# PEFA: What difference has it made
# A donor perspective

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# Coverage

- Context for DFID
- Use of PEFA by DFID
- Results & evidence – project level
- Results & evidence – aggregate level
- Ownership and coordination
- Looking forward

# Context for DFID

Government spending cuts

Increasing aid budget

Greater public scrutiny

Increased DFID Focus on:

- Results/evidence
- Value for money
- Transparency

# Use of PEFA

- For fiduciary risk assessments (for financial aid)
- For results/evidence at:
  - Project level
  - Aggregate level
- As a source of evidence for evaluation/learning

# Results / evidence at project level

**Inputs** →

## Outputs

People, skills, organisations

Laws, rules, procedures

Information systems & business processes

Incentives & controls

→

## Outcome

Credible budget

Comprehensive / transparent

Policy based budget

Better budget execution

Accounting, recording, reporting

External scrutiny & audit

→

## Impact

Aggregate fiscal discipline

Strategic allocation of resources

Efficient service delivery

# Results / evidence at aggregate level

- Repeat PEFA assessments allow progress monitoring at country level and in aggregate (across countries).
- Monitoring progress in aggregate helps in assessing and reporting on the effectiveness of support to PFM reform.
- PEFA data allows researchers to develop a better understanding of PFM and what affects it.
- PEFA data used in the quantitative study phase of an on-going joint donor evaluation of support to PFM reform.

# “Ownership” and ways of working

- Developed jointly by 7 partners (so does not “belong” to one development agency).
- Encourage host country leadership in application, with appropriate external support / QA.
- Oversight, development, maintenance and QA role of the PEFA Secretariat.
- Efficient way to operate which encourages donor cooperation.
- PEFA assessment does not include an action plan.

# Looking ahead

- Consideration of sequencing (and possible role for PEFA assessments in determining this) (led by IMF and EC).
- Scope for PEFA assessment to shed more light on situation in selected sectors.
- Work on “drill down” tools.
- Interest in a common fiduciary risk assessment tool.
- Scope for PEFA to contribute more on transparency (more publication of reports and more dissemination)

**Major influence of PEFA as a successful model for joint donor working**