



PEFA phase 4 program evaluation – response to the final report

The PEFA partners commissioned an independent evaluation of the PEFA program, phase 4 (2012-2016) in April 2016. The evaluator, Swedish Development Associates (SDA), was chosen through open competitive tender using World Bank procurement procedures. The final report was delivered to the PEFA secretariat in September 2016.

The PEFA partners welcome the evaluation report which concluded that the PEFA program had “succeeded in reaching its original goals and the PEFA framework is being used as intended”. The report stated that “PEFA is widely used, trusted and respected as a uniform evidence-based tool”. The report refers to data that shows governments use PEFA assessments as an input to their decision making regarding public financial management (PFM) reform. It notes that the more involved governments are in the PEFA assessment process, the more involved they are in setting the PFM reform agenda. More PEFA assessments are being coordinated amongst donors and there is no overlap of national PEFA assessments.

The report concludes that the quality of PEFA assessments has improved during phase 4. The PEFA Check process has provided assurance about the quality of processes for assessments that comply with the requirements. However, the evaluation noted that there was a number of reports that did not obtain a PEFA Check endorsement. The evaluators consider that this is evidence of a need for review of quality assurance arrangements to simplify and streamline the process.

The evaluation report noted that PEFA data is being used by independent researchers worldwide but that the data set is deemed to be difficult to access. The evaluators suggested that PEFA data could be presented in a more user friendly way.

In regard to the PEFA program governance and operations, the evaluation concluded that the program is cost efficient and the PEFA secretariat’s work appears to have been effective. The steering committee is considered to be functioning well and should remain as the decision making body. The evaluators recommend establishment of an advisory board for non-PEFA partner organizations, based on explicit selection criteria. The evaluators recommended refinements to the PEFA program’s results-based management approach to focus more on targets than activities.

The PEFA partners’ response to the specific recommendations of the evaluation are summarized in table 1.

The final evaluation report is available on the PEFA website. The PEFA Secretariat would welcome comments and responses to the evaluation report on social media and by email to services@pefa.org.



Table 1- PEFA partners' response to the PEFA phase 4 program evaluation report

Evaluation recommendations	Response from the PEFA partners
The evaluation recommended that during the next phase, PEFA's strategic focus should be on:	
1. Maintaining promotional activities but increasing outreach	Agreed. PEFA partners intend to continue activities that will increase the value of PEFA and its contribution to PFM reform policy dialogue and actions. The upgrading of PEFA's assessment framework in 2016 responded to higher expectations from users and changes in the PFM landscape. The partners have expanded guidance and learning initiatives to meet the strong demand for knowledge of PEFA and how it can be used. This will continue under the next phase of PEFA operations. PEFA outreach activities will continue to support stakeholders around the world.
2. Increasing the use of the PEFA data set	Agreed. PEFA partners endorsed review and refinement of the PEFA data base as part of PEFA website redevelopment. The expansion, increased accessibility and improved flexibility of the PEFA data base will be priority actions for the next phase of the program. The partners will also encourage greater research and publication of documents using PEFA data, both within and outside the program. There will be an increasing emphasis on inclusion of PEFA-related information in international dialogue on PFM policy during the next phase. This will include use of PEFA indicators as part of the UN Sustainable Development Goals and World Bank IDA 18 performance targets. PEFA partners foresee an even closer and more institutionalized collaboration with other international bodies such as the OECD.
3. Reviewing the quality assurance process in order to simplify and streamline it	Partially agreed. The PEFA partners will review the quality assurance arrangements for PEFA to identify where improvements can be made. The main purposes of the review will be to encourage improvement in report quality, greater confidence in report contents and more effective use of PEFA information. Options for improving assessor capacity and capability proposed by the evaluators will be considered amongst other options. The value of administrative requirements and review procedures will also be considered in determining how best to achieve the purposes identified in the previous paragraph. Through better guidance on the peer-reviewing process, the PEFA Secretariat will further strengthen the quality assurance mechanisms.
4. Expanding the PEFA partnership and explore ways in which stakeholders outside the PEFA partners can have a stronger role in program development	Agreed in principle. PEFA partners have maintained a small, cohesive management framework for the development, refinement and roll-out of the PEFA program to date. The success of this approach is demonstrated by the extensive uptake of PEFA and acceptance of the program and also explicitly acknowledged by the evaluators. It is now time to examine how best to achieve richer engagement and input for the benefit of the program and all stakeholders. PEFA partners are considering a range of options for increasing engagement, peer-to-peer dialogue, and input to decision making. This initiative will be applied during the next phase of PEFA, though the precise form, or forms, it may take require further consideration and planning before they can be implemented.
5. Define a fewer number of relevant and realistic targets, and monitor progress against those targets	Agreed. The results framework for the next phase of PEFA has been revised and better focused. Fewer indicators and targets have been identified for each component of the results framework. The results will be monitored and reported to the steering committee throughout the period.

Technical note:

The evaluation complies with the terms of reference and demonstrates a reasonable knowledge and understanding of the PEFA program. Nevertheless, the PEFA partners consider that caution should be exercised in relation to some of the analysis and conclusions:

- (i) The small number of case studies, none of which involving a francophone, lusophone or hispanic country, means that general observations and conclusions drawn from the sample reflect only a limited perspective and would benefit from being tested in other countries before they could be considered generally applicable.
- (ii) The external evaluator has conflated the PEFA Check and quality review processes. This appears to have resulted in some misunderstanding of PEFA quality assurance arrangements and related statistics. Further analysis of PEFA Check outcomes is warranted, for example, which better aligns report completion with PEFA Check recognition. This is likely to result in different conclusions to those drawn by the evaluation.
- (iii) SDA has used narrow definitions of some characteristics which is likely to affect the usefulness of some observations and conclusions. For example, the evaluation emphasizes assessments where government officials performed the entire assessment as the measure of government ownership. SDA acknowledges that this is not a complete measure of country ownership, but it only offers limited information on other ways in which ownership is demonstrated. As a result, the extent of government ownership of PEFA assessments is only partially reflected in the report. The governments' roles as facilitator and provider of data, provider of input and direction to the assessment, leadership on dissemination of the final report, and controller of dialogue on responding to report findings and its application in reform policy and planning are only considered in the context of the four case studies. The limited information on government ownership of PEFA makes it difficult to conclude on the extent of effective government involvement and actions that could be taken to improve program outcomes.
- (iv) The evaluation used a limited number of sources for its analysis. It appears to have relied on a small number of interview responses without corroborating those responses from other sources. This is particularly notable in the discussion of PEFA 2016 development, and the presentation of views on the strengths and weaknesses of PEFA 2016.
- (v) Some statements are incorrect, for example, the suggestion that the PEFA Secretariat does not collect results on reports reviewed and compliance indices. This conflicts with the evidence that it was only possible for the evaluator to include statistics on compliance because it was collected, collated and provided to them by the Secretariat.

Despite the above mentioned limitations, the report provides a useful contribution to discussion on the value and performance of the PEFA program and as a basis for further analysis and discussion.