

# Updating the PEFA Performance Measurement Framework

**ASIAN DEVELOPMENT BANK**

**24 October 2014**

This is not an ADB material. The views expressed in this document are the views of the author/s and/or their organizations and do not necessarily reflect the views or policies of the Asian Development Bank, or its Board of Governors, or the governments they represent. ADB does not guarantee the accuracy and/or completeness of the material's contents, and accepts no responsibility for any direct or indirect consequence of their use or reliance, whether wholly or partially. Please feel free to contact the authors directly should you have queries.

# Content

Introduction

Purpose of updating the Framework

Proposals and next steps

# Content

## Introduction

Purpose of updating the Framework

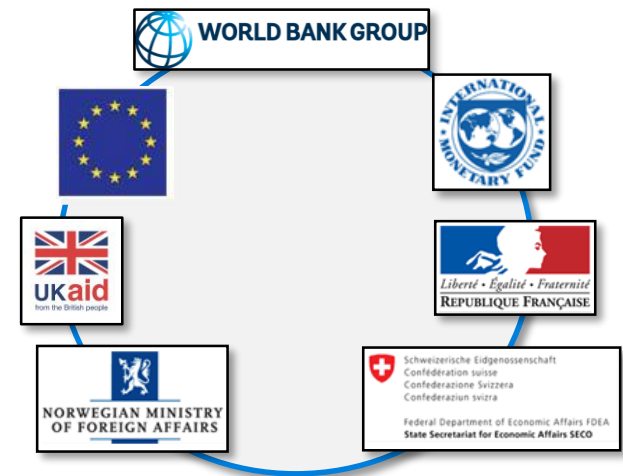
Proposals and next steps

# The PEFA Program

**Aim:** contribute to development effectiveness via the **‘Strengthened Approach’** to support PFM Reform (*country-led; harmonized PFM analytical work; common data pool*)

## The Performance Measurement Framework

- the PEFA Framework (*Blue Book*)  
‘flagship’ of the PEFA Program  
launched by 7 Partners in  
June 2005



- Applicable to countries with different traditions, & at different stages of development

# Purpose of the PEFA Framework

## The Framework **provides**:

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

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

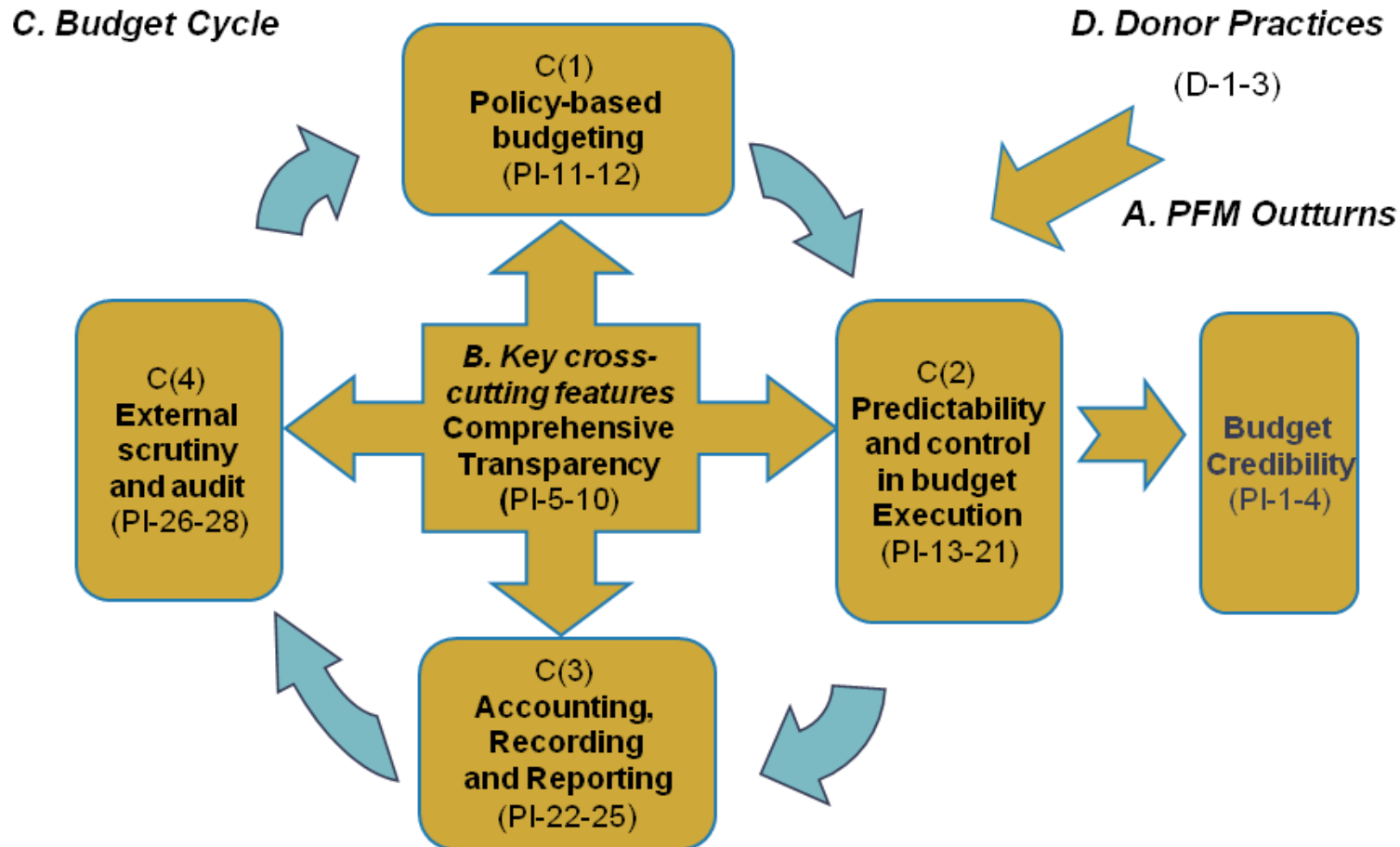
- underlying causes for good or poor performance i.e. capacity factors
- government fiscal & financial policies

# Components of the Framework

- Standard set of high-level indicators to assess performance against 6 elements of a PFM system
  - 28 government indicators covering all aspects of PFM
  - 3 donor indicators, reflecting donor practices influencing the government's PFM systems
- A concise, integrated performance report – the PRM-PR – developed to provide narrative on the indicators and draw a summary from the analysis

# Structure of the indicator set

## The PEFA performance framework



# Adoption of the PEFA Framework

Very good progress – globally

- 360+ 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

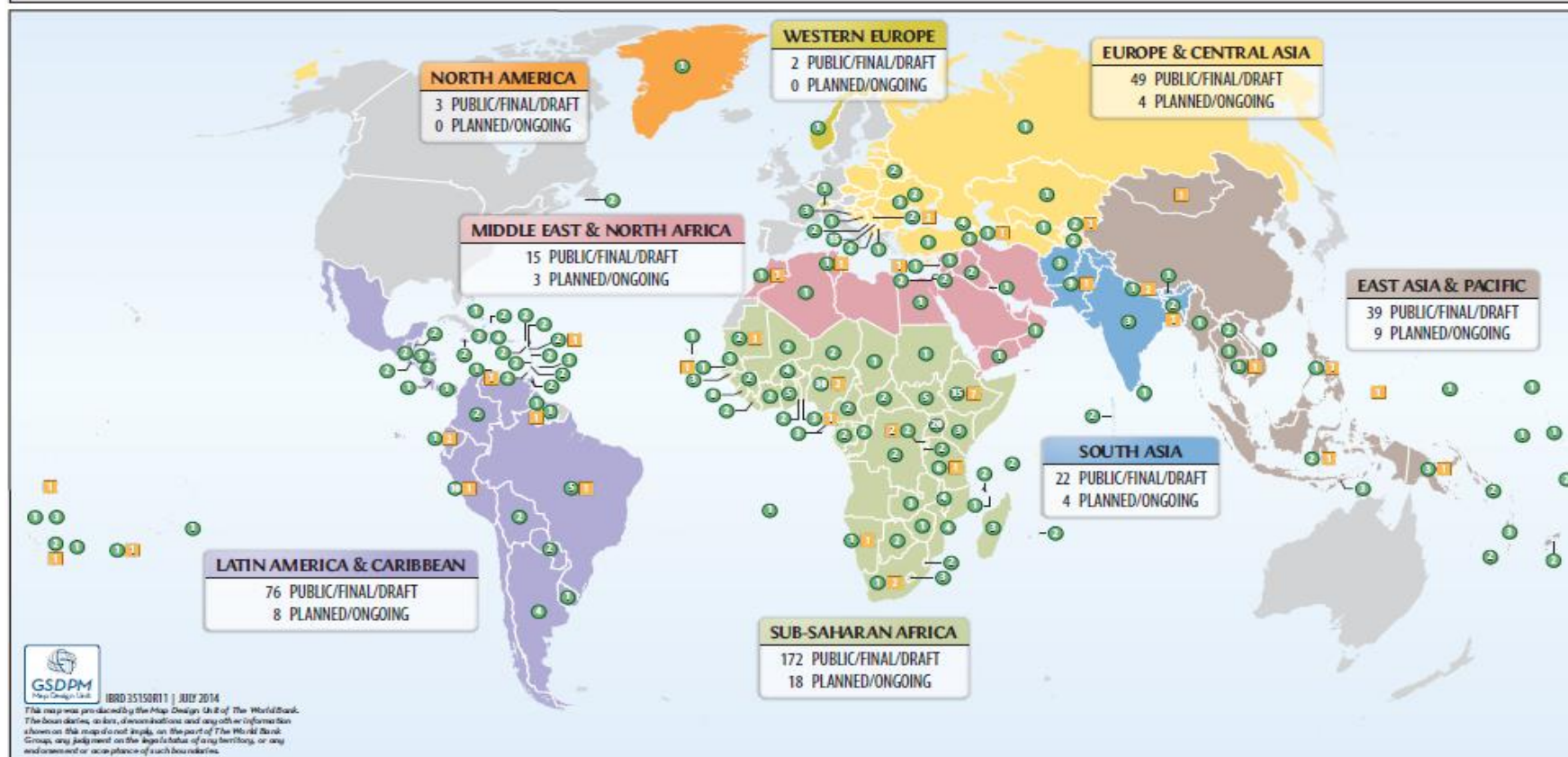
- Upper MICS: e.g. Brazil, Turkey, Belarus, South Africa
- Lower MICS: e.g. India, Kazakhstan, Ukraine, Morocco



# Global Roll-out of the Framework

## PFM ASSESSMENTS BASED ON THE PEFA FRAMEWORK STATUS JUNE 26, 2014

378 DRAFT/FINAL/PUBLIC  
46 PLANNED/ONGOING



# Content

Introduction

Purpose of updating the Framework

Proposals and next steps

# Purpose of updating the Framework

- Incorporate editorial ‘clarifications’ (50% ?)
- Update ‘accepted good practices’ (25% ?)
- Improve areas of weakness (25% ?)
- *Plug ‘gaps’?*

It is **not intended to:**

- Change the purpose
- Undermine comparability over time (*although – relevance is more important!*)

## Steering Committee ‘principles’

- Purpose remains, focused on “*generally accepted good practice*” = ‘A’ rating
- ‘C’ rating should = basic level of functionality
- Universal applicability
- Aim for **similar number** of indicators (or less!)
- ‘Scope’: default is Central Government
- Remove ‘Donor’ indicators
- No separate PIs for Resource Rich countries
- Proposals must be tested to see if ‘*PEFAerable*’

# Content

Introduction

Purpose of updating the Framework

Proposals & next steps

## Current proposals

- Introduce **3 new indicators** (“Credible Fiscal Strategy”; “Public Investment Management”; “Public Asset Management”)
- **Reformulate**
  - Revenue indicators, beyond taxation
  - Strengthen focus on liabilities, fiscal risks & controls
  - PI-23, incorporate performance info on service delivery
- Edits to many other PIs, & **14 new dims** (*now 88 in total – previously 76*)
- **Remove** ‘Donor’ indicators

## New Indicators

- **Credible Fiscal Strategy (CFS):**
  - i. Setting fiscal objectives/targets
  - ii. Preparing macroeconomic forecasts
  - iii. Forecast & outturn of CG fiscal balance (GFS definition)
- **Public Investment Management (PIM):**
  - i. Project appraisal/selection
  - ii. Project budgeting
  - iii. Project monitoring and reporting
- **Public Asset Management (PAM):**
  - i. Asset registry
  - ii. Non-financial asset monitoring
  - iii. Transparency in the sale of non-financial assets

## Reformulations

- Revenue Indicators: expanded to go beyond tax & include natural resources
  - **PI-13** focuses on forecasting
  - **PI-14** focuses on administration & compliance
  - **PI-15** focuses on accounting
- **PI-20**: Stronger focus on a wide range of internal controls (Segregation of duties; commitment controls; compliance with payment controls)
- **PI-23**: incorporates performance information on service delivery (Disclosure of annual targets & results)



# Modifications to Performance Report

## Why?

- 'Summary Assessment' often weak, failing to bring out linkages & implications of weaknesses

## Proposals

- Include 'Executive Summary'
- More prescription of contextual data
- Mandatory discussion of 'themes' from cross-indicator analysis

## Next steps

- **August, for 3 months:** Stakeholders requested to comment
- **November:** revision & refinement, based on comments
- **Last months of 2014:** final field testing
- **December:** Steering Committee asked to approve 'New release', early in 2015

**Thank you for your attention**