

# Paving the way for transparency

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By [Clarice Africa](#) | 19 November 2012

Whenever financial transparency is concerned, my thoughts would often drift to a conversation I had, a few months back, with an e-Government specialist from the Asian Development Bank about Public Financial Management Information Systems (PFMIS).

He said that for countries battling the twin challenges of corruption and transparency, the first step should always be to implement a PFMIS. While political will and leadership are clearly important, without such system in place, it would be like playing building blocks with a blindfold.

The effort is there, but you really don't have a clear picture on how things look like and how they are progressing.

A sound PFMIS will help decision makers – both oversight and spending agencies – channel funds to where they are intended and will do the greatest benefit. More importantly, it sets off alarms whenever spendings are riddled with irregularities and informs citizens where their taxes go and how they will be spent.

In the absence of a PFMIS, organisations risk duplicating their efforts, misplacing their priorities and spending without a clear direction.

The Philippines for example, is now embarking on implementing a Government Integrated Financial Management Information System that will provide reliable and accurate information to support operational budgeting, cash programming and management, timely financial reports and effective enforcement of financial accountability rules and procedures.

While I found myself and my guest from ADB ecstatic over the idea of seeing the Philippines heading towards this financial reform, I remembered how Finance Secretary, Florencio Abad, mentioned previously how this 'digitization' drive has generated mixed reactions in the government.

Apparently, some skeptics have voiced their doubts at the agency's ability to succeed, citing previous reform efforts that failed or backfired. Meanwhile, personalities who benefited from the political tradition of patronage are even more resistant to the changes this reform is bound to make.

This year, out of 183 countries, the Philippines ranked 129th in the 2012 Corruption Perception Index, a good improvement from 134th from the previous year. Even so, 'the Pearl of the Orient Seas' has a long way to go.

According to a report published by Freebalance, a global provider of software solutions for public financial management, results from using Transparency International's Corruption Perception Index, against the quality of the PFMIS (which can be derived using the World Bank's Country Policy and Institutional Assessment), suggests that higher quality PFMIS correlates with lower perceptions of corruption.

Apart from that evidence-based correlation, I believe another contributing factor to that would be an efficient project management/monitoring system.

I've heard of reports citing "ghost projects" or awarded contracts for the construction of public infrastructures but are later found out to be non-existent. Contracts are worth millions of taxpayers' money and also oftentimes come in the form of lump sum funds or grants from bilateral and multilateral agencies.

A potential solution I've seen some organisations do is that they geotag projects to inform decision makers on what projects have been implemented, their exact location and how they are progressing. By doing so, they are able to match and confirm projects stated in their database to those on the ground.

The road towards government transparency and accountability is a long journey, one that cannot be instantly accomplished by implementing a PFMIS. The latter is there to be a foundation and to give direction on how to efficiently manage the government cashflow. Everything else should be a conscious effort that ripples across the organisation – from executive leadership to citizens.

Source: <http://www.futuregov.asia/blog/2012/nov/19/paving-way-transparency/>