

# PUBLIC FINANCIAL MANAGEMENT TECHNICAL BRIEF

To help countries better address their own development needs and provide efficient and effective public services to their citizens, Chemonics works with governments to build and maintain sound, effective, transparent, and accountable public financial management systems. We increase institutional and human capacity to forecast, manage, and increase domestic resource mobilization, and simultaneously build capacity to plan and execute budgets, as well as monitor, evaluate, and report on budget expenditures. Chemonics engages in fiscal policy and pension reform, improves debt management and government procurement, and provides technical assistance in auditing, systems design, hardware, and customs operations.



## Project Portfolio Highlights

**Pension Reform Implementation Program in Armenia (PRIP).** PRIP provided technical assistance and support to the Armenian government to ensure that the pension system, part of Armenia's integrated social services system, is managed, regulated, and supervised according to international standards and best practices. PRIP also promoted increased civic engagement to ensure that users of the social services system receive the care and services needed in a timely, efficient, and effective manner. PRIP helped design and facilitate the approval of 103 policies such as the Law on Social Assistance and the Decree on Integrated Receptions. It supported the development of more than 10 key information systems which digitized records and processes and removed corruption and bribery from the system; and assisted the creation of a social services hotline providing citizens information about pension policy and administration. Due to increased transparency, pensions increased by 15 percent without additional government funding.

**Asia and Middle East Economic Growth Best Practices (AMEG).** AMEG provides PFM technical assistance to the governments of Tunisia, Libya, and Iraq. Through the AMEG Tax and Customs Project (TCP), AMEG strengthens the capacity of the Tunisian government to implement transparent tax and customs reforms to promote employment, investment, and growth. Through the Libya PFM activity, AMEG has strengthened the capacity of three Libyan ministries and 11 municipal governments in the areas of policy and planning, budget formulation, budget approval and execution, and financial accounting and reporting. Libya PFM has also increased the transparency of the Libyan

### KEY TOPICS

- Fiscal policy reform
- Tax administration
- Domestic resource mobilization
- Intergovernmental finance
- Budget planning and execution
- Debt management
- Government procurement
- Auditing
- Systems design and hardware
- Public outreach and messaging

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extractive sector by reviewing 21 laws and regulations as well as providing analysis and best-practice recommendations for corporate governance of the Libyan sovereign wealth fund. Through the Iraq PFM activity, AMEG has provided technical assistance to the Government of Iraq through senior advisory support to the Prime Minister's Office in developing an Economic Reform Unit, and subsequently provided high-level advisors to help operationalize the unit and provide key advisory support on determining future economic reform needs and priorities.

**Integrated Financial Management System in Haiti (IFMS).** The IFMS project assists Haiti's Ministry of Economy and Finance (MEF) in developing an integrated financial management system. The project provides the MEF with technical, logistical, and managerial strengthening



support for the restoration, operation, and expansion of both the IFMS-related infrastructure and the financial management system, expanding the government's capacity to use IFMS for financial reporting and auditing processes. The project also builds the capacity of the network to support financial auditing; integrates expenditure and revenue systems and improved financial management; and enhances IT governance and management capabilities to properly document and implement governance policies and procedures for stakeholder ministries and municipalities.

**Mongolia Business Plus Initiative (BPI).** BPI supported the development of a legal and regulatory environment for trade, governance, business, and finance in Mongolia to make government operations more transparent, predictable, and consistent with best international practices. BPI facilitated the creation and introduction of electronic signature for tax e-filing that has eliminated the need for physical visits to tax offices and introduced a tax e-filing system that included electronic filing for 72 types of tax returns and associated forms. The introduction of e-tax solutions — including tax e-filing, e-payment, VAT e-invoicing, and e-filing of quarterly financial reports — has resulted in a substantial reduction in time and cost to the private sector and reduced the time for filing by more than 23 percent. The estimated monetized savings to the private sector as result of these reforms is \$14.7 million per year. As result of these changes, 72 percent of taxpayers use e-signatures and 73 percent of corporate taxpayers, 90 percent of VAT taxpayers, and 72 percent of personal income taxpayers now file taxes electronically.

**Governance for Inclusive Growth in Vietnam (GIG).** The GIG Program enhances governance in Vietnam to facilitate broader-based growth with an emphasis on the legal framework and systems for accountability. The GIG Program assists in implementing the WTO Trade Facilitation Agreement and Resolution 19, a sweeping regulatory reform program aimed at improving the business environment and reducing the time and cost of doing business. The support to Resolution 19 has contributed to Vietnam's second greatest reduction in the Paying Taxes indicator of the World Bank's Doing Business (DB) report by reducing the time for businesses to comply with taxes from 770 hours in the 2016 DB report to 540 hours in the 2017 DB report. It also contributed to the adoption of Circular 119, which amended seven other circulars and worked to reduce the time it takes businesses to pay taxes. The GIG Program also identifies potential areas of collaboration to further women's empowerment, improve legal access for citizens, mainstream gender equality, and harness increased citizen participation in policy making.

## CONTACT US

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