



Public Financial Management Seminar -ICPAK

Politics and PFM

CPA Mumo'



Session Objectives

- ✓ Appreciate the place and role of politics in PFM
- ✓ Some thoughts on how to win political good will
- ✓ Tease out some way forward



Big Questions???

“Can we avoid politics in PFM?”

Let's debate!!!



Introduction

- ✓ Ideally, governments are created through a political process that assigns some the role of governors and others the governed!!
- ✓ While modern governance relations tends to democratic processes, other forms of governance (often autocratic) systems have existed through out civilization
- ❑ A keen observer of the history of human civilization will notice that some were assigned to be governor's and others to be the governed!!



Politics, Public Finance and the Bible

- ❑ When Israelites demanded for an earthly king like other nations.....God (through Samuel) warned them of imminent taxes for the king to run his government (1 Samuel 8: 10-17)

- ❑ When the Pharisees attempted to trap Jesus on payment of taxes He replied “Give back to Caesar what is Caesar’s and to God what is God’s” (Matt. 22: 15 – 22).



Politics and PFM

- ✓ Governments are creatures of political systems
- ✓ In any form of civilization, government tax and apply the taxes for public good
- ✓ Politics in finances is not only limited to PFM...it also transcends into the **corporate** and **family** fronts!
- ❑ **Budgets at whatever level are political instruments**



And what do you think of this?





Politics and the PFM Act 2012

- ✓ The PFM Act (2012) and the accompanying Financial regulations (2015) is the culmination of the PFM reforms envisioned under the current constitutional order established by The Constitution 2010.
- ✓ It brings various reforms in planning, Budgeting and financial performance/evaluation under one framework

☐ Questions

1. Is it working?
2. What's the key for this reforms to work best?



Some Challenges

- The detailed contents of the Act still remain a mystery to majority of practitioners in public sector (either by error's of commission or Omission)
- Institutional weaknesses – “**SILOS**” & the “**Mandarins**” mentality!
- Suspicions especially on the different arm's or levels of government (National Treasury as the sinister big brother)
- What is a “**LAW**” without “**INTEGRITY?**”
- **etc.**



“Kwa Raha Zenu!!!”



“Ah, those were great days, The Pre-Accountabilty Era.”



Some thoughts on what works!!!

Studies point to 3 main success factors to improving PFM

- ☐ **Active political leadership and support** –high level commitment from politicians is needed if technical changes are to gain institutional traction and be sustained
- ☐ **Reform Champions** –A Senior technocrat/group of technocrats must take into the driver's seat!!
- ☐ **Adequate technical and organizational capacity** –adopt and progressively apply new techniques & improved ways of working (**Aren't this not the CPA's???**).



Some thoughts on Way Forward!!!

- ✓ Recognize first and foremost that **KENYA** is one Nation!!!
We are not in competition, but are all working for common good of the people of Kenya and the nation
- ✓ Espouse patriotism as a virtue –love for the Nation (Art. 3 (1) and Art. 10 (2)(a))
- ✓ Respect for the rule of law (Art. 3 (1&2))
- ✓ Learn how to communication not “talking to one another”
- ✓ Ultimately, exercise the “Power of the Ballot” (Art. 1 (1 & 2))
- ✓ In the long term inculcate values, morals and a culture of integrity



Ultimately however.....Remember!!

- ◎ Public Finance is not only technical, that public finance is also a political weapon. Which means one has to know the way around bureaucracy- “ how things work around here”.
- ◎ One must know “how the system hangs together”
That the legislature must perform their oversight role and the executive must perform their duty of governance.
- ◎ Experts support their technical know how together with the ability to sail the sea of public sector structures in the real world.



Thank You!

