

The PEFA Program

Asian Development Bank Workshop

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PEFA Secretariat

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What is the PEFA Program?

Public Expenditure & Financial Accountability

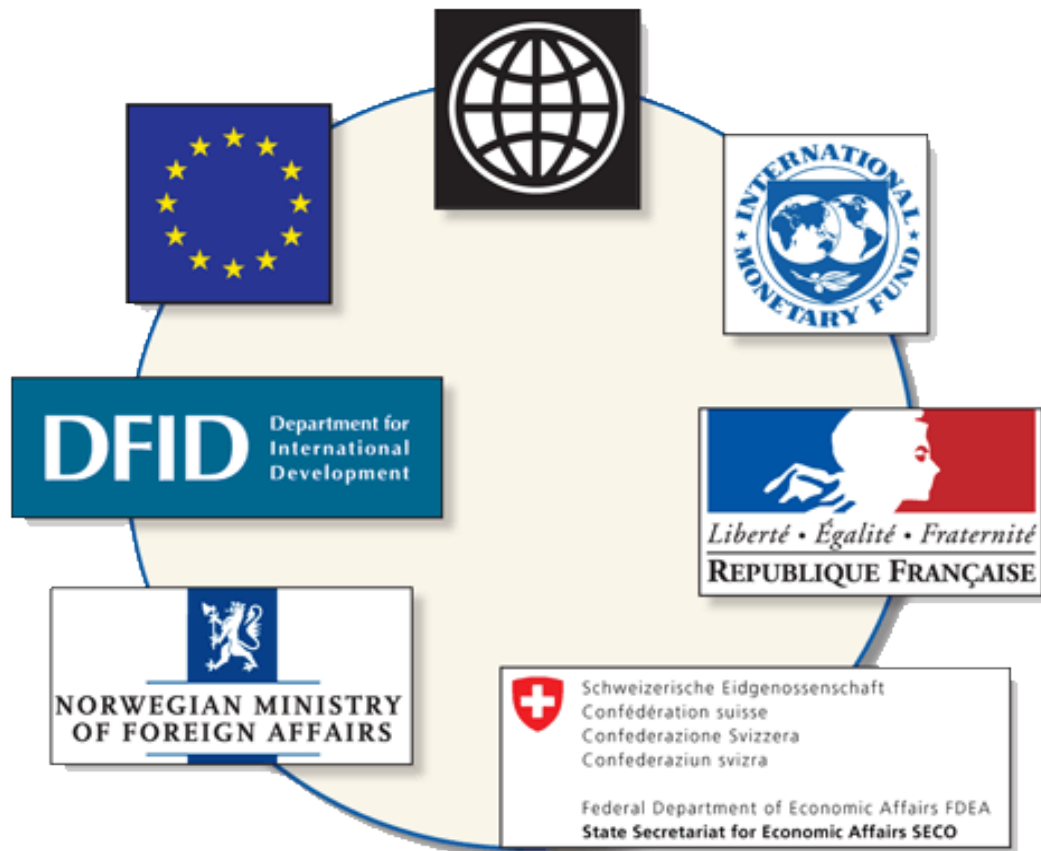
Objective:

- Results orientation in development of PFM systems
- Harmonization of PFM analytical work

Established:

- Established in 2001 by seven agencies
- Works in tandem with OECD-DAC Task Force on PFM
- Contributing to development effectiveness through: 'Strengthened Approach' to Support PFM Reform

The PEFA Partners



Strengthened Approach to PFM Reform

1. A **country-led PFM reform program**, including a strategy & action plan reflecting country priorities; implemented through government structures
2. A **donor coordinated** program of support, covering analytical, technical & financial support
3. A **common information pool**, based on a framework for measuring performance & monitoring results over time i.e. the PFM Performance Measurement Framework

Implications of Strengthened Approach

Focus on improvement in county PFM systems:

- Emphasizing country leadership & ownership for results
- Common information pool, few duplicative diagnostics
- Joint donor work in country, reducing transaction costs & creating consistency in analysis
- Less emphasis on diagnostics, more on capacity-building
- With performance framework, more learning of what works & why

Purpose of the PEFA Framework

The Framework **provides:**

- a high level overview of all aspects of a country's PFM **systems performance** (including revenue, expenditure, procurement, financial assets/ liabilities): are the tools in place to help deliver the 3 main budgetary outcomes? (*aggregate fiscal discipline; strategic resource allocation; efficient service delivery*)

It does **not** provide an assessment of :

- **underlying causes** for good or poor performance i.e. the capacity factors
- **government fiscal & financial policies**

What can countries use PEFA for?

- Inform PFM reform formulation, priorities
- Monitor results of reform efforts
- Harmonize information needs for external agencies around a common assessment tool
- Compare to and learn from peers

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Adoption of the PEFA Framework

Very good progress – globally

- 350+ assessments, covering 140+ countries
- Since 2010, mostly Repeat & Sub-National assessments

High country coverage in many regions

- Africa and Caribbean 90% of countries
- Latin America, Eastern Europe, Asia Pacific 50-80%

Used in many Middle Income countries

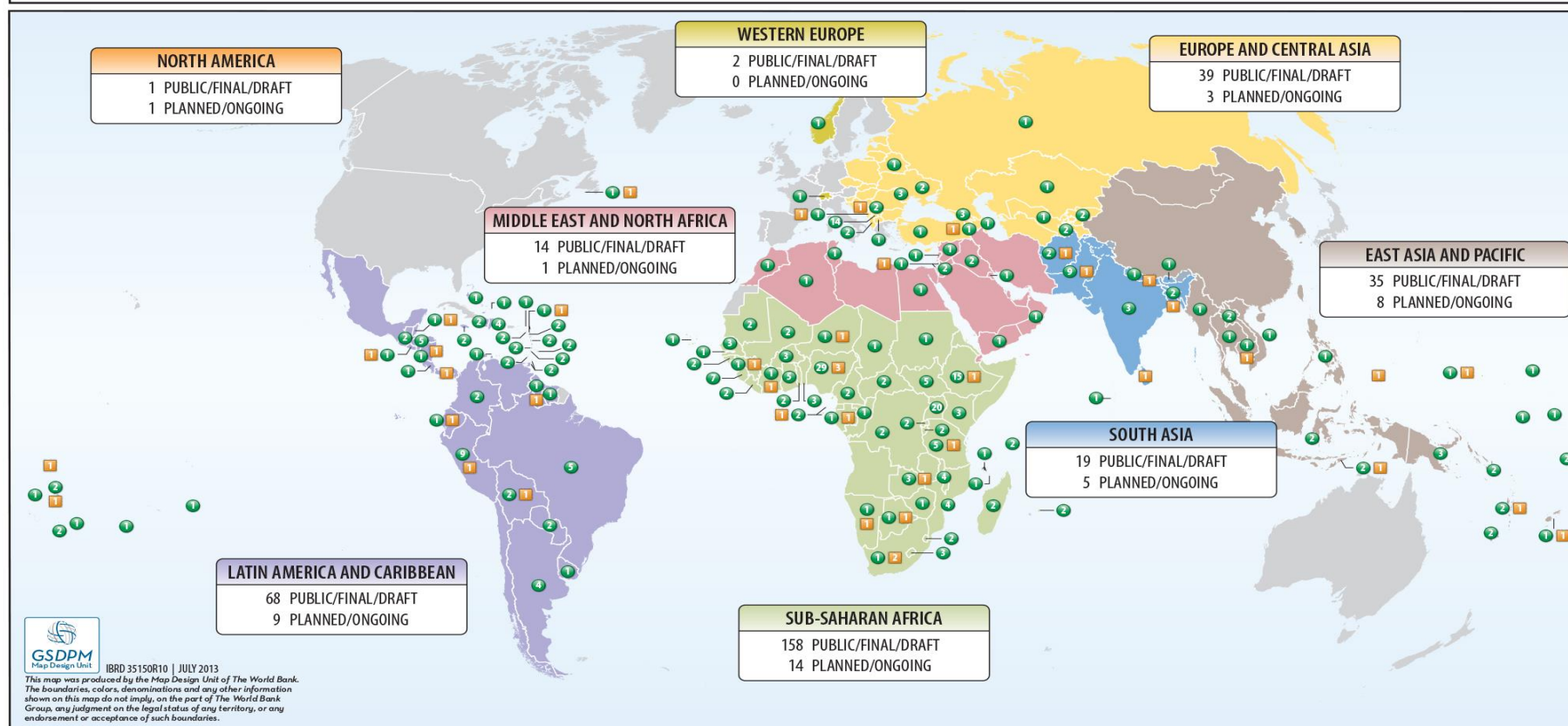
- Upper MICS: e.g. Brazil, Turkey, Belarus, South Africa
- Lower MICS: e.g. India, Kazakhstan, Ukraine, Morocco

Global Roll-out of the Framework

PFM ASSESSMENTS BASED ON THE PEFA FRAMEWORK

STATUS APRIL 16, 2013

- 336 DRAFT/FINAL/PUBLIC
- 41 PLANNED/ONGOING



Implementation Modality

- ***Country focus and decision:*** Application of the PEFA Framework is entirely decentralized to the country level (if, when, how to use Framework)
- ***Inclusiveness:*** All stakeholders can be involved and any agency can, in principle, undertake any role in its implementation; it does not 'belong' to any organization
- ***Supported by a neutral body:*** PEFA Secretariat

Stakeholder Involvement

Government leadership/self-assessment

- Active government participation in assessment is key to the use in reform policy dialogue
- Increasing frequency of self-assessment with expert assistance & external validation – but still a minority, as full self-assessment demanding on govt. capacity

Development Agencies

- About 25 development banks & donor agencies involved (leading, financing or in reference group)
- World Bank & EU have led 85% of all assessments
- Increased frequency of partner inclusiveness

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The PEFA Secretariat

Neutral body:

supporting / advising any user of the Framework
does not represent a particular interest
does not undertake or finance assessments
support services are free of charge

Role of the Secretariat

- **Custodian of the Framework**
- **Training:** develops & shares training materials; selective delivery of training, mainly on a regional basis; supports training institutes
- **Supports PFM research:** database of indicators
- **Dissemination:** presentations; PFM blogs; PEFA Newsflashes; sharing PEFA assessment reports through website
- **Monitoring:** Semi-annual updates of PEFA assessment status list; periodic monitoring reports; *ad hoc* surveys
- **Promotes harmonization in assessment of PFM systems**

PEFA Secretariat Quality Review

- On request, free of charge, rapid feedback (10 days) for CNs/ToRs & Assessment Reports
- Issues **“PEFACheck”** – process certification
- Appraises adequacy of background info & application of performance indicators: correctly interpreted, sufficient evidence, correct scoring method?
- Considers whether summary assessment brings out clear message, consistent with indicator analysis
- Follow-up review – evaluates responses

Secretariat support services & tools

Support to managers on request:

- Advice / Video-conference briefings to country teams on assessment planning
- List of consultants with PEFA assessment experience
- Review of terms of reference
- Quality reviews of draft reports

Support tools on the website:

- Framework in 12 languages
- Calculation spreadsheets for indicators PI-1, PI-2 & D-1
- Clarifications, Guidance Notes & Training materials

Support to assessors on request (interpretation)

Contents

The PEFA Framework

The high-level Indicator Set

Scoring Methodology

The PFM Performance Report

PFM-PR – Summary Assessment

The summary assessment brings together:

- The assessment under each of the 6 critical dimensions of PFM system performance
- The impact of PFM system performance on budgetary outcomes identified through PER/budget analysis, such as:
 - aggregate fiscal discipline
 - strategic resource allocation
 - efficient service delivery

Thank you for your attention