



Public Expenditure and Financial Accountability Program

# **PEFA: Creating a public good for the management of public finances**

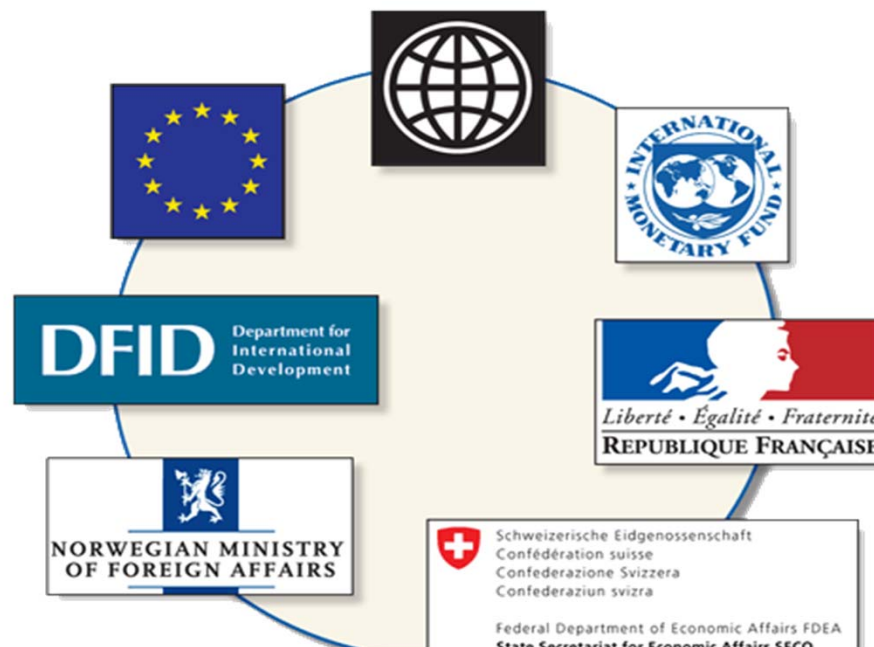
ICGFM, December 11, 2013  
Nicola Smithers, World Bank  
Helena Ramos, PEFA Secretariat

# Content

1. History, objectives, experience to date
2. Revision of the PEFA Framework

# PEFA Framework

A joint approach to assessing and strengthening  
Public Financial Management



With OECD DAC Task Force on PFM



## Background

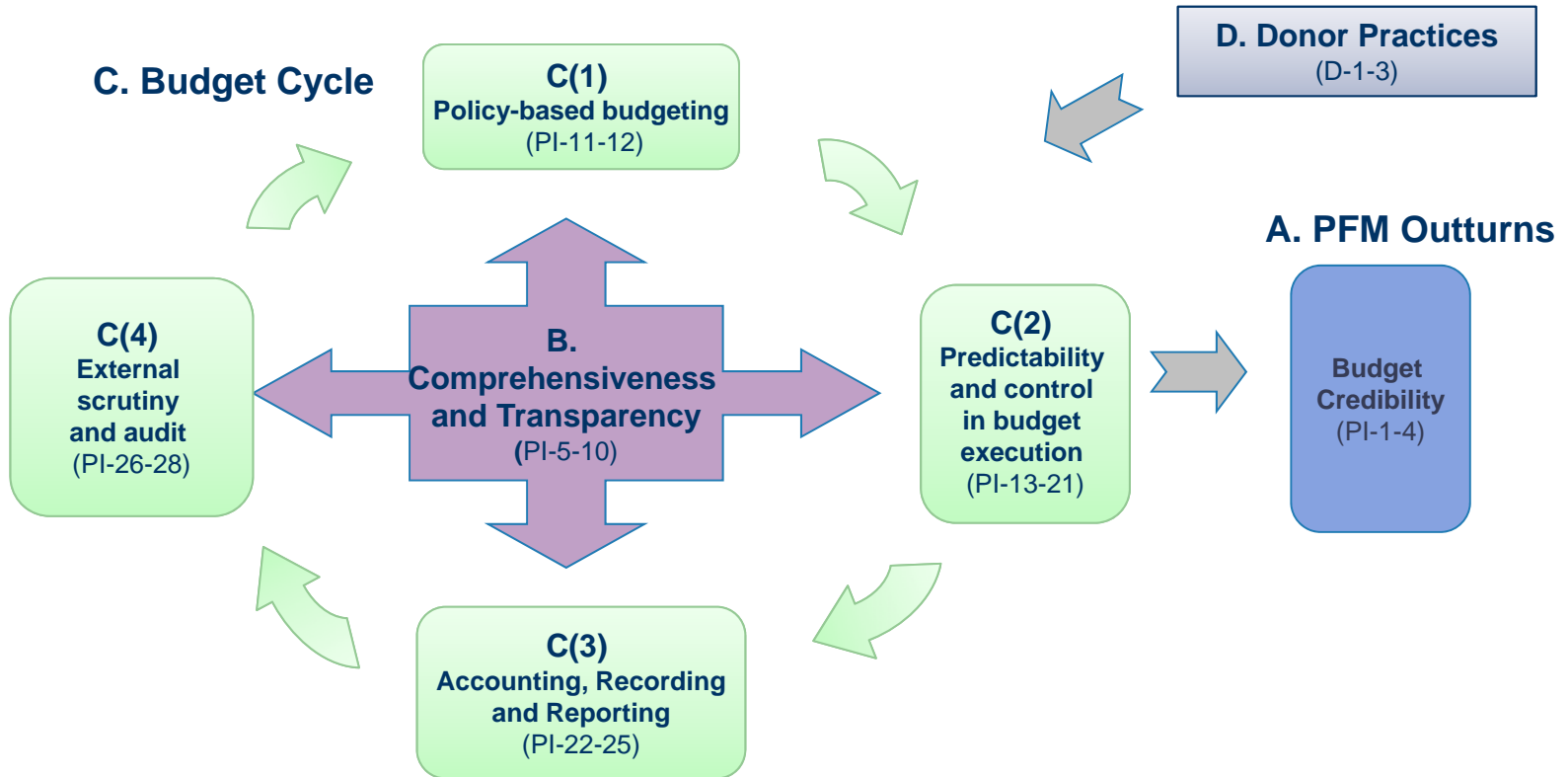
### The Strengthened Approach in Reform of Public Financial Management

- **Ownership** : a country-led agenda reflecting country priorities and implemented through government structures
- A **coordinated** program of support from donors and international finance institutions
- A **shared information pool** on public financial management based on a common assessment framework

## What was new?

- Measures progress through a **set of standardized indicators**
- Builds capacity for PFM reform through **diagnostic and periodic progress monitoring**
- Facilitates donors' decision on **use of country systems**
- Promotes **joint country analytical work**
- Fosters **stakeholder coordination** around **one common assessment tool**

# PEFA Performance Measurement Framework



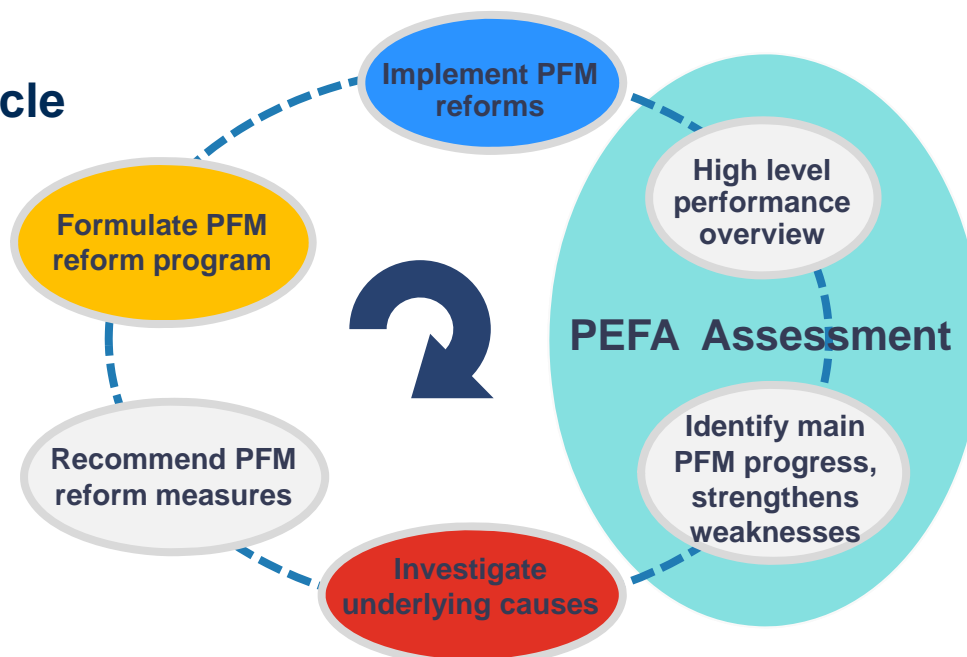
## The PEFA Framework

### Objectives

To assess the extent to which a country has the tools to deliver three main budgetary outcomes:

- *aggregate fiscal discipline*
- *strategic resource allocation*
- *efficient use of resources for service delivery*

### PEFA in PFM Reform Cycle



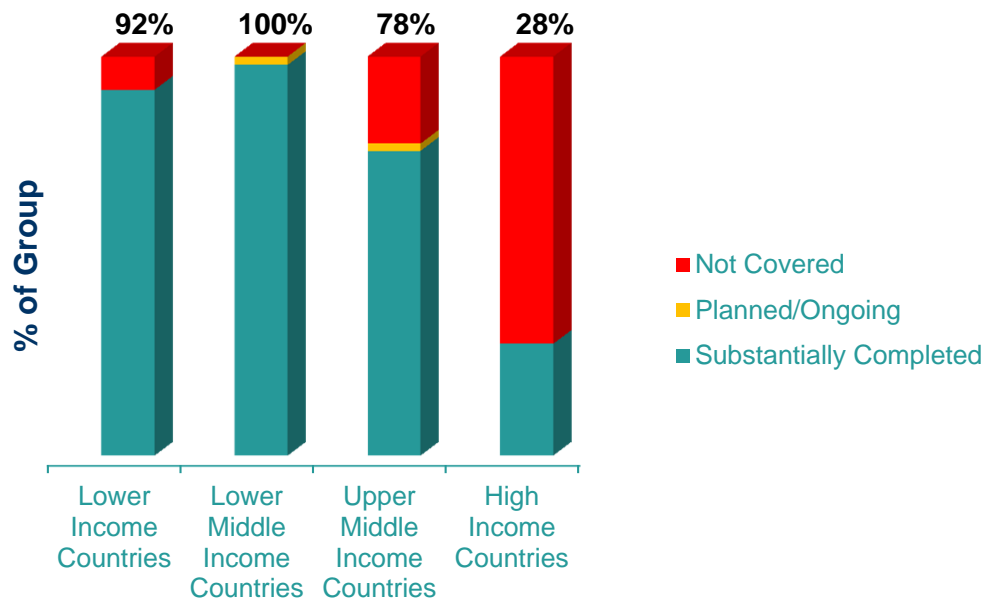


## Results/Applicability

### Global adoption by partner countries and donors

- 357 assessments undertaken in 143 countries; 187 publicized reports
- PEFA Framework used by governments in most countries to take control of their PFM reform agendas
- Government ownership critical for:
  - *Assessment credibility*
  - *Integration into reform dialogue*
- “Repeat assessments” demonstrate changes in performance – monitoring results of reform efforts

#### Geographical PEFA experience



#### Country focus and decision

- Application entirely decentralized to the country level (if, when, how to use Framework)
- The Framework does not ‘belong’ to any single organization
- Applicable for central government level as well as sub-national level
- PEFA data provides opportunity for peer learning and research



# Content

1. History, objectives, experience to date
2. **Revision of the PEFA Framework**

## External evaluation of the program (2011)

*“Resoundingly positive”*

- Created credible framework for PFM assessment
- Assessments comparable over time & constitute common information pool on PFM performance
- Used by practically all major DPs working with PFM systems (design, monitoring, or FRA)
- Adopted by many governments to inform design of PFM reforms, monitor progress over time & assess quality of PFM at sub-national levels

## ... but, the main challenge is

- Maintaining relevance to users (evolution of standards & good practices)

## ... hence, a key priority is

- Review & update the Framework, to reflect newly accepted *good practices* (but recognizing need for time series to allow progress tracking)

## **Purpose of revising the Framework**

- Incorporate editorial ‘clarifications’
- Update new ‘good practices’
- Improve areas of weakness
- Gaps

### **Key considerations:**

- Purpose remains the same
- Balance between comparability and relevance

## Revision process - progress to date

- Steering Committee approves process
- Initial consultation through website
- Baseline workshop to discuss how the Framework could be improved
- 4 Task Teams formed & began work under the Steering Committee supervision
- 200+ Clarifications incorporated into the Framework

## Revision process- next steps

- Finalize revision proposals
- Check for internal consistency
- Test in country (pilot the draft revised Framework)
- **Wide consultations for comments by stakeholders** (draft revised Framework, results of pilots, website, regional events)
- Revise and refine draft
- Approve 'New release' by PEFA Partners
- "New release" - 2015



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**Thank you for your attention**