

PEFA What difference has it made?

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Overview

- Experience of PFM diagnostics prior to introduction of PEFA Framework
- Key factors which have influenced its success
- Lessons Learnt
- Remaining Challenges
- Final Thoughts

Prior to PEFA

- Diagnostics did not provide users with a simple and objective way of measuring progress in addressing the strengths and weaknesses of the PFM system.
- Assessment driven by the development partners with lack of consistency in coverage and issues addressed.
- Lack of country ownership (little effective involvement of government officials and diagnosis often seen as the product of one particular development partner).....leading to
- A multitude of externally driven action plans.

See “*Assessing and Reforming Public Financial Management*”(Allen et al; 2004)

The PEFA Framework - Key Factors in its Success

- Provides a robust stable set of performance standards across the whole PFM system.
- Offers an objective, evidence based assessment tool.
- A well managed PEFA process offers the government an opportunity to be in the driving seat.
- Not aligned to one development partner.
- Provides an objective measure of the performance of PFM system over time.
- Outreach program and support of PEFA Secretariat has been a key factor in its success.

Moldova PEFA Experience

- 2006 Assessment was learning process for development partners, assessors and government (supported by PEFA SEC).
- 2008 Assessment was a moderated self assessment driven by the government (stable MOF) using the same assessment team and DPs.
- Process improved as knowledge of stakeholder groups developed.
- Gap between assessments was short however stakeholders felt that there was progress and coincided with MTR of Government PFM Reform Project.

Lessons Learnt

- Personal scepticism regarding Framework proved unfounded!
- At country level a common understanding of the Framework amongst tripartite of Govt, DPs and assessors is particularly helpful to ensure a robust assessment.
- Process of preparing the PEFA report has an important impact on whether stakeholders feel part of the process and accept its results.....
-Government ownership of the process appears to be the single largest factor influencing impact of Assessment.

Challenges

- Deepening an understanding of the PEFA Framework across a broader range of Government officials .
- In –country dissemination of results could be improved, led by the government but involving a broader range of stakeholders (e.g. media, parliamentarians and CSOs).
- Demand of development partners for further diagnosis (e.g. sector level, fiduciary risk, drill downs)...
-tax on time of government officials in developing countries is still very high.

Final Thoughts

- Continued support for the PEFA framework is important in providing a stable platform for Govt/DP dialogue on PFM performance and trends over time.
- Develop strategies which ensure active participation of government officials in the PEFA exercise and on subsequent PFM monitoring.
- Greater in-country efforts at communicating results, public disclosure and improving dissemination workshops which involve the media and CSOs.
- IFIs, international organizations and institutions need to improve awareness of the vast array of existing diagnostic and fiduciary instruments (addressing overlaps as well as perceived gaps).
- Collaborative approaches to new diagnostic “initiatives” will ensure relevance and build on what is already in place.