substantial link to project design (Fritz et al., 2017, p.3).*

For example, there is agreement that political support is fundamental to the level of progress achieved and the sustainability of PFM reforms. However, there is an apparent lack of substantial empirical evidence, with some degree of specificity about how and why politics or political-economy factors shape opportunities for change in a challenging environment, especially in the context of the case study countries. Apart from few single case studies (Betley et al., 2012; Folscher et al., 2012; Lawson et al., 2012) and a small number of multiple case studies (Fritz et al. 2012; Lawson, 2012; Fritz et al. 2017), much of the existing literature that attempt to address the role of structural and non-technical factors in efforts to strengthening PFM in developing countries are qualitative studies (Andrews, 2009; Andrews, 2010; de Renzio et al. 2011; Fritz et al. 2014a).

As in Chapter Five, the critical challenge in the process-tracing analysis has been trying to maintain a balance between a retrospective and a forward-looking view. For this reason, this chapter charts a specific pathway known as the ***holistic approach*** and details specific forward-looking implications for both theory development and practice for future efforts by development partners and country governments to strengthen PFM in developing countries. While the overall objective of the thesis is not about generalising the findings from the case studies, the forward-looking implications may provide some generalisable insights that might be relevant to development partners, academic research and country governments with interests in countries with similar contexts.

The rest of this chapter is divided into two main sections. Section 6.1 presents and discusses the hypothesised role each of the four the underlying drivers (political support and ownership, institutional dynamics, donor support and practice and economic factors) to explain the extent to which each contributes to an understanding of the state and level of progress achieved in the PFM reform efforts in the case study countries. Section 6.2 draws out the main findings by mapping a pathway towards the holistic approach espouse in this thesis and lays out specific forward-looking implications for future PFM strengthening efforts in developing countries.

6.1 Understanding the Underlying Drivers of PFM Reform Efforts

Methodologically and logically it is impossible to claim that only a single political economy or institutional dynamics drives or impedes or is the dominant explanatory variable across the case studies and dimensions of PFM. This study, therefore, presents in this section logical explanations about the hypothesised role of each of the four structural and non-technical causal factors widely recognised and covered in the literature on PFM reforms in developing countries. The structural and nontechnical factors are political support for reforms, international partners' engagement in PFM reforms in developing countries, the role of structural factors and economic dynamics, and the role of institutions and management arrangements for PFM reforms.

This section takes a broader perspective for each of the four non-technical factors covered in this chapter. By adopting this more general perspective, I demonstrate how mechanism-based explanations are possible at both the individual level with analysis of fine-grain pieces of evidence and as well as capture the hypothesised role of each mechanism/causal factor at the macro level. The analysis and theoretical discussions in this section generally proceed from the analysis of specific pieces of evidence to a 'big picture' perspective about the hypothesised role of the four causal factors examined. The purpose of each subsection below is, therefore, to systematically explore each nontechnical causal factor and determine the extent to which each causal factor influence the state and level of PFM reform progress in the case studies and how.

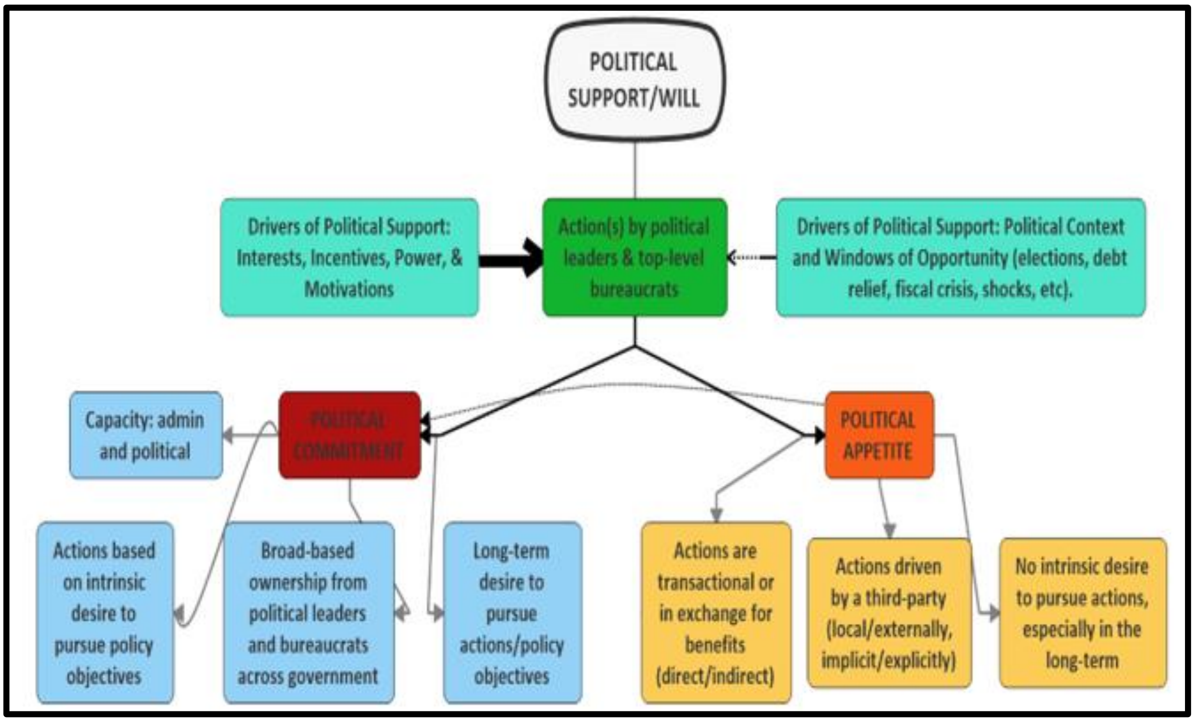
6.1.1 Understanding Politics and Political Support for PFM Reforms

The process-tracing analysis of the empirical evidence that feeds into the discussions and theorising in this section are drawn mostly from the analysis of hypothesis three in Appendix C. The process-tracing evidentiary analysis I conducted examined specific set of hypotheses/arguments to explain the role of politics and political support for PFM reforms in the case study countries. The analysis covered the main argument and three sub-arguments, each of which contributes to explaining the main argument. While all three sub-arguments help explain the main argument, each brings a different perspective, and sometimes alternate explanations of the main argument/hypothesis. The process-tracing analysis I conducted examined the arguments listed below as follows:

- The extent of PFM reforms progress in developing countries is influenced by the level of ownership and political support for reforms (Hypothesis 3).
- There is a lack of real political will (commitment) to drive PFM reforms in the case study countries (Hypothesis 3a)
- There is political appetite for reform from politicians and top-level bureaucrats (Hypothesis 3b).
- The lack of real political will/commitment is exacerbated by the narrow application of the concept of political will by donor partners and local authorities (Hypothesis 3c).

The process-tracing evidence in support of or lack of it, thereof, and the analysis of the above arguments underpin the development of the framework for understanding politics and political support for PFM reforms in the case study countries presented in the Framework for Understanding Political Support in Figure 6.1.

Figure 6.1: A Framework for Understanding Political Support



Source: prepared by the Author

Figure 6.1 above presents a framework for understanding political support by distinguishing three critical elements found in the process-tracing evidentiary analysis from the two case studies. The first element relates to **the drivers of political support**, shown in green and divided into two broad categories (highlighted in light green). The first component of the drivers of political support on the left are the incentives, interests, power relations and motivations, while the second component on the right relates to the political context and windows of opportunities that influence the behaviour patterns of political actors. The second layer of analysis deals with what I describe as ***political appetite*** for reforms represented in orange highlighted and the third layer of analysis or element talks about ***political commitment*** and the conditions that must be met to qualify as such – highlighted in red in Figure 6.1 above.

6.1.1.1 The Drivers of Political Support

In terms of the drivers of political support, the process-tracing analysis of the evidence indicates politics and political leaders are unsurprisingly relevant in driving and sustaining PFM reforms in the two case study countries. Based on the evidence politics and political leadership is like a double-edged sword – i.e., where reforms have been successful, political support was widely cited by participants, and vice versa. For example, where a PFM legislation is passed, that is mostly attributed to political support for reforms, and where PFM laws and regulations have failed to be enacted or enforced participants blame that squarely on lack of political support for reforms (see also Tommasi, 2009:11; Bunse and Fritz, 2012:38). The relevance of high-level political support resonates well with a specific branch of the existing literature known as *thinking and working politically* in PFM reforms, and institutional reforms more broadly (Leftwich, 2011; Carothers and De Gramont, 2013; Booth & Unsworth 2014; Garber, 2014; Hudson, and Leftwich, 2014; Booth, 2015; Dasandi et al., 2016; Hudson et al. 2016; Bain et al. 2016; Piron et al 2016; Teskey & Tyrell 2017; World Bank, 2017b; Laws and Marquette, 2018).

Moreover, the evidence suggests high-level political support is especially essential in challenging environments (as in the case studies) where politics permeates every aspect of governance and society, and where there are weak institutions to insulate public institutions from political interference. Consequently, understanding the political dynamics remains fundamental to PFM strengthening efforts in the two case studies. This point is emphasized by Allen, Hemming and Porter, who opine that politics is critical in the PFM reform process, and they "anticipate that, over the next ten years, the importance of political economy analysis as applied to PFM will continue to grow both as an area of research and in its practical application." (Allen, Hemming, and Potter, 2013, p. 6). This point is also emphasised by several participants from both countries that, it is even possible to gauge the prospects of reform progress, based on the level of enthusiasm for reforms by champions such as the minister of finance. An NSA representative in Sierra Leone, for example, specifically states "can we look at those championing reforms probably at the political level. Maybe the Minister of Finance who is in charge of reforms to ascertain how enthusiastic he is in term of driving the reforms" (Interview: XX702).

Beyond this macro-level empirical finding and theoretical recognition of the relevance of high-level political support, the process-tracing evidentiary analysis reveals critical pieces of evidence that provide insight into this broader empirical and theoretical perspective. The framework in Figure 6.1, therefore, divides the drivers of political support into two broad categories. On the right-hand side of the framework are drivers that relate the broader political context and windows of opportunities (Goetz, 2007;

Hudson & Marquette, 2014; Dasandi et al., 2016; Fritz et al., 2017). While on the left-hand side of the framework are drivers that concerns the interests, incentives, motivations and power-relations of political leaders and top-level bureaucrats (Kelsall, 2016; Teskey and Tyrell, 2017; Mills, 2018:2). These two categories of drivers of political support are examined in the next two sub-sections as follows.

The Political Context and Windows of Opportunity

Regarding drivers relating to the broader political context and windows of opportunity, there have been a lot of theorising from practitioners and academics, much of which points to factors such as power structures, political systems or regime type, strong electoral mandate and the presence of civil society (Geddes, 1994; Dixon, 2005; Grindle, 2007; Bogaards 2009; Levitsky and Way 2010; Przeworski et al. 2000; Norris 2011; Fritz et al., 2014b:10) and programmatic parties (Keefer and Vlaicu 2008; Cruz and Keefer 2010; Cruz, Keefer, and Scartascini, 2016; Scartascini, et al., 2017). Other practitioners and scholars have cited the influence of windows of opportunity such as elections, fiscal stress and austerity (Krause 2009; Pretorius and Pretorius 2009; Bunse and Fritz, 2012:38; de Gramont, 2014).

In light of the above propositions from PFM practitioners and academics, the evidence from the process-tracing analysis shows elections are critical to the design and implementation of PFM reforms. While elections are considered a crucial window of opportunity for reforms, the evidence indicates that elections that involve a change of power between political parties should be of significance to international partners and reformers. The transfer of power within the same political party does create uncertainty and pose some threats to the sustainability of reforms, but the evidence shows its impact is relatively benign compared with elections that result in the transfer of power from one political party to another. Power transfers that brought to office former President Sirleaf in 2006 and President Weah in 2017 of Liberia and former President Koroma in 2007 and President Bio in 2018 of Sierra Leone created both opportunities and problems in the reform processes in the two countries.

The opportunities for reforms created by elections in the two countries did lead to the creation of new laws and intuitions and formulation of new policy programs. However, the momentum of new governments, or what Fritz et al. (2017:88-9) describe as a 'honeymoon period' did not last long and failed to drive efforts to deepen reforms. Instead, highly contested elections where there was a prospect of electoral victory from the opposition created huge uncertainties even before and immediately after those elections. Unlike elections where the incumbent gets re-elected, the transfer, or even the prospect of power transfer between political parties undermined the sustainability and survival of specific reforms because of the lack of consistency in both policy and practice whenever there was a new government in the two countries. New governments most often completely overhauled the old system and policies and brought in new loyalist bureaucrats in critical public institutions such as the Central Finance Ministry.

The lack of consistency in both policy and practice from new governments in the two countries significantly impacts international partners supporting PFM reforms as they will have to play the waiting-game, whenever there is a prospect for change of power between political parties. The lack of consistency is rooted in the history of governments in the two countries which have a reputation of undoing structures, systems and programs of their predecessors. In Liberia, for example, every new Minister of Finance is required to bring his team of bureaucratic loyalist. As shown in Chapter Five, frequent cabinet reshuffles in both countries have also had an impact on specific reforms, such as the MTEF, where a new Minister of Agriculture, for example, might abruptly switch from providing fertilisers to farmers to a different kind of subsidies that might benefit his people or specific interests.

Contrary to suggestions by Fritz et al. (2017:22), there is no evidence from the two case studies on whether the availability of 'a ready-to-go plan or lack of it thereof, by the new governments had any effect on the level of political support for reforms and efforts to strengthen PFM. In the same vein, it is unsurprising that political parties in the two case studies do not identify themselves as having a leftist or right-wing agenda or as programmatic parties (Scartascini et al., 2017) because political campaigns are mostly along tribal and regional lines. Even when respective governments often adopt PRSPs or have a medium-term development agenda, there is little commitment to electoral promises, which is further met by weak demand-side factors, such limited civil society engagement in PFM and overall low public participation and demand for accountability shown in Chapter Five.

The evidence, however, reveals that power structures and internal party-political dynamics are critical factors that shape the actions or inactions of political leaders and their bureaucrats. While both countries have a presidential system of government, the differences in parliamentary composition and power-relations with the executive branch have significant implications for PFM reforms in each country. The balance power in Liberia's Parliament is more diverse and commands stronger influence over the executive in its oversight and accountability function, while Sierra Leone's Legislature, with a majority from the ruling government, tend to align themselves with, and more supportive of the executive's decisions and policy directions.

While the process-tracing evidentiary analysis shows there is a marriage between the legislative and executive arms in the annual budget process in the two countries, the nature and depth of the marriage differs between them. In Liberia, the marriage is much stronger between the legislature and top-level bureaucrats in the Ministry of Finance than between the presidency and the legislature. Critical positions in Liberia's Ministry of Finance are hand-picked by influential legislators. I witnessed this first-hand when a senior legislator I interviewed personally accompanied me directly to one of the senior bureaucrats in the Ministry of Finance with no regard for any formal protocol. The experience was chilling, and I later learned from one informant that the bureaucrat in question was hand-picked by legislators to occupy such a strategic position in the Liberia Ministry of Finance. In Sierra Leone, however, the marriage is mostly between the presidency and the legislature. The evidence shows the executive in Sierra Leone is indispensable to the election/re-election of Parliamentarians, and the ruling governments during the period covered by this study have always maintained a majority in Parliament.

Unlike Sierra Leone, Liberia has a more diverse Parliament with many independent Parliamentarians, and with little control from the executive branch. The Liberian president, for example, was reported being on radio defending her position to the Liberian people that she did not approve of the significant allowances taken by Parliamentarians, after a massive outcry from civil society and donor-partners. Her appearance on National radio was backdropped by the Parliamentary approval of huge allowances for Members of Parliament as that country was still grappling with the aftermath of the Ebola Outbreak in 2015.

The effects of power dynamics could also be seen in the annual budget process in the case study countries. The Legislature in Liberia has been blamed for consistent failure to approve the annual budget and has mostly usurped the role of the Ministry of Finance by making last-minute changes to the budget. While the annual budget process in Sierra Leone has always been complete on time, with the Ministry of Finance as the sole driver of the process. The de facto executive dominance in Sierra Leone could be traced to its post-colonial roots, in which Parliament has mostly been an appendage to the executive branch (Thompson, 2007). But more importantly, the evidence suggests the de facto executive dominance in both countries is critical to the non-implementation of recommendations from the audit report put forward by the PACs in the two countries. This uncontested executive authority has counterproductive effects on fiscal balances as found elsewhere by Acosta and de Renzio (2008:1). The executive dominance is also manifested in other forms such as the executive protection of state-owned enterprise directors in Liberia, who award themselves lucrative contracts and with little or no accountability to Parliament or the people of Liberia.

The final contextual causal factor and window of opportunity that the study found relevant in the case studies are the effects of fiscal crisis and shocks on political support for PFM reforms. Both cases are quintessential examples of how international partners can use the presence of fiscal crisis or economic distress to solicit support for PFM reforms from political leaders and state bureaucrats. I detailed in section 5.1.2.1 in Chapter Five specific instances and periods which triggered PFM reforms in both case studies. The promise of debt relief triggered considerable reforms in the immediate post-conflict situations, and more recently following the collapse in commodity prices and Ebola Outbreak in West Africa. These events were followed by several reforms in both countries. The government in Sierra Leone, for example, after it had refused for several years to introduce the TSA was finally willing to do so because of the economic and fiscal distress in the aftershock of the collapse in commodity prices in 2013 and the Ebola Outbreak in 2014-2015. These findings support the general proposition that fiscal distress or austerity can trigger PFM reforms and experienced by several European countries in the aftermath of the global financial crisis in 2008 (Krause 2009; Pretorius and Pretorius 2009; de Gramont 2014; Fritz et al., 2017:28).

Interests, Incentives and Motivations that Shape Actions of Politicians and Bureaucrats

This section focuses on the second component of drivers of Political Support for PFM reforms in the case study countries. These are the interests, incentives and motivations that shape the actions of political leaders and bureaucrats in the PFM reform processes in the two case studies. The interests, incentives and motivations are widely supported in the literature as critical to understanding the level of political support for reforms (Goetz, 2007 Kelsall, 2016; Teskey and Tyrell, 2017 Mills, 2018:2). The process-tracing evidentiary analysis tests the strength of political support for PFM reforms by examining the extent to which the interests and incentives of decision makers are in line with the overall objectives of PFM as a mechanism to enhance service delivery, state-building, efficient resource allocation and macroeconomic stability (Welham et al. 2013).

The evidence shows PFM reform efforts were more likely to thrive where they are aligned with the interests and incentives of local decisions makers. In the immediate post-conflict situations, both President Kabbah of Sierra Leone and President Sirleaf of Liberia had keen interests in state-building and in establishing tight control in PFM. Thompson (2007) and Tavakoli (2012) explain former President Kabbah's interests in using PFM reforms as part of his government's state-building efforts and establish tight control in PFM to combat existing patronage and corruption in the Public Sector. On the other hand, Chessen and Krech (2006:10) also notes that former President Sirleaf had interest in exercising control over PFM and used the GEMAP program as a cover to push through stringent reforms, even if they alienated some of her support-base at the time.

Similar consistencies are found from the process-tracing analysis with the introduction of many reforms in return for debt relief because political leaders and bureaucrats relied on funds freed-up by debt relief to provide essential government functions. More recently, high-level political interests have also aligned well with reform efforts in domestic revenue mobilisation in both countries, and in exercising managerial control over funds with MDAs through the TSA in Sierra Leone. The high-level political interest in revenue mobilisation is evidenced by the three-pronged approach in the last three years in Sierra Leone, through the introduction of ITAS and upgrade from ASSYCUDA++ to ASSYCUDA World in the national revenue authority. The government has simultaneously enacted a new Extractive Industries Revenue Act of 2018 and the introduction of the TSA.

The foregoing experiences from both countries suggest even the most challenging reform initiative can be implemented or the most binding constraint could be overcome where the interests, incentives and motivations of politicians and bureaucrats are aligned with efforts from Development Partners to strengthen PFM. Thus, the above evidence shows reforms are likely to progress where the interests and incentives of decision makers are aligned with the trust of PFM reforms. Recent experiences from cross-country studies by Chemouni (2017) and Yanguas (2017) of Ghana, Uganda and Rwanda, show how the differing interests and incentives of those governments helped shape PFM reform outcomes. In Ghana, reforms were driven by the desire to exercise for top-down political control for partisan purposes. In Uganda, reforms were undertaken mostly to secure donor funding if they did not undercut the ruling government's power. As a result, PFM outcomes in both countries did yield initial results, but progress has been mixed and somewhat declining in Uganda. Meanwhile, Rwanda's reforms, according the authors, have succeeded because they have been used by the regime as a mechanism to drive its legitimacy and create an impartial developmental state.

However, the challenge for reformers and donor-partners in the two countries is that the interests and incentives that drive the behaviours of political leaders and their bureaucratic representatives are diverse, fluid and constantly changing. While high-level political interests and incentives might influence action on specific reforms, such might conflict with other vested political interests, or might not have the broad-based political support to thrive or sustain such reforms. Based on the evidence, the basic idea from the evidence in the two case studies is that much of the political calculus by reformers and donor-partners have mostly focused on the political context and windows of opportunity, which have informed much of the design and implementation of PFM reforms.

The problem with this calculus is that PFM reforms are not driven by the existing political context or windows of opportunity. Thus, programmatic analysis of, and design of PFM reforms based on political contexts and windows of opportunity result mostly in the initiation of reform programs or enacting news and building new institutions and systems. The evidence shows, the extent to which a reform program or initiative or how well an institution or system functions depend on how much it is aligned with the interests, incentives and motivation decision-makers and the extent of board-based political for such reforms.

Besides, while the impact of existing political context and interests and incentives on the behaviours of political actors might not always be clear, the evidence suggests that political interests and incentives are the dominant causal factors in the case study countries. In most cases, they fundamentally shape how, and influence the existing political context and power structures in the two case studies. This claim is evidenced by the deafening silence of opposition politicians in the two countries, most of whom tend to align themselves to the ruling party to pursue their interests and those of their constituents. Thus, reformers and donor-partners must equally factor the interests and incentives the shape political behaviours into their programming calculus. If not, redirect their everyday political analysis (Hudson et al. 2016) towards understanding the interests, incentives and motivations that drive political behaviours and shape the role played by formal political structures and power relations. Unlike the political contexts and windows of opportunities, the presence and influence of political interests, incentives and motivations are relatively permanent and consistent. This point is also emphasised by Rocha Menocal (2014), who argues for greater attention towards incentives, interests and power structures because as she claims, they lie at the centre of most development challenges (see also Kelsall, 2016; Teskey and Tyrell, 2017).

6.1.1.2 Political Appetite for PFM Reforms

The term ***Political Appetite***, as employed in this thesis, must not be confused with the ordinary day usage of the word 'appetite', which means the desire or liking for something. Political Appetite is a catch-phrase that many interview participants from the two case studies used to describe the high-level approach to, and behaviours of political leaders and bureaucrats towards PFM reforms. This thesis, therefore, employs this phrase as a deliberate response to the experiences in the two case studies, and to capture how its usage has helped shape reform outcomes. Thus, I define *Political Appetite*, for the purposes of this research, to mean the action(s) of political leaders and top-level bureaucrats that meet at least two of three criteria given below:

- The action(s) is transactional or in exchange for benefits, either directly or indirectly;
- The action(s) Is driven by a third-party, be it locally/externally or implicitly/explicitly; and
- There is no intrinsic desire or a real commitment to pursuing that action(s), especially in the long-term.

For actions by political leaders and top-level bureaucrats to constitute *Political Appetite*, at least two of the three elements in the definition must be present. For example, a one-off event/action by a politician or top-level bureaucrat in exchange for a benefit, be it directly/indirectly, and influenced by a third party may constitute *Political Appetite*. Such a one-off activity need not require any further commitment in the long-term from political leaders or top-level bureaucrats.

The above definition of *Political Appetite* is depicted on the right-hand side in Figure 6.1. The use of the term action(s) in the above definition could mean the signing of an agreement, the launch of a new reform program, or a new reform strategy, enacting a PFM law or related regulations, establishing new departments or institutions, having a new IFMIS, chart of accounts, etc. While Political Leaders and top-level bureaucrats refer to elite politicians (see Wamba-dia-Wamba, 1992) and most top-level bureaucrats fall into this category. The researcher has refrained from using the word politician because in both Sierra Leone and Liberia, most senior civil servants are political appointees, and ordinarily referred to as politicians by the general public. Once someone is a political appointee in these countries, he/she is automatically classed as a politician. Top-level bureaucrats refer to only senior civil servants/political appointees directly involved with the strategic decision-making aspects of PFM reforms and Public Expenditure Management in these countries. Examples of elite politicians in this context include the president, members of parliament, the minister of finance and a small circle of top-level bureaucrats within the ministry of finance.

Political Appetite, as employed here, is a concept that contributes to our understanding of how donor-country relationship affects the contexts, interests, incentives and motivations of political actors in the two case stud countries. The catch-phrase emerges as a by-product of the high-level focus on ownership or support for PFM reforms and the design and implementation of reform programs mostly in response to the political context and windows of opportunities in the two case studies. The process-tracing analysis of the evidence finds the existence of these two elements in the approaches in the two cases, and that they reinforce each other. The two elements engulf the PFM reform approach in two case studies, both of which carefully move towards the treatment of political economy analysis as a one-off exercise. This then fuel opportunistic behaviours from political leaders and top-level bureaucrats.

The overly emphasis on high-level political support have relied mostly on so-called *indicators of willingness* from political leaders and their bureaucratic representatives, such as enacting new PFM laws, the introduction of new systems and process or having PFM on government's development plan. This so-called willingness is equivalent to de jure or window-dressing political support. Moreover, this centrality in PFM and other state-building efforts in African has long been affirmed by practitioners and academics (Levy and Kpundeh, 2004; Goetz, 2007).

However, the analysis of the evidence in the two case studies shows these countries need political support, expressed both in terms of plans and laws (de jure) and as well as in practice (de facto). Based on the evidence, without political support in practice, these so-called *indicators of willingness* become mere desires (and hence appetite) from political leaders and bureaucrats. They are often not founded on the intrinsic desire of political leaders to pursue a political objective, or such Political Will is in exchange for a benefit and with no real commitment to pursue such action or objective in the long-term. The evidence is considered particularly strong in the two cases given the repetitive nature with which country governments accepted reform programs or initiatives or included PFM components into their development plans in exchange for debt relief or

GBS from Development Partners. Thus, such practice became 'politics as usual' in the two case studies. Successive governments used external demands for PFM reforms as a significant source of revenue in exchange for passing new laws, systems or introduction of new policies and programs.

Two immediate implications emerge from the above high-level approach to PFM that is also supported by the existing literature on political economy analysis. First, such high-level approach assumes country governments to be unitary actors and, therefore, without having to factor into the political economy calculus the interests and incentives often much powerful actors downstream who might oppose specific reform initiatives (Brinkerhoff, 2007; Mills, 2018:9). Second, overly focusing on indicators of political willingness provide only macro-level perspective into the political economy dynamics in the two case studies. The approach is failing mostly to account for the underlying complexities that underpin the political contexts, interest and incentives facing decision-makers (Gibson et al., 2005).

The second element identified above means over-reliance on the political context such as party-orientation and windows of opportunity for reforms, tended towards treating political economy as a one-off exercise at the start of the programming cycle in the case studies (Booth & Unsworth, 2014). Development Partners frequently had to suspend vital financial support in periods leading to elections or when they are dissatisfied with reform outcomes and wait until the new government comes to power. While Development Partners may consider such a move as a rational thing to do, many stakeholders interviewed in the case studies regard this approach as an impediment to the reform processes and the sustainability of gains made.

6.1.1.3 Political Commitment to PFM Reforms in Liberia and Sierra Leone

Political Commitment means broad-based action(s) and support by Political Leaders and top-level bureaucrats that is based on their intrinsic desire and long-term pursuit of a specific policy objective or their government's development agenda. For Political Support to constitute Political Commitment, the actions of politicians and top-level bureaucrats must constitute the four elements of Political Commitment depicted on the left-hand of Figure 6.1 in section 6.1.1. Unlike in the definition of Political Appetite, the meaning of Political Leaders and top-level bureaucrats in the context of the definition of Political Commitment connotes broad-based support from politicians and bureaucrats across government. Again, this distinction is crucial in the two countries where there are subnational and county authorities with some level of political power that shape the level of PFM reform outcomes. The process-tracing evidence and analysis show that even the President or Members of Parliament in these countries could encounter significant pressures and dilemmas that might affect their interests and motivations about which reforms to initiate or how far to pursue specific reform measures. Thus, the collective or broad-based support from political leaders and top-level bureaucrats/political appointees is indispensable to the survival of specific reforms and the sustainability of the gains made in the PFM reform efforts in the two cases study countries.

Meanwhile, the above definition of Political Commitment underscores the complexities of Political Support itself. This complexity is what McCourt (2003:10-15) describes as a classic ‘black box’, a cloud concept habitually invoked in reform post-mortems when reform fails to deliver desired outcomes. Contrary to findings by McCourt (2003:10-22), who argued that Political Commitment and lack of it thereof, was predictable in Swaziland, the process-tracing analysis of the evidence from the two case studies shows commitment or lack of it is not always identifiable ex-ante. The challenges to gauge Political Commitment at the inception phases is even higher in the two case studies, where reforms mostly coincided with debt relief and government reliance on GBS which provided extra incentives to Political Leaders to accept reforms.

However, as the evidence suggests ex-post identification of lack of Political Commitment is possible and features prominently in reform post-mortems in the two case studies. Most interview participants from the two case studies repeatedly blamed the failure to successfully implement reform programs, laws and the lack of functional improvements in PFM institutions on the lack of Political Commitment for reforms. The evidence further shows the mere passing of laws or setting up new systems or having a PFM strategy does not equate to real Political Commitment.

The apparent lack of political commitment takes different shapes and forms. Interview participants from both case studies cite numerous instances that indicate the lack of Political Commitment for reforms. Notable examples that indicate the lack of political commitment include: the refusal by the Legislative in Liberia to be audited, even being among the top three spenders in that country; the Parliamentary takeover in Liberia of the annual budget process and consistent failure to approve the budget on time; the lack of implementation of audit recommendations and exponential rise in off-budget spending in both countries; Political Leaders clearly using systems created by the reforms to profit themselves, such as *budgetising corruption* in the annual budget process and bypassing the control and accountability mechanisms by IMFIS are among many instances cited by respondents from the two case studies.

Moreover, the variations in PFM reform progress across PFM dimensions and the partial implementation noted in Chapter Five are mostly the result of the lack of Political Commitment to PFM reforms. The conditions (stated below) discussed in Chapter Five which underpin the extent to which a reform initiative gets implemented (partially/fully or not implemented at all) are intrinsic elements of the calculus by Political Leaders on whether, and to what extent they exercise commitment to specific reform measures. In the words of a leading NSA representative from Sierra Leone, "we have a patronage government system. When people are appointed their hands are caught in the cooking jar, and by trying to disgrace them can bring credibility issues to the entire political party. So, sometimes they are just dismissed" (Interview: XL702). Political Leaders often support reforms, if such initiatives or the specific PFM reform measure does not affect their interests and incentives. The conditions that underpin the extent to which a reform measure is generally implemented or not, which are discussed in detail in the previous chapter include the following:

- The number/level of stakeholders involved in the implementation of specific reform package or tool.
- The extent of the impact a specific reform package or tool on political accountability and survival; and
- The scope of the effects a specific reform package or tool on the freedom or leverage political actors have over the resource envelope.

The definition of *Political Commitment* also recognises that Political Support is stronger when it is rooted in the intrinsic desire of Political Leaders to pursue specific policy objectives or broader national development agenda. A vital element of the fieldwork and interviews was to find out how convinced local authorities were about whether PFM reforms were a priority to drive government development agenda or whether it was conceived as an opportunity to cash-in on international development assistance. The evidence shows the latter was mostly the case in the immediate post-conflict environment when PFM was part of the decentralisation in Sierra Leone and the GEMAP in Liberia. In addition, the evidence shows the former Presidents in the two case studies showed great leadership and interest in PFM reforms in the immediate post-conflict era (see also Atkinson, 2008, p. 38).

This intrinsic element of Political Commitment is also advocated by McCourt (2003) in the sense that it should be voluntary (see also Killick, 1998; Morrissey and Verschoor, 2003; Brinkerhoff, 2007 and 2010). However, I contend with McCourt's additional propositions that Political Commitment should be explicit, irrevocable or public

(McCourt, 2003). As the process-tracing evidentiary analysis shows, the explicit backing or statements by Political Leaders in the case study countries most often amounted to Political Appetite, because those statements were often not based on the intrinsic desire to pursue the specific objective of the reforms, especially in the long term. The evidence also contends with assertions by Brinkerhoff (2007:112), who made an explicit financial commitment as a condition of Political Commitment. While this is supported by the experience in Liberia with the government expending its resources to support IFMIS reforms, this financial requirement might not always hold in developing countries that rely mostly on international financial assistance to conduct their essential state functions.

The definition of Political Commitment further recognises that political support is not a one-off exercise. Instead, it is continuous process over the long-term and the state's capacity to learn and adapt. Based on the evidence the requirement of a long-term commitment also means Political Leaders and their bureaucratic actors must ensure there are adequate mechanisms to monitor PFM reform programs, which have been mostly missing from the political leadership in the two case studies.

This requirement is what Andrews et al. (2012) describe as the need for 'real-time' feedback loops to solicit adequate information needed to learn and adapt. But also, to ensure both upward accountability from International Partners and downward accountability for results from Citizens. The long-term requirement is critical to capacity-building efforts in the case studies, which buys time for local stakeholders to learn and actively engage in the process (See also Unsworth, 2015: 60). As Laws and Marquette (2018), however, writes such long-term requirement for Political Commitment conflicts with the interests of International Partners, who often develop two to five-year programmes and still want to claim successful development outcomes.

6.1.1.4 Transitioning from Political Appetite to Political Commitment to PFM Reforms

Based on the experiences and contexts in the case studies, the study suggests the need for some flexibility in the way Political Support have been constructed by PFM practitioners and academics (Killick, 1998 and 2004; McCourt, 2003, Brinkerhoff, 2007 and 2010). The definitions offered by these authors generally presume ownership and hence claim Political Support is not possible where reforms are funded by, and in the interests of international Partners. This presumption fails to recognise that the case study countries (and many developing countries) have been relying and continue to rely significantly on international support (financial and technical) to reform their PFM systems and laws. Given the evidence and experience in the case studies, the study suggests it is, therefore, possible for country authorities to transition from having just Political Appetite to demonstrating real Political Commitment if certain conditions are met.

Thus, an initial action by Political Leaders and top-level bureaucrats that constitutes Political Appetite could translate into a real political commitment if that initial action later gains the broad-based support and is further pursued in the long-term by Political Leaders and top-level bureaucrats/political appointees to achieve their government's specific policy objective. That applies even if the initial action did not emanate from the intrinsic desire from political leaders/top-level bureaucrats or was driven by a third-party or the initial action was transactional in nature. In other words, Political Commitment does not always need to emanate from the intrinsic desires of Political Leaders and top-level bureaucrats, especially developing countries that continue rely on international assistance to reform their PFM systems. For example, a Minister of Finance may sign an agreement with an International Partner to allow parliament to enact a new PFM law as part of a budget support condition. The enactment of that law by Parliament may only constitutes Political Appetite, because it was in exchange for budget support and was not based on the intrinsic desire from the Minister or Parliament. However, if Parliament and the Minister of Finance should enforce that law to the letter in the long-term, that might then constitute Political Commitment.

The use of the phrase to the letter is critical in the transitioning from Political Appetite to Political Commitment. For example, the selective implementation of the PFM law may undermine Political Commitment. That is very critical considering the significant deficit on both political and administrative accountability dimensions of PFM found in the two case study countries. This thesis's construction of Political Support, therefore, means it could be precipitated by both supply and demand-side factors as evidenced in the two case studies.

6.1.2 The Limits to Externally Driven PFM Reforms in Liberia and Sierra Leone

Like in the previous section (section 6.1.1), this section examines the hypothesised role of the second non-technical driver of PFM reforms (Donor Support and Practices**)** to contribute to an understanding in explaining the first two sub-research questions or the level and pattern of PFM reform progress in the two case study countries presented in Chapter Five. Again, like in section 6.1.1, the process-tracing analysis in examined three related arguments (grouped under hypothesis/arguments four in Appendix C) in addressing how and why International Support have contributed to the state and level of progress made in PFM reforms in the case studies. The three arguments examined in this section are interrelated, but each brings a different perspective to understanding the role of International Partners in PFM reforms in the case studies. These arguments are listed below as follows:

- **Hypothesis 4a**: The substantial progress in the design and implementation of PFM reforms has been driven largely by Development Partners
- **Hypothesis 4b**: The International-led reforms and the associated progress made so far does not translate into improved services, macroeconomic stability, efficient resource allocation and state-building because there are limits to what could be achieved from externally driven reforms, especially in the short-term.
- **Hypothesis 4c**: Development Partners' interests and approaches to PFM reforms in developing countries underpin the nature of the reforms and the extent of progress made.

The process-tracing analysis of the evidence regarding all three propositions reveals there is a limit to what could be achieved from externally driven reforms. This overriding finding of the role of Development Partners in PFM strengthening efforts is premised on several other findings. First, the process-tracing evidence reveals PFM reforms have been championed mainly by Development Partners. The International Support to PFM in the two cases takes different shape and form. This support includes mainly financial inputs and technical assistance (placement of consultants, training programs, workshops, sponsoring learning visits, etc.). It further includes the provision of a platform/framework for PFM reform support and coordination. Surprisingly, International Partners even provide moral support as some of the respondents noted in the interviews. Moreover, the International-led effort in PFM cuts across government departments and entities, albeit the support being channelled mainly through the centre (the Ministry of Finance). International Partners like the World Bank, USAID, EU and DFID also directly supported specialised PFM institutions like the external and Internal and External Audit institutions, Parliamentary Public Accounts Committee, Local Councils, etc.

Through the various levels of support they provide, International Partners have been and remain influential in efforts to strengthen PFM in the case studies. They provide the strategic guidance, direction and drive policy reforms through various PFM assessments, support missions and policy reform instruments. International Partners manifest their influence through many different forms. Among the many different accounts, the below encounter with a member of Sierra Leone's Supreme Audit Institution particularly stood out:

> *Back to the issue it is a necessary evil that we have to do certain things even though we don't like them. It is those things that we do that will give us money. I was in a meeting with the EU Delegation Leader meeting with the Deputy Speaker at the time. And the head of the delegation said in the face of the Deputy Speaker if you do make the report public the €35[11] million was not going to be disbursed to the government. This was straight talk and they delegation left. Later parliament did a reinterpretation of Standing Order 75. (Interview: XX401).*

The above encounter speaks to many different aspects of the International-led effort in PFM reforms in developing countries. One of them being donor pressure for PFM reforms or the use financial assistance to leverage local authorities in partner countries (Westcott, 2008; Schiavo-Campo, 2010). It also highlights the supply-driven nature of PFM reforms in the case study countries, which overrides any locally-led efforts. Moreover, the encounter between the EU Delegation and Political Leaders in Sierra Leone highlights an important finding from both case studies. It shows the tension that exist between donor-partners and local authorities in the case studies, which emanates mostly from the variances between technocratic recommendations and the interests and incentives bedevilling Political Leaders.

[11] This 35 million euros was the General Budget Support that the EU had planned to disburse to Sierra Leone in 2007

The process-tracing analysis of the second hypothesis finds that the interest of donor-partners, especially their desire to show results for their development assistance has shaped the nature of the reforms, programming and the level of progress achieved in the two case study countries. Both Sierra Leone and Liberia present typical examples of how donor interests evolved as these countries gradually progressed from conflict, post-conflict and development stages. Donor Partners' interest immediately after the civil wars in both countries was to 'protect the money', which significantly influenced the type and nature of PFM reform programs. For example, PFM interventions in both countries immediately after their civil conflicts have been described as 'intrusive' (Dwan and Bailey, 2006:17), with tighter controls through programs such as the GEMAP in Liberia and the installation of foreign experts as Accountant General in Liberia and Sierra Leone. The evidence is, however, less striking because of the presence of similar evidence of how donor interest in PFM evolved over time in countries such as Afghanistan, Kosovo, etc. as these countries developed their PFM systems (Shah, 2007; Schiavo-Campo, 2007; Fritz et al., 2012).

The evolution of donor interest and its impact on the approach to and nature of reforms could be traced in the two case study countries even after so many years of implementing PFM reform programs. After supporting PFM in both cases for nearly two decades, donor intervention in PFM has also shifted recently back to 'the basics', with new programs such as *Building Core Systems* and *The EU State Building Project* in Sierra Leone by DFID and the EU respectively. These programs are examples of the latest shift in interest of donor partners in PFM following the devastating impact of the Ebola epidemic in 2014 - 2015 in both countries, which exposed many lapses in the PFM systems explained in Chapter Five.

However, the desire to show results often surpassed other broader interests or global agenda, such as the Paris Declaration and the HIPC debt relief initiative. The evidence from the process-tracing analysis shows the interest of Development Partners to show results and remain visible have always been the central driver irrespective of various global agenda and frameworks such the HIPC Initiative or the Paris Declaration. This desire to show results from Development Partners underpins the short-term focus of PFM interventions, and its treatment as an end, instead of to improve service delivery and state-building in the case study countries. The evidence further suggests, the desire of Development Partners to show results inspired the design of most of the programs and frameworks. It remains critical to Donor Partners and always override any global development agenda or context-specific requirement in recipient countries such as Liberia and Sierra Leone.

The desire to show results also affects how Donor Partners perceive how much progress has been made. Donor-Partners for instance, had wanted to show that the HIPC Initiative was a success, which was reflected in the highly generous HIPC scores compared to similar ratings under the PEFA framework. The various pieces of evidence from both countries that support this finding are unique and decisive. Take for example, how surprising or unique the claim is regarding the desire on the part of the Donor Partners, that their efforts in Liberia are not seen as fruitless. This evidence was emphasised by a prominent civil society activist interviewed in Liberia, who notes the follow:

> *One of the problems we have in this country is the unwillingness of the Donor Community, led by the US and EU to take concrete steps against the government simply because if they do, the International Community will interpret it that their efforts in Liberia would seem to have failed. So, they allow this woman to get away with a lot of nonsense with the hope of succeeding in the country. But they are not succeeding in reality. The modus operandi is to remain quiet, so their efforts are not seen to have gone in vain. The Americans and the Europeans have fallen in love with the president, so every government is sending a female Ambassador to come to Liberia to promote Women Empowerment. They are all lost in the Women Empowerment stuff (Interview: XL703).*

The evidence from the above statement is even more compelling in present day following the departure of former President Sirleaf and the numerous revelations and scandals that continue to undercut earlier claims by the International Community of the former President having led a successful government in the country.

Another unique and decisive piece of evidence is the DFID withdrawal from the current PFM program (PFMICP) under the multi-donor trust fund in Sierra Leone. After two years of funding the PFMICP, DFID in 2017 formally pulled-out of the joint PFM program in Sierra Leone citing their inability show results or justify any further budget support from their HQ. The evidence regarding the DFID withdrawal includes confidential emails and other correspondences obtained from a confidential source in the Ministry of Finance in Sierra Leone, detailing communications between the DFID country team, the World Bank and officials in the Ministry of Finance.

Perhaps, the best measure of the extent of the desire to show results by International Partners is to look at the level of GBS in developing counties. Based on the accounts of several interviewees, Donor Partners find it is easier to show results for their development assistance when they work outside the country system, and vice versa. Thus, high GBS may indicate low interests from donor-parts to show results while low GBS may indicate significant desire to show results from donor-partners. However, as the evidence suggests, this inverse relationship may also depend on the type of Donor Partners funding PFM reforms in a country. While the difference is not always clear-cut, traditional partners in PFM such the World Bank and the AfDB are less keen about showing results compared to bilateral agencies like the USAID, DFID and the EU.

The significant presence of the USAID in Liberia could be associated to the relative higher off-budget support in that country. For example, off-budget support to Liberia in 2016/2017 fiscal year was estimating to be nearly twice of the country's annual budget for that year (MFDP, 2016). In contrast, the evidence shows Sierra Leone has only managed to have four (DFID, AfDB, EU and the WB) general budget support donors, with a declining average contribution per year, except during the Ebola Outbreak, which saw an upward movement in contributions from donor partners. The USAID was singled out by other Donor Partners and state officials interviewed in Liberia for the high-handedness of their approach in that country. Moreover, the philosophy and approach of the USAID affects even their interpretation and the level of ownership they are willing to grant to state authorities. This approach to PFM by the USAID in Liberia is significant, especially considering its position as the biggest development partner in that country.

That, in turn, according to some interview participants has implications for smaller Donor-Partners regarding the nature of their PFM interventions and overall aid modality in that country.

The findings from the analysis of the first two arguments, therefore, provide support for the overriding finding of the role of International Partners on the state and level of progress achieved in PFM reforms in the case studies. In addition to the two conditions discussed above, the apparent failure of current PFM reform efforts to deliver on the overall promise of PFM (Welham et al. 2013), provides an even more compelling explanation about the limit to what could be achieved from externally-driven PFM reforms. The limitation of the role and influence of Donor Partners also help explain the weak link or dysfunction in PFM systems and institutions depicted in figure 5. 6 in Chapter Five. However, the evidence in support of this argument is not always obvious, which must be reviewed in terms of the PFM results and the realities in each country. A part of this challenge is the problem of attribution that continues to plague efforts toward assessing the impact of PFM reforms. But more so, because of the different pieces of evidence that one must assemble to make a determination about the level of impact (sufficiency) of specific reform initiatives.

The experience in the two countries also shows the inherent challenges of attempts to align the interests of Donor Partners and state authorities for reforms that target downstream, de facto and de-concentrated dimensions of PFM. This challenge is also in part, because of the deep-rooted interests and incentives of Political Leaders and the informal institutional dynamics that pervade downstream, de facto and de-concentrated dimensions of PFM in the two case studies. The international intervention in PFM in the two case studies have so far failed to permeate these non-technical causal factors. In the words of a Senior Legislator in Sierra Leone "these are the informalities that need to be curtailed, and the donor will not be able to do that. So, the donors only focus on technical aspects without looking at the broader social fabric of society. You will find out that what they are doing has a lot of limitations on the ground" (Interview: XX702). This proposition has support in the institutional reform literature. Hydén had earlier argued "informal rules rather than formal institutions constitute the principal threat to the reform efforts. …because they are embedded in society and its culture, they will remain 'necessary evils' that the donor community can at best contain, not erase altogether" (Hydén, 2005, p. 17).

A good example of the limit to what could be achieved from externally driven reforms is the consistent under-performance of even the GBS triggers used to drive reforms in both countries. Some interview participants, therefore, raised legitimate issues about the effectiveness of GBS triggers use to drive PFM, which they note have not been working in some areas in the PS. One example of this is the discontinuance of PET surveys, which was a key GSB trigger, and which proved to be ineffective more than a decade since it was first launched in the two case studies.

Perhaps the best explanation of this limitation is given by a NSA representative from Liberia, who nots the following:

> *For example, there are cultures and traditions when you visit a village, people are not used to using public toilets in city centres. So, if a donor comes and say we need to build public toilets in city centres. People would prefer to go to the bush traditions because people don't want to be seen going to the toilet. So, building a toilet in the city centre is a waste, because that toilet will be there idle. We need to need a particular reform program before such a program should be designed and implemented. Otherwise, any efforts in implementing such a reform program will go in vain (Interview: XL701).*

The above scenario explained by the respondent goes to the core of the approach to PFM by Development Partners. It speaks to the need for home-grown reforms, and as well as the need to approach reform from a problem-driven perspective. If further highlights the potential for complete failure of the international-led effort in PFM if the right approach is not taken.

Meanwhile, there is a genuine belief among some donor-partners in the two case studies that current reforms do not address the most fundamental problems in these countries. Some also believe the assessments that trigger these reforms, at least, go a long way in diagnosing some of the problems. With time, and with persistent efforts, current reform measures will be able to address the most fundamental issues that underpin PFM performance in those countries. However, some donor representatives still believe current approaches are perhaps the best available, because they are best practices - as one of the Donor Partner representative in Sierra Leone notes these reform models are what he called the 'Rolls Royce versions', or at a minimum, they help trigger action from state authorities (Interview: XX101). The proposition made by this donor representative underscores a key finding in this thesis, which posits that the lack of Political Commitment discussed in section 6.1.1.3 indicates the inability of DP to influence certain politically sensitive decision-making processes in PFM. A finding that was also emphasised by the International Crisis Group in their report 'A New Era of Reform' about reforms Sierra Leone (ICG, 2008). This further underscore the reasons for the overarching conclusion reached in Chapter Five section 5.3 that explains how and why the international-led effort in PFM in the two case studies is short on downstream, de facto and de-concentrated service delivery areas.

6.1.3 The Economic Drivers f PFM Reforms in Developing Countries

Further to discussions in Chapter Five sections 5.1.2.1 regarding the role of macro-economic variables on the state and level of PFM performance in the two case study countries, this section provides big-picture theoretical discussions on role of the economic drivers in explaining PFM reform outcomes in Liberia and Sierra Leone. The ensuing theoretical discussions are drawn from the process-tracing analysis of several hypotheses/propositions, grouped under Hypothesis Five in Appendix C. The theoretical discussions economic variables in this section are grounded in recent PFM reform literature about the hypothesised role of economic factors as drivers of PFM performance in developing countries (Krause 2009; Pretorius and Pretorius 2009; de Renzio et al, 2011; de Gramont 2014; Fritz et al 2014a and 2017).

The fundamental argument advanced in recent PFM literature is that *strong economic performance would lead to improvements in PFM systems.* In other words, improvements in economic factors positively influence PFM performance in developing countries. However, the empirical evidence from the two countries shows there is little enthusiasm from state authorities in support of the economic argument as a driver of PFM reforms or PFM performance more generally. Several interviewees share the view that improved economic performance could still contribute to progress in PFM. For example, some note a booming economy could bolster support from the pubic or foster innovation in the PFM process and provide greater leverage to state authorities to pursue reforms that are home-grown. Irrespective of this assertion by some state authorities interviewed in the two countries, there is compelling evidence from the interviews and realities on the ground during the period under review that indicates to a large extent, that rise in domestic revenue and GDP did not positively influence PFM reform progress. Irrespective of the increased revenue from mining exports, local support (especially financial support) to PFM reform remained a fraction of the total support provided by International partners.

Even if income levels had a strong correlation with PFM systems quality, with higher income leading to better PFM quality, does that mean the scope for improvement in PFM is limited by income levels as Fritz et al (2014a) seem to suggest? The evidence from the case studies indicates this is an, unlikely outcome. In fact, the evidence suggests higher income levels come with even greater challenges, including the many political economy dynamics and incentives that come with higher levels of revenue discussed below. Moreover, the evidence from the case studies indicates a reverse causal relationship between improvements in economic variables and PFM systems quality. This proposition is largely true for improvements in resource-based revenues, which tend to undermine PFM reform progress in the two countries. Expanding revenues and GDP growth as a result of the mining boom in the two countries contributed to the worsening PFM performance.

Based on the evidence, expanding revenues from the mining sector triggered the impulses of Political Leaders, who more than proportionately doubled their promises through exponential levels of spending towards funding their 'political roots'. Political Leaders had the tendency to plan too large with the expectation that revenue streams from mining will continue to flow in the foreseeable future. That led to fiscal indiscipline with large extra-budgetary expenditures and declining PEFA scores for budget credibility and frequent in-year revisions of budget ceilings during that period under review in the two countries. The experience with the boom in mining revenue in the two countries fits squarely well with the broader experience of resource-rich countries, where revenue from natural resources tend to drive fiscal indiscipline (de Renzio, Andrews and Mills, 2010; Fritz, et al., 2014a; Fritz et al., 2017).

The process-tracing analysis also found expanding resource-based revenues tend to promote rent-seeking behaviours, which undercut specific aspects of PFM, such as budget credibility, planning, budgeting and execution, procurement reforms, it led to frequent in-year revisions to the budget ceilings and promoted huge extra-budgetary expenditures by country governments.

First, the governments in both countries have been heavily criticised by many observers and concerned citizens for signing bad mining contracts with foreign companies, which undermine the taxed-based revenue collections in these countries in the long-term. These bad deals, according to critics and civil society organisations are largely the products of rent-seeking behaviours by politicians, who in return get kickbacks from mining companies and other favours, such as providing employment opportunities to their followers and relatives. A 2014 report called 'Loosing Out' by the Budget Advocacy Network (BAN) - a group of civil society organisations working in PFM, supported by the charity Christian Aid UK, Tax Justice Network-Africa (TJN-A), IBIS, and ActionAid, found that concessions in the form of low rates of income tax and royalties, important duty and Goods and Services Tax (GST) waivers to mining companies are principally responsible for the low tax-revenue in Sierra Leone, resulting from huge revenue losses to the country (BAN Sierra Leone, 2014). These figures are not surprising, with Sierra Leone only ranking 3rd from the bottom, on tax-revenue collection among 23 African countries according to an IMF report (IMF, 2012, p, 18). These findings resonate with earlier propositions in Chapter Five about the impact of rent-seeking behaviours on reform implementation, especially in resource-rich economies (Khan and Jomo 2000; Barma, Kaiser, and Le 2012; Okonjo-Iweala 2012; Levy 2014; Fritz et al., 2017).

Second, the surge in resource-based revenue from mining and Foreign Aid have direct implications on procurement reform efforts in the two countries. Huge in-year revenue collections from mining companies triggered unplanned expenditures, which were often, treated as emergency procurements (Audit Service Sierra Leone, 2015b). This could be seen from the drop in PEFA score for indicator 19 for competitive procurement from C in 2010 to D in 2014 assessment (PEFA website for scores relating to 2010, 2014 and 2018 assessments). Also, according to the Joint-donor Progress Assessment Framework (2013) for PFM reforms in Sierra Leone, 73% (by value) of all government procurement between 2012 and 2013 were conducted through non-competitive practices such as sole-sourcing or as emergency procurements (PAF 2013, in Ecorys and Fiscus, 2016:63). Liberia had similar PEFA scores for indicator 19, with increase in non-competitive procurement practices reported in the 2014 assessment, covering the periods during the mining boom. The country's PEFA scores relating to competitive procurement methods dropped from C in 2009 to D in the 2014 assessment.

Also, the huge inflows of mining revenues had implications for other PFM dimensions. They resulted in increased extra-budgetary expenditures, which were not reported, but also poor multi-year perspectives in planning, budgeting and execution. The PEFA scores for indicators 7(a) and 12 (a, c & d) for Sierra Leone consistently underperformed (averaging D scores) during the mining boom. Liberia's performance regarding aligning policy planning, budgeting and execution (indicator 12) dropped during the mining boom, but its scores regarding extra-budgetary and unreported exported expenditures improved during the same period (PEFA website for various assessments relating to Liberia and Sierra Leone). Based on this evidence, I therefore, conclude that countries with significant resource-based revenue (resource-rich countries) or a sudden boom in resource-based revenue has direct implications for specific PFM dimensions, which further undermines overall domestic tax-based revenue generation potentials in those countries in the short-term and as well as in the long-term.

Regarding tax-based revenues, the two countries experienced on average an increased tax-based domestic revenue, both in absolute terms, and as a percentage of GDP even at the height of the mining boom. For example, the National Revenue Authority in Sierra Leone in the last decade, has consistently met its revenue targets. But Liberia overall had higher domestic tax-based revenue as a percentage of GDP compared to Sierra Leone. Like the proceeds from mining exports, improvements in tax-based revenue did not at all have an equally positive impact on key PFM indicators such as budget credibility. Aggregate expenditure and revenue outturns (PEFA indicators P1 & P3) in both countries dropped significantly for most of the recovery and development phase, but with some slight improvement in P3 for Liberia in the most recent PEFA assessment report. The budget support evaluation in Sierra Leone also noted frequent and consistent revisions in budget ceilings and delays in quarterly releases to MDAs (Ecorys and Fiscus, 2016:63).

Despite the existence of a strand of literature that countries with increasing tax-based revenue tend to have more improved PFM systems than resource-rich countries (Moore 2004; Prichard and Leonard 2010; Fritz, et al., 2017), the evidence in the two case study countries with increasing tax-based revenue did not equally reflect on their PFM performance. The evidence shows the negative effects of improvements in mining revenue on PFM systems and overall PFM performance surpassed by far, any potential benefits that might have resulted from improvements in tax-based revenue from the two countries. According to some of the interview participants, the experiences in the two countries during the mining boom indicate a negative causal relationship between improved economic performance and PFM reform progress. Meaning, the sudden improvements in key economic indicators such as domestic revenue (both resources-based and tax-based) and GDP had negative effects on key PFM indicators in the case study countries.

The positive effects of improvements in tax-based revenue on PFM according to Moore (2004) and Prichard and Leonard (2010) was based on the premise that it would lead to stronger citizens' demand for better services and greater accountability. The evidence in the two countries does not support the arguments made by those scholars. Rather, citizen's participation according to the open budget survey remains the weakest link among other indicators and across the two countries. The scores for public participation in the most recent open budget survey were 6 and 11 out of 100 points for Sierra Leone and Liberia respectively (see Open Budget Survey for Sierra Leone and Liberia for 2015 and 2017).

Also, there are currently no formal mechanisms in either country to facilitate public engagement and support external audits and participation in audit investigations. Members of public and civil society are not called to testify during budget and public account hearings. There are also no mechanisms to facilitate public engagement with the executive branch to foster knowledge exchange and innovation in the annual budget process. The results from PEFA assessments show that accountability dimensions within PFM are among the weakest areas within PFM in the two countries (PEFA reports for the two countries from PEFA website).

This study, therefore, argues even if the huge resource-based revenue brought about by the mining boom did not negatively affect PFM reform efforts in the two countries, the absence or low citizen participation and accountability, meant improvements in tax-based revenue as well did not have an equally positive effect on PFM reforms. Going by the arguments advanced Moore (2004) and Prichard and Leonard (2010), it is plausible to claim that, improvements in resource-based revenue in Liberia and Sierra Leone, given the absence of public participation and low accountability may have contributed to the declining PFM performance in the two countries.

Meanwhile, the PFM experience in the case studies indicates a reverse causal relationship between Improvements in economic variable and PFM performance – i.e., improvements in economic variables such as domestic revenue and GDP tend to lead to declining PFM performance. It presents an important departure from the existing literature about the relationship between economic variables such as domestic revenue, GDP, and income levels and PFM reform outcomes in developing countries (de Renzio et al., 2011; Fritz et al., 2014). Moreover, it also lends credence to earlier warnings by scholars about the potential for a reverse correlation about the effect of economic variables on PFM performance drawn from quantitative studies (de Renzio et al., 2011:24-26; Fritz et al., 2014a).

Unlike earlier quantitative results about the effect of economic variables on PFM performance, the process-tracing evidentiary analysis in this thesis reveals improvements in PFM systems, instead, had positive effects on economic variables. Although each country did experience improved tax-based revenue, both in absolute terms and as a percentage of GDP, Liberia on average had higher domestic revenue as a percentage of GDP than Sierra Leone (see Figures 5.3 and 5.4 in Chapter Five; Ecorys and Fiscus, 2016; IMF, 2010). The superior performance by Liberia, having come from behind has been attributed by many respondents to improvements in its domestic revenue administration. Interview participants from the two countries recognised the role of improvements in revenue reforms could have had on domestic revenue generation and overall economic situation. They cite specific reforms such as taxpayer registration, introduction of the Goods and Services Tax (GT), installation of new systems such as ASSYCYDA and the International Tax Administration Systems (ITAS) as major contributory factors to improvements in domestic revenue mobilisation. Moreover, respondents also seem to agree that the significant advancements in revenue administration in Liberia principally accounts for the country's superior domestic revenue/GDP performance compared with Sierra Leone.

6.1.3.1 The Twin-Shocks: The Effects of the Decline in Commodity Prices and the Ebola Outbreak on PFM Performance in Liberia and Sierra Leone

Other factors that appeared to have been relevant in the economic performance and PFM reform discussion, are what some respondents described as the twin-shocks suffered by both countries. Although some respondents mentioned the 2008 global economic crisis, the fall in Iron Ore and other commodity prices in 2013-2014 and the Ebola Outbreak in 2014 are considered by many respondents to have had the most impact on PFM reform efforts in the two countries. While the Ebola Outbreak did have impact on the economies of the two countries, evidenced through the significant decline in GDP and domestic revenue, its impact on PFM performance is, however, less obvious as some of the respondents suggest. The study draws on two specific reasons to explain the lack of clear links between the Ebola Outbreak and PFM performance.

First, results from the 2010 and 2014 PEFA assessments for Sierra Leone show that PFM performance was already in decline even before the advent of Ebola virus in 2014. But PFM performance in the 2018 PEFA assessment for Sierra Leone also dropped in the post Ebola period from 2015-2017. This trend in PFM performance is acknowledged by some of the respondents in both countries. It is, therefore, difficult to make the argument that the decline in domestic revenue and GDP during the Ebola Outbreak directly had a significant impact on PFM, because improved domestic revenue collection and rising GDP in the period leading to the Ebola Outbreak in both countries did not lead to improved PFM performance in the first instance.

Perhaps, declining PFM performance got worse during the Ebola Outbreak, as one Lawmaker suggests, the government had bitten more than it could chew in anticipation of rising revenue from mining exports. The argument I make here does not, however, rule out the potential impact of the Ebola virus on economic activities. I argue, the direct effect of the Ebola Outbreak on PFM reforms in the case study countries may have been over-played by state authorities in those countries.

Secondly, while both Liberia and Sierra Leone suffered from the Ebola Outbreak, PFM performance (2012 and 2016 assessments) did improve for Liberia during the Outbreak. As noted in the previous paragraph, it is, therefore, plausible to argue that the marginal improvements in PFM in Liberia before and during Ebola Outbreak are associated with its superior domestic tax-based revenue/GDP generation capabilities. However, analysis of the fiscal accounts and ODA as a percentage of GDP of both countries during the period of the mining boom to post-Ebola (2010-2016) shows that Liberia received, by far more ODA/GDP than Sierra Leone did. As evidenced by its superior PEFA scores for budget credibility (P1, P2, and P3 - 2009, 2012 & 2016 assessments), Liberia was able to effectively manage inflows from mining exports because its development programs were financed almost exclusively by Development Partners. State authorities in Liberia, therefore, had greater discretion about how to spend domestic tax-based revenue and as well as revenues from mining exports compared with their counterparts in Sierra Leone.

The above dynamics between state authorities and International Partners in Liberia regarding financing public expenditure programs was emphasised by an NSA representative interviewed. The representative notes there is a mutual understanding between state authorities and International Partners, whereby the government takes care of salaries and other recurrent expenditures, while Donors Partners fund all development projects in the country (Interview: XL701). Thus, even if the government of Liberia also had ambitious plans in anticipation of increasing mining revenue like Sierra Leone, its receipts of huge ODA/GDP during the period helped cushion against the potential impact of the Ebola Outbreak and the decline in commodity prices in 2013/2014.

Based on my above analysis of the evidence of the impact of Ebola and the decline in commodity prices, I strongly argue that these twin-shocks had greater impact on the PFM reform processes in Sierra Leone than in Liberia. My argument is further corroborated by the more significant decline in domestic revenue as % of GDP and real GDP growth in Sierra Leone than in Liberia (see Figures 5.3 and 5.4 above in Chapter Five). While Liberia's superior domestic tax-based revenue as a percentage of GDP did play a role, receipts from ODA were critical to the country's resilience during the twin-shocks. The high domestic tax-based revenue in Liberia would have had little or no impact with the wage bill absorbing more than 70% of its recurrent budget. Besides, ODA to Liberia was consistently higher, representing almost twice the national budget in the fiscal years 2015/2016 and 2016/2017 (see fiscal tables for 2015/2016 and

2016/2017 and GoL ODA reports for the same period from the ministry of finance website).

The relevance of inflows from ODAs was not confined to Liberia alone. Its relevance to the PFM reform processes in the two countries and across all phases (post-conflict, recovery and development) is apparent in Figures 5.3 and 5.4 presented in Chapter Five. PFM performance in the two countries improved in the aftermath of every surge in ODA across all phases under review. In the period immediately after their civil conflicts (2002-2005), there was an upsurge in ODA, but so too was there an upsurge is PFM performance in the two countries. Even where ODA did not increase, inflows in the form of debt relief at the end of 2007 and 2008 led to improved PFM performance in the 2007 and 2009 PEFA assessments respectively for Sierra Leone. Similar improvements in PFM could also been seen in the 2010 and 2012 PEFA assessments in Sierra Leone and Liberia respectively, following the slight increase in ODA between 2009 and 2010. This relationship could be explained by the high number of budget support triggers that related to PFM reforms. That meant, each time there was an upsurge in ODA, of which, budget was part of, there were additional disbursement triggers related to PFM. But as discussed in section 6.1.2, the extent of external support on overall PFM reform progress had been limited to mostly upstream and de jure dimensions of PFM.

A more direct relationship occurred between ODA and domestic revenue as % of GDP, especially in Sierra Leone. For most periods, domestic revenue declined immediately after an upsurge in ODA. This pattern was observed during the increase in ODA in 2004, 2007 and the increase in budget support following the 2008 global economic crisis. Two implications could be drawn from this relationship between ODA and domestic revenue in Sierra Leone. First, ODA surged after every crisis - immediately after the civil conflicts and with HIPC debt relief, after the global financial crisis and in 2015 following the 2014 Ebola Outbreak. This means ODA was used as a countercyclical measure or as a response to external shocks that supported government functions. Second, ODA also served as a disincentive to domestic revenue mobilisation efforts, especially in Sierra Leone. Meaning, for every surge in ODA there was a subsequent decline in domestic revenue. Similar results were also found in the evaluation of DFID Sierra Leone country program (Poate et. al., 2008); the IFM in 2010 (IMF, 2010) and more recently by the joint-donor budget support evaluation in Sierra Leone (Ecorys and Fiscus, 2016:51).

6.1.4 What are the Right Institutional Dynamics for PFM Reforms to Thrive?

The section, like the last three sections, presents an in-depth theoretical discussion about the formal institutional development, legal and management arrangement of PFM reforms to provide an understanding of the right institutional dynamics necessary for PFM reforms to thrive and survive over the long-term in developing countries. Through the process-tracing analysis of several institutional components, their structures and interrelationships in the two case studies, the theoretical discussions in this section illuminate on understanding of the role of the overall institutional environment in driving PFM reforms and improving the quality of PFM systems. These components and interrelationships cover the PFM Legal Framework, the Main PFM Institutions, Technical-Political Interface, Intergovernmental Relations and the role of

NSAs in PFM. The technical-political interface includes relations between the MoF and the legislature, relations within the executive and relations with donor partners. Intergovernmental relations cover the PFM institutional set up and governance arrangements in sectoral ministries and subnational government, and the nature of intergovernmental relations between the MoF and subnational government.

Through observations from primary and secondary sources, I present in this section several pieces of evidence for each component within the PFM institutional environment that illustrate how the formal institutional environment and management arrangements alone, may not have the desired effect on PFM reforms and the quality of PFM systems in the two case study countries. The objective of the process-tracing analysis was to examine whether there was support for the hypothesis that formal institutional development, legal and management arrangements help PFM reform progress and overall PFM systems quality in developing countries. I proceed with the analysis of the first institutional component, which covers the PFM Legal Provisions that set out the rules and regulations that govern the way governments generate, allocate, spend and account for public funds.

6.1.4.1 The PFM Legal and Regulatory Framework

The PFM reform experience in the two case studies shows while there has been tremendous progress in the legal and regulatory framework, significant gaps still exist between PFM laws and regulations and their actual implementation in practice in these countries. Based on the evidence, the first learning point from the experience in the case studies relates to the fact that much of the initial efforts to strengthen PFM were heavily concentrated in building the PFM legal architecture.

The evidence further reveals significant uniformity in the nature and type of laws and regulations enacted in the case studies - ranging from the organic budget law and associated regulations, procurement law, external oversight, debt management, etc. However, the coverage and depth of these laws vary greatly in both countries and even between earlier and later versions of the PFM laws and regulations. The divergence in coverage and depth are the result of country differences in governance structures and systems. Differences between earlier and later versions of the specific laws emanate largely from the inappropriateness of earlier versions to the local context in these countries, often necessitating revisions or enactment of new laws. For example, the latest PFM law in Sierra Leone is much wide in scope and depth than the PFM law in Liberia because it captures the PFM operations of the national and subnational governments and it has new components such as TSA that were absent from the earlier PFM Act.

Irrespective of the gains made in building the PFM legal architecture in both case studies, the evidence from the process-tracing analysis indicates a lack of implementation of the laws and regulations. The reasons for the significant gap in the implementation of these PFM laws and regulations cited in the literature range from technical to nontechnical factors (de Renzio and Dorotinsky, 2007; de Renzio, 2009b; Lawson and de Renzio, 2009; de Renzio, Andrews and Mills, 2010; Fritz et al., 2014a).

However, this study argues in this section and elsewhere in this thesis that the apparent lack of implementation of PFM laws, regulations and policies is explained mostly by nontechnical factors. The existence and influence of technical factors such as the inappropriateness or inconsistencies of PFM laws with other laws and regulations could be hard to justify after those initial PFM laws and regulations were revised to match the local contexts or eliminated the inconsistencies in the two case study countries. The technical inconsistencies in the various laws can be corrected, and they have been corrected, which means their mere existence is relevant and could affect the implementation of the laws. But their absence does not mean all the PFM laws and regulations will be fully implemented. These technical factors therefore only pass a weak form of process-tracing test of causal inference.

On the other hand, the nontechnical factors such as top-down political directives and informal client-patron networks are difficult to eliminate, which Hydén famously noted are "…embedded in society and its culture, they will remain 'necessary evils' that the donor community can at best contain, not erase altogether" (Hydén, 2005, p. 17). The evidence shows that nontechnical factors pass a much stronger process-tracing test, given their high relevance in determining not only whether a law gets passed at all, when or if a law fails to pass or stalls, they also largely explain the lack of implementation of PFM laws and regulations. This proposition holds true in the two case study countries, and it so irrespective of the nature of governance structures or extent of complexity of a country's institutions and wider authorising environment discussed in the next subsections.

6.1.4.2 The Main PFM Institution (The Ministry of Finance)

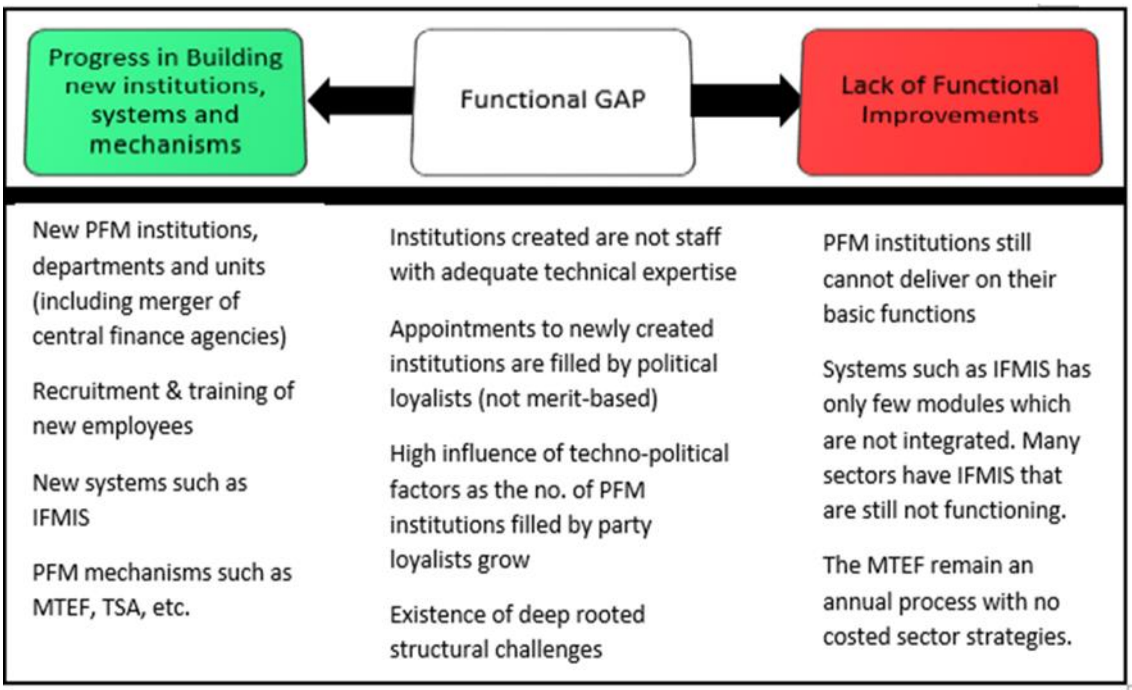
The fundamental argument I present in this section is that the establishment of new institutions or mergers of PFM institutions or both and their institutional set-up have limited impact on PFM reform progress and the overall quality of PFM systems. This study further shows that although it is generally true that more complex governance structures and institutional set-ups may affect reform progress, the evidence from the case studies shows that PFM reform efforts and systems in developing countries could still be derailed or stifled even with less complex governance structures and institutional set-ups. This proposition is justified by the lack of functional improvements in the main PFM institutions found in the two case study countries almost two decades implementing PFM reforms.

Emerging from civil conflicts, authorities in the two case studies have made significant progress in building new institutions, set up new departments, units, built capacity, etc., and sometimes streamlined their institutions making them less complex. The latter is typified by the merger in both countries of the Ministries of Finance and Developing Planning.

The PFM architecture in both countries is less complex and financial management functions are now highly concentrated in the MoF. It is also worth noting that most top-level bureaucrats in the MoF, who would normally be considered elsewhere as career civil servants are political appointees or are appointed directly by the Presidents in the two countries. Irrespective of the highly centralised, simplistic and concentrated financial management functions within the MoF in both countries, their MoF still struggle to effectively carry out some of their basic functions such as planning, budgeting and execution. For example, the performance of the main budget planning, preparation and monitoring instrument, the MTEF has been appalling since it was first launched almost two decades ago in Sierra Leone and since 2003 in Liberia. The inability of the Central Finance Agency to effectively function is also widely acknowledged in the literature of PFM (Pretorius and Pretorius, 2008; Fritz et al., 2012).

The evidence shows structural and techno-political factors are mostly responsible for the limited functional improvement in the Central Finance Agencies in the case studies. Formal PFM institutions in the case studies have limited impact on the overall PFM systems quality, because there is a functional gap created by structural and techno-political factors in those countries. This functional gap is derived from the difference between the level progress made in the two countries in building new PFM institutions and systems and the actual functionality of those institutions and systems, as shown in figure 6.2 below.

Figure 6.2: Functional Gaps in PFM Institutions, Laws and Systems



Source: Prepared by the Author

The above diagram depicts the existing scenario in the case studies where the level of progress made in building new institutions and systems has failed to deliver functional improvements that are critical to achieving the overall promise of PFM reforms. What it does not reveal is the serious misconception that exists among state authorities and donor partner representatives about what constitute actual functional improvements. Most interviewees conflate the meaning of progress with functional improvements of PFM institutions. Advancements in PFM in the views of most of the respondents were mostly discussed in terms of progress made in building new institutions and systems. This misconception needs to be addressed, without which, it may be difficult to even identify the main PFM challenges that exist in the two countries. The evidence is very clear that both countries now have in place the main PFM institutions and systems. What is missing is the lack of functional improvements of those institutions and systems, which must be the focus for any future PFM efforts in those countries. The need to bridge this functional gap in PFM institutions was also recently noted in the 2017 World Development Report (World Bank, 2017b; see also Fritz et al., 2017:90).

Meanwhile, the widespread dysfunctional nature of the main PFM institutions in Liberia and Sierra Leone could also be traced to several factors that have their roots in the third component the technical-political interface in the two case study countries, which is discussed in the next subsection.

6.1.4.3 The Technical-Political Interface

The technical-political interface in the PFM architecture in Liberia and Sierra Leone has three facets - relations between the executive and the legislature, relations within the executive and relations with donor partners. These three facets of the technical-political interface are jointly discussed, given their inter-relationships, especially between the executive and the legislature that make it extremely difficult to examine each separately. The World Bank (2011b) and Krause et al. (2013:38) for example, note that the relationships within the executive - especially between technical leaders in the Ministry of Finance with the political environment is critical to PFM reform progress in developing countries. While several parallels exist in the legislative role in exercising oversight and accountability over PFM, there are, however, significant differences in the legislative set-ups and relationships with the executive branch in the two countries.

These differences affect the power-relations between the executive and the legislature. Liberia's two-tier Parliamentary Structure gives the Legislature greater power and leverage in its oversight role in the annual budget process, while the Legislature in Sierra Leone seems to be much more aligned and supportive of the executive's decisions and policy directions. Similar differences in power-relations in the legislative budget process are found by Wehner (2006); Lienert (2013) and Fritz et al (2017:41), which affect the realism of the annual budget in developing countries more generally.

Also, while there is a marriage between the legislative and executive arms in the annual budget process in the two countries, the nature and depth of the marriage differ between them. In Liberia, the marriage is much stronger between the Legislature and top-level bureaucrats in the MoF than between the Presidency and the Legislature. In Sierra Leone, however, the marriage is mostly between the Presidency and the Legislature. These distinctions are important because, they affect the level of power and leverage Parliamentarians have in each country. The executive in Sierra Leone is indispensable to the election/re-election of Parliamentarians, and the ruling Political Party has always maintained a majority in Parliament.

Unlike Sierra Leone, Liberia has a more diverse parliament with many independent parliamentarians and with little control from the executive. The president in Liberia has little or no control over the legislature or members from her/his political party. The Liberian president for example, according to many accounts was on the radio explaining to the Liberian people that she did not approve of the huge allowances taken by Parliamentarians. This is complete lack of institutional independence in formal accountability institutions, especially in Liberia. This finding mirrors the broader picture in developing countries found by Mills and de Lay (2016). In their review, "accountability institutions are often too weak to effectively hold Political Leaders accountable (Mills and de Lay, 2016: 11). Similar Findings are also reported by Betley et al. (2012) and Pelizzo and Stapenhurst (2013). This inherent political process in the budget process in the case studies has long been emphasised by many scholars and researchers (Norton and Elson, 2002; Hallerberg, Scartascini & Stein, 2009; Fritz et al., 2017:86).

The above institutional set-up of the Legislature in the two countries, the power-relations and marriage between the Executive and Legislature have major implications for the annual budget process. The legislature in Liberia has much control over the budget preparation and approval which has always resulted in significant delays in approving the annual budget. But more so, they have greater leverage over resource allocation and can manipulate the process in favour of their personal and political interests. There is a much more coherent budget preparation process in Sierra Leone with no substantial delays in approving the budget. Much of the institutional problems in budget preparations happen during the approval stage, where Parliamentarians from the ruling party appear to undermine the process as a way of protecting the executive's budget from scrutiny from opposition MPs and CSOs.

Moreover, the institutional set-up, power-relations and marriage between the executive and the legislature also affect budget execution and accountability in similar ways in the two countries. Many of the reasons shared by the respondents, point to the lack of implementation of audit recommendations of the PAC. However, the problem is greater than just the failure to implement audit recommendations. The evidence from the process-tracing analysis reflects at worse a client-patron network or at best partisan politics entrenched in the relations within the executive and between the executive and the legislature. The latter presents serious dilemmas for all parties, as an NSA representative from Sierra Leone noted "when people are appointed, their hands are caught in the cookie jar, and by trying to disgrace them can bring credibility issues to the entire political party" (Interview: XL702). These institutional dysfunctions in the set-up of PFM institutions, including the legislature and interrelationships between the executive and the legislature and relations within the executive branch present far greater problems that speaks to power-imbalances, top-down political pressures and technical-political dilemmas covered in the next paragraphs.

First, the process-tracing analysis reveals a straightforward top-down relationship within the executive branch of government in the two countries. There is a top-down political pressure faced by bureaucrats from the highest echelon of state authority in the executive branch. However, the relationship in not always top-down, as the analysis further reveals technical leaders in the MoF also benefit from their connections with political leaders through their appointment to positions and zero bottom-up accountability. That means, there is an effective struggle among bureaucrats to align themselves with the political class for their survival and to achieve their personal and departmental/program objectives. This so-called marriage has effectively circumvented any formal institutional checks and balances, which has resulted in significant extra-budgetary expenditures, limited discretions from bureaucrats and informality in the entire PFM architecture.

Second, the process-tracing analysis reveals far more complex sets of relationships among the three facets of technical-political interface. The evidence from these observations shows the complexity in the relationships among these facets are rooted in the influence, interests, and motivations of bureaucrats and political leaders. That means, the mere categorisation of stakeholders as champions or supporters and opponents will not contribute to our understanding of these complex stakeholder influences, interests and motivations.

The evidence shows that in both countries the debate has been on whether the Minister of Finance is supportive or opposed to a reform intervention. The study finds such categorisation is misleading because a Finance Minister might express support for a reform, but might face a conundrum, or may sometimes be cautious about how far to push certain reforms or enforce certain policies or laws. This conundrum applies even to other top-level bureaucrats who are also regarded a ‘professionals’ and, therefore, would be supportive of any reform efforts. Perhaps, a better approach will be to examine whether reform champions or supporters are powerful enough to influence change more broadly or push through difficult reform programs. Political Leaders also encounter similar dilemmas and difficult choices, which reflects the lack of implementation of recommendations from the PAC and overall poor performance in accountability dimensions of PFM.

Another approach is to examine the interests and motivations of reformers and political leaders (instead of grouping them into supporters and opponents), which are critical to our understanding of what reform programs are likely to be initiated, pushed and sustained. This examination should include ascertaining the bureaucratic incentives and inertia that exists within the technical-political interface and the overall public sector that might drive or derail PFM reform efforts. Based on the process-tracing analysis, these incentives may include both financial and non-financial rewards. There is also strong inertia among stakeholders to maintain the status-quo in the two countries and to protect their enclaves.

The complex motivations and interests of technical leaders and politicians also have implications for the relationships with donor partners. The incentives regarding donor support to PFM include both personal benefits as well as at the institutional level. For example, bureaucrats and other technical personnel would relish working on a donor-funded PFM reform project because of the improved allowances that come with those projects. In the words of a Principal accountant in one of the main ministries in Sierra Leone, “when you are in government, and you are attached to a donor-funded project, people perceive you as 'somebody wea don beteh'… [meaning you are someone who has made it in life]” (Interview: XX402).

However, their ability to engage with donor-partners might also be affected because they might not want to appear to challenging donor partners or their interests. It might appear perfectly fine to have reform champions with most of their allowances paid by donor partners or have budget support triggers attached to a particular activity, but there are numerous examples where these arrangements may have created perverse incentives for bureaucrats and political leaders. For example, in response to the serious budget credibility problems emerging from non-transfers of allocations to Local Councils in Sierra Leone and County Authorities in Liberia, the EU tied a significant amount of its direct budget support to disbursements to Local Government. This move by the EU did help improve the situation in the views of several interviewees, because money was attached to this kind of activity, and the authorities directed all the energy towards achieving that target. That effectively diverted all the efforts of bureaucrats and political leaders away from other critical reform interventions at the time.

The key implication from the above analysis is that in order to understand what reform initiatives are likely to be initiated or pushed through in the case of difficult reforms, implemented or sustained by bureaucrats and political leaders in the two countries, donor-partners and local reformers must refrain from the usual categorisation of stakeholders into champions, proponents and opponents, interested and opposed. Instead, deliberate effort should be taken to try to understand the level of influence/power-relations within the executive and between the executive and the legislature, the specific interests and motivations of all stakeholders involved in the reform process. The above distinctions are explained more clearly in the next subsection through examining the joint strategy pursued by donor-partners and local authorities in institutionalising PFM around key individuals/Champions in the two case study countries.

Institutionalisation of PFM Reforms around key individuals/Champions

The evidence shows there was a clear strategy by donor partners and local authorities in the two case study countries to pursue PFM reforms through core set of individuals within the Ministry of Finance. The strategy is part of the broader idea in the reform literature that particular individuals are more suitable to engage in politically sensitive and development contexts (Rocha Menocal, 2014; Denney and McLaren, 2016: 31), or encourage 'development entrepreneurship' and build strong networks and relationships (Faustino & Booth, 2014; Williamson, 2015) or bring together key stakeholders and support them to work collaboratively (Rocha Menocal et al., 2008; Rocha Menocal & O'Neil, 2012; Tavakoli et al., 2015).

Much of the emphasis was on the role of the Ministers of Finance in championing PFM reforms in the two countries. The approach is widely reflected in the various PFM legislations shows in the section on PFM legal and regulatory framework in the two countries, which confer greater power and responsibility for overall PFM in the Minister and the MoF more generally. The Minister of Finance is highly respected in the two countries, with one former Ministry of Finance official in Sierra Leone who was also working on a donor-funded PFM project described the Minister of Finance as the 'godfather' of PFM development (Interview: XX105_303). Some respondents in Liberia even regard public statements from the Minister of Finance in support of PFM reforms as a powerful tool they can use to drive different programs and activities. Interviewee XL306 who is one of the key reformers within the PFM Reform Coordination Unit in Liberia responding to my question on whether he considered himself as a champion for PFM reforms made the following remark "yes, definitely I do [see myself as a champion for PFM reforms] but then, I have my limitations. And those limitations can only be removed if I get the blessing of senior management, like in the form of a public statement that the Minister has said this, for example, that will empower me to move on with different programs" (Interview: XL306).

The strategy to anchor PFM reforms around key individuals did work well in the immediate post-conflict contexts in the two countries. The strategy created easy entry points for donor-partners and gave donor-partners confidence that they could rely on those key individuals to manage the reform process. Publications from independent researchers and reports from donor partners also point to the influence of those key individuals in driving PFM reforms. The strategy created the highly needed technical expertise in the MoF to exercise control and provide leadership in the management of PFM reforms in the two countries (Srivastava & Larizza, 2013; Roseth and Srivastava, 2013; Welham & Hadley, 2016). A World bank study on political economy of reforms in Sierra Leone concluded that PFM reforms in Sierra Leone resulted in winners and losers, championed mainly by the Local Technical Assistants (LTAs) in MoF who were paid by donor partners, and that the reforms never gained momentum beyond the MoF (Robinson, 2008; see also Appendix A section A.5.3).

A core component of the joint strategy to anchor PFM reforms around key individuals was to build capacity locally and knowledge transfer to civil servants. Although there were nuances in the approach to capacity building and knowledge transfer in the two countries, the evidence shows mixed results for most of the programs, except the financial management training school and support to the University of Liberia which are widely regarded as largely successful in injecting a lot of capacity in PFM institutions in Liberia.

In both countries the focus on strategic technical individuals in key PFM institutions created in the view of many interview participants a lot of challenges in the PFM reform efforts in the two countries. First, it created significant capacity differences between core technical and low-level personnel in the MoF in the two countries. Second, those top-level technical personnel were paid augmented salaries financed by donor partners that were significantly higher than the average pay or other local civil servants within the Ministry of Finance and between the Ministry of Finance, Sector Ministries and Local Government. The huge salary gap created a lot of resentment among lower cadre staff in key PFM institutions in the two counties. It is nonetheless difficult to establish the extent of the impact of the resentment on the overall PFM reform effort in the two countries.

Third, and perhaps, the biggest challenge to PFM reform efforts in the two countries posed by those programs was the transfer of LTAs and personnel under the SES and TOKTEN into the mainstream civil service in Sierra Leone and Liberia respectively. Those technical personnel had salaries that were far above the highest pay scale in the government payroll in the two countries and contributed to a significant increase in the governments' wage bills. This problem continues to affect ongoing civil service reforms through the *Pay and Performance project and Public Sector Modernisation Project* in Sierra Leone and Liberia respectively (Roseth and Srivastava, 2013; Srivastava and Larizza, 2013).

A further consequence of the strategy to institutionalise PFM reforms was the fact that power and influence became very entrenched within the few officials in the MoF in the two countries. This concentration of power and influence among few officials gave them a lot of freedom to operate, often with zero accountability for their policies and actions regarding PFM and allocation of resources (see also similar findings from different countries by Krause et al., 2013:38-9). But more so, the high concentration of power and influence among few officials created a lot of informality within the institutional set of PFM institutions that meant few individuals had access to the management information systems in the MoF. The evidence is particularly strong in Sierra Leone as Welham and Hadley argue "the heavy reliance on this cadre of ex LTAs also raises important questions about long-term capability of the Ministry if more formalised workforce management and succession planning is not introduced" (Welham and Hadley, 2016, p. 33).

The most widely shared and critical concern about efforts to institutionalise PFM reforms around key officials in the Ministry of Finance is rooted in its implications for the survival and sustainability of PFM reforms. As the evidence suggests such a strategy meant an existing Minister with little or no interests in specific reforms or a new Minister of Finance with different policy background and interests in PFM reforms will certainly derail ongoing efforts and undermine the sustainability of the reforms. This concern is shared by both local reformers and donor partners.

Finally, the evidence presented from all the above observations shows that the joint strategy by local authorities and donor partners to institutionalise PFM reforms around key officials in the main PFM institutions in the two countries created a lot of impact in the immediate post-conflict environments in the two countries. Part of this success is explained largely by the fact that the strategy cultivated strong relationships and built trust between bureaucrats in the MoF and donor partners (see also Welham and Hadley, 2016:22; Krause et al., 2013).

However, whatever the impact that was created by this approach was derailed by the tensions and resentment that emerged among low cadre staff in key PFM institutions and in the public sector. The approach also created significant challenges in the long-term and continues to undermine reform efforts in the two countries. In rolling those programs, donor partners failed to consider the demand such a strategy places on key stakeholders and the incentives structures that confront them in implementing those programs. This point is also recently made by Laws and Marquette (2018:26-7) in their review of the literature on the Thinking and Working Politically (TWP).

6.1.4.4 Intergovernmental relations Between Central Finance Agency (MoF), Sectoral Ministries and subnational government

The process-tracing analysis here covers the PFM institutional set-up and governance arrangements in sectoral ministries and subnational governments, the nature of intergovernmental relations and the challenges and opportunities that exist in linking progress in PFM and to downstream or frontline service delivery units. Regarding the institutional set-up and governance arrangements, the overall PFM architecture in both countries is less complex and financial management functions are highly concentrated in the MoF. The highly centralised institutional set-up and management arrangements in the PFM architecture in the two countries presents a huge opportunity to improve service delivery in these centralized systems - with MoF having direct control during the budget planning, preparation, execution and reporting over service delivery units.

Despite initial efforts in Sierra Leone, in particular, to take advantage of the above opportunity and improve service delivery through the decentralisation and the enactment of the Local Government Act in 2004 (GoSL, 2004: Local Government Act), there is limited progress made in downstream service delivery front of PFM (PEFA website – PEFA Assessment reports 2010 for five Local Councils – Freetown, Bo, Kenema, Kono and Makeni)[12]. The decentralisation process and devolution of service delivery to County Authorities in Liberia had been much slower, but the country has made important gains recently in improving services, which have been credited by observers and some interviewees to the set-up of county treasuries in four counties (Grand Bassa,

[12]https://www.pefa.org/country/sierra-leone

Bong, Margibi and Nimba) as part of its pilot program. (World Bank, 2017c). The highly centralised system in Liberia and the recent improvement in service delivery through its county treasury pilot program have drawn the spotlight on Sierra Leone in the aftermath of the Ebola scandal, which some observers link to the level of deconcentration of PFM functions in that country. The Ebola experience and the massive scandal that ensued was specifically highlighted in the evaluation of donor support to PFM and some interviewees as a product of the deconcentration of some PFM functions away from the MoF. For which, they suggest that the government re-concentrate some of those functions back under the control of the MoF (Ecorys and Fiscus, 2016).

The generally low level of performance in Sectoral Ministries and Subnational Government compared with the more strong performance of the Central Government in both countries (See PEFA website for PEFA scores for both Central and Subnational Governments), is caused in part by the broader transactional approach to PFM in the case studies. Central Government (mainly the MoF) roll out reform programs to MDAs and Local Government for implementation, often with no real ownership and commitment from MDAs and Local Councils to finance and sustain those reforms in the future. The evidence also indicates there were no targeted efforts to build capacity in sector ministries apart from the usual roll out of policies and systems such as the chart of accounts, MTEF and IFMIS reforms. Moreover, the scale of PFM reform efforts (technical and financial support) was lower in MDAs and Subnational Governments compared with the level of support directed towards the Central Government. These disparities and the lack of accountability from the Central Government and Political

Leaders created tensions in the intergovernmental relations in the two countries according to some interviewees.

6.1.4.5 Non-State Actors (NSA) or Civil Society Engagement in PFM Reforms in Developing Countries

Non-State Actor (NSA) engagement in PFM reform is discussed in this thesis as the fifth component, which is part of the broader PFM institutional environment in the two case study countries. NSAs in the context of this thesis means any local or Community-Based Organisation (CBOs) NGO, Civil Society Organisation (CSO) with interests in PFM issues. Based on the evidence, this study argues that irrespective of the low impact of NSA, especially on accountability dimensions of PFM, there is a space for improving NSA engagement in PFM and its relationship with the wider PFM institutional environment or the other four institutional components.

The process-tracing analysis of the primary data and as well as findings from published sources shows there has been some level progress made in improving the engagement of NSAs in both the supply and demand sides (Fritz et al., 2017:17) in the two countries. NSAs have become relevant in the PFM process, but their level of impact could still be questioned. For example, greater access to user-friendly information as a direct result of NSA engagement has still failed to translate into good governance systems in the case study countries.

Meanwhile, NSAs' impact depends largely on where the focus has been over the years in the two countries. The evidence shows that NSAs have been actively engaged more on advocacy, transparency and issues around the annual budget formulation process than in accountability and public participation dimensions of PFM. There is also, a subtle admission by some interviewees that the level of progress made in transparency, advocacy and some aspects in the annual budget formulation process denotes the first steps in the efforts from NSAs to contribute to improvements in accountability and overall service delivery efforts.

Irrespective of the significant gains made in areas such as transparency, advocacy and budget formation, the two countries still continue to rank poorly among their peers in the sub-region based on the available data from PEFA reports and the Open Budget Survey (OBS) from the International Budget Partnership. Among these is the fact that local authorities in the two countries were sceptical about any NSA engagement in PFM, citing mostly technical concerns, which for them were outside the realm of civil society. Others also cite the lack of understanding from government officials about the role of NSAs in PFM. Perhaps, a more unlikely explanation for the low progress in the two countries with respect to other countries in the sub-region is the fact that NSA engagement in PFM only gained attention several years into the reforms. And this, understandably, according to some of the respondents was because PFM was not a priority for NSAs immediately after the civil conflicts in the two countries. Most NSAs at the time were working on issues such as transitional justice, peace building, human rights etc.

However, the evidence described above does not explain the whole story on NSA engagement in PFM with respect to the nature of their interventions and progress made thus far, and the opportunities that exist for better civil society participation in PFM. NSA engagement in PFM in the two countries has become a lot more complicated than anyone would have thought, which perhaps, is not surprising given the ongoing debate about their potential impact, especially on accountability and downstream service delivery dimensions of PFM. NSAs continue to face complex problems, ranging from capacity constraints to political and institutional challenges that impede their effectiveness. Efforts by donor partners and local authorities to further promote and institutionalisation of NSA engagement in PFM have resulted in serious political and institutional dilemmas for NSAs in the two countries.

First, the evidence shows that while there has been some level of cooperation and strategic alignment between NSA and other components within the broader PFM institutional set up in these countries, internal politics remains a challenge and as well as an opportunity for active NSA engagement in PFM. Some political actors continue to cast doubt on the contribution of NSAs and will go to some lengths to stifle their activities by denying them the necessary funding. In recognition of this challenge, NSAs have had to make some political manoeuvres within government to push their policy objectives. Their work sometimes means they could be considered by government officials as allies and sometimes they could be targets.

These situations in which NSAs find themselves have led them to learn and to come up effective strategies, such as dialogue and strategic engagement with local authorities, instead of going to the media every time there is an issue that needs public attention.

The latter, some interviewees note, often has counterproductive effects on NSA and government relations in the two countries. However, NSAs have also been blamed by some observations for their lack of sincerity and contribution to the political divide in these countries. In the words of one prominent NSA representative in Sierra Leone, "there are elements of incivility in CSOs. Some are genuine and some are influenced by the government to be talking good things about PFM or the country" (Interviewee: XX702).

While there has been laudable efforts according to many interviewees in bolstering NSA engagement in PFM by the international partners and country governments, those efforts have also added another layer of complication for NSAs, who have to now balance between satisfying their political masters in the MoF and as well as effectively pursuing their mission. NSAs benefit a lot from working from within government, such as having greater access to policy makers and aligning their activities with the interests (such as PEFA indicators) of both government and donor partners. However, they are also being effectively held hostage by state authorities to do their bidding, in terms of pushing specific government policies and actions. By having the NSA sitting in the same building and under the control of the MoF, it has become easier for state authorities to have NSA buy-in to their policies and actions, irrespective of whether those policy actions are in line with the interests of NSAs and citizens. At the same time, NSAs are now left with little or no leverage to engage strategically with the MoF on PFM issues. The NSA experience in these countries poses important questions about whether ongoing efforts by donor partners and country governments to improve NSA engagement in PFM constitutes *state capture or strategic alignment* in the relationship between NSAs and country government.

The future for NSA engagement in PFM is not as gloomy as the above evidence and analysis suggest. As Robinson (2007b) and de Renzio and Krafchik (2007) argue, NSAs are another important mechanism for future PFM engagement in developing countries. Several opportunities still exist within the current PFM institutional framework in these countries to improve NSA engagement in PFM. The evidence shows three specific opportunities where involvement of NSAs could create an impact in the PFM reform efforts in the two case study countries.

First, NSAs could do better if they focus on shaping governments' policy directions and provide credible alternative policy options through evidenced-based arguments, backed by constructive engagement with state authorities. State Authorities in the two countries always seek to discredit reports from NSAs by identifying inaccuracies or lack of evidence to support assertions in those reports. It is critical that NSAs get their facts correct, if they are to engage effectively on specific PFM issues and policies. For NSAs to be able to achieve this, donor partner and country governments must be prepared to increase their current level of support towards improving the technical competence of NSAs working in PFM.

Second, there is an opportunity for NSA engagement in PFM reforms by improving the institutional links between NSAs and the Legislature. There are currently weak institutional links in the budget process and accountability aspects involving the

Legislature. The legislatures in the two countries have little or no capacity to effectively perform their oversight role in the annual budget process and provide accountability mechanisms within PFM. NSAs could, therefore, support the Legislature by providing them with evidence-based research on the annual budget and other PFM matters. There is a greater degree of convergence in the interests of NSAs with that of the interests of MPs. However, such support must be provided indirectly through dissemination in the media and to make copies of their reports available to the general public, to avoid any unintended retaliations from the Central Government. Community-Based Organisations should also be empowered so that they can support their Members of Parliament with policy recommendations based on research conducted in their respective communities and as well as support them in conducting oversight over the use of resources allocated to their communities.

A final avenue for future NSAs engagement in PFM is in the area of supporting donor partners in the determination of appropriate budget support triggers and serving a mechanism to monitor performance against those triggers. NSAs can also provide support in donor partner review missions and make recommendations about areas where donor conditions might be appropriate for specific reform programs. DFID and the EU for example, have been cited by some NSA representatives as some of the donor partners that have taken the lead in building better collaborations and working directly with NSAs in Sierra Leone. However, the idea of NSA supporting donor partners in the determination of budget support triggers is a bit complex, given that donor partners would have to reconcile between having measurable and short-term objectives with often long-term solutions from NSAs.

6.1.4.6 Concluding Remarks about the Role of Institutional Dynamics in PFM Development

This section has presented a framework for future researchers in trying to understand the institutional structures, systems and wider authorising environment for PFM reform in developing countries. The five institutional components discussed in this section provide a detailed understanding of both formal and informal institutional dynamics, by centring the analysis on the interactions and interrelationships between these components, power relations, incentives and their coherence with ideas in the institutional reform literature.

Based on the evidence this study has demonstrated that formal institutional set-ups, systems, policies and governance structures advocate by development partners, PFM practitioners and some state authorities (DFID, 2007; see also Shah 2005; Campos and Syquia, 2006; Campos and Pradhan, 2007; and de Renzio, 2009b) are only a necessity for advancing PFM reforms or improving PFM systems quality. The study has presented and discussed compelling evidence that shows these formal institutional arrangements, and governance arrangements have a limited impact in driving PFM reforms and in sustaining the gains already made in the two case study countries. Significant gaps exist between PFM laws and their actual implementation in practice, and between formal institutional development and their functionality/functional improvements in the two case study countries. How far PFM laws and formal institutions go in influencing PFM reforms or improving PFM systems is explained by the nature and extent of the local political economy and informal institutional dynamics that take place within the five institutional components and the structural relationships that exist between them.

The process-tracing evidence and analysis also contradicts the thinking that highly centralised and less complex PFM institutional set-ups are the solutions to driving PFM reforms in developing countries. While less complex institutional structures and systems do facilitate smooth initiation and implementation of specific PFM reform initiatives, the effects of such set-up have been overplayed by both state authorities and donor partners. The ease of entry for most reforms carried out in the case studies was not because these countries now have highly centralised or less complex institutional set-ups as suggested by Fritz et al. (2017).

Instead, it had to do with the fact that most of the initial reforms were upstream and de jure reforms or low-hanging fruits, which did not threaten the legitimacy of state authorities. Among others, there are several PFM reform initiatives such as TSA, instituting managerial control over SOEs, allowing the auditor general to publish public the audit report or changes to the legislative structure, that did not gain immediate traction (or faced stiff resistance) because they threatened state authority and legitimacy, even in a now highly centralised and less complex institutional arrangements in the case study countries.

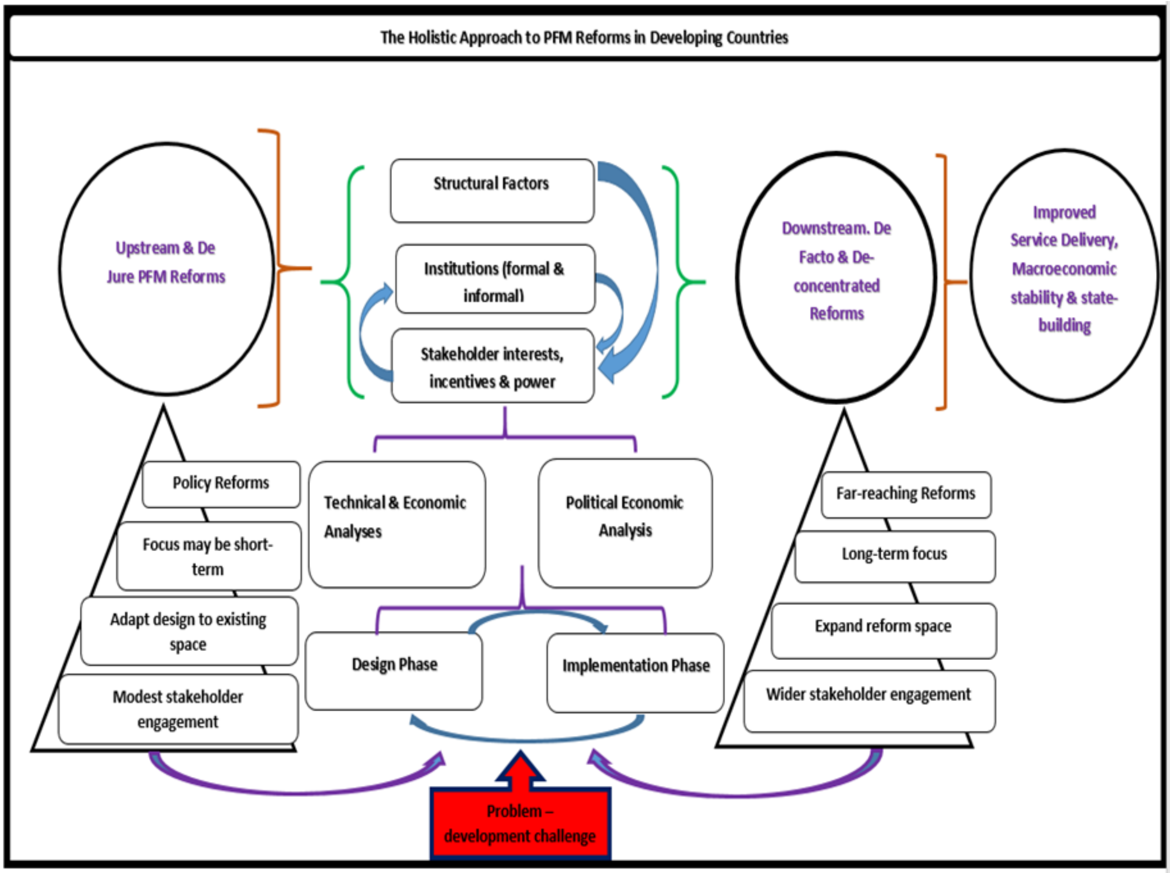
The experience from the case studies has also shown it is possible to initiate even the most difficult reforms in a less complex institutional setup. However, the actual implementation of most reforms even the less complex institutional set-up is the challenge. A less complex and highly centralised institutional set-up could still be captured by the more powerful political structures and patronage networks in countries like Liberia and Sierra Leone. Allen and Grigoli (2011) and the World Bank (2011b) also note how Central Finance Ministries in developing countries are deliberately structured and staffed for political gains. In line with Yanguas and Bukenya (2016:136–152), this study, also calls for the need for a new approach that ensures sustained political support for both institutional mechanisms and as well as embattled reformers who are confronted with powerful incentives in the process of institutional change.

6.2 Conclusion: Towards a Holistic Approach to PFM Reforms in Developing Countries

In light of the evidence presented and discussed in Chapter Five and the in-depth theoretical discussions of the role of the four nontechnical causal factors in the previous sections in this chapter, I make the case in this section for a strategic nuancing, through combining different approaches for better outcomes in efforts to strengthen PFM in developing countries. This proposal is what I describe as the ***Holistic Approach*** to PFM reforms in developing countries. The proposal does not only offer strategic nuancing to the international-led approach to PFM reforms, it also takes into consideration what policies, measures and systems are likely to be feasible where, when and how wider stakeholder engagement can deliver the desired development outcomes.

The holistic approach in Figure 6.3 is part of the search for thinking out-of-the-box options that takes into consideration the problem or developmental challenge and the state and the level of progress made in PFM reforms at the outset of PFM reform programming. It further takes into consideration a mix of approaches that are aligned with the overall country context and sectoral realities.

Figure 6.3: Framework for the Holistic Approach to PFM Reforms in Developing Countries.



Source: prepared by the Author

6.2.1 The Foundations of The Holistic Framework: What does the Holistic Approach Take into Account?

The holistic framework is founded on several dynamic configurations that differentiate it from several other approaches to PFM reforms in developing countries. These configurations or elements are the bolts and nuts upon which the framework is built. First, it combines and as well as brings nuancing to several approaches widely recognised in the PFM and institutional reform literature. The holistic approach features several approaches such as PDIA (Andrews, et al., 2012; Blum, Manning, and Srivastava 2012; Andrews, 2013 and 2017; Bridges and Woolcock, 2017), PEA or TWP (Unsworth, 2015; Wild et al. 2015; Bain, Booth, and Wild 2016), power and systems approach in institutional change (Green, 2016; Mansoor and Williams, 2018; Wehner, 2018), the proposal for 'doing development differently' (Booth, 2015) and the Bottom-Up approaches to reforms in developing countries (Welham et al., 2017).

Considering the above, the holistic framework does not espouse any specific approaches. Instead, it is a dynamic framework to better understand and solve the dynamic PFM problems in developing countries. This dynamic nature of PFM problems presents an inherent limitation to the applicability of a single approach. In line with the theoretical analysis in the literature review chapter, none of the approaches listed above is both a necessary and sufficient condition for successful development outcome in different contexts. This conclusion was also recently reached by Laws & Marquette (2018:18) in their review of the TWP literature.

The PDIA for example, is more long-term oriented in that it might conflict with the desire of donor partners to show results for their development assistance discussed in section 6.1.2 in this chapter. The PDIA approach fails to recognise the interests of donor-partners and the increasing calls from their citizens for greater accountability for development assistance. Such a fundamental difference might make the PDIA unattractive, as it effectively takes away all opportunities for donor partners to exercise control and justify further funding requests. It calls for a complete transformation from logframes to searchframes is untenable. This study, therefore, argues that donor instruments such as the logframes will continue to be relevant, as much as the desire of donor partners to show results for their development assistance continues to form a critical element in efforts to strengthen PFM in developing countries. The latter is critical to future efforts to strengthen PFM, because PFM reforms will continue to take centre stage, for which the World Bank is current stepping up its efforts to assess the performance of its PFM interventions (World Bank -IEG, 2018a:1).

Secondly, the holistic approach is an innovative and flexible framework that offers programmers and state authorities the freedom to combine different reform approaches and instruments. This flexibility in the approach is depicted in the triangular bars in the extreme left and extreme right in the framework in Figure 6.3. This means the choice of approach or a combination of approaches and instruments could range between the two extreme ends of the programming continuum. Goetz (2007) made similar distinctions are made between policy and governance reforms or first-generation and second-generation reforms.

The model, however, does not prescribe an optimum balance or equilibrium in the approaches, or instruments or a combination of both to be used, which according to the model will depend on several factors. These factors may include the country and sectoral realities, the status, pattern and level of progress achieved along the PFM dimensions - *upstream, downstream, de jure, de factor* and *de-concentrated* reform areas. However, the critical challenge posed by the model is for reformers and local authorities to ascertain the state of PFM reforms and the level of progress achieved and local realities to be able to determine the entry points for future PFM engagement.

Apart from the above challenge, the flexibility offered by the model means reformers can design programs that are capable to achieve short-term gains to satisfy donor interests and as well as address the long-term deep-rooted challenges noted elsewhere in this thesis. Moreover, adopting such an innovative and flexible approach means there is no need to re-invent the wheel in future PFM engagement. The strategic focus for most future engagements will, therefore, be on ascertaining the state and level of progress made and the critical problems that prevent further deepening of the reforms.

As a key configuration or element of the holistic approach, the framework is underpinned by the overriding conclusion reached in chapter seven of the apparent failure of the current approach to deliver on the overall promise of PFM reforms. As the evidence reveals this failure is in large part, because current approaches are long on upstream and de jure reforms and short on downstream, de facto and de-concentrated reform areas. Unlike the current approach, the holistic model offers both short and long-term perspective in reform programming. Moreover, it in line with findings from the case studies and the clarion call from local reformers in the case studies to consolidate gains already made and deepen reforms to more downstream and de-concentrated areas of PFM.

Again, the holistic model recognises several other factors, such as the lack of implementation of PFM laws and policies and the severe dysfunction in PFM and wider PS institutions that impede PFM development in developing countries. These functional problems are both the result of technical or project design and the outcome of political and elite interests, incentives and preferences. These are what Srivastava & Larizza (2013) labelled as systemic dysfunction and dysfunction by design. This recognition of the functional problems in PFM reforms is critical to the relevance of the holistic model, given the recent emphasis by the major PFM players on the need to enhance functional improvements in PFM institutions (World Bank, 2017b).

6.2.2 Components of The Holistic Framework: What does the Holistic Framework Entail?

The holistic approach offers programmers and local authorities a model to conduct future programming analysis. It provides a specific pathway to conduct future programming analysis. These pathways consist of different components which must be critically examined to make up the programming analysis. Each of the components that make up the programming analysis in the holistic framework is discussed in the following subsections.

6.2.2.1 The Specific Problem or Development Challenge

The analysis takes a bottom-up approach, which starts with a specific problem or development challenge shown at the base of the holistic framework. While the approach represents a significant departure from the solution-driven programs in the case study countries, it is at the same time in line with more recent efforts to push-through problem-driven approaches by scholars and researchers (Andrews, et al., 2012; Andrews, 2013; Bridges and Woolcock, 2017). Unlike all the variant models of the PDIA, the problem identification and analysis in the holistic model links the problem directly with the structural and institutional factors and stakeholder interests, incentives and power relations.

The study has shown in chapter seven and in the previous sections in this chapter that these factors are intrinsic elements to understanding PFM problems in developing countries, which are increasingly being recognised in the literature by scholars and researchers of PFM and broader PS reforms (Rocha Menocal, 2014; Kelsall, 2016; Moshonas, 2018).

Understanding and addressing PFM problems means programmers need to design programs, which must be include technical, economic and political economy analysis of these factors. A critical problem identified from the experience in the case studies is that PFM is not an attractive sector for political leaders to reform, which also means PFM institutions or organisations attract high interest from Political Leaders. In line with Hudson & Marquette (2014: 74), this is more so the reason why the holistic approach advocates different analytical combinations of different factors to understand the specific development challenge and the context around it. Dasandi et al (2016) provide in the research a framework for programming analysis across a range of three different context - political, sector and organisational contexts. The programs are then implemented, and lessons learned are then adapted back into the redesign.

Part of the problem identification and solution advocated by the holistic model is for programmers and local authorities to ask the following questions:

- What are the specific problems preventing improvements in service delivery and functional improvements in PFM institutions?
- Who should identify the problem(s)?
- Are the problems already identified and part of the country government's development agenda?
- What are the reforms needed to address the problems identified?

The default approach to problem identification should be a wider national stakeholder engagement, which recognises that the processes of engagement in identifying problems, solutions and approaches matters as much as what the solution is. As shown in section 6.1.3 with the community toilet scenario, it is critical that reforms are designed to solve the real problems in different contexts.

The analysis of the evidence underscored the real danger of potential for complete failure if reforms solutions do not address the needs of people. According to Fritz et al. (2017:93), it is therefore critical that donor-partners seek to understand what local authorities are interested in, what they seek to improve or what problem they seek to solve, and their preferred approach to solve the specific problem or development challenge. Moreover, this default approach by the holistic model means the problem identification and solution must be locally-led. This enable local authorities to champion reforms by finding solutions to their problems, avoiding the introduction of pre-determined solutions or best practices (Hadley & Tilley, 2017).

6.2.2.2 Design/programming and Implementation of Reforms

The proposal of holistic model posits that program design and implementation should be iterative processes to respond to the dynamic PFM problems and fluidity of the interests, incentives and power relations that shape the behaviours of decision-makers in developing countries. The evidence from the case studies presented in chapter seven and sections in this chapter has shown the interests and incentives confronting decision-makers are constantly evolving making it impossible to accurately predict their behaviours priori.

The dynamic and complexity in PFM reform processes are now recognised by many scholars and research, which they agree need to be constantly reviewed, and the usual one-off programming analysis at the design phase is no longer tenable (Booth & Unsworth, 2014; Booth et al. 2016; Whitty, 2018). Thus, in line with Cole et al. (2016: 9) and Hadley & Tilley (2017), the holistic model proposes a simultaneous programming design and implementation. That means there should be constant reviews, learning and iteration and adaption in future efforts to strengthen PFM. Political economy analysis and engagement for example, at the design and during implementation can lead to improving program performance (Bunse & Fritz, 2012).

6.2.2.3 Technical, Economic and Political Economy Analysis

The third component of the programming analysis proposed by the holistic model involves technical and systems analysis (Quist, 2009; Diamond, 2013; Mansoor and Williams, 2018; Wehner, 2018), economic and analysis of fiscal dynamics (Fritz et al, 2014a & 2017) and political economy analysis (Killick 2005; Fritz, Kaiser, and Levy 2009; Carothers and De Gramont; 2013; Booth, 2015; Hudson et al., 2016; Kelsall, 2016; Teskey and Tyrell, 2017).

Like the problem-driven approach mention above, all three analyses are geared towards providing better understanding of the structural factors, institutional dynamics (formal and informal) and the stakeholder interests, incentives and power-relations in any given context. The evidence from the case studies has shown that political and technical leaders react differently to reforms at different spectrum of PFM dimensions. Part of the political economy analysis will be to seek to understand how and why political and technical leaders react different to upstream and de jure reforms than downstream, de facto and de-concentrated reform areas.

The PEA may also include seeking to explore ways how to ensure there is a sustained political commitment to PFM reforms, moving beyond promises in exchange for financial assistance, beyond transactional reforms or moving beyond demonstrating only political appetite for reforms.

6.2.2.4 Innovation and Flexibility Along two Extreme Ends of The Continuum of The Holistic Approach

As stated earlier in this section, the holistic approach offers strategic nuancing to the approach to PFM programming, through combining different approaches for better outcomes in efforts to strengthen PFM in developing countries. It contributes to ongoing efforts to introduce thinking out-of-the-box approaches that bring innovation and flexibility to PFM programming. By allowing for innovation and flexibility, programmers can adopt best-fit approaches, depending on the country and sector realities, the state and level progress made in PFM to address the specific problem or development challenge in each context. The best-fit model unlike other idiosyncratic approaches such as PEA or technical reform models is a configuration of different approaches that are aligned with the state of PFM, the country and sector realities along the two extreme ends of the holistic continuum.

On the one hand of the holistic continuum (the left-hand side of the framework), programmers and local authorities can employ several different approaches, techniques and policy reform instruments. The choice of approaches and instruments should be mostly those suitable to achieve the short-term development outcomes of PFM. They can be adapted to the existing reform space or windows of opportunities that might arise in specific contexts. Given the experience from the two case studies, these short-term policy reform instruments and approaches could deliver better outcomes if they target upstream and de jure reform programs. They have limited applicability in practice in certain context and in downstream, de facto and de-concentrated reform areas of PFM. The research has shown the increasing focus on these policy reform instruments and short-term approaches in the case studies is among the leading the factors limited and uneven progress made.

Techniques such as engaging modest stakeholders or developing entrepreneurship (Rocha Menocal et al., 2008; Rocha Menocal & O'Neil, 2012; Faustino & Booth, 2014), working with strategic set of individuals in the ministry of finance in the case studies (see also Rocha Menocal, 2014), or relying on windows of opportunities (Fritz et al., 2017) have failed to deepen reforms, and are not capable to deal with the long-term challenges posed in those countries. For example, the reliance on elections as a window of opportunity for reforms with incoming governments is a high-stake gamble by donor-partners. The evidence from the case studies has shown there are often, far more negative implications on PFM when there is change in government, which might off-set any potential benefits. New regimes in those countries are more like to have a complete U-turn on existing development programs, or they can completely overhaul the existing bureaucracy, which may affect existing relationships and collaborations. They are effectively not good enough to deepen reforms to more downstream service delivery areas and to lead to functional improvements in PFM and wider PS institutions.

On the extreme right of the holistic continuum are reform approaches and measures that are far-reaching and focus on achieving long-term development outcomes of PFM interventions. This long-term focus as this study shows is vital to ensure sustained commitment from political leaders beyond mere expressions of appetite for reforms. According to Unsworth (2015: 60) it gives local authorities the opportunity to be invested in the process and learn over time.

Part of the long-term commitment from local leaders and donor-partners should also be about ensuring monitoring of PFM reform programs. As Hudson & Marquette (2015) argue, this monitoring aspect has been one of the missing links in development programming. Similar calls have been made by Andrews et al. (2012) to develop 'real-time' feedback loops to provide the required data for iterative programming adjustment, but at the same time meeting the desire of donor-partners to show results for their development assistance. This study further argues, monitoring of reform implementation is fundamental to ongoing efforts and to ensure existing reform programs contribute to functional improvements and improved service delivery.

The extreme right of the holistic approach also offers opportunities for reformers to design and implement reforms that are far-reaching, engage wider stakeholders and expand the existing reform space in any given context. These approaches and techniques would be vital to attempts at deepening reforms to front-line or downstream and de-concentrated service delivery areas and as well as bring about functional improvements in PFM institutions. Moreover, in line with many scholars and PFM practitioners (Andrews et al., 2012, Fritz et al., 2012; Blum et al., 2012; Copestake and Williams, 2014:33-154), wider stakeholder engagement for example, may facilitate ownership and legitimacy and the collective identification and solutions to problems. It may also facilitate broader-based ownership, through demand-side approaches that could transform political appetite to the lasting commitment from politicians and technical leaders.

6.2.3 How much Innovation and flexibility can the current approach accommodate?

This final section discusses the unresolved above question that confront international partners, PFM practitioners and state authorities as a direct implication of the thinking out-of-the-box approaches, including the holistic proposal set out in this thesis. Several scholars have advocated for greater flexibility and innovation, by learning from experience, but to also met the constantly evolving nature of the interests, incentives and power relations that shape the behaviours of decision-makers (Carothers and de Gramont, 2013; Booth & Unsworth, 2014; Booth & Faustino 2014: 3; Booth et al 2016: 13; Teskey & Tyrell 2017; Wild et al., 2017).

However, there is potential for clash between the strategic interests of donor partners projected in current models with some of the proposal suggested in the thinking out-of-the-box approaches, albeit the holistic approach offering the unique opportunity to combine the different approaches. While proposals in the holistic approach seem intuitive and well-evidenced from the experience in the case studies and as well as in the literature (Hogg and Leftwich 2008; Bunse and Fritz, 2012; Whitty, 2018) that shows that deepening reforms to front-line service delivery units tend to happen over the long-term, such an approach cannot deliver successful PFM outcomes within the current three to five-year development programming time frames.

Also, technical reforms models such as sequencing of reforms currently being employed by the International Partners may have limited applicability in practice in developing countries (Allen et al., 2013:6; Fritz et al, 2017:22) and as well as in the thinking out-of-the-box approaches, albeit the fact that innovative and flexible nature of the holistic model could address some the deficiencies in these technical models.

The development challenge going forward is for development partners to acknowledge and take full responsibility that their interest and actions also have consequences (Lassou and Hopper, 2016). They can demonstrate their commitment to PFM reforms by ensuring flexibility and innovation in their approach. They can also demonstrate this commitment by absorbing into their existing approaches the demands of out-of-the-box approaches, include proposals made in the holistic model in this thesis. In line with the thinking of Rocha Menocal (2014), the holistic model requires donor partners to also exercise flexibility in funding. They must be willing and prepared to adjust their funding mechanisms to respond to strategic needs and new programming opportunities.

Finally, flexibility does not mean ad hoc programming changes based only the supply driven interests exemplified by the recent DFID withdrawal from the ongoing PFM reform project in Sierra Leone, which seriously affected implementation of the project. There should be mechanisms in such scenarios to re-calibrate the program and direct funding to other components without affecting the overall program deliverables. Again, innovation and flexibility in the approach to PFM reforms should not lead to fragmentation and uncoordinated approaches, given the high transactional costs experienced in initial stages of the reforms in the case studies. Thus, any innovation or flexibility must be done within existing coordinated frameworks, such as the MDTF in the case study countries.

In conclusion, this chapter has addressed the third sub-research question by providing detailed analysis and theoretical discussions through the analysis of specific pieces of evidence to providing a ‘big picture’ perspective about the extent to which political support and country ownership; the role of international partners, economic factors and the institutional and management arrangement of reforms have contributed to the main findings and conclusion arrived at in this thesis. It has demonstrated to readers that it is not only enough to claim, for example, that politics or political support is important for PFM reform success, rather it has also shown how political support matters and why. It has demonstrated, with some degree of specificity, how and why politics or political-economy factors shape opportunities for change in a challenging environment, especially in the context of the case study countries. This chapter has shown how mechanism-based explanations are possible at both the individual level, through the analysis for fine-grain pieces of evidence and as well as capture the hypothesised role of each non-technical drivers of PFM reforms at the macro level. Through analysis of the empirical evidence, this chapter has further established that is it methodologically impossible to claim that only a single political economy or institutional dynamics was the driver or the dominant explanatory causal factor for how and why PFM reform performance vary in the case study countries and across the dimensions of their PFM. To address this challenge, this chapter has maintained a balance between a retrospective and a forward-looking view in the analysis. By maintaining a forward-looking perspective, this chapter has advocated for a holistic approach to PFM reforms and detailed specific implications for both theory development and practice that might be relevant to country governments, international partners and researcher with interest in PFM reforms in similar contexts. This holistic approach proposes strategic nuancing to PFM reform programming, capable of addressing both the low-hanging fruits and more far-reaching reforms by expanding the reform space, engaging wider stakeholders and deepening reforms of downstream service delivery units.

CHAPTER SEVEN

CONCLUSION

SUMMARY OF FINDINGS, CONTRIBUTIONS & IMPLICATIONS FOR THEORY DEVELOPMENT AND PRACTICE

7.1 Summary of the Thesis: Revisiting the Research Questions, the Research Approach and the Main Findings

After almost two decades of implementing New Public Financial Management (NPFM) reforms, progress in reforming Public Financial Management (PFM) systems, processes and institutions in developing countries has been limited and uneven (de Renzio & Dorotinsky, 2007: 12-21; Pretorius & Pretorius, 2008: 17-18; Wescott, 2008:39-50; Fritz et al., 2014a; De Lay et al., 2015: 7-12). This has been despite substantial financial and technical support from the international partners (Allen & Last, 2007: 170-1).

The approaches to PFM reform in the literature, such the result-based management systems, the three levels of budgetary outcomes (fiscal discipline, allocative efficiency and operational efficiency), the sequencing model and the PEFA approach to PFM reforms have been mostly technical and prescriptive reform models rather than derived from formal analysis of empirical evidence. These different technical reform models are the results of the range of International Partners supporting PFM reforms in developing and the diverse backgrounds of PFM practitioners working for them. Thus, these reform models have fallen short of creating an appropriate balance in addressing issues such as *how* and *why* certain reform initiatives or countries became successful in their PFM reform efforts when compared with others.

The apparent failure of the various approaches to address the *how* and *why* aspects of PFM reform outcomes is in part, because of the idiosyncratic nature of each of the approaches/models to reforming PFM institutions in developing and post-conflict countries. Meaning, each model is only trying to address some aspects of PFM, often leaving many critical aspects unaddressed in the reform programming calculus. Moreover, the apparent failure of these technical models to address the *how* and *why* aspects of PFM reform outcomes is also because PFM reform is itself a complex process, involving many interactive processes and with diverse stakeholders with different interests and incentives. The diverse interests, incentives and power-relations among PFM stakeholders and the iterative processes involved in PFM reforms imply the need for a *holistic examination* of the cumulative contributions of various causal factors that underpin PFM development in developing and post-conflict countries.

This evidence-based research, therefore, combined within-case and cross-case analyses to investigate the underlying causal mechanisms associated with the limited and uneven progress in the Implementation of Public Financial Management reforms in post-conflict Anglophone Liberia and Sierra Leone.

7.1.1 The Research Questions and Related Findings

This research has attempted to answer the overarching research question why progress in Public Financial Management reforms is limited and uneven in post-conflict Anglophone countries and across the dimensions of their PFM. In order to answer this question, this study drew mainly on empirical evidence from Liberia and Sierra Leone, and as well similar single and multiple case studies and the broader literature of PFM to address the following sub-questions:

1) How and why do some post-conflict Anglophone countries perform better than others in the implementation of PFM reforms over time?

2) How and why do some post-conflict Anglophone countries perform better in upstream and de jure dimensions than in downstream, de facto and de-concentrated dimensions PFM?

3) To what extent have political support and country ownership; institutional and management arrangement of reforms; donor support and practices; and economic factors contributed to these issues?

4) Which lessons of good practice may, therefore, be drawn regarding the future PFM programming and implementation in post-conflict Anglophone countries?

To answer the above research questions, I conducted a detailed process-tracing analysis of the empirical evidence collected from doing field work in the case study countries. The process-tracing analysis of the empirical evidence are grouped into different hypothesis/arguments and tailored to address the first three sub-research questions presented and discussed in Chapters Five and Six respectively. In terms of the contribution of each group of hypothesis/argument in answering a specific research question, the presentations and discussions of the empirical evidence were broadly tailored as follows:

- Hypotheses 1 & 2 addressed sub-research questions 1 and 2, which are presented and discussed in Chapter Five
- Hypotheses 3, 4, 5 and 6 addressed sub-research question 3, which are presented and discussed extensively in Chapter Six.

- Hypothesis 7 addresses aspects of all three (1 to 3) sub-research questions in Chapters Five and Six.
- The fourth research question stated above in this section is addressed in the section 7.3 of this chapter.

While there exist a small number of single case studies and evaluations (Betley et al., 2012; Folscher et al., 2012; Lawson et al., 2012) and a few multiple case studies (de Renzio et al., 2011; Fritz et al., 2012; Lawson, 2012; Fritz et al., 2017), this study provides a nuanced approach to understanding PFM reforms in post-conflict Anglophone countries by addressing the twin objectives of *how* and *why* progress in PFM reforms vary in the case studies and across the dimensions of their PFM.

Based on the analysis of the empirical findings from the case study countries, this thesis makes an overarching conclusion that current PFM reform efforts in the case studies are not *good enough* to deliver on the overall promise of PFM reforms in ensuring macro-economic stability, contributing to state-building efforts, improving service delivery and ensuring efficient resource allocation in developing countries (Welham et al. 2013). This conclusion is based on several key findings derived from the process-tracing analysis of the empirical evidence collected from doing field work in the case studies. These findings are group under two strands of evidence in Chapter Five (sections 5.1 and 5.2) from the process-tracing analysis of hypotheses 1 & 2 to address sub-research questions 1 and 2.

On the one hand, the progress-tracing analysis examined evidence relating to the first sub-research question *how and why some post-conflict Anglophone countries perform better than others in the implementation of PFM reforms over time*. This strand of evidence focused on addressing the state and level of progress in PFM reforms in the case studies. It is noteworthy that the study was not about which of the two countries had more successful PFM. Rather, the objective was to investigate how and why they vary in their PFM reform performance. The study found both countries made rapid initial progress in their immediate post-conflict environment, but with a declining trend in Sierra Leone and marginal levels of advancements in Liberia. The rapid initial development achieved and with the somewhat declining trend is also experienced by many developing countries, especially HIPC countries (see Fritz et al., 2014a; Fritz et al., 2017:9). However, the lack of clarity in both countries about the state and what progress means have and continue to undercut the real thrust of PFM reforms. The high-level of subjectivity involved in PFM assessments meant those assessments did not always reflect the actual status and level of progress achieved. Which also meant those assessments were incapable of capturing the real reasons why. For example, PEFA scores have changed, and by extension, accurately reflect the underlying dynamics in the two countries.

I presented and discussed the evidence to explain the above state and level pf PFM reform progress in the case studies under three headings: *structural factors and country characteristics; the nature PFM reform interventions; and the effects of isomorphic mimicry and capability traps in the implementation of PFM reforms*.

Regarding the structural and economic variables, the evidence shows aid and debt relief did contribute to the initial successes in the two countries. Their impact was especially, high during periods of crisis, which is further evidenced by higher PFM scores, following huge receipts of ODA and debt reliefs. The twin-shocks - fall in commodity prices and the Ebola Outbreak affected PFM development, but their impact was less visible in Liberia because its higher receipt of ODA helped cushion against the negative effects of fall in commodity prices and the Ebola Outbreak. Their influence, however, declined in the development period (post-2009), as country governments mobilised domestic revenue - domestic tax revenue and large inflows of mining revenues. The large inflows of mining revenue and domestic taxes, however, derailed efforts to strengthen PFM by triggering the impulses of local political leaders to increase levels of spending towards their *political roots*.

The conditions such as increased public pressure for better services and demand for greater accountability, under which improvements in domestic tax-based revenue could lead to gains in PFM performance were almost non-existent in the two countries (Moore, 2004; and Prichard & Leonard, 2010). Instead, the evidence indicates advancements in revenue administration in Liberia were expressly noted to have contributed to its superior domestic tax-based revenue as % of GDP when compared with Sierra Leone.

With respect to the nature of PFM reforms in the case study countries, the evidence indicates it is preferable to have embedded and incremental reforms than large-scale stand-alone projects, even if the latter is better coordinated and integrated with technical PFM reform models such as the sequencing approach. While efforts to strengthening PFM reforms did lead to *isomorphic mimicry* and created *capability traps*, large-scale stand-alone PFM reform projects heightened both the scale and the pace of *isomorphic mimic*ry and *capability traps* in the two countries.

However, experiences in the two case studies suggest the impact of isomorphic mimicry on capability traps and level of progress achieved is somewhat less evident, where similar countries engage in peer learning or sharing experiences and technical capabilities. The experiences underscore the benefits of peer learning as a tool to promote more realistic solutions or introduce *realism* into PFM reform programming in post-conflict countries. PFM reformers in Liberia were able to learn from the challenges and bottlenecks encountered in Sierra Leone to design a system that focused on delivering results, instead of processes and addressing the specific issues before and after launching IFMIS.

The second strand of evidence presented and discussed in Chapter Five addresses the second sub-research question *how and why do some post-conflict Anglophone countries perform better in upstream and de jure dimensions than in downstream, de facto and de-concentrated dimensions PFM*. The evidence from the process-tracing analysis reveals PFM reform intentions and programs were homogeneous across the two case study countries. This homogeneity of reforms is widely recognised in the extant PFM reform literature (Andrews, 2009, 2011; Andrews et al., 2012; Fritz et al., 2014a; Fritz et al., 2017). The extent of the homogeneity in the case studies was unique and striking, and one that was driven mostly by their post-conflict context.

The relevance of this homogeneity across the two case studies has a long history in the institutional reform literature (DiMaggio and Powell, 1983; North, 1990; Powell and DiMaggio, 2004). While homogeneous reforms may not always yield the desired results, the evidence from the experience seems to weaken arguments advanced by critics of having standardised institutional development across countries (Andrews at al., 2012; Andrews, 2013; Blum, Manning, and Srivastava 2012; Krause 2013; Brinkerhoff and Brinkerhoff, 2015). This study makes the case for some form of knowledge transfer and sharing of experiences in terms of what works or what does not work between countries with similar contexts.

Irrespective of the homogeneous reform intentions across the two case study countries, two clear pictures emerged from their implementation. First*, there are wide variations in the performance of homogeneous reforms across the two countries and PFM dimensions*. Second, *partial implementation of reform packages, projects and programs is the common theme in the two countries and across PFM dimensions*. The incomplete or lack of implementation is driven by some misconceptions about what these terms mean, which further leads to partial completion of some reform initiatives, overstatement of benefits from specific reforms and generally undercut the applicability of practical PFM reform models such as the sequencing approach.

The evidence from the case studies shows whether a reform gets implemented (fully implemented, partial/incomplete or not implemented at all) is determined by three factors. 1) The number of stakeholders involved in the implementation of specific reform packages or tools. 2) The extent of the impact a specific reform package or mechanism on political accountability and survival. 3) The scope of the effects a specific reform package or mechanism might have on the freedom or leverage political actors have over the resource envelope.

A notable caveat to these propositions could be seen with the success of IFMIS reforms in the two countries, which the process-tracing evidence reveals is because political actors and civil servants have found ways to override its control and accountability mechanisms through what the researcher describe as *budgeting of corruption* in the annual budget process.

The partial implementation of PFM reforms also explains the weak links or implementation/functional gaps in the design and implementation of PFM reforms in the two case studies. These weak links or functional deficits in the state and level of progress achieved in PFM strengthening efforts undercut the main thrust of PFM reforms. This thrust of PFM is to provide the mechanisms to facilitate efficient service delivery, state-building, efficient resource allocation and macroeconomic stability (Welham et al. 2013).

Limited progress achieved, the declining trend and wide variations in PFM performance, the partial implementation of PFM reforms and the apparent failure to deliver on the overall promise of PFM explain the above overarching conclusion arrived at in this study. I explained this failure of PFM reforms to delivery better development outcome in terms of the weak links or functional gaps between upstream, de jure and concentrated reforms and more downstream, de facto and de-concentrated dimensions of PFM. Those weak links mean the substantial level of progress achieved in enacting new laws, created new institutions, systems and process do not address whether those outputs such as new institutions, laws and systems have adequate ability to deliver functional improvements in PFM institutions or trickle down to downstream and de-concentrated service delivery MDAs.

The substantial progress in upstream and de jure reforms has been achieved because international partners have mostly relied upon policy-based instruments. The approach in the case studies was based on the general belief among development partners that progress in upstream budget processes and enacting of laws, creation of new institutions and departments or the injection of professionalism in PFM could trickle down to other PFM dimensions further down the PFM spectrum (Fritz et al, 2017:21). This expectation has largely not been met, and the Ebola Outbreak in the case study countries is a good example that exposed the limitations of the current level of progress achieved in PFM reforms. After almost decades of reforms, current PFM systems and institutions in the two countries were incapable of supporting front-line service delivery efforts in the health sector. Instead, the response to the Ebola Outbreak was marred by corruption through bad procurement process and misappropriations of much-needed funds to combat the epidemic by public officials.

I provided in Chapter Six a more detailed theoretical discussion of the extent to which each of the four drivers (political support, institutional dynamics, economic factors and the role of international partners) contributed to the overall PFM reform outcome and pattern of progress in the case study countries stated above. Chapter Six, therefore, specially addressed the third sub-research question, which is *the extent to which the four drivers of PFM reforms contributed to the issues in the first two sub-research questions addressed in Chapter Five.* The main findings and implications for future PFM reform efforts in similar contexts from the theoretical discussions of the four drivers are covered in section 7.1 and 7.3 in this chapter.

7.1.2 The Research Approach and Methodology

This research study adopted a two-pronged approach to the research design. The design included a theoretical perspective and as well as a methodological perspective, which is set out in Chapters Two to Four. For far too long, there have been fair efforts in the existing PFM literature to address, in a single study, the ***how*** and ***why*** aspects of PFM reforms performance in developing and post-conflict countries. Thus, combining the two perspectives was critical to an understanding of the state of PFM reforms, the level of progress achieved, how progress was achieved, and the underlying political economy factors and institutional dynamics enabling or impeding PFM strengthening efforts in post-conflict Sierra Leone and Liberia. The combined approach provided a more nuanced contribution to understanding PFM reforms, which is different from prescriptive reform models that dominate PFM reform strengthening efforts in developing countries.

This study justified the rationale behind the theoretical approach by making the case for the need for a *holistic approach* in understanding the drivers and challenges of PFM reforms in developing and post-conflict countries in the literature review and analytical framework chapters. These chapters further addressed the research questions by examining differences in PFM performance or what success or failure in PFM reform looks like in different countries and the reasons for these differences. Chapter Three specifically made the case for the need for a case study approach in understanding the drivers and challenges of PFM reforms, especially in developing and post-conflict countries like Liberia and Sierra Leone.

In moving towards the *holistic approach* in investigating the drivers and challenges of PFM reform progress, the literature and theoretical framework chapters covered what success or failure looks and as well as what factors/drivers determine PFM reform success or failure over time. de Renzio for example, note "beyond broad generalisations, there is little knowledge of what precisely makes some PFM reform efforts more successful than others and how financial and technical support to PFM reform can most effectively be provided" (2009, p. 5). Also, Chapters Two and Three together, facilitated the development of a much broader and inclusive analytical framework, rather than treating donor support as the main driver of reform success or failure in developing countries (Wescott, 2008: 20-29; de Renzio, 2009a; de Renzio et al., 2011; Lawson, 2012).

The holistic approach represents an important step in filling the emerging gap in much of the existing literature on PFM and broader PS and institutional reforms to address questions of how and why progress in PFM reforms has been limited and uneven in developing countries and across the dimensions of PFM.

The theoretical approach stated above, and the research questions needed to be aligned with an appropriate research approach. Thus, the research project adopted an intensive research design (Lewis, 2003: 51-52), grounded in the ontological assumption that PFM reforms in developing countries have been or may have been driven by a myriad of factors; in light of which, political support and local ownership; economic factors; donor support and practices; and institutional and management arrangements were specifically investigated to understand the limited and uneven performance in the case study countries. The four factors emerged in both the literature review and analytical framework chapters as the dominant drivers widely acclaimed in the existing PFM reforms literature. In order to tailor this theoretical perspective with the research question and approach, this thesis examined two developing post-conflict Anglophone countries that have implemented PFM reforms, both of which were pursued in "the epistemology of causal mechanisms and the methodology of process-tracing" (George and Bennett 2005, p. 129).

The study combined the case study approach and the process-tracing method, which facilitated within-case and cross-case analyses to investigate the drivers or underlying causal mechanisms associated with the limited and uneven progress in the Implementation of PFM reforms in Liberia and Sierra Leone. This combination of approach and method was mainly because of their ability to address the how and why research questions pursued in this thesis, address a contemporary phenomenon within a real-life context, their ability to achieving high conceptual validity and address complex causal relationships (George and Bennett, 2005:17-19; Yin, 2003:1 and 2014:4-24). This strategy fits well with the highly recognised contextual nature of PFM reforms (Schiavo-Campo & Tommasi, 1999:2; De Renzio, Andrews and Mills, 2010, p. 59). Peterson specifically writes that "PFM [reform] is contextual, it begins with context and ends with context" (2010, p.8).

7.1.3 Generalisability of the Research Findings and Approach

Given that the bulk of the causal aspects of the research findings were derived from the within-case analysis, the challenge posed by the combined research strategy was to maintain a balance between a retrospective and a forward-looking view. However, the forward-looking approach through the holistic model, its related proposals and detailed specific implications for both theory development and practice set out in sections 7.3.1 and 7.3.3 may provide some generalisable insights that may be relevant for countries with similar contexts. The study notes that any attempts to generalise the findings to developing countries more generally or post-conflict Francophone countries, could only be relevant where there are little differences in their PFM institutions, systems and processes and wider authorising environment.

Moreover, apart from the holistic model, the study proposes two additional frameworks that might be relevant to PFM Practitioners, International Partners, country governments and researchers with interests in PFM reforms in many developing countries. These include the framework for understanding Political Commitment and the five-point model to understanding PFM institutional dynamics in post-conflict Anglophone countries set out in Chapter Six.

7.2 Understanding the Drivers of PFM Reform Efforts in Post-Conflict Anglophone Countries

As I mentioned in the final paragraph in section 7.1.1 above, this section draws out the key findings and implications for future PFM reforms efforts in post-conflict Anglophone countries discussed in Chapter Six. It summarises the main findings relating to the extent to which the four driver or causal factors covered in Chapter Six contributed to explaining the findings from the first two sub-research questions in Chapter Five. However, it was methodologically impossible to claim that only a single political economy or institutional dynamics was the driver or the dominant explanatory causal factor for how and why PFM reform performance vary in post-conflict Anglophone countries and across the dimensions of PFM. In line with the research approach, this study adopted a broader perspective to investigate the hypothesised role of four non-technical drivers/causal factors widely recognised and covered in the literature on PFM reforms in developing countries (De Renzio et al., 2010; De Renzio et al., 2011; Fritz et al., 2014a; Fritz et al., 2017). The non-technical causal factors include political support for reforms, international partners' engagement in PFM reforms in developing countries, the role of structural and economic dynamics, and the role of institutions and management arrangements for PFM reforms. By adopting this broad perspective, the study has demonstrated how mechanism-based explanations are possible at both the individual level, through the analysis for fine-grain pieces of evidence and as well as capture the hypothesised role of each non-technical causal factor at the macro level (Waldner, 2015; Pouliot, 2015).

This research study has shown that the overriding conclusion reached in Chapter Five was because there are weak links between upstream, de jure and downstream and de-concentrated reforms. These weak links in the continuum of PFM reform programming in developing countries (see Figure 6.3 in Chapter Six) are mostly the results of non-technical drivers and their intersections, in some instances, with technical PFM reform models. Based on the detailed process-tracing analysis of evidence from the case studies, this study further posits that the more profound the roots a specific reform initiative or mechanism has in non-technical drivers, such as political economy factors and institutional dynamics, or informal norms and patronage systems, the higher the likelihood it will encounter stiff resistance, or it will only be partially implemented. I showcased this through the three conditions set in section 7.1.1 above, that shape the extent to which reform initiatives get fully implemented, partially implemented, get stalled or not implemented at all. I further demonstrated the extent of the effect of non-technical drivers of PFM reforms, through what I described in Chapter Five section 5.2.3 as *The IFMIS Test Case of PFM Reforms in Liberia and Sierra Leone* and in section 5.2.4 *How and Why Certain PFM Reforms are more Challenging to Implement Compared with Others*. For example, I demonstrated through *The IFMIS Test Case* how strong and consistent leadership and broad-based commitment were principally responsible for Liberia's superior IFMIS rollout and functional capability when compared with Sierra Leone.

The strength of these non-technical factors in shaping opportunities for change was also demonstrated by providing evidence that explains why some reforms, such as MTEF, TSA, procurement, internal audit and oversight are more challenging to implement than other reforms initiatives. The programming calculus in the case studies was mostly based on broader political context and windows of opportunities, which have failed to deliver effective development outcomes in PFM. The study found the most effective drivers that shaped the behaviours of Political Leaders and their bureaucratic representatives were their interests, incentives and power-relations discussed extensively in Chapter Six section 6.1.1.

Unlike the political contexts and windows of opportunities also discussed extensively in Chapter Six section 6.1.1, the presence and influence of political interests, incentives and motivations are relatively permanent and consistent. This point is also emphasised by Rocha Menocal (2014), who argues for greater attention towards incentives, interests and power structures because, as she claims, these lie at the centre of most development challenges (see also Kelsall, 2016; Teskey and Tyrell, 2017). Perhaps, the most significant finding and challenge for international partners is that these interests, incentives, motivations and power-relations are constantly evolving, which means they cannot be accurately determined at the outset of PFM reform programming. However, this study found International Partners can easily align their interests with the interests and incentives of Political Leaders and local reformers regarding upstream, de Jure and concentrated reform areas, but not so, for reforms targeting downstream, de facto and de-concentrated dimensions of PFM.

The evidence also suggests the fundamental arguments advanced in the recent PFM reform literature (Krause 2009; Pretorius and Pretorius 2009; de Renzio et al, 2011; de Gramont 2014; Fritz et al 2014A and 2017) about the hypothesised role of economic factors as drivers of PFM performance in developing countries is untenable in the case study countries. There is little support from state authorities to support the economic argument as a driver of PFM reforms progress in Liberia and Sierra Leone. I presented evidence from both quantitative and qualitative data sources in Chapters Five and Six, sections 5.1.2.1 and 6.1.3 respectively to explain how and why expanding revenues and GDP growth, especially as a result of the mining boom in the case studies contributed to the deteriorating PFM performance. Improvements in these economic variables led to exponential increase in the levels of spending by state authorities towards funding their *political roots*, fiscal indiscipline with large extra-budgetary expenditures and declining PEFA scores for budget credibility, frequent in-year revisions of budget ceilings and promoted rent-seeking behaviours. Instead, the evidence from the case studies shows advancements in revenue administration in Liberia were vital, according many interviewees in contributing to its superior domestic tax-based revenue/GDP when compared with Sierra Leone.

Also, this study has demonstrated that the formal institutional setups, systems, policies and governance structures as suggested by many development partners and PFM observers (DFID, 2007; see also Shah 2005; Campos and Syquia, 2006; Campos and Pradhan, 2007; and de Renzio, 2009b) are relevant (only a necessity, but not a sufficient condition) for advancing PFM reforms or improving PFM systems quality in the case study countries. The evidence indicates these formal institutional setups, governance arrangements have limited impact in driving PFM reforms, sustaining the gains already achieved and deepening reforms in downstream, de facto and deconcentrated service delivery units of PFM in post-conflict Anglophone countries. Significant gaps exist between PFM laws and their actual implementation in practice, and between formal institutional development and their functionality/functional improvements in the two case study countries. How far PFM laws and formal institutions go in influencing PFM reforms or improving PFM systems is explained by the nature and extent of the local political economy and informal institutional dynamics that take place within the five institutional components and the structural relationships that exist between them.

Finally, based on the above summary this study concludes that PFM reforms are only a necessity, but not a sufficient condition for improving PFM institutions and achieving better development outcomes in post-conflict Anglophone countries. Instead, a long list of non-technical drivers and the complex interactions among them, and with technical PFM reform models must be considered and addressed accordingly. To this end, better analytical tools, such as the model for understanding Political Support, the five points for understanding institutional dynamics and the Holistic Model presented in Chapter Six, sections 6.1.1, 6.1.4 and 6.2 respectively. It is my hope that these frameworks or analytical tools will help contribute to an understanding of the complex causal mechanisms underpinning the local political economy, formal and informal institutional dynamics, the role of development partners, the effect of economic factors and the structural relationships that exist between them. The specific contribution and implications of the above frameworks or analytical tools and the main findings of this thesis for future PFM reform interventions in post-conflict countries are detailed in the next section.

7.3 Research Contributions and Implications for Theory and Practice

The contribution of this research study to our understanding of main research question why progress in Public Financial Management reforms is limited and uneven in post-conflict Anglophone countries and across the dimensions of PFM is three-fold. These three-dimensional contributions, which are discussed below include theoretical, methodological and practical contributions to future efforts by International Partners, country governments and PFM Practitioners and researchers with interest in PFM reforms in similar contexts.

7.3.1 Theoretical Contributions and Implications for Future PFM Interventions in Post-Conflict Countries

From a theoretical standpoint, the study makes a contribution to the PFM literature by providing a comprehensive synthesis and critical analysis of various approaches and theoretical debates about the drivers of PFM reforms in developing countries in one place. To this end, it examines both the drivers or non-technical causal factors of PFM reform efforts (literature review chapter) and what success or failure looks like in developing countries (analytical framework chapter). This is significant, in that, it is my hope that it will open new ways of thinking and aide future analytical studies about the drivers of PFM reforms in post-conflict Anglophone countries and developing countries generally.

Apart from a few single case studies (Betley et al., 2012; Folscher et al., 2012; Lawson et al., 2012) and a small number of multiple case studies (Fritz et al. 2012; Lawson, 2012; Fritz et al. 2017), much of the existing literature that attempts to address the role of structural and non-technical causal factors in efforts to strengthening PFM in developing countries are quantitative studies (Andrews, 2009; Andrews, 2010; de Renzio et al. 2011; Fritz et al. 2014a). This evidence-based research, therefore, contributes explicitly to the existing PFM reform literature, by providing a more nuanced and systematic empirical examination of, and construct logical explanations about who and what has led to the initiation and support for PFM reforms, and in what ways have structural and non-technical factors have enabled or impeded opportunities for change in post-conflict countries.

In addition to the above theoretical contribution, this study also makes an empirical contribution by providing new empirical cross-country data that can be useful for future research in explaining how and why some post-conflict Anglophone countries perform better compared with others in the implementation of PFM reforms. It is also expected that this empirical research will contribute to filling the gap in the growing need for cross-country and evidence-based case studies to understanding the drivers and challenges of PFM reforms in developing countries (de Renzio, 2009a; de Renzio et al., 2011; Fritz et al., 2014a).

Perhaps the study’s most critical and unique theoretical contribution is to the broader debate on “innovative” or “thinking out-of-the-box” approaches to difficult reforms and institutions strengthening in developing countries (Andrews, et al., 2012; Andrews, 2013 and 2017 Krause 2013; Unsworth, 2015; Wild et al. 2015; Bain, Booth, and Wild 2016; Green, 2016; Bridges and Woolcock, 2017; Welham et al., 2017; Mansoor and Williams, 2018; Wehner, 2018).

The dynamic nature of PFM problems presents an inherent limitation that no single approach listed above provides a necessity and as well as a sufficient condition for successful development outcomes in PFM reform interventions in different contexts. What is, therefore, needed is a dynamic framework to better understand and solve the dynamic PFM problems in post-conflict countries. This study, therefore, makes the case in Chapter Six for a strategic nuancing, through combining different approaches for better development outcomes in efforts to strengthen PFM in post-conflict countries and developing countries more generally.

This proposal is what I describe as the ***Holistic Approach*** to PFM reforms in post-conflict countries. The implication of the holistic approach is that it does not only offer strategic nuancing to the international approach to PFM reforms, it also takes into consideration what policies, measures and systems are likely to be feasible where, when and how broader stakeholder engagement can deliver the desired development outcomes. It brings innovation and flexibility to PFM reform programming that allows for the combination of different approaches along the two extreme ends of the holistic continuum shown in Figure 6.3 in Chapter Six.

The study makes two further important contributions, which might have implications for future efforts to strengthen PFM in developing countries. First, it provides a framework for understanding Political Support (see Chapter Six, section 6.1.1 and Figure 6.1), which is different from earlier frameworks or theories on the concept (Killick, 1998 and 2004; McCourt, 2003, Brinkerhoff, 2007 and 2010). The model underscores the serious misconceptions that exist in the programming calculus about what constitutes *political commitment* and charts a clear path-way that shifts the focus from short-term political support (described in this thesis as *political appetite*) to long-term real and sustained commitment from local political leaders and bureaucrats.

Second, the study provides a five-point model that might be useful to International partners, researchers and reformers in understanding the institutional dynamics for future PFM interventions in post-conflict countries. The five-point model is based on the analysis of five institutional components (the PFM Legal Framework, the main PFM institutions, technical-political interface, intergovernmental relations and the role of NSAs in PFM) and the interactions between them. Based on the evidence from the five-point model in understanding the PFM institutional dynamics, the study calls for the need for a new approach that ensures sustained political commitment for both institutional mechanisms and as well as embattled reformers who are confronted with powerful interests, incentives and power-relations in the process of institutional change in post-conflict countries.

7.3.2 Practical Contributions Implications for International Partners and Country authorities

The study makes several practical contributions and suggests implications that might be relevant to International Partners and state authorities in partner countries. First, International Partners and state authorities must accept the fact that the substantial progress achieved in upstream and de jure reforms through current policy reform models for PFM intervention are incapable to deliver on the overall promise of the reforms. The weak links established in Chapter Five between upstream and downstream reforms mean, the substantial level of progress achieved in enacting new laws, created new institutions, systems and process do not address whether those outputs such as new institutions, laws and systems have adequate ability to deliver functional improvements in PFM institutions or trickle down to downstream and de-concentrated service delivery MDAs. What is, therefore, needed is a holistic approach to PFM reforms, that can address both the immediate upstream quick-fixes or low-hanging fruits and as well as downstream, de facto and de-concentrated functional gaps and service delivery challenges to optimise better and lasting outcomes in PFM reforms interventions in post-conflict countries.

There is a need for a very clear understanding by all stakeholders of the essence of PFM reforms. That means steps must be taken to re-strike the balance between efforts to strengthen PFM and the focus on ensuring improved functionality of PFM institutions, service delivery and overall state-building efforts in post-conflict countries. Thus, both International Partners and state authorities must ensure future efforts include both short and long-term plans to ensure outputs and processes in upstream and de jure dimensions trickle down to downstream, de factor and de-concentrated dimensions of PFM.

Consequently, the short-term quick-fixes by International Partner and state authorities may include in policy reforms, measures such as adapting models to the existing reform space and windows of opportunities and modest stakeholder engagement. However, these short-term measures must be instituted concurrently with long-term policy instruments that could include measures such as expanding the reform space through wider stakeholder engagement and implementing far-reaching reform programs to deepen existing reforms and sustain the gains already made.

A vital aspect of these far-reaching reforms should be a shift to actual monitoring of reforms and demanding accountability within the reform itself. That means, part of the wider-stakeholder engagement should be efforts to enhance NSA engagement in PFM reforms in post-conflict countries. The study has identified specific ways in which NSA involvement in PFM could deliver the desired results.

First, NSAs could do better if they focus on shaping governments' policy directions and providing credible alternative policy options through evidence-based research and backed by constructive engagement with state authorities. Second, there is an opportunity for NSA engagement in PFM reforms is by improving the institutional links between NSAs and the legislature. NSAs could, therefore, support the legislature by providing them with evidence-based research on the annual budget and other PFM matters. A final avenue for future NSAs engagement in PFM is in the area of supporting donor-partners determine appropriate budget support triggers and provide a mechanism to monitor performance against those triggers. NSAs can also provide support to donor-partner review missions and make recommendations about areas where donor conditions might be most appropriate for specific reform programs.

International partners and local reformers must recognise the deep-rooted political economy and institutional dynamics, such as the interests, incentives and power-relations of local political leaders that stymie efforts to deepen reforms and sustain the gains already made. The dilemma for the international partners and local reformers is that these interests, incentives, motivations and power-relations that shape the behaviours of decision makers in post-conflict countries are continuously evolving. That means, the usual ex-ante programming calculus used to determine political commitment to reforms may be inappropriate. Thus, international partners and local reformers can ensure better development outcomes in PFM reforms if they engage in simultaneous programming design and implementation. That means, they must ensure constant reviews, learning and iteration and adaption in future efforts to strengthen PFM. An explicit political economy analysis and engagement, for example, at the design and during implementation can lead to improving program performance.

International partners should face the fact that their current framework for evaluating PFM reform programs (see de Renzio, 2009b; Lawson, 2012; World Bank, 2018a) will continue to encounter the same old challenges such the problem of attribution or traceability of the specific impact of PFM reform interventions. The longer the time lag between the implementation of specific reforms and the actual evaluation, the higher the challenge will be to attribute progress made to specific interventions. The lack of evidence of impact (see Fritz et al., 2014a; de Lay et al., 2015; Mills, 2018:2; World Bank, 2018a) goes beyond methodological challenges, such as problems with attribution. The problem is also associated with the tools used such as PEFA used by international partners to measure both progress and impact. For example, the theory of change depicted in Figure 3.2 in the analytical framework chapter, which is used widely by international partners to evaluate the impact of their support to PFM reforms is not suitable to accurately reflect the state and level of progress achieved. It does not address whether outputs and processes in upstream and de jure dimensions are, trickling down to downstream, de facto and de-concentrated dimensions, or whether those outputs such as the new institutions, laws and systems created by the reforms have the ability to deliver functionality.

Local reformers and international partners should also take note of the wide-spread partial implementation of PFM reforms in developing countries. There must be a clear understanding of the state and the difference between the level of progress made in establishing new laws, building new institutions and systems and the functional improvements of these institutions and systems. Part of the understanding of partial implementation of reforms is also a requirement for reformers and international partners to recognise that some reforms, such as the MTEF, TSA, Internal Audit and procurement are more difficult to implement when compared with others.

The deeper the roots a specific reform has in non-technical factors, the more likely it is that it will encounter stiff resistance or at least be partially implemented. The strength of the influence of political-economy factors and institutional dynamics and the fluidity in the interests and motivations of state authorities could be seen from the stiff resistance even to upstream reforms such as MTEF or in downstream reform areas such as TSA, internal audit and procurement reforms. However, progress is more likely in the future for certain reforms such as the IFMIS, which in part, is because they involve mostly technical personnel, but in most part because Political Leaders and some Technical Leaders in the Central Finance Ministry have found ways to circumvent the control and accountability mechanisms by IFMIS through what I describe in the study as *budgeting of corruption*.

Finally, a key implication for future reform efforts is that in order to understand what reform initiatives are likely to be initiated, implemented or sustained, bureaucrats and their political leaders, international partners and local reformers must refrain from the usual categorisation of stakeholders into champions, proponents and opponents, professionals, interested and opposed. Instead, deliberate efforts must be taken to try to understand the level of influence/power-relations within the executive and between the executive and the legislature, and the specific interests and motivations of all stakeholders involved in the reform process. A Finance Minister might express support for a reform, but might face conflict of interest, or may sometimes be cautious about how far to push certain reforms or enforce certain policies or laws. Political Leaders also encounter similar dilemmas and difficult choices, which reflect the lack of implementation of recommendations from the PAC and the overall poor performance in accountability dimensions of PFM. Perhaps, a better approach will be to examine whether the so-called reform champions or supporters are powerful enough to influence change more broadly or push through difficult reform programs.

7.3.3 Methodological Contributions and Implications for Future Research

One of the most important contributions of this study is from a methodological perspective. This study combined the case study approach and the process-tracing method, which facilitated within-case and cross-case analysis to investigate the underlying causal factors that drive and sustain PFM progress over time in developing countries. This combined research strategy is consistent with the thesis's overall objective, which is to inductively build theory and as well as explore the observable implications of the hypothesised role of four non-technical drivers widely covered in the PFM reform literature.

The process-tracing analysis I conducted represents the most transparent evidentiary analysis of the hypothesised role of four non-technical drivers of PFM reforms. In line with Fairfield (2013), the presentation of the process-tracing tests of causal inferences represents a significant departure from many users of the process-tracing method and PFM practitioners who have attempted the procedures of this method (Fritz et al., 2017). These scholars and practitioners often leave these analyses implicit and informal, which may not be helpful to future researchers, who might want to use this method.

By applying the process-tracing analysis in understanding the drivers and challenges of PFM reforms in post-conflict Liberia and Sierra Leone, I have demonstrated that it is possible to provide mechanism-based explanations of fine-grain detail or individual level of analysis of evidence, and as well as analysis of the hypothesised role of each non-technical factor at the macro level in each case study country.

The study has also shown that this model is suited to understanding the complex interactions among non-technical causal factors and the constantly evolving nature of the interests, incentives and power relations that influence the behaviours of decision-makers in post-conflict and developing countries more generally. It is, therefore, my hope that especially in the new age of social science research, applying process-tracing to both within-case and cross-case analyses will also encourage other researchers to try new ideas, theories and methods from other disciplines in understanding the cumulative contributions of the drivers of PFM reform progress in developing countries.

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APPENDICES

APPENDIX A: BACKGROUND NOTES ON PFM REFORMS IN SIERRA LEONE

A.0 Introduction and Background

This background note is designed to provide readers who may be interested in gaining further insights into the context of PFM reforms and broader reform agenda in Serra Leone and Liberia, through building clear descriptive accounts of the various reform interventions from pre-design to implementation and reform re-think. The main points from these notes have been incorporated into the main texts of this thesis and this appendix and the next two are only for those readers who might be interested in additional detailed descriptive information about the reform processes in the case study countries. The background note is based on available data from fiscal accounts and reports, various PFM assessments reports and policy documents. This appendix therefore proceeds as follows.

First, section A.1 presents the historicity of PFM reform interventions in Sierra Leone in the years leading to the end of the 11-year civil conflict and immediately after the war was officially declared over in early 2002. This is followed by a stylised presentation of the baseline and context of PFM systems, laws, institutions and policies in the early 2000s. Together, this appendix also presents a highlight and analyses about the build-up to PFM reforms - how PFM reforms got to the agenda of the Government of Sierra Leone (GoSL)?, what inputs were provided by whom, where and their degree of relevance in the design and reform process?

Sections A.2 presents a holistic description of the reform process, including the design, reform policies and strategies, and an analytical overview of PFM structures and technicalities - including sequencing of reform interventions. Section A.3 catalogues the implementation of the various PFM reforms interventions, ascertaining what reform outputs were produced over time, and an analysis of the efficiency and effectiveness of reform outputs and associated implementation experience and challenges.

A.1 Origin of PFM Reforms in Sierra Leone

PFM Reforms in Sierra Leone dates to the 1980s, through IMF structural adjustment programs. The country continued with the reforms even after the war broke out in the early 1990s by both the National Provisional Ruling Council (NPRC) Junta regime and later by the Kabbah led SLPP government up to the official end of the war in February 2002 (Bank, 2002:1-3; Bank, 2004). Among Others, some of the reforms included those implemented by the IDA through the Reconstruction Import Credit (RIC) and by both the IDA and IMF through the Structural adjustment credit (SAC) in 1993 and the SAF/ESAF arrangement to enhance reform efforts in 1994 (IDA & IMF, 2001). However, PFM reforms discussed here are limited to reform activities and programs leading to the end of the civil war and afterward. The next section therefore presents background, context and baseline to PFM reforms in Sierra Leone.

A.1.1 The PFM Reform Context and Baseline Sierra Leone

Sierra Leone is still a low-income country and continue to sit at the bottom on the Human Development Index (UNDP, 2017), with high inequality, corruption, etc. The country has however made significant improvement in reforming it financial and budgetary institutions, systems and policies since the end of the 11-year civil war.

First, it is widely believed that bad governance, exclusion, corruption in the public service, lack of accountability and weak institutional capacity to provide public services and maintain the rule of law fuelled the 11-year civil conflict (Thomson, 2007). The war ravaged most of the country's infrastructure and human resources base, leading to massive killings of at least 50,000 ordinary civilians, including civil servants, while others fled the country for greener pastures in Europe, America and elsewhere. Even with the massive improvements in the workforce, pay and performance in the civil service, there remain still significant gaps, with 87% of civil servants in the lower cadre (grade1-5) while top management grades represent about 1% of the civil service (Roseth & Srivastava, 2013:9-10) In addition to the loss of skilled personnel, PFM was also particularly affected when the physical infrastructure that housed the finance ministry was completely burnt down by the rebels in 1997 (PEFA Secretariat, 2007).

Public debt stood at US$1.19, equivalent to 110 percent of GDP in 2000 (IDA& IMF, 2001:8), but declined considerably to in 2007 after the country reached completion point under the Enhanced HIPC and MDRI initiatives. However, the country's total debt has risen considerably in the last decade, and it's projected to increase to 59.9 percent of GDP in 2017 with 40.05 percent relating to external debt. This is projected to even increase further to 62.1% and 61.6% in 2018 and 2020 respectively (World Bank, 2017b, P.8-12).

During the period 1998 to 2015 the economy has recorded an average annual growth rate of 4.4% between 1998 and 2015, exceeding most Sub Saharan African countries (World Bank, 2018). This was achieved amidst a very unstable macroeconomic climate, with high inflation, financial shocks and withholding of donor support in 2007. Basic infrastructure and institutions have also been rebuilt through reconstruction and state building process.

The GoSL together with its development partners have initiated substantive policy and governance reforms, including PFM reform programs among others, to provide critical balance of payment and budgetary support through the Economic Rehabilitation and Recovery Credit - ERRC (IDA& IMF, 2001:6), introduction of a new budgeting system in 1994/95 that provided a framework for a unified budget, introduction of a new Vote Controller's Ledger in the Office of the Accountant General (OAG) in 1999 that allowed for commitment control, pre-audit, cash management, etc., and the introduction of MTEF and MTEF/TC and IFMIS in 2002. Other reform programs before and immediately after the war included a census of civil servants in 1997, the launching of the financial sector reform, with the new Banking Act and Bank of Sierra Leone Act in 2000 and the Other Financial Institutions Act in 2001, etc.

By March 2002 two months after the end of the war when the first PFM assessment was conducted, Sierra Leone had enacted various PFM regulations, set up institutions, initiated numerous PFM and PFM related policies, systems and processes. These laws, institutions, systems and policies are summarised in table A.1 below.

Table A.1: A Stock-take of PFM laws, institutions, systems and policies in Sierra Leone by March 2002

Regulatory Framework	**Institutions**	**PFM Policies, Systems and Processes**
• The Public Budgeting and Accounting Act, 1992, (Budget Act) • The Public Budgeting and Accounting Act (Amendment) Decree, 1996. Issued by National Provisional Ruling Council (NPRC), No. 7, (96 Decree) • The Audit Services Act, 1997, (Audit Act) • Financial Administration Regulations (1998) • The Appropriation Bill for 1998 covers only 11 months (February - December) and was passed in June	The National Revenue Authority (NRA) ▪ Merged the Ministries of Finance and Development Planning ▪ Audit Service Act passed, and set up of Audit Service Board	1997: The Government developed a National Strategy for Good Governance and Public Service Reform. 1999: Original budget for 1999 abandoned, new budget passed in June with special dispensation by Parliament. 2000: ▪ Introduction of Medium-Term Expenditure Framework (MTEF) 2001-2003 - including preparation of strategic plans for MDAs.

with special dispensation from Parliament. • Audit Service Act passed and set up of Audit Service Board. • The Bank of Sierra Leone Act, 2000 (Bank Act) • Income Tax Act, 2000, (Tax Act)		▪ Introduction of the Budget Framework Paper for Cabinet Review. ▪ Integrated Financial Management Information System (IFMIS)- including payroll and control modules. ▪ Issue of Public Accounts for 1998 (the first for over 25 years). 2001: ▪ First PETS study (published May 2002) ▪ FMAS pensions module implemented ▪ Completed the HIPC Preliminary Assessment and reach the Decision in 2002. ▪ Country Financial Accountability Assessment (CFAA) was launched. 2002: ▪ CFAA completed in March.

Source: Compiled by the Author from various sources

The priority at the time was clearly around maintaining tight control in budget execution and having a centralised public expenditure management, predominantly in the Office of the Accountant General (OAG). It was therefore concluded that basic functions of financial management in the country performed "surprisingly well" (World Bank, 2002, p.13) by the end of the civil war in 2002. Many factors have been attributed to how well PFM functioned at the time, sighting the existing legal and regulatory environment, both financial and technical support provided by Development Partners (DP) and the high degree of control maintained through the computerised accounting system at the Accountant General's Department (AGD). The actual reasons for this development have been the subject of a much larger debate in the

PFM literature on Sierra Leone and constitutes the main element in the main texts in Chapters Five and Six.

Apparently, there have been back-sliding in the various reform programs and gains achieved over the years. But the country's economy has been resilient, bouncing back several times during its troubled past - ranging from civil war to series of financial shocks - starting with the global economic crisis of 2008 (World Bank, 2010), and then with the crash of Iron Ore prices in 2013/2014, the Ebola Outbreak and more recently with the Mudslide in July 2017. The cumulative effects of all these instabilities and shocks have significantly weakened the country's finances, financial accountability processes, systems and procedures, fiscal institutions and public infrastructure. In particular, the combined economic shocks suffered by the country have been devastating to the reform efforts, which left the country in financial ruins and exposure to significant fiscal risks during these crises and shocks, which in turn eroded both public and donor trust (Bank, 2017a).

The relatively weak state of Sierra Leone's public expenditure management and PFM institutions after the civil war, coupled with the experience from financial and economic shocks meant that the GoSL had to continually develop policies and initiate new reform programs to address the challenges and gaps in public expenditure management. However, it is important to understand how PFM reforms got to the agenda of the GoSL in the first instance. There have been various accounts explaining what factors influenced the emergence of PFM reform as a centre piece in the drive to rebuild the country, promote accountability and probity in the use of resources and improve public service delivery, which are covered in the next section.

A.1.2 Analysis and Build Up to The Reforms: How PFM Reform got to the Agenda of Government

The extent to which PFM reforms came to the forefront of government agenda is still unclear. What is however clear from the literature is that the donor community singled out PFM as the cornerstone in the efforts to rebuild the country and promote development. Like in other post-conflict countries, the reasons for prioritising PFM reforms remain debatable; be it because the donors recognised that PFM was fundamental to the state building efforts or whether this was borne primarily to protect the huge influx of development assistance also remain unclear and an area for further study (Shah, 2007; Schiavo-Campo, 2007; Tavakoli, 2012). However, what we do know about Sierra Leone is that PFM reform have been and continue to form the basis for budget support, especially the Multi-Donor Budget Support to the country (World Bank, 2006).

On the part of the GoSL, strengthening and modernising the public sector was notably part of the large state building efforts by the SLPP Government (GoSL, 2001; GoSL, 2002; GoSL, 2005). Meanwhile, the extent to which this was extended to PFM remains blurred. This dilemma is largely the result of many conflicting, and often competing explanations put forward by experts, researchers and staffers of DP. Some argue that the GoSL only pushed through PFM reforms because of their dependence on financial and technical support from DPs to pursue the government' agenda. Those who hold this view believe the later presided over policy options, programmers and activities by the GoSL (World Bank, 2008: Tavakoli, 2012).

Such claims must be interpreted with extreme caution given the repeated inclusion of PFM components into various government development agenda after 2002, starting with the interim poverty reduction paper in 2001 to the Agenda for Prosperity in 2012 (GoSL, 2001; GoSL, 2005; GoSL, 2008; GoSL, 2012). But more so, in designing the Institutional Reform and Capacity Building Project (IRCBP) recognised the need to ensure transparent and accountable use both local resources and development assistance and to further build and strengthen capacity in public expenditure management as part of its decentralisation efforts (World Bank, 2004b:2). Invariably, the mere inclusion of PFM reform components into various government agenda and policy programs should also be interpreted with caution, especially when examined together with the initial setbacks and resistance encountered by DPs and reformers. According to a World Bank Political Economy analyses of Sierra Leone, such setbacks and resistance are not uncommon, given that planned reforms were meant to building institutions and processes that counteracted patrimonialism and clientelism within state authorities. The study therefore concluded that PFM reforms in Sierra Leone resulted in winners and losers, championed mainly by Local Technical Assistants (LTAs) in MoFED who were paid by DPs and the reforms never gained momentum at the highest echelon of state-authority (World Bank, 2008).

The evidence on whether PFM reforms were driven by the donors, the GoSL or both and whether government commitments to reforming its budgetary institutions were limited to certain level within state-authority remain unclear. Thus, chapters 5 and 6 in the main text will seek to find answers to critical questions around the dimensions of ownership, depth of ownership and breadth of ownership of the reform efforts. These questions will revolve around the conceptualisation of PFM reform ideas - by whom, how and why? What were the main policy documents that initiated PFM reforms? How convinced were stakeholders about whether reform was a priority or an alternative course of action? Who were the champions within government and where? was decision-making process politics-as-usual or was there any specific or isolated and extraordinary intervention in the decision-making process by top politicians and other state actors? Were reforms the results of donor pressure or were they genuine desires by local government to institute change in PFM and the public sector as a whole? etc.

A.1.3 What Inputs were Provided – By Whom and Wow and The Relevance of the inputs?

This section focuses on the extent of the financial and non-financial inputs provided by both donors and the GoSL during the design and implementation of PFM reforms in the country. These inputs are considered both in terms of their nature, scale, who provided what and how and the types of structures used in the design, management and implementation of the reforms. Meanwhile a critical component of this thesis regards ascertaining the relevance of these inputs to the PFM reform institutional, economic and governance contexts in Sierra Leone. But this is considered in detail in chapters 5 and 6.

Regarding financial inputs, attention is directed at the funds committed and disbursed towards PFM reform interventions by both government and donors over time. First, table A.2 below show the nature (direct and indirect) of financial support to PFM reforms by source and program since 2002 to 2015.

Table A.2 Financial Support to PFM Reform in Sierra Leone by Nature, source and program

PROGRAM	Source	Direct Budget Support to PFM Reforms			Indirect Budget Support to PFM Reforms		
		Planned	Actual	Variance %	Planned	Actual	Variance %
IRCBP	Local	0.06	0.00				
	DPs	6.2	8.68				
IPFMRP	Local	1	1				
	DPs	20.49	19.66				
PFMICP[13]	Local	0	0				

[13] Disbursements from all sources under the PFMICP stood at $18.69M as of March 2017. That followed a restructuring of the project after DFID and EU polled out and further extension of the project beyond March 2018 to 31 March 2020. The restructuring after DFID and EU dropped out increased the project

	DPs	31.71*	14.7 7		
BS under the MDTF (2006-2015)	DPs			0	235.3 7
TOTAL	Local	1.06	1.00	0.00	0.00
	DPs	26.69	43.1 1	0	235.3 7

Source: compiled by the Author from different sources

It is evident from the above table that DPs financed almost 100 per cent of all PFM reform programs and initiate in the country. This is although the indirect financing could have been double counted, given that some DPs, especially AfDB used their Budget Support (BS) program under the MDTF to fund the IPFMRP. Primarily because indirect BS to PFM were calculated based on the number of PAF indicators in the MDTF agreement (Tavakoli, 2012:12). The indicators were divided between PFM and nor PFM indicators (Ecorys and Fiscus, 2016). The rationale being disbursements were directly linked to government meeting those indicators/conditions, which by inference could be attributed indirectly to PFM reform initiatives*. What is also significant from the above table is the direct funding to PFM increased exponentially since 2002, irrespective of been significantly lower when compared to the indirect funding.

The data must be made with caution and not taken out of context. Comparing for example, the sources of funding should certainly be made given the local context and government revenue base after the civil war. But more so, with the larger context of international development assistance and PFM reform interventions by DPs globally. This must also be interpreted in line with the level of financial support provided to certain PFM reform initiative and components, and not others as shown from table A.3 below.

budget from $28.47M to $31.71M, with the IDA increasing its contribution by another $10M following the loss of $6.76M after DFID and EU withdrawals ($4.95M and $1.81M respectively). The World Bank/IDA has been the biggest contributor to PFM reforms in SL, followed by DFID and the EU.

Table A.3 Financial Support to PFM Reform in Sierra Leone by PFM Components

	SOURCE							
PFM COMPONENTS	Direct Support to PFM					Indirect Support to PFM[14]		TOTAL
	Before 2002*	IRCBP**	IPFMRP	PFMICP	Others	MDTF	Others	
Strengthening Macro fiscal Coordination and Budget Management		2.604	3.63					
Reinforcing the Control System for Improved Service Delivery		2.604	3.188***					
Strengthening Central Finance Functions			9.32					
Assisting Non-State Actors' Oversight			1.21					
Parliamentary Oversight			1.212***					
Local Government financial management		2.604	0					
Project Management		0.868	2.11					
Others			0					

*

**IRCBP - shared between strengthening macro fiscal framework (30%), control systems (30%), local government (30%) and project management and monitoring (10%)

*** support to parliamentary oversight deducted from reinforcing control and improve service delivery component.

Disbursement under the PFMICP as March 2017 stood at $18.69 from all sources.

Source: compiled by the author

For these reasons, the process tracing evidence and analyses undertaking in chapter 5 will examine the underlying mechanisms that were at interplay in explaining the significant variations in the nature and sources of funding and the level of efforts directs at certain PFM reform

[14] Of the 158 PAF indicators under the MDTF from 2006 to 2014, 90 were PFM related while only 68 were non- PFM related.

interventions and components. Why significant efforts were directed at certain areas, functions and levels within government and not others. The relevance of the financial support from DPs in the context of post-conflict Sierra Leone, government's willingness and capability to have provided more financial support and even beyond after the withdrawal of all DPs will also be examined and constituted part of the questions asked in the interviews during my fieldwork in Sierra Leone.

But support to PFM reform in Sierra Leone was not only limited to financial contributions from DPs. It also involves wide-ranging activities, mechanisms and structures, including but not limited to technical assistance (TA), institutional arrangements and management of the reform process, coordinating mechanisms, etc. For example, an evaluation of donor support in Sierra Leone highlighted the substantial TA provided by DPs, amounting to some \$6m - \$7m per year - approximately 10% of direct budget support between 2002 to 2014 (Ecorys and Fiscus, 2016a:18). The extent to which these non-financial assistances were necessary or sufficient conditions for driving the reforms as against financial assistance need critical analyses. Even when analysed in terms of the balance between government-controlled versus donor-controlled or shared controlled, project versus traditional management arrangement, the nature, coherence and consistency of these non-financial support remain the subject for analyses in the chapters 5 and 6.

A.2 The PFM Reform Process

The PFM reform process described in this section broadly mirrors a kind of reciprocal process, starting with pre-design and conceptualisation of PFM reform ideas, design of PFM reform policies and programs, implementation of the reforms and rethinking or re-design of new policies and programs based on experience and emerging lessons from elsewhere. Given the context in Sierra Leone and with many post-conflict countries, PFM reform process in the country has progressed gradually from one stage to another. With each stage involving different actors, processes and posing its own uniquely challenges and opportunities. These issues, and many more are discussed in the following subsections. Section A.3.1 examines the various processes, the role and influence of different actors and the context during conceptualisation and design phases of PFM reforms. Section A.3.2 describes the Policy programs, strategies and structures to the design and management of the reforms. And section A.3.3 provides a cursory examination of the various technical approaches and mechanisms using in the design in PFM reform programs.

A.2.1 The Reform Design: Conceptualisation and Design of PFM Reforms

There have been contradictory claims from independent experts, policy makers and reformers about how PFM reform came to fore front of government agenda in Sierra Leone (Thompson, 2007:28; Tavakoli, 2012; Tavakoli at al., 2015). Whether conception of the idea for reform came from donors or local government or whether this was part of the larger effort by DPs and developing countries alike is a matter for investigation in the process-tracing and analytical chapters later in this thesis. Here I examine concepts, processes, who initiated what, when and how, what other inputs (financial and non-financial) that went into the conceptualisation and design of PFM reforms?

What is evident from the literature is that PFM reform is part of the broader shift in development paradigm in the late 1990s and early 2000 - the clarion call for debt relief by many including the Pope, Pop Star Bono, other independent think-tanks, among others. PFM reform in Sierra Leone was also clearly part of President Kabbah and the UK government's effort to maintaining tight control in Public Expenditure Management (PEM) and delivery of basic services in the late 1990s and early 2000 (Thompson, 2007; Tavakoli, 2012). Like previously, whether efforts to maintain central control in PEM was unique to Sierra Leone or part of broader efforts by DPs will also be explored further in the Liberian context and later in the analytical chapters.

PFM reform in Sierra Leone thus started with gradual steps primarily to maintain central control in PEM supported initially by DFID and later jointly with the EU. PFM reform thus started as a small component of large efforts by local authorities and the UK government to restore peace and security through DFID's governance reform program - decentralisation and strengthening local government (Thompson, 2007:10). PFM reforms started in bits and pieces, mostly with small groups of foreign and local experts funded entirely by DPs. Notable instances included: DPs funded Governance Reform Secretariat in the office of the President and the Economic Policy Unit (EPU) that oversaw macroeconomic planning and managing donor relations in the country (Thompson, 2007:7; Tavakoli, 2012). This further extended to other small efforts in PEM cantered mainly in the Accountant General's Department (AGD). During which period key PFM functions were the responsibility of a foreign expert who was made Accountant General (AG) and whose services were paid for by the EU. The AG supervised at least eight other local technical experts within the AGDs. And a new Budget Director was also appointed on contract at the same (World Bank, 2002). Some have argued that the distinction local experts (including Local Technical Assistants - LTAs) and foreign expatriate nationals was not clear-cut, except they were all financed by DPs during the initial phases of the reform (Thompson, 2007; Ingram, 2010:22).

Key as aspects of the reform prior to 2002 included: expenditure control (designing and implementing the computerised Financial Management Accounting System - FMAS) in the AGD; the introduction of MTEF and as stated inter-earlier the establishment of the EPU charged with macroeconomic management (Tavakoli, 2012; Tavakoli et al., 2015:). What is still unresolved by experts and reformers is how MTEF gained prominence in the PFM reform agenda with the country coming from such a low base priory to the official declaration of the end of the civil war in 2002 (World Bank, 2010; Tavakoli, 2012:15).

Despite the small and disjointed reform interventions noted above, PFM reform as a central government agenda, it is argued, only became a primary concern when local authorities and DP began discussions to pave the way for debt relief in Sierra Leone (Thompson, 2007:20). Thus, ensued the first CFAA study by the World Bank with support from the IMF completed in March 2002 that detailed a snapshot of PEM in the country. Whether the CFAA provided a complete assessment of PEM given the context at the time, it was solely financed and driven by donors are matters for further consideration. But what was clear was that the CFAA's recommendations provided a set of guidelines and areas of intervention for both DP and the GoSL (World Bank, 2002).

Meanwhile, the development paradox in the late 1990s and early 2000 was centred on PRSPs pushed by the World Bank and IMF, with developing countries designing medium-term policy agenda that also served as a platform to channel development support by the international community. With no exception, Sierra Leone prepared the Interim Poverty Recover Strategy Paper (I-PRSP) in 2001 that had some PFM related component (GoSL, 2001; IMF & World Bank, 2001). Although the CFAA constituted by bedrock for all reform initiatives at the time, other policy programs and development interventions such PRSPs and HIPC Debt Relief Initiative soon open the floodgate for PEM assessments and PFM reforms. By 2004 several PFM assessments, reviews and action plans and policy programs with PFM components had been completed, including but not limited to CFAA, I-PRSP, HIPC-Assessment and Action Plan (AAP), the European Union's Audit that has action points to be carried out by the GoSL and the World Bank Public Expenditure Review (PER) (GoSL, 2001; World Bank, 2002; IMF & World Bank, 2004a; 2004b; World Bank, 2010; Tavakoli, 2012).

Even at that early stage what remained clear was PFM reform programs in Sierra Leone, in this case the CFAA were primarily based on series of diagnostics studies and expenditure review - financed entirely by DPs. While donors continue to applaud the soundness of the reform design in strengthening areas of major PFM weaknesses identified during implementation of previous projects and project preparation, what is apparent is that these reforms were heavily directed and influenced donor policies harmonised into a single PAF, and large driven by results from the various PEFA assessments, which remained fundamentally flawed if PFM reforms are to actually address the underlying mechanisms associated with successes or failures of these programs.

A.2.2 Description of the Various PFM Reform Programs and Interventions in Sierra Leone

The matrix below presents a summary of sequences of the various PFM reforms programs and interventions between 1998 and 2018. Detailed PFM Reform Interventions and Activities in Sierra Leone 1998 to 2018 are set out in table A.4 below.

Table A. 4 PFM Reform Interventions and Activities in Sierra Leone 1998 to 2018.

PFM or PFM Related Reform Program/Intervention	Period	Description of Components and Activities
DFID Funded Governance Reform	1999	The establishment of the Governance Reform Secretariat in the President's Office with a small staff working on civil service and local government reform
		Establishment of the Economic Policy Unit that took responsibility for macroeconomic management and safeguarded the relationship with the IMF and donors.
		Introduction of a new Vote Controller's Ledger in the Office of the Accountant General (OAG) in 1999 that allowed for commitment control, pre-audit, cash management, etc.
		An Anti-Corruption Act was drafted and passed in February 2000
Financial Sector & Tax Reforms	2000-2001	Financial sector reform, with the new Banking Act and Bank of Sierra Leone Act in 2000 and the Other Financial Institutions Act in 2001.
		Income Tax Act, 2000, (Tax Act)

MTEF & Budget Framework Paper	2000	Introduction of the Budget Framework Paper for Cabinet Review
Expenditure Control and Oversight	2000	Financial Management Accounting System (FMAS) main accounts, expenditure control and payroll module implemented Issue of Public Accounts for 1998 (the first for over 25 years)
	2001	FMAS pensions module implemented
	2001	First PETS study (published May 2002)
		Introduction of direct payment of teachers' salaries through a private firm
	2002	The introduction of MTEF and MTEF/TC and IFMIS in 2002.
Studies and Assessments	2002	CFAA completed in March
		Completed the HIPC Preliminary Assessment and reach the Decision in 2002
First Policy Hearings for 2004 Budget Calendar	October 2003	Hearings were held by sector groups (security, social, economic and general administration), involving officers from the line ministries, MOF, MODEP, Members of Parliament (MPs) and civil society NGOs. Some Ministers also attended.
Budget Oversight Committees	2003	Established District Budget Oversight Committees and began functioning. MDAs have also been encouraged to set up internal Budget Committees.
MTBF & MTEF	2003	The new MTEF Guidelines (August 2003) envisage more, but perhaps not enough, involvement by the Cabinet.
Procurement Reform	2003	Cabinet dissolved the CTB and established a Public Procurement Reforms Steering Committee (PPRSC) and instructed all Ministries to cease forthwith from awarding contracts either by themselves or through CTB and to hand over all pending procurement contracts to the PPRSC.
Accounting & Control	2003	Design of a new chart of accounts
IRCBP	2004 - 2009/2011	Subcomponent 2.1 Improve the legal and regulatory framework for publicBnancia1 management Subcomponent 2.2 IFMIS Subcomponent 2.3 Design and support implementation of interim financial management systems for newly elected local governments. Subcomponent 2.4 Strengthen the Medium-Term Expenditure Framework (MTEF) Subcomponent 2.5 Procurement reform Subcomponent 2.6 Monitoring & Evaluation (including PFM assessments)
Common Action Plan (CAP)/National Action Plan (NAP)	2004-2006	CAP: The CAP aligned all donors support at the time into one reform program.

		The CAP established the PFM steering committee headed by the financial secretary. The CAP established the PFMRU and LGFD The CAP later developed into the NAP based on further diagnostic studies. NAP: The NAP in 2006 then consolidated targets and indicators from the PRSP and the MDBS PAF in to one single program. The NAP led to the establishment of the PFMRU charged with oversight of all PFM reforms
Improved Governance and Accountability Pact	2006	The pact committed the donors to provide more and better-quality assistance, and the government to act on key areas of governance reform – notably corruption, transparency and financial management, civil service reform, service delivery and elections. Overall, the donors (World Bank, EU, African Development Bank and DFID) have negotiated with the government a common action plan on Public Financial Management which will become part of the framework for multi-donor budget support.
Public Financial Management Reform Unit (PFMRU)	2008	Appointment of Director of PFMRU
Integrated Financial Management Reform Project (IPFMRP)	2009-2013	Component 1 – Strengthening Macro Fiscal Coordination and Budget Management Component 2 – Reinforcing Key Aspects of the Control System to Support Improved Service Delivery Component 3 – Establishing and Maintaining Sustainable and Capable Central Finance Functions Component 4 – Assisting Non-State Actors' Scrutiny Component 5: Project Management
PFM Reform Strategy	2014 - 2017	Theme 1: Budget Planning, Comprehensiveness, and Credibility Theme 2: Financial Control and Accountability, Service Delivery and Oversight Theme 3: Revenue Mobilization Theme 4: Strengthening Local Governance Financial Management through Local Councils for Effective Decentralization
Public Financial Management Improvement and Consolidation Project (PFMICP)	2014 – 2018/2020	Component 1: Enhancing Budget Planning and Credibility Component 2: Procurement, Financial Control, Accountability and Oversight Component 3: Supporting the Strengthening of Revenue Mobilization and Administrative Systems Component 4: Strengthening Local Governance, Financial Management and Accountability Systems (dropped beyond March 2017)

EU State Building Contract	2014-2017	Support and engage in political dialogue where pertinent to ensure the implementation of PFM reforms as set in the PFM Reform Strategy 2014-2017. Provide support to improve systems for PFM, budget formulation, execution and external oversight. Analyse information on macroeconomic, fiscal and budgetary developments within the technical working group of the MDBS.
DFID Building Core Systems: Strengthened core systems and improved practice.	2014-2017	Output Area 1: Well-developed and well-executed national budget Output Area 2: Improved domestic revenue mobilisation Output Area 3: Improved transparency and enhanced value for money in national procurement Output Area 4: An efficient public sector wage bill

A.2.3 The Technicalities in PFM Reform Design: Sequencing and other Technical Factors

What we do know from the last two sections is that PFM reform interventions started gradually with some uncoordinated activities and programs. But eventually transformed into more systematic and coordinated reform programs in the late 2000s, especially with the endorsement of the CAP/NAP and MTBS trust fund and associated PAF by both donors and the GoSL in 2006. What is less clear though is the emergence of the recent fragmentation and largely uncoordinated efforts by the BS donors and the subsequent withdrawal by DFID and the EU from the current reform program - the PFMICP supported jointly under the MDTF. Again, what we have learned also is that some areas or dimensions clearly received more attention and support proportionately to others. The same explanation could also be said for the level of efforts, nature and type of support directed at certain reforms/activities and at different phases of the reform process and during the country's developmental stages.

Meanwhile, were PFM reform activities, interventions and programs rooted on some fundamental principles, concepts and technicalities, especially during the design and implementation phases? What influenced for example, the implementation of MTEF in the year 2000 during the civil war?

And what does this tell us, if any, about the progress made in the design and implementation of PFM reforms in the country to date?

The suspect might be because early assessments (CFAA and HPIC-AAP) of PEM in the country on which interventions and action plans were based on were limited in scope - both in terms of their objectives and comprehensiveness and were underpinned by static analysis of specific parts of the country’s PEM system (World Bank, 2002; Tavakoli, 2012:17). This is true especially in a post-conflict environment like Sierra Leone and elsewhere, where the initial focus for DPs was to maintain tight control in PEM (Shah, 2007; Schiavo-Campo, 2007). This initial approach also holds true even for well-coordinated subsequent PFM reform strategies and programs - which seem to have been based on diagnostic studies and PFM assessments, largely initiated and financed by DPs (World Bank, 2002, 2004 & 2010; PEFA 2007, 2010 & 2014; GoSL, 20115:11; World Bank, 2017c:6). Could this be part of the reason PFM performance varied significantly for example, between budget execution and control compared to planning, oversight and accountability during the first half of the reform process? (PEFA, 2007 & 2010.) The analysis of this dilemma falls within the ambit of the analysis of the process-tracing evidence in chapters 5 and 6.

Back to the question posed at the beginning of this section - were PFM reform activities, interventions and programs rooted on some fundamental principles, concepts and technicalities, especially during the design and implementation phases? Concepts and technical models such as sequencing of reforms - through the platform approach and getting the basics first only surfaced in the PFM reform arena in Sierra Leone in the late 2000s (World Bank, 2009a). Perhaps because of the fragmented and uncoordinated nature of earlier interventions and other political and structural dynamics. However, ideational concepts such as the Paris Declaration, HIPC and MDR Initiatives, PEFA, Improved Governance and Accountability Pact (IGAP) together with technical models such as sequencing of reforms etc., created a common currency for DPs to coordinate and align their support. Which could reasonably be linked to MDBS agreement between DPs and the GoSL in 2006, and its subsequent PAF. Together, they paved the way for the design of the first comprehensive reform program - the IPFMRP, based on the solid foundations of donor harmonisation, alignment, and coordination and technical models such as sequencing and getting the basis first (Tavakoli, 2012:17).

A.3 Analyses of Implementation of PFM Reforms in Sierra Leone

Sierra Leone has long been criticised by many for often what is described as a country with good laws and policies but perform poorly in their implementation (xxx; Tavakoli et al., 2015). While the GoSL has made 'substantial' progress in the implementation of PFM reforms since the official declaration of the end of the civil war in 2002, overall PFM performance over time has been slow, inconsistent and uneven across the dimensions of the budget cycle (PEFA 2007, 2010 &2014; Tavakoli et al., 2015). The current implementation gap in the status of PFM reforms in the country therefore warrants a closer consideration into many questions: whether efforts, plans and programs were overly ambitious, were there fundamental design issues that continue to plague implementation of those plans, laws and policies? Are there structural, institutional and societal features that undermine implementation of laws, plans and programs in general? These questions are addressed in chapters 5 and 6.

A.3.1 What Outputs were Produced?

PFM reform outputs and performance could be explained in several ways, either by function, nature and type of outputs produced or from a much broader perspective in terms of the dimensions of reform outputs across the budget cycle. While detailed list of PFM reform outputs by type and nature and overall performance (PEFA scores) are presented in appendix E, the remainder of this section presents PFM reform outputs by dimensions across the budget cycle.

The latter being a deliberate choice by the researcher given the distinctions between PFM reform dimensions in the analytical framework presented in chapter three. The following paragraphs present PFM reform outputs/results/achievements and associated challenges by dimensions across the budget cycle, dating back from 2002.

De Jure Versus De-Factor Dimensions of the budget cycle: here I examine the PFM regulatory framework and its actual implementation in practice. As demonstrated in section A.2.1, PFM in the country has always been based on solid legal and regulatory framework. It was however the subject of several amendments and challenges during the civil war following for example, the 1996 Decree by the NPRC that suspended the 1992 Government Budgeting and Accounting Act. The Decree completely diminished the oversight role of Parliament and the Auditor General and the control function of the Accountant General. There was much more improvement in the years leading to the end of the war. Which saw the enactment of several PFM legislations restoring confidence and oversight function to both parliament and the Audit Service (World Bank, 2010).

Between 2002 and 2007 the GoSL had enacted several PFM regulations and procedures. Among others, the Local Government Act (LGA) 2004; Public Procurement Act of 2004; Government Budgeting and Accountability Act (GBAA) 2005 and its associated Financial Management Regulations (FMR) in 2007. Together they further reinforced and restored parliamentary control over PEM and reinstated the oversight role to both Parliament and the Audit Service, which were significantly curtailed by previous legislations and associated amendments. A 2010 World Bank Public Expenditure Review (PER) revealed that the country's PFM legal framework was generally sound, appropriate and compares favourably well with other developing countries (World Bank, 2010: 41). The progress made on the regulatory front did not come as a surprise, given the massive attention directed by both donors and GoSL towards creating an enabling environment that foster control and public confidence in PEM in the country after the civil war (Lawson, 2007: 19-20; Tavakoli, et al., 2015: 340).

Considering the above inappropriateness and inconsistencies in the legal framework, there has been a joint and coordinated response by both donors and GoSL to existing PFM legislation. Resulting in a second of reforming the PFM legal framework - with revision or upgrade to most of the earlier PFM Acts and regulations such as the enactment of the new Anti-Corruption Act in 2008; Public Debt Management Act, 2011; Audit Service Act in 2014; Public Private Partnership Act, 2014; Public Financial Management Act, 2016; Public Procurement Act, 2016; Local Government (Amendment) Act, 2017; Fiscal Management and Control Act in 2017; etc. Even with the enactments of many PFM legislations, their implementation will arguably continue to be the most important challenge, especially for local authorities amid political dynamics and largely informal nature of public administration in the country. But more so, whether the newly enacted laws are appropriate to the local context and consistent across all PFM legislation remain to be verified. And therefore, constitute a key element in the process-tracing investigations conducted in later chapters 5 and 6.

Upstream Dimensions Versus Downstream Dimensions: Here a line is drawn between reform initiatives directed towards more strategic aspects of the budget cycle (upstream dimensions) - including but not limited to macroeconomic planning and policy-based budgeting (MTFF & MTEF, investment and debt management, and the budget framework paper); legislative scrutiny of the annual budget; and the final budget documents. Downstream dimensions of the budget cycle on the other hand, include aspects such as treasury managements - inflows and outflows and the TSA, internal audit and control, payroll, procurement, accounting and reporting, oversight and accountability (external audit, legislative scrutiny and external scrutiny by the public and NSA).

I established in section A.3.3 that PFM reform interventions started gradually with some uncoordinated activities and programs. But eventually transformed into more systematic and coordinated reform programs in the late 2000s, especially with the endorsement of the CAP/NAP and MTBS trust fund and associated PAF by both donors and the GoSL in 2006. We also learned from the same section that there was a clear prioritisation of PFM reform interventions in Sierra Leone like in many developing and post-conflict countries (World Bank, 2002; Shah, 2007; Schiavo-Campo, 2007; Tavakoli, 2012:17). Some areas or dimensions of the budget cycle receiving greater attention and support proportionately to others. In Sierra Leone, the same could also be said for the level of efforts, nature and type of support directed at certain reforms/activities and at different phases of the reform process and during the country's developmental stages.

A.3.2 Big Ticket vs Small Reforms? The share Effort Towards MTEF and IFMIS and Regulatory Framework Compared to Efforts Directed Towards Core PFM Systems and Processes

It seems plausible to infer that the progress made in downstream dimensions in recent years may have been the results of the increasing focus on downstream and other basic PFM systems and process. Could one therefore argue that PFM performance is more likely to be greater for areas that received more support and vice versa? By extension, could one also reasonably argue that PFM performance is associated with the longevity of the reform effort? (Andrews, 2007; Andrews, 2010; Pretorius and Pretorius, 2008). Therefore, activities and measures that received the greatest support over time should show improved performance or record high PEFA scores for example (Tavakoli, et al., 2015: 347). The case of Sierra Leone is not however that straightforward. For example, the analogy holds true for reform initiatives such budget execution in the AGD, macroeconomic planning and some aspects of budget formulation have improved consistently over time (Tavakoli, et al., 2015:347). Other areas such as MTEF and local government financial management that gained much attention at the early stages of the reform process continue to perform poorly relative to others. Again, could this poor performance in MTEF be part of a larger contextual problem with its implementation in developing countries (Pretorius and Pretorius, 2008; World Bank, 2012), or is part of the ongoing political Economy debate in reforming budgetary institutions in developing country? I therefore asked interviews specifically whether MTEF is more political than aspects of budget execution such as IFMIS and the findings presented in Chapter 5.

Concentrated Versus De-Concentrated Reform Areas: And here I make a cursory comparison regarding concentration of reform efforts between the central agency (usually the ministry of finance/MoFED) and Ministries, Agencies and Departments (MDA). PFM reform in Sierra Leone like in many other countries have been heavily concentrated at the ministry of finance. But why has there been the greatest attention directed towards building the capacity of ministry of finance compared to other line ministries and agencies? This question was specifically investigated during the data collection and findings covered in chapters 5 and 6.

Certainly, PFM performance has been uneven and inconsistent over the years between central government and local council and even between PFM functions carried out at the centre and those performed at line ministries (PEFA, 2007, 2010, 2014; Welham & Hadley, 2016). One key factor sighted by experts and reformers is the disproportionate level of capacity between staffers at the MoFED and those at line ministries and local councils. The increased technical in MoFED has largely been attributed to the recruitment of donor funded LTAs, with augmented salaries far above the national pay scale. Also, with strong technical expertise and who have been able to exercise control and leadership in the management of reform process. Irrespective of the increased capacity of MoFED staffers over the years, the proportion of annual budget for MoFED have also increased significantly15. Welham & Hadley (2016:17-18) for example, highlighted a significant increase in MoFED budget in the five years to 2015.

[15] The same for MFDP budget in Liberia

APPENDIX B: BACKGROUND NOTES ON PUBLIC FINANCIAL MANAGEMENT REFORMS IN LIBERIA

B.0 Introduction and Background

Like Appendix A, this background note introduces the reader to the context of PFM reforms in Liberia, through building clear descriptive narratives of the various reform interventions from pre-design to implementation, and ongoing restructuring and re-design of reform efforts, based on experience from previous reforms. The descriptive analyses are based on data from financial reports, various PFM assessment reports, studies and policy documents from the Government of Liberia (GoL) and its donor partners. This appendix mirrors mostly the structure, style and analyses of PFM reform efforts presented in Appendix A. Drawing primarily on the descriptive information given in each section in the case of Sierra Leone, as a basis for describing and analysing the reform efforts in the case of Liberia. These descriptive presentations include aspects of the reforms that are unique to Liberia and those reforms that are ubiquitous to both countries.

The next section (section B.1) presents the history of PFM reform interventions in Liberia in the years leading to the end of the 14-year civil conflict and immediately after the war was officially declared over in early 2003. The section is followed by a stylised presentation of the baseline and context of PFM systems, laws, institutions and policies immediately after the war. This appendix also analyses about the build-up to PFM reforms - how PFM reforms got to the agenda of the GoL? What inputs were provided by whom, where, and their degree of relevance in the design and reform process.

Sections B.2 presents a holistic description of the reform process, broadly mirroring a kind of cyclical process, starting with pre-design and conceptualisation of PFM reform ideas, the design of PFM reform policies and programs, implementation of the reforms, restructuring and re-design. Section B.3 outlines the implementation of the various PFM reforms interventions, ascertaining what reform outputs were produced over time, and analysing the efficiency and effectiveness of reform outputs and associated implementation experience and challenges.

B.1 Origin of PFM Reforms in Liberia

Like Sierra Leone, PFM reforms in Liberia dates to the 1980s during the IMF structural adjustment programs until the outbreak of the civil war in 1989. The USAID was the most critical player in Liberia in the years leading to the civil war. The USAID was motivated according to Chessen and Krech (2006, p. 3) by a sense of 'déjà-vû' leading it to finance in 1988 a stabilisation program to boost revenue collection and expenditure control. The programme deployed 17 experts with control over government accounts within the Ministry of Finance (MoF). The project however failed in less than a year. Which the USAID in its final report the failure as in part, because of lack of commitment from state authority to enforce controls set up by the projects and other operational arrangements of the project (USAID, 1989) in, (Chessen and Krech, 2006, p. 3).

Unlike neighbouring Sierra Leone, the outbreak of the civil war in 1989 degenerated the country into extreme violence that prevented any meaningful attempt to initiate reforms in the country.

Radical neopatrimonial politics (Bøås, 2001) and economic warlordism continued up the special election that brought former warlord Charles Taylor to power in 1997 (World Bank Bank, 2004; Chessen and Krech, 2006). While the election of Charles Taylor brought calm, much was not achieved regarding economic governance because of the resumption of hostilities immediately after the election until the Comprehensive Peace Agreement (CPA) in Accra in 2003. The only meaningful reform during the Taylor regime was the enactment of the Revenue Code in 2000 (GoL, 2000). The country was, however, the subject of prolonged sanctions by the UN preventing the export of minerals - diamond, timber and gold (World Bank, 2004; Atkinson, 2008).

Considering the preceding, there was a complete absence of any meaning PFM reform interventions by both local authorities and the international community in Liberia since the outbreak of the war in 1989 to the cessation of hostilities in 2003. With this brief background, the PFM reforms discussed in this chapter are limited to activities and programs immediately after the war ended in 2003 and beyond. The next section, therefore, presents background, context and baseline to PFM reforms in Liberia.

B.1.1 The PFM Reform Context Baseline in Liberia

Liberia started its PFM reform process from a low base compared to most post-conflict countries such as Sierra Leone. By the end of the 14-year civil war, the state had collapsed entirely, seating at the bottom of the HDI and GDP only about 30% compared to the 1980 level[16]. This low base is typical for post-conflict countries characterised by acute corruption and poverty, weak and dysfunctional institutions, dilapidated socioeconomic infrastructure and a political culture in which impunity reigns (Chessen and Krech, 2006; Hope Sr, 2010, p. 244; Tripathi, 2017). The

[16] World Bank WDIs

conflict also led to human and capital flight, leaving the country with a net outflow of $ 65m by 2002, according to estimates by the World Bank, IMF and UNDP (World Bank, 2004, p. 9). The country's problems were even exacerbated by the pervasive lack of technical skills in every sector of the economy (Ackerman, 2009, pp. 90-1). The situation after the war was even made worse by the continued absence of any formal education during the war period, culminating in a generation of the uneducated youthful population, with no formal training and technical skills to spearhead the country's recovery and champion its PFM reform agenda.

Regarding PFM, a joint UN/World Bank needs assessment in 2003-2004 concluded that PFM process and systems in the country were outdated, mostly because of weaknesses in the institutional framework (World Bank, 2004). The destruction of vital financial institutions during the war meant there were widespread self-seeking behaviours, especially by top officials in revenue-generating institutions, which ultimately saw the country's national budget contracting from $300 million in 1980 to $48 million in 2003 (World Bank, 2012b, p. 4). It is unsurprising, therefore that initial effort by the National Transitional Government (NTG), President Sirleaf and the international community were directed towards restoring the status quo ante before the war. They established tight controls and discipline across essential PFM functions and institutions (World Bank, 2012b:5; Tripathi, 2017).

Recognising the challenge at the time, the NGT with support from donor partners took immediate steps such as streaming revenue through Executive Order #3 in 2003, established a Cash Management Committee (CMC) in 2004 and enacted the Public Procurement and Concessions Act 2005. Despite showing commitment to reforms by the NTG, the initial gains made had weakened. Some of the reasons include, among other things, corruptions and uneven support among factions of the NGT, low donor confidence in the country's key financial institutions and slow disbursement of development assistance. Lack of implementation of established controls and oversight especially over a customs and concessions and dysfunction of the cash management committee have also been cited to had contributed to weakening reforms (Chessen and Krech, 2006, p. 6; Dwan and Bailey, 2006).

The above concerns and the unique context in Liberia precipitated to what has been described by experts as a more 'intrusive' PFM reform intervention by the international community through the Governance and Economic Management Assistance Program (GEMAP) (Dwan and Bailey, 2006). The design and processes through which GEMAP came into being will be discussed in the next section (Atkinson, 2008). Meanwhile, the launching of GEMAP in 2005 and other associated programs with support from donors yielded immediate benefits such as the lifting of sanctions and meeting the targets to reach the HIPC decision point in 2007 and became eligible for interim reliefs under the enhanced HIPC framework (IDA&IMF, 2008). By the time the country reaches a decision point, its nominal debt stock of public-guaranteed external debts had reached US$4.9 billion as of 2007 (equivalent to US$3.3 billion net present value terms). With full debt relief under the enhanced HIPC and MDRI, Liberia's external debt stock had fallen to US$78 million (approximately 10.7 per cent of GDP) at the end of 2010 (IDA&IMF, 2008; IMF&IDA, 2010). The country's key economic indicators had also improved after the end of the war. GDP growth rate averaged 6.31 per cent between 2013 and 2014 (see World Bank WDI 2017).

Although there have been several PFM reform initiatives in the country since the end of the war, progress has generally been limited (Europe, 2016; IMF, 2017a: 25; MFDP, 2017e). The country continued to face fundamental challenges in deepening the reforms and consolidated the gains made so far (MFDP, 2017f; MFDP, 2017i). Like in neighbouring Sierra Leone, Liberia's problems had been compounded. This is especially true during the last decade by the impact of the global economic crisis in 2008, the crash in commodity prices in 2013-2014 and the Ebola Outbreak in the sub-region in 2014 (World Bank, 2009a: 4; World Bank, 2011c: 2; World Bank, 2013b: 6; Europe, 2016: 7).

B.1.2 Analysis and Build Up to the Reforms: How PFM Reform got to the Agenda of Government

Given the baseline and context set out in the previous section from which Liberia emerged after the war, the country at least, in the eyes of the international community presented an extraordinary situation and therefore required extraordinary intervention. Unlike many other post-conflict interventions by the UN and other donors, PFM reform became the central platform for fostering the peace efforts and overall state building in Liberia (Dwan and Bailey, 2006, p. 25; Pretorius and Pretorius, 2008; Zounmenou, 2008, pp. 3-5; Farrall, 2010, pp. 338-9; Hope Sr, 2010). International intervention in PFM and the overall peace process in Liberia, as argued by (Atkinson, 2008), was fundamentally flawed although it paid off in so many respects. PFM intervention is Liberia was used for multiple purposes, ranging from sanctions on commodities and on those involved in the war to strengthening economic governance (Dwan and Bailey, 2006:21). This broader focus on PFM (Atkinson, 2008:15) again argued, ignored other fundamental and contextual structural features such democratic governance, which needed immediate attention after the war. The preceding perhaps, as she further added could have emanated from the lack of strategic interest by the international community in Liberia. But maybe also, of the difficulty in maintaining an appropriate balance with such a massive global footprint.

One could also argue that such a massive footprint in Liberia was warranted given the low starting point from which Liberia emerged after the war. For example, unlike neighbouring Sierra

Leone, where the 2002 World Bank CFAA concluded that PFM functioned 'surprising well' after the civil war (World Bank, 2002), PFM institutions, systems and processes had collapsed entirely in the case of Liberia by the end of the 14-year civil war in 2003 (World Bank, 2004; Chessen and Krech, 2006; Dwan and Bailey, 2006). Among the many reasons cited by experts, researchers and donor representatives, corruption and economic mismanagement by the NTG ranked highly in the pecking order. These came to the limelight following the EU audit of the central finance agency and five state-owned Enterprises (SoEs). The EC audit according to experts was initiated entirely because of-of the alarming corruption and mismanagement by the NTG and highlighted the composite picture fundamental, procedural and capacity constraints in Liberia after the war (Chessen and Krech, 2006:5).

Findings from the EC audit was pivotal in galvanising support and consensus among development partners. They agreed that unless something was done, considering the evidence the NTG would enrich themselves and jeopardies the already fragile peace at the time (Chessen and Krech, 2006:7-9; World Bank, 2012b:10). The status quo, therefore, led to the development of GEMAP, pushed mainly by the international community (Dwan and Bailey, 2006:6). The central idea of the GEMAP program was to restore control and accountability in key financial management institutions and functions. GEMAP embedded international consultants to takeover co-signatory powers, the actual process that led to GEMAP and its features are detailed in (Chessen and Krech, 2006; Dwan and Bailey, 2006; Hope Sr, 2010; Tripathi, 2017).

Irrespective of the overall agreement by the development partners on the nature and scope of GEMAP (Chessen and Krech, 2006:7), there was a lot of scepticism among donors. Their concerns were not only because of potential political fallout as a result of the highly intrusive nature of the program but perhaps to look after their interests regarding the associated financial burden of implementing such a sophisticated program (Dwan and Bailey, 2006, p. 9). Experts have cited the tension among development partners as the primary motivation for the first revolt against GEMAP by the NTG and even president Sirleaf before her election in 2006 (Dwan and Bailey, 2006:11). Overall international intervention in Liberia, via GEMAP, has been described by many as most successful regarding meeting the original peacebuilding goals and the short terms economic governance objectives envisaged under the program (Dwan and Bailey, 2006; Farrall, 2010).

Credits for at least, these short terms gains under GEMAP must be equally attributed to efforts and leadership shown by local authorities - the NTG and former president Sirleaf's regime for their courage and support to the programs, especially after their initial opposition to it (Hope Sr, 2010:243). Although the chairman of the NTG and president Sirleaf face the same dilemma, regarding balancing pro-reform agenda while keeping their constituents happy, president Sirleaf was in a much better position to maintain this balance. In part, because GEMAP as experts argued, provided her government with a political cover for pushing more stringent reforms even if they alienated her support base, and pleasing the international community (Chessen and Krech, 2006:10).

In fact, those critical of the international community's role in Liberia - via GEMAP, believe former president Sirleaf was the most significant contributor to the restoration of PFM reform agenda in Liberia. Perhaps because of her apparent preference for economic governance as a platform to pursue other development agenda of her government, at least in short to medium term. Others have argued that it was her experience and background and her drive for strong local leadership (Johnson-Sirleaf, 2007) of the development process of Liberia that propelled her to support GEMAP (Atkinson, 2008:38).

Considering all the preceding paragraphs, it, therefore, becomes pertinent to attempt at understanding who or what factors were responsible for driving the PFM reform agenda in Liberia immediately after the war. There is considerable consensus among experts, donors and local authorities on the original rationale and nature of the intervention in PFM in Liberia (Chessen and Krech, 2006; Dwan and Bailey, 2006:25; Zounmenou, 2008, pp. 3-5; Farrall, 2010:338-9; Hope Sr, 2010). However, the extent to which the PFM reform agenda gained traction remains the central focus for analysis in chapters 5 and 6 of this thesis. The analysis will focus exclusively towards the conceptualisation of the various arguments while providing detailed analytical explanations of our understanding about how and why PFM reform gained traction in Liberia? What was the depth and breadth of ownership of the reforms among donors and local authorities? How convinced were stakeholders about whether reform was a priority or an alternative course of action? Who were the champions for the reforms within government and where? Was the decision-making process politics-as-usual or whether the decision-making was left with reformers acting on-behalf of politicians? Were improvements in PFM the results of donor pressure or were they genuine desires by local government to institute change in PFM and the public sector as a whole?

B.1.3 What Inputs were provided – by whom and how and Relevance of the inputs?

Like in many developing and post-conflict countries inputs to PFM reforms come in different shape and form - ranging from financial, technical support and a platform for coordination and harmonisation of the interests of donors and with the local PFM development agenda. This section examines these inputs regarding their nature, scale, who provided what and when and the types of structures used in the design and implementation of the reforms. The analysis the researcher presents here must not be taken in isolation. Instead, these inputs must be considered regarding the global dynamics shaping PFM reform interventions and the local institutional, governance and other contextual factors prevailing in Liberia. The relevance of these inputs is perhaps, in the opinion of the researcher, the most critical consideration to our understanding of effects of these inputs to overall PFM reform agenda in Liberia. The researcher will, however, examine the latter in detail in chapter seven and eight.

Regarding financial inputs to PFM reform in Liberia, the researcher examines the financial contributions by both the GoL and its donor partners to various PFM programs and interventions. Emerging from a brutal 14-year civil war, the GoL even if it was willing to finance its PFM reform agenda, it apparently did not have the financial muscle to do. So, what is the cost to donors for financing various PFM reform interventions in Liberia from the cessation of hostilities in 2003 to the post-Ebola in 2017? First, table B.1 below shows the nature (direct and indirect) of financial support to PFM reforms by source and program from 2003 to 2017.

Table B.1 Financial Support to PFM Reform in Liberia by Nature, source and program

PROGRAM/INTERVENTION AREA	Source	Direct Support to PFM Reforms: Disbursement (in US$ millions)	Indirect Support: MDTF	Indirect Support: DBS	TOTAL	Funding Source, Actual Disbursement (in millions US$): GoL	World Bank	AfDB	EC	Sida	USAID	Others	TOTAL
GEMAP	Local	2.50			2.5								
	DPs	17.5			17.5	2.5	7.2	0.0	0.0	0.0	7.0	3.3	**20.0**
IFMIS	Local	0			0.0								
	DPs	3.7			3.7		3.1			0.6			**3.7**
IPFMRP	Local	0			0.0								
	DPs	30.8			30.8	0.0	5.0	4.6	2.6	14.5	4.1		**30.8**
IPFMRP II	Local				0.0								
	DPs	14.41			14.4	0.0	8.7	3.9	1.8				**14.4**
PSMP	DPs	10.75			10.8		2.0			3.8	5.0		**10.8**
EU State Building Project				24.0	24.0				24.0				**24.0**
TA to GAC (total)		3.3			3.3				3.3				**3.3**
Other TA by the EU to various programs		3.62			3.6				3.6				**3.6**
Domestic Resource Mobilization		7			7.0						7.0		**7.0**
Decentralization		5.7			5.7						5.7		**5.7**
IMF/FAD for technical advice and training in selected strategic PFM areas		3			3.0					3.0			**3.0**
TOTAL	**Local**	**2.50**											
	DPs	**99.7**	**0.0**	**24.0**	**126.2**	**2.5**	**26.0**	**8.5**	**35.3**	**21.9**	**28.8**	**3.3**	**126.2**

Source: compiled by Author from different sources

From the above table, funding to PFM reform in Liberia have primarily come from donors, representing 98 per cent of the total financing to various PFM reforms programs and interventions. The financing mechanism from donors has mainly been direct support for specific programs and interventions, except EU's state-building project of US$24 through DBS. The one-off DBS, however, makes the EU the most significant contributor to PFM, followed by USAID, World Bank and Sida. What is not visible from the table is that much of the funding especially, for IPFMRP I & II have been made through the MDTF (MFDP, 2017i). The low financing from the GoL is not surprising given the very low domestic revenue base and the mounting development challenges that the country faced and continue to meet especially, in the post-financial crisis (global financial crisis in 2008 and the crash in commodity prices in 2013-2014) and the Ebola outbreak.

More meaning could also be added to the financial contributions by donors if they are interpreted regarding the level of financial support provided to specific PFM reform initiative and components, and not others as shown from table B.2 below.

Table B.2 Financial Support to PFM Reform in Liberia by PFM Dimension or area:

PFM COMPONENTS	FUNDING SOURCE							
	Direct Support to PFM (in millions US$)					Indirect Support to PFM		TOTAL
	GEMAP	IFMIS	IPFMRP	IPFMRP II	Others	MDTF	Others	
Enhancing Budget Planning Systems, Coverage and Credibility			1.84	1.8			24	**27.64**
Strengthening PFM Legal Framework, Budget Execution, Accounting and Reporting	20	3.7	10.26	1.95				**35.91**
Revenue Mobilization and Administration			5.38		7			**12.38**
Component 4: Enhancing Transparency and Accountability			6.23	8.7	3.3			**18.23**
Program Governance and Project Management (Includes strengthening of PFM Training School)			4.84	1.8	3.62			**10.26**
Local Government financial management					5.7			**5.7**
PSMP					10.8			**10.8**
Technical Assistance (TA)					3			**3**
Others								**0**
TOTAL	**20**	**3.7**	**28.55**	**14.25**	**33.42**	**0**	**24**	**123.92**
* The allocation of th huge budget support from the EU to component has been done only for convinience								

Source: compiled by Author from different sources

Unsurprisingly strengthening the legal framework, controls, accounting, accountability and transparency received the highest financial support. These variations in funding among donors and various PFM dimensions present a valuable opportunity for our process tracing analysis in the analytical chapters. Specifically, chapters seven and eight will examine the underlying mechanisms that were at interplay in explaining the significant variations in nature and sources of funding and the level of efforts directed at specific PFM reform interventions and components. The level efforts were directed at areas, functions and levels within government and not others. The GoL's willingness and capability to have provided more significant financial support to PFM and even beyond the withdrawal of all DPs will also be examined and constituted part of the questions asked in the interviews during my fieldwork in Liberia.

As alluded to by researcher noted in the introductory paragraph of this section, support to PFM goes beyond financial aid from DPs. It involves other wide-ranging activities such as TA. It has also evolved to include more recently, institutional and management arrangement of the reforms, coordinating mechanisms and structures geared towards harmonising the interests of donors and aligning same with those of local authorities relating to PFM. The nature and scope of TA in Liberia have come under a lot scrutiny among experts (Atkinson, 2008; Tripathi, 2017:16). Despite the many criticisms, TA remains a crucial component of donor support to developing and post-conflict countries. Often, critics focus on the extent and institutional arrangement the TA provided, rather than the relevance of the TA itself. The later has been argued by many was invaluable in capacity building efforts especially, after the war by placing international experts with co-signatory power in important PFM institutions and functions (Dwan and Bailey, 2006; Chessen and Krech, 2006; Hope Sr, 2010).

B.2 The PFM Reform Process in the Republic of Liberia

The PFM reform process described in this section broadly mirrors a kind of cyclical process, starting with pre-design and conceptualisation of PFM reform ideas, the design of PFM reform policies and programs, implementation of the reforms and re-design of new policies and programs based on experience and emerging lessons from within and elsewhere. Given the context in Liberia unlike in many post-conflict countries, PFM reform process started with a more robust and intrusive approach but progressed gradually into the structure and well-coordinated reform agenda. Generally, the PFM reform process in Liberia has been categorised according to the World Bank into three phases. Phase one (2003-2005) was mostly about restoring the status quo ante before the war broke out in 1989. Phase two (2005-2008) was about consolidating gains under phase one, while also enforcing tight control and accountability in PEM notably through GEMAP. And finally, phase three (2009 and beyond) is characterised by a more structured, coherent PFM reform agenda and long-term institutional development capacity building efforts (World Bank, 2012b, pp. 1-2).

What is apparent from all three phases above is the fact each phase presents its unique challenges and opportunities, involves a different set of players, processes and objectives. These issues, and many more are discussed in the following subsections. Section B.3.1 examines the various methods, the role and influence of different actors and the context during conceptualisation and design phases of PFM reforms. Section B.3.2 describes the Policy programs, strategies and structures to the design and management of the reforms. And section B.3.3 provides a cursory examination of the various technical approaches and mechanisms used in the design in PFM reform programs.

B.2.1 The Reform Design: Conceptualisation and Design of PFM Reforms

Unlike many post-conflict countries (Sierra Leone, Kosovo, Palestine) (see Fritz et al., 2012), PFM reform in Liberia gained prominence even during the peace negotiations in Accra in early 2003 (World Bank, 2004). PEM immediately became the bedrock for the peace process and overall state-building efforts (Chessen and Krech, 2006; Dwan and Bailey, 2006; MoF, 2009). Whether conception of the idea for reform came from donors or local government or whether this was part of the broader effort by DPs and developing countries alike is a matter for investigation in the process-tracing and analytical chapters (chapters 5 and 6). In this these chapters, the researcher examines who initiated what, when and how, and what concepts, processes and what other considerations informed the conceptualisation and design of PFM reform interventions in Liberia?

B.2.2 Description of the Policies, Strategies and Structures to the Design & Management of the Reforms

While this section presents brief descriptions of the various reform programs, it does not address pertinent questions and concerns relating to whether those reform programs provided a common currency for both local authorities and DPs, the appropriateness of the design elements and instruments, given the context at the various stages. Whether the GoL could have done more to champion and take ownership of the reforms or whether they were taking directives from their donor masters! These so many other questions are examined in the process-tracing and analytical chapters (chapters 5 and 5) in the main text. However, table B.3 below presents a summary of sequences of the various PFM reforms programs and interventions from 2003 to 2016. The step-by-step matrix in table B.3 provides detail list and description of the various reform initiatives and programs implemented during the period under review. It is intended to provide the reader with a complete understanding of the types of reforms implemented and which areas received greater attention than others.

Table B.3 PFM Reform Interventions and Activities in Sierra Leone from 2003 to 2016

DFID Funded Governance Reform (1999): • The establishment of the Governance Reform Secretariat in the President's Office with a small staff working on civil service and local government reform • Establishment of the Economic Policy Unit that took responsibility for macroeconomic management and safeguarded the relationship with the IMF and donors. • Introduction of a new Vote Controller's Ledger in the Office of the Accountant General (OAG) in 1999 that allowed for commitment control, pre-audit, cash management, etc. • An Anti-Corruption Act was drafted and passed in February 2000
Governance and Economic Management Assistance Programme (GEMAP) 2006-2009: • international experts with binding co-signature authority in selected institutions, agencies and ministries • international Chief Administrator of the Central Bank of Liberia • international-led Resource Management Unit to manage payment processes and an Integrated Financial Management Information Systems, or IFMIS • international-led Technical Secretariat for the existing Cash Management Committee • executive authority to the CPA-established Contract and Monopolies Commission to review concessions, contracts and licenses • international management contracts for state-owned enterprises (SOEs
Budget Preparation (FY2006-2007): • These included integration of recurrent and development budgets, issuance of budget preparation forms and instructions on budget preparation and presentation.18 A Budget Transfer Act was also passed to restrict transfers to a maximum of 20% between agencies.

• 2008 - A Budget Transfer Act was passed in early 2008, amending section 2212 of the Revenue Code, to allow transfers of up to 20 percent between agencies. • ODI is supporting the development of an enhanced budget framework through its Budget Strengthening Initiative
Integrated Financial Management Information Systems (IFMIS) Project - restructured in 2012 to extend its implementation to March 2012 from Feb 2010 by 2 months (2009-2012): • Implementation of the complementary activities being funded by Sida will also be completed before the proposed extended closing date. FreeBalance IFMIS system • Introduction of the Budget Framework Paper for Cabinet Review
The Liberia Emergency Capacity Building Support Project (2006-2012): • The SES program offered a total of 100 positions • The Liberia Emergency Capacity Building Support Project has brought highly qualified expatriate Liberians to key positions in the public sector, bringing new ideas, experiences, and professionalism to the reform process. The project (2006-08) consisted of two major components. • The beneficiaries (expatriate nationals and local professionals) are contributing to capacity building by bridging the gaps in critical areas of service. The TOKTEN project is being implemented under special arrangement, through the UNDP Direct Execution (DEX) Service Centre • The 2008 Civil Service Reform Strategy (supported by a LICUS trust fund grant), is a very ambitious program that aims to build foundations for (Civil Service Agency 2008).
Financial Management Training Program (FMTP) 28 as a collaborative effort of the MOF, Civil Service Agency (CSA), University of Liberia (UL) and the Liberia Institute of Public Administration (LIPA) 2006: • (i) recruitment of two batches (30 each) of graduates as trainee civil servants for a two-year Masters Program; (ii) short-term training for serving civil servants.
PFM Act in August 2009
Intensive Procurement Training Program (IPTP) was established in 2011 to strengthen Public Financial Management (PFM) and to enhance the capacity of the civil service. Since then the school has graduated one hundred and eleven (111) students with masters of business administration (MBA) and eighty three (83) with post graduate diplomas in procurement
Public Financial Management Reform Strategy and Action Plan (2012 to 2017):

• The new PFM Strategy and Action Plan (2017-2020) has been developed in line with the goals and objectives of AfT and Vision 2030
Internal Audit Agency Act 2013 In 2013, the Legislature enacted the Internal Audit Agency (IAA) Act to create an independent agency for purposes of strengthening internal controls and audit in all public institutions
General Auditing Commission Act 2014 Article 89 of the 1984 Constitution establishes the General Auditing Commission (GAC) as an autonomous government agency
The 2015/2016 Citizen's Guide to the Approved National Budget for FY2015 - 2016
Liberia PFM Reform Strategy and Action Plan 2017-2020

Source: Compiled by author from different sources.

Given the long list of PFM reform programs and intervention from the above matrix, the researcher is compelled to highlight critical reforms during the period under review. Those reforms, among others, include, GEMAP, EU support to the General Auditing Commission (GAC), IFMIS Project 2009-2012, Financial Management Training Program (FMTP), PFM Act of 2009, financial and technical support to Liberia's Revenue Authority, and IPFMRP - phase I&II.

B.2.4 The PFM Reform Platform – Coordination and Harmonisation

PFM reforms in Liberia have generally evolved through different stages. A more intrusive and massive international footprint between 2003 - 2009, with greater emphasis on expenditure control, accountability and revenue mobilisation. PFM reform interventions in the post-2009, on the other hand, has been more systematic, well-coordinated programs and grounded in some fundamental and technical principles. For the most part in the years immediately after the war, approach to PFM reform in Liberia was a priori mostly disjointed and uncoordinated. At the time, individual donors mostly supported reform programs that aligned with their institutional interests, until post-2009 era (World Bank, 2011c:5-6).

The PFMU was established in 2009 and became the hub for the day-to-day accounting and management of donor-funded programs (World Bank, 2011c:68; World Bank, 2012b:2). Although the PFMU was considered to solve the immediate fiduciary concerns and pave the way for direct donor support through the budget (World Bank, 2009a), it was criticised by observers as creating a parallel system that undermining the government capacity and confidence (World Bank, 2012b, p. 15; Tripathi, 2017, p. 15).

Meanwhile, 2009 and beyond marked the era where PFM reform interventions became more systematic and coordinated among donors and with local authorities. The new trajectory was manifested by the creation of the PFM Reform Coordination Unit in 2008 in the MoF and the following PFM reform strategy (World Bank, 2011c). The action plan in the 2008 PEMFAR for example, highlighted explicitly about the need to have the plan as a platform to further government-donor dialogue and a framework to which to align donor interests about the country's PFM reform agenda (World Bank, 2009a, p. xxiii). Various coordinating and management mechanisms, such as the joint donor and government Steering Committee (SC) - chaired by the MoF, technical committees (TC), etc., were set up to provide overall leadership and management of the PFM reforms (MoF, 2009; Bank, 2011c, pp. 67-8). The PFM platform has also been used to coordinate with non-state actors (NSA) on matters, not just those related to PFM (NCSCL, 2016).

Irrespective of the preceding paragraphs, the researcher is confronted with a more pertinent question as to whether this apparent coordination among donors and with local authorities have yielded the desired results. Measuring the potential impact of this coordination is, however, the challenge. For example, could improvements in coordination had led to fewer restructuring, extension or redesigning of ongoing PFM programs? Alternatively, did the coordinating mechanisms meant improved harmonisation and alignment of donor policies and interests with local government agenda and better use of country systems? These and many other questions will be addressed in the process-tracing and analytical chapters (chapters 5 and 6).

APPENDIX C: THE PROCESS-TRACING EVIDENTIARY ANALYSIS

BACKGROUND NOTES

This appendix reviews the underlying logic of tests of causal inferences through process tracing that discussed in section 4.4.2.3 in Chapter Four. It presents the main assumptions/hypotheses about PFM performance and non-technical drivers and illustrates how process tracing is applied here as a basis for analysing differences in country PFM performance and the dimensions of their PFM and the causal effects of the hypothesised non-technical drivers or macro-level country characteristics. This appendix is provided for readers who may want to double-check the main arguments and findings presented in Chapters Five and Six and for those who might be interested in using the process-tracing method for similar research.

The following paragraphs present the various assumptions/hypothesis or group of hypotheses and the main arguments/observations about variations of PFM reform progress and the hypothesised role of non-technical drivers in the two case study countries.

GROUP ONE & TWO HYPOTHESIS (General/Cross-cutting Assumptions)

The discussions and analyses of this group of hypotheses present a summary of the main components of the arguments regarding how and why PFM performance varies across the two countries and the PFM dimensions. It is noteworthy that the two arguments are not mutually exclusive. They reinforce each other, given that the failure to deliver real change or improve service delivery in both cases is directly associated with the variation of performance across the PFM dimensions.

HYPOTHESIS 1: Progress in the implementation of PFM reforms in developing countries has been generally substantial but limited in the delivery of real change or improved service delivery.

HYPOTHESIS 2: Countries generally perform better in upstream and de jure PFM reforms/systems than in downstream, de-facto and de-concentrated reforms or dimensions PFM

The researcher discusses in the following paragraphs key observations, drawn from various sources, to provide direct, and circumstantial evidence regarding whether to increase or decrease confidence in the hypotheses stated above. Words in bold for each observation and inferential analyses represent emphasis from the researcher.

HYPOTHESIS ONE:

Observation 1a: While some will argue that much has been achieved given the low base from which the country started (Bank, 2009a, p. 37); (Bank, 2011a, p. 1); (Europe, 2016); (MFDP, 2017); critics believe progress has been slow and limited compared to the level of investments made by donor partners and the GoL (Hope Sr, 2010); (Hove and Wynne, 2010, p. 1); xxx}. Although both schools of thoughts do have somewhat valid arguments, overall performance has been slow and uneven across the budget cycle (PEFA, 2012, p. 233); (GoL, 2014); (Europe, 2016); (MFDP, 2017). See chapter 6, section 6.3.2.

Observation 1b: While the GoSL has made 'substantial' progress in the implementation of PFM reforms since the official declaration of the end of the civil war in 2002, overall PFM performance over time has been slow, inconsistent and uneven across the dimensions of the budget cycle (PEFA 2007, 2010 &2014; Tavakoli et al., 2015).

Observation 1c: Much of the process made (reform outputs and outcomes) relate to upstream and de jure dimensions of PFM (see Appendices A & B).

Observation 1d: Now salaries are paid, but there is not much more funding in the budget, the ministry of education, for example, is not able to deliver public schooling in Liberia. There are many mismatches in the systems, and then the existing resources are not used effectively. The budget comes late, and sometimes after one or two months before the budgets are approved. The procurement then becomes delayed, how many months then a ministry have time to implement effectively (Donor representatives in Liberia: XL103).

Observation 1e: They have a budget capacity because they have a budget office to analyse the budget, but still this year in the budget process I think the legislature added almost 50,000USD to the budget. And the forecast did not predict that those revenues will be available. So, one could ask how political the process is. Or is it that you take salary expenditure and a little bit more and that because of your request. There are not really enough efforts in the sector ministries to even try to budget real costs because they know already there is a budget ceiling and the funds are not available. So, it kind of because of a pretty tricky situation if you are supposed to deliver quality services because you already know that you will not (Donor representatives in Liberia: XL103).

Observation 1f: If you look at government budgeting in Sierra Leone and Liberia or most of the countries in the region 50 to 70% of their budget is made up of wages and salaries, pensions and social benefit. The remaining is spread out between development projects and other investment Projects. I think people will always have interests in areas with big contracts or in areas of operations that is within their control (Consultant who worked in both Liberia and Sierra Leone: XL308_XX306).

Observation 1g: There's also a lot of competing objectives and political interests that happens within the implementation of the budget. It means for example; a minister will make certain decisions based on his ministry's power or preferences and another minister in make a completely different demands in the midst of scarce resources of government. This kind of competition also presents significant challenges for the implementation of the MTEF (Consultant who worked in both Liberia and Sierra Leone: XL308_XX306).

Observation 1h: If you look at the number of interventions as against the impact, I can say it is still low in terms of the reforms (Interview: XX701).

Observation 1i: An evaluation of budget support, which have been used mainly by donor partner to drive PFM reforms in Sierra Leone found insufficient evidence show any causal link between budget support programs and poverty reduction or improvement in service delivery (Evaluation of GBS 2002 to 2015 - (Ecorys and Fiscus, 2016, p.2)). See also page 19 of the same report for the proportion of BS triggers relating to PFM.

Observation 1j: The same report noted on page 4 that, the balance between the poverty reduction and governance improvement objectives of the DPs needs to be re-struck to focus on service delivery for poverty reduction as the primary objective (Evaluation of GBD 2002 to 2015 - (Ecorys and Fiscus, 2016, p.4)).

Observation 1k: We present a detailed analysis of PAF indicators in Chapter 3. Comparing the PAF performance between PFM and non-PFM related issues, it is interesting to note that performance against non-PFM issues is better, with 55 % of indicators met whereas only 34 % of PFM indicators were met. Amongst the PFM issues, performance was poor with regard to civil service reform, revenue administration, payroll and procurement and rather stronger with regard to external oversight and budget credibility. (Evaluation of GBD 2002 to 2015 - (Ecorys and Fiscus, 2016, p.66).

Observation 1l: Although there have been several PFM reform initiatives in the country since the end of the war, progress has generally been limited (Europe, 2016); (IMF, 2017a, p. 25); (MFDP, 2017e). The country continued to face fundamental challenges in deepening the reforms and consolidated the gains made so far (MFDP, 2017f); (MFDP, 2017i).

Observation 1m: But was the slow pace and backsliding of the progress made associated with the economic problems and external shocks experienced by both countries as claimed in various reports: Like in neighbouring Sierra Leone, Liberia's problems had been compounded. This is especially true during the last decade by the impact of the global economic crisis in 2008, the crash in commodity prices in 2013-2014 and the Ebola Outbreak in the sub-region in 2014 (See chapter 5 ad 6, sections 5.2.1 and 6,2,1 respectively), (Bank, 2009a, p. 4);(Bank, 2011c, p. 2); (Bank, 2013b, p. 6); (Europe, 2016, p. 7).

INFERENCE: While both countries have made limited or even substantial progress over the years, the observations presented also point to the fact that such progress did not reflect all the efforts from DPs and local authorities, both in terms of achieving the specific deliverables in various PFM reform programs and delivering on the overall promise of PFM reforms (to deliver real change or improve service delivery). These observations come from various corroborating sources, and present empirical facts and some are based on insights of stakeholders at the centre of the reforms in both cases. There has however been a lot of debate in the literature on PFM reforms about what, for example, success looks like? The latter is critical for both the empirical facts and insights of stakeholders involved with the reforms in the case study countries. These are even more relevant in the light of the analysis of the cases, for which, the following considerations must be taken into account:

The entry point for each country is relevant as a recent World Bank study: Strengthening Public Financial Management found, “initial level of PFM quality is the only other statistically significant variable, with a negative sign. That indicates that countries with worse initial PFM systems have tended to achieve a greater degree of reforms” (Fritz, Sweet, Verhoeven, 2014, p. 5). That is important for both cases in this dissertation as they emerged from a war situation when they started with the reforms giving them scope to achieve relatively rapid “catch-up” reforms.

However, was it just a natural coincidence that most countries that started from a low base were able to make significant reform progress? I found this not to be a natural sequence, but rather a combination of many factors, which I discussed in chapters five and six sections xxx respectively.

These factors relate to nature of initial reforms pursued in the case study countries, which is reinforced by DPs approach to PFM and the type of PFM assessments frameworks used (like the World Bank's AAP - used for HIPCs for example) which provide the basis for further reform programs. These reasons and several other factors will constitute the basis for the process-tracing analysis regarding Hypothesis 2, discussed below.

The evidence regarding the nature of reforms pursued together with DPs approach to PFM reforms provide more plausible explanation than the World Bank study (Fritz, Sweet, Verhoeven, 2014, p. 5), as to why countries with low starting base progressed rapidly in their PFM reform implementation. The study argues here that, countries that started their PFM reforms from a low-based progressed rapidly because of DPs approach and nature of the PFM reforms, which were mostly de jure and upstream reforms. De jure and upstream reforms unlike other PFM dimensions, are mostly 'quick fixes' or 'low-hanging fruits' and could be easily tied to donor conditions/disbursement triggers or specific programs like the HIPC. The implications for countries starting from a low-based (including the two case studies) is that the pace of the reforms begin to slow down as they transition from upstream and de jure reforms into more downstream ad actual implementation of the PFM laws, regulations and policy programs. In addition to findings from the World Bank (Fritz, Sweet, Verhoeven, 2014, p. 5), the researcher shows from the evidence in observations 1a, b, c, l and m above (including the most recent PEFA scores for both cases), and 1n below that PFM reform progress in PFM reforms is much slower,, and worse, declining performance in later stages in the reform process in some countries, including the two cases examined in this thesis.

Observation 1n: we judge that overall the quality of PFM systems and processes has improved since the early post-conflict years and that Sierra Leone has been successful in re-establishing functional PFM and accountability institutions. Nevertheless, it is clear that the early gains recorded in the period up to 2010 have proven difficult to consolidate subsequently; indeed, there is evidence from more than one source of a decline in the performance of PFM systems since 2010 (Evaluation of GBD 2002 to 2015 - (Ecorys and Fiscus, 2016, p.64)).

As stated earlier, the initial paragraph hypotheses one and two are not mutually exclusive, and instead to be analysed concurrently, for reasons given in observation 1n. The study now proceeds to discuss the process tracing application for hypothesis two.

HYPOTHESIS TWO: Countries generally perform better in upstream and de jure PFM reforms/systems than in downstream, de-facto and de-concentrated reforms or dimensions PFM

In analysing the evidence regarding the second hypothesis, the researcher first examine how pervasive is the variation of PFM performance across the two case study countries and the PFM dimensions?

Observation 2a: I start with all standard performance measurement frameworks such as the World Bank's AAP and PEFA scores for both cases. These are provided as appendices (to be appropriately labelled in the final draft) in the thesis. The scores from PEFA for example, constitute an important part of the evidence as it provides comprehensive and historical observations relating PFM performance in the two case study countries.

Observation 2b: We have seen significant progress in Parliament. The PAC for instance, if you look at the activities of the PAC in 2014/2015 we see a lot of publication by the PAC, also of the public hearings that happened at the time and as well as the enthusiasm by the PAC members that was very significant. And, there is part of the champions of PFM reforms in Liberia. We have also seen significant improvement by the GAC. About 80 audit backlogs have been cleared within a short period and submitted those reports to parliament. The minister of finance for instance, if you look at the kind of reforms that have taken place in the PPCC as well you could see that yes there have been a lot to bring transparency into the procurement process in Liberia (Donor representative in Liberia: XL101).

Observation 2c: The GAC has been producing other reports since 2008. We have delivered more 125 audit reports, and they could be found on our website (Official from GAC in Liberia: XL402).

Observation 2d: Audit backlogs were there but as we speak today those backlogs have been cleared and the GAC has analysed almost all of those reports and some have had public hearings (Donor representative in Liberia: XL101).

Observation 2e: These are some of the work that we do, and we believe that if we do our work diligently and people take our recommendations seriously and act upon them this is how PFM reform will progress in this country (Official from ASSL: XX401).

Observation 2f: I believe we have exhausted most of the issues relating to the reforms. We have the Act, regulations and manuals but if we are not sincere it will be very difficult for us to move the reforms. Reform is beyond just having these laws, regulations and systems in place it has to do with us and we should believe that we can move from where we are now (Local council official in Sierra Leone: XX502).

Observation 2g: Downstream is the problem, a whole nightmare! (Donor Representative in SL: XX107).

Observation 2h: …the most critical reason according to the World Bank has been the apparent "gap between formal laws, rules and systems and their actual implementation in practice" (Bank, 2011c).

Observation 2i: There is evidence to suggest however that lack of implementation of policies, laws and programs is ubiquitous across different reform interventions in the country (Jackson, 2006; ICG, 2008: Robinson, 2008; Fanthorpe & Gabelle, 2013; Jibao & Prichard, 2013; Roseth & Srivastava, 2013; Srivastava & Larizza, 2013).

Observation 2j: XX701: One key thing that is lacking is implementation of the laws and policies. This is really lacking in terms of our PFM issues. We see the report by the auditor general on special procurement you will see a number of institutions flouting procurement rules- doing over-pricing of goods and services. So, it's about ensuring that those laws and recommendations are implemented (Donor representative in SL: XX701).

Observation 2k: Major efforts have been expended to design and implement reforms and yet significant weaknesses remain in budget planning and execution, in procurement, payroll management and treasury management (Evaluation of GBS 2002 to 2015 - (Ecorys and Fiscus, 2016, p. 64).

INFERENCE: The evidence presented above shows a widespread and significant difference in performance between upstream and de jure reforms compared to downstream, de facto and deconcentrated dimensions of PFM. That is further corroborated by detailed analysis of nature, types of reforms and the various outputs as laid out in chapters 5 & 6, sections 5.4.1 and 6.3.2.1 respectively. See also findings from the most extensive quantitative PFM assessment by the World Bank (Fritz Stephanie, Sweet, Verhoeven, 2014).

Why did countries perform better in upstream and de jure dimensions, but continue to perform poorly in downstream, de facto and deconcentrated dimensions of PFM? I first address the issues raised in observations 2f, 2h to 2j about the significant gap between laws and policies and their actual implementation in practice. I must first of all state that the inferential analysis and the ensuing discussions address only some of the how and why PFM performance varies across the two cases and the PFM dimensions. These inferential analyses and discussions in this section do not address the PEA and motivations/incentives behind why some of reform measures discussed here have underperformed, and why for example, specific stakeholders or group of stakeholders acted the way they did. These are discussed under the section on PEA, Leadership and Local Ownership Incentives/Motivations, and opportunities (section 7 of in this appendix).

Observation 2l: Experts and observers have attributed this slow, uneven and limited progress to reasons such as, the complex project design and inappropriate use of PEFA to measure overall progress (Bank IEG Review Team, 2018, p. 12), limited political support for specific reforms (GoL, 2014, p. 11), funding gaps during implementation (Bank, 2011a, p. 1) and organisational and management arrangement constraints (Leechor, 2012, p. xxvi). Meanwhile, the most critical reason according to the World Bank has been the apparent "gap between formal laws, rules and systems and their actual implementation in practice" (Bank, 2011c). See chapter 6, section 6.3.2.

Observation 2m: Experts and observers have already provided some insights into the reasons for the limited and uneven PFM performance in Liberia. These reasons range from structural and societal issues, design issues including such as diagnostic instruments and technical sequencing of reform measures, among others (GoL, 2014, p. 11); (World Bank, 2011a, p. 1); (World Bank, 2011c).

Observation 2n: Let me just explain very well what I mean about the lack of performance. Take for example the last PFM strategic plan from 2013 to 2017. The assessments continue to show a significant shortfall in performance against the planned deliverables. Nearly half of the deliverables have not been met. So, there are areas within the performance framework for which a lot of bottlenecks exist. Some are caused by political will, some by the legal and regulatory and some because of lack of capacity (Donor representative in SL: XX107).

Observation 2o: The first thing this is a general thing for most African countries - we are nice at policies, good laws but there are lot of issues with implementation. There are political issues. Sometimes laws are written but there is no political will to implement those laws (MoF Official in Liberia: XL301).

Observation 2p: While the volatility of iron ore prices has complicated the budget management process, there is evidence of politically motivated, 'last-minute' changes to the budget during the process of execution, although these were better controlled in 2014 and 2015 (Evaluation of GBD 2002 to 2015 - (Ecorys and Fiscus, 2016, p.3)).

Observation 2q: The Auditor General and other stakeholders have questioned the commitment of the political leadership to the PFM reform process, especially during the period since 2010 onward. In the latest annual audit report (2013), the Auditor General commented as follows: "[The various issues giving rise to my qualified opinion] serve to further confirm the government's widely held reputation of being unable to decisively deal with poor public finance management. As I have said before, with a stronger commitment and willingness to address public financial management reform and strong enforcement of existing well-established laws and regulations, the matters could be put right quickly as other countries have done" (Auditor General's Annual Report for 2013, p. Vi47; Evaluation of GBD 2002 to 2015 - (Ecorys and Fiscus, 2016, p.67)).

Observation 2r: Unfortunately, while the laws have been impressively written to please international actors, politicians have converted the application of these laws to their own benefits. Despite the fact that there are PFM laws and regulations, politicians are abusing the system by 'budgetising corruption'. What I call budgeting corruption is instead of... out-rightly taking money that does not belong to a particular politician, he/she has to do it in collaboration with other higher-profile politicians and top government bureaucrats and ... insert that into the budget (NSA representative in Liberia: XL703).

Observation 2s: Because some of these laws are not practical in our settings. For example, the PFM law states that before you carry out any transaction for a certain amount you have to advertise in newspapers in certain places. Newspapers are only in Mustorado counties and all the other 14 countries do not have newspapers. So, if you were to implement a project where you would face a serious challenge of advertising. If you don't advertise you cannot go forward (Internal Audit official in Liberia: XL401).

Observation 2t: To some extent but it is new, and I believe as time goes on people will begin to adhere to it. The law says for example, that there should be no third party in payment, and this presents a lot of challenges. Some business, for example, does not have accounts under a registered business name. That complicates the process of raising vouchers and making check payments to vendors (County official in Liberia: XL501).

INFERENCE: First, these observations suggest overwhelmingly variations in PFM performance across PFM dimensions in both countries is explained by the gap between laws, regulars, policies and their actual implementation.

This claim passes a smoking gun test: The evidence is overwhelming and sufficient to support such a claim. The observations reflect the same claims in both countries and from different actors - both local and external. More so, these observations are corroborated with actual data from various PFM assessments such as PEFA. These PEFA scores not only reflect these variations in performance across the reform cycle for the two cases, but similar results are shown for most countries where PEFA assessments have conducted in other studies (Fritz Stephanie, Sweet, Verhoeven, 2014). (See also Pretorius and Pretorius, 2008; Wescott, 2008; De Renzio, Andrews and Mills, 2010 and De Lay, et al., 2015 on the section of 'the need for cross-country case study in chapter 3 -theoretical framework chapter).

Although the claim passes the smoking gun test, the evidence presented does not mean the implementation gap in laws, regulations and policies is necessarily responsible for the variations in PFM performance across all the PFM dimensions. In part because of observations - 2l to t. I used a simple analogy that is commonly used, which is the mere possession of a murder weapon by a suspect does not mean she/he committed the murder act, although it does cast suspicion on the person. However, there might be some other factor (s) or mechanism responsible for the vast variations in performance across PFM dimensions.

Among others, observations 2l, 2n to r present mounting evidence of the role of lack of political will and leadership. These observations are rich in detail and come from multiple sources in both countries, and from other studies. This political dimension does certainly pass the hoop test, but it is not sufficient to confirm it. To determine sufficiency, one must be able to examine the motivations and incentives behind the apparent lack of political will and leadership for the vast difference in PFM performance across PFM dimensions. As the researcher alluded to earlier, this will be focus of the process tracing analysis in subsequent sections.

Observations 2l and m also provide evidence about the role of project design and sequencing of reforms. This design and sequencing argument have also been put forward by other independent researchers and DPs (World Bank, 2002; Tavakoli, 2012:17). Does this argument pass any tests? Indeed, it does pass a smoking gun test, at least for the two case study countries. Which I show in chapters five and six, that reforms programs have been heavily donor-driven and based on PFM assessments such PEFA, which does not capture the underlying issues and underpin PFM performance. In addition to these observations, and other evidence from published studies there are also tangible proofs, in the form of the numerous PFM projects plans, associated reports that often short term in nature (See various PFM projects plans for both cases – sources to be added). But these were just plans and programs that were both designed and implemented by different actors. These plans alone, I argue, do not have any causal power to have influenced reform outcomes. What I am interested in are what went into the design and implementation of those projects, programs and plans? How did reform get to the agenda of local governments? Who decided what, when and how? These questions are discussed in

Answering the above questions would require analysis of the Political Will and Leadership of reform programs in the two cases. Understanding the dynamics of political will and leadership, I argue, will present a more decisive argument that to simply assess PFM based on reform instruments and plans. It would, therefore, be extremely surprising if the null hypothesis that political will and leadership were not relevant for the limited and uneven performance across PFM dimensions were correct. In fact, this political dimension has been argued is fundamental to the level of progress and sustenance of PFM reforms in developing countries. However, to determine how decisive this argument is, one must be able to examine the motivations and incentives that drive the apparent lack of political will and leadership for the vast difference in PFM performance across PFM dimensions. As I alluded to earlier, this will be the focus of the process-tracing analysis in the section on PEA, Leadership and Local Ownership Incentives/Motivations, and Opportunities (section 7 of this appendix).

Meanwhile, there is evidence that the extent of progress even in downstream dimensions or specific reforms vary among countries. It, therefore, becomes even tricky to attempt to explain the causes behind the vast difference in PFM performance between upstream and downstream PFM dimensions, given this extra layer of differences in PFM performance. The researcher, therefore, attempts to explore this by the exploration of the level and extent of progress made in IFMIS and MTEF, which are two of the most prominent reforms implemented in the two case study countries, which are discussed in observations 2v to 2ad below.

Observations 1b, c and 1e and Observation 2a to k all show mixed performance across PFM dimensions in the implementation of PFM reforms in the two cases.

You mentioned in your opening statement that government has excelled in certain areas and not so for others. How will you explain this? I got the following observations when I asked one of the PFM reform coordinators in one of the case study countries:

Observation 2u: "The performance is a mixed picture. We have areas where the government has excelled, and we have areas where the government is still trying to excel. And we have other areas where there are still issues …let me just expand on the whole PFM framework and how

> the budget or PFM cycle varies. Each of the five areas has mix performance. In terms of budgeting, there has been an overall improvement. First with the new PFM act, and the recreation we did recently we noted that the new act was put into use during the 2017 budget process. They were using the budget framework paper (BFP), but now they are no longer using it. Now, they are using the strategic financial statement (SFS), which looks at a broader framework than what is expected in the BFP. Those are all gains. Now the budget calendar for a period now and you will notice that the budget is tabled to parliament in time. We even now have a wider discussion of the budget. We have the citizens budget many more stakeholders are taking part. What is the core problem in the budgeting system is the MTEF? The MTEF is supposed to be a medium-term but, in actual fact, the budget is on a yearly basis. [And then I asked this - someone said to me the annual budget process only involves adding 10 per cent to the previous year budget!]. That is the issue, they are not really following the MTEF principles. And there are also weak costed sector strategies. Now they are trying to get more budget officers to help with costing sector strategies to augment the MTEF process itself". (Donor Representative in SL: XX107).

INFERENCE: First, there is overall progress in all the four areas selected - both upstream, de jure and downstream and de factor reform aspects. In the case of Sierra Leone, there is additional evidence to support the significant progress made in downstream reforms for example, in budget execution (IFMIS), as noted by Tavakoli et al., (2015: 347). According to Tavakoli, et al., (2015: 347), this finding was initially surprising and contrary to more conventional pattern of reform progress, given the evidence from broader studies (Pretorius and Pretorius, 2008; Andrews, 2010; de Renzio et al, 2010). This conventional pattern of PFM reform progress is less so in both case study countries with improved performance in budget executing and control (mostly limited to IFMIS). It is even less evidence from the most recent global study by the World Bank (Fritz Stephanie, Sweet, Verhoeven, 2014).

However, much of the progress in progress recorded in both countries are skewed towards upstream and less so towards downstream dimensions. Take, for example, observation 2u above, most of the gains highlighted on budgeting relate to upstream activities such as having a budget calendar, BFP or SFS, establishing a budget unit and recruitment of new budget officer and the introduction of MTEF. There is less progress in ensuring budgets are implemented as planned, lack of adherence to the MTEF principles - instead, the budget is more of an annual process. There are no proper costed sector strategies. There are budget ceilings and budget hearings, but the actual budgets and strategic plans from sector ministries do not reflect those ceilings and overall government agenda.

Second, the extent of progress made differs even for specific reform initiatives between the two case studies. Although there is some level of progress made on IFMIS in both countries, Liberia is widely regarded as more successful in its implementation or roll-out of IFMIS than Sierra Leone (see references xxx; xxx). So, how and why has Liberia made more progress in the implementation and roll-out of IFMIS than Sierra Leone?

> Observation 2v: Interestingly, Liberia that started late had made significant progress in terms of the public financial management system. As I speak to you now Liberia has 50 IFMIS roll-out sites while Sierra Leone has only 36. Unlike Sierra Leone, Liberia has commissioned IFMIS with the internet and you can access IFMIS anywhere now in Liberia. They have made progress that is beyond Sierra Leone (Consultant who worked in both LBR and SL: XL308_XX306).
>
> Observation 2w: Another gain Liberia has made is the introduction of the new component through the current IFMIS project. So far, they have piloted the project and hopefully, between 1 to 3 months from now they will be using IFMIS live for the Financial Management operations. In the next year and it will mean that there will be one system that will support the core PFM operations of government. It will support all central government operations and the operations of selected counties. It will also support the donor management operations of government. So, this system will support all fiscal operations in an integrated system. While Sierra Leone has only one system that is not integrated (Consultant who worked in both LBR and SL: XL308_XX306).
>
> Observation 2x: Exactly so. I fully agree with you. Again, I said it depends on harmonisation of the donors. Some donors they have a particular reform that they pay attention to. If Liberia came to Sierra Leone to do a study tour, and now they are far ahead of Sierra Leone, you know why? (Senior reformer in MoF in SL: XX305).
>
> Observation 2y: FMIS that is where the major problem for SL PFM has been (Donor representative in SL: XX107).
>
> Observation 2z: Because it is not their interest, and this is the same point we keep making because IFMIS brings in some control measures that can actually stop some leakages (Donor representative in SL: XX106).
>
> Observation 22aa: So, the IFMIS is like a grandchild that we need actually to hold and pamper (Official in the Comptroller and Accountant General's office in LBR MoF: XL309).
>
> Observation 2ab: IFMIS is receiving attention from MoF because it makes their work easy (Senior reformer in the LBR Reform Coordination Unit: XL302).

Observation 2ac: I think IFMIS has been very instrumental in Liberia because it has made work a lot easier. It has been able to facilitate a lot of payroll and other accounting and payments issues that were not possible before. And I think the Investment in IFMIS has yielded the necessary benefits or the desired result (Senior reformer in the LBR Reform Coordination Unit: XL306).

Observation 2ad: For us, as accounting personnel, it makes the work very easy. We used to do manual vouchers, and in every stage, we had to take them to the Accountant Generals Department, where they also had to do it manually (Sector Ministry official in SL: 402).

INFERENCE: Liberia has made more progress than Sierra Leone - both in terms of roll-out and functionality of the system itself - observations 2v and 2x. Given the latter, observation 2y and 2z highlight the functionality problems faced particularly by sector ministries in Sierra Leone. I also had a first-hand experience during my interview with officials of two of the largest ministries in Sierra Leone, where I found the IFMIS system had been down for several months prior to my fieldwork. These instances provide a clear window to our understanding of the fact that the roll-out of IFMIS is only one aspect towards improvements in budget execution. And there has been significant gaps between these roll-out and the actual functionality of IFMIS particularly in Sierra Leone Observations 2v and 2w have more probative value because they come from someone with direct involvement with IFMIS implementation in both countries. And these observations are more believable as one would expect the respondent to have given a biased view in favour of his country Sierra Leone whereas these are rather critical. That is further supported by Observation 2x, which was an open admission from the top PFM reformer in Sierra Leone.

Several factors, such as interest in IFMIS from civil servant because it makes their work easy, were cited in observations 2aa to 2ac to account for improvement in IFMIS in Liberia. This evidence seems plausible to pass a jump a hoop test, but it is not that decisive to explain the significant progress made on IFMIS in Liberia. These reasons are also shared by participants from Sierra Leone in observations 2ad. The presence of similar reasons in both countries makes such an argument even less decisive. This argument is further weakened given that both countries emerged from war situations and had to do things manually in their day-to-day financial management. Therefore, they had every incentive to embrace new financial management systems and move away from the traditional and manual accounting systems that existed immediately after the civil wars in both cases.

Again, there is an implicit control argument (IFMIS as a tool to exercise control in PEM) in observations 2z, which speaks to the idea of potential resistance to IFMIS implementation because of its ability to introduce checks and balances in public expenditure. While this is widely held the view that IFMIS faces stiff resistance from some local actors because of its inherent control in budget execution, this did not prevent both countries from making initial progress in the implementation and roll-out of IFMIS. This control argument thus passes the hoop test, but the evidence is not decisive, given its prevalence in both countries irrespective of the rapid initial progress recorded.

So, what else might account for the success of IFMIS in Liberia?

Observation 2ae: Overall both countries PFM programs following the end of their civil wars to date have been almost entirely funded by DPs - averaging over 95%. (See Appendices A & B respectively).

Observations 2af: Irrespective of the increased level of recurrent spending in major PFM institutions in Sierra Leone, Budget support according to the evaluation noted "has also not resulted in increased GoSL financial support to PFM projects, as counterpart funding for such projects has remained modest over the years" (Evaluation of GBS 2002 to 2015 - (Ecorys and Fiscus, 2016, pp.64-65).

Observation 2ag: The government could invest in ICT solution to enhance IFMIS operations, for example, the decision to migrate for the old version with the web version of IFMIS was fully financed by the government and not the donor partners. Unlike other countries will wait for the donors to do this kind of investment which is typically the case Sierra Leone. But here the government took the bold decision to invest in the migration and it has started yielding benefits (Consultant who worked in both LBR and SL: XL308_XX306).

Observation 2ah: Not 100 per cent but I think we are above average with the reforms. The structures that are there we should build on them. Trust me we are above average. We implemented the IFMIS system with less than $6 million. Other countries spent far more than what we spent. Is it unfortunate that we are lagging in going forward, but we implemented it within a very short time and very effectively (Donor representative but also worked as LTA in the MoF in SL: XX3105_303).

Observation 2ai: Let me give you the reason. When IRCPB was formed, the kind of funds that were allocated to IFMIS was so small. So, Liberia had to learn from that, and you do not micromanage for projects like IFMIS. What did we do? We wanted to implement at the AG's department, but what did they do? WAN, LAN, you buy all the equipment - servers, computers, UPS, etc., you then implement the project. Now we want to roll out to the four big MDAs, so we had to come back and start everything all over. You see we are micro-managing and it's so scattered. Liberia came and studied and when they went back, they did a complete infrastructure. They did all the

WAN. So, it's a matter of just connecting the WAN. So, it is easier for them (Senior reformer in SL MoF: XX305).

Observation 2aj: It was really significant but then it was not that politics because the president believed in the reform. In fact, she was in Washington when the vice president was about to launch IFMIS, but she instructed the vice-president to wait for her to launch the project herself. For her launching the project was important because citizens will also appreciate and support the government in their reform efforts (Consultant who worked in both LBR and SL: XL308_XX306).

Observation 2ak: In my view I think Liberia was fortunate because of two reasons. One there was a minister of finance that had interest in reforms and technological advancements (Consultant who worked in both LBR and SL: XL308_XX306).

Observation 2al: Sierra Leone has a lot of problems. First and foremost, we had a minister of finance that wanted to discontinue the IFMIS and bring another system and that took a couple of years with several back and forth while other countries were making progress. People come into government with their own agenda even not knowing that they are hampering their own operations. The minister of finance came in Liberia and he invested into the solution. For Sierra Leone, the new minister came, and he said no and wanted to discontinue the IFMIS and bring his own system (Consultant who worked in both LBR and SL: XL308_XX306).

Observation 2am: That is what I am saying we started well but going forward maybe we need the government to take ownership because world bank was sponsoring the program it was working very well and then government took over. So, what happened I cannot say? [Is this not an indication of lack of commitment from government?] Yes, maybe [lack of political] commitment is the problem because, if the infrastructure is there, they should build on it and we should have improved more than our current status (Donor representative but also worked as LTA in the MoF in SL: XX105_303).

INFERENCE: Political support and strong leadership and commitment seem to the most plausible evidence for Liberia leapfrogging Sierra Leone in its implementation and roll-out of IFMIS. Both countries' PFM reforms, including IFMIS, were financed mainly by international partners (observations 2ae and 2af), but Liberia went an extra mile to finance the IFMIS upgrade from its domestic resources (Observation 2ag). Unlike Liberia, Sierra Leone at the time of my fieldwork was still waiting for the donor-sponsored procurement expert to lead to sourcing of the IFMIS upgrade. There was also a lot of dissatisfaction with IFMIS in Sierra Leone that led international partners and reformers to institute an IFMIS audit in 2016 (see IFMIS audit report).

Although there is some validity in the low-funding argument by local stakeholders in Sierra Leone for IFMIS implementation (Observations 2ah and 2ai), their claim is weakened by the fact that the Liberian authorities were willing to finance the IFMIS upgrade from domestic resources. After all, Liberia is not wealthier than Sierra Leone. In fact, Observations 2aj and k show that Liberian authorities were more committed, which could be evidenced by the desire of the president launch IFMIS herself, and the minister of finance who was seen as a champion for IFMIS. Their backgrounds were cited as critical in driving their level of interest and commitment to IFMIS, and PFM reforms generally. Sierra Leone, however, had a lot of political bickering about IFMIS involving the new finance minister in 2007, which took a couple of years to resolve (observation 2al). This lack of leadership and commitment in Sierra Leone was also confirmed from an interviewee who worked on IFMIS under different leadership at the ministry of finance (Observation 2am).

The learning visit (Observations 2ai) by the Liberia IFMIS team to Sierra Leone might have had an impact on the design of IFMIS. For this reason, the evidence of the impact of the learning visit is sufficient and passes a smoking-gun test, but might not have been a necessity Also, the learning visit could however, not have been the only reason for the commitment shown by the Liberia authorities to drive the IFMIS rollout and implementation.

Leadership and political will, or lack of both thereof, could also be explained in terms of their contribution to the uneven performance in the selected reform measures (IFMIS, Budgeting/MTEF, procurement, interval audit and oversight) in the two case study countries.

> Observation 2an: In particular, in the areas where the political support for reforms was insufficient to generate real progress - notably with regard to procurement, revenue mobilisation and payroll, policy dialogue was unable to overcome the resistance to reform. In those areas, the regular inclusion of PFM indicators in the PAF did little to contribute to functional changes or corrective actions. (For example, the new procurement act has been stalled for the last three years, despite its submission to Parliament being included as a PAF indicator since 2012.) By contrast with reforms to External Oversight for example, these are also areas where reforms involve a wide number of stakeholders and can threaten the scope for political patronage within the public administration system (Evaluation of GBS 2002 to 2015 - (Ecorys and Fiscus, 2016, p.65).
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> Observation 2ao: Well this is an obvious something but the politicians form the government and so they drive government. They come up with the agenda. The MTEF is just a tool to drive the agenda. There is no way you can divorce the political leadership from the MTEF implementation. If you

are told you have to do it to carry out their activities or agenda, you will have to do it any how (Senior Budget official in SL MoF: XX304).

Observation 2ap: For the MTEF, I honestly don't think we have implemented anything in this country. People feel that I am just about having the medium-term budget and the forward estimates. But if you do an empty plan for three years.... take for example, a type of expenditure that spans over some years such as road construction Contracts. The problem with this kind of arrangement is that the ministries, agencies and departments do not know whether the next chunk of money to undertake certain development programs are going to be approved (Senior reformer in LBR reform coordination unit: XL306).

Observation 2aq: The MTEF again has to be linked with the programme budgeting. If the government has a national project programme like agenda for transformation agenda for prosperity, they should be target they should be target with clear output and his target should be tracked in terms of government resources and disbursements against these outputs. But like I said for example, you can have a minister whose interest is to provide fertilisers, but you can have another minister in the next year whose interest will be to provide attractive subsidies, and now, you begin to see the deviation and these are some of the key challenges in terms of implementing programs like the medium term expenditure framework (Consultant who worked in both LBR and SL: XL308_XX306).

Observation 2ar: Let me start with the MTEF, it is not working, and I think is because of some of the political influence that is making MTEF not working. You can set a sector budget, but they will influence the decision at the highest level, so you ended having an individual ministry budget. And also, another thing is the resource envelope could be another reason why the MTEF is not effective (MoF official in LBR: XL405_XL307) .

Observation 2as: This lack of implementation has in part been blamed according the World Bank PER, on the blatant disregard for the procedures set out in the FMR. For example, miscellaneous budget head 501 was consistently overspent for the period covered by the PER (World Bank, 2010:41 - Appendix A).

Observation 2at: I think some programs are just too complicated to progress rapidly. For example, the TSA is a bit tricky, and has a lot of implications and challenges to implement in Africa (MoF official in LBR: XL405_307).

Observation 2au: As you rightly say there would be individual resistance because it is difficult for people to understand — the perception that our funds are going to be restricted and we would no longer have access. It is good for the govt as a whole because if idle cash is sitting at the commercial bank while govt is borrowing elsewhere (MoF official in LBR: XX309).

Observation 2av: It happens even here in Sierra Leone wherein the MDAs and autonomous agencies ganged against the principal itself (Donor representative in SL: XX107).

Observation 2aw: Government can't be borrowing, paying high interest rates when you have funds lying with MDAs. Government will utilise those idle funds and then refund them later (Senior reformer in SL MoF: XX305).

Observation 2ax: The 2015 audit report for example showed that 80% of all procurement were done through non-competitive bidding (sole sourcing) that seriously undermined the effective implementation of the procurement regulation (Audit Service, 2015).

Observation 2ay: It is undoubtedly among the worse area, and the reason is that the procurement people are being manipulated from the very top. They do not have a free hand to operate. For me, I have the free hand to operate because I deal with what has been approved. For them they switch the process on, from the start there are people are sitting on top of their necks… "da man na me yon posin na e you dae gee no matter what!" [Meaning in Krio there is a particular business owned by my friend/relative and you must award the contract to that business] These are societal issues. That is where the money, so everybody's attention is there. It is a good thing to have procurement officers in big officers, but again they are manipulated by senior people. That is the problem. The society is too small…people say 'na me cousin dan dae or na me sister dan day gee am d contract' [that businessman or businesswoman is my cousin you should award the contract to him/her] (Sector Ministry Official in SL: XX402).

Observation 2az: To me, the most important lesson is that they (donors) should put more pressure on building a good procurement system. Because, the procurement system takes 70 per cent of government expenditure. It is in the procurement system you have all the death traps. It is the procurement system you have ministers who have their private companies being award government contracts, and the society or public doesn't even pick that up. (Donor representative in SL: XX702)

Observation 2ba: Some see us as outsiders. Even though we try to tell that we are part of the entity, we rotate internal auditors every year to maintain to integrity and professionalism of our auditors (Internal Audit official in LBR: XL401).

Observation 2bb: Yes, for example, internal audit has been very weak because people don't want actors to be capable of policing them. In effect, internal auditors are seen as the 'policeman'. This has resulted in a weak internal audit in the country (Donor representative in SL: XX103).

Observation 2bc: XL401: Considering the vast amount of changes that were taking place at the same time, they needed to have a group like a bridge [meaning internal audit] to connect the people to policy (Internal Audit official in LBR: XL401).

Observation 2bd: The first internal audit was established in the 1960s at the national port authority and it spread across government. As I said earlier, our people lacked the goodwill to follow the laws and this has made internal audit ineffective (Internal Audit official in LBR: XL401)

> Observation 2be: Well it is apolitically driven sort of because the minister is a politician right whilst the IFMIS is more operated by the technical people that's the difference (Donor representative and who also worked as LTA in SL MoF: XX105_303).
>
> Observation2bf: Yes, I think it has a political undertone and IFMIS is not and people like IFMIS (Senior reformer in LBR MoF RCU: XL306).
>
> Observation 2bg: We don't have a no-go area. I audit the president and parliament and there is no limit in what we can do (Interview: XX401).
>
> Observation 2bh: I am a professional and if the AG ask me to do the thing I will resign from this organisation and go because those are the principles, we both signed up to fulfil (Audit Service SL official: XX401).

INFERENCE: The nature of certain reforms exposes them to resistance which make implementation particularly difficult. Observation 2an lays out two important points that better explain why certain reforms measures face stiff resistance and the general lack of progress in downstream, de facto and deconcentrated dimensions of PFM.

First, these reforms are at the centre of the governance processes (decision making and allocation of resources) in these two cases. Observations 2ao- 2aw detail various evidence to illustrate how MTEF and TSA for example, are entrenched in the day-to-day politics and governance processes (decision-making, resource allocation and redistribution of wealth) in both cases. Second, these reform measures are mostly concerned with front-line service delivery MDAs, and are routine activities involving many stakeholders. This point is further illustrated and supported from the evidence presented in observations 2ax to 2bd. It is noteworthy that there is often no clear-cut distinction between the various reform measures, with regards to the extent to which they interact with multiple stakeholders, governance and service delivery efforts. What is however clear is that they inter-phase, to a varying degree with politics, governance processes and connect stakeholders to policy, programs and laws.

Perhaps, it is no longer surprising given the level of progress made on IFMIS compared to other reform measures such as MTEF, TSA, Internal audit and procurement in both cases. The former (IFMIS) as the evidence from observations 2be and 2bf suggest, is operated mainly by technical people.

Two implications can be deduced from the evidence presented in the last paragraphs: 1) the most critical aspects of these reform measures are largely outside the scope of current policy reforms being supported by the development partner, and 2) Such reforms for example, are not always amenable to disbursement triggers set by development partners. These points trigger a couple of important questions such as: what the implications for international intervention are if PFM reforms go forward, how institutional development in these countries can improve PFM performance, and how can PFM reforms be designed to ensure local ownership, leadership and commitment. The apparent lack of leadership, 'political will/commitment' (which is different from the 'political appetite' discussed in the next section) can only exacerbate the uneven performance across the PFM dimensions and in the two case study countries.

So, what explains this ongoing lack of leadership and political will that has accounted for the limited and uneven performance in PFM reforms? See next section on political drivers.

GROUP THREE HYPOTHESIS (Political Drivers)

Hypothesis 3: The extent of PFM reforms progress in developing countries is influenced by the level of ownership and political support for reforms.

Hypothesis 3a: There is a lack of real political will (commitment) to drive PFM reforms in the case study countries

Hypothesis 3b: There is 'political appetite[17]' for reform from politicians and top-level bureaucrats.

Hypothesis 3c: The lack of real political will/commitment is exacerbated by the narrow application of the concept of political will by donor partners and local authorities alike.

Hypothesis 3a – 3c are ancillary to the main hypothesis (hypothesis 3) – and they provide addition support and contribute to our understanding of the main hypothesis. While all three ancillary hypotheses help explain the main hypothesis, each bring different perspective, and sometimes alternate (as in the case of hypothesis 3a & 3b) explanations of the main hypothesis. In essence, all four hypotheses must be considered jointly to form a clear analytical narrative about the extent to which politics and political leaders, and their

[17] Political appetite for the purposes of this research is defined as, any action(s) from politicians and top-level bureaucrats for which they expect a certain benefit (directly or indirectly), that action(s) is driven by some third part (locally or externally, implicitly/explicitly), and for which there is no real commitment to further that action(s) in the long-term. To constitute political appetite, at least two of the three elements in the definition must be present. For example, a one-off event/ action by a politician or top-level bureaucrat in exchange for a benefit (directly/indirectly) and influenced by a third party may constitutes political appetite. Such a one-off activity need not require any further commitment in the long-term from politicians or top-level bureaucrats.

interactions with other factors have impacted the level and pattern of PFM reform progress in the two case study countries.

I discuss in the following paragraphs key observations, drawn from various sources, to provide direct, and circumstantial evidences regarding whether to increase or decrease confidence in the hypotheses stated above.

HYPOTHESIS 3: The extent of PFM reforms progress in developing countries is influenced by the level of ownership and political support for reforms.

OBSERVATIONS

Observation 3a: "Reform of any sort you need a leadership that will drive the reform process. The leadership has the resources and can make decisions regarding the movement of personnel and the hiring of personnel for example. If you do not have that kind of leadership, it is almost impossible to bring reforms. It is the leader that has the power to change things. If the leadership that is not prepared to do all those changes or movements, they will not happen" (Audit Service SL official: XX401).

Observation 3b: "Of course, it is very significant. In every society there are socio-political challenges. Yes, you have policies, policies and let us say you have the capacity, but do you have the political will to drive the reforms? You have to look at how the political decisions impact the various instruments. You will have to look at the composition of the social-political economy" (Donor representative in LBR: XL101).

Observation 3c: "Leadership is government and PFM is a governance issue. It is the entire government that should take responsibility" (Audit Service SL official: XX401).

Observation 3d: "Can we look at those championing reforms probably at the political level. Maybe the minister who is in charge of reforms to ascertain how enthusiastic he is in term of driving the reforms" (Donor representative in SL: XX702).

Observation 3e: "When there is that political leadership, we saw those institutions functioning effectively. So, we also want that political leadership to ensure that they implement those policies, those laws geared towards improving PFM in Sierra Leone. We have seen the political leadership in revising the GBAA to now the new PFM Act of 2016 to make it stronger. We have seen the political leadership even the anti-corruption and procurement acts. But the structure to operate those institutions is also key. But if we also have the political leadership to ensure that it is not about setting up those institutions and have laws but ensuring that they actually work" (Donor representative in SL: XX701).

Observation 3f: The political economy section in the literature review chapter (Chapter 2) also detail various accounts of the role of politics and high-level ownership and leadership of PFM reforms.

Observation 3g: The importance of nontechnical factors, including politics or political will is also discussed extensively in the PFM and governance literature dating back to 1880s (Wildavsky 1986; Von Hagen and Harden 1994; Killick 2005 on Ghana and Rakner et al. 2004 on Malawi; Diamond 2012; Wehner and de Renzio 2013).

INFERENCE: The above observations (3a to 3g) clearly indicate the relevance of politics, politicians and leadership in driving and sustaining PFM reforms. The evidence from the two case study countries does conform to the global recognition of the crucial role of politics, and the increasing shift towards of 'thinking politically' or political economy analysis in understanding PFM and overall governance reform dynamics. This high-level political commitment or leadership is also emphasised by Allen, Hemming and Porter who opine that politics is critical in the PFM reform process, and "anticipate that, over the next ten years, the importance of political economy analysis as applied to PFM will continue to grow both as an area of research and in its practical application." (Allen, Hemming, and Potter (2013, p. 6). One can even gauge the prospects of reform progress, based on the level of enthusiasm of reform champions such as the minister of finance (Observations 3d).

Hypothesis 3 therefore passes a hoop test - the evidence is significant and widespread to affirm the relevance of the hypothesis. The relevance of politics and high-level leadership is shared by nearly every stakeholder involved with PFM reforms - ranging from international partners, local authorities including NSAs, researchers to practitioners of PFM. This political narrative is even more crucial in the two case study countries, and in many developing countries where politics permeates nearly every aspect of governance and society, and where there are weak institutions to insulate public institutions from political interference. The observations set out below highlight a number of issues, such as, the impact of elections on the design and implementation of PFM reforms, widespread political interference on the day-to-day PFM process, etc, that lend credence to the critical role politics play in PFM institutional development in the two case study countries. The potential impact of elections on PFM is even greater, as noted in observation 3i, where it involves a transfer of power from one political party to another.

> Observation 3h: According to a participant who has worked in different capacities in different agencies, there is political interference in every level of government that negatively affects PFM reform progress (Senior MoF official in LBR: XL405_307).
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> Observation 3i: "Yes, especially if there is change of power, this will be the first real democratic transition we would have experience in more than 2 decades. Transfer of power from political party to another. If there is a change this time and this depends on how we are going to manage the change and reduce tensions, which there will be whenever there is a change. Which has the potential to impact the reform process. The new government could come with its own priorities" (Senior MoF official in LBR: XL302).
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> Observations 3j: "Yes, because it bothers me in the sense that it poses a threat to sustainability. For example, this government is retiring in 2018. There is a likelihood that we will have a new government. This is why when a new government comes, they always try to undo what their predecessors have already done. But it should be a continuation. This is why our elections are very critical. Because if we do not elect someone who will see the gains that we have made and continue with them, then it will bring us back to everything" (Donor representative in LBR: XL702).

However, the high-level leadership and political commitment is only a necessity (and not a sufficient condition) in driving PFM reforms and sustaining the gains already made. The conventional wisdom is most government will seek to pursue PFM reforms to fulfil the overall promise of PFM - for example, the PFM objective of the GoSL is "to formulate and implement sound economic policies and public financial management, ensure efficient allocation of public resources to promote stable economic growth and development in the context of a stable macroeconomic environment" (Ministry of Finance Website). But, delivering on this overall goal has not always being the primary focus of political leaders. There are numerous other considerations (as detailed in chapter 2 and the above observations) that drive the behaviour of politicians and top-level bureaucrats alike. In fact, the level and extent of leadership and ownership of PFM reforms in the two cases have been unsatisfactory as shown in observations 3k - q below:

Observation 3k: A World Bank political economy analysis of PFM reforms In Sierra Leone for example, found that there was little enthusiasm for reforms at the highest level of state authority (Robinson, 2008 – Appendix A).

Observation 3l: There was even a somewhat surprising admission of the lack of leadership from the political class by a member of PAC I interviewed, who said "political ownership of this whole exercise is not as effective as one would actually want it to be" (Member of Parliament in SL: XX602).

Observation 3m: "But, as you know it is difficult to restrain politicians from achieving their goals. They always try to achieve things at all cost even if they are not in the budget" (Local council official in SL: XX501).

Observation 3n: "I think one of the objectives in this phase of the support is comprehensive and predictable budget, which was not achieved. There have been efforts towards that, and there have been lots of discussions with the Ways and Means Committee. They have a budget capacity because they have a budget office to analyse the budget, but still this year in the budget process I think the legislature added almost $50,000,000 to the budget. And the forecast did not predict that those revenues will be available. So, one could ask how political the process is?" (Donor representative in LBR: XL103).

Observation 3o: We are doing well in terms of producing reports it about implementing what is in those reports and this what we have not been doing well. To me I can allude that to so many reasons the leadership for that particular institution to ensure that things work. The other one has to do with aspect that should do with the genuineness of the leadership itself and to what extent our laws are ensuing the MDAs follow the laws and regulations (Donor representative in SL: XX701).

Observation 3p: "Yes, there are several factors responsible for this uneven progress. They range from political to institutional. And maybe historical factors and they impinge on PFM performance or the anticipated performance of PFM reform programs" (MoF official in LBR: XL302).

Observation 3q: "It has to do with the political cost that comes with implementing some of these programs. Like tightening in fiscal and monetary policies and consolidating public expenditure. As you have already seen some of the provisions in the budget are excessive and more recurrent. And so, the political will to take decisions to re-calibrate the budget and make it more capital driven is the challenge" (MoF official in LBR: XL302).

A salient issue that runs through observations 3k to 3q has to do with the level and extent of political commitment to the PFM reform process in the two cases, which I test in hypothesis 3a below.

HYPOTHESIS 3a: There is lack of real political will (commitment) to drive PFM reforms in the case study countries.

Observation 3r: Notwithstanding the various high-level political statements made in support of PFM reforms, there are doubts about the adequacy of the political support for PFM reform (Evaluation of GBS 2002 to 2015 - (Ecorys and Fiscus, 2016, p. 67).

Observation 3s: “Ask for instance how many government officials have declared their assets even though this is prescribed by law? Why is the president who they say is a reformer is not taking action against people who she has the right to appoint or dismiss and refuse to comply with the asset declaration? What is the reason for her failure to enforce this?” (Donor representative in LBR: XL702).

Observation 3t: “Well they perceive our work as good as it does not involve them! For example, we made several attempts to audit the legislature, but their cooperation has been very poor, irrespective of the fact that they are big spenders and were part of our selection for audit” (Senior GAC official in LBR: XL402).

Observation 3u: Responding to my question on the level of political commitment to reforms by politicians, a parliamentary staff said the following “...this is right an electioneering period for example - trust me this off the records. The manner in which they will conduct themselves will be different because this is politics. They will say this is election period and we should not be too hard on our colleagues during this period” (Parliamentary Clerk in SL: XX601). This respondent was referring to the inaction from members of the PAC in holding public officials in the same political party accountable during election years.

Observation 3v: “The legislature makes the decisions to pass laws and decides what kind of budget to pass. And it also decides what kind of projects should be implemented based on their priorities. For example, in the last five years the budget has never been approved before the scheduled date, and it has always been approved 3 or 4 months after the due date, which is on 30th June every year” (Senior reformer in LBR RCU: XL306).

Observation 3w: Referencing the significant off-budget spending by the government of Sierra Leone, a donor representative I interviewed noted that “government needs to showcase that they are really committed to their objectives, and not just paying lip-service. They need to demonstrate their commitment, not only to say we will do XYZ” (Donor representative in SL: XX107).

Observation 3x: A prominent civil society activist noted the following “Unfortunately, while the laws have been impressively written to please international actors, politicians have converted the application of these laws to their own benefits. Despite the fact that there are PFM laws and regulations, politicians are abusing the system by ‘budgetising corruption’. What I call budgeting corruption is instead of... out-rightly taking of money that does not belong to a particular politician, he/she has to do it in collaboration with other higher profile politicians and top government bureaucrats and ... insert that into the budget” (NSA representative inLBR: XL703).

Observation 3y: A donor representative, and who is also a Sierra Leonean made the following remarks on the extent of political commitment. He reiterated to me that "… if you ask me [about the level of political commitment] the bottom-line government has not been very serious about the reforms" (Donor representative in SL: XX106).

Observation 3z: "Well, publicly they will not come and say they are not genuine but from their actions you can see it's really low - in terms of having genuine desire to drive PFM reforms. We can see it, just look at the auditor general's report the same issues for the same ministries over and over again" (NSA representative in LBR: XX701).

Observation 3aa: A former top ministry of finance official and now a donor representative in expressing his frustrations about the lack of progress or even deterioration of the gains made noted the following "there should be some form of ownership by the government officials. Is like each time the donors come and go and things get worse and the experts have to come in again. Take for example, I implemented the HCA under my days at the PFMRU. This it broken down to a large extent, so we are coming back to help build the system again. We continue to go back and forth. We should have move to strengthen the HCA. We should be building structures instead of breaking them down" (Donor representative and who also worked as LTA in SL: XX105_303).

INFERENCE: Having laid out the evidence in support of the relevance of high-level political support for the initiation and survival of PFM reforms (hypothesis 3 above), there is also substantial evidence to show the apparent lack of real high-level political commitment to drive the reform process and sustain current gains. This lack of real political commitment is detailed in the evidence shown in observations 3r-3aa above. Hypothesis 3a therefore passes a smoking-gun test - the evidence is substantial and from diverse sources, such as donor representatives, PFM reformers and top-level bureaucrats, civil servants, NSAs and even from politicians themselves. The evidence from politicians and top-level reforms and bureaucrats is perhaps more decisive. For example, a parliamentary staff-member with knowledge about the inner workings of politicians I interviewed (observation 3u) was quite blunt that he wanted his remarks about the lack of political commitment to be of the records. The respondent made the request knowing fully that the interview will be anonymised. So, my read into his thinking was that his assertion was a damming indictment of members of the PAC, and indirectly wanted to covey this information to me. My reading into his thinking is also predicated on my experience in interviewing other public officials, who often make similar request when they convey the most critical evidence or talk about issues that touch them or their work directly.

I provide three other forms of evidence to explain how decisive the evidence is in support of hypothesis 3a. First, I ask how important is success of political goals such as political survival or re-elections, political legitimacy, etc., as against PFM reform efforts? Observations 3ab to 3af below explain the lack of real political commitment in terms of the primacy of political goals and political survival over efforts to drive and sustain PFM reform progress. The desire to put political goals and survival above anything else is manifested in different ways. This is better explained in observation 3ab, that portray politicians as rational actors, who tend to support reforms that mostly make political sense to them. In other instances, politicians use the PFM process to further their political agenda or seek re-election. For example, one civil society activist (NSA representative in LBR: XL703) described the marriage in the budget process between the top-level bureaucrats and politicians as 'budgeting corruption'. This involves using legal loopholes in the annual budget process to inflate the annual budget of the legislature, which is then used to further the political interests of legislators. Also, politicians normally will prefer financing mega infrastructure projects such as roads, electricity instead of investing in less tangible areas such as PFM and corruption. These mega projects are what a Local council official: XX502 described as *political roots*. In fact, corruption and PFM are less attractive given their tendency to expose patronage systems within government, thereby making their political parties unpopular. Clearly, there is no real commitment from political leaders to commit political capital to PFM reforms and explicitly back efforts to sustain reforms gains in the two case study countries.

> Observation 3ab: Politicians look at things from the political point of view and we look at things from the financial and economic point of view. There are several reforms that have political implications. For us they make economic sense, and politicians will not support some of these reforms if they do not make political sense irrespective of any economic benefits associated with some of the reforms. We have several examples of those (MoF official in SL: XX308).
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> Observation 3ac: Ongoing budget credibility challenges have mostly been attributed to overspending as one of the respondents noted is "because at times the priority of the government may be different from what is in the budget. Maybe government want to construct roads for example, and the amount for other programs are mostly used to augment these kinds of projects because these are the 'political roots'. The government would say for instance why they should spend money on reforms when they need to make roads. They want to do tangible things that the layman would see, because when you talk to people about reforms and even when you look at corruption is on the increase, so people are doubting why is corruption

still visible in all institutions with all the ongoing reforms" (Local Council official in SL: XX502).

Observation 3ad: The legislative sees itself as the people. And so, when the budget is presented to them, they see it as the government budget, and they as the people could play with it for their people – but not necessarily not for the people but to score some political point. The legislature also uses the budget as a, means of getting re-elected (NSA representative in LBR: XL701).

Observation 3ae: It has to do with the political cost that comes with implementing some of these programs. Like tightening in fiscal and monetary policies and consolidating public expenditure. As you have already seen some of the provisions in the budget are excessive and more recurrent. And so, the political will to take decisions to re-calibrate the budget and make it more capital driven is the challenge. Because it means that you will have less now on social programs. You will have to cut on social programs and subsidies and these are things that the political will has been lacking to implement and consolidate in the budget. Because of these there are lots of compromises when it comes to executing the budget (MoF official in LBR: XL302).

Observation 3af: We have a patronage government system. When people are appointed, and their hands are caught in the cooking jar, and by trying to disgrace them can bring credibility issues to the entire political party. So, sometimes they are just dismissed (NSA representative in LBR: XL702).

Second, the evidence presented in observations 3ag to 3a show that political support is short on downstream and accountability and long on upstream and de jure aspects of PFM. These evidences should be considered together with evidence and discussions of hypothesis 2 through observations 2an to 2bh.

Observation 3ag: I don't think Liberia needs any more laws. We have lots of laws in term of PFM reforms. What is lacking is implementation. Holding people accountable for their failure to comply is what is required in this country (NSA representative in LBR: XL703).

Observation 3ah: They [referring to the parliamentary PAC] were very important in promoting PFM but to what extent they are doing their work to ensure that they bring about real improvement in PFM reforms is what is lacking. For example, the PAC is supposed to produce a report on the auditor general's report every year. And we have seen them produce one or two reports, but a number of actions are yet to be taken, and parliament approves the budget and parliament also has an oversight role to monitor the implementation of the government budget. So, in a nutshell those committees are there, they are doing their work yet little changes have happened – meaning they still have to do more and be sincere in terms of what they are doing (NSA representative in SL: XX701).

Observation 3ai: A key official at the GAC in Liberia cited some examples where members of parliament were negatively impacting the work of the GAC, especially that which relate to audit recommendations. Which he noted “sometimes they [members of the PAC] water down the recommendations from the GAC, and we can't do anything about that” (Senior GAC official in LBR: XL402).

Observation 3aj: Accountability and transparency is the talk of the world. Without accountability and transparency, there will be no development. They enhance development and are the cornerstone. The enhanced value for money in the delivery of public services (Member of Parliament in LBR: XL601).

Observation 3k: The lack of accountability in the PFM sector has in fact created tension within intergovernmental entities (NSA representative in LBR: XL702).

Observation 3al: The intergovernmental tension mentioned in observation 3ak was experienced during the stand-off between parliament and the Anti-corruption Commission in Sierra Leone on the Ebola Audit report from ASSL. According to a donor representative interviewed “there was a big fight between Parliament and the ACCA, for which Parliament said once they are looking at those recommendations/documents the ACCA should not at the same time look at the audit report. When they have finished, they will ask ACC to act based on their recommendations. That is how they want it to be, quoting the standing orders” (Donor representative in SL: XX107). Some view this standoff as a deliberate move by parliamentary leadership to protect any member from the same political party that might be involved in the scandal, and to take the spotlight and gain political for themselves.

Observation 3am: “I think the problem is abuse of power. We have a system of government wherein the legislature approves the budget submitted by the executive head of government the president. There has been a marriage between actors in the legislature and actors in government to enrich themselves at the expense of the population. All they have to do is to appease the judiciary with lucrative allowances which are not commensurate with the status of the judiciary. These are judges who have no power to declare anything that in unconstitutional in this country “(NSA representative in LBR: XL703).

Observation 3an: the political will and the leadership to make sure that people are complying are not yet there… (Donor representative in LBR: XL103).

The third, and perhaps a more decisive explanation of the lack of real political will/commitment is by distinguishing between commitment that is driven externally as against commitment driven by the desire from local stakeholders for internal change and ownership of government policy direction. Based on the evidence shown in observations 3ao to 3as, I show in this section how the most notable PFM reform programs and measures have been largely driven by external partners or by the incentives provided by development partners. Perhaps the most notable example of the pressure for reforms from development partners in Sierra Leone is set out in observations 3ao-3ap. The stand-off in 2007 between donors and the GoSL is widely believed to be responsible for the lowest ODA per annual the country has received over the last decade and half. There are similar notable experiences in Liberia. For example, the merger of the ministries of finance and development planning was clearly against the interest of key local actors (observation 3aq). Other notable actions taken by local authorities in Liberia, for example the sacking of the PFM Reform director and his deputy for embezzling funds for PFM reforms and the Global Witness case were actioned because of their international flavour – they related to programs supported by DPs, for which, any failure on the part of local authorities to take action will damaging implications from DP.

Observation 3ao: "Back to the issue it is a necessary evil that we have to do certain things even though we don't like them. It is those things that we do that will give us money. I was in a meeting with the EU delegation leader meeting with the deputy speaker at the time. And the head of the delegation said in the face of the deputy speaker if you do make the report public the $35 was not going to be disbursed to the government. This was straight talk and they delegation left. Later parliament did a reinterpretation of Standing Order 75 — the standing order that prevented the so-called premature publication of report being looked at by parliament" (Audit Service SL official: XX401).

Observation 3ap: "Yes, but who can change this now. If really you can go back - you do some comparing with some commonwealth countries (Like UK, Ghana, Nigeria, etc.) you will see the PAC chair is voted for, but here in Sierra Leone the PAC chair is from the ruling party - the deputy speaker of parliament. Elsewhere the PAC chair is from the opposition - are you seeing things. This DFID tried but still they cannot change it. There was immense pressure then before 2007 on the then government. Someone raised a motion in parliament then to change the position of the chairman from ruling party to the opposition but the then government refused as well. DFID came then and said this is the wrong practice, but nothing happened. They did change the SO75 and started holding public meetings in public" (Parliamentary Clerk in SL: XX601).

Observation 3aq: "Let us take for example, we were asked by the IMF to merge the ministry of finance and the ministry of planning. Initially we had both ministries different. Our thinking was to let the minister of planning focus only on planning - everything that has to do with economic planning. Then finance can take care of everything that has to do with government revenue and expenditure. But there was a need to merge both ministries, so we had to abide to them in order to meet their triggers. These triggers are conditions you have to meet in order to access funds. In those cases, those reforms are championed internationally" (MoF officla in LBR: XL301).

Observation 3ar: "Some international consideration drives most of the government policies and things that we do here. Those affect how we do certain things here. Some of the things we where we think that it will affect our international standing or it will cause donors not to give us money, we will take action immediately. In some case, they will only act on such a matter when they have some international flavour. For example, the global witness case and because of the nature of the case and how it was brought from the international organisation the global witness. These kinds of cases attract attention because of the enormous consequences for the government" (Senior GAC official in LBR: XL402).

Observation 3as: "We see the trickle-down effects on the larger society. Some of these reforms are just a charade because they want to satisfy the international donors" (NSA representative in LBR: XL702).

Observation 3as: "I can tell you it sometimes depends on the government as well regarding government policy and government procedures. I had a similar conversation with one of the donors and that person said to me you guys sign all those agreements and all those provisions are in that agreement and you never complain. But we do not have the political will to tell donors that some of these things are wrong" (Senior reformer in RCU LBR: XL306).

HYPOTHESIS 3b: There is often political appetite from politicians and top-level authorities. Here I distinguish between real political will (political commitment driven by internal desire for change) and political will influenced by external pressure and incentives (known as political appetite). In light of the lack of real political will/commitment in driving and sustaining PFM reform gains shown in hypothesis 3a above, observations 3at to 3bc below show the presence of what I refer to 'political appetite' for PFM reforms in the respective case study countries.

Observation 3at: "Another issue has been the lack of political will and local ownership - donor agreements are like peace agreements. The often make huge publicity in signing these agreements without real commitment to implement these deals. This scenario even exists between political actors and various agencies within government". (Sector Ministry official in LBR: XL403).

Observation 3au: "But there is no law in this country that does not go to parliament. There are no reforms that culminate into law that does not go to cabinet for cabinet discussion, or that does not go to parliament for their ratification. And that does not have the presidential assent" (Donor representative in SL: XX106).

Observation 3av: "The appetite is there but they are just paying lip-service. If they want to achieve good PEFA scores, if they want to see donors relying on the system we want to see them taking actions to fix these problems. And they should not be asking for a waiver, while they have not fixed the problems and should stop given so many protracted excuses" (Donor representative in SL: XX107).

Observation 3aw: "… but if you ask me and this is to me the crux of the issue, most of these PFM reforms that have been going on was not home-grown. It was donor driven. And therefore, I am not surprised that despite all these reforms the results are pointing in the opposite direction" (Donor representative in SL: XX106).

Observation 3ax: "So, capacity has grown there so what we need to do now is to make them effective. Now this is where the problems come in with the political commitment. If you have a good internal audit unit, and you do not have an effective audit committee at MDAs. So, each ministry is doing its own bit. The government now needs to establish audit committees in all of these MDAs to augment the work of the internal auditors" (Donor representative in SL: XX107).

Observation 3ay: "However, when you come to the detail of how this reform should happen [is the problem] … but I think there is an appetite for reforms, and everybody recognises that. If you do not have a good PEFA score it will tell on you, especially when you are a donor-driven country. People see that this is a necessary evil. They may not like it, but they need it". I personally cannot say, but I think there is an appetite for PFM reforms because of the price that it comes with. It is attractive that people should do it. Whether people genuinely like or they feel that they should do it is another matter for discussion (Audit Service SL official: XX401).

Observation 3az: I think if they were not committed, we wouldn't have set up the directorate of Public Financial Management Reform. Because the minister is representing the government (Donor representative and who also worked as LTA in SL: XX105_303).

Observation 3ba: "Also, in the new PFM Act there are sanctions. It is not common to have sanctions in any act". A top government official making reference to the existence of actions in the new PFM Act of 2016 to demonstrate political commitment to PFM reforms (MoF official in SL: XX304).

Observation 3bb: "But let me tell you we have the internal audit which years ago was just a department within ministry of finance. Bud given government's commitment it was transformed into what is now a directorate with an internal audit cadre of professional developed and when you look at this, we also have other cadre of professionals like procurement cadre and so on". (Donor representative and who also worked as LTA in SL: XX105_303).

Observation 3bc: "When the government was seriously empowering the auditor general's office, we saw a number of strides that were made. We also saw the setting up of the anti-corruption commission to prosecute corruption. Of course, most of those cases have to do with public financial management issues. When there is that political leadership, we saw those institutions functioning effectively. So, we also want that political leadership to ensure that they implement those policies, those laws geared towards improving PFM in Sierra Leone. We have seen the political leadership in revising the GBAA to now the new PFM Act of 2016 to make it stronger. We have seen the political leadership with even the anti-corruption and procurement acts. But the structure to operate those institutions is also key. But if we also have the political leadership to ensure that it is not about setting up those institutions and have laws but ensuring that they actually work" (Donor representative in SL: XX107).

INFERENCE: There is substantial evidence in observations 3at to 3bc above to support this claim. Therefore, hypothesis 3b passes a smoking-gun test. The political appetite shown in observations 3at to 3bc is manifested mainly in the form of acceptance of donor-funded reform programs by local governments, public statements in support of certain reforms, having a PFM reform strategy/plan or as part of central government agenda, enacting laws, establishing new institutions and setting up new departments/units, all of which come in exchange for financial incentives from donor partners. This construct of political will is a clear departure from the widely held proposition by scholars and practitioners of PFM. Scholars and PFM practitioners measure political will through for example, whether the President made public statements in support of PFM reforms; and the existence of a PFM reform program/strategy or whether PFM is set out in the national development strategy of a particular country. I argue in chapter seven, section xx that the mere existence of PFM reform strategy/plan or appearance of PFM in a country's national development programme does not equate to real political will/commitment. I go a step further to determine whether those political statements or PFM strategies were influenced by the need to satisfy development partners? More so, I also explore the extent to which political will translates to not only having PFM plans/strategies and policies, enacting laws; and establishing new institutions and departments but to their actual implementation in practice in the long-term. The evidence shown in observations 3at to 3bc is a form of a gun-ownership test, which is not always obvious and for which I presume there at least some aspects of PFM reform programs/strategies that were inspired by the local desire to institute internal change.

HYPOTHESIS 3c: The lack of real political will/commitment is exacerbated by the narrow application of the concept of political will by donor partners and local authorities alike.

Observation 3bd: "Can we look at those championing reforms probably at the political level. Maybe the minister who is in charge of reforms to ascertain how enthusiastic he is in term of driving the reforms" (NSA representative in SL: XX702).

Observation 3be: "I think what we needed was the political will. We had one or two ministers that were willing to move the reforms, but we didn't take advantage of that. Take for example, the issue of cash management the previous minister understood the importance the role state-owned Enterprises (SoEs) will play in this area. But guess what, we didn't take advantage of this at the end of the day everything became a lot more political. The minister wanted to know exactly what those state-owned Enterprises were doing with their money and why where they not contributing to the National budget. And because of that that the state-owned Enterprises unit was set up in the ministry of finance. But as we speak most of these state-owned Enterprises that do generate a lot of revenue still do not contribute to the National budget or service delivery." (Senior reformer in the RCU in LBR: XL306).

Observation 3bf: "Whatever happens the incentives might be coming from the top. For example, under the then minister Marah around 2012 we had a lot of action on PFM than now. I do not think the present minister sees PFM as central to his work. To me, if you want to ascertain the appetite for reforms, you should focus on those at the top". (NSA representative in SL: XX702).

Observation 3bg: "I think it is the way the political landscape is everything is channelled through politics. But where you have different arms participating in doing things, it will be better. But when you have one or two people, they operate by their mood." (Sector Ministry official in SL: XX402).

Observation 3bh: "But to me it is not about leadership at the technical level, rather it is about leadership at the political level". (Interview: XX106).

Observation 3bi: "Honestly, I think the various institutions should take PFM serious. Maybe we should have more champions in the various sectors instead of us coming and driving the process again they should take ownership and drive the process" (Donor representative and who also worked as LTA in SL: XX105_303).

INFERENCE: Most of the references made to political will from interview participants and from other sources apply the concept to include only support from the president, parliamentarians or the minister of finance. In Sierra Leone for example, political will mostly meant support from the minister of finance, the financial secretary, the president or members of Parliament. This narrow interpretation of political will cuts across various stakeholder groups - donors and local authorities alike. At the same time, there have been a lot of calls for broader and inclusive leadership and ownership for PFM reforms. Hypothesis 3c passes a hoop test - there is evidence from observations 3bd to 3bi above to suggest the negative impact on PFM reforms because of lack of broad-based political support and ownership. The lack of broad-based political support has negatively impacted on the sustainability of certain reforms, which tend to crumble with the departure of a finance minister for example. There has been no broad-based approach to PFM reforms from both local authorities and development partners. For example, there is no evidence, whatsoever, of PFM reforms being part of the agenda of political parties or discussions of PFM on party platforms (including opposition parties). PFM reform programs are mostly discussed in government circles or between top-level bureaucrats and development partners in the two case study countries.

The foregoing analysis in the above paragraph present significant implications for both PFM reform progress and the sustainable of the gains already made in the case study countries. Support from even the most reform advocates, such as the minister of finance, as in observations 3bf - g, does not guarantee success and continuity in PFM reform efforts. Enthusiasm for reforms and the general progress made are often gauged by the support from the minister of finance. This means a new finance minister with less appetite/commitment for PFM reforms or with remote technical background from PFM meant a shift in interests and enthusiasm away from PFM reforms. More so, the mere expression of support for PFM reforms or certain reform program by the president or minister of finance does not guarantee successful implementation of a certain PFM reform initiatives or sustainability of reform progress. Especially, in the presence of weak institutions and the enormous informal networks and arm-twisting that go on in the two case study countries. I draw on a number of examples from both cases in observations 3bj to 3bl below to further explain these dynamics.

Observation 3bj: Failure of the Attitudinal and Behavioural Change (ABC) Commission in Sierra Leone, which was President Koroma's biggest campaign promises in the overall fight against corruption in the country. Although it is unclear how ABC got prominence in the 2007 manifesto of the then opposition, what is clear was that it was championed by president himself. Who, in fact, established the ABC secretariat at State House, few offices away from his. The ABC campaign came to its knees just two years later when the heads appointed by President Koroma were indicted by the anti-corruption commission for practically looting the 2 billion Leones meant for the commission (personal experience from the researcher).

Observation 3bk: One of the interview participants recounted during our off-the-record discussion about a stunning denial by President Hellen Johnson Sirleaf on national radio that she never approved the lucrative salary increment for members of parliament. Her denial could also be viewed as admitting to the political reality in Liberia, which depicts the increasing influence of parliament on the budget process in that country (NSA representative in SL: XL702).

Observation 3bl: If you take the president, for example, I think he is trying. If you look deep down, he is trying, and I am privy to some of the strategic meetings at the state house. The president has the heart to help this country, but he is surrounded by people who would just pay lip service. They have been doing it all along — most of them, and when you actually find out what they are doing, you will shed tears. It is not a one-day job to clean up this country. It has to start from right at the top. Take it from me (Sector Ministry official in SL: XX402).

The lack of broad-based leadership and ownership of PFM reforms could also be seen in the performance gap between the reforms concentrated at the centre and those at MDAs and councils (see discussions on hypothesis 2). The gap is also evident in the level of ownership and lack of enthusiasm shown by MDAs and the general approach to governance in the case study countries, as shown in observations 3bm - o.

Observation 3bm: "For us in the ministry of finance the minister and the financial secretary are very much committed as far as the internal audit is concerned. However, for the other MDAs and also local councils you would realise most of the internal audit units do not even have a budget line so to access funds to do their jobs is a big challenge" (MoF official in SL: XX307).

Observation 3bn: "The commitment from vote controllers is not too great and for councils their situations are bad. We do provide coaching and mentoring for internal auditors in the local councils. They will complain about stationaries and cartridges, basic things that they need to do their work is a big challenge" (MoF official in SL: XX307).

Observation 3bo: "We may even have the best of goods but because the structure and attitude when it comes to governmental activities are characterised by elite and power is perceived on a set of people within Monrovia" (NSA representative in SL: XX702).

GROUP FOUR HYPOTHESIS (Drivers relating Donor support and practices)

Hypothesis 4a: The substantial progress in the design and implementation of PFM reforms has been driven largely by donor partners

Hypothesis 4b: The donor-driven reforms and the associated progress made so far does not translate into improved services for the people because there are limits to what could be achieved from externally driven reforms, especially in the short-term.

Hypothesis 4c: Donor interests and approaches to PFM reforms in developing countries underpin the nature of the reforms, patters, and the extent of progress made.

Hypothesis 4a: The substantial progress in the design and implementation of PFM reforms has been driven largely by donor partners.

OBSERVATIONS

Observation 4a: "Back to the issue it is a necessary evil that we have to do certain things even though we don't like them. It is those things that we do that will give us money. I was in a meeting with the EU delegation leader meeting with the deputy speaker at the time. And the head of the delegation said in the face of the deputy speaker if you do make the report public the $35 was not going to be disbursed to the government. This was straight talk and they delegation left. Later parliament did a reinterpretation of Standing Order 75" (Senior Audit Service officla in SL: XX401).

Observation 4b: "I am throwing that at you, you are the researcher. Go and pinpoint to each and every reform and try to see which donor was behind this. I can guarantee you are going to correlate 100% to donors. If you correlate below that then eh em…" (Donor representative in SL: XX101)

Observation 4c: "So, the government needs to show more interest in moving PFM reforms forward. But currently PFM is influenced basically by the donors" (Senior reformer in RCU in LBR: XL306).

Observation 4d: "They have been quite influential, and they have helped us a lot. They drive most of the reforms and as I told you they had driven most of the projects and we appreciate their commitment. They have assisted both in consultancy services, expertise and funds" (Senior officla in LBR MoF: XX309).

Observation 4e: Yes, we get a lot of support from the donors. The donors give logistical, moral support we get a lot of that… The govt with the usual budgetary constraint could not do anything. And the donors stepped in and through donor support we were able to train almost 75 of senior-level staff of the IAA. In this area [internal audit] donors have been very supportive, in term logistics, training and the government takes care of salaries, and the salaries are competitive (Internal Audit official in LBR: XL401).

Observation 4f: Donors have been supporting PFM it has been donor driven. Even when we had the IPFMR project is was donor-funded and at the time we had a lot of training, and other capacity building activities (Local Council official in SL: XX502).

Observation 4g: I do think donors are probably the primary parties actually pushing structural reforms if we are talking about institutional change and the introduction of a completely new system different from what we had – normally that comes from external technical support from the donors' side. Again, there is a huge inertia in the civil service (Donor representative attached to the MoF in SL: XX102_301).

Observation 4h: There a significant work in Liberia and there is a lot of achievement. Let me say, after the war, the PFM system was generally donor managed. So, the Bank [The World Bank] came in to start building the capacity and also to support the government and engaging them in PFM reforms. The Bank since 2005 to now have been engaging to be able to support the government establish itself and its PFM activities. For example, the government was supported to adopt the IPSAS cash basis of Accounting and IFRS. Audit backlogs were there but as we speak today those backlogs have been cleared and the GAC has analysed almost all of those reports and some have had public hearings. The Public hearing was not there and through the support of the Bank, the national legislature has now been able to conduct public hearings (Donor representative in LBR: XL101).

Observation 4i: The govt per se did not play any central role in encouraging or fostering civic participation in the budget process. I could say this with confidence. Because all these processes where being driven by external actors and from within civil society itself (NSA representative in SL: XX702).

Observation 4j: The other issue I will bring out to you is that most of the acts [PFM and related Acts] that were passed maybe I can link them to donor pressure (Donor representative and who also worked as LTA in SL: XX105_303).

Observation 4k: If you ask me and this is to me the crocks of the issue, most of these PFM reforms that have been going on was not home-grown. It was donor driven. And therefore, I am not surprised that despite all these reforms the results are pointing in the opposite direction (Donor representative in LBR: XL106).

Observation 4l: There is substantial evidence in chapters five and six that PFM reforms in the years leading to and after the end of the civil wars in both countries was spearheaded by development partners. This could be seen with introduction of the cash management committee and the GEMAP programme following the joint UN/World Bank PFM assessment 2004. For Sierra Leone donor intervention in prominent even before the civil war ended in 2002. The AG department for example, was led by a British national with support from other foreign experts and some local personnel. And the 2002 World Bank CFAA was principal assessment report that informed all PFM reforms at the time (Appendices A & B).

Observation 4m: There is also evidence laid out in chapters five and six that show the influence of donors through the HIPC/MDRI debt relief initiatives. The HIPC decision and completion point triggers like the GBS conditions have been heavily linked to PFM reform reforms over the last decade and half in both countries. Appendices A & B respectively also laid out the evidence that show donors were able do exact their influence in the reform process through assessment report and PEFA reports, which have mainly been the basis for subsequent reform programs. (Appendices A & B).

Observation 5n: The evidence in sections 5.2.3 and 6.2.3 - what Inputs were provided – by whom and how and Relevance of the inputs? In chapters five and six respectively show that PFM reforms in both countries were financed almost entirely (over 95 per cent) by international partners (Appendices A & B).

INFERENCE: The evidence presented in observations 4a to 4n is clear and overwhelming on the nature and relevance of international intervention in PFM in the two countries. Donor support to PFM in the two cases takes different shapes and forms: financial inputs, provided platform/framework for PFM reform support and coordination, technical assistance (placement of consultants, training programs, workshops, sponsoring learning visits, etc.) and even moral support as one respondent noted in observation 4d. Also, international intervention in PFM cuts across government departments and entities - although much of the support has been channelled through the centre (the ministry of finance). Partners like the World Bank, USAID, EU and DFID however directly supported specialised PFM institutions like the external and internal audit institutions, parliamentary public accounts committee, local councils, etc.

Hypothesis 4a therefore passes a smoking-gun test - the evidence in observations 4a to 4n is sufficient to make the claim. Apart from financing almost every aspect of PFM reform in the two cases since the end of the civil wars, the evidence shown above points to the relevance and influence of development partners in the reform process. Donor partners have been able to exert their influence through many fronts - be it in terms of shaping the reform agenda, via various projects and programs and sometimes through global PFM and PFM related agenda such the HIPC/MDRI, Paris Declaration on Aid Effective and Accra

Agenda. Their influence has also been manifested through donor assessment missions and associated reports, and other global PFM assessment frameworks such as PEFA, World Bank CFAA and AAP, which have been the primary documents that have informed PFM reform programs in those countries.

Perhaps the most decisive and smoking-gun evidence for sceptics who still question the influence of development partners on the conception, design and implementation of PFM reforms in developing countries, is the long stand-off between donors and local authorities in Sierra Leone in 2007. The donor partners had requested parliament to allow the Auditor General to make public her audit report and had threatened to withhold budget support if parliament did not comply. Parliament initially refused to comply, which many commentators point to as the main contributory factor for the lowest level of budget support in 2007 in recent history in Sierra Leone. The climax of the stand-off was in the view of respondent XX401 (Observation 4a) the direct confrontation between the EU representative and the Chairman of the PAC, in which the EU representative had threatened to withhold a proposed $35 million budget support for that year. DFID on the other hand, had already suspended disbursement of the 'fixed tranche' of its budget support, which created significant treasury management problems in the first six months of 2007. These two developments in the view of many local authorities interviewed and in the view of other commentators were the last straw that broke the camel's back, eventually leading the new parliament later in 2007 to reinterpret Standing Order 75 thus clearing the way for the Auditor General to make her audit report. The reinterpretation of Standing Order 75 represents a milestone in PFM reforms in Sierra Leone, which paved the way for a host of the other reforms, especially in the areas oversight and accountability.

The relevance and influence of development partners have been questioned by some respondents, often for reasons such as 'donors only provide funding, approve activities and nothing else' among many other reasons (see observations 4o & 4q below). The researcher, however, finds evidence to the contrary, especially as it relates to both countries emerging from destructive civil wars with their economies in severe difficulties. International development assistance was indispensable to not just PFM reforms, but to their economies as a whole (observations 4h, 4l-4m; xxx). Some of the reasons provided for example, in observation 4n provide the most compelling claims such as the overwhelming donor oversight and determination of the overall PFM reform agenda by approving every project, program and activities before they got implemented. Most of the international development programs and aid modalities such as debt relief and GBS had most of their disbursement conditions/triggers tied to PFM reform initiatives (see observation 4o).

Perhaps, a better way to explain the relevance and influence of donors would be to examine what role have the domestic governments played in initiating and driving the PFM reform process? The evidence presented under this hypothesis and in the previous ones show less and less direct role of domestic governments, especially in initiating at least certain PFM reforms. For example, there is evidence to justify, at least, unwillingness on the part of local governments to push reforms relating to oversight and accountability, as one of the key respondents noted in observation 4i.

> Observation 4o: "As we have noted above, the primary focus of the Budget Support TA was on strengthening PFM and governance. There was very limited attention given to sectoral policies and strategies and to service delivery processes. The PAF targets, on which policy dialogue was concentrated, also had a primary focus on PFM issues (54 % of the PAF targets)" (Evaluation of GBS 2002 to 2015 - (Ecorys and Fiscus, 2016, p. 21)).
>
> Observation 4p: They have been influential in a way, but not too much. They provide funding and approve the activities. Whatever activity is designed by the ministry via the component management has to go through the World Bank (NSA representative in SL: XX702).
>
> Observation 4q: Donors have nothing. All they do is to give money. Donors should tie their aid to politicians or to the scrupulous management by politicians. We are taking about 8m dollars that has been taken by the president of the legislature. What did donors do about this for example? (NSA representative in LBR: XL703). This respondent was reacting to the failure in his view by the international partners to hold local authorities accountable and questioning their continuing willingness to fund various reforms without seriously holding politicians in particular to account for these funds.

There is a genuine recognition and appreciation of the lead role donors have been played and continue to play in the PFM reform process in these countries, but there is also consensus on the need for local ownership and leadership for PFM reforms going forward. Interview participants frequently rephrased the researcher's question and asked two contrasting questions - what is driving the PFM reforms and what should driver PFM reforms? Nearly every participant agreed with this distinction, and there is consensus on the apparent relevance and influence of development partners in initiating and driving previous and current reforms, but at the same time participants also agree on the need for greater local ownership and political support and on the use of country systems going forward. Observations

> Observation 4r: I think right now what is driving reforms is donor support and institutional development, but ideally you would want local ownership and political support to be at the top (Donor representative attached to the MOF in SL: XX102_301).
>
> Observation 4s: Approach of the donors has been one of the problems – the projects and programs were often to donor-driven. But a lot has changed recently with a lot more emphasis on using country systems. But the downside has been having civil servants in strategic positions that do not have any clue or experience in implementing development projects before. This definitely has had negative impact on the implementation of donor funded development projects in some cases (Sector Ministry official in LBR: XL403).

The researcher also finds evidence from the accounts of interview participants and from other published sources and government documents that show international development intervention in PFM to have been more influential during periods of crisis in both countries, and as a means to stabilise their economies by using budget support to finance budget deficits. Observations 4s to 4w lay out some of the evidence to support the role of budget support in PFM and the economies of the two cases as a whole.

> Observation 4t: GBS which was mostly tied to PFM reform activities, was particularly relevant in the context of a post-conflict Fragile State in both countries and during the external shocks such as the decline in commodity prices (for example, decline in Iron Ore prices between 2012 to 2014) and the Ebola Outbreak in West Africa in 2014 (Evaluation of GBS 2002 to 2015 - (Ecorys and Fiscus, 2016, pp. 18-20).
>
> Observation 4u: "Three significant assessments undertaken in 2007 and 2008, all concluded that Budget Support made an important contribution to kick-starting economic growth and stabilising the security situation – Thomson (2007), Lawson (2007) and Poate et al (2008)" (in (Ecorys and Fiscus, 2016, p. 19).
>
> Observation 4v: Our [meaning the IMF] fourth role is in periods of crisis to provide exceptional financing. So recently eh… during the Ebola we gave what is called the catastrophic containment relief trust, which is a new program that we have just added. Also, during the global financial crisis, the IMF also came in. So those are our basic broad roles (Interview: XX101).

Observation 4w: As a matter fact, donor [are so influential] so much so far because of the shocks we envisaged apart from that global depreciation, and we also had the Ebola, etc. So, if you talk about local ownership it is a challenge as a country to grasp with all those things. We are still struggling to keep up with all these economic activities, it hadn't been for help of the donors. So, the donors somehow play a vital role leading us to where we are (Senior MoF official in SL: XX304).

Observation 4x: And that there is no spirit associated behind the implementation of these reform measures. They [PFM reform programs and activities] are influenced more or less by the need for authorities to be able to finance the budget deficit. Most of these programs come with additional financing and budget support. The authorities push on most of these programs for... in the case of the IMF they provide a major source of balance of payment support and balance of payment deficit financing. So, the authorities are most interested in closing the gap in the deficit for balance of payment in obtaining additional budget support. Their failure in not having such supports will lead to widening of the deficits. These are some of the reasons I think donor partners will have to take into considerations (Senior MoF official in SL: XL302).

The relevance and impact of development partners' involvement have often been questioned, and this include concerns about the appropriateness of donor instruments such as PEFA used in measuring reform progress. In short, questions have been raised about the level of progress made on paper as against realities in those countries and the mechanisms used to assess these countries. Given the latter, the retrospective nature of PEFA assessments (covering the last three years) provide a defence for domestic authorities in their criticism of PEFA. But more so, they are critical about PEFA because the benefits of certain reform programs are only realised in the future, which may underscore why PEFA focuses mostly of progress gains (such as whether the is budget is prepared and on time, the kind of reports prepared, etc.).

Observation 4y: If you look at the kind of progress, PEFA is good at look at process gains. It is not really about the impact in major changes regarding service delivery. For example, we are training auditors, we are recruiting, and those are the things really impact the positive ratings of PEFA (NSA representative in SL: XX 702).

Observation 4z: And PEFA will not be graded based on the building blocks. What the grading will look at is that you have not been able to reach the top, irrespective of the significant movement upwards. I think there should be a room where improvements like these should be captured within the PEFA framework. PEFA doesn't look at the details. If you take for example, the rolling out of IFMIS to ministries, agencies and department, and then you set a target that you get agency A [certain number of agencies]. If you get there fine, and if you don't get there is the problem. For example, getting to the top is about building blocks until you get finally get there (Senior reformer in the RCU in LBR: XL306).

Observation 4aa: I would say inconsistency in PEFA ratings for us if you look at it there appear some misgivings about the ratings regarding progress and challenges. You will see that in meetings where these PEFA scores are presented to the component managers and they tend to argue that certain scores do not reflect the reality. If you look at the kind of progress, PEFA is good at looking at process gains. It is not really about the impact in major changes regarding service delivery. For example, we are training auditors, we are recruiting, and those are the things really impact the positive ratings of PEFA. For me, I do not tend to agree with the ratings because from the NSA point of view my interest is how system changes or the institutional support – from the provision of equipment, payment of salary and recruitment of experts. Are these leading to improved service delivery on the ground? Are people feeling the impact of the reforms? (NSA representative in SL: XX702).

Hypothesis 4b: The donor-driven reforms and the associated progress made so far does not translate into improved services for the people because of there are limits to what could be achieved from externally driven reforms, especially in the short-term.

Observation 4ab: I do agree with XL406 (Sector Ministry official in LBR), but we should be able to determine what we want to do. For example, there are cultures and traditions when you visit a village people are not used to using public toilets in city centres. So, if a donor comes are say we need to build public toilets in city centres. People would prefer to go to the bush traditions because people don't want to be seen going to the toilet. So, building a toilet in the city centre is a waste, because that toilet will be there idle. We need to need a particular reform program before such a program should be designed and implemented. Otherwise, any efforts in implementing such a reform program will go in vain.

Observation 4ac: So, the triggers are working to some extent, but then we still need more triggers for pro-poor spending and accountable use of public resources. And to me, the failures of government to even undertake the PET survey is an indication that some of these triggers are not working because the PET survey has been one of the conditions that donors have been putting. So, this opens the question of whether the triggers are working in all sectors. So, you say some are working, but the one that should create real impact is not working (NSA representative in SL: XX702).

Observation 4ad: We must note that consultants do not solve problems, they hear from you and put that into their own perspectives which are driven by their interests and background for the most part. Consultants are mostly interested in the continuation of their work and this is key to what they get done and for how long (Sector Ministry official in LBR: XL403).

Observation 4ae: These are the informalities that need to be curtailed, and the donor will not be able to do that. So, the donors only focus on technical aspect without looking at the broader social fabric of society. You will find out that what they are doing has a lot of limitations on the ground (NSA representative in SL: XX702).

Observation 4af: "Informal rules rather than formal institutions constitute the principal threat to the reform effort. …because they are embedded in society and its culture, they will remain 'necessary evils' that the donor community can at best contain, not erase altogether" (Hydén, 2005, p. 17). See also chapter two - section xx, the role of informal structures and from section on PEA.

INFERENCE: hypothesis 4b passes the gun ownership tests18 ('weaker' smoking-gun tests) - there is decisive evidence to support the arguments in observations 4ab to 4af, but the evidence is less obvious at first glance. Perhaps, as a result of the inherent attribution challenges that continue to plague efforts toward assessing the impact of PFM reforms. But more so, because of the different pieces of evidence that one must assemble to make a determination about sufficiency. The best explanation in support of hypothesis 4b is in observation 4ab. The scenario explained by the respondent goes to the heart of the approach to PFM by development partners. The scenario speaks to the need for home-grown reforms, and as well as the need to approach reform from a problem-driven perspective. But more so, the scenario in observation 4ab also highlights the real danger or the potential for complete failure of these development programs if the right approach is not taken by donor partners. Even if we presume for example, that international development support to PFM is designed based on the local context which alone, is not an assurance that the desired results of those programs will be achieved. And even more compelling evidence of the limit of international intervention in PFM, in terms of what could be achieve is presented in observations 4ad & e.

While there is a genuine belief among some donors that current reforms do not actually address the most fundamental problems in these countries, they also believe the

[18] This form of evidence is decisive but is not always obvious at first glance. Which means the researcher has to piece together different pieces of evidence and combine that with context to make a determination on sufficiency. For example, this is a form of smoking-gun evidence that does not only look for the possession of a murder weapon at a crime scene, it also looks for other evidence such as fingerprints and other details that indicate ownership of the murder weapon. In the context of PFM reforms, possible clues could be whether reforms are home-grown or the extent of international footprint on these reforms, which must be considered together with the approaches to reforms and the local PE dynamics.

assessments that trigger these reforms, at least, go a long way in diagnosing some of the problems. And with time, and with persistent efforts they will be able to address the most fundamental truths that underpin PFM performance in those countries (see observations 4ag & h below). However, some donor representatives still believe current approaches are perhaps the best available, at best because, they are best practices - as one of the respondents noted these reform models are what he called the 'Rolls Royce versions', or at worse, they help trigger action from local authorities (see observations 4ah & I below).

Observation 4ag: "Well this is what we are interested in. I wouldn't tell you that the laws alone will bring enormous changes. But one thing I know is that with this new act it empowers those at the technical and policy level to help to drive the PFM reforms" (NSA representative in SL: XX107).

Observation 4ah: What I will say is that donor support influenced policy change at that time and only few people will tell you this because…. I did it personally that's why I said I am doing this in my personal capacity and not the view of the IMF (Donor representative in SL: XX101).

Observation 4ai: "Of course! Those experiences we bring to bear which to me they are like Rose Royce versions among cars... ehh! You can think about it they are like top-notch experience" (Donor representative in SL: XX101).

Observation 4aj: "The budget support is only inviting those instruments to come into the reform process. We believe that if the instruments are in place, and then, local governments have the capacity to interpret those instruments and make them effective within government, then donors will claim to have made some progress" (Donor representative in LBR: XL101).

Hypothesis 4c: Donor interests determine the approach to and nature of the reforms, and by extension the pattern and the extent of progress made in PFM reform in developing countries.

Observation 4ak: GEMAP embedded international consultants to takeover co-signatory powers, with the overall aim to exact control and accountability in public expenditure in Liberia (Chessen and Krech, 2006; Dwan and Bailey, 2006; Hope Sr, 2010; Tripathi, 2017 - see also Appendix B).

Observation 4al: Generally, the PFM reform process in Liberia has been categorised according to the World Bank into three phases. Phase one (2003-2005) was mostly about restoring the status quo ante before the war broke out in 1989. Phase two (2005-2008) was about consolidating gains under phase one, while also enforcing tight control and accountability in PEM notably through GEMAP. And finally, phase three (2009 and beyond) is characterised by a more structured, coherent PFM reform agenda and long-term institutional development capacity building efforts (Bank, 2012b, pp. 1-2 - Appendix B).

Observation 4am: "So, donors came in the EU and the World Bank came in with what they called the Public-Sector Management Support. The EU and the World Bank came with some support in the accountant general's department and the budget bureau. In fact, at that time the accountant was a British National. I don't know whether you have been informed about the"! (Donor representative in SL: XX101).

Observation 4an: "Look we had a broken-down system and was like somebody coming and saying I want to help you fix your system. We needed to get a platform where we can move from and we needed a base. I think it was very complementary especially at that time. Imagine we had the inspector general of police a foreigner from the UK and all those structures were filled by foreigners. Even the accountant general at that time was a British. We appreciated that a lot to help us build our structures. They were just using us as locals or LTAs because we know the system, although there were few other foreign consultants" (Donor representative and who also worked as LTA in SL: XX105_303).

Observation 4ao: "Yes, because especially regarding dealing with the IMF then, we needed that technical skills. Before me, it was an expatriate who was brought in here who was compiling these tables to deal with the IMF. It was more or less thought of to bring in some local expertise, someone with that local flavour into the whole process and ensure that capacity is being built from within" (Donor representative and who also worked as LTA in SL: XX104_302).

Observation 4ap: Reform experiences mostly guided PFM interventions and models in developing countries. For instance, experience with some post-conflict countries meant that some countries had to go through more robust reform efforts than others. One such case is Liberia which went through a more robust, radical and controversial reform in PFM through its governance and economic management programme (Shah, 2007). Also, Schiavo-Campo (2007) in his review of budgetary institutions in post-conflict countries suggests that a first entry point for these countries was to protect the money – ensuring that public resources both external and domestic resources are properly accounted for. More so, post-conflict countries often accepted much tougher conditions such as "no aid without a program, no program without a budget" (Schiavo-Campo, 2007, p. 436), in return for much needed resources for post war reconstruction and recovery efforts (Literature review chapter - theory vs PFM reform experience in developing countries).

INFERENCE: The interests of donor partners have always remained sacrosanct, often taking different shapes and forms, and mostly in line with the global development agenda and context in recipient countries. Given the latter, these interests shift as the recipient country progress through various stages of its development. Observations 4ak to 4ap above provide evidence from multiple sources that is consistent with the hypothesis.

Hypothesis 4c passes a Hoop test, as it relates to influence of donor interests on the approach to and nature of PFM reforms, based on the context in recipient countries. Both Sierra Leone and Liberia present typical examples of how donor interests evolved over time as these countries gradually progressed from conflict, post-conflict and development stages. Donor partner interest immediately after the civil wars in both countries was to 'protect the money', which significantly influenced the type and nature of PFM reform programs. For example, PFM interventions in both countries immediately after their civil wars have been described as 'intrusive', with tighter controls through programs such as GEMAP and the installation of foreign expert as Accountant General in Liberia and Sierra Leone respectively. The evidence is however, less striking because of the presence of similar evidence of how donor interest in PFM evolved over time in countries such as Afghanistan, Kosovo, etc. as these countries developed their PFM systems (Shah, 2007; Schiavo-Campo, 2007; World Bank, 2012).

In essence, the approach to and nature of PFM reforms evolved as donor interest changed over time. The evolution of donor interest and its impact on the approach to and nature of reforms could be traced in the two case study countries even after so many years of implementing PFM reform programs. After supporting PFM in both cases for nearly two decades, donor intervention in PFM has also shifted recently back to 'the basics', with new programs such as 'Building Core Systems' and 'The EU State Building Project' in Sierra Leone by DFID and the EU respectively. These programs are examples of the latest shift in interest of donor partners in PFM following the devastating impact of the Ebola epidemic in 2014 - 2015 in both countries.

Hypothesis 4c however, fails to jump the Hoop test, as it relates to influence of donor interests on the approach and nature of PFM reforms, based on the global agenda such as debt HIPC debt relief and the Paris Declaration. Its failure to jump the hoop test is because the interests of DPs to show results have always been central driver irrespective of various global frameworks such HIPC, Paris Declaration. In fact, I argue the desire of DPs to show results that inspire most of the program and frameworks. Failure to jump the Hoop Test means this aspect of the hypothesis is therefore ruled out from the process analysis.

Apparently, the overriding interests of donor partners have been the need to show result for their development assistance and to remain visible. This desire to show results remain critical to donor partners and always override any global development agenda or context-specific requirement in recipient countries such as Liberia and Sierra Leone. The need to show results does not only influence the approach to or nature of the reforms, but it also bears on how donor partners perceive how much progress has been made. The evidence presented in observations 4aq to 4at is more decisive and surprising compared to that set out in observations 4ak to 4ap above. Hypothesis 4c therefore passes a smoking-gun test based on the evidence in observations 4aq to 4at. Take for example, how surprising or unique the claim is regarding the fair on the part of the donor partners, that their efforts [in PFM reforms] in Liberia are not seen as fruitless (observation 4aq), or the DFID withdrawal from the current PFM program (PFMICP) under the multi-donor trust fund because of their inability show results or justify any further budget support from their HQ (observations 4ar). Another example is the frequent and ad hoc revisions to the PAF under the multi-donor trust fund in Sierra Leone because of the continuous shifts in the interests of donor partners (observation 4as).

Observation 4at below provides even more compelling evidence showing how the interest of donor partners continue to supersede the global PFM reform agenda such as the Paris Declaration and the Accra Agenda, both of which emphasis the use of recipient country systems. The desire to show results by donor partner have had and continue to have direct implications for the approach to and ongoing implementation of PFM reform programs in both countries. These implications on PFM are very visible, viz-a-viz the significant off-budget support programs in these countries. For example, off-budget support to Liberia in 2016/2017 fiscal year was estimating to be nearly twice of the country’s annual budget for that year. In contrast, Sierra Leone has only managed to have four (DFID, AfDB, EU and the WB) general budget support donors, with a declining average contribution per year, except during the Ebola Outbreak which saw an upward movement in contributions from donor partners.

Observation 4aq: "One of the problems we have in this country is the unwillingness of the donor community, led by the US and EU to take concrete steps against the government simply because if they do, the international community will interpret it that their efforts in Liberia would seem to have failed. So, they allow this woman to get away with a lot of nonsense with the hope of succeeding in the country. But they are not succeeding in reality. The modus operandi is to remain quiet, so their efforts are not seen to have gone in vein. The Americans and Europeans have fallen in love with the president, so every government is sending a female ambassador to come to Liberia to promote women empowerment. They are all lost in the women empowerment stuff"! (NSA representative in SL: XL703).

Observation 4ar: "That is not good, and I must say that even headquarters are a little bit worried about PFM reforms in Sierra Leone. If you look at the past, especially the multi-donor budget support conditions by budget support partners were mostly based on PFM reform measures to the extent that even headquarters are now fed up of seeing PFM in our programs. Of course, and DIFD is finding it extremely difficult to even make a justification for a case for budget support to their headquarters" (Donor representative in SL: XX106).

Observation 4as: XX105_303: The divergence in donor interests even within the multi-donor trust fund, led to frequent, and often ad hoc revisions of the joint donor Progress Assessment Framework (PAF) This experience was noted by one of the interview participants, who was an LTA and key player for the government in the early stages of the reforms and working for one of the donor partners during the time of the interview. He made the following remarks: "… for now to me the donors, even though the coming of the donors sometimes is that they have areas of interest which are very dear to them sometimes. Definitely they have to revise the approach [viz-a-viz the multi-donor trust fund and PAF] because some of them are much interested in certain areas" (Donor representative and who also worked as LTA in SL: XX105_303).

Observation 4at: XL302: "I think it is a combination of other factors. It is not just trust issues. I think also most of the donors are interested in showing their presence. Visibility. They want to show results. I think they feel that it is easier to show results when the work outside country systems. And if you do direct budget support what you have done is you have you put resources through the budget which is more difficult to show results than through their programs. It is about visibility which to some extent political. Some of the bilateral agencies they want to show that they are making impact. They can easily show this if they run off-budget programs" (MoF official in LBR: XL302).

Further implications of the desire of donor partners to show results/impact is also reflected in the approach by individual donors. The extent of the preference to show results differs among donor partners. USAID for example, was singled out by other donor partners and domestic authorities interviewed in Liberia for the high-handedness of their approach in that country. But more so, the philosophy and approach of USAID affects even their interpretation and the level of ownership they are willing to grant to domestic authorities (see observation 4au below). This approach to PFM by USAID in Liberia is significant, especially in light of its position as the biggest development partner. This, in turn, according to some interview participants has implications for smaller donor partners with regard to the nature of their PFM interventions and overall aid modality- see observation 4av below.

> Observation 4au: "For the African Development Bank knowing that this is an African institution with more or less right we want to build the capacity of government, so they can take ownership and there is some level of responsibility. But when you ask USAID that question, they will tell you this is the usual way of doing things we don't channel directly funds to government. What they do is to pass it to other entities because of lack of trust. Sometimes I will say it is the management system sometimes they have problems with. So, they usually channel finances to other institutions not directly to the government budget. For us, what we have done overtime is to be able to use the country's system. For example, we have helped to build the capacity of the public procurement concession commission so that the system or our own procurement rules to that of Liberia transcend. Where we give responsibility to the procurement authority to be able to champion some of these procurement issues. We are able to give government that support to take some level of ownership. The definition of ownership and the confidence that goes with it varies based upon who you talk to. If you talk to USAID that will be there problem, but with the African Development Bank we recognised these problems but also, we try to help the government to build capacity. We have the aid management platform at the ministry of finance so that we can ask all those donors and not just the African Development Bank to submit their budget to that unit so we submit the disbursement projections to so you can populate that into the system, so that they can be able to holistically capture everything that comes from the donors (Donor representative in LBR: XL102).
>
> Observations 4av: "Their actions also have implications for other donors who mostly look up the bigger development partners like the USAID. I believe if the USAID should give more direct budget support this will help influence other donors to do the same" (MoF official in LBR: XL309).

The following additional implications are deduced by the researcher regarding the desire by donor partners to show results for their development assistance. First, donor partners' interest in showing results has led to the design of PFM reform programs as ends, and not as means to deliver real change or enhance service delivery. I present in observations 4aw to 4ay below various forms of evidence to support this argument.

Observation 4aw: Reform programs have been limited to changing the face of institutions (merger of the finance and development ministries; setting up institutions, enacting laws, hire new employees, install automated systems, transform business processes, etc.) and fails to actively create the platform to improve the functionality of those institutions, systems and processes in the long term, and improved accountability for results. In another word, it is not enough to design programs, build institutions, install new systems, change business processes, create new departments, recruit new personnel and expect to achieve the desired results. I presented under hypothesis two in the process tracing analysis various forms of evidence (observations 2l & m) that show how donor interest helped shaped the nature, pattern and extent of progress made in the PFM reform efforts in the two case studies and elsewhere (see also Appendices A & B respectively: PFM Reform Outputs and Analysis of Their Efficiency and Effectiveness).

Observation 4ax: "The Swedish message has all the time be to slow down and be realistic is what has to be done. They should not roll out IFMIS to 107 entities before the 50 [to which IFMIS has already been rolled out to] starts functioning properly. They should take steps and build on what is there and take a closer look at sector ministries. The whole PFM system is not an end in itself, but it is more like supporting service delivery. We need to look from the angle of the ministries in term of what do they need in terms of PFM tools, competence and capacity to deliver services more effectively. One is to have more focus on sector ministries and of course, continue with the systemic reforms – improving the budgeting and procurement processes and having all the documents in place, good assets and inventory management. So, the budget comes on time, the salaries come on time, and so there is a monitoring system in place. We have been trying to influence the World Bank in slowing down the reform process" (remarks from a representative from one of the donor partners actively involved in PFM in Liberia: XL103).

Observation 4ay: The following studies from Matt Andrews also present similar findings consistent with the findings in this thesis: Andrews, M. (2009) Isomorphism and the limits to African public financial management reform; Andrews, M. (2011) Which Organizational Attributes Are Amenable to External Reform?;Andrews, M. (2013) The Limits of Institutional Reform in Development: Changing Rules for Realistic Solutions; Andrews, Matt (2013) Explaining positive deviance in public sector reforms in development. See also Matt Andrews, Lant Pritchett & Michael Woolcock (2013) Escaping Capability Traps Through Problem Driven Iterative Adaptation (PDIA).

The evidence laid out in observations 4aw -y above clearly support the idea that PFM reforms in developing countries have been a kind of a transactional process, not just between donor partners and national governments, but also between the core of central government (mainly the ministry of finance) and parts of government (sector ministries, agencies and departments and local councils). On the one hand, donor partners propose series of reforms programs (mostly through assessment reports and recommendations as the basis for new PFM reform programs) in exchange for developing countries promise to implement those programs. These reform programs often come with conditions/triggers which recipient countries are expected to fulfil in return for GBS from donor partners (see observation 4a).

While on the other hand, central government (mainly the ministry of finance) roll out reform programs to MDAs and local government for implementation, often with no real ownership and commitment from MDAs and local councils to finance and sustain those reforms in the future (see observations 4az - 4ab below). The ultimate result from such a transactional nature of these reforms is the fact that the focus keeps changing from one reform program to the next pressing reform activity, with local authorities spending considerable time and resources on activities that are less germane to the survival and sustainability of the reforms (see observations 4ac - 4ad). This creates perverse incentives for local authorities to direct all efforts to meet donor conditions, especially reform programs attached to budget support triggers. This, in turn, has direct implications for both PFM performance (fluctuations in PEFA scores, variations in performance across the budget cycle) and the sustainability of the gains that have been achieved. The evidence presented in this section will be triangulated and compared with PEFA scores over time for both case studies and PEFA scores from large-N studies in the main text.

Observation 4az: The council cannot fund IFMIS, and even the PETRA now the ministry of finance is paying, and the council is not paying for the license. If you take into consideration revenue generation and council's expenditures, it will be difficult to support the IFMIS with council funding (Local council official in SL: XX501).

Observation 4aa: Yes, tensions will come normally when a ministry [agency, department of local council] refuses to take ownership for example, with the IFMIS. When there were operational difficulties. They had damaged equipment and they had to requisite the LAN and the ministry didn't want to take ownership for that and instead wanted the reform unit to use funds from the project. Even after agreeing to a MOU stating that line ministries should take such responsibility (MoF official in LBR: XL302).

Observation 4ab: "There was no internal audit because it was a two-man show. Now there is directorate of internal audit in the ministry of finance, and now a section has been created for internal audit in the new PFM act. From there we can now move to have an agency. The then minister I don't

> know for the current ministry, but he was supporting the idea for internal audit to become an agency, but that will have to take time" (Donor representative in SL: XX107).
>
> Observation 4ac: I present here examples of how PFM reform has progressed over time within a number of PFM dimensions, with little or no focus in improving the functionality of the unit/department or system concerned. I present two examples with internal audit and IFMIS reforms to demonstrate the kind of progression I am talking about.

Internal Audit reforms: Coupled with already available evidence on internal audit reforms in Sierra Leone, I also draw on information from a senior internal auditor in the ministry of finance to explain the continuing shift in focus within internal audit without proffering concrete solution to the underlying problem of internal audit. A number of reforms have happened within internal audit such as the creation of an internal audit unit in the ministry of finance, transformation of the unit to a directorate, creation of the internal audit manual, recruitment of internal auditors and placement of internal auditors in various MDAs. Irrespective of all these developments, internal audit remains the least performing dimension in every PFM assessment including PEFA. Clearly, all these developments within internal audit do not address the fundamental problem of internal audit. So, what are the problems with internal audit? I identify two fundamental problems from my conversion with this informant: the lack of pre-auditing of transactions and the absence of a mechanism to hold internal auditors accountable for their actions or inaction. These problems are however not mutually inclusive, rather they reinforce each other.

In Sierra Leone for example, it is both by law and common practice that public officials can only be held liable for wrongdoings if they approve or countersign financial transactions. The lack of any pre-auditing of transactions means completely exoneration of internal auditors because an auditor might say he/she did not sign on any documents, and therefore is not liable for any wrongdoing. Another excuse for internal auditors could be they were not aware about certain transactions, irrespective of the fact that they have a duty of due diligence or to raise the red flag of any potential wrongdoings. According the informant, "because of the weakness in [their] structure that is why [they] are more of Pathologists than Doctors. There is not much difference between external auditors and [them - internal auditors], and hence the same issues keep coming up every year because there are no preventive measures". More so, the lack of a mechanism to hold internal auditors' accountable exposes them to all the informal networking and arm-twisting that go on within MDAs. Which further undermine their integrity, professionalism and even diminishes any value addition that they might contribute as internal auditors to the PEM in the country.

Even under the current pilot program (execution of pre-audit of transactions by internal auditors) with the ministry of defence, who are the only institution being pre-audited, officials in the defence ministry will deliberately refuse to send certain transactions to the internal auditors for pre-auditing before making payment to vendors. This practice seriously undermines the very essence of pre-auditing if most of the transactions or the biggest procurements contracts are being hidden from the auditors. What this also tell us is that merely allowing pre-auditing by internal auditors will not solve all the problems, there is no enforcement mechanism for non-compliance from Vote Controllers and some form of accountability mechanism for internal auditors. For example, the latest reform within internal audit being pushed by donor partners in the current PFMICP is to have internal audit committees in every MDA and a national audit committee in the ministry of finance.

According the informant this is also another effort that does not address the fundamental problem of internal audit in the country. He argued “the issue will still not be solved because, as of now, there is no internal audit act/clause in the [new] PFM Act that penalises MDAs for failing to implement internal audit recommendations, and also enforce pre-auditing of transactions before payments are made”. It is therefore almost certain that the same old problems within internal audit will continue to come up.

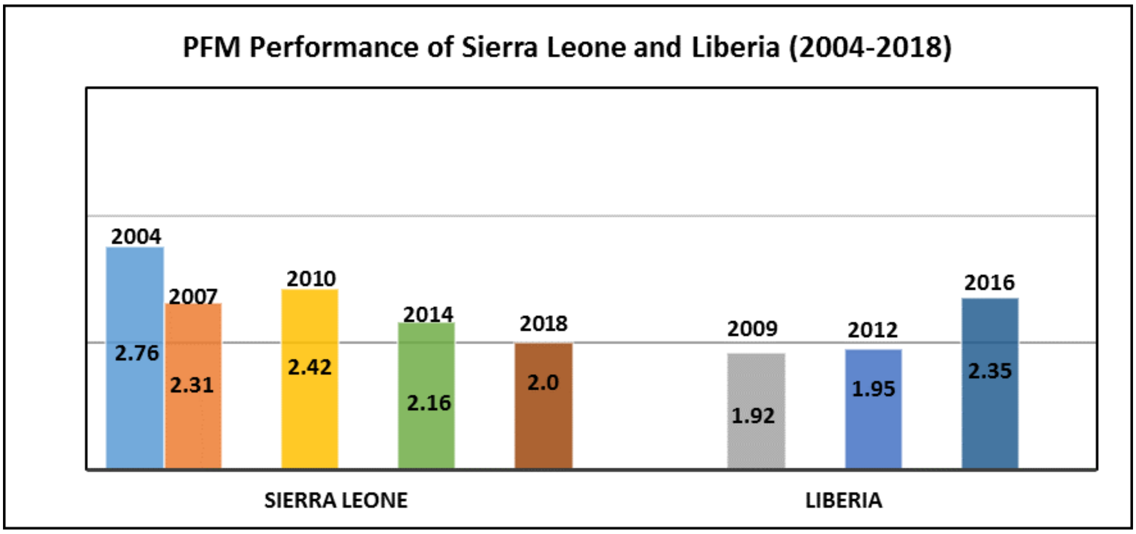
> Observation 4ad: I think there is always that kind of conflict of interest… how do donors measure progress in-country and what do countries really need. And countries in general do spend a lot of time trying to achieve things that do not really mean all that much (Donor representative attached to MoF in SL: XX102_301 - the experience of an ODI fellow during her placement in the Ministry of Finance in Sierra Leone).

IFMIS Reforms: The statements (Observations 4ae - f) in the following paragraphs also demonstrate the thinking of some of the donor partners and the apparent failure to address the fundamental problems affecting IFMIS even with the proposed upgrade. From reading the below statements, it is clear that the proposed IFMIS upgrade will still face challenges such as limited internet connectivity (this is even worse is MDAs operating in the provinces), ongoing financing of licensing and technical support from the IFMIS vendor, poor ICT infrastructure and electricity problems in the country. And more importantly the unwillingness of local authorities to finance and take ownership of IFMIS going forward (please refer to my previous process-tracing analysis and arguments of IFMIS in hypothesis two, observations 2ae - 2am).

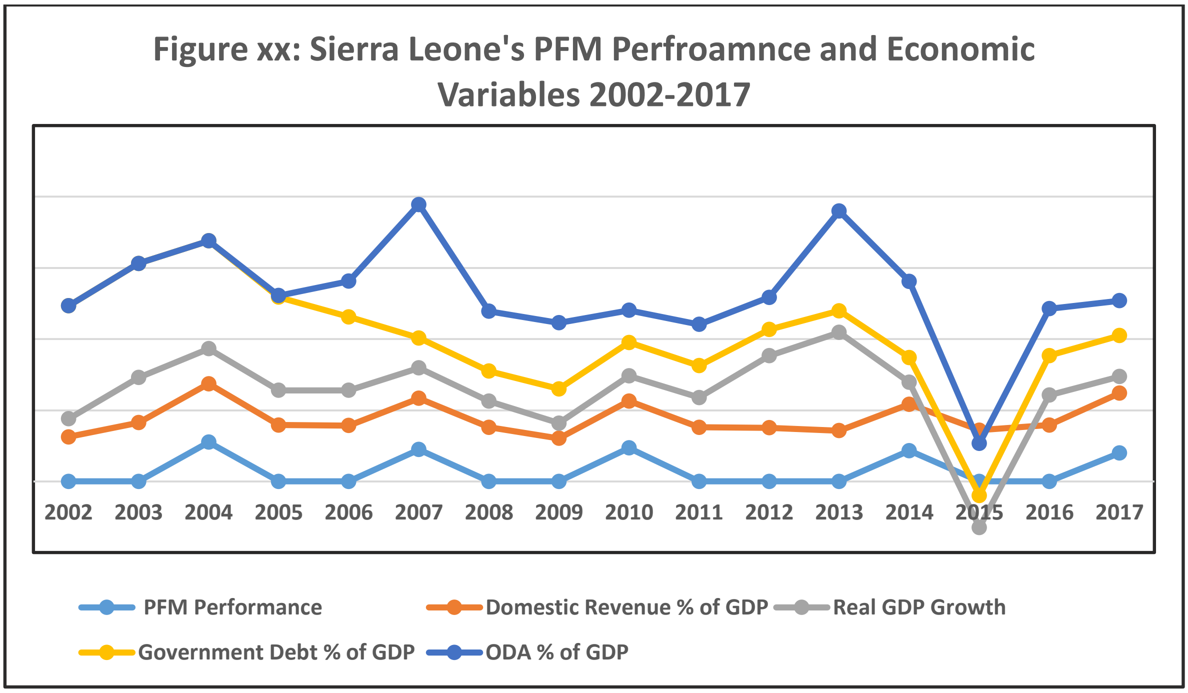
Observation 4ae: "You see the IFMIS that is where the major problem of Sierra Leone PFM has been. Yes, the current IFMIS is working, yet it is not technically fit to support most of the reforms. Presently the budget module and the financial management module aren't integrated, and the interface problems with the national revenue authority is a problem. So, I think during the last review we have discussed under the PFMICP that we need a robust reimplementation of the reforms. So, we are going to have a more advanced version of the IFMIS FreeBalance and that will take care of most of these issues (Donor representative in SL:XX107).

Observation 4af: "Yes, we have a lot of connectivity problem here. I agree with you entirely on IFMIS - there are lots of problems with the implementation here, but with this new upgrade that is coming on board, it will fall in line and a lot of these issues will be resolved. The roll-out does not depend on the technical functions of the IFMIS. The roll-out to other MDAs should have done, but licensing, connectivity are the problems. Even in Liberia the technical issue is also a problem. But capacity in Liberia is the real problem, and the legal framework to support the implementation is another problem. Strengthening the Accountant Generals department is another big problem there" (Consultant who worked in both SL and LBR: XL308-XX306).

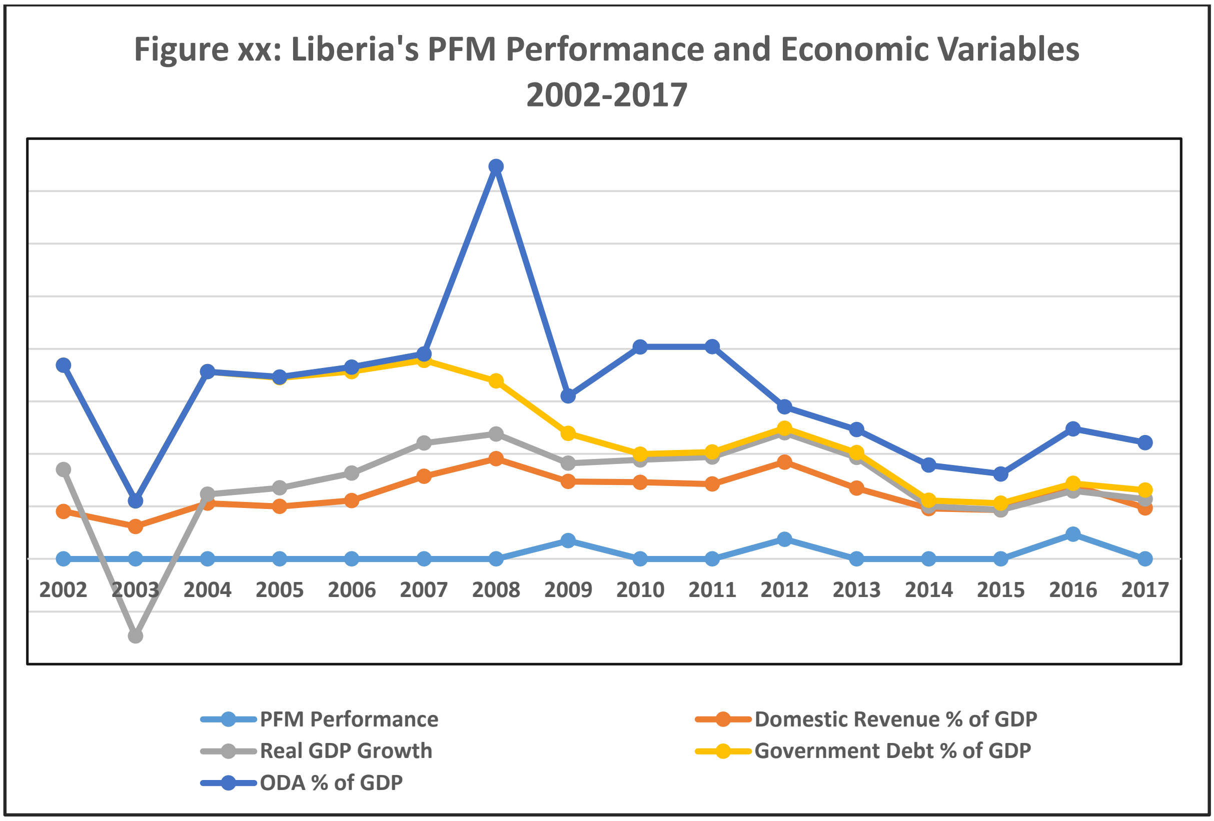
GROUP FIVE HYPOTHESIS: ECONOMIC DRIVERS OF PFM REFORMS



Source: PEFA database



Source: IFM Article IV Reports and WEO; OECD's CRS & World Bank's WDI



Source: IFM Article IV Reports and WEO; OECD's CRS & World Bank's WDI

PFM performance as shown in the figures above for Sierra Leone and Liberia respectively improved immediately after their civil wars, which also culminated with significant improvements in fiscal dynamics such as ODA, GDP growth rate, Domestic revenue, and government debt in the same period. Apart from this initial pattern, there is no clear relationship between PFM performance and the four economic variables considered in the above figures for the two countries. PFM performance in the two countries remained on average, relatively low and did not change significant over the period 2002 - 2017. Beyond these broad patterns, it seems almost impossible to be able to draw any meaningful inferences regarding the nature of any possible causal relationships between PFM performance and the fiscal dynamics covered in the above figures.

However, the two countries experienced similar events over the period under review that might provide more context into how fiscal dynamics might have directly or indirectly influenced PFM performance, the level of appetite or commitment to PFM reforms, or vice versa. Specifically, the two countries had gone through post-conflict, recovery and development, external shocks (global economic crisis in 2008 and the fall in commodity prices around 2013-2014) and natural disasters (the Ebola Outbreak 2014-2015). I discuss these events under two broad categories - Post-conflict and recovery; and development.

Post-conflict and Recovery Phase (2002 - 2008):

First, the period immediately after the conflicts was characterised by improvements in all the fiscal dynamics and increased efforts in PFM. Emerging from civil conflicts, both countries started from a low base, and suddenly recording significant improvements in fiscal dynamics. But the immediately post-conflict period also witnessed increased PFM reform activities brought about by the PRSP agenda and the HIPC debt relief initiative. As part of the HIPC debt relief initiative, these countries had to implement several PFM reforms in return for debt cancellations. At the HIPC completion points, aid flows to the two countries had reached its highest level, with declining government debt, reaching its lowest levels in the history of the two countries in 2006-2007 and 2008 in Sierra Leone and Liberia respectively.

As with many post-conflict countries, there was also improved economic activities with rising GDPs. It is therefore hard to de-link aid and the promise for debt relief with the initial pace in the reform process reported in these countries in the immediate post-conflict and recovery era. Interviews and information from published sources and my previous analysis under hypothesis four provide compelling and detailed evidence about how budget support under the Multi-Donor Trust Fund in the two countries have been the main instrument used by donor-partners to drive PFM reforms. More than half of all budget support triggers in Sierra Leone for example, were related to PFM reforms. Local authorities in turn saw PFM reforms as an important aspect to attract foreign aid. In the words of one interview participants "government needed the structures for decentralisation and PFM reforms, because the only way to have more money [from donor-partners] is when you have structures and PFM reforms and getting various financial management acts" (Interview: XX105_303). But it is also extremely constraining, in the light of other evidences to entirely attribute the initial progress in PFM to aid and debt cancellations. In part, because there is no clear relationship between the economic variables and PFM performance as shown in the figures above. But also, the evidences presented in the discussions of other hypothesis suggest Liberia and Sierra Leone, like many countries that started from a low-base with the current wave of PFM reforms had gone to record significant gains in the early stages of their reforms. Although, findings from the World Bank (Fritz et al. 2014) note that these group of countries mostly benefited from debt relief, but the authors also note that the result is the same for other low-income countries that started their PFM reforms from a low-base.

Development Phase (2009 - 2017): Unlike the immediate post-conflict and recovery phase, development phase in the two countries experienced an average decline in the economic variables under review. But PFM performance on average remain the same in Sierra Leone and with some minor improvements in the case of Liberia. Again, unlike the post-conflict phase the recovery and development witnessed different set of economic dynamics that elucidate on our understanding of the relationships between PFM reforms and the economic variables under consideration.

First, the two countries experienced significant boom in economic activities brought about by revenue from iron and other commodity exports. As a result, domestic revenue and real GDP (including mining revenue) grew significantly during the recovery and development phase. The central argument has been when economies grow, they provide a strong support-base for PFM reforms to thrive (de Renzio, Andrews and Mills, 2010). Empirical evidence from the two countries however show little enthusiasm in support of the economic argument as a driver of PFM reforms or PFM performance, among other hypothesised factors such as politics, donor support and institutional factors. But some interviewees still share the view that improved economic performance could contribute to progress in PFM. For example, a booming economy could bolster support from the pubic or foster innovation in the PFM process and provide greater leverage to local authorities to pursue reforms that are home-grown (observations 5a-d).

Meanwhile, there is compelling evidence from the interviews and realities on the ground during the period under review that show to a large extent, the rise in domestic revenue and GDP did not positively influence PFM reform progress. Irrespective of the increased revenue from mining exports, local support (especially financial support) to PFM reform as shown in chapters five and six remained a fraction of the total support provided (chapters five and six, sections xxx and xx). Rather, the evidence suggests increased revenue and GDP as a result of mining revenues in the two countries contributed to worsening PFM performance (observations 5e-g). Expanding revenues in these countries seem to have triggered the impulses of political leaders to more than proportionately double their promises or build their political clouts through exponential levels of spending towards their 'political roots'. There was a natural tendency by politicians to plan too large with the expectation that revenue streams from mining will continue to flow. This led to fiscal indiscipline with large extra budgetary expenditures and declining PEFA scores for budget credibility and frequent in-year revisions of budget ceilings during that period for the two countries.

Observation 5a: In the status quo, I think the first one is donor support, the second is institutional development, and then politics and local ownership and the last one is economic factors. I think there is a possibility of PFM reforms regardless of the economic situation as you know it's an ongoing process. Just because we have a cash constraint doesn't mean we cannot continue with PFM reforms. Obviously, we with booming economy we will have more leverage and it will be easy to carry out reforms, but I don't think that's a very strong factor (Donor representative attached to MoF in SL: XX102_301).

Observation 5b: Ok! The penultimate which is donor support and practice that is the set up that has support PFM reform because during the time of economic boom, you know it was the donors that supported the economy and helped in PFM reforms (Donor representative in SL: XX101).

Observation 5c: Stronger economic performance for example, gives a lot of public support for the reform problems. If you can convince the public that if you implement these measures you will have better economic performance...better growth and you will have the economy becomes attractive to both foreign and local private sector investment. If you have strong institutions and robust laws and regulations in the banking and financial sectors these will create the optimum conditions for bringing about better growth (MoF official in LBR: XL302).

Observation 5d: Yes, it helps reforms so much, in fact, it brings in innovation. If you do not have the resources you could hardly proffer better decision, but if the country has the resources, we will be more innovative and a lot more proactive in deciding what gets done (MoF official in LBR Interview: XL309).

Observation 5e: Exactly, so it is that when economies grows they support PFM.I can tell you this is not necessarily yes, because we saw the economy grew around 20% in 2012 and 2013 that was around the time when government was most reckless because expectations grew and they thought that the mining was going to be forever. The increased the salaries of parliamentarians by 100% in this country. And if you look at the PEFA scores it was very horrible (Donor representative in SL: XX101).

Observation 5f: : But I have seen during the boost in the extractive industry (iron ore exports) between 2012 to 2014 in Sierra Leone, the country had a serious issue with fiscal discipline and weak PEFA scores because of the increased domestic revenue brought about as a result of iron ore exports. It is still too early to make any conclusive claims, but this could undermine the economic argument you are making! (MoF official in LBR: XL309).

Observation 5g: Like you mentioned during the peak of the iron ore industry, we did receive a lot of resources. Here use to be a hot spot of would be investors coming in and going out. But again, our ownership as a government of those resources did not go well in terms of management. We did not plan properly. We planned so large with few resources, and so we wanted to implement those plans we did not have resources. And come with the outbreak of Ebola all other excuses came down to the Ebola thing. True EBOLA did bring about some pushbacks in our development process. But if we had managed and planned it well! (Member of Parliament in SL: XX602).

The experience with the boom in mining revenue in the two countries fits squarely well with the broader experience of resource-rich countries, where revenue from natural resources tend to drive fiscal indiscipline (see de Renzio, Andrews and Mills, 2010; Fritz, et al., 2014 and 2017). In light of the empirical evidence from the two countries, it is reasonable to therefore, think that countries with higher share of non-tax-based revenue tend to have poor PFM performance. Apart from triggering the impulses of political leaders to more than proportionately increase spending, there is also evidence from the two countries that expanding resource-based revenues tend to promote rent-seeking behaviours that undermine specific aspects of PFM.

First, the governments in both countries have been heavily criticised by many observations and concerned citizens for signing bad mining contracts with foreign companies, which undermine the taxed-based revenue collections of these countries in the long-term. Albeit the huge contributions to GDP from the mining boom in the two countries, with Liberia signing six concessions amounting to some $13 billion by 2014, these mining contracts were filled with huge concessions to foreign companies. Liberia for example, had royalties on goal and diamond and on all other minerals as low as 3% and 5% respectively. For Sierra Leone, the royalties were set at 3% in the contracts with African Minerals and London Mining, with income tax rates set as low as 6% for London Mining. The income tax rate for Sierra Rutile had been 0% since the company started operations in the 1980s until 2013 when the rate was revised to 30%. These are well below the statutory rate of 30% on corporation tax in Sierra Leone. Both the London Mining and African Mineral contracts had concessions that allowed the companies to mine and export all other associated minerals or mineral concentrates apart from Iron Ore.

These bad deals according to critics and civil society organisations, are largely the products of rent-seeking behaviours by politicians, who in return get kickbacks from mining companies and other favours, such as providing employment opportunities to their followers and relatives. A 2014 report called 'Loosing Out' by the Budget Advocacy Network (BAN) - a group of civil society organisations working in PFM, supported by the charity Christian Aid UK, Tax Justice Network-Africa (TJN-A), IBIS, and ActionAid, found that concessions in the form of low rates of income tax and royalties, important duty waivers and GST to mining companies are principally responsible for the low tax-revenue in Sierra Leone, resulting from huge revenue losses to the country. The report estimated that revenue losses from tax incentives in 2011 and 2012 amounted to 13.7% and 8.3% of GDP respectively, with an annual average loss of $ 199 million between 2010 and 2012. They report further projected that revenue losses were estimated to rise to $131 million in 2012-2014, fuelled almost entirely as a result of revenue losses from the five mining companies (BAN Sierra Leone, 2014). These figures are not surprising, with Sierra Leone only ranking 3rd from the bottom, on tax-revenue collection among 23 African countries according to an IMF report (IMF, 2012, p, 18).

Second, the surge in resource-based revenue from mining has direct implications on procurement reform efforts in the two countries. Huge in-year revenue collections from mining companies triggered unplanned expenditures, which were often, treated as emergency procurements. This could be seen from the drop in PEFA score for indicator 19 for competitive procurement from C in 2010 to D in 2014 assessment (see PEFA website for scores relating to 2010, 2014 and 2018 assessments). Also, according to the Joint-donor Progress Assessment Framework (2013) for PFM reforms in Sierra Leone 73% (by value) of all government procurement 2012-2013 were conducted through non-competitive practices such as sole-sourcing or as emergency procurements (PAF 2013, in Ecorys and Fiscus, 2016:63). Liberia had similar PEFA scores for indicator 19, with increase in non-competitive procurement practices reported in the 2014 assessment, covering the periods during the mining boom. Its PEFA scores relating to competitive procurement methods dropped from C in 2009 to D in 2014 assessment.

Also, the huge inflows of mining revenues had implications on other PFM dimensions. They resulted in increased extra-budgetary expenditures, which were not reported, but also poor multi-years perspectives in planning, budgeting and execution. The PEFA scores for indicators 7(a) and 12 (a, c & d) for Sierra Leone consistently underperformed (averaging D scores) during the mining boom. Liberia's performance regarding lining policy planning, budgeting and execution (indicator 12) dropped during the mining boom, but its scores regarding extra-budgetary and unreported exported expenditures improved during the same period (PEFA website). Based on these evidences, I therefore, conclude that countries with resource-based revenue or a sudden boom in resource-based revenue has directly implications on specific PFM dimensions, which further undermines overall domestic tax-based revenue generation potentials in those countries in the short-term and as well as in the future.

As shown in the figures above the two countries continued to experience on average increase tax-based domestic revenues, both in absolute terms and as a percentage of GDP even at the height of the mining boom. For example, the National Revenue Authority in

Sierra Leone in the last decade, has consistently achieved its revenue targets. But Liberia overall had higher domestic tax-based revenue than Sierra Leone. Like proceeds from mining exports, improvements in tax-based revenues did not as we all have an equally positive impact on key PFM indicators such as budget credibility. Aggregate expenditure and revenue outturns (PEFA indicators P1 & P3) both countries dropped significant for most of the recovery and development phase, but with some slight improvement in P3 for Liberia in the most recent PEFA assessment report. The budget support evaluation in Sierra Leone also noted frequent and consistent revisions in budget ceilings and delays in quarterly releases to MDAs (Ecorys and Fiscus, 2016:63).

Although, the existence of a strand of literature that countries with increasing tax-based revenue tend to have improved PFM systems than rich or resource-based countries (Moore 2004; Prichard and Leonard 2010; Fritz, et al., 2017), the evidences in the two countries with the increasing tax-based revenues did not equally reflect on their PFM performance. The negative effects of improvements in resource-based revenues on PFM systems and overall PFM performance surpassed by far, any potential benefits that might have resulted from improvements in tax-based revenues from the two countries. According to some of the interview participants, the experiences in the two countries during the mining boom, with increased resource-based and tax-based revenues, with declining PFM performance during the development phase could indicate reverse causal relationships between improved economic performance and PFM reform progress (see observations 5h below).

> Observation 5h: Then, the next I would say institutional and management arrangement of reforms, and then I will put economic factors… they are not associated. Econometrically, they can be a kind of reverse correlation (Interview: XX101).
>
> Observation 5i: The PFM was very important in some ways. Through PFM now the government does business only with taxpayers. Before the PFM, you could do business with anyone who had a little bit, but the PFM required that only registered taxpayers conduct business with the government as vendors. There are other important things we are doing thanks to the PFM (Internal Audit official in LBR: XL401).
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> Observation 5j: Let us go back to the global PFM architecture or global PFM methodology. If IFMIS is just one component of PFM. Then this another thing altogether, but Liberia is way ahead of Sierra Leone in terms of tax administration. Liberia has commissioned and is presently using an integrated tax administration system. When you implement automation in tax management you will see a lot of revenue inflow in terms of cash and in terms of planning. But Sierra Leone is yet to complete the tender for an

integrated tax system. I think it's at the evaluation stage. It will take time for Sierra Leone to even commence the implementation (Consultant who worked in both LBR and SL: XL308_XX306).

Observation 5k: For me, revenue is an issue. We need fundamental change in revenue. There is a lot going on. We are not looking at the introduction of ITAS for domestic and the upgrade from ASSYCYDA++ to ASSYCUDA World to be implemented at the NRA. Again, I do not want to come back to the extractive industry revenue and the TSA… if we have these, it is the lifeblood for any reforms. Revenue management will help improve budget credibility (Senior reformer in SL MoF: XX305).

Observation 5l: These are issues that have a lot relationships with the economy and these are the issues that also foster, consolidate, limit or undermine formal structures. For example, take tax waivers is where you a lot of informality. The ministry of finance has guidelines and policy regarding tax waivers. But then because of the executive and legislature mostly subvert those rules have a lot of waivers that they cannot account. You will find we have lost billions of tax waivers that are given through the back door. There is a study on the tax waiver, and I will look for it (NSA represenatative in SL: XX702).

Observation 5m: All these things have to do with how well the PFM reforms have helped in managing the country's economy. If you have resources and your PFM system is strong, with innovative personalities they will vision what should be done, regarding the country's development priorities, with the increased domestic resources (Senior official in LBR MoF: XL309).

The positive effects of improvements in tax-based revenue on PFM according to Moore (2004) and Prichard and Leonard (2010) was based on the premise that it would lead to stronger citizens' demand for better services and greater accountability. The evidence in the two countries do not support the arguments made by those scholars. Rather, citizen's participation according to the open budget survey remain the weakest link among other indicators and across the two countries. The scores for participation in the most recent open budget survey were 6 and 11 out of 100 points for Sierra Leone and Liberia respectively (see Open Budget Survey for Sierra Leone and Liberia for 2015 and 2017). There are currently no formal mechanisms in both countries to facilitate public engagement and support external audits and participant in audit investigations. Member of public and civil society are not called to testify during budget and public account hearings. And there are no mechanisms to facilitate public engagement with the executive branch to foster knowledge exchange and innovation in the annual budget process.

Also, results from PEFA assessments show that accountability dimensions within PFM are among the weakest areas within PFM in the two countries (PEFA reports for the two countries from PEFA website). I therefore, argue even if the huge resource-based revenues brought about by the mining boom did not negatively affect PFM reform efforts in the two countries, the absence or low citizens participation and accountability meant improvements in tax-based revenues as well did not have an equal positive effect on PFM reforms. Going by the arguments of Moore (2004) and Prichard and Leonard (2010), it is plausible to claim that, improvements in resource-based revenues in Liberia and Sierra Leone, in the absence of public participation and low accountability must have contributed to the declining PFM performance in the two countries.

Meanwhile, the evidence from both countries rather, suggest, improved economic performance is associated with improved PFM systems. Although both countries have improved tax-based revenues, in absolute terms and as well as a percentage of GDP, Liberia on average had higher domestic revenue as a percentage of GDP than Sierra Leone (see the figures above; Ecorys and Fiscus, 2016; IMF, 2010). The superior performance from Liberia, having come from behind has been attributed by many respondents to improvements in its domestic revenue administration (observations 5i-m). Interview participants from the two countries recognised the role of improvements in revenue reforms could have had on domestic revenue generation and overall economic situation. They cite specific reforms such as taxpayer registration, introduction of GST, installation of new systems such as ASSYCYDA and International Tax Administration Systems (ITAS). But they also agree that the significant advancements in revenue administration in Liberia principally accounts for its superior domestic revenue/GDP performance over Sierra Leone.

Other factors that appeared to have been relevant in the economic performance and PFM reform discuss, are what some respondents described as the twin-shocks suffered by both countries. Although some respondents mentioned the 2008 global economic crisis, the fall in Iron Ore and other commodity prices in 2013-2014 and the Ebola Outbreak in 2014 are considered by respondent to have had the most impact on PFM reform efforts in the two countries (observations 5n-s below). While the Ebola Outbreak did have impact on economies of the two countries, evidenced through the significant decline in GDP and domestic, its impact on PFM performance is less obvious as some of the respondents suggest.

I draw on two specific reasons to explain the lack of clear links between Ebola Outbreak and PFM performance. First, results from the 2010 and 2014 PEFA assessment for Sierra Leone show that PFM performance was already in decline even before the advent of Ebola in 2014. But PFM performance in the 2018 PEFA assessment for Sierra Leone also dropped in the post Ebola period from 2015-2017. This trend is PFM performance is acknowledged by some of the respondents from both countries (see observations 5q-r). It is difficult to make the argument that the decline in domestic revenue and GDP during the Ebola Outbreak directly had a significant impact on PFM, because improved domestic revenue collection and rising GDP in the period leading to the Outbreak (mining boom: 2010-2014) did not lead to better PFM performance in the first instance. Perhaps, declining PFM performance got worse during the Ebola Outbreak, as one Lawmaker suggest the government had bitten more than it could chew in anticipation of rising revenue from mining exports (see observation 5r). The arguments I make here does not however rule out potential impact of Ebola on economic activities, but its direct effects on PFM reforms seem to have been over-played by local authorities.

> Observation 5n: Yes, we have the best policies we are using PEFA but if you are having twin-shocks right, because again that is why we are trying to diversify. Not to just rely on iron ore, it failed, and it is now a lesson learned (Senior reformer in SL MoF: XX305).
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> Observation 5o: We need to improve. Take the entire budget how much is funded by domestic revenue or our own efforts. Before it was 20/80 but then we developed during the mining boost from 2012 to 2014 and then the twin-shocks. I think we have gone down an again, and as we speak now, we are struggling to meet our budget (Audit Service SL official: XX401).
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> Observation 5p: Yes, you have to look at the revenue aspect which definitely affects that PEFA. I am not surprised about the current trend in PEFA (Senior reformer in SL MoF: XX305).
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> Observation 5q: XL301: We start off well! And yes, we were having a better growth rate, the economy was growing to a 2-digit growth rate. That was very important for us then. So, these reforms now started sinking to the low, but people were appreciating it. Now we have to downsize a bit. We actually started dropping [on our PFM performance] even before the Ebola came. The Ebola worsened the situation. The prices of principal commodities on the world market dropped drastically. To maintain these reforms there are also costs associated with them.... This whole politics about the storeman, once you don't have the finance to take care of them, no reform is absolutely better to them. That's why people say hungry men are angry men'. There is absolutely nothing you are going to tell the people (Senior official in LBR MoF: XL301).

Observation 5r:…and come with the outbreak of Ebola all other excuses came down to the Ebola thing. True EBOLA did bring about some pushbacks in our development process. But we also did not plan well when we had the boom in mining revenues (Member of Parliament in SL: XX602).

Observation 5s: They are influenced more or less by the need for authorities to be able to finance the budget deficit. Most of these programs come with additional financing and budget support. The authorities push on most of these programs for... in the case of the IMF they provide a major source of balance of payment support and balance of payment deficit financing. So, the authorities are most interested in closing the gap in the deficit for balance of payment in obtaining additional budget support. Their failure in not having such supports will lead to widening of the deficits. These are some of the reasons I think donor partners will have to take into considerations (Senior official in LBR MoF: XL302).

Secondly, while both Liberia and Sierra Leone suffered from the Ebola Outbreak, PFM performance (2012 and 2016 assessments) did improve for Liberia during the Outbreak. As noted in the previous paragraph, it is therefore plausible to argue that the marginal improvements in PFM in Liberia before and during Ebola is associated with its superior domestic tax-based revenue/GDP generation capabilities. But my analysis of the fiscal accounts and ODA % of GDP of both countries during the period of the mining boom to post-Ebola (2010-2016) shows that Liberia that Liberia received, by far more ODA than Sierra Leone did. As evidenced by its superior PEFA scores for budget credibility (P1, P2, and P3 - 2009, 2012 & 2016 assessments), Liberia was able to effectively manage inflows from mining exports because its development programs were financed almost exclusive by development partners.

The country, therefore, had greater discretion about how to spend its domestic tax-based revenues and as well as revenues from mining exports. As one of the respondents noted that there was a mutual understanding between donor-partners and local authorities that requires the government to take care of salaries and other recurrent expenditures, while donors-partners fund all development projects in the country (see observations 5t-u). Thus, even if the government of Liberia also had ambitious plans in anticipation of increasing mining revenues like Sierra Leone, its receipts of huge ODA % of GDP during the period helped cushioned it against the potential impact of the Ebola Outbreak and fall in commodity prices.

> Observation 5t: What government really does is to pay the salaries to these people who are implementing the project at the ministry of finance. I will say government is spending 90% to 95% of their funds on salaries and this is the huge question. If they cannot put funds towards the PFM reform process, how can the government take the lead in driving the reforms? (Donor representative in LBR: XL102).
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> Observation 5u: One minister said to me personally when we raised that issue - noting that most of government budget is on recurrent costs. And the minister said when they are negotiating with donors, they tell us to take care of salaries and recurrent costs.... and let us fund the projects [the development budget]. But I think the government has power that is not using or is not using it wisely (NSA representative in LBR: XL701).

On the basis of my above analysis of the evidence of the impact of Ebola and fall in commodity prices, I strongly argue that these twin-shocks had greater impact on PFM reform process in Sierra Leone than in Liberia. My argument is further corroborated by the significant decline in domestic revenue as % of GDP and real GDP growth in Sierra Leone than in Liberia (see the figures above above). Whiles Liberia's superior domestic tax-based revenue % of GDP did play a role, but receipts from ODA was critical to the country's resilience during the twin-shocks. The high domestic tax-based revenue in Liberia would have made little or no impact with the wage bill absorbing more than 70% of its recurrent budget. Besides, ODA to the country was consistently higher, representing almost twice the national budget in fiscal years 2015/2016 and 2016/2017 (see fiscal tables for 2015/2016 and 2016/2017 and GoL ODA reports for the same period from the ministry of finance website).

The relevance of inflows from ODAs was not uncommon to Liberia alone. Its relevance to the PFM reform processes in the two country and across all phases (post-conflict, recovery and development) is apparent in the figures above. PFM performance in the two countries improved in the aftermath of every surge in ODA across all phases under review. In the period immediately after their civil wars (2002-2005), there was an upsurge in ODA, but so too is PFM performance in both countries. Even where ODA did not increase, inflows in the form of debt relief at the end of 2007 and 2008 led to improved PFM performance in the 2007 and 2009 PEFA assessments for Sierra Leone respectively. Similar improvements in PFM could also been seen in the 2010 and 2012 PEFA assessments in Sierra Leone and Liberia respectively following the slight increase in ODA between 2009 and 2010. This relationship could be explained by the high number of budget support triggers that were related to PFM. That meant each time there was an upsurge in ODA, of which, budget was part of, there were additional disbursement triggers related to PFM. But as discussed in hypothesis relating to donor support, the extent of external support on overall PFM reform progress had been limited to mostly upstream and de jure dimensions of PFM.

A more direct relationship was between ODA and domestic revenue as % of GDP, especially in Sierra Leone. For most periods domestic revenue declined immediately after an upsurge in ODA. This pattern was observed during the increase in ODA in 2004, 2007 and the increase in budget support following the 2008 global economic crisis. Two implications could be drawn from this relationship between ODA and domestic revenue in Sierra Leone. ODA surged after every crisis: immediately after the civil war and with HIPC debt relief, after the global financial crisis and in 2015 following the 2014 Ebola Outbreak. This means ODA was used as a countercyclical measure or a response to external shocks that supported government functions. But ODA also served as a disincentive to domestic revenue mobilisation efforts. Meaning, for every surge in ODA there was a subsequent decline in domestic revenue. Similar results were also found in the evaluation of DFID country program (Poate et. al., 2008), IFM (2010) and more recently by the budget support evaluation 2004-2016 (Ecorys and Fiscus FID, 2016:51).

SUMMARY

My process-tracing analysis of the empirical evidence from Liberia and Sierra Leone and the extant literature in this area, shows less support for the hypothesis that improved PFM systems are associated with strong economic performance as originally alleged by many scholars (de Renzio, Andrews and Mills, 2010; xxx). Rather, the evidence points to a reverse causal relationship between improvements in economic and PFM systems. This proposition is largely true for improvements in resource-based revenues, which tend to undermine PFM reform progress in the two countries. Expanding revenues in these countries seem to have triggered the impulses of political leaders to more than proportionately double their promises or build their political clouts through exponential levels spending towards their 'political roots'. There was a natural tendency by politicians to plan too large with the expectation that revenue streams from mining will continue to flow. This led to fiscal indiscipline with large extra budgetary expenditures and declining PEFA scores for budget credibility and frequent in-year revisions of budget ceilings during that period for the two countries. This finding fits well into the extant body of literature that suggest that rich or resource-based countries tend to have weak PFM systems or poor PFM performance (de Renzio, Andrews and Mills, 2010; Fritz, et al., 2014 and 2017). Apart from triggering the impulses of political leaders to more than proportionately increase spending, there is also evidence from the two countries that expanding resource-based revenues tend to promote rent-seeking behaviours which undermine specific aspects of PFM, such as budget credibility, planning, budgeting and execution, procurement reforms, led to frequent in-year revisions to the budget ceilings and promoted huge extra-budgetary expenditures. The huge inflows from mining exports even undermined efforts towards bolstering domestic tax-based revenue generation in the two countries. These findings resonate with earlier propositions about the impact of rent-seeking behaviours on reform implementation, especially in resource-based economies (Khan and Jomo 2000; Barma, Kaiser, and Le 2012; Okonjo-Iweala 2012; Levy 2014; Fritz, et al., 2017).

Even with increasing domestic tax-based revenues, the evidence suggests negative effects of improvements in resource-based revenues on PFM systems and overall PFM performance surpassed by far, any potential benefits that might have resulted from improvements in tax-based revenues from the two countries. But more so, the conditions (increased public pressure for better services and demand for greater accountability) under which improvements in domestic tax-based revenue according to Moore (2004) and Prichard and Leonard (2010) could lead to improvements in PFM performance were almost non-existent in the two countries. The evidences from the two countries point to a reverse causal relationship between improved economic performance and PFM reform progress. Several reforms, especially improvements in revenue reforms were cited to have contributed to the improved economic performance in the two countries. But Liberia's superior revenue administration capabilities were specifically noted to have contributed to its superior domestic tax-based % of GDP over Sierra Leone.

While there is a general recognition that fall in commodity prices and the Ebola Outbreak did affect the economic situations of both countries, there direct impact of PFM performance is less obvious. This is primary based on the fact that PFM performance in Sierra Leone began declining during the mining boom. I argue the fall in commodity prices and the

Ebola Outbreak could have only worsened the situation because the governments in the two countries had already bitten more than they could chew. In other words, they had already planned so big in anticipation of the increasing inflows from mining exports. This argument is further supported by the experience in Liberia. The country did have moderate improvements during the fall in commodity prices and the Ebola outbreak. But Liberia's resilience to the twin-shocks was largely because of its reliance on external aid, which helped cushioned the effects of the twin-shocks on government functions.

The relevance of inflows from ODAs was not uncommon to Liberia alone. Its relevance could be traced to the PFM reform processes in the two country and across all phases (post-conflict, recovery and development). ODA was used as a countercyclical measure or a response to external shocks that supported government functions immediately after the civil wars, in the aftermath of the global financial crisis and following the fall in commodity prices and the Ebola Outbreak. Even where its ODA did not increase, inflows from debt relief was critical to economies of the two countries. A patter therefore emerged wherein, PFM performance improved following every spike in external financial support, especially during the post-conflict era and after ODA receipts following the global financial crisis. However, every spike in ODA or inflows from debt relief created disincentives that affected domestic tax-based revenue mobilisation efforts, especially In Sierra Leone (see Poate et. al. 2008; IFF, 2010; Ecorys and Fiscus, 2016:51).

GROUP SIX HYPOTHESIS (Institutional Factors, Design and Management arrangements of PFM Reforms)

Hypothesis 5: Formal institutional development, legal and management arrangements have significant influence/implications on current PFM reform progress and overall PFM systems quality in developing countries.

FORMAL INSTITUTIONAL DEVELOPMENT, LEGAL AND MANAGEMENT ARRANGEMENT OF PFM REFORMS

The process tracing exercise carried out here illuminates on our understanding of the role of institutional environment in driving PFM reforms and improving the quality of PFM systems through analysis of several institutional components, their structures and interrelationships in the two case study countries. These components and interrelationships cover the PFM Legal Framework, The Main PFM institutions, Technical-Political Interface, Intergovernmental Relations and the role of NSAs in PFM. The technical-political interface includes relations between the MoF and the legislature, relations within the executive and relations with donor partners. Intergovernmental relations cover PFM institutional set up and governance arrangements in sectoral ministries and subnational government, the nature of intergovernmental relations between the MoF and subnational government.

Through observations from primary and secondary sources, I present several evidences for each component within the PFM institutional environment that illustrate how formal institutional environment and management arrangements alone may not have the desired effect on PFM reforms and the quality of PFM systems in the two case study countries. The objective of the process-tracing analysis of the various forms of evidence is to either increase or decrease support for the hypothesis examine in this section of the appendix. First, I start with the first component, which is the PFM legal provisions that set out the rules and regulations that govern the way governments generate, allocate, use and account for public funds.

COMPONENT ONE: THE PFM LEGAL AND REGULATORY FRAMEWORK

I present in this section observations from published sources and interviews from key stakeholders in the PFM reform process in the two case study countries to show that while there has been tremendous progress in the legal and regulatory framework, significant gaps still exist between PFM laws and regulations and their actual implementation in practice in these countries.

OBSERVATIONS:

Observations 6a: A stock-take of PFM laws, institutions, systems and policies I carried out from various sources shows that the legal and regulatory framework was the most prominent PFM reform intervention area by the end of the 11-year civil war in 2002 in Sierra Leone (Appendix A, table A.1)

Observations 6b: Table 5. 4 PFM Reform Interventions and Activities in Sierra Leone also show that the legal and regulatory framework of PFM continue to feature significantly in the post war era in Sierra Leone up the year 2016 (Appendix A).

Observations 6c: Like Sierra Leone, PFM reform interventions and activities in Liberia from 2003 to 2016 show similar level of focus and depth in the legal and regulatory framework (Appendix B, Table B.3).

Observations 6d: I also show in observation 1C under hypothesis one that much of the made in the two case study countries made (reform outputs and outcomes) relate to upstream and de jure dimensions of PFM (see Appendices A & B).

Observation 6e: The scale and depth of progress made in the legal and regulatory framework (de jure dimension of PFM) of PFM in developing countries is also widely acknowledged in recent PFM literature (de Renzio and Dorotinsky, 2007; De Renzio, 2009; Lawson and de Renzio, 2009; de Renzio, Andrews and Mills, 2010; Fritz, Sweet, Verhoeven, 2014).

INFERENCE: It is clear from observations 6a-e above that initial PFM reform efforts in Liberia and Sierra Leone, like of many developing countries were heavily concentrated in building the legal architecture. The detail stock-take and analysis in chapters five and six show significant uniformity in the nature and type of laws and regulations enacted in these countries - ranging from the organic budget laws and associated regulations, procurement law, external oversight, debt management, etc. The stock-tale also reveals most of these laws and regulations have been revised, and for some even up to three times in the last decade and a half in both countries. The coverage and depth of these laws vary greatly in both countries and even between earlier and later versions. The divergence in coverage and depth between the two countries are the result of country differences in governance structures and systems, while differences between earlier and later versions of specific laws emanate largely from the inappropriateness of earlier versions to the local context in these countries, often necessitating revisions or enactment of new laws. For example, the latest PFM law in Sierra Leone is much wide in scope and depth than the PFM law in Liberia because it captures the PFM operations of the national and subnational governments and it has new components such as the TSA that was absent from the earlier PFM Act.

Irrespective of the significant gains in enacting new laws and reforming old ones, I also provide evidence from both published and primary sources in observations 6f-6k below that point to the lack of implementation of the laws and regulations in the two case study countries. The reasons cited in the literature (see de Renzio and Dorotinsky, 2007; De Renzio, 2009; Lawson and de Renzio, 2009; de Renzio, Andrews and Mills, 2010; Fritz, Sweet, Verhoeven, 2014) for the significant gap in the implementation of these PFM laws and regulations range from technical to nontechnical factors. But I argue in this section, and elsewhere in this thesis that, the apparent lack of implementation of PFM laws, regulations and policies are explained largely by nontechnical factors as shown in observations 6f-k.

Observation 6f: According to the World bank the most critical reason for variations in PFM performance in Liberia has been the apparent "gap between formal laws, rules and systems and their actual implementation in practice" (Bank, 2011c). (Appendic B).

Observations 6g: The lack of implementation in Sierra Leone applies to the PFM Act, regulations and other PFM laws such as the procurement and audit laws (See observations 2f & 2j from hypothesis two and 3ag from hypothesis three).

Observation 6h: How effective are these institutions those are issues we have to think about, and we are good at that. We are good at developing policies. Laws, etc., but when it comes to implementation is the problem (Donor representative and who also worked as LTA in SL: XX105_303).

Observation 6i: There is also evidence from the wider governance and public sector reforms literature that suggest the lack of implementation of policies, laws and programs is ubiquitous across different reform interventions in Sierra Leone (Jackson, 2006; ICG, 2008: Robinson, 2008; Fanthorpe & Gabelle, 2013; Jibao & Prichard, 2013; Roseth & Srivastava, 2013; Srivastava & Larizza, 2013).

Observation 6j: A number of factors have been argued to contribute to the apparent gap between laws and the actual implementation in practice in Sierra Leone. The factors cited include the disregard for legal rules and procedures; inconsistency between PFM laws and the 1991 constitution and LGA of 20004; top-down political decisions; and inappropriateness of the laws to the local context and other legislations such as the PPA, LGA and Anti-corruption Act (Appendix A).

Observation 6k: Inappropriateness of the initial PFM laws and regulations and political-economy factors were also cited by many interview participants among reasons for the implementation gap (See observations 2o, 2r - 2t from hypothesis two).

INFERENCE: The nontechnical factors present a more compelling argument because there is consistency in their presence, and often have greater causal power. On the other hand, the existence and influence of technical factors such as the inappropriateness or inconsistencies of PFM laws with other laws and regulations could be hard to justify after those initial PFM laws and regulations were revised to match the local contexts or eliminated the inconsistencies in the two case study countries. The technical inconsistencies in the various laws can be corrected, and they have been corrected, which means their mere existence is relevant and could affect the implementation of the laws. But their absence does not mean all the PFM laws and regulations will be fully implemented. These technical factors therefore only pass The Straw-in-the-Wind test.

The nontechnical factors such as top-down political directives and informal client-patron networks are difficult to eliminate, which Hydé famously note are "…embedded in society and its culture, they will remain 'necessary evils' that the donor community can at best contain, not erase altogether" (Hydén, 2005, p. 17). And these nontechnical factors could therefore derail the implementation of these laws or reform efforts. In the same token, political support and commitment to PFM reforms for example, could almost certainly guarantee the implementation of PFM laws.

In fact, these nontechnical factors explain largely if a law gets passed at all, when or if a law fails to pass or stalls. There are numerous observations to illustrate on this claim, but I use four specific instances to make the case for this claim.

Observation 6l: The 2007 stand-off in Sierra Leone between parliament and donors who had refused to amend a parliamentary standing order called SO75 to allow the Auditor General to make her audit report public (observations 3ao from hypothesis three, MoF offificial in SL: XX308, Evaluation of GBS 2002 to 2015 - Ecorys and Fiscus, 2016).

Observation 6m: The new procurement act in Sierra Leone stalled for three years before it finally got enacted by Parliament, despite its submission to Parliament being included as a PAF indicator in 2012. (Evaluation of GBS 2002 to 2015 - (Ecorys and Fiscus, 2016, p.65)).

Observation 6n: The Parliament of Sierra Leone to date has refused despite all the external pressure from donor partners to amend their standing order to transfer leadership of the PAC to the opposition as widely practice is most Commonwealth countries (See observations 3ap from hypothesis three)

Observation 6o: The Single Treasury Account only became part of the new 2016 PFM law in Sierra Leone several years after it was initially proposed, and with substantial pressure from the IMF (Interview: XX101). Liberia is yet to include TSA in its PFM law, also after several years since it was initially suggested by donor partners and MoF officials. For example, a respondent from Liberia made these remarks about the delay in having the TSA: "another example is we have been talking about the TSA for the last five years, but this has not come to past yet. This is just one example of those projects that do not have any financial incentives attached to them" (MoF official in LBR: XL306).

INFERENCE: The above observations or evidences (observations 6l-6o) show that nontechnical factors pass a much stronger process-tracing test, known as the hoop test, given their high relevance in determining not only whether a law gets passed, stalled or not passed at all, but they also largely explain the lack of implementation of PFM laws and regulations. Based on the evidences presented above, one could argue that the deeper the roots a specific PFM law has in nontechnical factors, such as political economy issues or threaten the political survival of politicians, the greater the likelihood it will encounter stiff resistance or derail its implementation. This premise holds true in the two case study countries, and it so irrespective of the nature of governance structures or extent of complexity of a country's institutions and wider authorising environment. With respect to the latter, I examine through process-tracing in the next couple of sections about how governance structures in the main PFM institutions, their relations with political actors and intergovernmental relationships affect PFM reforms and overall PFM systems in the two case study countries.

COMPONENT TWO: THE MAIN PFM INSTITUTION (THE MINISTRY OF FINANCE)

I show in this section that the establishment of new institutions or merger of PFM institutions or both and their institutional set up have limited impact of PFM reform progress and overall quality of PFM systems. I also show that although it is generally true that more complex governance structures and institutional set up may affect reform progress or the quality of PFM systems, I present a number of evidences here to show that PFM reform efforts and systems could still be derailed or stifled in developing countries with even less complex governance structures and institutional set up. Rather, the evidence points to the lack of functional improvements in the main PFM institutions in the two case study countries. Having emerged in the early 2000s from decade long civil wars, PFM institutions in the two case study countries were in a state of complete collapse. But with the new wave of reforms immediately after their respective civil wars, these countries have made significant progress in building new institutions, set up new departments, units, build capacity, etc., and sometimes streamlining their institutions making them less complex. The later in typical with the merger in both cases of the ministries of finance and developing planning (see Appendices A & B). Although Sierra Leone has subnational governments with some devolved service delivery functions and Liberia has county authorities and currently piloting treasury functions in four of fifteen counties, the PFM architecture in both countries is less complex and financial management functions are highly concentrated in the MoF (observations 6p-q). It is also worth noting that most top-level bureaucrats in the MoF, who would normally be considered elsewhere career civil servants are political appointees or are appointed directly by the presidents in the two countries.

But even with such highly centralised, simplistic and concentrated financial management functions within the MoF in both countries, their MoF still struggle to effectively carry out some of their basic functions such as planning, budgeting and execution. For example, the performance of the main budget planning, preparation and monitoring instrument MTEF has been appalling since it was first launched almost two decades ago in Sierra Leone and since 2003 in Liberia (see observations 6r-v).

OBSERVATIONS

Observation 6p: The PFM laws in both countries place central control and significant responsibility to the ministries of finance (The PFM Act of 2016 in Sierra Leone and the PFM Act of Liberia 2009).

Observation 6q: PFM reform in Sierra Leone and Liberia like in many other countries have been heavily concentrated in the ministry of finance {Pretorius & Pretorius, 2008; Allen & Krause, 2013; Allen et al., 2015). In Sierra Leone for example, this high degree of concentration in the ministry of finance attributed to the fact that nearly all key financial managements functions fall within the realm of the MoFED (Welham & Hadley, 2016: 16-17).

Observation 6r: Repeat PEFA scores for the two countries indicate significant weaknesses in policy-based budgeting and declining performance (see appendix E).

Observation 6s: The MTEF has been cited as being at the heart of the problem that continue to plague policy-based budgeting. XL306 an interviewee from Liberia MoF for instance, note “for the MTEF, I honestly don't think we have implemented anything in this country. People feel that it is just about having the medium-term budget and the forward estimates”. Interviewees also cite the complete disregard for the MTEF principles and weak costed sector strategies among other problems affecting its implementation (see observations 1g, and 2ap)

Observation 6t: MTEF is also widely regarded as one area of PFM that gained much attention at the early stages of the reform process in many developing countries but continue to perform poorly relative to other areas. And they mostly attribute this poor performance of MTEF as part of a larger contextual problem with reforms in developing countries (Pretorius and Pretorius, 2008; World Bank, 2012, see also Appendix A).

Observation 6u: MTEF is regarded by many interviewees as a tool to drive political agenda, which makes it extremely difficult to separate it from everyday political processes in the two case study countries. Other interviewees believe MTEF is failing because many in the public sector consider it as having a medium-term plan and forward estimates, competing objectives and changing preferences among politicians and sectoral ministers (see observation 2u, 2ao, 2aq-r).

Observation 6v: The way they came up [with MTEF was] not consistent with how they were derived in Ghana. Here this started first, and then second and third. May be in other countries they got a fundamental system at once or may be something led to the other. Here, if you look at the trend of all of these developments, they affected us because … before we started the MTEF we should have got good governance, and somehow, we didn't have a roadmap of consistency. (MoF official in SL: XX304).

INFERENCE: The evidences presented in observations 6r-v show that even the most powerful PFM institutions by law and by institutional set up within PFM in the two countries could not effectively perform their roles and responsibilities in driving the reforms or improve PFM systems in those countries. The above evidence also shows that the inability of the MoF in the two countries to effectively carry out some of their most basic functions are deeply rooted in structural, technical and political-economy issues. And more importantly, the evidence found in the two countries about highly centralised PFM functions in the MoF and their ability to effectively function is also widely acknowledged in the literature of PFM (observation 6t).

The Lack of Functional Improvement in the Main PFM Institutions:

The inadequate functional improvement of the MoF in the two counties irrespective of the significant progress made could also be found in most PFM institutions and wider public institutions in those countries. This gap between the level of progress made in building PFM institutions and their actual functional improvement is presented in the following observations (observations 6w-xx) and discussed in the paragraphs that follow.

OBSERVATIONS:

Observation 6w: Chapters five and six establish the limited functional improvements across PFM institutions and the wider public sector. The evidence from published sources on Sierra Leone and Liberia are also supported by one of the leading scholars Matt Andrews in institutional reforms in developing countries (Chapter five and six, sections 5.6.3; 6.3.2.1 and Andrews and Turkewitz, 2005; Andrews 2011, 2012a, b&c; Andrews, Pritchett and Woolcock, 201; Andrews, 2013).

Observation 6x: Basically, the notable change regarding PFM reform issue in Liberia has been the fact that we have moved from calling for reforms to monitoring reforms and demanding accountability within reform itself. For instance, we have called for the creation and establishment of structures. These structures have been established. The laws have been enacted but the laws are being abused by those in power charged with implementing the laws. So, our work now has shifted to call from reforms to call for accountability from those who hare managing these institutions of PFM (NSA representative in LBR: XL703). A civil society activist describing his frustrations with the lack of functional improvement in PFM institutions, which has led to civil societies shifting their efforts towards improving performance and accountability in PFM institutions in Liberia.

Observation 6y: Unlike the anti-corruption commission (ACC) we don't have much with them because in 2010 the three committees in parliament signed memorandum of understanding in terms of issues involving corruption. What happened - for example with the Ebola report? When the report was out the ACC, they jumped ahead they even went to the media told the people that... because the PAC in parliament was delaying implementing some of the recommendations from the Ebola audit report. They went ahead they were in the media saying all sorts of things. We had taken ownership of the report at the time and we investigated the culprits in the report. But this was not the job of the PAC, rather the attorney general. Even the house majority leader also went to the media saying that no! the ACC should wait for the PAC - after deliberations then the ACC should then come on board. So, there is conflict between the functions of the PAC and that of the anti-corruption (Parliamentary Clerk in SL: XX601). A member of the parliamentary PAC in Sierra Leone rationalising failures of his committee and weaknesses in the institutional set up in the wider institutional environment that affect the efficiency and effectiveness of the PAC.

Observations 6z: Sierra Leone and Liberia have been criticised by many local observers, donor partners and independent researchers about the continuous failure of their institutions to implement recommendations from annual audit reports. The institutions that were cited frequently by interviewees were internal audit, procurement, and parliament external oversight (Observations 2q; Senior reformer in SL MoF: XX305).

Observation 6aa: I think I share your views, because sometimes donors come, we chat with them, but I always tell them we are good at law-making. Look! If it is box-ticking, we do have all the institutions good governance in this world – one of the best. When you look at good governance issues we have for example, national electoral commission, the ombudsman, anti-corruption commission, and everything (Donor representative who also worked as LTA in SL: XX105_303). This respondent was reflecting on the need to have functional improvements not only in PFM institutions but across the public sector.

Observation 6ab: So, if you ask me whether there are structures and institutions, my answer is there are systems and structures, but they are often abused. Why are they abused? It is because maybe these where donors' ideas (Donor representative in SL: XX106). A donor representative in Sierra Leone pinning the disregard or abuse of formal institutional structures, systems and norms because they were externally imposed by donor partners.

Observation 6ac: Institutions in the sense that we should rationalise our institutions such that they do not overlap or create unnecessary duplications such that it will also not be a bottleneck in the implementations of reform programs. Each Institutions has a clear and distinct role to perform such that we would have all these stuffs I just mentioned in terms of bottlenecks, duplications, delays, etc. Anything else given the status-quo will just lead to friction, etc. (MoF official in SL: XX304). A MoF official in Sierra Leone suggesting measures to curb inefficiencies or dysfunction in PFM institutions.

Observation 6ad: Again, in terms of my experience, most of these government institutions lack monitoring and evolution. They could be making progress, but they will not know because the programs are not properly monitored. It is now time for governments to invest in monitoring and evaluation. … In Sierra Leone, we could have a cash management committee chaired by the minister of finance, but they don't follow the policies and processes in terms of cash management (Consultant who worled in both LBR and SL: XL308_XX306).

INFERENCE: The above observations (observations 6w-6ad) present substantial evidence from diverse range of sources that also provide additional evidence about the limited impact of formal PFM institutions on PFM reform efforts and overall PFM systems quality. And I show in the above observations that the inability of PFM institutions and wider authorising environment to drive reforms or improve PFM performance are because of lack of functional improvement in those institutions. This function gap is measured by the difference between the level progress made in the two countries in building new PFM institutions and systems and the actual functionality of those institutions. Insert diagram here. The widespread dysfunctional nature of main the PFM institutions in Liberia and Sierra Leone could be traced to several factors that have their roots in the third component the technical-political interface in the two case study countries.

COMPONENT THREE: THE TECHNICAL-POLITICAL INTERFACE

The technical-political interface in the PFM architecture Liberia and Sierra Leone has three facets - relations between the executive and the legislature, relations within the executive and relations with donor partners. These three facets of technical-political interface are jointly discussed, given the inter-relationships especially between the executive and the legislature that make it extremely difficult to examine each face separately.

OBSERVATIONS:

Observation 6ae: The 1991 Constitution of Sierra Leone and the 2016 PFM Act and the 2018 Financial Management Regulations lay out clearly the roles and responsibilities of the three parliamentary Committees (Public Accounts Committee, Finance Committee and Transparency Committee) that exercise oversight and accountability over PFM in that country.

Observation 6af: The 1986 Constitution of Liberia and the 2009 PFM Act and the 2009 Financial Management Regulations detail the various the roles and responsibilities of the various Parliamentary Committees (Public Accounts and Expenditure, Committee, Ways, Means and Finance, and Committee on Planning and Economic Affairs). These committees have overall responsibility for oversight and accountability in PFM in Liberia.

Observation 6ag: The legislature makes the decisions to pass laws and decides what kind of budget to pass. And it also decides what kind of projects should be implemented based on their priorities. For example, in the last five years the budget has never been approved before the scheduled date, and it has always been approved 3 or 4 months after the due date, which is on 30th June every year. (MoF official in LBR: XL306).

Observation 6ah: Unfortunately [the] budget is mostly approved when we are in the raining season. Another issue that came up even in the open budget initiative is how we change the budget calendar, instead of July to June we move to January to December. The amended PFM law that is one of the provisions (NSA representative in LBR: XL701).

Observation 6ai: The executive right leads the budget formulation process! And the budget approval and execution process are led by the legislation. That is the separation between the two arms of government. If you look at the opportunities that exist within the executive process of the budget formulation, there are direct institutional links there. The budget hearings, for example, the monitoring of the budget, and looking at the financial account for every year and all that. But when it comes to the approval stage, interestingly enough where there could have been more opportunities for COS in the legislative process of the budget approval process is where there is a weak provision institutionally for CSO participation. Unlike other countries where you have like during the committee stage, you have public hearings. They will invite the public directly to come and witness the discuss and review the process on the performance of the budget from MDAS. In SL, those committee stages are closed to CSOs. They do not allow participation there. The MPs do not seem to be representatives who trust or want to work with civil society regarding impacting their decision on approving the budget; they do not seem to be open, except for the fact that the opposition MPs they seem to be having this kind of analysis. They seem to love working with CSO to help them trigger their desires. I will give you an example of what happened last year. When the budget speech was released last year, CSOs horridly put together a reaction to the budget pointing out the weakness and the strength of the budget. Could you believe that documents extensively used by the opposition MPs in parliament to argue when they were debating the budget? They highlight what came from civil society. So, you could see that the legislature is weak regarding their analysis of the budget process. At the same time those in the majority in parliament does not seem to want to use the criticisms of the CSOs not to approve the budget. So, it is the structure of the parliament itself that could partly be blamed for that (NSA representative in SL: XX702).

Observation 6aj: No, that is the budget line for the entire parliament not for the PAC alone you see. …We have questioned the clerk of parliament there is no good answer from him. Even the chairman I was in his office - asking him why there is no direct budget line for PAC activities. He said to me the funds from ministry of finance was very minimal. Just imagine we have about 33 committees and we are the only ones without direct funding from central government (Parliamentary Clerk in SL: XX601).

Observation 6ak: In 2015/2016 fiscal year (known as the year of budget short fall) the GoL instituted an austerity policy that saw the budget of nearly every ministry slashed significantly. And according one civil society activist I interviewed; he had expected that the legislature that has the decision-making power would have been affected too by the cuts. According to the interviewee, the legislative budget had grown from 9m dollars since 2006 to 54 million dollars in 2016. By 2016 and before the cuts, the legislative budget had grown to 41m dollars. After effecting the cuts for other institutions, the legislative budget increased by another 3m to 45m. He continued by drawing on a specific example involving the budget of the Pro tempore in the Liberia Senate: “despite the fact that there are PFM laws and regulations, politicians are abusing the system by budgeting corruption. What I call budgeting corruption is instead of... out-rightly taking money that does not belong to a particular politician, he/she has to do it in collaboration with other higher profile politicians and top government bureaucrats and ... insert that into the budget. Nobody cares about anything in this country. So, you have budget that is 500 pages thick. Nobody cares about that. You have a situation where the president or the head of Liberia senate has a budget of 1.5 million dollars. Which was initially 245,000 dollars for the year, but which has been inflated... this led to a public outcry that politicians are taking the money at the expense of service delivery” (NSA representative in LBR: XL703).

Observation 6al: In a recent press release on February 16 from a Human Rights Organisation basically alleging that the president is committing economic treason. And in the tat press release, they point to the high salaries of legislators and the president was even quoted of admitting to their claim on national radio? When do you see developments like that happening in a country you are supporting what comes to your mind? (Donor representative in LBR: XL103).

Observation 6am: The legislative sees itself as the people. And so, when the budget is presented to them, they see it as the government budget, and they as the people could play with it for their people – but not necessarily for the people but to score some political point. The legislature also uses the budget as a means of getting re-elected (NSA representative in LBR: XL701).

Observation 6an: We have a patronage government system. When people are appointed, and their hands are caught in the cookie jar, and by trying to disgrace them can bring credibility issue to the entire political party. So sometimes they are just dismissed (NSA representative in LBR: XL702).

Observation 6ao: There was no one talking about what was happening around tax incentive issues. So, because we wanted to engage on tax incentives issues, we did a study titled "Loosing Out". In that study, we looked at few companies and we estimated that USD 2,24,000 was what we were losing from tax incentives annually for those few companies and that money by then, i.e. 2011 was seven times the education budget plus eight times the health budget so that we were losing from tax incentives (NSA representative in SL: XX701).

Observation 6ap: Coming to the public hearings it is just sometimes to confront the real problems. The public hearings are already done among themselves before they come public. So, it is a real public hearing, it is just a kind of ex-post factor that we are hearing. What is the essence of the public hearings? It is just cosmetic or shows low efforts to show that we are now becoming accountable (NSA representative in LBR: XL702).

Observation 6aq: The political risk is always there — the risk for them not wanting to implement the reforms because this is limiting them. They want to operate freely without being monitored. We have all these indicators and triggers limiting their visions or what they want to do that makes them less transparent and accountable. And some political leaders will have a different opinion of how FPM should work, and those are all issues (Donor representative in SL: XX107).

Observation 6ar: When reports like that are out in the public, they only get the desired attention for a few days, and then everything dies down. Honestly, we feel bad that we do not get our recommendation implemented to the letter (GAC senior official in LBR: XL402)

Observation 6as: I would add political patronage. This is very significant. For example, we have an IFMIS system and we say once the allotment has been made another allotment cannot be made until the procuring entity draw-down and report on the spending. And here is an entity that has not reported, and you command come from somewhere requesting transfer of funds to that entity (NSA representative in LBR: XL701)

Observation 6at: We have a system of government wherein the legislature approves the budget submitted by the executive head of government the president. It has a marriage between actors in the legislature and actors in government to enrich at the expense at the population. All they have to do is to appease the judiciary with lucrative allowances which are also commensurate with the status of the judiciary. These are judges who have no power to declare anything that in unconstitutional in this country. … What happens the legislature has oversight role to put a hold to that, but what happens there is a negotiation between the executive and the legislature to increase their allowance ad the executive will do whatever they want (NSA representative in LBR: XL703)

Observation 6au: We have a patronage government system. When people are appointed, and their hands are caught in the cookie jar, and by trying to disgrace them can bring credibility issue to the entire political party. So sometimes they are just dismissed (NSA representative in LBR: XL702).

Observation 6av: When it comes to the legislature you would hear on the radio after October 2014. You will hear that probably 90% of the current legislator where not re-elected. That is one-way Liberians get them to account. And so those who get elected when they realised that they can no longer fool the people, it puts them on the spot, and they try to be accountable. [How sure are you that 90% will not get re-elected?) Mark my words. It happened in 2012, 2014 and it will happen 2017 (NSA representative in LBR: XL701).

INFERENCE: the evidence relating to the relationships between the executive and the legislature, relations within the executive and relations with the donor partners are presented in observations 6ae - 6bk above. First, observations 6ae - 6au specifically deal with the role of the legislature and the relations between the executive and the legislature. A number of similarities exist in the legislative role in exercising oversight and accountability over PFM, but there are significant differences in the legislative set and relationships between the executive and the legislature in the two countries.

Both countries have an executive system of government but with different legislative architecture. Liberia has a two-tier legislature structure with a house of representative and the senate. While Sierra Leone has a single-tier parliamentary set up. These differences affect the power-relations between the executive and the legislature. Liberia's two-tier parliamentary structure gives the legislature greater power and leverage in its oversight role in the annual budget process, while the Legislature in Sierra Leone seem to be much more aligned and supportive of the executive's decision and policy directions. While there is a marriage between the legislative and executive arms in the annual budget process in the two countries, the nature and depth of the marriage differ between them. In Liberia the marriage is much stronger between the legislature and top-level bureaucrats in the MoF than between the presidency and the legislature. In Sierra Leone however, the marriage is mostly between the presidency and the legislature.

These distinctions are important because they affect the amount of power and leverage parliamentarians have in each country. The executive in Sierra Leone is indispensable to the election/re-election of Parliamentarians, and the government has always maintained a majority in parliament. Unlike Sierra Leone, Liberia has a more diverse parliament with many independent parliamentarians and with little control from the executive (Observation 6ae-6ao). The president in Liberia has little or no control over the legislature or members from her/his political party. The Liberian president for example, was on radio explaining to the Liberian people that she did not approve of the huge allowances taken by Parliamentarians (Observation 6al).

The above institutional set up of the legislature in the two countries, power-relations and marriage between the executive and legislature have enormous implications during the annual budget process. The legislature in Liberia has much control over the budget preparation and approval which has always resulted in significant delays in approving the budget (Observations 6ag-h). But more so, they have greater leverage over resource allocations and can manipulate the process in favour of their personal and political interests (Observations 6ak-o). There is a much more coherent budget preparation process in Sierra Leone with no substantial delays in approving the budget. Much of the institutional problems in budget preparations happen during the approval stage, where Parliamentarians from the ruling party appear to undermine the process as a way of protecting the executive's budget from scrutiny from opposition MPs and CSOs (Observations 6ai and 6ao).

The institutional set up, power-relations and marriage between the executive and the legislature also affect budget executive and accountability in similar ways in the two countries (observations 6ap-s). Although Sierra Leone ranks highly than countries like Ghana in the sub region in the open budget survey in recent years (Open Budget survey 2015), interview participants share similar sentiments regarding the lack of accountability from political leaders. They mostly reference this to the lack of implementation of audit recommendations of the PAC. But the problem is greater than just the failure to implement audit recommendations. The evidence from observations 6ap-6av reflect at worse client-patron network or at best partisan politics and entrenched in relations within the executive and between the executive and the legislature. And this has an entanglement and dilemmas for all parties, as one respondent note "when people are appointed, and their hands are caught in the cookie jar, and by trying to disgrace them can bring credibility issues to the entire political party" (XL702) (see observation 6au). These institutional dysfunctions in the setup of PFM institutions, including the legislature and interrelationships between the executive and the legislature and relations within the executive branch present far greater problems relating to power-imbalances, top-down political pressures and technical-political dilemmas, which are covered in the next set of observations (observations 6aw - 6bl), and discussed below.

OBSERVATIONS

Observation 6aw: Why do we always have huge fiscal imbalance? The proof of how good the revenue administration of the country could be determined from the fiscal imbalance. And if you have a situation where you have a president who always signs extra-budgetary expenditures and executive order to the minister even when those expenditures are not on budget, then he is effectively undermining the budget. The passion of trying to satisfy political people he promised would also add additional constraints on the budget. And we are here fooling ourselves that we have approved a budget and all. You the minister has to limit the executive's off-budget spending, and there has to be a mechanism to achieve this (NSA representative in SL: XX702)

Observation 6ax: … if you have too much power that the president enjoys, then the minister of finance does not have that leverage to challenge whatever orders that are coming from the president. These are issues that undermine the plans and the whole budget. And they even undermine the discretion of technical heads within ministries to be able to achieve their respective objectives (NSA representative in SL: XX702).

Observation 6ay:: The problem is that these guys are appointed, and the government pays their salaries and it is the same government who can dismiss them. This is the problem instead of being professional in doing the work I have to be political and sometimes I have to satisfy or go the extra mile to satisfy our political masters. Honestly, it depends on the authority in place. I can tell you if you could compare PFM reform now and maybe PFM reform five years back, I believe that the environment is not vibrant to speed up or to take advantage of the implementation of reforms even when the minister is said to be a reformer. He is somebody who wants to see changed in the right way. He has an interest in pursuing reforms. Take for example, the former minister he was also a very nice guy, but I can tell you he wanted reforms to flourish. But the coordinators who act as advisers to the minister on PFM reforms mostly do not take advantage of those opportunities. And you find out that the reform coordination unit or head of the unit become so political that his focus is to satisfy his promise to his political masters (MoF official in LBR: XL306)

Observation 6az: XL701: When I talked about 40% political and 60% professional, for example, a particular job may be available and all of us have the qualification. But who is much more politically connected stands a better chance of getting the job? So, to achieve your goals especially, as it relates to the work we do as NSA, we have to be assertive politically. We have to constantly fight (NSA representative in LBR: XL701).

Observations 6ba: Take for instance one of the reforms that we have in this country to continue to control or mitigate corruption. Ask for instance how many government officials have declared their assets even though this is prescribed by law? Why is the president who they say is a reformer is not taking action against people who she has the right to appoint or dismiss and refuse to comply with the asset's declaration? What is the reason for her failure to enforce this? (NSA representative in LBR: XL702).

Observations 6bb: The current minister of finance and anti-corruption commissioner are kind of critical on issues like corruption. But let's wait and see their willing to go on and their position on some of these institutionalised corrupt practices. The anti-corruption commissioner for example, has a president who defends every corrupt practice in this country. Let wait and see if he is going to go after the president (NSA representative in LBR: XL703).

Observations 6bc: Yes, I think for all reforms like the decentralisation, PFM reform and civil service reforms some people are keen that these reforms happen. But the collective ownership by legislators and the cabinet that can be questioned. Steps have been taken in PFM reform that show ownership to a certain level, but it does not show they [bureaucrats and political leaders] really want to go in-depth to solve the problems. Yes, there are groups [who want to see change] but are they powerful enough? I will say they are not. But I definitely say those who own them are civil servants who like to have more transparent, accountable and professional management in the public sector (Donor representative in LBR: XL103).

Observations 6bd: I would ask you the same question, what's the guarantee that the taskforce created by the same president would get it done? It is just a time-wasting game and wastage of resources. Who owns the taskforce, do you think these are 'highly credible' people compared to the ministry of justice? So, why do we waste a lot of resources and time? What if the global witness did not come up with the Sogbon mining report, would the president had set up a taskforce? We had the GAC report, and then the PAC submitted a consolidated report a long time before Global Witness released their report on Sogbon mining. So, what if Global Witness had not released those reports, would the president have set up a task force to follow up on the PAC report? Journalist were taking to jail only because they were quoting the audit report. For me personally, I see it as another way to just delay and say we have a taskforce, when the justice ministry should be doing it (NSA representative in SL: XL701)

Observations 6be: You know reforms are not something that is easy. There are a lot of players and some will still want to protect their small enclave. Some want to protect their job and some to protect whatever they think is valuable to them (Donor representative in SL: XX107).

Observations 6bf: The technicians want to be push and how they should be pushed the question? The only move to implement certain things when they know it they will bring some economic benefits to the government. Activities that are planned to be implemented within a six-month period only gets to be implemented in the last week of the program. It is like the reforms are implemented only to satisfy the donors, to create that kind of impression on the donors that they're doing well (MoF official in LBR: XL306).

Observations 6bg: They are influenced more or less by the need for authorities to be able to finance the budget deficit. Most of these programs come with additional financing and budget support. The authorities push on most of these programs for... in the case of the IMF they provide a major source of balance of payment support and balance of payment deficit financing. So, the authorities are most interested in closing the gap in the deficit for balance of payment in obtaining additional budget support. Their failure in not having such supports will lead to widening of the deficits. These are some of the reasons I think donor partners will have to take into considerations (MoF official in LBR: XL302).

Observations 6bh: But the reality is these politicians have their hands tied and they need the money and that is why you see them doing anything about the kind of conditions or provisions that are included in some of the contracts with donors (MoF official in LBR: XL306).

Observations 6bi: XX402: If the one that is supposed to implement cannot get a direct benefit, his/she starts behaving lethargically, and this is the attitude (Sector Ministry official in SL: XX402).

Observations 6bj: This is very true, there is nothing to hide. Especially when you are at the higher realm of affairs, minister of deputy minister, you can’t always argue with that donor want. Donor can sometimes recommend that they can’t work with particular personnel. This means simple madam president can you fire the person? (MoF official in LBR: XL301).

Observations 6bk: When you are in government, and you are attached to a project people perceive you as 'somebody wea don beteh'. That means people consider someone working on a donor-funded project to be benefiting extra, and when you look at most of them, their lives start changing in a few months. What do you think is happening? We do not need to tell you something is wrong somewhere. (Sector Ministry official in SL: XX402).

INFERENCE: The first set of observations (observations 6aw-6ba) present several evidences of a straightforward top-down relationships within the executive branch of government in the two countries. The evidence suggests a top-down political pressure face by bureaucrats from the highest echelon of state authority in the executive branch. But the relationship in not always top-down, as could be seen from observation 6ay and 6ab technical leaders or bureaucrats in the MoF do also benefits from their connections with political leaders through their appointment to positions and zero bottom-up accountability. This means there is an effective struggle among bureaucrats to align themselves with the political class for their survival and to achieve their personal and departmental/program objectives (observations 6ay and 6az). This so-called marriage has effectively circumvented any formal institutional checks and balances, which has resulted in significant extra-budgetary expenditures that do not go through the due approval process in the two countries, limit the discretions of bureaucrats and undermine the entire PFM architecture (observations 6aw-6az).

The second set of observations (observations 6bb-6bk) present evidence that show far more complex relationships among the three facets of technical-political interface. The evidence from these observations show the complexity in the relationships among these facets are rooted in the influence, interests, and motivations of bureaucrats and political leaders. This means the mere categorisation of stakeholders as champions or supporters and opponents will not contribute to our understanding of these complex stakeholder influences, interests and motivations. The evidence presented above observations and those in the next section (institutionalisation of PFM reforms around specific individuals), shows that in both countries the debate has been on whether the minister of finance is supportive or opposed to a particular reform intervention. Such as categorisation is to some extent misleading because a finance minister might express support for a particular reform, but might face a conundrum, or may sometimes be cautious about how far to push certain reforms or enforce certain policies or laws. This conundrum applies even to other top-level bureaucrats who are also regarding a 'professionals' and therefore would be supportive of any reform efforts (observation 6bb-6bc). Perhaps, a better approach will be to examine whether reform champions or supporters are powerful enough to influence changes more broadly or push through difficult reform programs. Political leaders also encounter similar dilemmas and difficult choices, which reflects the lack of implementation of recommendations from the PAC and overall poor performance in accountability dimensions of PFM (see observations 6ap-6as in the previous section and 6bd in this section).

Another approach is to examine the interests and motivations of reformers and political leaders (instead of grouping them into supporters and opponents), which are critical to our understanding of what reform programs are likely to be initiated, pushed and sustained. This examination should include ascertaining the bureaucratic incentives and inertia that exist within the technical-political interface and the overall public sector that might drive or derail PFM reform efforts. As shown in observations 6be-6bi, these incentives may include both financial and non-financial rewards. And there is also strong inertia among stakeholders to maintain the status-quo in the two countries and to protect their enclaves. The evidence also suggests these complex motivations and interest have implications on the relationships with donor-partners (observations 6bf-6bk). The incentives regarding donor support to PFM include both personal benefits as well as at the institutional level. For example, bureaucrats and other technical personnel would relish working on a donor-funded PFM reform project because of the improved allowances. But their ability to engage with donor-partners might also be affected because they might not want to be seen as challenging donor or their interests.

It might appear perfectly fine to have reform champions with most of the allowance paid by donor partners or have a budget support trigger attached to a particular activity, but there are numerous examples (observations 6bf-h, 6bj-k) from both countries where these arrangements might create perverse incentives for bureaucrats and political leaders. For example, in response to the serious budget credibility problems emerging from non-transfers of allocations to local councils in Sierra Leone and county authorities in Liberia, the EU tied a significant amount of its direct budget support to disbursements to local government. This move by the EU did help improve the situation as one interview note, "because money was attached to this kind of activity, we had people trying to achieve this particular target. This effectively diverted all the efforts of bureaucrats and political leaders away from other critical reform interventions at the time".

The key implication from the above analysis is that in order to understand what reform initiatives are likely to be initiated, push through in the case of difficult reforms, implemented and sustained by bureaucrats and political leaders in the two countries, donor-partners and local reformers must refrain from the usual categorisation of stakeholders into champions, proponents and opponents, interested and opposed. Rather, deliberate efforts must be made to try to understand the level of influence/power-relations within the executive and between the executive and the legislature, the specific interests and motivations of all stakeholders involved in the reform process. The above distinctions could be explained more clearly examining the joint strategy pursued by donor-partners and local authorities in institutionalising PFM around key individuals/Champions in the two case study countries.

Institutionalization of PFM Reforms around key individuals/Champions

OBSERVATIONS:

Observation 6bl: leadership is key for any reform to succeed. The minister of finance is the one driving the reforms regardless of which sector the reforms target (Donor representative in SL: XX107).

Observation 6bm Yes, definitely I do [see myself as a champion for PFM reforms] but then I have my limitations. And those limitations can only be removed if I get the blessing from senior management. Like in the form of public statement the minister has said this for example, that will empower me to move on with different programmes. In the absence of that political support or the absence of support from senior management then we are going to fail. Is like the president everybody looks up to the president if the president says you have to do this thing or if the minister says you have to do x y and z on PFM reform, we will have to do it (MoF official in LBR: XL306).

Observation 6bn: The main stakeholder for PFM development is the ministry of finance which is the 'godfather' of PFM development and that's why most issues come first from the ministry of finance (Donor representative who also worked as LTA in SL: XX105_303).

Observation 6bo: And how effective are our institutions devoid from personality? (NSA representative in SL: XX702). This interviewee was making reference about the level of informality that exist within formal PFM institutions.

Observation 6bp: A World bank study on political economy of PFM concluded that PFM reforms in Sierra Leone resulted in winners and losers, championed mainly by Local Technical Assistants (LTAs) in MoFED who were paid by DPs and the reforms never gained momentum at the highest echelon of state-authority (World Bank, 2008 - see also Appendix A).

Observation 6bq: One key factor sighted by experts to contribute to PFM reform progress in Sierra Leone was the increased technical capability in MoFED, which was largely attributed to the recruitment of donor funded LTAs, with augmented salaries far above the national pay scale. But also, with such strong technical expertise, LTAs were able to exercise control and provide leadership in the management of reform ({Srivastava & Larizza, 2013; Roseth and Srivastava, 2013; Welham & Hadley, 2016} – Appendix A).

Observation 6br: Yes, you have to be powerful, and power is about decision making. If you do not have that decision power people make away with millions of dollars away from the projects, for which they were intended. They need that power to hold top officials accountable for disbursements made to them before additional tranches are release. If this is what power is then we need it in the PFM system (MoF official in LBR: XL309).

Observation 6bs: Ha-ha Winston was also part of the team we were working together right. …maybe not really there were no people to work with at that time. Our (LTAs) capacity was very high and we need to pass this to other people - so it takes capacity to build capacity. It was also a bit difficult to get at that time (Donor representative who also worked as LTA in SL: XX105_303). This interviewee is among a several LTAs I interviewed during my fieldwork in Sierra Leone.

Observation 6bt: It takes capacity to build capacity (Sector Ministry official and formerly official in the MoF in LBR: XL405_307). This interviewee was making the case about the relevance of the joint capacity building initiatives that we rolled out in the early years of PFM reforms in Liberia.

Observation 6bu: At that time, we started bringing a lot of more local skills, especially coming from abroad and those that were newly graduating from our institutions here. We tried to bring them in to ensure we backed up whatever capacity we had to enhance capacity within the government. It was a two-prong approach – you can train those already in government but also bring in fresh brains to push the reform agenda (Donor representative who also worked as LTA in SL: XX104_302).

Observation 6bv: The enthusiasm was there. At that time, especially in MoFED they were trying to bring professionals. So, there was enthusiasm among the so-called qualified professionals who find themselves at least lucky at that time because like the environment was ripe for their participation and to show their workmanship and skills and government and donors were ready to give incentives in the form higher salaries etc. (MoF official in SL: XX304).

Observation 6bw: Let me give you a typical example, the PFM reform being supported in Liberia is not just within the govt as in the line ministries. PFM reforms have been supported even in the University of Liberia, and, even with the professional accounting organisation. Prior to our interventions, we had just about three CPAs in Liberia. We started that support and as we speak, we have 76 CPAs in the country, and more are actually qualifying. You can see yes; the capacity is still not there because some of these people are also in the private and not only in govt. But have definitely built capacity that is joining the system (Donor representative in LBR: XL101).

Observation 6bx: XL405_307: From a personal perspective I think the financial training program has worked, because I am a product of that program, and that is where I obtained my MBA. But one challenge we see most of those processes where you need to arrange for a TA, we tend to mix it and failed to get the right calibre of people as TAs. Also, there has been a problem of attaching the right candidate to work with TAs. But on the overall, it has helped to some extent (Sector Ministry official and formerly official in the MoF in LBR: XL405_307).

Observation 6by: I firmly believe those programs were not about the capacity transfer. It was only about bringing Liberians from the diaspora to work in the country for a couple of years and then return. The question that always comes to mind when I heard donor say the SES and TOKTEN were about the capacity transfer. The reality was, who those experts were supposed to transfer capacity to when we had mostly school dropouts and at best new university graduates. It was just not practiced having someone experts from the USA transferring knowledge to someone who was a school dropout or someone who had very limited technical ability to receive the knowledge that was supposed to be transferred (MoF official in LBR: XL309).

Observation 6bz: LTAs in fact just created tension, in the sense that because of the difference in pay with people working in the same institution just differentiated by pay scale. Somehow it created a lot of tension, somehow it created a lot of many other problems, which even now is affecting our payroll aspect, which government is trying to address now. In terms of bringing them on board - to the payroll. Also, in terms of capacity they helped, because they were able to take a lot of the technical and professional aspects which were lacking at that time, because of the capacity suffered after the war (Senior official in SL MoF: XX304).

Observation 6ca: I think there were resentments in the workplace, to be frank with you. Because as I mentioned to you, whoever sits on the top depends on the people you work with (Sector Ministry official and formerly official in the MoF in LBR: XL405_307).

Observation 6cb: LTA s were convinced they were well qualified and represented the best talents in-country. They successfully projected this notion to their donor masters who paid their salaries, which further cemented the level of marginalisation of local non-technical civil servants (Donor representative who worked as LTA in SL: XX105_303).

Observation 6cc: [There was a plan to transfer LTAs into the civil service. Are you satisfied with that process?] No, I am not satisfied with that process – and it's unfortunate we all found ourselves in that situation. To me the strategy should be if you bring in an adviser is to build the capacity of the civil servant. We have more civil servants who are holding those positions and we should concentrate building their capacity and may be move out and allow them to take control (Donor representative who worked as LTA in SL: XX105_303).

Observation 6cd: What I would say about PFM reform is that it gave a lot of power to the finance minister. So much financial and even sometimes I say political power. Where he uses that financial power to influence political decision within the government, and I think the revision will look at reducing that power (Internal Audit official in LBR: XL401).

Observation 6ce: Maybe because he/she sees that entity is not relevant or maybe the work of that entity challenges his work or forces him to comply with the certain policy. Every entity is interconnected to a certain extent so if you see the work of one entity entering yours or with your friends, you could decide to cut or not include them in your budget (Audit Service SL official:XX401).

Observation 6cf: It will be interesting if in the appointments of finance ministers' considerations are given to how they champion PFM reforms. It will be interesting that MPs interrogate those ministers or may probably include those kinds of deliverables like performance contracts. That would have been interesting because that could have led to really showing meaningful progress on FM reforms. That would kind of mitigate any lacklustre attitude. As it is it right now the technical professionals here in the ministry of finance, I do not think they feel any pressure from the top to implement those programs. They do not feel any pressure, and this is my opinion. They spend months to implement one activity and will end up given too many excuses (NSA representative in LBR: XL702).

Observation 6cg: "The Ministry's current way of operating – with key decisions made informally within a small circle of trusted and long-standing ex-LTA senior officials – appears to deliver on the basics of economic management, but it works against the long-term development of rules-based budgetary institutions that might deliver a step change in other areas. The heavy reliance on this cadre of ex LTAs also raises important questions about long-term capability of the Ministry if more formalised workforce management and succession planning is not introduced" (Welham and Hadley, 2016:33).

Observation 6ch: Although success in PFM has been uneven, and this could be changed if we get more stakeholders involved in the reform process. Especially in Africa where institutions are developed around a particular set of individuals. And where these set of individuals are not interested in certain reforms the chances are that those reforms will collapse (MoF official in LBR: 306).

Observation 6ci: Whatever happens the incentives might be coming from the top. For example, under the then minister Marah around 2012 we had a lot of action on PFM than now. I do not think the present minister sees PFM as central to his work. To me, if you want to ascertain the appetite for reforms, you should focus on those at the top (NSA representative in SL: XX702).

Observation 6cj: Reform is not possible without the minister: To some extent yes, but I can tell you that you reform is not possible without the minister. He is such a key player. What I mean by this is that if the minister does not drive the process, then forget it there will be nothing to write at home about. Even if the donor comes here and says we are going to give you 5 million dollars. And if the minister is not interested in the program or in strengthening the PFM institutions, if the minister is not interested in the fiscal discipline you will try for nothing (MoF official in LBR: XL306).

Observation 6ck: R: I will say yes but within what time frame? The current minister yes, [he has been a champion for reforms], and who has been there for just a couple of months but at the end of the day he will be there only up to election. So, right after elections we are going to be having a new administration and the current minister will not be there. So, if you're making progress now the question is what will happen when the current minister leaves and the next minister comes in? Those are the things we are looking at from the donor community so that we do not want the process in PFM reforms to fall apart when we have a new minister who may not buy in on current PFM reform programs (Donor representative in LBR: XL102).

INFERENCE: First, observations 6bl-6bo show there was a clear strategy by donor partners and local authorities in the two case study countries to pursue PFM reforms through core set of individuals within the ministry of finance. There was a lot emphasis in particular on the role of the minister of finance in championing PFM reforms in the two countries. This approach to anchor PFM reforms around certain set on individuals is reflective in the various PFM legislations show in the section on PFM legal and regulatory framework in the two countries, which confer greater power and responsibility for overall PFM in the minister and the MoF more generally. The minister of finance is highly respect in the two countries, which one respondent from Sierra Leone described him/her as the 'godfather' of PFM development. Some in Liberia even regard public statement from the minister of finance in support of PFM reforms as a powerful tool they can use to drive different programs and activities. Interviewee XL306 who is one of the key players within the PFM reform coordination unit in Liberia responding to my question whether he considered himself as a champion for PFM reforms make this remark "yes, definitely I do [see myself as a champion for PFM reforms] but then, I have my limitations. And those limitations can only be removed if I get the blessing from senior management. Like in the form of public statement the minister has said this for example, that will empower me to move on with different programmes" (MoF official in LBR: XL306).

The evidence in observations 6bp-6br does show that the joint strategy by local authorities and donor-partners to anchor PFM reforms around key individuals did work well in the immediate post-conflict contexts in the two countries. The strategy created easy entry points for donor-partners and gave donor partners confidence that they could rely on those key individuals to manage the reform process. Publications from independent researchers and reports from donor partners also point to the influence of those key individuals in driving PFM reforms. The strategy created much need technical expertise in the MoF to exercise control and provide leadership in the management of PFM reforms in the two countries {Srivastava & Larizza, 2013; Roseth and Srivastava, 2013; Welham & Hadley, 2016}. See also observation x that speaks to power and level of control the finance minister has of PFM in Liberia. A World bank study on political economy of reforms in Sierra Leone concluded that PFM reforms in Sierra Leone resulted in winners and losers, championed mainly by Local Technical Assistants (LTAs) in MoFED who were paid by DPs and the reforms never gained momentum beyond the MoF (World Bank, 2008; see Appendix A).

A core component of the joint strategy to anchor PFM reforms around key individuals was to build capacity locally and knowledge transfer to civil servants (see observations 6bs-6bv). Although there were nuances in the approach to capacity building and knowledge transfer in the two countries, the central idea in both countries was to recruit qualified Sierra Leoneans and Liberians at home and abroad to fill in key technical positions in the ministry finance. Sierra Leone recruited professionals who later became known as Local Technical Assistance (LTAs). The LTAs were mostly qualified professional who had furthered their professional careers overseas. Liberia however, adopted a multi-pronged approach to capacity building and transfer through several programs, namely; Senior Executive Service (SES) program; Transfer of Knowledge through Expatriate Nationals (TOKTEN) programs and the World Bank funded Financial Management Training School and support to the department of accounting and finance in the University of Liberia. The financial management training school and support to the University of Liberia are widely regarded as largely successful in injecting a lot of capacity in PFM institutions in Liberia (observations 6bw-6bx). Apart from these two programs, there has been a mixed picture regarding the performance of the SES and TOKTEN programs (observations 6bx-6by).

In both countries the focus on strategic technical individuals in key PFM institutions created in the view of many interview participants a lot of challenges in the PFM reform efforts in the two countries. First, it created significant capacity differences between core technical and low-level personnel in the MoF in the two countries. Second, those top-level technical personnel were paid augmented salaries paid by donor-partner that were significantly higher than the average pay or other local civil servants within the ministry of finance and between the ministry of finance sector ministries and local government. The huge salary gap created a lot of resentments among lower cadre staff in key PFM institutions in the two counties. It is nonetheless difficult to establish the extent of the impact of these resentments on the overall PFM reform effort in the two countries (observations 6bz-6cb). And finally, perhaps, the biggest challenge to PFM reform efforts in the two countries posed by those programs was the transfer of LTAs and personnel under the SES and TOKTEN into the mainstream civil service in Sierra Leone and Liberia respectively. Those technical personnel had salaries that were far above the highest pay scale in the government payroll in the two countries and contributed to significant increase in the governments' wage bills. This problem continue to affect ongoing civil service reforms through the Pay and Performance project and Public Sector Modernisation Project in Sierra Leone and Liberia respectively (observation 6cc; Roseth Srivastava, 2013: Engaging for Results in Civil Service Reforms: Early Lessons from a Problem-Driven Engagement in Sierra Leone; Srivastava and Larizza, 2013: Working with the grain for reforming the public service: a live example from Sierra Leone; World Bank, 2014: Liberia - Public Sector Modernization Project, Project Appraisal Document).

A further consequence of the strategy to institutionalise PFM reforms was the fact that power and influence became so entrenched within the few officials in the MoF in the two countries. This concentration of power and influence among few officials gave them a lot of freedom to operate, often with zero accountability for their policies and actions regarding PFM and allocation of resources (observations 6cd-6cf). But more so, the high concentration of power and influence among few officials created a lot informality within the institutional set of PFM institutions that meant few individuals had access to the management information systems in the MoF. The evidence is particularly strong in Sierra Leone as Welham and Hadley argue "the heavy reliance on this cadre of ex LTAs also raises important questions about long-term capability of the Ministry if more formalised workforce management and succession planning is not introduced (Welham and Hadley, 2016, p. 33: The capabilities of finance ministries: Sierra Leone. See also observation 6cg).

The most widely shared and critical concern about efforts to institutionalise PFM reforms around key officials in the ministry of finance is rooted in its implications for the survival and sustainability of PFM reforms (observations 6ch-6ck). As the evidence suggests such a strategy meant an existing minister with little or no interests in specific reforms or a new minister of finance with different policy background and interests in PFM reforms will certain derail ongoing efforts and undermine the sustainability of the reforms. This concern is share local reformers and donor-partners. As one donor-partner specific note "The current minister yes, [he has been a champion for reforms], and who has been there for just a couple of months but at the end of the day he will be there only up to election. So right after elections we are going to be having a new administration and the current minister will not be there. So, if you're making progress now the question is what will happen when the current minister leaves and the next minister comes in? Those are the things we are looking at from the donor community so that we do not want the process in PFM reforms to fall apart when we have a new minister who may not buy in on current PFM reform programs" (observation 6ck).

Finally, the evidence presented from all the above observations shows that the joint strategy by local authorities and donor-partners to institutionalise PFM reforms around key officials in the main PFM institutions in the two countries created a lot of impact in the immediate post-conflict environments in the two countries. Part of this success is explained largely the strategy cultivated strong relationships and build trust between bureaucrats in the MoF and donor-partners. But whatever impact was created by this approach was derailed by the tensions and resentments that emerged among low cadre staff in key PFM institutions and the public sector. The approach also created significant long-term in the long-term and continue to undermine reform efforts in the two countries.

COMPONENT FOUR: Intergovernmental relations - Central Finance Agency (MoF), Sectoral Ministries and subnational government:

The fourth component within the institutional set up and management arrangement of PFM reforms discussed in this section of the appendix concerns the relationships between the MoF and MDAs, including subnational government in the two case study countries. The analysis here will cover the PFM institutional set up and governance arrangements in sectoral ministries and subnational government, the nature of intergovernmental relations and the challenges and opportunities that exist in linking progress in PFM and service delivery.

OBSERVATIONS

Observation 6cl: It is good but what happens from the health centres they receive subsidies from govt. Unlike the county services centre they have a direct budget line from the budget. So, they have to follow all the PFM law and procedures before the county government can get their money. Before all counties used to go to the internal affairs ministry for everything they need and the ministry in turn go to the ministry of finance to solicit the funds. Now counties like mine have their budget lines for nearly everything ranging from services, fuel and general admin expenses. Our job now is to help them follow the procedure and solicit their funds directly from the ministry of finance (County official in LBR: XL501).

Observation 6cm: what I noticed about Sierra Leone is that they quickly decentralised. All MDAs have their own PFM rule. So, to really account, for example, they were unable to account fully for the Ebola fund as a government. Because MDAs did their own implementations and did not report well. These affected the general report for the nation. For that reason, they want to adapt the Liberia approach, let there be one PFMU. If we are comfortable that this ministry or a particular agency has the capacity and able then you could roll out to the ministry or agency. With the exception of PFMU, that has been the approach we even have with IFMIS. We have even the ministry of finance everybody come in here and do theirs (NSA representative in LBR: XL701).

Observation 6cn: I am not looking at it from either concentration or deconcentration. What I am saying is that at least the minister of finance should be the custodian of PFM. He should be in position to have control either directly or indirectly of all those resources, such that it would be prudent as a country to use those resources effectively. You cannot say the minister of finance is in charge and you give the mandate to oversee the PFM reform program to outsiders. It is not like taking too much power, but like he should be accorded the opportunity either by mandate or whatever for him to take full responsibility in terms of managing those resources. He should not be handicapped one way or the other (MoF Official in SL: XX304).

Observation 6co: Yes, we know about the PFMICP but to be candid our level of involvement in most of these reforms that they are doing is very minimal. We are not fully involved in most of these reforms that these people undertake (Local Council official in SL: XX502). The interviewee is a local council official about the limited involve of his council in the design of the ongoing PFM reform project the PFMICP.

Observation 6cp: I don’t know it had gone that far because we were invited to one workshop to look at only our part. Because when the PFM was being created or being developed (the current [PFM reform project] we are using), the internal audit agency was not autonomous at the time. It was a secretariat. So, we had the finance minister at that time as the head of the unit. We had a conflict of interest during the process s we had to fag up those issues. Not we are autonomous and report to the president and also to head of entities. That was the only meeting we were invited to flag up the changes as it relates to internal audit (Internal Audit official in LBR: XL401).

Observation 6cq: We also need to do a lot of engagement and awareness raising about PFM reforms especially from the ministry of finance who are supposed to be the champions. When you talk to a lot of people they do not know about the reforms and even when you speak with people from councils (Local Council official in SL: XX502).

Observation 6cr: The funding to capacitate councils is no more forthcoming. We need more capacity building support. The capacity building efforts have been lethargic maybe because of the incentives people are kind of no longer motivated to proceed with the reforms (Local Council official in SL: XX501).

Observation 6cs: Well to be candid I believe capacity is something that should be ongoing, and for the last two years when the former Director who was there left for another job since then much has not been dome to the council. Less attention is being paid to the council. They are looking council have been trained in most of the things, but they forget that councils need to be upgraded to be able to continue to deliver, and it should be a continuous process (Local Council official in SL: XX502).

Observation 6ct: The lack of accountability in the PFM sector has in fact created tension within intergovernmental entities (NSA representative in LBR: XL702).

Observation 6cu: Yes, tensions will come normally when a ministry refuses to take ownership for example, with the IFMIS. When there were operational difficulties. They had damaged equipment and they had to requisite the LAN and the ministry didn’t want to take ownership for that and instead wanted the reform unit to use funds from the project. Even after agreeing to a MOU stating that line ministries should take such responsibility (MoF official in LBR: XL302).

INFERENCES: Regarding the institutional set up and governance arrangement, Sierra Leone has subnational governments with some devolved service delivery and some deconcentrated PFM functions. Liberia on the other hand has 15 counties with highly concentrated PFM functions. But it is currently piloting treasury functions in four of fifteen counties. The overall PFM architecture in both countries is meanwhile less complex and financial management functions are highly concentrated in the MoF (see observations 6p-q in the analysis in the section of the central finance agency above). The highly centralised institutional set up and management arrangement in the PFM architecture in the two countries present a huge opportunity to improve service delivery in these centralized systems - with MoF having direct control during the budget planning, preparation, execution and reporting over service delivery units (sectoral ministries, departments, agencies and subnational government).

Despite initial efforts in Sierra Leone in particular to take advantage of the above opportunity and improve service delivery through the decentralisation (GoSL, 2004: Local Government Act), much has not been achieving on the service delivery front (repeat PEFA scores for subnational government). The decentralisation process and devolution of service delivery to county authorities in Liberia had been much slower, but the country has made important gains recently in improving services, which have been credited by observers and some interviewees to the setup of country treasuries in four countries as part of its pilot program (observations 6cl). The highly centralised system in Liberia and the recent improvement in service delivery through its county treasury pilot program have drawn the spotlight on Sierra Leone in the aftermath of the Ebola scandal, which some observers link to the level of deconcentration of PFM functions in that country (observations 6cm). The Ebola experience and the massive scandal that ensued was specifically highlighted in the evaluation of donor support to PFM and some interviewees as a product of the deconcentration of some PFM functions away from the MoF. For which, they suggest that the government reconcentrate some of those function back under the control of the MoF (Ecorys and Fiscus, 2016: Evaluation of GBS to Sierra Leone 2002 to 2015; and observations 6cn).

The general low level of performance in sectoral ministries and subnational compared to central government in both countries (see repeat PEFA scores for both central and subnational governments), is caused in part by the larger to PFM discussed in hypothesis 4c. The latter depicts the transactional nature in the approach to PFM reforms in the two countries, where central government (mainly the MoF) roll out reform programs to MDAs and local government for implementation, often with no real ownership and commitment from MDAs and local councils to finance and sustain those reforms in the future (see observations 4az - 4ab in the analysis of hypothesis 4c). The evidence in observations 6co-6cs also indicate clearly that there were no targeted efforts to build capacity in sector ministries apart from the usual roll out of policies and systems such as chart of accounts, MTEF and IFMIS reforms. But also, the scale of PFM reform efforts (technical and financial support) was lower in MDAs and subnational government compared to that directed towards the central government. These disparities and the lack of accountability from the central government and political leaders according to some interviewees created tensions in the intergovernmental relations in the two countries (observations 6ct-u).

COMPONENT FIVE: NSAs/CIVIL SOCIETY ENGAGEMENT IN PFM REFORMS

Non-State Actor (NSA) engagement in PFM reform is discussed in this thesis as the fifth component as part of the broader PFM institutional environment in the two cases study countries. NSAs in the context of this thesis could mean any local or community-based NGO, Civil Society Organisation (CSO) with interests in PFM issues. I argue in this section that irrespective of the little impact of NSA, especially on accountability dimensions of PFM, there is space for improving NSA engagement in PFM and its relationship with the wider PFM institutional environment or the other four components.

OBSERVATIONS

Observation 6cv: NSA engagement in PFM for the first time in 2009 was included in the PFM reform strategy and IPFMRP in Sierra Leone. The initial motive was to assist the development of the analytic and dissemination capacity of NSAs in exercising scrutiny of the use of public resources, as well as building a constituency for reform of the PFM systems across an array of non-state and government actors. The component included both demand and supply driven activities (World Bank 2009: project appraisal document for the IPFMRP in Sierra Leone).

Observation 6cw: The final performance review of the IPFMRP 2009-2014 which was carried out in 2018 by the World Bank Independent Evaluation Group (IEG) noted increased scrutiny over PFM by NSA in Sierra Leone during the period under review. And the implementation status report of the ongoing PFM project (PFMICP) highlighted specific progress made by NSAs in scrutinising the annual budget preparation progress, the gains made by the NSA secretariat through its support in facilitating policy dialogue between NSAs and ministries, institutionalise NSA participation in PFM processes, production of Citizens' budgets, and supports to Audit Service Sierra Leone in the development of simplified audit reports (IPFMRP performance review and PFMICP implementation status report respectively).

Observation 6cx: NSA engagement in PFM in Liberia stated in 2011, two years behind Sierra Leone. Like in Sierra Leone, NSA was also included as a component in the joint-donor support PFM project the IPFMRP (2011-2017) to strengthen the capacity of non-state actors as critical watchdogs in ensuring transparency and accountability in the use of public finances. It was to establish a platform for information-sharing between government and the public; build capacity among non-state actors; promote advocacy; and offer media training (Project Information Document - Concept Stage and IEG Implementation Completion Report Review respective).

Observation 6cy: By the end of the IPFMRP in July 2017 according the IEG of the World Bank, "over 100 Non-State Actors (NSAs) were trained in PFM, proposal writing, grant management, and/or results-based management. One of the early successes include an accountability scoreboard in Bomi [county] to provide budget information for citizens as well as local officials. The training was focused on laying foundations for citizen engagement. The ICR team has interviewed 9 NSAs and heard overwhelmingly positive feedback on improved engagement, cooperation between local governments and civil society, and great work the NSA Secretariat in the MFDP in engaging the NSAs" (World Bank, 2017: Implementation Completion and Result Report for the Liberia IPFMRP 2011-2017).

INFERENCE: The evidence from observations 6cv-y show that there has been some general progress made in improving the engagement of NSAs in PFM in the two countries. The focus in the two countries has been on both supply and demand driven activities to NSAs. But the above evidence provides little or no evidence about the level of impact on NSA engagement in PFM. I do however recognise the challenge in measuring impact, which is ubiquitous to most reforms. But a starting point might be to ascertain what kind of progress has been made, when and in which areas within PFM. The evidence from observations 6cx-6dg below present a lot more detail picture regarding the nature of the progress made in the two countries.

Based on the available evidence, there is no question about the relevance of NSA engagement in PFM. But the level of impact of NSA engagement in PFM is still debatable, and this depends largely on where the focus has been over the years in the two countries. These observations show that NSAs have been actively engaged more on advocacy, transparency and issues around the annual budget formulation process than in accountability and public participation dimensions of PFM. There is also, a subtle admission by some interviewees that the level of progress made in transparency, advocacy and some aspects in the annual budget formulation process represent the first steps in the efforts from NSAs to contribute to improvements in accountability and overall service delivery (observation 6dh).

Irrespective of the significant gains made in areas such as transparency, advocacy and budget formation, the two countries still continue to rank poorly among their pairs in the sub region based on the available data from PEFA and Open Budget Survey (OBS) from the International Budget Partnership (observations 6di-k). A number of reasons have been given by some interviewees in observations 6dl-n. Among these is the fact that local authorities in the two countries were sceptical about any NSA engagement in PFM, citing mostly technical concerns, which for them were outside the realm of civil society. Others also cite the lack of understanding from government officials about the role of NSAs in PFM. Perhaps, a more unlikely explanation for the low progress in the two countries with respect to other countries in the sub region is the fact that NSA engagement in PFM only gained attention several years in the reforms. And this understandable according to some of the respondents because PFM was not a priority for NSAs immediately after the civil wars in the two countries. Most NSAs at the time were working on issues such as transitional justice, peace building, human rights etc. (observation 6dn).

Observation 6cx: We are talking about social engineering process, and this takes time. Change does not come in one day. So, if you are asking me about the relevance, I would say we are extremely highly relevant. But regarding our impact, there is not much impact at the moment. Except that policies around budget formulation, development of budget estimates are now being scrutinised and are part of civil society scrutiny because of the budget hearings. You could say that around budget formulation CSOs have been able to make some impact. There is also an impact regarding reorienting productive relationship between the state and CSOs which did not exist before. We could argue that there is a relevance because there was no platform that brought the state/finance ministry and civil society before. For example, during the development of the citizens budget, you have officials from the ministry of finance, civil society organisations putting together the various documents, and deciding what should be included or not. And the MoF does not have the total authority to determine what should be included or not. Because there is information within the citizens budget that could spur a lot of interest and controversy among the public. You could say that around budget formulation CSOs have been able to make some impact. There is also an impact regarding reorienting productive relationship between the state and CSOs which did not exist before. We could also argue that there is a relevance because there was no platform that brought the state/finance ministry and civil society before. For example, during the development of the citizens budget, you have officials from the ministry of finance, civil society organisations putting together the various documents, and deciding what should be included or not. And the MoF does not have the total authority to determine what should be included or not. Because there is information within the citizen's budget that could spur a lot of interest and controversy among the public (NSA representative in SL: XX702).

Observation 6da: We could say that there has been some relevance, and regarding impact in the sense of having civil society recommendations are directly taken up and included in the final budget statement that is taken to parliament. That could an impact because of the work of CSOs. Another way of assessing the impact of civil society is on the audit process. Now CSOs have developed a keen interest in following up on audit recommendations. They go on the media, and shame government officials and they shame even the states for their failure to actions some of the recommendations. If you look at the rating in the Open budget survey for Sierra Leone, you will see that the country has made a lot of progress. These are things that we could attribute as our impact or results from our intervention as a civil society in PFM (NSA representative in SL: XX702).

Observation 6db: I think to a larger extent [NSAs have created impact on service delivery], but it wouldn't be a magic bullet. There is a recognition that things will not be as usual if we want to have change. One thing we have been able to work with the government is to popularise the budget the budget law as you know is very complicated even for our educate people. We are NSA have been contracted to design ways in which we can make the budget very easy to be understood by the local people. That sometimes helps to address the perception of corruption. But it is at the same time to help people appreciate how budgets are allocated and how development activities are being prioritised. These are some of the capital reasons why we have the NSA set up in the MFDP (NSA representative in LBR: XL702).

Observation 6dc: When our audios about the national budget were played on national radio everybody was calling me to thank me for the good initiative, we have taken in popularising the national budget (NSA representative in SL: XL701).

Observation 6dd: specifically, there is no specific example. But collectively we have advocated for the creation of anti-corruption act for instance and the set up anti-corruption commission, PFM reform law of Liberia, general auditing commission, public procurement laws and commission. These are as a result of advocacy that we launched and the overall idea of promoting accountability and combating corruption in Liberia. These measures are in response to that kind of advocacy (NSA representative in LBR: XL703).

Observation 6de: To a greater extent because for the first-time local communities are able to see their budget. When the government started making the budget public and then we started saying the budget is too technical, the people needed to have the budget in simple language. The government said yes and started working on the guide to the citizens' budget. But you would not believe one of our partners in Lofa some of the communities they went to that was the first time seeing their county budget to even know what goes to the local hospital health centre or school. So, they are kind of excited that they can go the county education officer or they can go to the county health officer and ask why there are no drugs when they have received this amount of money that was supposed to buy drugs (NSA representative in LBR: XL701).

Observation 6df: specifically, there is no specific example. But collectively we have advocated for the creation of anti-corruption act for instance and the set up anti-corruption commission, PFM reform law of Liberia, general auditing commission, public procurement laws and commission. These are as a result of advocacy that we launched and the overall idea of promoting accountability and combating corruption in Liberia. These measures are in response to that kind of advocacy (NSA representative in LBR: XL703).

Observation 6dg: So, our work now has shifted to call from reforms to call for accountability from those who hare managing these institutions of PFM. Who are supposed to practicalise the reform measures incorporated in the policies and regulations? (NSA representative in LBR: XL703).

Observation 6dh: The first step is for the people to be aware about what is due them. I like to use this example; a man was dying and he was very rich. He wrote on his will in the bible and he gave the bible to his son and said this is what I have, and I am dying. His son got angry saying with all the property, you are only given me a bible. He did not know what his father wrote in the bible was all he needed to succeed. I am saying this to highlight that without information, citizens cannot participate as they should. They are not able to demand accountability without a mechanism for them to be able to identify what their priorities are. The mere fact that we have a mechanism in place is the first step towards citizen's access quality services. It is through that mechanism that they are able to identify. For example, in River Gee County, the county has only one hospital and we [the NSA] … realise that there were no waiting homes for pregnant women. I was driving to work this morning and I heard they now have a county setting and they have identified the waiting home as a project for this fiscal period. If those women [in River Gee County] did not have the opportunity to seat at the county meetings, they would never have pushed their agenda forward (NSA representative in LBR: XL701).

Observation 6di: Results from the 2017 Open Budget Survey show significant setbacks for Sierra Leone from 2015, with its scores on transparency, public participation and budget oversight dropping from 52/100 to 38/100; 31/100 to 6/100; and 36/100 to 42/100 respectively. In both years, the country provides fewer opportunities for public engagement in PFM than in other areas such as transparency and oversight. Scoring 6 points lower than the regional average, and ranking third from the bottom below, only above Equatorial Guinea and São Tomé e Príncipe.

Observation 6dj: Results from the 2017 Open Budget Survey show significant setbacks for Sierra Leone from 2015, with its scores on transparency, public participation and budget oversight dropping from 38/100 to 36/100; 21/100 to 11/100; and 33/100 to 54/100 respectively. Liberia like Sierra Leone in both years provides fewer opportunities for public engagement in PFM than in the other areas such as transparency and oversight. Scoring 1 point lower than the regional average, and ranking fourth from the bottom below, only above Sierra Leone, Equatorial Guinea and São Tomé e Príncipe.

Observation 6dk: Repeat PEFA scores for the two countries also show that performance information for service delivery and accountability are the weakest dimensions within the PEFA framework (PEFA assessment data and reports, available at the PEFA website).

Observation 6dl: The government per se did not play any central role in encouraging or fostering civic participation in the budget process. I could say this with confidence. Because all these processes where being driven by external actors and from within civil society itself. In my view, there was mistrust among government circles that PFM is a technical issue, and there was no need to involve the public or civil society to be involved in technical issues, like the budget structure for example. It does not allow too much civil society participation because there are the legal rules around the budget ceiling, service levels, and laws governing the way the budget is being formulated and designed. So, involving civil society was in their view a waste of time, it will protract the process, and could limit the discretions of financial authority regarding fiscal trade-offs. These were the thinking that was going on in government, and they decided not to push for the inclusion CSO in the PFM process (NSA representative in SL: XX702).

Observation 6dm: For example, it is like your first time including civil society in PFM reform. So, even within the MFDP, there are some political figures who do not understand what we do. They do not understand, because we have a security apparatus called the National Security Agency (NSA). One of the key policy makers who worked in the ministry saw NSA and she said at the time that we had stated getting security people in the building. Because she didn't understand what we do. A lot of times they do not really understand what we do as civil society. So, they don't give it the relevant push that we need so we need to fight for it (NSA representative in LBR: XL701). An NSA member speaking about the initial challenges the NSA secretariat faced such as lack of knowledge about NSA participation in PFM by government officials.

Observation 6dn: … what has changed since the inception of the reforms in the last few years in the interest being developed between civil society organisations on budget and PFM issues? Before the onset of the PFM reform programs, a lot of civil society organisations that emerged were working on issues that were not PFM related. It is understandable the reason why it was because they were reacting to the causes of the war that led many of them working on human rights, transitional issues and

> women's rights, etc. those were the immediate problems that civil society needed to address at the time (NSA representative in SL: XX702).

However, the evidence described above does not explain the whole story on NSA engagement in PFM with respect to the nature of their interventions and progress made thus far and the opportunities that exist for better civil society participation in PFM. NSA engagement in PFM in the two countries has become a lot more complicated than anyone would have thought of, which perhaps not surprising is given the ongoing debate about their potential impact, especially on accountability and service delivery dimensions of PFM. NSAs continue to face complex problems, ranging from capacity constraints to political and institutional challenges that impede their effectiveness (observations 6do and 6dp—6dy). And efforts by donor-partners and local authorities to further promote and institutionalise NSA engagement in PFM have mostly resulted in serious political and institutional dilemmas for NSAs in the two countries.

The evidence in observations 6dp-6dt shows that while there have been some level of cooperation and strategic alignment between NSA and other components within the wider PFM institutional set up in these countries, internal politics remains both a challenge and an opportunity for effective NSA engagement in PFM. There is greater awareness and recognition among local authorities than previously about the value of creating a space for NSA engagement in PFM (observation 6dp). But some political actors still continue to cast doubts on the contribution of NSAs and will go to some lent to stifle their activities by denying them the necessary funding (observations 6dq). In recognition of this inherent challenge, NSAs have had to make some serious political manoeuvres within government to push their policy objectives (observation 6ds). Their work sometimes means they could be considered by government as allies and sometimes they could be targets (observations 6dt). These situations in which NSAs find themselves have led them to learn and come up effective strategies such as dialogue and strategic engagement with local authorities, instead of going to the media every time there is an issue. Which, some of the interviewees note often have counterproductive effects on NSA and government relations in the two countries. But NSAs have also been blamed by some observations for their lack of sincerity and contributing to the political divide in these countries (observations 6du-6dv). In the words of one prominent NSA, “there are elements of incivility in CSOs. Some are genuine and some are influenced by the government to be talking good things about PFM or the country” (Interviewee: XX702).

One major effort by donor-partners and local authorities in the two countries to streamline and institutionalise the work of NSAs in PFM has been to establish a NSA Secretariat within the MoF (observations 6dw). While this has been a laudable effort by many observations in bolstering NSA engagement in PFM, it has also added another layer of complications for NSAs, who have to now balance between satisfying their political masters in the MoF and as well as effectively pursuing their mission. NSAs benefit a lot from working from within government, such as having greater access to policy makers and aligning their activities with the interests of both government and donor-partners (such as PEFA indicators). But they are also been effectively held hostage by local authorities to do their bidding, in terms of pushing specific government policies and actions. By having the NSA in the house and under the control of the MoF, it has become easier for local authorities to have NSA buy-in to their policies and actions, irrespective of whether those policy actions normally fall within the interests on NSAs and citizens. At the same time NSAs are not left with little or no leverage to strategically engage with the MoF on PFM issues (observations 6dx-6dy). The foregoing observations (observations 6dw-6dy) and analysis pose important question about whether ongoing efforts by donor-partners and local authorities to improve NSA engagement in PFM in these countries constitute state capture or strategic alignment in the relationship between NSAs and government.

Observation 6do: Civil society has to play a critical role than they are playing now. But we will need the build the capacity of civil society, because most of those who are now in the civil society does not have the capabilities to work on PFM and budget issues (NSA representative in SL: XX702).

Observation 6dp: For us here there is more willingness on the part of the ministry of finance or the government to work with NSA. Do not forget that the president announced that every citizen should have rights to inspect public spending. And the government has this big agenda, and the donor has now opened a lot of opportunities for NSA. There is a kind of awareness on the part of the ministry that for the development of any document or policy they should include civil society (NSA representative in SL: XX702).

Observation 6dq: With donors out of government is different a bit. In government it's a bit different as well. I think the donors have some level of influence but not totally. It's perceived that the doors dictate to government, but in some case no. For example, the donors gave money for a particular program. The EU for example, gave $3 million to support civil society. Somebody later in government (MFDP) decides that $3 million is just too much to go to civil society and civil society gets less than 1% of that $3 million and the donors cannot say anything (NSA representative in LBR: XL701).

Observation 6dr: XL703: Again, the NSA and the anti-corruption should be given a central role to play in PFM reforms. They have a role to play but I think the role has been politicised. There is a lot political interference in their decision making and in the judicial system (NSA representative in LBR: XL703).

Observation 6ds: We have not been able use political influence, even though sometimes when I was outside. Yes, so for example, you want to get to the minister of finance. You will also find an intermediary, we call them secondary targets. People who are connected to the policy maker you want to influence. So, even at the level of NSA secretariat, if I want certain things accomplished, I still have to find that political link so that the policy maker sees what is it that I am really driving (NSA representative in LBR: XL701).

Observation 6dt: Our relationship has been in two ways: one at times they can be our allies and at times they can also be our target. What we try to do we try to maintain a professional relationship with them. We try to dialogue with them constructively. In fact, in most cases we prefer engaging them than going to the media. For example, when we are about to launch the "Loosing Out Report" I mentioned, we had a meeting with the minister of finance by then Dr. Kelfala Marah. There were two discussions the first title of the report was "how to lose two trillion Leones". That title didn't go down well with the minister of finance. And then there were pictures of bad roads which also didn't go down well with him. So, we dialogued with him saying nor, we agree there are bad roads, but the government has made a lot of efforts to make roads. So, we settled to show both some bad roads and some good ones as well on the front cover of the report. Even in terms of the title of the report he felt offended that how to lose a trillion Leones might be something apprehensive against the minister of finance. We said okay and then changed the tiled to "Loosing Out". Therefore, we agreed on the principle that we can make some changes but not to the contents of the report (NSA representative in SL: XX701).

Observation 6du: The NSA of course has a lot do to do, but we are all Sierra Leones and we all see things that are happening! To me even the NSA is not doing much itself. You look at the papers and then see how divided the papers are on political lines. You look at the civil society and see how divided they are on political lines. Civil society is supposed to be champions of the people, but if as a civil society you have already toed the line with government and always trumpeting government even when it is not in the interest of the general public (Donor representative in SL: XX106).

Observation 6dv: At times there are elements of incivility in CSOs. Some are genuine, and some are influenced by the government to be talking good things about PFM or the country (NSA representative in SL: XX702).

Observation 6dw: XX702: They did not want a situation where CSO would be out there and poorly informed about fiscal issues and challenging the state and then making a poor contribution to decision making along budget programs. They decided to set up the secretariat, provide training, create the institutional linkage, and then let them see our position and let us see whether we can negotiate and involve voice to impact on our decision-making processes on budget matters (NSA representative in SL: XX702).

Observation 6dx: It is frustrating sometimes and sometimes it is encouraging. Encouraging in the sense that when it comes to issues that the minister of finance wants to showcase as an open ministry regarding its dealing with civil society, you find your work a lot easier. Because, they will ask you directly to engage with CSOs and sometimes convene meetings on behalf of the ministry of finance. It is more like consultative interactions. It is not like deliberative discussions, where you share ideas that could lead to better outcomes. In that case, your job is made easier, and you would be encouraged. You could exploit those spaces to your advantage by having civil society participate very well. When the CSOs also need information from the ministry of finance you would be able to facilitate that, this that makes the job interesting. Regarding the frustrating aspect of it is that if the ministry of finance makes a decision, say, for example, the recent austerity measures that resulted in increased fuel prices. They would want to have a civil society buy-in, and at the same time, the civil society is critical of those decisions because of their implications on the ordinary citizen. They would want to put us into advocating and justifying their decisions on fuel increase and the austerity measures. That is one frustrating aspect of our job because we would not like to see as siding with the ministry of finance in taking those decisions which other colleagues perceive as unrealistic regarding improving the living conditions of the ordinary citizens. I had that challenge the last time, and I had to find ways to circumvent that mandate to be going on the radio calling n civil society to support the plan of the ministry of finance (NSA representative in SL: XX702).

Observation 6dy: You are paid, although the funding comes from a project, which is external, but indirectly the government has control over it. And so you are paid. And you wouldn't want to kick yourself out of a job by antagonising your political masters. But at the same time, you have to be skilful not to antagonise your civil society colleagues whom you purport to serve (NSA representative in SL: XX702).

Meanwhile, the future for NSA engagement in PFM is not as gloomy as the above evidence and analysis suggest. Several opportunities still exist within the current PFM institutional framework in these countries to improve NSA engagement in PFM. The observations (observations 6dy-6ef) below present three specific opportunities where involvement of NSA would create impact in the PFM reform efforts in the two case study countries.

First, NSAs could do better if they focus on shaping governments' policy directions and providing credible alternative policy options through evidenced-based, backed by constructive engagement with local authorities (observations 6dx-6ea). Authorities in the two countries always seek to discredit reports from NSAs by identifying inaccuracies or lack of evidence to support assertions in those reports. It is critical that NSAs get their facts correctly if they are to effectively engage on specific PFM issues and policies. There are several evidences in Sierra Leone where NSAs have created impact through evidence-driven research. Among others, such as the 'losing out' report on tax waivers, CSOs report on austerity measures after the Ebola Outbreak and the recent work by the Budget Advocacy Network on the misappropriations of public funds set out in the Audit Reports. But for NSAs to be able to achieve this, donor-partner and local government must be prepared to increase their current level of support towards improving the technical competence of NSAs working in PFM.

A second opportunity for NSA engagement in PFM reforms is by improving the institutional links between NSAs and the legislature (observations 6eb-6ec). There are currently weak institutional links in the budget process and accountability aspects involving the legislature. The legislature in the two countries have little or no capacity to effectively perform their oversight role in the annual budget process and provide accountability mechanisms within PFM. NSAs could therefore, support the legislature by providing them with evidence-based research on the annual budget and other PFM matters. There is a greater degree of convergence in the interests (oversight in the annual budget process, boosting pro-poor and other social spending, etc.) of NSAs with that of the interests of MPs. Like in Sierra Leone where the government holds the majority in the legislature, there is even greater opportunity for NSAs to create more impact by providing support to opposition MPs. But such support must be provided indirectly through dissemination in the media and to make copies of their reports available to the general public, so as to avoid any unintended retaliations from the central government. Community-based CSOs should be able to support their members of parliament with policy recommendations based on research conducted in their respective communities and as well as support them in conducting oversight over the use of resources allocated to their communities.

The third and final avenue for future NSAs engagement in PFM is in the area of supporting donor-partners determine appropriate budget support triggers and provide a mechanism to monitor performance against those triggers (observations 6ed-6ef). NSAs can also provide support in donor-partner review missions and make recommendations about areas where donor conditions might be appropriate for specific reform programs. DFID for example, has been cited by some NSA representatives as one of the donor-partners that has taken the lead in building better collaborations and working directly with NSAs in Sierra Leone. To provide specific training and other capacity building support to NSAs directly (observation 6ed). As shown in observation 6ee, the idea of NSA supporting donor-partners in setting budget support triggers is a bit complex, given that donor-partners would have to reconcile between having measurable and short-term objectives with often long-term solutions from NSAs. Observation 6ef set out some of the arguments in favour of having NSAs collaborate with donor-partners to determine budget support triggers.

Observation 6dz: First, there is no government processes that civil society are not involved especially if it has to do with accountability and budget oversight. So, because of the role we have been playing in terms of coming up with credible alternatives and research that are not contestable. We have seen other institutions come out with research and government will just bash the report. But for ours we do them thoroughly – for example the news night report we took one year six-months just to validate that report. So, we do work with government to validate our report and this is why we think we are making progress. For example, in the Open Government Partnership (OGP) we serve as a steering committee and our role there has helped shaped the implementation of the OGP in the sense, ensuring that commitments are actually being implemented. We are also making impact in the sense that we are provided alternative policies which government has used as part of its own microeconomic policies (NSA representative in SL: XX701).

Observation 6ea: Another lesson I have learnt as CSOs we have to ensure that our reports are credible. Our figures are based on facts and 100% correct. The moment you have 99% correct and 1% wrong, they will use that 1% to bash the whole report. So, I have also learnt that particular lesson in terms of the PFM work (NSA representative in SL: XX701).

Observation 6eb: [how can the NSAs work with the legislators to improve accountability and provide alternative policy directions to government policies and programs?]. We do not have any direct relationship per se, normally we do provide them with our policy briefs and analysis as to what we think can be done and loopholes for example in the budget speech, but we do have any direct relationship with them. For example, during the course of the Ebola in 2015, we did a policy brief titled what expenditure and revenue are available to government. In that policy brief, we itemised some of the things government should do to ensure that the keep the government running and we do not run into serious problem. And most of the issues we sighted in that report are what they government used for the austerity measures. Let me just show you one of the reports of what I am trying to say. Because we cannot provide physical support so we said to ourselves let us provide ideas of how we can help the government with our work titled "fiscal challenges in the face of Ebola – what expenditures are happening for the government". The whole report talks about how we want more money to go towards health, this and this but we want government to cut down on admin, fuel, traveling expenses, office supplies and miscellaneous. And we want government to put more strength on property rental tax because is a huge source. We talked about personal income tax for higher earners and we also talked about discretionary tax waivers. These were the advice we provided to government. Now look at the austerity measures they speak directly to this report and it was one year after we published this report. This shows that we are actually providing alternative policies in helping the government. I can give you a copy of the report, but you can also find it on our website (NSA representative in SL: XX702).

Observation 6ec: If you look at the opportunities that exist within the executive process of the budget formulation, there are direct institutional links there [for NSAs]. The budget hearings, for example, the monitoring of the budget, and looking at the financial account for every year and all that. But when it comes to the approval stage, interestingly enough where there could have been more opportunities for CSOs in the legislative process of the budget approval process is where there is a weak provision institutionally for CSOs participation. Unlike other countries where you have like during the committee stage, you have public hearings. They will invite the public directly to come and witness the discussions and review the process on the performance of the budget from MDAs. In Sierra Leone, those committee stages are closed to CSOs. They do not allow participation there. The MPs do not seem to be representatives who trust or want to work with civil society regarding impacting their decision on approving the budget; they do not seem to be open, except for the fact that the opposition MPs they seem to be having this kind of analysis. They seem to love working with CSOs to help them trigger their desires. I will give you an example of what happened last year. When the budget speech was released last year, CSOs horridly put together a reaction to the budget pointing out the weakness and the strength of the budget. Could you believe that documents extensively used by the opposition MPs in parliament to argue when they were debating the budget? They highlight what came from civil society. So, you could see that the legislature is really weak regarding their analysis of the budget process. At the same time those in the majority in parliament does not seem to want to use the criticisms of the CSOs not to approve the budget (NSA representative in SL: XX702).

Observation 6ed: There is some progress on procurement, there is now the act, transparency but when it comes to practice, we have problems. I have recommended to DFID for supporting CSOs, and next month they will be training CSOs and will provide the opportunity for CSO to be represented in the bidding process and award of contracts. But then the CSOs recommendations and inputs, to what extent will that influence bigger policies in the future? DFID for now has taken a very good step. I have provided the names of 100 CSOs to DFID who should be trained on procurement. If that goes on well for example, maybe we will be able to make some progress on procurement (NSA representative in SL: XX702).

Observation 6ee: Recently the EU came to me, and they were seeking some information as to what the EU budget support could recommend as part of triggering the conditions for their support. And I recommended some triggers. I recommended for example that there should be kind of like the budget committee with each ministry should have a civil society representative. By having a civil society representative in each ministry, which would limit the opportunities for corruption. Mind you the civil society could also be corrupted. But if they are not corrupted, they could be a better outside lens to be actually challenging what ministries are doing, and debating whether MDAs are executing their functions properly or not. And that could be an important mechanism for checking corruption and increasing accountability. So, after that what he [The EU head of Mission] told me about most of what I said to me, he realised that most of my recommendations he didn’t want to take them on board, because my recommendations are not measurable, and they take a long time. And within one year he needs to show results for meeting those conditions and then tick the box and award the next grant. So, you see the disjoint between having something measurable or SMART targets as against having something that can bring real change but take time to achieve (NSA representative in SL: XX702).

Observation 6ef: The realistic nature of the triggers to me it is limited. You see one has to be very careful regarding the quick fix triggers; we could say yes government seems to be meeting most of them because they continue to receive donor support. But if you ask yourself now, what has actually changed you could see that big infrastructure projects are going on, roads

> have been improved and there some improvements in water supply, sanitation and electricity, etc. It will not be fair to say nothing has been happening, because things have changed than the way they were after the war. To some extent, you could say the triggers are realistic, but we still need triggers that really open up transparency and accountability. There is some progress on transparency, but there is little process on accountability. And transparency does not necessarily foster accountability. Information out there does not necessarily mean that citizen make use of it and hold government accountable. So, you will find out that for example, the right to information access has been enacted as one of the [budget support] triggers. But, then how well do we use the right to access information? (NSA representative in SL: XX702).

CONCLUDING REMARKS

I have effectively presented through analysis of the five components of PFM institutional environment, their structures and interrelationships in the context of the two case study countries by presenting evidence from diverse sources that increase support for the hypothesis discussed in this section. The process-tracing analysis carried out present compelling evidence from the two countries that explain how and why PFM laws and formal institutional development may still have limited influence on PFM reforms and PFM systems even where the institutional set-up/structures within the four components examined and the interrelationships between them are less complex.

The evidence further shows that Formal institutional set up, systems, policies and governance structures are only a necessary for advancing PFM reforms or improving PFM systems quality. Hypothesis five therefore only passes a hoop test, because there is sufficient evidence to show that these formal institutional set up, governance arrangements have limited impact in driving PFM reforms, sustaining the gains already made or improving overall PFM systems in the two case study countries. Significant gaps exist between PFM laws and their actual implementation in practice, and between formal institutional development and their functionality/functional improvements in the two case study countries. And how far PFM laws and formal institutions go in influencing PFM reforms or improving PFM systems is explained by the nature and extent of the local political economy and informal institutional dynamics that take place within the five institutional components and the structural relationships that exist between them. The process-tracing evidence and analysis have also effectively argued against the thinking that highly centralised and less complex PFM institutional set up are the solutions to driving PFM reforms in developing countries such as in Liberia and Sierra Leone.

GROUP SEVEN QUESTIONS AND SCENARIOS

The process-tracing evidences and ensuing inferences in hypotheses 1 to 4 established how and why the nature, level and extent of PFM progress made still does not deliver real change in the two case study countries; explained how and why the PFM performance varies across the two cases and the budget cycle; and provided an understanding of the behaviours of various stakeholders and the extent of their support to the reforms in the two countries. Given the latter, this section therefore explores why various stakeholders behaved the way they did in different phases of the reform process? This will include an analysis of the Political Economy dynamics, leadership and ownership of the reforms, incentives/motivations and opportunities that emerged, and the impact of all of these in the reform processes in the two case study countries.

Unlike the analyses presented in previous sections, the process-tracing analysis in this section asks a number of high-level questions with regard to the political economy dynamics, leadership and ownership of the reforms, incentives/motivations and opportunities that emerged, and the impact of all of these in the reform processes in the two case study countries and presents various forms of evidence that explain each question. It must be understood that the analyses in this section must not be treated in isolation, rather they must be considered together with those set out in hypotheses 1 to 4.

CONCEPTUALISATION AND PRE-DESIGN PHASE: ***How did the specific PFM reform agenda emerge? Were they developed in reaction to a particular crisis/challenge (such as post-conflict, Ebola, crash in commodity prices)? Or in reaction to donor demands - such as program triggers? Debt relief triggers? And/or after a donor funded PFM assessment?***

Observation 7a: Reform was a very necessary condition! In fact, I can give you the history of all of these. First, it started with period of post-conflict. It was called a post-conflict recovery support and all that coincided with the Jubilee Campaign that maybe you are aware of. And then another period was late 1990s and early 2000. When the conflict ended officially in February 2002, and then Interim Debt Relief came in and countries were benefiting from interim debt relief and Sierra Leone happed to have gotten debt relief before Liberia. The interim debt relief which we called the HIPC decision-point – I was at MoFED at the time… when they decide (donors) that they are going to cancel your debt. And then your total debt stock will be calculated. Ours was $1.6 billion dollars. And then you work towards it. How you work towards it is where the PFM reform came in. So, how you work towards first, meeting your HIPC decision-point, you have to work towards coming up with your first PRSP. So, the country (Sierra Leone) did that (Interview: XX101 - former ministry of finance official but now working for the IMF in Sierra Leone).

Observation 7b: And the reason why I say the failure of most PFM reforms is because they are not home-grown. In other words, it is not only something that the government is saying look, but you also know what the things that are necessary for us are and it is a must that we must do it. It [PFM reform] is most of the time thought of by development partners and discussed with the government. But because of the carrot behind the stick, the government will say okay we will try, or we will do it. And they will do the few actions that donors want and then disbursement is done. And after that, nothing else (Interview: XX106 - A Sierra Leonean formerly with the WB but now with the AfDB as a consultant).

Observation 7c: Starting with the early 2000s immediately after the war, EU decided to invest some money in starting PFM reforms because everything had broken down during the protracted civil war. They called it the EU's structural adjustment program and by that time and I was in charge of revenue in the reform process. Yes, at the time because there was a lot of capacity problem at the time and the donor was trying to push reforms because definitely you know now after a war situation country attract a lot of revenue and for proper accountability and some of these are peoples' money when they come to this country we have to set up structures and so on. And the attempt by EU at that time was to put structures in place given the broken structures at the time for PFM reforms going forward. That was basically the idea (Interview: XX105_303 - A former direct of budgets in the MoF but now working as a consultant for the EU state building PFM project).

Observation 7d: Most times reforms are not locally driven. It is not only with PFM reform. We have also seen this with the SDGs. I do not know whether you are aware of the new deal as well. It is the same with the new deal, and the open government partnership and Millennium Challenge Corporation. Our PFM reform, I may be wrong it came as a result of donors trying to reach the HIPC. Through getting debts out of the way. So, we needed certain reforms. And it is the same because we have seen to all of these reforms, different instruments but they are deeply rooted - they are not locally owned (NSA representative in LBR: XL701).

Observation 7e: The overall aim of our development cooperation is Liberia is state building/peacebuilding, and that includes democratic development and human rights. Working in poverty reduction and development resources are essential, so you will need to have an effective PFM system in place, which is transparent, accountable and participatory too. So, that is the main kind of rationale for our operations in Liberia. And in post-conflict countries like Liberia, where the institutions are basically, if not collapsed but they exist only on paper thank the real capacity to deliver what the minister of finance or minister of education is supposed to provide. I would say it [PFM] is an important aspect of democracy and state building. Maybe one of the most important democratic processes is the budget process. In Liberia, it is not yet very participatory. It is a long process like we have been in Tanzania supporting PFM for 50 years. We know this is a slow process and needs time (Donor representative in LBR: XL103).

Observation 7f: We look at specifically how we can support the government into it reforms especially with regards to both for natural resources and governance, especially after the Civil War and then the outbreak of Ebola. We have our own strategy called the country strategy paper for Liberia or all of our intervention in Liberia. They're all geared towards or assisting the government foster it agenda for transformation to supporting various pillars. So, in Liberia, we support the agenda for transformation, which is the AFT through two pillars … and where you find we are doing PFM is pillar four of the AFT, which is more or less governance. So, our pillar is more or less governance and effective management natural resources (Donor representative in LBR: XL102).

Observation 7g: Donors come because the government has invited them to come, so more or less government accepted that they needed reforms. Taking into consideration again government wanted to continue with the IMF program and with that we needed to reform our systems and processes so that we transform into a very vibrant PFM system so that you will be able to generate financial statistics for informed decision-making as well as making proper decisions on certain things with a very good system in place (Donor representative who also worked as LTA in SL: XX104_302).

Observation 7h: It is a combination of both. I remember, the post-war or the end of the war was not just the country's efforts. It was a combination of the international community and it was like a roadmap was envisaged such that countries will not slip back to those kinds of things in the past. It was a collaborative effort on the part of both the government and the donors. It was not like a purely country effort to be frank about it (MoF official in SL: XX304).

INFERENCE: From the evidence presented in observations 7a-h, both countries do share a number of features with regards to how PFM reforms were conceptualized or how the PFM agenda emerged in these countries. Several factors explain how the PFM reform agenda emerged, which are broadly categorised into two:

- Reaction to various crises - post-conflict situations and there was the need to rebuild PFM institutions in both countries, decline in commodity prices (such as iron ore) and the Ebola Outbreak
- To meet donor demands - such as debt relief triggers, budget support conditions and donor funded PFM assessments, which were mostly used to inform the design of new PFM reform programs.

These findings are also consistent with findings from previous published research and PFM assessment reports as sent out in observation 7i below.

Observation 7i: See AppendicesA & B - Analysis and Build Up to the Reforms: How PFM Reform got to the Agenda of Government, also set out evidence from other published sources such, donor reports, governments' reports and independent research from practitioners and researchers that support most of the claims made above.

However, the distinction between the two categories is not clear-cut, because donor interventions in PFM in both countries were in fact, at their peak in the aftermath of each set of crises in these countries. Except with regard to the HIPC debt relief which was a global agenda that benefited many developing countries, including the two case study countries. Donor intervention in PFM reforms has therefore always taken a lead-role, irrespective of the nature of the crisis in these countries. PFM reforms in the view of one respondent is "mostly though of by development partners and discussed with the government" (Donor representative in SL: XX106). Even for some local actors who share the view that PFM reform was also partly conceived locally (Observations 7g-h), they indirectly admit that, any local effort towards PFM was also influenced by some form of external incentives from development partners. It is noteworthy that, although, the objective of various PFM reforms varies considerably - from post-conflict to the decline in Iron Ore prices and the Ebola Outbreak in 2014, what is striking is that there is significant similarity in the components/activities of those reform programs. The latest examples are the DFID Building Core Systems and the EU State Building projects, both of which take a U-turn, with more emphasis on basic systems and processes within the overall PFM.

DESIGN PHASE

Were the specific features of the agenda set by domestic stakeholders, or were they strongly influenced by external 'scripting'? (For example, were international consultants significantly involved in the drafting of reform plans? Or were these developed mostly within the public administration?

> Observation 7j: Now you have various areas like having a complaint mechanism in place, having a website for information sharing so the trend is moving. And it is fine - so based on that you get people to move from the traditional PEFA to the all revised PEFA. This is all part of the reform process, because we use PEFA as a tool to assess ourselves and improve on areas that we think we are weak on. That is why we are always looking at, especially the procurement and budget credibility (Senior reformer in SL MoF: XX305).

Observation 7k: The government still owns the process. Let us be practical, even in the donor community, there is politics. Put your mouth where your money is. Most times developing countries like Liberia are not in a comfortable position to actually negotiate. And so, we need support, we need funds. This is where I say most times the reform is not locally driven, because we need the support and it is 'international best practice' (NSA representative in LBR: XXL701).

Observation 7l: I think we need a reform we can finance. Local ownership is actually important. If the donor funding wears out, how can we go ahead? Do we have the means of maintaining and sustaining these reforms? The sustainability is something we should be thinking about! If the donor come in with all the money and do all of these flashy things and we do not have the means of sustaining that is a waste... (MoF official in LBR: XL301).

Observation 7m: Yes, we try to champion the reforms. But again, we have to have the political will and again the development partners because we do not know the angle they will be coming from. Because if they come today and say this is what we want to do. Because as we speak now, we have the PFMICP funded by the DP. But again, we have Adam Smith funded by DFID, and EU funding the states building projects (Senior reformer in SL MoF: XX305).

Observation 7n: well these reforms are mainly donor-imposed. The reason why I said this is that from the outset after the coming to force of the interim government from 2004 to 2005, the donors came in. The first attempt was GEMAP. The donor partner believes the cause of the conflict was resource allocation and corruption. So, the first attempt from the EU, USAID they selected key govt ministry and agencies, so they could recruit several comptrollers and the EU took over to help the GAC regarding accountability. To ensure that the resources were not misused. That was the first significant attempt which came from international partners. The ECOWAS and other countries were also involved. That was international partner-driven because of the fair that huge cost of the crisis in Liberia was the uneven distribution of resources and corruption (Senior GAC official in LBR: XL402).

Observation 7o: To be honest my answer is not the government is not in the driving sit. And I can tell you the reason why. When a country is in the driving sit you will recognise that in a number of ways (NSA representative in LBR: XL702).

First and foremost is that the deployment of sometimes expatriate and the unlimited ground that expatriate has in terms of what we do as a country and what we are doing to curtail their influence.

Second, there is this push or coercive approach for compliance or what they call 'best practice,' even that best practice had not shown to be best, but you are obliged to comply with those best practices. I found it sometimes difficult to understand, with just a handful of the elites from a country being taken to understand the development agenda of the country. These elites then try to ensure broader participation in the country's development agenda, but they accept whatever is thrown at them [from development partners] under the framework of inclusivity (NSA representative in LBR: XL702).

Observation 7p: Some international consideration drives most of the government policies and things that we do here. Those affect how we do certain things here. Some of the things we where we think that it will affect our international standing or it will cause donors not to give us money, we will take action immediately (MoF official in LBR: XL309).

Observation 7q: Well very slowly because if you do not have the level of financial capability you do not really take ownership or drive the process. I think the GEMAP could have been more successful if they had taking some level of ownership at that time. Even the PFM, the current PFM they are not the ones driving the reform process (Donor representative in LBR: XL102).

Observation 7r: The reason why I am emphasising ownership is the ownership was lacking from the government. Most of the program measures were donor-driven and people did not understand them in the first place (MoF official in LBR:: XL302).

Observation 7s: The donor is not in the driver seat we only support the process, but the ministry of finance I can tell you is in the driving seat in the PFM reforms process. The MoF is the counterpart that all the partners must work with them (Donor representative in LBR: XL101).

Observation 7t: No, what you should know is if world bank is coming with a project they don't just come in and do a one-size-fits-all thing for example the IRCBP was done in consonant with government and they actually agreed for the reforms to happen because government badly needed local councils to be re-activated – it was the interest of government right (Donor representative who also worked as LTA in SL: XX105_303).

INFERENCE: The evidence is overwhelming from the various accounts of interviewees above (observations 7j-t) to justify the strong international footprint in the design of PFM reform programs in the two case study countries. The donor influence on PFM reform programs have taken different shapes and forms:

- Recommendations from specific donor PFM assessment missions/reports used to design new PFM reform programs
- In response to findings from PFM assessment reports such as PEFA, Open Budget Index, etc.

- Donor partners directly funding specific reform programs or PFM institutions such as external audit agencies, parliamentary finance and account committees and domestic revenue authorities
- Developing countries need to comply with international standards or 'best practice'.
- Placement of international consultants who influence policy directions and take the lead in the design of PFM reform strategies and programs

Most often than not, they two case study countries designed various PFM reform programs at the direction, or at least with the guidance and in exchange for financial incentives from donor-partners. However, caution must be taken in interpreting these findings as the evidence also point to the fact that international footprint in the design of PFM reforms have gotten less visible as these countries graduated from post-conflict, crisis to development. The decline in international foot-print is perhaps, according to a common phrase 'put your money where your mouth is', which is a direct result of the declining international financial support to PFM in these countries. This decline in donor influence in the design of PFM reform strategies and program is definitely a good sign for local ownership, driven largely by the establishment of PFM reform coordination units (funded by donor-partners) with technical expertise to take the lead in the design of future PFM reforms.

The evidence also raises a number of issues that deserve further attention. For example, some of the interviewees seem to make direct connections between the levels of influence of donor-partners with the inability of domestic governments to fund the reforms themselves. So, one would ask would the outcome have been different if those reform programs were solely designed by local actors? This question is a bit tricky to answer given the lack of evidence from the two countries of specific reforms that have been thought of and designed exclusively by local actors. But it might also be interesting to also understand for example, whether domestic authorities could have said 'No' to donor assessment missions? It might also be useful to attempt to understand the power dynamics between donor-partners and the country governments? Observations 7u-v provide some insights in answering these questions. With the former question, again, there is no evidence in the case study countries of any instance where local authorities rejected donor assessment missions or interventions in PFM or in any other area, as a matter of fact. However, local authorities do have a lot of leverage over donor-partners (see observation 7v), but whether there is a recognition of this power/leverage within local government cycles, and whether local actors know how to play their hands when dealing with donor-partners is another question altogether.

Observation 7u: First of all, let me say that the partners would not have been able to conduct those assessments without a national counterpart. And so, until the national counterpart has accepted no donor will come in to conduct that assessment. That tells you that local authorities are on the driving seat, because the government accepts for you to come before any donor mission comes in to conduct those assessments (Donor representative in SL: XX101).

Observation 7v: The World Bank at the time was furious, and they refused, had to argue a lot about the rationale and the trade-offs. They couldn't convince the government entirely, and they had to yield to the demand of the government. I think that transition process didn't go down well with the World Bank, and I can see the highhandedness of the Bank regarding approving and managing the project. Because, they have to send in a lot of audits, fearing that there might have been some games in term of implementing the reforms (NSA representative in SL: xx702). This remark was made in connection to the demand from domestic authorities to transfer the management of the current PFM reform program to a project unit away from the PFM reform coordination unit. The transfer was made in defiance of the donor.

IMPLEMENTATION PHASE

The following questions are be explored under this phase in the reform processes in both countries.

Has there been enthusiasm for particular types of reforms (such as program budgeting)—and what explains that enthusiasm? Does the level of enthusiasm influence actual implementation?

Observations 2v to 2ad from hypotheses one two provide substantial evidence to support the high level of enthusiasm for IFMIS reform in the two case studies. The evidence suggests enthusiasm for IFMIS is explained by three factors as shown below:

- There is generally high level of enthusiasm for reforms for countries starting from a low-base: this enthusiasm is in large part because of IFMIS as it brings automation and make work easier for central financial ministry officials. IFMIS is also a mechanism for CFA to exercise control over MDAs.
- IFMIS reform often come with huge financial implications, through large procurement contracts and it is also linked to donor disbursement triggers

IFMIS is an accounting system and routine processes that does not interfere with high-level political economy dynamics. Unlike other reforms such as TSA and MTEF, which present political economy dilemmas from senior CFA officials, IFMIS reforms encounter less resistance from high-level political actors because senior CFA officials can carry it out safely without any confrontations with their political masters.

How long were reforms on the agenda before being adopted and implemented? (Or failed to be implemented despite commitments made)?

Most reform programs get adopted but their actual implementation in practice have been the challenge. Even the most complex and most expensive reforms such as IFMIS get adopted and their implementation at least get initiated. Partial implementation is widespread in the two case study countries. But the extent to which a reform program gets implement (fully implemented, partial/incomplete or not implemented at all) is driven by three factors:

- The number/level of stakeholders involved in the reform (upstream reforms with fewer stakeholders) are more likely to be fully implemented than de factor, downstream and deconcentrated reforms).
- The extent of its impact on political accountability and survival.
- Its impact on the freedom or leverage political actors have over the resource envelope (internal audit, procurement and TSA).

However, there is little or sometimes no clear-cut distinction between these factors. Certain reform programs may have impact on political accountability and survival and as well as on freedom/leverage of political actors on the resource envelope.

Those reform programs that get implemented completely are mostly upstream reforms and those that do not require greater political accountability or limit the freedom/leverage political actors have on the resource envelope. The exceptions to this are IFMIS and MTEF reforms, which have impact on political accountability and the amount of leverage political actors have over resource, but their implementation have been partially successful, in large part, because politicians and civil servants have found ways to override them through what is known as 'budgeting corruption' 19in the annual budget process.

APPENDIX D: PARTICIPANT INFORMATION SHEET AND CONSENT FORM

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[19] **Budgeting corruption** is defined as a marriage in the annual budget process between top-level officials in the ministry of finance and political leaders and heads of MDAs, whereby the annual budgetary allocations to the institutions of these political leaders and heads are inflated by MoF officials with their full knowledge and for the personal and mutual benefits of both parties. This marriage effectively bypasses any control, accountability and resource allocation mechanisms provided by IFMIS and MTEF.

Participant Information Sheet

Title

An Explanatory account of the underlying causal mechanisms associated with the uneven progress in Public Financial Management (PFM) reforms in developing countries and across the budget cycle/PFM dimensions.

Research Student: Mohamed Adama Jalloh

Invitation and Recruitment

Apart from providing vital information about the research project, this information sheet also serves to invite you to participate in this study. You have been invited as part of the research design to speak to stakeholders who were and/or are involved (be it direct or indirect) in Public Financial Management (PFM) reforms and the annual budget cycle in the countries covered in this research study. These stakeholders range from local policymakers and reformers, implementers - sectoral ministries, local government and state owned enterprises, the private sector, civil society organisations and external actors – donor representatives and experts in PFM. Meanwhile, before you give your consent to participate, I encourage you to take some time to carefully read the paragraphs below to help you understand the rationale for this study and what it will involve. Please share this information sheet, as you like, in case you want to discuss its contents with others. And I will be happy to get in touch to through more light in the event you need clarity on any of the issues covered. Thank you for taking time to read the remainder of this information sheet.

Purpose of the study:

The proposed research is about Public Financial Management (PFM) Reforms in developing countries. It will attempt to provide an explanatory account, through case studies and within-case analysis of the underlying mechanisms associated with, or that may have influenced cross-country differences and variations across the budget cycle in the implementation of PFM reforms in developing countries. Almost two decades on, progress in reforming budgetary institutions in developing countries has been limited and uneven, irrespective of the huge donor and technical support. While a lot has been written in a bid to enhance the efficiency and effectiveness of PFM reform efforts, the PFM literature has largely been driven by the emergence of different approaches in trying to find solutions to the initial set-backs and challenges encountered. However, the various approaches fundamentally remained ideologically different, with many of the approaches being prescriptive reform models rather than derived from formal analysis of empirical evidence. Thus, they fall-short of creating an appropriate balance in addressing issues such as how and why certain reform initiatives or countries are successful, while others do not. The shortcomings of the various approaches are in part, a fallout from the idiosyncratic nature of approaches to, and evaluations of PFM reforms, but also because PFM reform is complex involving many interactive processes and actors. Which imply reform efforts need for a comprehensive assessment of the cumulative contributions of various factors that underpin PFM systems quality. Thus, in achieving the purpose of the research in providing plausible explanatory accounts to the research question: Why is progress in Public Financial Management reforms uneven across developing countries and across the budget cycle?, the study will combine case studies approach and process tracing method to document and account for the complex interactions during the reforms and in the budget cycle in determining how and why some countries PFM systems improved over time, while other did not, and variations across the budget cycle.

Do I have to take part?

Any decision to participate or not, rest 100 per cent with individual participants. But prior to soliciting any consents, potential participants are encouraged to seek, if necessary in private, for more information that they think might be helpful in getting their consent to participate in the interviews. In this regards, all requests for further information or inquiry should be directed to the researcher Mohamed A. Jalloh – via email at maj179@bham.ac.uk. It must be stated here that, even after given their initial consent to participate, participants still have the right (without any obligation to explain why) to withdraw from the interviews before they actually happen or withdraw their data after the interviews have been held. Summary of the interview scripts will be shared with interviewees to solicit their confirmation of the contents of the interview. An interviewee's right to withdraw their data ends after she/he has confirmed the contents on the interview transcripts. Thus, it is the researcher's responsibility to ensure that contents in the interview transcripts are accurately reflected in the main thesis without material misstatement. But what happens if participants give their consents to participate in the interviews? Once you agree to participate in the interviews, the researcher will be in contact to discuss arrangements for the interviews, including your signing of a consent form. The interview is expected to last about an hour, with a list of predetermined general questions that will be asked of participants from each country.

Possible risks and benefits for taking part in this research study?

There are no known risks associated with participants taking part in the interviews. Nonetheless, there are some ethical concerns (such as confidentiality, data protection, etc.) which have been given due consideration and addressed in the methodology chapter of the study. There are no direct personal benefits to participants, in part, because the research does not directly relate to participants themselves. Rather, the research result is expected to benefit wider stakeholders, including government institutions from both countries covered, donor institutions and others with interest in PFM reforms and the budget cycle. However, the preliminary research findings and final copy of the thesis will be shared directly with each participant.

Data Protection, Confidentiality and Anonymity?

All personal and professional accounts given by interviewees during the course of the research will be stored safely (both electronic and manual data) and managed in accordance with the University's 2015-2016 code of practice for research and the Data Protection Act of 1998. In addition, all information from you will be kept strictly confidential and will be accessible only to the researcher and supervisors. But where necessary, the data will also be accessible to examiners for verification purposes. It must be stated here that it is the obligation of the researcher to safely store all data solicited from you and keep these confidential and completely anonymous for a period of 10 years. After the 10-year period has elapsed, all the data stored will be destroyed completely. And finally, you are guaranteed that a special coding system has been developed to keep all the data anonymised in such a way that both the raw data and final thesis would not identify you individually. In this regard, initial draft of the thesis will be shared with you for your review before final publication.

What use will the data collected be put into?

All personal and profession accounts solicited from you will be used solely for the purposes of this research. Any evidence you provide will be used anonymously in the published findings. In no event will the evidence you provide be traded or shared with third parties other than supervisors, examiners and relevant University personnel. In particular, personal details of participants, including their names, position, institution, and other identifiable details will remain strictly confidential to the researcher and supervisors only. The participant data that will be shared will only include interpretations by the researcher, their historical accounts and perceptions about the various decisions, events before and during PFM reforms in the countries covered. In doing so the special coding system developed will consist of random numbers and letters known only to the researcher and supervisors. These random numbers, where necessary will be used in presenting direct quotes from participants in the main thesis. And finally, as part of the research's contribution the findings (not the raw data – transcripts and audio recordings and all personal details of interviewees) will be made public and might be used by subsequent researchers for academic and professional purposes.

University of Birmingham Ethical Review Process

This research study has been subject to the University of Birmingham ethical review process. The University's Research Ethics Committee has reviewed the contents of the research and has given a favourable opinion to procced with the fieldwork. If you wish to contact an independent point at the University about this research, please do so directly by emailing the University of Birmingham Ethics Committee at ethics-queries@contacts.bham.ac.uk. You can also directly contact my supervisors for any clarifications or concerns you might have about this research study at the following addresses: Dr. Simon Delay - delayse@adf.bham.ac.uk and Prof. Paul Jackson - P.B.Jackson@bham.ac.uk.

Thank you for saving some time to read this information sheet and for given your consent to participate in this research.

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CONSENT FORM

Research Title

An Explanatory account of the underlying causal mechanisms associated with the uneven progress in Public Financial Management reforms in developing countries and across the budget cycle.

Research Student: Mohamed Adama Jalloh

I have been given information about the PhD. research study on the topic "An Explanatory account of the underlying causal mechanisms associated with the uneven progress in Public Financial Management reforms in developing countries and across the budget cycle". I have discussed the research project with the student researcher Mohamed Adama Jalloh, who is conducting this research study as part of his doctoral research programme in the International Development Department at the University of Birmingham.

I have been advised of the potential risks that might be associated with this research; including identity as the most significant risks and benefits from the research results. I have been given the opportunity to ask the researcher about any questions I may have about the research and my participation. I understand that my participation in this research is voluntary, I am free to refuse to participate and I am free to withdraw from the research at any time prior to my confirmation of the contents of the interview presented in the interview transcripts. My refusal to participate or withdrawal of consent will not affect my treatment in any way or my relationship with the researcher.

If I have any further enquiries about the research, I can contact the researcher, or any of his supervisors or The University of Birmingham Ethics Committee through the following:

1. Researcher: Mohamed Jalloh (Tel: +447590255476, maj179@bham.ac.uk)
2. Primary Supervisor: Simon De Lay (Tel: +441214147590, delayse@adf.bham.ac.uk)
3. Secondary Supervisor: Prof. Paul Jackson (Tel: +441214147293, P.B.Jackson@bham.ac.uk)
4. University of Birmingham Ethics Committee (ethics-queries@contacts.bham.ac.uk)

By signing below, I am indicating my consent to participate in the research. I understand that the data collected from my participation will be used primarily for the purposes of the research, and I consent for it to be used in that manner.

I have read the Participant Information Sheet and I have had the opportunity to ask the researcher any questions Signature:

APPENDIX E: ANALYSIS OF HIPC & PEFA SCORES FOR 29 SSA COUNTRIES

countries with at least 2 assessments (minimum of 2 pefa assessments or 1 hipc & 1 pefa assessment	Budget Credibility	Transparency&Comprehensive	Policy Based Budgeting	Predictability and Control in Budget Execution	Accounting, Recording & Reporting	External Scrutiny & Oversight	Average Scores	13/29 below average	Initial Score		Final PEFA Score	INITIAL AAP SCORE COMPARED WITH AVRAGE SCORE	INITIAL PEFA SCORE COMPARED WITH AVRAGE SCORE	INITIAL SCORE COMPARED WITH FINAL SCORE	FINAL SCORE COMPARED WITH AVERAGE SCORE	PEFA ONLY: INITIAL COMPARED WITH FINAL SCORE
									HIPC/AAP	PEFA		increase/decrease	increase/decrease	increase/decrease	increase/decrease	increase/decrease
Benin	3.04	2.81	3.33	2.52	2.79	1.83	2.72	0.28	3.01	2.09	2.09	-0.29	0.63	-0.92	-0.63	-
Botswana	2.50	2.67	2.38	2.56	3.06	2.92	2.68	0.23		2.68	2.71		-0.00	0.02	0.03	0.02
Burkina Faso	2.88	3.47	3.70	2.78	3.20	2.13	3.03	0.58	3.18	2.85	3.03	-0.16	0.18	-0.15	0.01	0.18
Burundi	2.56	2.25	2.63	1.97	2.19	1.42	2.17	-0.28		2.47	1.87		-0.30	-0.60	-0.30	-0.60
Congo	2.08	1.69	1.67	1.73	1.67	1.47	1.72	-0.73		1.64	1.75		0.08	0.11	0.03	0.11
Côte d'Ivoire	2.50	2.26	1.25	2.33	1.81	1.50	1.94	-0.50		1.68	2.20		0.26	0.52	0.26	0.52
Ethiopia	2.95	2.75	2.70	2.72	2.74	2.13	2.67	0.22	2.88	2.70	1.93	-0.21	-0.03	-0.94	-0.73	-0.77
Gambia	2.56	2.82	3.17	3.07	2.21	1.83	2.61	0.16	2.92	2.36	2.36	-0.31	0.25	-0.56	-0.25	-
Ghana	2.38	2.57	2.90	2.31	2.35	2.03	2.42	-0.02	2.26	2.47	2.04	0.16	-0.04	-0.23	-0.38	-0.43
Guinea-Bissau	1.88	1.75	1.80	1.84	1.57	1.47	1.72	-0.73	2.28	1.46	1.57	-0.56	0.26	-0.70	-0.14	0.12
Kenya	2.92	2.36	2.58	2.61	1.88	1.83	2.36	-0.08		2.34	2.34		0.03	0.00	-0.02	0.00
Lesotho	2.73	2.18	3.25	1.83	1.15	1.75	2.15	-0.30		2.13	2.16		0.02	0.03	0.02	0.03
Liberia	**2.00**	**1.80**	**2.50**	**2.11**	**1.50**	**1.71**	**1.94**	-0.51		1.92	1.95		0.02	0.03	0.02	0.03
Madagascar	2.58	2.78	2.96	2.55	2.08	1.58	2.42	-0.02	2.64	2.34	1.95	-0.22	0.08	-0.69	-0.47	-0.39
Malawi	2.67	3.08	2.88	2.81	2.53	1.88	2.64	0.20	2.89	2.60	2.32	-0.25	0.04	-0.57	-0.32	-0.28
Mali	3.38	3.02	3.44	3.00	2.69	1.83	2.89	0.45	3.18	2.32	2.79	-0.29	0.57	-0.39	-0.11	0.46
Mauritania	2.92	2.36	2.50	2.06	2.25	1.89	2.33	-0.12	2.60	2.46	1.93	-0.27	-0.13	-0.67	-0.40	-0.54
Mauritius	3.38	3.08	2.63	3.42	3.94	2.67	3.18	0.74		3.21	3.16		-0.03	-0.05	-0.03	-0.05
Mozambique	3.13	2.63	2.95	2.57	2.45	2.30	2.67	0.23	2.78	2.53	2.81	-0.11	0.14	0.03	0.14	0.28
Niger	2.03	2.65	2.44	2.43	2.13	1.96	2.27	-0.17	2.30	1.84	2.11	-0.03	0.43	-0.19	-0.16	0.27
Rwanda	2.72	3.10	3.50	2.97	2.50	2.46	2.88	0.43	3.11	2.36	2.89	-0.24	0.51	-0.22	0.02	0.53
Sao Tome and Principe	2.43	2.65	1.90	1.97	2.10	1.88	2.15	-0.29	2.49	1.70	2.39	-0.33	0.45	-0.09	0.24	0.69
Senegal	3.29	2.89	3.08	2.76	2.58	1.89	2.75	0.30	2.89	2.34	2.34	-0.14	0.40	-0.54	-0.40	-
Seychelles	2.50	2.70	2.63	2.72	2.75	2.00	2.55	0.10		2.58	2.52		-0.03	-0.05	-0.03	-0.05
Sierra Leone	**2.43**	**3.08**	**1.92**	**2.28**	**2.92**	**1.94**	**2.45**	0.00	2.56	2.31	2.42	-0.11	0.14	-0.14	-0.03	0.11
Tanzania	2.93	2.84	3.25	2.67	2.89	2.17	2.79	0.35	3.17	2.69	2.51	-0.38	0.11	-0.66	-0.28	-0.17
Togo	1.50	1.40	2.25	1.72	1.13	1.42	1.57	-0.88		1.65	1.49		-0.08	-0.16	-0.08	-0.16
Uganda	2.40	2.90	3.25	2.64	2.85	2.63	2.78	0.33	3.22	2.61	2.44	-0.44	0.17	-0.78	-0.34	-0.16
Zambia	2.04	2.28	2.58	2.63	2.79	2.61	2.49	0.04	2.39	2.36	2.36	0.10	0.13	-0.03	-0.13	-
	2.60	**2.58**	**2.69**	**2.47**	**2.37**	**1.97**	**2.45**									

APPENDIX F: INTERVIEW TOPIC GUIDE/FRAMEWORK FOR INTERVIEW QUESTIONS

Phases of PFM Reforms	Interview Topic Guide (Prompts)	Judgement criteria/indicators (Probes)	Sources of Evidence	
			Documentary Evidence	Interviews
General Positionality Questions:	Could you kindly put into context the role of your organisation/department/unit in the PFM reform process to date	Have you/designate been directly or indirectly involved in the reform process, when and how?		
	Did you feel your contribution, if any, was important in any way to the reform design and implementation? If not, why and what problems and challenges did you face during reform design and implementation?			
	How would you characterise your organisation/department/unit's relationship with the political elite (supportive or otherwise) and other MDAs during the design and implementation of PFM reforms?	Where there any disagreements or tensions during reform design and implementation?		
	To what extent are you convinced that PEFA scores provided an accurate description of PFM systems in your country?	Are CFAA and PEFA indicators subjective how and why? Does CFAA and PEFA provided perverse incentives from both donors and local authorities?		
	SL/LBR: Ownership:			

Reform Origin and Design Phases	Dimension of ownership: Could you kindly describe how the seeds of reform were planted or conception of the idea of reform in your country, by whom, when and why? How did the issue of reform get on the agenda of government decision making?	Who was involved in the conceptualisation of the idea of PFM reform/stakeholders? • Actor perceptions of where pressure to reform originated from • Was decision making process politics-as-usual or was there any specific or isolated and extraordinary intervention in the decision-making process by top politicians and other state actors? • SL: Although the recommendations of the 2002 CFAA were undoubtedly followed and accomplished, but it has been argued by many that the extent to which this became the central and exclusive reform agenda in the MoFED is unclear. What could you say about this claim?	√	√
	What were the main policy documents with regard to PFM reforms?	Which documents came first, and under what circumstances was reform brought up?	√	√
	Depth of Ownership: How convinced were stakeholders at the time that PFM reform was the right way to go for your country? To what extent were you convinced PFM reform being necessary or a priority over other alternative courses of actions or other reforms at the time?	perceptions from key stakeholders on the level on conviction for reforms		
	Breadth of Ownership: Were there champions amongst technocrats, political elites, and wider stakeholders (including donor community) over the need for PFM reforms? How much consensus was there among these stakeholders, how and why?	Personal reflections and indications of public and political support and through speeches and the media.		
		Under the surface political support, but often contradictory actions – such as saying one thing and doing another.		
	Were there any oppositions to PFM reforms, if any, by whom and what were	Personal accounts from interviews		

	their incentives and impact of their opposition?			
	SL/LBR: Were reforms the results of donor pressure or were they genuine desires by local government to institute change in PFM and the public sector as a whole?	Do donor practice what they preach?		
	SL/LBR: During reform design towards the end of the civil war and immediately after the war:			
	(ii) What inputs went into the design and what arguments were put forward, and by whom?	SL/LBR: Inventory of government and donor inputs (financial, technical and others). SL/LBR: Which aspects of donor support were more influential in driving and sustaining PFM reform efforts, where, why and how?: (a) technical advice; (b) by bringing cross-country experience to bear; (c) financial assistance; and (d) by imposing conditionality linked to the adoption and outcomes of reform. Flexibility, consistency with Paris Declaration, consistency & coherence with wider Donor policies in country and local context.	v	
	SL: Do you believe the CFAA, Common Action Plan/National Action and IPFMRP provided the most appropriate bases for PFM reform in Sierra Leone, how and why? LBR: Do you believe PFM plans such as establishing the CMCs, GEMAP, MoF PFM RSAPs and the IPFMRP provided the most appropriate bases for PFM reform in Liberia, how and why?			

Implementation Phase (converting reform outputs into intermediate and final outcomes)	Implementation Gap: SL/LBR: How could you explain the implementation gap in PFM reforms in your country? In Liberia for example, "there is still a noticeable gap between the formal laws, rules, and systems and their actual implementation in practice".	Knowledge and understanding of reforms and policy documents and instruments. Which problems and deviations from the initial objectives, laws, etc. can be observed? Principal agent problems, implementation theory, alignment with local capacity, breadth of ownership and political leadership. Were PFM policies actually get done, by whom and why? Did deals overturn policies? PFM legislation reviews in both countries in less than a decade, why?		
	Deconcentration vs. concentration: where do you stand and why?	Examples of concentrated and deconcentrated systems that have worked or not		
	Variations in performance across the PFM cycle:			
	SL/LBR: What do you think explains the variations in performance across the PFM systems/budget cycle? Various accounts tend to pin this to factors such as reform design issues (including sequencing of reform measures) and diagnostic instruments, which formed the basis upon which reforms were launched.	-Personal reflections, concentration of reform efforts (by function, type of reform, type of output and organisation level) and expenditure compositions, implementation theory and PA problems. Causal links between hypothesised causal factors and observed changes at output level.		
	SL/LBR: Deviations in reform goals are more likely if actions depend upon a number of actors who are required to cooperate. To what extent is this statement true or false in implementing PFM reforms in your country?	- Implementation chain for specific reforms and number of actors involved in each.		

	SL/LBR: Do you believe implementing PFM reforms created institutional adaption pressures, such as capacity, social & cultural issues and traditional admin. Norms. If yes, how and justify why you have selected a particular ranking?	Low adaptation pressure, high and moderate pressure.		
	SL/LBR: Institutional change is limited to aspects that do not question the 'identity' of an institution. Did certain reform initiatives question the 'institutional identity' of certain MDAs?			
	SL/LBR: In both SL/LBR for example, there are significant variations in performance between linking policy to planning and budget (MTEF) and expenditure control (IFMIS). How did these happen and why?	Indications of political commitment or rhetoric (saying one thing and doing another)		
	SL: What is your take on the significant progress made in downstream dimensions such as IFMIS of the budget cycle	Surprisingly, SL unlike many developing countries is performing fairly well in downstream dimensions, IFMIS in particular.		
	SL/LBR: What is your view on the influence of donor across the budget cycle? It has been argued that donor influence gradually wanes as one moves down to softer/downstream/deconcentrated dimensions of the PFM cycle? Could you attribute this to variations in performance across the budget cycle or otherwise?	- Compare donor influence at the origin and design phases vs implementation phase		
	How effective are identified reform initiatives at the central government levels compared to local government and state owned agencies?	Can any variations be attributed to hypothesised causal factors and variations across the budget cycle?		

	Intermediate and Final Outcomes:			
	What have been the intermediate outcomes?	Documentary evidence…to be done prior to interviews for each county		
	To what extent improvements or could changes in intermediate outcomes be attributed to the hypothesised causal factors? What could have happened to the identified reform outputs and outcomes in the absence of one or more of these factors	Map out PFM intervention areas for each at each level and function: -HIPC and PEFA indicators - by category (revenue, budgeting, accounting, etc.) and nature (de jure, de facto, etc.)		
	To what extent improvements in final outcomes could be independently attributed to identified outputs and intermediate outcomes?	-Mapping of the independent effects of these causal factors on identified PFM reform outputs and then to identified outcomes.		
	Could changes at final outcome level have occurred in absence of changes identified at outputs and Intermediate Outcome level?	The counterfactual claim (an example of a reform initiative that can be traced to an outcome)		
	Sustainability of PFM reform progress:			
	To what extent gains identified at the intermediate and final outcome levels appear to be sustainable? Is the process of PFM reform sustainable, how and why?	Are there organisational structures in place (on supply & demand sides) to sustain PFM reforms? Financial and technical capacity within Government to sustain PFM reform. Commitment (at political and administrative levels) to continue PFM reforms?		
Re-think/Re-design Phase	What PFM reform measures were re-designed and why?	Examples of specific reform measures that we re-designed		

	SL/LBR: How much influence did incorporating reform experience back into reform design had on the overall progress, how and why?	Was re-design borne out of emerging issues and experience from implementation or was it just based on program design and external influence		
	What do you personally think went wrong in the reform design and implementation, how and why?	What do you think could have been done differently and why?		
CROSS-CUTTING ISSUES				
SL/LBR: Colonial Heritage and Responsiveness to reform:	SL/LBR: Do you think the country's colonial heritage and governance systems may have impacted reform progress or not, how and why?	LBR: The World Bank IPMFRP for instance, notes that "the Project cannot respond to all the political economy concerns in Liberia, some of which are rooted in the historical legacy that characterize the degree of responsiveness to reforms, [rather] the Project aims at changing the dynamics of the reform process through demonstrated incentives that can enable the shifting of the balance of power amongst Liberians in the sphere of shared accountability in financial governance.		
		SL: By 2006 Sierra Leone had completed the implementation of the recommendations of the CFAA and achieved scores equal to those of other more stable sub Saharan African countries		
Sequencing of reforms:	SL/LBR: Was there any national reform path, with clear objectives and deliverables and aligned with local contexts?			

	SL/LBR: appropriate balance is required to enhance effective and efficient PFM systems, for example too much emphasis on expenditure control will invariably hinder deeper reforms (e.g. MTEF and IFMIS).	What constitutes the basics for LBR/SL? Example, control in budget execution - such as setting up IFMIS, is this basic? Why not say "do what is doable and necessary for lunching into complex and difficult reform measures? Because reform is more than just basics - say donor coordination, using country system, politics, laws, etc. 'Doable and necessary Vs. Complex and difficult' because reforms comprise more than just technical factors.		
	SL/LBR: Was there any consensus on what constituted the basics between donors and local authorities and other terminologies such as linking policy to planning and Budgeting, MTEF, Performance Budgeting, etc.? If any, how was this consensus arrived at and why was this important, or what were the misconceptions and why?			
	SL: In Sierra Leone for example, budget execution functions of the AGD, which have been heavily supported since the cease-fire, have shown fairly consistent improvement. In contrast, however, other functions that received similar levels of attention over the last 15 years continued to deliver relatively poor results, such as the MTEF.			

Degree of Fit	SL/LBR: Scholars have often argued that success or failure of technical reform models often rely heavily on the degree of fit between these models and country realities – such as politics, institutions and local capacities for example. How would characterise the degree of fit between reform models and country realities during the reform period?	Capability vs. systems - laws are best in the world but in adequate systems, structures and institutions to implement them, often leading to arbitrary applications of the laws and reforms? The nature/ type of PFM and public administration system within the country (Anglophone/ Francophone/other), the relative status of PFM systems at the outset of reforms (how weak or strong in relation to PEFA indicators or similar), the extent of human resource and other capacity constraints in the core PFM areas.	"Isomorphic mimicry" "capacity traps"	
PFMRU	SL/LBR: Autonomous agencies/departments are expected to improve policy performance through separating politics from administration and insulate policy decision making from political considerations. This is further expected to minimise deviations from the original intentions of policy-makers and prevent delays. To what extent have these been achieved by the PFMRU?	Also control: Govt-controlled vs. Shared Donor-Govt management; Use of consultants for managerial or purely advisory roles.		
	SL/LBR: How influential was the PFM steering committee in driving and sustaining FPM reform progress or was it just a consequence of program design?	Composition, functions and challenges of the PFMSC.		
	SL/LBR: How would describe the tripartite relationship between the reform unit, politicians and donors?	Who decided what, how and when to adopt the reforms		
FM and Overall Public Sector Reforms:	SL/LBR: What could you say about the timing of PSRs and their overall alignment with PFM reforms?	Control: Govt-controlled vs. Shared Donor-Govt management; Use of consultants for managerial or purely advisory roles		

	SL/LBR: Do you believe public sector reform program in general have had any impact on PFM reforms, how and why?			
Causal Claims and Relative Causal Power:	SL/LBR: To what extent in all phases of the reforms could you say each of the following: political support and local ownership, institutional and management arrangements, donor support and practices and economic factors were necessary or sufficient conditions, complementary or endogenous/exogenous factors in initiating and driven reform progress, how and why?	Causal links between hypothesised causal factors and observed changes at output and outcome levels.		
		SL: In Sierra Leone in particular, many studies point to favourable climate immediately after the war, political governance and appetite for reform, the establishment of LTAs and off-civil servants at MoFED and the incentives created by donor support and practices as the main drivers of PFM reform progress. To what extent could you corroborate this evidence and why?		
		SL: In Sierra Leone for example, budget execution functions of the AGD, which have been heavily supported since the cease-fire, have shown fairly consistent improvement. In contrast, however, other functions that received similar levels of attention over the last 15 years continued to deliver relatively poor results, such as the MTEF. Do you think MTEF is more political than budget execution systems such as IFMIS, and does this difference account for the difficulty in implementing MTEFs?		

		LBR: In Liberia for example, political considerations have been associated to the "continuing difficulty getting spending entities to adhere to approved appropriations and to align their activities with the AfT and/or their own approved strategic plans. Mistrust and political influence in setting and adhering to agreed priorities leads to delays in the approval and execution of the national budget" What are your thoughts on this claim?		
	SL/LBR: Which other factors, if any, you also consider necessary or sufficient conditions, complementary or endogenous/exogenous factors in driving and sustaining reform progress, how and why?	What could you say was the most important element/factor in initiating and driving PFM reform design in your country?		
	SL/LBR: Could you explain the impact of the factors you have highlighted as stand-alone variables influencing PFM reforms or do they complement each other or otherwise, and how?	For example, would PFM reforms have evolved differently in absence of GBS		
		SL: In Sierra Leone for example, could you explain the impact of the immediate climate after the war, LTAs and political support without the incentives created by donor support and practices?		
	SL: A 2010 World Bank study argues that there was a higher dimension of political support and ownership of reform among senior bureaucrats, especially at MoFED than at the highest echelon of state authority. One reason they sight for instance is the fact that there was reluctance by government and the legislature to remove the embargo on the Auditor General publishing his/her annual	Are you convinced that commitment to PFM reform was adequately matched by the political establishments beyond MOFED?		

	audited financial reports, until budget support from DFID and the EC was nearly suspended owing to a lack of access to published audited accounts? What is your opinion about this claim?			
	SL/LBR: Both technocrats and political agents in partner countries often have a sense of not being in the driving seat of reforms. Do you feel this way?			
	SL/LBR: Development agencies have often maintained that there are also doubts over the degree of commitment of political leaders in Developing Countries to improve the quality of their country systems. What is your response to this assertion?	What specific steps taken by political elite can you point to that will indicated political willingness to drive and sustain PFM reform efforts in your country?		
Closing Questions:	What fundamental change, if any, do you want to see happen in Sierra Leone or Liberia?	What could have done differently without donor support or what do you want to do without any influence from the international community? "The country would progress if only it had less corrupt leaders and more capable and concerned civil servants. Why bring this down a personal level and not societal or systematic level?	no novelty in the development system	
	The reform process has been ongoing for a number of years. What lessons have been learned that can help the process as it			

	moves forward, and how are they being used?			
	Is there anything else that is significant that we have not covered?			
	Is there anyone else you feel I should talk to?			