



Guidance on tracking performance changes based on the 2016 Supplementary Guidance for SNG PEFA Assessments

1. A different approach between the revision of the 2016 PEFA framework and the 2022 SNG PEFA Guidance

PEFA 2016 represented an upgrade of the PEFA framework. It covers additional aspects of PFM performance and tightens the requirements. The revision objective was to provide an up-to-date, better, and more consistent framework.

The 2022 SNG Guidance revision had two main objectives: (i) to adapt the PEFA Framework to subnational specifics (e.g., property tax, fiscal decentralization system) and (ii) to reduce the cost of doing a PEFA at the subnational level.

2. What are the main changes between PEFA 2016 supplementary guidance for SNGs and the 2022 SNG PEFA Guidance

First, the 2022 SNG PEFA Guidance has introduced a few new indicators and dimensions (e.g., HLG-1.4, HLG-2, PI-9B, PI-19.2) and redesigned or adjusted others (e.g., new PI-14, PI-10.3).

Second, under the 2022 SNG PEFA Guidance, some 2016 PEFA dimensions are discontinued (e.g., PI-14.2, PI-14.3, PI-15.2, PI-16.2).

Third, in a few dimensions, minor adjustments have been introduced regarding the coverage, sampling, definitions, or calibration (e.g., PI-6.3, HLG-1.1 and 1.2, PI-12.3).

3. Guidance for tracking performance changes when previous assessment used SNG supplementary guidance prior to the 2022 SNG PEFA guidance (May 2022).

The approach and methodology described below in 3.1 and 3.2 apply when the previous assessment used the 2016 Supplementary Guidance for SNG PEFA Assessments. When the previous assessment used PEFA 2005 or 2011 framework, please use the [Guidance on tracking PFM performance for successive assessments](#). Successive PEFA assessments can be planned after three or more years (usually between three and five years) to take another cross-sectional snapshot of progress across the entire PFM framework.

3.1 Approach:

- a) New indicators and dimensions introduced in the 2022 SNG PEFA Guidance cannot be compared when the previous assessment used the 2016 Supplementary Guidance for SNG PEFA Assessments (or any guidance previous to 2016). It's the case for HLG-1.4, HLG-2, PI-9B, PI-19.2.

- b) Not to require additional information when dimensions/indicators are not directly comparable. Hence, all the dimensions that are “not comparable” should be excluded from the comparison [orange lines in the table in annex]. **14 dimensions**
- c) When the dimension is indirectly comparable [blue lines in the table in annex] and when the sampling method or a more precise definition included in the calibration are the only adjustments to the dimensions/indicators [green lines in the table in annex], the comparison is made directly in the main report. **15 dimensions**.

3.2 How to compare in the report:

- a) For both the directly and indirectly comparable indicators, make the comparison in the main report in the corresponding dimension section. If needed, explain the methodological differences between the previous and the current assessment. Fill the scoring table with the previous dimension scores.
- b) When the indicator only includes directly and indirectly comparable dimensions, fill in the indicator score in the scoring table. It concerns: HLG-1, PI-1, PI-2, PI-3, PI-4, PI-5, PI-6, PI-7, PI-8, PI-9A, PI-11, PI-12, PI-13, PI-17, PI-18, PI-21, PI-22, PI-23, PI-24, PI-25, PI-26, PI-27, PI-28, PI-31.
- c) For the indicators for which one or two dimensions are not comparable but other dimensions are comparable, do not fill neither the score of the not comparable dimension nor the aggregate score of the indicator in the scoring table. It concerns PI-10, PI-20, PI-29 and PI-30.
- d) Fill annex 1 of the report consistently with requirements a) to c) above. Mention the cases when scores are indirectly comparable [blue lines in the table in annex].

Remember do not compare the dimensions that require additional information [orange lines in the table in annex], neither in the main report nor in annex 1.

Annex: Impact of the changes to the 2016 PEFA supplementary guidance for SNG indicators and dimensions and need for additional information

Indicator	Dimension	Change	Additional info needed	Explanation and suggesting approach
HLG-1	HLG-1.1	Modified requirement	No	Same calculation can be used for scoring. ➤ Indirectly comparable.
	HLG-1.2	Modified requirement	No	Same calculation can be used for scoring. ➤ Indirectly comparable.
PI-6	PI-6.3	Modified requirement	No	Calibration is clarified by detailing the content of the financial report consistently with the PEFA 2016 framework: <i>“Annual financial reports should be comprehensive and provided in a timely manner consistent with budgetary central government reporting requirements (see PI-29).”</i> ➤ Directly comparable.
PI-10	PI-10.1	Modified sampling	No	Sampling was not defined. Under the 2022 SNG PEFA guidance, the assessment can opt to cover the 10 most important public corporations. ➤ Directly comparable.
	PI-10.2	Modified sampling	No	Sampling was not defined. Under the 2022 Guidance for SNG PEFA assessment, the assessment can decide to opt the 10 most important lower-tier SNGs. ➤ Directly comparable.
	PI-10.3	Modified requirement	Yes	The 2016 Supplementary Guidance for SNG PEFA Assessments relies on materiality. Materiality requirements have been discontinued in the 2022 PEFA SNG Guidance. Hence, additional information is needed to calculate materiality. ➤ Not comparable.
PI-11	PI-11.1	Modified sampling	No	The 2022 SNG PEFA guidance simplified the sampling method. Only the 10 most important investment projects are covered. ➤ Directly comparable.
	PI-11.2	Modified sampling	No	
	PI-11.3	Modified sampling	No	
	PI-11.4	Modified sampling	No	
PI-12	PI-12.1	Modified coverage	Yes	Under the 2016 Supplementary Guidance for SNG PEFA, the coverage is budgetary and extrabudgetary units of the SNG as regards to the financial assets; and (ii) budgetary units of the SNG as regards to the nonfinancial assets. Under the 2022 SNG PEFA Guidance, the coverage has been simplified to budgetary units of the SNG. ➤ Indirectly comparable.

	PI-12.3	Modified coverage	Yes	Under the 2016 Supplementary Guidance for SNG PEFA, the coverage is budgetary and extrabudgetary units of the SNG as regards to the financial assets; and (ii) budgetary units of the SNG as regards to the nonfinancial assets. Under the 2022 Guidance, the coverage has been simplified to budgetary units of the SNG. ➤ Indirectly comparable.
PI-14	PI-14.1	Modified	Yes	Under the 2016 Supplementary Guidance for SNG PEFA, information on the reviewing entity and the entity which does the macroeconomic assumption is needed. ➤ Not comparable.
	PI-14.2	Merged with another dim	Yes	Under the 2022 SNG Guidance, PI-14.2 and 16.1 have been merged into PI-14.3. The 2016 PEFA PI-14.2 requires information that is not required under the 2022 SNG PEFA Guidance (e.g., the explanation of changes). ➤ Not comparable.
	PI-14.3	Discontinued	Yes	Information is needed on macroeconomic scenarios. ➤ Not comparable.
PI-15	PI-15.1	Moved to PI-14.2 and changed requirement	No	The calibration has been relaxed but under the 2022 SNG PEFA Guidance, calculation of materiality is still required. ➤ Indirectly comparable.
	PI-15.2	Discontinued	Yes	Under the 2022 SNG PEFA Guidance, fiscal strategy is one of the requirements of PI-14.1. However, under PEFA 2016, additional details are required. ➤ Not comparable.
	PI-15.3	Discontinued	Yes	Information on the reporting on the implementation of the fiscal strategy is required. ➤ Not comparable.
PI-16	PI-16.1	Moved and merged in PI-14.3	No	Under the 2022 SNG Guidance, PI-14.2 and 16.1 have been merged into PI-14.3. No additional information is needed, but the 2022 SNG PEFA Guidance also covers revenue. ➤ Indirectly comparable.
	PI-16.2	Discontinued	Yes	Additional information is needed on budget circulars. ➤ Not comparable.
	PI-16.3	Discontinued	Yes	Under the 2022 SNG PEFA Guidance, strategic plans are one of the requirements of PI-14.1. However, under PEFA 2016, additional details are required. ➤ Not comparable.
	PI-16.4	Moved to PI-14.4	No	The PEFA 2016 PI-16.4 dimension has been moved to indicator PI-14. Requirement remains the same. ➤ Directly comparable.

PI-19	PI-19.1	Modified scope	Yes	Indicator PI-19 covers all revenue under PEFA 2016 while under the 2022 SNG PEFA Guidance it covers the <i>core taxes</i> of the SNG. Additional information is needed on revenue that do not belong to <i>core taxes</i> . ➤ Not comparable.
	PI-19.2	Modified scope and merged	Yes	Indicator PI-19 covers all revenue under PEFA 2016 while under the 2022 SNG PEFA Guidance it covers the <i>core taxes</i> of the SNG. Additional information is needed on revenue that do not belong to <i>core taxes</i> . ➤ Not comparable.
	PI-19.3	Modified scope and merged	Yes	Indicator PI-19 covers all revenue under PEFA 2016 while under the 2022 SNG PEFA Guidance it covers the <i>core taxes</i> of the SNG. Additional information is needed on revenue that do not belong to <i>core taxes</i> . ➤ Not comparable.
	PI-19.4	Modified scope	Yes	Indicator PI-19 covers all revenue under PEFA 2016 while under the 2022 SNG PEFA Guidance it covers the <i>core taxes</i> of the SNG. Additional information is needed on revenue that do not belong to <i>core taxes</i> . ➤ Not comparable.
PI-20	PI-20.3	Modified scope	Yes	Indicator PI-20.3 covers all revenue under PEFA 2016 while SNG under the 2022 SNG PEFA Guidance it covers the <i>core taxes</i> of the. Additional information is needed on revenue that do not belong to <i>core taxes</i> . à Not comparable.
PI-29	PI-29.3	Modified calibration	Yes	Dimension PI-29.3 has been adapted to SNGs assessments. Under the 2022 SNG PEFA Guidance, the materiality of the alignment of the national standards to the international standards has to be assessed. ➤ Not comparable.
PI-30	PI-30.1	Modified calibration	No	Under PEFA 2016, the percentage of reports submitted to audit is calculated for each of the last three completed fiscal years, while under 2022 SNG PEFA guidance the calculation is done for the total period of three years. ➤ Indirectly comparable.