

# PEFA: a tool for measuring country PFM performance over time

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PEFA Secretariat



PUBLIC EXPENDITURE AND FINANCIAL ACCOUNTABILITY PROGRAM



# PFM Performance Measurement Framework

Developed by the PEFA program for results orientation and harmonization – aligned with the Paris Declaration

- **Reduce burden on partner governments** by avoiding duplication and improving coordination of external support.
- Monitor PFM reforms with **focus on performance and outputs** rather than inputs and activities
- **Demonstrate improvement over time** in a country's PFM performance

## HENCE

- generate a common information pool of country PFM systems, based on a standardized methodology



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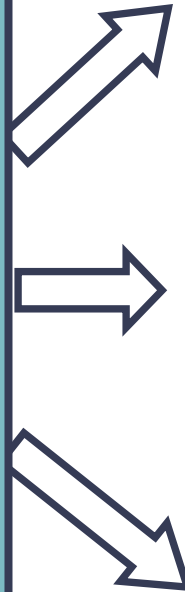
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# The PFM Performance Measurement Framework

## Standard set of high level indicators

- Widely accepted but limited in number to 28+3
- Broad measures of performance relative to key PFM system characteristics
- Enables credible monitoring of performance and progress over time



## PFM Performance Report

- Integrative, narrative report based on the indicators and assessing performance; based on empirical evidence
- Updated periodically, depending on country circumstances and operational needs
- Contributes to coordinated assessment
- Feeds into government-donor policy dialogue

# PEFA Assessment coverage

- 31 Indicators (76 dimensions) covering all main PFM systems and processes of a government (revenue, expenditure, assets and liabilities)
- Basic framework applies to central government and can be used for assessing a sub-national government, **BUT** not for individual sectors or agencies or public enterprises
- Covers system outcomes, but **NOT** underlying factors such as capacity factors, and not fiscal policy



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# Use of PEFA assessment results facilitates:

- Strengthening of PFM reform strategy
  - Identifies relative weaknesses; places them in context
  - Help reform sequencing and priority setting
- Coordination of external support to reform
  - Shared view of status; stakeholders brought together
- Monitoring of reform progress towards established targets, through repeat assessments
- Evaluation of reform programs
- Comparing to and learning from peers



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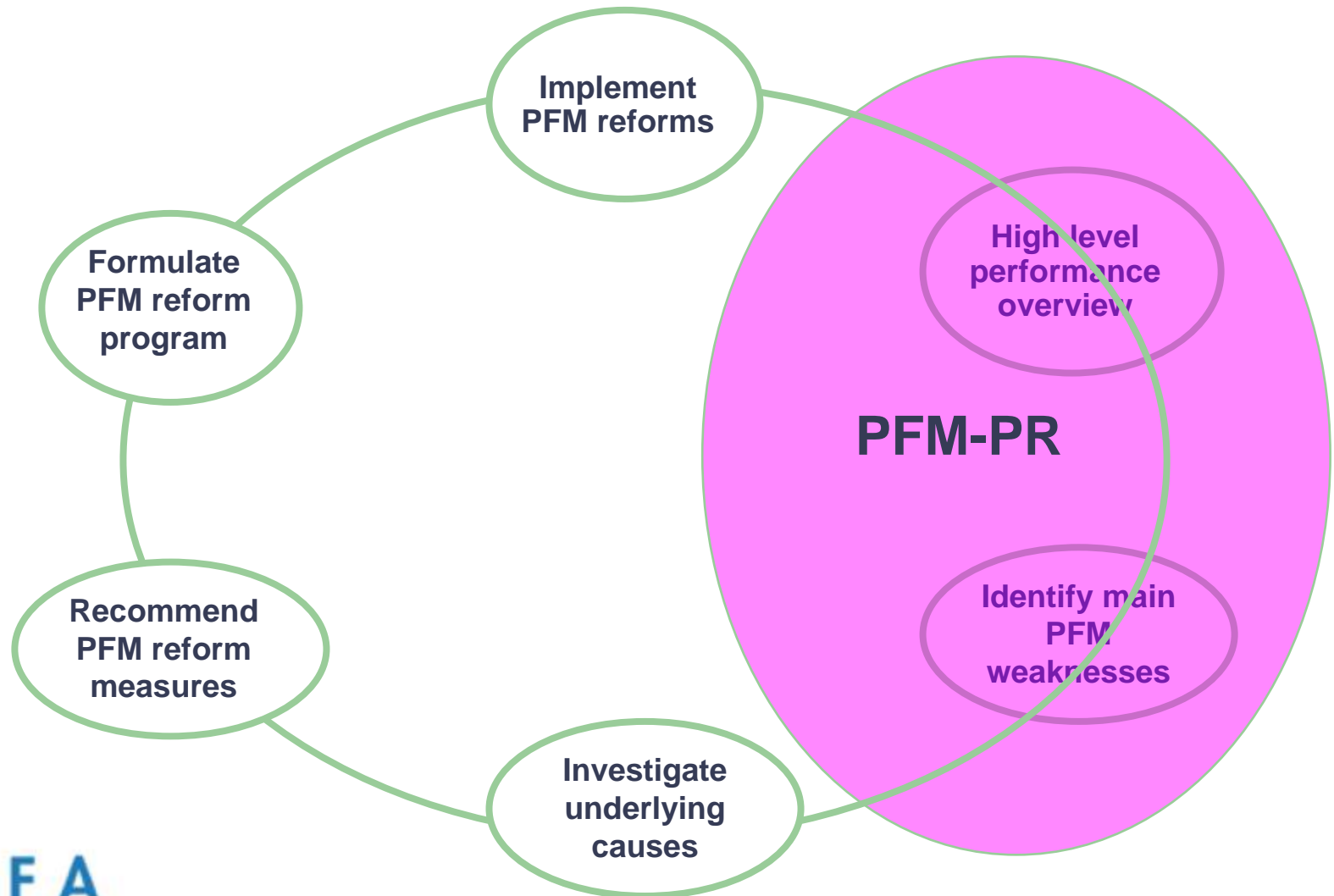


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# Coverage of PFM-PR in Reform Cycle



# What can Development Partners use PEFA assessment for?

- Dialogue with government on reform program assistance
  - But detailed drill-down instruments may still be needed to determine reform actions
- Coordination of support with other agencies
- Helps to meet donor fiduciary requirements
  - Reduced need for missions to assess fiduciary risk of using country systems



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# 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 - the PEFA Secretariat**
  - offers support to any user of the Framework without representing a particular interest
  - does not undertake or finance assessments
  - support is free of charge

# PEFA Framework adoption

- **Very good progress since 2005 – globally**
  - Completed in 105 countries, ongoing in a further 4
- **Increasingly used for Sub-National governments**
  - Implemented in 12 countries
  - Guidelines for SN application issued March 2008
- **High country coverage in many regions**
  - Sub-Saharan Africa - nearly 90% of countries
  - South Asia  $\approx$  75% and Latin America  $\approx$  63%
  - Eastern Europe, Central and East Asia and Pacific > 50%
  - Middle East and North Africa > 30%
  - OECD countries  $\approx$  9%



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# Thank you for your attention



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