



Assessing the Impact of the PEFA Framework

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BANGLADESH

<p>Summary Overview of Impact</p>	<ul style="list-style-type: none"> • Government has conducted PFM reforms for over nearly 20 years. The recently implemented reform programme (SPEMP) is structured to support the Government through a WB multi-donor trust fund, aligned to the principles of the Paris Declaration. • PEFA Assessment undertaken in 2006 had limited ownership by senior management and modified PEFA methodology was used for the Assessment raising questions about validity of exercise. Credibility of scores was not accepted by the Government. • Since 2006 other diagnostics have been undertaken to assess the current status of the reform and targets for the reform program. • An up to date, internationally recognised diagnostic (PEFA) will complement what has already been done; provide more framed information for DPs to make decisions on budget support programs. (EU and other donors are planning support through Swaps to the health and education sector; and WB and IMF are also planning budget support operation). • The GoB has been more involved in the process of developing the 2010 Assessment than in 2005. A robust and transparent process will be vital to gaining the Government's trust and acceptance of the PEFA Framework.
<p>1. Background on the PEFA Assessment</p>	
<p>1.1 When was the PEFA undertaken (TORs issued, consultants started work, field visit begun/ended, draft report completed, final report completed)</p>	<ul style="list-style-type: none"> • Previous PEFA Assessment completed in July 2005 by the WB for inclusion in 2006-2009 CAS. • According to the WB CAS (July 2010) the Government has agreed to conduct a PEFA review to measure progress and implement better practices.
<p>1.2 Institutional involvement of DPs:</p> <ul style="list-style-type: none"> ○ Lead donor(s) ○ Other donors ○ In what way were they expected to be involved pre-assessment ○ How were they involved in practice 	<ul style="list-style-type: none"> • 2010 is being lead by the World Bank. • Expected involvement - other DPs involved through an initial workshop, consultation and sharing of drafts of the PEFA and sector assessments. IMF will partner the WB team in reviewing aggregate indicators. • Actual involvement – 2010 Assessment is ongoing.
<p>1.3 Institutional involvement of government: Pre-assessment institutional</p>	<p><i>Proposed</i></p> <ul style="list-style-type: none"> • Ministry of Finance is primary counterpart and coordinator of the assessment.

<p>structure for involvement of government (apart from meetings): reference group? If so, who involved?</p> <p>Actual institutional structure for involvement of government during assessment</p>	<ul style="list-style-type: none"> • It is proposed that the MoF will constitute a counterpart team to undertake and support the completion of the assessment. <p><i>Actual Arrangements</i></p> <ul style="list-style-type: none"> • GOB facilitated the assessment which was conducted by WB and IMF staff, with a consultant funded by the WB. Canada participated in assessment meetings. • Donor representatives attended wrap-up meeting.
<p>1.4 What was the background to the origin of the PEFA assessment?</p>	<ul style="list-style-type: none"> • PEFA Assessment undertaken in 2006 had limited ownership by senior management and modified PEFA methodology was used for the Assessment raising questions about validity of exercise. Credibility of scores was not accepted by the Government. • In addition to PEIR and other reviews by WB and DPs, the SPEMP has undertaken in depth M&E exercise to assess current status of the reform and targets for the reform program. • Up to date, internationally recognised diagnostic (PEFA) will complement what has already been done; provide more framed information for DPs to make decisions on budget support programs. (EU and other donors are planning support through Swaps to the health and education sector; and WB and IMF are also planning budget support operation).
<p>1.5 Describe how PEFA was carried out (methodology), including whether or not there was pre-assessment workshop. Stand-alone or integrated assessment. Note differences between various assessments, if applicable.</p>	<ul style="list-style-type: none"> • Proposed stand alone assessment. • Initial half day workshop to explain PEFA indicators and process.
<p>1.6 Current status of report(s) (e.g. draft, final)</p>	<ul style="list-style-type: none"> • Draft report in progress (as at November 2010).
<p>1.7 Extent of public availability of PEFA report(s), e.g. on PEFA website, on Government website, published for public access, other.</p>	<ul style="list-style-type: none"> • 2005 PEFA Report is not publically available.
<p>1.8 What was the gap between the first and second assessment? Were there any significant changes to the process followed (consultant used, process of preparing assessment etc.)? Why?</p>	<ul style="list-style-type: none"> • Approximately 5 years – repeat assessment currently under preparation.
<p>1.9 Other background – describe the status of the PFM reform programme. Extent of government</p>	<p>Over the last 20 years, Bangladesh's PFM policies and institutions have gone through a process of incremental</p>

<p>management/leadership of PFM reform programme.</p>	<p>transformation, beginning with Reforms in Budgeting and Expenditure Control (RIBEC) during the 1990's, the 5 year Financial Management Reform Programme (FMRP) which ended in 2008 and the SPEMP (discussed below).</p> <ul style="list-style-type: none"> • Notable achievements include : (i) the consolidation and amendment of the PFM regulatory framework; (ii) the computerization of the budget process and development of new budget classification system; (iii) introduction of the Public Money and Budget Management Act 2009 to ensure the accountability of public resources to Parliament; (iv) new procurement rules and piloting of e-procurement (2008); (v) improving the integration of capital and recurrent expenditure programs. The Government also established the Financial Management Academy to develop the capacity of PFM staff. • The Financial Management Reform Strategy and Medium Term Rolling Action Plan (2006) laid out the GoB's vision, main objectives and priorities over the next five years. These included: a) maintaining aggregate fiscal discipline through a medium term macroeconomic and budget framework; b) allocating resources in accordance with Government priorities as reflected in NSAPR¹ II; c) promoting efficient use of public resources through computerization and enhanced transparency and accountability; and d) strengthening the role and performance of the Comptroller and Auditor General (C&AG). • The MDTF entitled 'Strengthening Public Expenditure Management Program (SPEMP)' is a comprehensive program funded by DFID, EU, Netherlands, and DANIDA, and is administered by the World Bank. The SPEMP is built around three key priority areas: (i) budget preparation and execution; (ii) internal and external auditing; and (iii) legislative and public oversight. In addition to these projects, the SPEMP plans to annually provide a series of practical, just-in-time analytical and technical assistance programs to complement the three stand-alone projects and to enhance demand and voice for better public financial management through linking PFM with service delivery. The Government has shown its strong commitment using SPEMP to support its own home-grown PFM reform strategy.
<p>1.10 Describe the nature and institutional structure of the government-donor dialogue on PFM</p>	<ul style="list-style-type: none"> • Government/DP dialogue centres around the SPEMP funded by a basket of donors; thus there is a single framework around which DPs can engage with government. • Government does play an executive role in management of SPEMP.

¹ National Strategy for Poverty Reduction.

1.11 Describe the nature and institutional structure of the donor-donor dialogue on PFM	<ul style="list-style-type: none"> • Dialogue based around SPEMP. Steering Committee and Donor Committee established, or will be established for three beneficiary institutions in SPEMP (i.e. the MOF, Auditor General and Parliament) • WB takes the lead in PFM issues in Bangladesh.
2. Government experience of the PEFA assessment	
2.1 What was government's view of the PEFA assessment, e.g. quality of the process, team, product and appropriateness of the results	<ul style="list-style-type: none"> • n/a
2.2 Describe level of government involvement in assessment process – who was involved, who led the process (involvement in management of process), how were they involved	<ul style="list-style-type: none"> • <i>Expected</i> – It is proposed that the government's role will be involvement data preparation, meetings with the Assessment team and preparation of a self assessment. • <i>Actual</i> – Self assessment was not done. GOB facilitated the assessment which was conducted by WB and IMF staff, with a consultant funded by the WB. 2010 PEFA Assessment is on-going (as at November 2010).
2.3 Government assessment of quality/strength of level of government involvement – (pre, during, post assessment)	<ul style="list-style-type: none"> • n/a
3. DP experience of the PEFA assessment	
3.1 What was (individual) DP's view of the PEFA assessment, including quality of the process, team, product, appropriateness of the results	<ul style="list-style-type: none"> • n/a
3.2 Describe level of (relevant) DP involvement in assessment process – who was involved, who led the process (involvement in management of process), how were they involved	<ul style="list-style-type: none"> • n/a
3.3 DP assessment of quality/strength of level of DP involvement – (pre, during, post assessment), including the level of DP-DP co-operation during the PEFA exercise	<ul style="list-style-type: none"> • n/a
3.4 DP motivations for supporting/leading PEFA assessment	<ul style="list-style-type: none"> • To provide the GoB with an objective, indicator led assessment of the country's PFM system. • To provide an update of the 2006 PEFA Assessment. • Inputs for development partners in their country system

	<p>assessment for potential budget support programs (EU is planning support through Swaps to the health and education sector; and IMF is also planning budget support operation).</p> <ul style="list-style-type: none"> • To provide a baseline for SPEMP.
4. Government use of PEFA post-assessment	
4.1 Circulation of PEFA post-assessment	<ul style="list-style-type: none"> • N/A
4.2 Discussion of PEFA post-assessment	<ul style="list-style-type: none"> • N/A
4.3 Citations of PEFA post-assessment	<ul style="list-style-type: none"> • N/A
4.4 What, if any, direct follow-ups to the PEFA have been carried out or are planned (e.g. follow up PEFAs), additional analyses, etc. What were the reasons for undertaking these.	<ul style="list-style-type: none"> • N/A
4.5 What, if any, changes/activities have there been in the PFM reform programme since the PEFA assessment? Were these changes directly or indirectly related to the PEFA assessment? In what ways?	<ul style="list-style-type: none"> • N/A
4.6 Describe any government institutionalisation of PEFA framework, e.g. decision to use PEFA in M&E of PFM system	<ul style="list-style-type: none"> • N/A
4.7 In stakeholder's view, what were main reasons for any successes/actions in following up/using PEFA	<ul style="list-style-type: none"> • N/A
5. DP use of PEFA post-assessment	
5.1 Describe the circulation/ dissemination and citation of the report amongst DPs	<ul style="list-style-type: none"> • N/A
5.2 What impact or follow-up activities (related to PFM support by DP) have resulted from the PEFA assessment (decisions by DP directly related to PEFA assessment), e.g. new PFM support	<ul style="list-style-type: none"> • N/A

<p>projects being planned, decisions to/not to give support (e.g. budget support), reductions in PFM assessments</p>	
<p>5.3 What activities which potentially lead to improvements in DP co-operation resulted from the PEFA assessment, e.g. plans to combine/consolidate PFM support/assistance, new institutional structures for DP-DP co-operation</p>	<ul style="list-style-type: none"> • N/A
<p>5.4 Did the PEFA assessment lead to reductions in the number and/or nature of PFM assessments?</p>	<ul style="list-style-type: none"> • N/A
<p>5.5 What activities which potentially lead to improvements in Government-DP co-operation/dialogue on PFM resulted from the PEFA assessment, e.g. new institutional structures for Government-DP co-operation on PFM</p>	<ul style="list-style-type: none"> • N/A
<p>5.6 For DP stakeholder, is PEFA sufficient for PFM assessment? What could it replace? What can it not replace?</p>	<ul style="list-style-type: none"> • N/A
<p>5.7 Describe any DP institutionalisation of PEFA framework, e.g. decision to use PEFA as fiduciary assessment.</p>	<ul style="list-style-type: none"> • N/A

6. General Background

<p>6.1 Identify PFM diagnostics undertaken between 2007 -10.</p>	<ul style="list-style-type: none"> • DFID/GOB Assessment of the Impact of Financial Management Reforms in Bangladesh 1992 to 2006 (2007) • WB Public Sector Accounting and Auditing Gap Analysis (2007) • WB Public Expenditure and Institutional Review (PEIR) (2009) • DFID Fiduciary Risk Assessment (2009).
<p>6.2 Does the government have a multi-year programme of diagnostic instruments supported by its development partners?</p>	<ul style="list-style-type: none"> • None.
<p>6.3 What is the role of government counterparts in developing and carrying out PFM assessments?</p>	<ul style="list-style-type: none"> • Government's role is limited to facilitating work of IFI staff in meetings and reviewing and commenting on draft reports.
<p>6.4 Is there any evidence of a reduction (a) in the number of diagnostic tools and, (b) overlaps in PFM diagnostics since the introduction of the Strengthened Approach? List and attempt to identify trends – less/more; use of drill drill-downs; more</p>	<ul style="list-style-type: none"> • On the evidence of the diagnostics listed in 6.1 above Bangladesh is not heavily diagnosed. • Development of more donor coordination of PFM activities around government owned programme (SPEMP). • In addition to PEIR and other reviews by WB and DPs, the SPEMP has undertaken in depth M&E exercise to assess current status of the reform and targets for the reform program. • Up to date, internationally recognised diagnostic (PEFA) will complement what has already been done; provide more framed information for DPs to make decisions on budget support programs.

<p>6.5 For each PFM Diagnostic delivered between 2007 – 2010, what was the trigger (e.g. part of multi-year programme, trigger for GBS programme, part of reform project, or input to the preparation of the project)?</p>	<ul style="list-style-type: none"> • Assessment of the Impact of Financial Management Reforms – (1) review of impact of DFID’s funding of PFM reforms; (2) lessons learnt for future funding. <p>6.1 PEIR - Diagnostic to influence the policy dialogue about financial management policies and institutions and support the ongoing design and implementation of the next stage of the PFM reform program (2009-2014).</p>
<p>6.6 Is there any evidence of synergies between the different assessment tools used e.g. one feeding into another or one decided as a drill-down following a PEFA assessment.</p>	<ul style="list-style-type: none"> • None at the stage. DPs noted that some Sector PFM assessments may be required which would build on the findings of the PEFA assessment. <p>6.2 As noted above this Assessment will form a baseline for progress on PFM reforms and is important to enable donors to make operational decisions on budget support and use of country systems.</p>

7. Documentary Evidence

- **Government of the Republic of Bangladesh/Department for International Development Assessment of the Impact of Financial Management Reforms in Bangladesh 1992 to 2006 (June 2007)**. Includes a comparison of results in 2006 with those from the 2005 exercise).
- **World Bank Bangladesh Country Assistance Strategy (2006-2009)** – with Annex containing updated PEFA scores. (2007)
- **Bangladesh Public Expenditure and Institutional Review – Towards a Better Quality of Public Expenditure World Bank April 15 2009**
- Bangladesh: Strengthening Public Expenditure Management Program (SPEMP) – Junghun Cho (World Bank). Presentation to Regional Seminar on Financial Oversight and Role of the Public Accounts Committee; November 10, 2009.
- **World Bank Bangladesh Country Assistance Strategy (2011-2014)**

Documents in bold indicate those in which Bangladesh PEFA Assessments are explicitly cited.

8. Persons Consulted

Tony Bennett – Consultant

Junghan Cho – World Bank

Salahuddin Khan - EU

Mohan Nagarajan – World Bank

BARBADOS

<p>Summary Overview of Impact</p>	<ul style="list-style-type: none"> • Limited initial engagement by government in PEFA exercise – some officials have found the document a useful high level summary of PFM strengths and weaknesses. Still a perception that the Assessment is an external exercise, driven primarily and as requirement for EC budget support. • Government has its own reform agenda which predates PEFA and is largely independent of DPs. Some support to individual PFM reforms is provided by DPs on request from the government. • More recently (March2011) the Government has been developing a PFM Action Plan (with the support of CARTAC) which builds on the findings of the PEFA Assessment, and was a condition of European Union sector budget support.
<p>1. Background on the PEFA Assessment</p>	
<p>1.1 When was the PEFA undertaken (TORs issued, consultants started work, field visit begun/ended, draft report completed, final report completed)</p>	<ul style="list-style-type: none"> • TOR Issued – March 2010 • First Mission - Field Work – 7-28 May 2010 • Draft Report Issued – June 2010 • Second mission – June 2010 • Final Draft Report – July 2010 – 90 pages including Annexes (2006 -68 Pages). • Final Report – Approved by the Cabinet (without amendments to the July 2010 draft) on January 6 2011.
<p>1.2 Institutional involvement of DPs:</p> <ul style="list-style-type: none"> ○ Lead donor(s) ○ Other donors ○ In what way were they expected to be involved pre-assessment ○ How were they involved in practice 	<ul style="list-style-type: none"> ○ Lead Donor – EC ○ Other Donors – IADB attended exit workshop and provided verbal comments. ○ Expected institutional involvement – EC provided finance for the assessment. Expected to be consultations with other DPs working in the country. ○ Actual institutional involvement – Representatives from EC, IADB, CARTAC² and CDB were present at the stakeholder workshops.

² The Caribbean Regional Technical Assistance Center.

<p>1.3 Institutional involvement of government:</p> <p>Pre-assessment institutional structure for involvement of government (apart from meetings): reference group? If so, who involved?</p> <p>Actual institutional structure for involvement of government during assessment</p>	<ul style="list-style-type: none"> • Pre assessment workshop (half day) was held with Ministry of Finance officials at start of field mission. • Interviews held with Government officials • Short follow up mission was held in July 2010 – conclusions presented to officials and representatives of the development partners at a further workshop.
<p>1.4 What was the background to the origin of the PEFA assessment?</p>	<ul style="list-style-type: none"> • The PEFA Assessment is sponsored by the European Commission as part of the analysis undertaken to determine the future eligibility of Barbados for continuing direct European Union (EU) budget support.
<p>1.3 Describe how PEFA was carried out (methodology), including whether or not there was pre-assessment workshop. Stand-alone or integrated assessment. Note differences between various assessments, if applicable.</p>	<ul style="list-style-type: none"> • Standalone assessment (both 2006 and 2010) • Assessment carried out by two international consultants allocated 66 days; 4 (home country) + 40 (first mission) + 8 (second mission) + 6 (home country to finalise report). • The 2006 Assessment only provided for 1 consultant and 32 days. • Draft report includes an analysis of the movements in indicators between 2006 and 2010.
<p>1.4 Current status of report(s) (e.g. draft, final)</p>	<ul style="list-style-type: none"> • Final Draft Report issued in July 2010. • Final Report – Approved by the Government (without amendments to the July 2010 draft) in January 2011.
<p>1.5 Extent of public availability of PEFA report(s), e.g. on PEFA website, on Government website, published for public access, other.</p>	<ul style="list-style-type: none"> • 2006 “Draft Final Report” is not published on either the PEFA or EC website.

<p>1.6 What was the gap between the first and second assessment? Were there any significant changes to the process followed (consultant used, process of preparing assessment etc.)? Why?</p>	<ul style="list-style-type: none"> • First assessment – October 2006 • Repeat Assessment – July 2010 • The 2006 PEFA Assessment was conducted by one consultant (32 days). Different consultants contracted for the 2010 Assessment. • Terms of reference for 2010 Assessment emphasize the importance of providing a comparison between the baseline situation in 2006 and the results of the 2010 Assessment.
<p>1.7 Other background – describe the status of the PFM reform programme. Extent of government management/leadership of PFM reform programme.</p>	<ul style="list-style-type: none"> • There was no comprehensive PFM reform programme/action plan in Barbados until 2011. Workshop held in March 2011 to draft a PFM Action Plan; a condition of EU Financing Agreements. • Reforms are based on those agreed with individual DPs. • PEFA notes that although Barbados has a relatively well-functioning budget and tax system, there remains a substantial PFM agenda (tax modernisation, expenditure controls, external audit, financial supervision of statutory bodies and public enterprises, embedding the Medium Term Fiscal Strategy across Ministries).
<p>1.8 Describe the nature and institutional structure of the government-donor dialogue on PFM</p>	<ul style="list-style-type: none"> • Limited active interaction; no formal, regular institutional structure. Dialogue tends to be ad-hoc and based on specific needs. • CARTAC is a regional resource, based in Barbados, which provides technical assistance and training in core areas of economic and financial management at the request of its participating countries. Hosted a PEFA training course for regional participants in November 2009 and provided some input into the development of the PFM Action Plan.
<p>1.9 Describe the nature and institutional structure of the donor-donor dialogue on PFM</p>	<ul style="list-style-type: none"> • PFM Group for OECS countries meets monthly, if there are issues to discuss. • Relatively few DPs operating in PFM in Barbados.

2. Government experience of the PEFA assessment	
2.1 What was government's view of the PEFA assessment, e.g. quality of the process, team, product and appropriateness of the results	<ul style="list-style-type: none"> • Government noted that the 2010 PEFA assessment “was comprehensive and captures quite accurately the status of the PFM system in Barbados”. • Assessment team were thorough and 2010 assessment identified progress and areas where weaknesses still remained.
2.2 Describe level of government involvement in assessment process – who was involved, who led the process (involvement in management of process), how were they involved	<ul style="list-style-type: none"> • Government involved as participants in workshops. • Government officials were not actively involved in the management of the exercise.
2.3 Government assessment of quality/strength of level of government involvement – (pre, during, post assessment)	<ul style="list-style-type: none"> • The Government would have liked more upfront training on PEFA. Perception was that the assessors arrived at short notice and management didn't know what to expect. Management had to spend considerable amount of time with assessors. Upfront preparation and sensitization workshops would have enabled more planning and delegation to technical staff. • Process of finalising the report was adequate. Heads of section received the Report from the government coordinator. Facts and scoring concerns were adequately resolved with the assessment team. • There was little initial feedback on the Report which was seen as an external exercise. Consultants were reported to have received verbal but not written comments on the draft report. The report was finalised, without amendments in January 2011.
3. DP experience of the PEFA assessment	
3.1 What was (individual) DP's view of the PEFA assessment, including quality of the process, team, product, appropriateness of the results	<ul style="list-style-type: none"> • The process was thorough, more detailed and more comprehensive than 2006. • Allocating two consultants and doubling the days allotted to the assessment had an important impact on the quality of the analysis. • In general the DPs thought that the results were appropriate. • Review of the draft report by the PEFA Secretariat provided important assurance on its overall quality to the DPs.

<p>3.2 Describe level of (relevant) DP involvement in assessment process – who was involved, who led the process (involvement in management of process), how were they involved</p>	<ul style="list-style-type: none"> • The assessment was carried out independently of both government and DPs, the EC’s main role was to fund the exercise and provide information and comments on the draft report.
<p>3.3 DP assessment of quality/strength of level of DP involvement – (pre, during, post assessment), including the level of DP-DP co-operation during the PEFA exercise</p>	<ul style="list-style-type: none"> • DP active involvement limited by design. • One DP questioned whether verbal comments provided at the workshop were fully incorporated into the final report.
<p>3.4 DP motivations for supporting/leading PEFA assessment</p>	<ul style="list-style-type: none"> • As noted above the Assessment is part of the analysis undertaken to determine the future eligibility of Barbados for continuing direct European Union (EU) budget support. • IADB uses the PEFA Assessment as the basis for internal proposes evaluating the use of country systems in Bank investment projects. PEFA provides a reliable internationally recognised instrument.
<p>4. Government use of PEFA post-assessment</p>	
<p>4.1 Circulation of PEFA post-assessment</p>	<ul style="list-style-type: none"> • Copies of the PEFA were provided by the EC to those interviewed.
<p>4.2 Discussion of PEFA post-assessment</p>	<ul style="list-style-type: none"> • Government was slow to respond to the draft report –some suggestion that they didn’t feel ownership of the process and that it was seen as a donor driven exercise. • The PEFA Assessment was one of the main inputs into the development of a government driven PFM reform strategy in spring 2011.
<p>4.3 Citations of PEFA post-assessment</p>	<ul style="list-style-type: none"> • Limited/none – seen as external exercise. Little initial engagement or feedback from the government although the Report was used as one of the inputs into the PFM Action Plan.
<p>4.4 What, if any, direct follow-ups to the PEFA have been carried out or are planned (e.g. follow up PEFAs), additional analyses, etc. What were the reasons for undertaking these.</p>	<ul style="list-style-type: none"> • Update on progress conducted by the EC in 2007, using the same consultant who conducted the original PEFA assessment (linked to requirements of release of budget support).

<p>4.5 What, if any, changes/activities have there been in the PFM reform programme since the PEFA assessment? Were these changes directly or indirectly related to the PEFA assessment? In what ways?</p>	<ul style="list-style-type: none"> • During the initial DP interviews it was argued that there was little impetus for a formal PFM reform programme/action plan in a fast-growing, non-aid-dependent country like Barbados. Instead the Government has developed its own PFM reform agenda independently of DPs³. • In Spring 2011 the Government developed a PFM reform strategy; a conditionality of EU Financing Agreements. •
<p>4.6 Describe any government institutionalisation of PEFA framework, e.g. decision to use PEFA in M&E of PFM system</p>	<ul style="list-style-type: none"> • None observed.
<p>4.7 In stakeholder's view, what were main reasons for any successes/actions in following up/using PEFA</p>	<ul style="list-style-type: none"> • PEFA is a useful exercise highlighting the strengths and weaknesses of the PFM system; as well as progress over time. • Indications that some government officials see the PEFA exercise as an external exercise, linked to EC budget support requirements. • The issues raised by the PEFA assessment are not new. PEFA provides a more structured assessment which is easier to follow, but does not represent a big change for Government. Government was already undertaking significant changes (e.g. accrual accounting) without the PEFA assessment. •
<p>5. DP use of PEFA post-assessment</p>	
<p>5.1 Describe the circulation/ dissemination and citation of the report amongst DPs</p>	<ul style="list-style-type: none"> • Final Draft Report has been circulated amongst DPs. • 2006 Report is not available on EC's website.
<p>5.2 What impact or follow-up activities (related to PFM support by DP) have resulted from the PEFA assessment (decisions by DP directly related to PEFA assessment), e.g. new PFM support projects being planned, decisions to/not to give support (e.g. budget support), reductions in PFM assessments</p>	<ul style="list-style-type: none"> • Some impact on DPs - use as the basis of fiduciary assessments. • PEFA also has a limited impact on institutional arrangements which are felt to be adequate given the relatively few donors which are providing PFM TA (principally the IDB).

³ Note - Other countries in Caribbean Initial "driver" for the PEFA process and development of strategy reform appears to be related to the EC's conditions for sector budget support (i.e. completing a PEFA and drafting a PFM reform programme).

<p>5.3 What activities which potentially lead to improvements in DP co-operation resulted from the PEFA assessment, e.g. plans to combine/consolidate PFM support/assistance, new institutional structures for DP-DP co-operation</p>	<ul style="list-style-type: none"> • None/limited impact so far. Limited number of DPs operating in PFM area.
<p>5.4 Did the PEFA assessment lead to reductions in the number and/or nature of PFM assessments?</p>	<ul style="list-style-type: none"> • As noted above the PEFA has contributed to the common PFM information pool. • Little evidence that Barbados was heavily diagnosed prior to the introduction of PEFA. • IMF Fiscal ROSC (published September 2007) was undertaken separately and does not mention/reference the PEFA at all.
<p>5.5 What activities which potentially lead to improvements in Government-DP co-operation/dialogue on PFM resulted from the PEFA assessment, e.g. new institutional structures for Government-DP co-operation on PFM</p>	<ul style="list-style-type: none"> • Ability to engage in a technical dialogue on improvements is restricted given the nature of the PEFA methodology, which does not provide recommendations and therefore a basis for longer-term dialogue on PFM with the government.
<p>5.6 For DP stakeholder, is PEFA sufficient for PFM assessment? What could it replace? What can it not replace?</p>	<ul style="list-style-type: none"> • Issues noted by DPs – PEFA does not capture capacity constraints and bureaucratic blockages to PFM reform. • PEFA assessments are insufficient on their own, as they do not: (i) include any recommendations for reforms or assumptions as to the potential impact of ongoing reforms on PFM performance; (ii) measure the factors impacting performance such as the legal framework or existing capacities in the government; and (iii) provide a comprehensive analysis of fiscal or expenditure policy, which would determine whether fiscal policy is sustainable, or whether expenditure incurred through the budget have the desired effect on reducing poverty or achieving policy objectives.
<p>5.7 Describe any DP institutionalisation of PEFA framework, e.g. decision to use PEFA as fiduciary assessment.</p>	<ul style="list-style-type: none"> • Used by DPs in making decisions on budget support and the use of country systems.

6. General Background

<p>6.1 Identify PFM diagnostics undertaken between 2007 -10.</p>	<ul style="list-style-type: none">• IMF Fiscal ROSC – September 2007• PEFA PMF Assessment (Draft) July 2010.
<p>6.2 Does the government have a multi-year programme of diagnostic instruments supported by its development partners?</p>	<ul style="list-style-type: none">• No – as noted above the preparation of PFM diagnostics is predominantly driven by donor requirements.
<p>6.3 What is the role of government counterparts in developing and carrying out PFM assessments?</p>	<ul style="list-style-type: none">• Confined to providing access to officials and comments on draft reports.
<p>6.4 Is there any evidence of a reduction (a) in the number of diagnostic tools and, (b) overlaps in PFM diagnostics since the introduction of the Strengthened Approach? List and attempt to identify trends – less/more; use of drill drill-downs; more</p>	<ul style="list-style-type: none">• See 5.4 above.
<p>6.5 For each PFM Diagnostic delivered between 2007 – 2010, what was the trigger (e.g. part of multi-year programme, trigger for GBS programme, part of reform project, or input to the preparation of the project)?</p>	<ul style="list-style-type: none">• PEFA – requirement for GBS programme.• IMF ROSC – prepared at request of the Government.
<p>6.6 Is there any evidence of synergies between the different assessment tools used e.g. one feeding into another or one decided as a drill-down following a PEFA assessment.</p>	<ul style="list-style-type: none">• None

7. Documentary Evidence

Barbados Public Expenditure and Financial Accountability – Draft Final Report – October 2006.

EC. *Update of Public Financial Management in Barbados (2)*, August 2007. (Does not contain an update of the PEFA indicators)

Barbados: Report on Observance of Standards and Codes— Fiscal Transparency Module IMF Country Report No. 07/338 September 2007

Assessment of Public Financial Management in Barbados using the PEFA PFM performance framework. Draft Report July 2010.

Documents in bold indicate those in which Barbados PEFA Assessments are explicitly cited.

8. Persons Consulted

Jose Maria Medina Navarro – EU

Rodney Paine - Ministry of Finance and Economic Affairs (in writing).

Faye Prescod – Ministry of Finance and Economic Affairs

Astrid Wynter – Inter American Development Bank

CONGO BRAZZAVILLE

<p>Summary Overview of Impact</p>	<ul style="list-style-type: none"> • PEFA carried out in 2006 together with the WB CIFA mission. No repeat assessment since the first PEFA due to the fact that Government was concentrating on reaching HIPC completion point (January 2010). • PEFA led to Governance and Anti Corruption Project (February 2007) which explicitly helped the Government meet the conditions under the HIPC Action Plan. On January 28, 2010 the HIPC completion point was reached; • PEFA results have also been used to develop the Government's Action Plan for PFM reforms (2008). • The TA program financed by EU to support PFM was based on the conclusions of the PEFA/CIFA. • PEFA widely referred to in several Government documents prepared by itself and/or with the assistance of the donors (World Bank, IMF and ADB).
<p>1. Background on the PEFA Assessment</p>	
<p>1.1 When was the PEFA undertaken (TORs issued, consultants started work, field visit begun/ended, draft report completed, final report completed)</p>	<ul style="list-style-type: none"> • TORs issued: November 2005 • Field visit: February/March 2006 • Draft report: March 2006 (102 pages excluding annexes) • Final report: July 2006 • Report publicly available and accessible
<p>1.2 Institutional involvement of DPs: - Lead donor(s) - Other donors - In what way were they expected to be involved pre-assessment - How were they involved in practice</p>	<ul style="list-style-type: none"> • Lead donor: EU • Other donors: Undertaken alongside (simultaneously as) the World Bank's CIFA mission • Actual institutional involvement: PEFA consultant and CIFA team worked together. The latter was supported by the World Bank, the EU, and France
<p>1.3 Institutional involvement of government: - Pre-assessment institutional structure for involvement of government (apart from meetings): reference group? If so, who involved? - Actual institutional structure for involvement of government during assessment</p>	<ul style="list-style-type: none"> • Pre-assessment was limited. There was no pre-assessment workshop, for example. • During the assessment the PEFA consultant worked with the CIFA mission team and joint meetings of the team (PEFA+CIFA) were held. • Government's role in the CIFA/PEFA assessments was to provide a counterpart team. The core government team was led by the Director to Cabinet of the Ministry of Finance, Economy and the Budget and included other directors. The team organized and co-ordinated meetings, gathered information, and supported stakeholder participation in the meetings.

<p>1.4 What was the background to the origin of the PEFA assessment?</p>	<ul style="list-style-type: none"> • On the donor side, DPs wanted to clearly identify PFM strengths/weaknesses in the country, one of the last to do a CFAA; the exercise was also needed for preparing of the governance project. • On the Government side, there was a need to address increasing DP concerns about governance, particularly the management of the energy (oil) sector and oil revenues.
<p>1.5 Describe how PEFA was carried out (methodology), including whether or not there was pre-assessment workshop. Stand alone or integrated assessment. Note differences between various assessments, if applicable.</p>	<ul style="list-style-type: none"> • For the PEFA exercise one (1) consultant carried out a five-week field visit alongside the World Bank's CIFA mission. • A core government team led by Director to Cabinet of MoF (plus other directors) co-ordinated meetings, gathered information on the operation of PFM systems (see above 1.3) rather than specifically on the scoring of PEFA indicators. Following the end of the CIFA mission, the PEFA consultant stayed on to discuss the scores with the government.
<p>1.6 Current status of report(s) (e.g. draft, final)</p>	<ul style="list-style-type: none"> • Draft (never finalised and Government did not provide comments)
<p>1.7 Extent of public availability of PEFA report(s), e.g. on PEFA website, on Government website, published for public access, other.</p>	<ul style="list-style-type: none"> • Draft (March 2006) publicly available and publicly accessible on the PEFA Secretariat website (www.pefa.org)
<p>1.8 What was the gap between the first and second assessment? Were there any significant changes to the process followed (consultant used, process of preparing assessment etc.)? Why?</p>	<ul style="list-style-type: none"> • After the 2006 PEFA assessment no repeat assessment was carried out (to date)
<p>1.9 Other background – describe the status of the PFM reform programme. Extent of government management/leadership of PFM reform programme</p>	<ul style="list-style-type: none"> • In the public finance area, the government has adopted two plans: the Government Financial Management Improvement Plan (PAGGFP) in 2008 and the Action Plan for Improving the Management of Public Investment (PAGGIP) in 2009; • These two action plans are considered to be dated and in need of revision (in the sense of taking into account new priorities and reforms); • The World Bank is supporting the revision of the plans and at the same time is calling for the integration of the two plans in one single document.

<p>1.10 Describe the nature and institutional structure of the government-donor dialogue on PFM</p>	<ul style="list-style-type: none"> • The PFM reform program is aiming at placing itself along the PRSP (DSRP) priorities. As a consequence the government –donor dialogue on PFM is along those lines: a) a greater coherence between the budget and PRSP priorities; b) a more efficient execution of PFM reforms through the elaboration of an updated PAGGFP and its integration with the PAGGIP.
<p>1.11 Describe the nature and institutional structure of the donor-donor dialogue on PFM</p>	<ul style="list-style-type: none"> • Budget support basically calls for PFM reforms. The donor-donor dialogue on PFM is in great part concentrated among those donors with interest for budget support.
<p>2. Government experience of the PEFA assessment</p>	
<p>2.1 What was government’s view of the PEFA assessment, e.g. quality of the process, team, product and appropriateness of the results</p>	<ul style="list-style-type: none"> • The credibility of the PEFA assessment had a mixed response from government. In 2007 relationship between Government and DPs were difficult and the dialogue tense. However cooperation between the Government and DPs improved later on when preparing the PFM reforms action plan (refer to 4.2).
<p>2.2 Describe level of government involvement in assessment process – who was involved, who led the process (involvement in management of process), how were they involved</p>	<ul style="list-style-type: none"> • A group of government officials, mainly from Ministry of Finance, provided the institutional framework for the CIFA/PEFA assessments; • The counterpart team was led by the Director to the Cabinet of MoF and involved other MoF directors. The team covered the preparation of meetings, the gathering of information (e.g. identifying and providing additional documentation, and providing a focal point for the exercises.
<p>2.3 Government assessment of quality/strength of level of government involvement – (pre, during, post assessment)</p>	<ul style="list-style-type: none"> • Overall government official’s engagement in the PEFA process was limited due to limited analytical capacities in government. Nevertheless during the assessment government officials cooperated in providing the assessors with the information requested. Post assessment the government worked to prepare a PFM reform action plan.
<p>3. DP experience of the PEFA assessment</p>	
<p>3.1 What was (individual) DP’s view of the PEFA assessment, including quality of the process, team, product, appropriateness of the results</p>	<ul style="list-style-type: none"> • The PEFA assessment and its results were seen as very useful and credible. The fact that the teams for the PEFA and the CIFA exercises worked closely together was perceived as a great advantage.
<p>3.2 Describe level of (relevant) DP involvement in assessment process – who was involved, who led the process (involvement in management of process), how were they involved</p>	<ul style="list-style-type: none"> • As already indicated, the PEFA consultant worked with the CIFA team, led by the World Bank. Other DPs participated through attending meetings and providing comments on the reports.

<p>3.3 DP assessment of quality/strength of level of DP involvement – (pre, during, post assessment), including the level of DP-DP co-operation during the PEFA exercise</p>	<ul style="list-style-type: none"> • DPs collaborated together through the joint working arrangements between the PEFA assessment and the CIFA
<p>3.4 DP motivations for supporting/leading PEFA assessment</p>	<ul style="list-style-type: none"> • DPs were concerned about governance and the management of oil revenues. This created an interest and motivation to assess the strengths and weaknesses of PFM systems (which could provide information on providing assistance with PFM strengthening).
<p>4. Government use of PEFA post-assessment</p>	
<p>4.1 Circulation of PEFA post-assessment</p>	<ul style="list-style-type: none"> • PEFA report was made publicly available and is accessible on the PEFA website www.pefa.org (see 1.7 above).
<p>4.2 Discussion of PEFA post-assessment</p>	<ul style="list-style-type: none"> • There was no official comment on the PEFA assessment by the Government. The report was discussed at the validation workshop held in early 2007 in preparation for the 2008 PAGGFP (the only time where government officials had an opportunity to express their views openly. Thereafter PEFA/CIFA results have been used to elaborate the PAGGFP which was validated by the Government. • Discussions between Government DPs on some of the issues raised in the CIFA/PEFA assessments were held before the validation workshop in January 2007.
<p>4.3 Citations of PEFA post-assessment</p>	<ul style="list-style-type: none"> • No citation in Government documents however the PEFA assessment is widely referred to in other documents prepared/financed by the donors (World Bank, IMF and African Development Bank). Five citations were identified between 2007 and 2010 (see 7. below).
<p>4.4 What, if any, direct follow-ups to the PEFA have been carried out or are planned (e.g. follow up PEFA's), additional analyses, etc. What were the reasons for undertaking these?</p>	<ul style="list-style-type: none"> • No explicit follow up of the overall PFM system. However the ADB has financed a Study of the existing public expenditure, internal control and internal audit system; with recommendations for its improvement (this Study refers to the results of the 2006 Assessment).

<p>4.5 What, if any, changes/activities have there been in the PFM reform programme since the PEFA assessment? Were these changes directly or indirectly related to the PEFA assessment? In what ways?</p>	<ul style="list-style-type: none"> • There was limited immediate impact however the report was made publicly available and shows some Government interest in sharing the results with other stakeholders; • The Government-DP workshop held in January 2007 helped identify key issues which were incorporated into the Government's PFM reform Action Plan (PAGGFP); • The CIFA/PEFA led to the restructuring and scaling of the governance support project, which was the World Bank's main vehicle for assisting the government to meet the HIPC triggers. On January 28, 2010 the Republic of Congo reached its completion point.
<p>4.6 Describe any government institutionalisation of PEFA framework, e.g. decision to use PEFA in M&E of PFM system</p>	<ul style="list-style-type: none"> • None except that the above mentioned workshop (4.5) helped drafting the Government's PFM reform action Plan (PAGGFP) (5.3 & 5.6).
<p>4.7 In stakeholder's view, what were main reasons for any successes/actions in following up/using PEFA</p>	<ul style="list-style-type: none"> • The elaboration of an Action Plan for PFM reforms (PAGGFP in 2008) was the initiative of DP and related to government need to achieve the HIPC completion point (January 28, 2010). Main areas of PFM covered in PAGGFP were reform of petroleum trade, public expenditures, public procurement and public investments. • The World Bank is currently supporting the revision of the PAGGFP (2010).
<p>5. DP use of PEFA post-assessment</p>	
<p>5.1 Describe the circulation/ dissemination and citation of the report amongst DPs</p>	<ul style="list-style-type: none"> • At the beginning, the report was circulated informally among DP stakeholders and prior to the 2007 workshop. The report was later on made publicly available.
<p>5.2 What impact or follow-up activities (related to PFM support by DP) have resulted from the PEFA assessment (decisions by DP directly related to PEFA assessment), e.g. new PFM support projects being planned, decisions to/not to give support (e.g. budget support), reductions in PFM assessments</p>	<ul style="list-style-type: none"> • The PEFA/CIFA assessment led to the Governance and Anti-Corruption project (February 2007), which explicitly aimed at helping the Government meet the conditions under the HIPC Action Plan. On January 28, 2010 the HIPC completion point was reached. • The program financed by EU to support PFM was based on the conclusions of the PEFA/CIFA. • The World Bank is currently supporting the revision of the PAGGFP (2010).
<p>5.3 What activities which potentially lead to improvements in DP co-operation resulted from the PEFA assessment, e.g. plans to combine/consolidate PFM support/assistance, new institutional structures for DP-DP co-operation</p>	<ul style="list-style-type: none"> • The CIFA/PEFA led in 2008 to restructuring the governance support project, which is the World Bank's main vehicle for assisting the government to meet the HIPC triggers (completion point met in January 2010); • No specific impact on DP co-ordination from 2007 on. Donor co-ordination was already quite good in any case.

<p>5.4 Did the PEFA assessment lead to reductions in the number and/or nature of PFM assessments?</p>	<ul style="list-style-type: none"> • Between 2006 and April 2010 there was practically no other PFM assessment. A Public Expenditure Review was finalised by the World Bank in April 2010.
<p>5.5 What activities which of 2007 potentially lead to improvements in Government-DP co-operation/dialogue on PFM resulted from the PEFA assessment, e.g. new institutional structures for Government-DP co-operation on PFM</p>	<ul style="list-style-type: none"> • The World Bank's governance project (based on the PEFA and CIFA) helped provide a focal point for DP PFM assistance; • In 2007 the EU contracted a consultant to Identify a project to support PFM reforms (project to be funded under the 10th EDF). His work was based on the PEFA and CIFA • The World Bank PER (2010) referred to the PEFA and pointed out the necessity of reviewing and updating the existing PAGGMP. In this sense it is re-launching the Government PFM dialogue on PFM.
<p>5.6 For DP stakeholder, is PEFA sufficient for PFM assessment? What could it replace? What can it not replace?</p>	<ul style="list-style-type: none"> • Yes it seemed sufficient for DP.
<p>5.7 Describe any DP institutionalisation of PEFA framework, e.g. decision to use PEFA as fiduciary assessment.</p>	<ul style="list-style-type: none"> • The matrix of recommendations in the World Bank's Governance and Anti-Corruption consultation (2007) includes a recommendation that DPs should use Country Integrated Fiduciary Assessment (CIFA) and PEFA framework to monitor public financial management; • The Public expenditure review (2010) does not refer explicitly to the PEFA framework. In this sense it does not appear that the PEFA framework has been institutionalized.
<p>6. General Background</p>	
<p>6.1 Identify PFM diagnostics undertaken between 2007 -10.</p>	<ul style="list-style-type: none"> • The Public Expenditure Review of April 2010 carried out by the World Bank includes a great deal of PFM diagnosis. It is the only diagnostic work after the PEFA/CIFA of 2006.

<p>6.2 Does the government have a multi-year programme of diagnostic instruments supported by its development partners?</p>	<ul style="list-style-type: none">• Not explicitly. However the Government has carried out analytical and diagnostic work in PFM on an ongoing basis (in collaboration with the World Bank: a) An analysis of budget allocation and execution trend for 2004-2009; b) An analysis of the performance of economic infrastructure financing; c) A review of ongoing and projected reforms related to the system of public investments; d) A macroeconomic analysis of budgetary policy prepared by the committee in charge of MTEF.
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<p>6.3 What is the role of government counterparts in developing and carrying out PFM assessments?</p>	<ul style="list-style-type: none"> • The World Bank has been very proactive in supporting and financing the PER (2010).
<p>6.4 Is there any evidence of a reduction (a) in the number of diagnostic tools and, (b) overlaps in PFM diagnostics since the introduction of the Strengthened Approach? List and attempt to identify trends – less/more; use of drill drill-downs; more</p>	<ul style="list-style-type: none"> • In 2006 the PEFA and CIFA were conducted simultaneously and the two exercises were seen as complementary. Between 2007 and 2010 the Public Expenditure Review was the only PFM related diagnostic carried out (April 2010).
<p>6.5 For each PFM Diagnostic delivered between 2007 –2010 what was the trigger (e.g. part of multi-year programme, trigger for GBS programme, part of reform project, or input to the preparation of the project)?</p>	<ul style="list-style-type: none"> • PER - The trigger was HIPC completion point (which generated additional budgetary resources with the debt reduction) and how the implementation of the PRSP could be improved. This was associated to a need to analyse on- going budgetary policies and practices at the macroeconomic level taking into account the efficiency of expenditures (how public expenditures can be utilized efficiently to sustain a high growth as well as to improve the social indicators)
<p>6.6 Is there any evidence of synergies between the different assessment tools used e.g. one feeding into another or one decided as a drill-down following a PEFA assessment.</p>	<ul style="list-style-type: none"> • Between 2007 and 2010 only the Public Expenditure Review was carried out. There were no other PFM focused diagnostic tools.

7. Documentary Evidence

République du Congo, *Mesure de la Performance de la Gestion des Finances Publiques selon la méthodologie PEFA*, par Jean Mathis, mars 2006 ;

Strengthening World Bank Group Engagement on Governance and Anti-Corruption Consultation Feedback, Republic of Congo, World Bank, February 2007;

Report on Progress toward Meeting the Completion Point Triggers under the Enhanced Heavily Indebted Poor Countries Initiative, World Bank and IMF, April 2007;

Republic of Congo, National Poverty reduction Committee, Permanent Technical secretariat, *Final Poverty Reduction Strategy Paper*, March 2008;

Document d'Évaluation du Projet de Don Proposé à la République du Congo pour le Développement des Services de Santé, document de la Banque Mondiale no 42839 CG, mai 2008 ;

IMF, Republic of Congo, *PRSP Progress report*, March 2010;

République du Congo, Ministère des Finances, du Budget et du Portefeuille Public, Projet d'Appui à l'Amélioration du Circuit de la Dépense et à la Réduction de la Pauvreté (PACDIP), Rapport Provisoire sur l'amélioration de la Chaîne de la Dépense par Michel Sigaud, Banque Africaine de Développement, LINPICO, février 2010 ;

République du Congo, *Revue des Dépenses Publiques – Bien utiliser la richesse pétrolière pour accélérer et diversifier la croissance*, document de la Banque Mondiale no 54734 CG, avril 2010.

Documents in **bold** indicate those in which Republic of Congo PEFA Assessments are explicitly cited.

8. Persons Consulted

Vanessa Dick – European Union

Vincent Durruty – European Union

Antoine Ngakegni – Ministry of Finance, Budget and Public Portfolio

Michel Zounon - Ministry of Finance, Budget and Public Portfolio

GHANA

<p>Summary Overview of Impact</p>	<ul style="list-style-type: none"> • Strong government and DP buy-in to the PEFA assessment has led to its guiding role in the Government’s PFM reforms. • Process of preparing the second PEFA was better than the first. Government was more involved throughout the process, coordinated and attended all meetings and the report was extremely thorough; making it useful as an internal reference tool for addressing the reform agenda in the MoFEP. PEFA informed the preparation of new PFM-related Reform Project (GIFMIS). • Important factors in its direct impact include quality of the PEFA methodology, strong Government involvement throughout the process, well organized DPs supporting the process, transparency of the process and a credible and professional consulting team.
<p>1. Background on the PEFA Assessment (Note – the emphasis in section 2 - 6 is on PEFA Assessment prepared between 2007 and 2010. It is also important to highlight any reported differences in approach between first and repeat assessments or the utilisation of PEFA Reports prepared prior to 2007).</p>	
<p>1.1 When was the PEFA undertaken (TORs issued, consultants started work, field visit begun/ended, draft report completed, final report completed)</p>	<ul style="list-style-type: none"> • TORs Issued – May 2009 • Field Visit – July 6 -31 2009. • Draft Report Issued – September 2009 • Final Report Issued for CG – January 2010 – Volume I is 210 pages (142 excluding annexes). • Volume II on SNG – final draft was completed “around same time as CG” however was not finalised until August 2010.
<p>1.2 Institutional involvement of DPs:</p> <ul style="list-style-type: none"> ○ Lead donor(s) ○ Other donors ○ In what way were they expected to be involved pre-assessment ○ How were they involved in practice 	<ul style="list-style-type: none"> • PFM Working Group Sector Lead - GTZ and Netherlands • Sponsor of PEFA - EU • Other Donors – The DP PFM Sector Group was led by GTZ and deputy head was Netherlands in 2009. Sector Leads were represented on the PEFA Steering Group. • The DP’s interviewed by the consultants included the United States, the United Kingdom, EC, Canada, Japan, Netherlands, Germany, Denmark, France, the World Bank and Switzerland. • World Bank, PEFA Secretariat, Canada, EU and France provided comments on the draft PEFA Assessment.

<p>1.3 Institutional involvement of government:</p> <ul style="list-style-type: none"> ○ Pre-assessment institutional structure for involvement of government (apart from meetings): reference group? If so, who involved? ○ Actual institutional structure for involvement of government during assessment 	<ul style="list-style-type: none"> • PEFA Steering Group set up by the Government. • TORS state that “at least 2 officials from the Government will work closely with the mission in order to build capacity in the Government for the PFM assessment and reporting”. • In practice a dedicated team worked on the PEFA Assessment & least one MoFEP official accompanied the consulting team on the interviews”. • DPs noted that government commitment to the PEFA process was extremely good. The Government generated a lot of evidence to back up the scoring in the Report. • Government benefited from involvement in the process, including attending all meetings. Involvement in meetings with SNG was particularly appreciated. MoFEP staff became better informed on PFM issues at a local level.
<p>1.4 What was the background to the origin of the PEFA assessment?</p>	<ul style="list-style-type: none"> • The timing of the PEFA Assessment was important. The new Government (installed January 2009) wanted to get an accurate picture of the PFM situation in Ghana. PEFA was a tool to do that – as a result Government was very committed to the PEFA process. • Objectives stated in TORS state the assessment done as part of continuing program of PFM reforms and encouragement of external aid partners to more fully utilise country systems. Also conducted to track progress in PFM since the first assessment in 2006.
<p>1.5 Describe how PEFA was carried out (methodology), including whether or not there was pre-assessment workshop. Stand-alone or integrated assessment. Note differences between various assessments, if applicable.</p>	<ul style="list-style-type: none"> • 3 weeks prior to field mission - presentation made to the PEFA Steering Group. • Prior to field mission – a 2 –day full training workshop presented to 50 Government and DPs. • Exist workshop presented an aide memoir at the end of central government field mission. • Final workshop with government officials to discuss and agree the findings of the assessment. • End product was a stand-alone assessment in two volumes (Vol. 1 Central Government; Vol. 2 Sub-National Government) • The 2006 Assessment was integrated into the WB ERPFM. The 2009 Assessment was a standalone document.
<p>1.6 Current status of report(s) (e.g. draft, final)</p>	<ul style="list-style-type: none"> • Final Report – Volume I – January 2010. • Volume II was completed at the same time but will not be published (finalised August 2010).
<p>1.7 Extent of public availability of PEFA report(s), e.g. on PEFA website, on Government website, published for public access, other.</p>	<ul style="list-style-type: none"> • Both reports on Central Government are available on PEFA website (but not Volume II of the 2010 Report on SNG). • Available on MoFEP (but not Volume II of the 2010 Report on SNG). • Priority was the Central Government Report - Volume II will not be published – because of sensitivities over scoring individual MMDAs are not identified by name. The assessments was not about individual MMDA results, but rather illustrative of the wider sub-national experience.

<p>1.8 What was the gap between the first and second assessment? Were there any significant changes to the process followed (consultant used, process of preparing assessment etc.)? Why?</p>	<ul style="list-style-type: none">• 2006 Assessment – June 2006; 2009 Assessment - January 2010 - 42 months.• 2006 Assessment was conducted as part of an External Review of PFM (ERPFM) exercise on behalf of the Government and MDDBS partners. Whilst the 2006 assessment itself was contained in a separate volume (ERPFM Volume II) the assessment itself was part of a wider external review of PFM.• The 2006 Assessment just covered central government PFM systems. The 2009 Assessment covered the central government as well as a sample of SNGs. The main reason for assessing SNG was to inform the SNG reform programme. Scope of SN assessment was limited (five metropolitan municipal and district assemblies) in order to keep the assessment manageable.• Because of timing issue the 2009 ERPFM was prepared prior to the PEFA. 2009 PEFA were standalone documents.• The review of SNG in 2009 was kept separate in Volume II of the Assessment.• The 2009 Assessment contains a detailed discussion tracking progress over time – including recalibration of 9 of the indicators used in the 2006 Assessment.
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<p>1.9 Other background – describe the status of the PFM reform programme. Extent of government management/leadership of PFM reform programme.</p>	<p>At the beginning of 2006, MoFEP adopted its three-year strategic plan and its short and medium-term Action Plan, covering the period 2006-2009. While this plan does not outline a complete sequencing and roll out strategy it identifies “<i>quick wins</i>” and medium term reform efforts. <i>The selection of reform activities was informed by the outcome of the PEFA Assessment carried out in 2006.</i> Most of the proposed “<i>quick wins</i>” have been addressed.</p> <p>The commitment to continuing improvements in PFM in Ghana currently has political championship at the very highest levels through the Minister and Deputy Minister for Finance. The new administration is emphasizing PFM reform. In May 2009, the MoFEP presented at a workshop an outline of the new administration’s PFM reform focus and approach. The approach, which may be characterized as emphasizing the basics, seeks to adopt the institution of a Secretariat with a full time project lead and project team; and to coordinate the PFM reforms more closely with the broader public sector reforms.</p> <p>Significant institutional challenges remain. At the present time there is no cabinet approved PFM reform strategy. The heads of divisions and departments are responsible for reforming activities within their purview. However, there are no clearly specified institutional arrangements to address coordination between inter -linked PFM activities, or between the central agencies and the MDAs and MMDAs. The strategy is not fully costed, and there is no a clear single coordinated funding arrangement outlined. Finally, there is no clear monitoring and evaluation scheme to effectively oversee and manage implementation. A cabinet approved strategy with all of these elements would more readily facilitate a “<i>strengthened approach</i>” to development partner support of the PFM reforms based upon development partner harmonization working with a single pool of reform information.</p>
<p>1.10 Describe the nature and institutional structure of the government-donor dialogue on PFM</p>	<ul style="list-style-type: none"> • Relationship between Govt and DP is strong. Government – donor dialogue is led by the MDDBS group. The MDDBS partners use a Common Framework memorandum and Performance Assessment Framework (PAF). A PFM Sector Working Group is spearheading the dialogue with the Government of PFM and has a membership of all DPs (about 23) in Ghana involved in PFM.
<p>1.11 Describe the nature and institutional structure of the donor-donor dialogue on PFM</p>	<ul style="list-style-type: none"> • No difficulties reported in the relationships between DPs. MDDBS group works effectively together, and so is the PFM Sector Working Group.

2. Government experience of the PEFA assessment	
2.1 What was government's view of the PEFA assessment, e.g. quality of the process, team, product and appropriateness of the results	<ul style="list-style-type: none"> • Government felt that the process was better in 2009. The consulting team was strong and the scores were backed up with a strong narrative to back up the results. • Government noted some minor discrepancies on scores which, it was felt resulted from differences between local practice and the PEFA methodology. Overall the results were appropriate and in line with expectations.
2.2 Describe level of government involvement in assessment process – who was involved, who led the process (involvement in management of process), how were they involved	<ul style="list-style-type: none"> • High level of partnership throughout the process. MoFEP/DP worked together throughout the process (conception, terms of reference, contracting consultants, workshops and reviewing drafts). • MoFEP staff attended all meetings with the consultants. • All interviewees invited to attend workshops and to comment on report. High level of MDA engagement in the workshops.
2.3 Government assessment of quality/strength of level of government involvement – (pre, during, post assessment)	<ul style="list-style-type: none"> • See 2.3 above. • If capacity allows the Government might consider self assessment process for future PEFA assessments.
3. DP experience of the PEFA assessment	
3.1 What was (individual) DP's view of the PEFA assessment, including quality of the process, team, product, appropriateness of the results	<p>“The consulting team did an excellent job and the Report has informed dialogue between Govt and donors (e.g. regular meeting to discuss to discuss PFM issues fiscal deficit – cash management and planning)”. DPs also noted the assessment is a useful “single stop shop for information on the Government PFM system which is being used in informing decisions on GBS and fiduciary risk.</p>
3.2 Describe level of (relevant) DP involvement in assessment process – who was involved, who led the process (involvement in management of process), how were they involved	<ul style="list-style-type: none"> • All MDDBS partners participated (WB, IMF, DFID, Netherlands, GTZ, EU) • Provided comments on drafts.
3.3 DP assessment of quality/strength of level of DP involvement – (pre, during, post assessment), including the level of DP-DP co-operation during the PEFA exercise	<ul style="list-style-type: none"> • MDDBS partners were involved in workshops and appeared comfortable with involvement in the PEFA exercise. • Partnership between the donors and between the Govt/Donors appears to be working in Ghana.
3.4 DP motivations for supporting/leading PEFA assessment	<ul style="list-style-type: none"> • Principally to have a revised update on progress on PFM reforms since 2006. The MDDBS also needed the update as input to decisions regarding GBS. Provides a baseline for DPs' fiduciary assessments.

4. Government use of PEFA post-assessment	
4.1 Circulation of PEFA post-assessment	<ul style="list-style-type: none"> • Circulated to all agencies interviewed as part of the process of preparing the Report. • The report was not printed.
4.2 Discussion of PEFA post-assessment	<ul style="list-style-type: none"> • The Government reported that the PEFA Report is referred “all the time” in the MoFEP. It is a good summary of issues “we already know”. Captures data in some areas which hadn’t been addressed before (e.g. reporting of aid). • Less awareness of the Report amongst MDAs.
4.3 Citations of PEFA post-assessment	<ul style="list-style-type: none"> • Ghana Joint Assistance Strategy (G-JAS) 2007-2010 commits DPs to using the PEFA for medium-term monitoring of country financial management capacity. It was also noted that the ERPFM (now part of PEFA) provides shared analytical foundation for DP-government dialogue. • Selected PEFA are incorporated into the MDBS Performance Assessment Framework.
4.4 What, if any, direct follow-ups to the PEFA have been carried out or are planned (e.g. follow up PEFAs), additional analyses, etc. What were the reasons for undertaking these.	<ul style="list-style-type: none"> • The 2009 PEFA had been planned to take place as part of the ERPFM process; however it was delayed. ERPFM was published before the PEFA was finalized.
4.5 What, if any, changes/activities have there been in the PFM reform programme since the PEFA assessment? Were these changes directly or indirectly related to the PEFA assessment? In what ways?	<ul style="list-style-type: none"> • Some of the specific findings of the PEFA informed changes to the budget process (e.g. process for setting budget ceilings and addressing budget deviations). • The PEFA has been used to inform discussions during the development of the 2009-2013 PFM Reform Plan.
4.6 Describe any government institutionalisation of PEFA framework, e.g. decision to use PEFA in M&E of PFM system	<ul style="list-style-type: none"> • Because the detail contained in the PEFA Assessment the Report has been a useful reference point for discussions on reforms.
4.7 In stakeholder’s view, what were main reasons for any successes/actions in following up/using PEFA	<ul style="list-style-type: none"> • Quality of the PEFA methodology; and the possibility of benchmarking PFM performance to international standards. • Strong involvement of the Government throughout the process. • Well organized DPs who supported the process through the Steering Committee and through the PFM Sector Working Group. • Transparency of the assessment process. • Credible consulting team who had the confidence and trust of the Govt and DPs.

5. DP use of PEFA post-assessment	
5.1 Describe the circulation/ dissemination and citation of the report amongst DPs	<ul style="list-style-type: none"> • The PEFA Assessment was circulated to all DPs through the EU, who sponsored the assessment. • DPs note that the PEFA assessment is “referred to frequently”.
5.2 What impact or follow-up activities (related to PFM support by DP) have resulted from the PEFA assessment (decisions by DP directly related to PEFA assessment), e.g. new PFM support projects being planned, decisions to/not to give support (e.g. budget support), reductions in PFM assessments	<ul style="list-style-type: none"> • Indirectly the dialogue informed the development of a \$55.76m project to strengthen the PFM system – (the GIFMIS) – financed by WB, DFID and EU. Project Paper makes extensive reference to the PEFA Assessment alongside the ERPFM and IMF FAD technical papers. • No reduction in number of assessments, however fiduciary assessments (e.g. conducted by France, DFID, EU) are more efficient as a result of PEFA report.
5.3 What activities which potentially lead to improvements in DP co-operation resulted from the PEFA assessment, e.g. plans to combine/consolidate PFM support/assistance, new institutional structures for DP-DP co-operation	<ul style="list-style-type: none"> • Indirectly the development of the multi-donor PFM strengthening project (see 5.2 above). • 2007 G-JAS shows Govt and DPs aligning support across all sectors including PFM. By and large DP-DP cooperation seems to have worked well in the period. • A strong and vibrant PFM Sector Working Group steers the cooperation agenda.
5.4 Did the PEFA assessment lead to reductions in the number and/or nature of PFM assessments?	<ul style="list-style-type: none"> • Still a number of PFM related assessments; however the Governments notes that missions are shorter which may be a result of availability of the PEFA assessment as an internationally recognised assessment tool.
5.5 What activities which potentially lead to improvements in Government-DP co-operation/dialogue on PFM resulted from the PEFA assessment, e.g. new institutional structures for Government-DP co-operation on PFM	<ul style="list-style-type: none"> • ERPFM process is becoming more collaborative (2010 onwards). • Timing of the 2009 ERPFM was unfortunate. It would have been better if the PEFA had informed the analysis in the ERPFM.
5.6 For DP stakeholder, is PEFA sufficient for PFM assessment? What could it replace? What can it not replace?	<ul style="list-style-type: none"> • ERPFM prepared in 2009 (earlier than the PEFA exercise) is a separate document which focuses more on the efficiency and effectiveness of public expenditures; an area not covered by the PEFA. ERPFM is more analytical (Note - there is very little reference to the PEFA in the ERPFM despite having a Chapter on “Strengthening the Systems for Public Expenditures and Financial Management”). • Drill down analysis of debt management (DeMAR) informs technical experts in more detail than the PEFA. • PEFA is, however, sufficient, to provide a snapshot of the PFM systems, and can inform the baseline to developing a coherent reform strategy.

<p>5.7 Describe any DP institutionalisation of PEFA framework, e.g. decision to use PEFA as fiduciary assessment.</p>	<ul style="list-style-type: none"> • PEFA has been used to inform DPs as the basis of fiduciary risk assessments and decisions regarding GBS. The WB also noted that the PEFA informs decisions on the use of country systems for investment projects in Ghana.
<p>6. General Background</p>	
<p>6.1 Identify PFM diagnostics undertaken between 2007 -10.</p>	<ul style="list-style-type: none"> • DFID FRA (2008) • ERPFM (2009) • PEFA Volume I (CG) and II (SNG) – 2009 • DFID ASP (2009) • ERPFM (2010) – under preparation. • French Baseline Tool (?) • EU Annual Monitoring PFM Report (annual) • Use of Country Systems (Draft in circulation – 2010)
<p>6.2 Does the government have a multi-year programme of diagnostic instruments supported by its development partners?</p>	<ul style="list-style-type: none"> • ERPFM conducted annually, and augmented by PEFA assessment every 3 years. Process is built into G-JAS. • Additional fiduciary assessments are conducted.
<p>6.3 What is the role of government counterparts in developing and carrying out PFM assessments?</p>	<ul style="list-style-type: none"> • Govt and MDBS have aligned themselves to the above process. • Govt is actively involved in the PEFA assessment process and the ERPFM is also becoming a more collaborative process. • The 2010 report (PER) is under preparation – led by the WB.
<p>6.4 Is there any evidence of a reduction (a) in the number of diagnostic tools and, (b) overlaps in PFM diagnostics since the introduction of the Strengthened Approach? List and attempt to identify trends – less/more; use of drill drill-downs; more</p>	<ul style="list-style-type: none"> • Evidence of a structured approach to PFM Diagnosis; codified in the G-JAS. There are additional fiduciary assessments conducted by the donors; however these use the PEFA as their base and this has reduced transaction cost to government.

<p>6.5 For each PFM Diagnostic delivered between 2007 – 2010, what was the trigger (e.g. part of multi-year programme, trigger for GBS programme, part of reform project, or input to the preparation of the project)?</p>	<ul style="list-style-type: none"> • PEFAs and ERPfMs are integrated and part of a multi-year plan. • Fiduciary assessment driven by donor requirements. • Diagnostics inform on the Actions in the Performance Assessment Framework (PAF) of the Multi-Donor Budget Support (MDBS) Group.
<p>6.6 Is there any evidence of synergies between the different assessment tools used e.g. one feeding into another or one decided as a drill-down following a PEFA assessment.</p>	<ul style="list-style-type: none"> • As noted above 6.4 – ERPfM and PEFA assessment are part of an integrated approach to PFM diagnostics.

7. Documentary Evidence

- Ghana – External Review of Public Expenditures and Financial Management (2009) - in two Volumes.
- Ghana Joint Assistance Strategy (G-JAS) 2007-2010
- **Ghana Public Expenditure and Financial Accountability 2009 - Public Financial Management Performance Assessment Report Volume I: Central Government**
- **Ghana Public Expenditure and Financial Accountability 2009 - Public Financial Management Performance Assessment Report Volume II – Sub-National Government**
- **World Bank – Project Paper on an Additional Financing Credit to the Republic of Ghana for the EGHana Project (2010)**

Documents in bold indicate those in which Ghana’s PEFA Assessments are explicitly cited.

8. Persons Consulted

Samuel Arkhurst – MOFEP
Ismaila Cessay – World Bank
Baptiste Mandouze – EU

HONDURAS

<p>Summary Overview of Impact</p>	<ul style="list-style-type: none"> • Two PEFA assessments have been conducted (in 2006 and 2009). • The second PEFA assessment (2009) was of much better quality and is publicly accessible. • The 2009 PEFA is not a repeat assessment in the sense that it does not compare PFM performance (scores) with the previous PEFA. • The PEFA assessment of 2009 was perceived by both Government and DP as a very valid reference for PFM reforms and as a basis for measuring progress in PFM performance. • Elements of the PEFA Framework are being used by the Government in an action to improve transparency and fight corruption.
<p>1. Background on the PEFA Assessment</p>	
<p>1.1 When was the PEFA undertaken (TORs issued, consultants started work, field visit begun/ended, draft report completed, final report completed)</p>	<ul style="list-style-type: none"> • <i>PEFA 2006</i> - A first draft PEFA report was prepared on February 2006 (field visit May/June 2005) and finalized in June 2006. This was seen as update of the 2003 CFAA. In fact a number of indicators were not scored and for some no justification was given for the summary score provided only in the annex; • <i>PEFA 2009</i>: <ul style="list-style-type: none"> • TOR issued on September 4, 2008; • Field Work between October 21 and November 2008; • Initial workshop on November 4, 2008; • Second field work Finalization of Report March 16-31, 2009; • Report submitted on April 1, 2009 • The 2009 PEFA does not compare PFM performance (scores) with the previous PEFA
<p>1.2 Institutional involvement of DPs:</p> <ul style="list-style-type: none"> ○ Lead donor(s) ○ Other donors ○ In what way were they expected to be involved pre-assessment ○ How were they involved in practice 	<ul style="list-style-type: none"> • Lead donor: EU • Other Donors: IDB and WB especially, (also ASDI AECI, KWF, IMF) • No involvement in pre assessment • All donors provided detailed comments on the draft report

<p>1.3 Institutional involvement of government:</p> <p>Pre-assessment institutional structure for involvement of government (apart from meetings): reference group? If so, who involved?</p> <p>Actual institutional structure for involvement of government during assessment</p>	<ul style="list-style-type: none"> • There was no pre-assessment by Government. However the Ministry of Finance established a focal point for coordinating activities related to the PEFA evaluation. The focal point included representatives of the Supreme Audit Institution (<i>Tribunal Superior de Cuentas</i>), the Secretariat of the Presidency, the public procurement agency and the Budget Commission of the Congress); • Prior to the assessment, the focal point elaborated a brief action plan to carry out the assessment. This action plan was followed by the assessors.
<p>1.4 What was the background to the origin of the PEFA assessment?</p>	<ul style="list-style-type: none"> • Provide the authorities (and the development partners) with a Report to assess the effectiveness of on-going PFM reforms. • To gain a better understanding of weaknesses/inefficiencies of the overall PFM system • On the EU side a condition for GBS.
<p>1.5 Describe how PEFA was carried out (methodology), including whether or not there was pre-assessment workshop. Stand-alone or integrated assessment. Note differences between various assessments, if applicable.</p>	<ul style="list-style-type: none"> • The standard PEFA methodology and outline was followed with reference to the blue book. There was an initial workshop on (November 4, 2008) to illustrate the PEFA methodology and to explain the information required from Government officials.
<p>1.6 Current status of report(s) (e.g. draft, final)</p>	<ul style="list-style-type: none"> • The PEFA report was finalized on April 1, 2009. The report was published on October 2010. The reasons for the delay in publication were initially due to disagreements with certain parts of the Report; and then the political events of 2009 (coup and formation of the new Government).
<p>1.7 Extent of public availability of PEFA report(s), e.g. on PEFA website, on Government website, published for public access, other.</p>	<ul style="list-style-type: none"> • The report is publicly available on: http://www.sefin.gob.hn/portal_prod/data/2010/Final%20Report%20April%202009.pdf
<p>1.8 What was the gap between the first and second assessment? Were there any significant changes to the process followed (consultant used, process of preparing assessment etc.)? Why?</p>	<ul style="list-style-type: none"> • The first PEFA exercise was carried out at a time when the framework was not yet finalized (May-June 2005). In addition the quality of the analysis and evidence was poor. Moreover the preliminary draft of June 2006 (49 pages) was never finalized; • The second PEFA exercise (2008-2009) was overall more comprehensive and of better quality. In addition it benefitted from past experience on PEFA evaluations in the region and worldwide. The evaluation process for the 2nd PEFA assessment involved more participation from Government and development partners.

<p>1.9 Other background – describe the status of the PFM reform programme. Extent of government management/leadership of PFM reform programme</p>	<ul style="list-style-type: none"> • With the assistance of the World Bank and of the Inter American Development Bank the PFM reform program in Honduras during the period (2004-2008) concentrated on the financial management information system. The entire process of financial information was reengineered and simplified. The reforms concentrated essentially in reprioritizing and reordering of Treasury and Accounting. Administrative processing for deposits and payments were modernised and simplified and the system reengineered to provide simultaneous registration. These developments were successful with a positive impact on tax collection and custom administration and carrying out direct electronic payments. At the same time with the creation of the Treasury single account (TSA), the government was not only able to eliminate hundreds of bank accounts but also create more transparency in budget execution.
<p>1.10 Describe the nature and institutional structure of the government-donor dialogue on PFM</p>	<ul style="list-style-type: none"> • The Government- Donor dialogue is aligned with Honduras’ Poverty Reduction Strategy which includes the Government’s reform agenda on transparency, accountability and good governance.
<p>1.11 Describe the nature and institutional structure of the donor-donor dialogue on PFM</p>	<ul style="list-style-type: none"> • Direct donor dialogue takes place through the <i>mesa</i> (table) for PFM which basically includes only 3 donors, the EU, the World Bank and the Inter American Development Bank. These 3 donors are the main ones involved in PFM reforms. They meet through the <i>mesa</i> once a month.
<p>2. Government experience of the PEFA assessment</p>	
<p>2.1 What was government’s view of the PEFA assessment, e.g. quality of the process, team, product and appropriateness of the results</p>	<ul style="list-style-type: none"> • The final PEFA results were seen as credible and useful by the Government (authorised for publication in October 2010. The involvement of Government in the evaluation process (1.3) indicates a good level of commitment in the process, and overall acceptance of the results.
<p>2.2 Describe level of government involvement in assessment process – who was involved, who led the process (involvement in management of process), how were they involved</p>	<ul style="list-style-type: none"> • Government involvement was carried out through the focal point (1.3). It was quite intense after the first PEFA draft was finalized. The beginning of the exercise was perceived as disorganized and Government representatives disagreed with some of the conclusions and scoring of the draft Report. They provided additional information to address elements for which there was no agreement. .
<p>2.3 Government assessment of quality/strength of level of government involvement – (pre, during, post assessment)</p>	<ul style="list-style-type: none"> • The level of Government was perceived as being good during and post assessment.

3. DP experience of the PEFA assessment	
3.1 What was (individual) DP's view of the PEFA assessment, including quality of the process, team, product, appropriateness of the results	<ul style="list-style-type: none"> The overall process and results were seen as credible by the lead donor as well as by the World Bank and the Inter American Development bank. The team was considered to be a good one. The level of appropriateness of the results is considered to be satisfactory
3.2 Describe level of (relevant) DP involvement in assessment process – who was involved, who led the process (involvement in management of process), how were they involved	<ul style="list-style-type: none"> The EU was the lead donor. WB and IADB actively supported the exercise. DPs participated regularly in all meetings concerning the exercise (and the related process). They also provided comments on the preliminary draft of the report.
3.3 DP assessment of quality/strength of level of DP involvement – (pre, during, post assessment), including the level of DP-DP co-operation during the PEFA exercise	<ul style="list-style-type: none"> The WB, IDB and the EU were actively involved in the PEFA exercise. The WB and the IDB carried out peer reviews of the drafts and acted as stakeholder proceeding to quality review.
3.4 DP motivations for supporting/leading PEFA assessment	<ul style="list-style-type: none"> The WB and IDB supported the PEFA exercise actively in addition to the EU who had a great interest for GBS. The World Bank has referred to the PEFA while deciding for budget support (4 quarter 2010). The Government also needed a better knowledge of the overall PFM system which would facilitate their discussions on a Stand By Agreement with the IMF. Some of the elements of the PEFA assessment have been built into support provided by the DPs.
4. Government use of PEFA post-assessment	
4.1 Circulation of PEFA post-assessment	<ul style="list-style-type: none"> The PEFA report is public and freely available (1.6 & 1.7)
4.2 Discussion of PEFA post-assessment	<ul style="list-style-type: none"> The results of the PEFA Assessment are frequently referred to during the <i>mesa</i> meetings and with the Government referring to reforms.
4.3 Citations of PEFA post-assessment	<ul style="list-style-type: none"> Some areas receiving low scores have been built into a framework which will be incorporated into an action plan to improve transparency and fight corruption.
4.4 What, if any, direct follow-ups to the PEFA have been carried out or are planned (e.g. follow up PEFA's), additional analyses, etc. What were the reasons for undertaking these?	<ul style="list-style-type: none"> Through the <i>mesa</i> (1.11), a follow-up of PEFA is planned for year 2011. This follow-up would focus in the preparation of an action plan based on PEFA findings.

<p>4.5 What, if any, changes/activities have there been in the PFM reform programme since the PEFA assessment? Were these changes directly or indirectly related to the PEFA assessment? In what ways?</p>	<ul style="list-style-type: none"> • No information available
<p>4.6 Describe any government institutionalisation of PEFA framework, e.g. decision to use PEFA in M&E of PFM system</p>	<ul style="list-style-type: none"> • Some elements of the PEFA framework are currently being addressed with the objective of improving PFM performance.
<p>4.7 In stakeholder's view, what were main reasons for any successes/actions in following up/using PEFA</p>	<ul style="list-style-type: none"> • PEFA is perceived by the Government as a very technical and objective framework to measure PFM. • This puts PEFA in a good position to become a valid instrument for basing follow-up plans and measuring PFM progress. • PEFA is used in practice. The Millennium Challenge Account (MCA) also refers to weaknesses identified in the PEFA Assessment – the objective is to improve them.
<p>5. DP use of PEFA post-assessment</p>	
<p>5.1 Describe the circulation/ dissemination and citation of the report amongst DPs</p>	<ul style="list-style-type: none"> • The PEFA report (2009) has been circulating among donors such as the EU, the World Bank, IDB, AECI, ASDI, KFW and USAID (documented). The report was published (1.7).
<p>5.2 What impact or follow-up activities (related to PFM support by DP) have resulted from the PEFA assessment (decisions by DP directly related to PEFA assessment), e.g. new PFM support projects being planned, decisions to/not to give support (e.g. budget support), reductions in PFM assessments</p>	<ul style="list-style-type: none"> • It is too early to determine the impact or follow up activities resulting from the PEFA assessment because the report was only validated by the authorities very recently (October 2010).
<p>5.3 What activities which potentially lead to improvements in DP co-operation resulted from the PEFA assessment, e.g. plans to combine/consolidate PFM support/assistance, new institutional structures for DP-DP co-operation</p>	<ul style="list-style-type: none"> • No such activities at this point are to mention.
<p>5.4 Did the PEFA assessment lead to reductions in the number and/or nature of PFM assessments?</p>	<ul style="list-style-type: none"> • Since the PEFA assessment was finalized not long ago (April 2009) it is difficult (the timeframe is too short) to assess whether it has led to a reduction in number and/or nature of PFM assessments.

<p>5.5 What activities which potentially lead to improvements in Government-DP co-operation/dialogue on PFM resulted from the PEFA assessment, e.g. new institutional structures for Government-DP co-operation on PFM</p>	<ul style="list-style-type: none"> • Through the <i>mesa</i> (1.11) a discussion was developed on the PEFA results and on how appropriate interventions could be envisaged to deal with inefficiencies in the overall PFM system.
<p>5.6 For DP stakeholder, is PEFA sufficient for PFM assessment? What could it replace? What can it not replace?</p>	<ul style="list-style-type: none"> • There is a great recognition among main DP (EU, WB and IDB) of the usefulness of the PEFA assessment. However other specialized instruments are considered to be useful as well and complementary to PEFA such as Public Expenditure Reviews (PERs), Public Expenditure Tracking Survey (PETS) for the social sectors (health and education) and instrument such as the OECD/DAC assessment of public procurement.
<p>5.7 Describe any DP institutionalisation of PEFA framework, e.g. decision to use PEFA as fiduciary assessment.</p>	<ul style="list-style-type: none"> • The EU uses the PEFA framework as a fiduciary assessment and as a reference for general and sectoral budget support.
<p>6. General Background</p>	
<p>6.1 Identify PFM diagnostics undertaken between 2007 -10.</p>	<ul style="list-style-type: none"> • DFID, ASDI, AECI, IDB, GTZ, UNDP, USAID, <i>Strengthening performance accountability in Honduras: Institutional governance review</i> (in two volumes), March 3 2009 (*); • PEFA <i>Elaboración de un marco de Referencia para la Medición del Desempeño en Materia de Gestión de las Finanzas Públicas</i>, informe final (1 de abril 2009) • World Bank and IMF (Report no 43055), <i>Report on the Observance of Standards and Codes (ROSC), Accounting and Auditing</i>, May 2007; • World Bank (Report no 39251 HO), <i>Public expenditure Review</i> (in two volumes), November 19, 2007; <p>(*) With diagnostics on decentralization and public enterprises</p>

6.2 Does the government have a multi-year programme of diagnostic instruments supported by its development partners?	<ul style="list-style-type: none"> • Not officially. However the PEFA instrument is considered a valid instrument that can be used on a regular basis to assess progress in PFM performance (as a result of implementing PFM reforms)
6.3 What is the role of government counterparts in developing and carrying out PFM assessments?	<ul style="list-style-type: none"> • The Government has been proactive in participating in PFM assessments. The initiative to develop and to carry out PFM assessments has always come from development partners and in the case of PEFA as a result of a direct request from Government
6.4 Is there any evidence of a reduction (a) in the number of diagnostic tools and, (b) overlaps in PFM diagnostics since the introduction of the Strengthened Approach? List and attempt to identify trends – less/more; use of drill drill-downs; more	<ul style="list-style-type: none"> • Prior to 2007: CFAA (2004), CPAR (2005), PEFA Report (2006), ROSC, accounting and auditing (2007), PER (2007); • After 2006 refer to 6.1
6.5 For each PFM Diagnostic delivered between 2007– 2010, what was the trigger (e.g. part of multi-year programme, trigger for GBS programme, part of reform project, or input to the preparation of the project)?	<ul style="list-style-type: none"> • The trigger was simply interest by the Government (supported by the development partners) to have a clearer picture on PFM performance as a result of reforms. At the same time there was a need to further identify potential weaknesses/inefficiencies in the PFM system.
6.6 Is there any evidence of synergies between the different assessment tools used e.g. one feeding into another or one decided as a drill-down following a PEFA assessment.	<ul style="list-style-type: none"> • Government recognizes the value and the usefulness of the diagnostic tools such as the CFAA, ROSC and particularly PEFA. The CFAA was used to orientate PFM reforms. It is too early to determine how the PEFA will be used.

7. Documentary Evidence

DFID, ASDI, AECI, IDB, GTZ, UNDP, USAID, *Strengthening performance accountability in Honduras: Institutional governance review* (in two volumes), March 3 2009 (*);

PEFA *Elaboración de un marco de Referencia para la Medición del Desempeño en Materia de Gestión de las Finanzas Públicas*, informe final (1 de abril 2009)

World Bank, *Country Assistance Strategy, Progress Report*, May 8, 2008

World Bank and IMF (Report no 43055), *Report on the Observance of Standards and Codes (ROSC), Accounting and Auditing*, May 2007;

World Bank (Report no 39251 HO), *Public expenditure Review* (in two volumes), November 19, 2007; (*) With diagnostics on decentralization and public enterprises

8. Persons Consulted

Alejandra Tome Casaca – Ministry of Finance

Jose F. Herrera – Ministry of Finance

Jose Rezk – World Bank

Belinda Perez Rincon – Inter American Development Bank

MADAGASCAR

<p>Summary Overview of Impact</p>	<ul style="list-style-type: none"> • <i>A de facto</i> (unconstitutional) Government resulting from a <i>coup</i> is running the country since April 2009. As a result of the <i>coup</i> bilateral and multilateral cooperation has been suspended. • Because of the political situation the present Country Impact Note covers the period 2006-2007 through April 2009. • The last PEFA exercise (February-March 2008) was a joint effort of the World Bank and the African Development Bank. It was supported by other DPs and by the Government (and considered a success by both). • Both Government and DP used the results of the PEFA exercise: Government to revise its Priority Action Plan for PFM Reforms (PAP); DPs (particularly those involved in Budget Support) were better informed on the level of performance of PFM systems, and at the same time, improved their dialogue with the Government on PFM issues. • PEFA indicators used in the 2011 Budget performance fiches with goals for 2011-2013.
<p>1. Background on the PEFA Assessment</p>	
<p>1.1 When was the PEFA undertaken (TORs issued, consultants started work, field visit begun/ended, draft report completed, final report completed)</p>	<ul style="list-style-type: none"> • TOR finalised December 2007. • Field mission to conduct assessment: second half February 2008. • Draft report prepared: end of March 2008 • Report finalised May 2008
<p>1.2 Institutional involvement of DPs:</p> <ul style="list-style-type: none"> ○ Lead donor(s) ○ Other donors ○ In what way were they expected to be involved pre-assessment ○ How were they involved in practice 	<ul style="list-style-type: none"> • The PEFA assessment (2008) was a joint initiative of the World Bank (lead donor) and the African Development Bank. • The WB financed three experts, two international consultants and one local consultant. The AfDB financed one international consultant. • The 5 DPs involved in Budget Support (WB, AfDB, EU, France and GTZ/Germany) represented the reference group for the Government for the 2008 PEFA.

<p>1.3 Institutional involvement of government:</p> <p>Pre-assessment institutional structure for involvement of government (apart from meetings): reference group? If so, who involved?</p> <p>Actual institutional structure for involvement of government during assessment</p>	<ul style="list-style-type: none"> • The Government provided its support through assistance in the logistics for the exercise and the creation of a focal point in the Ministry of Finance.
<p>1.4 What was the background to the origin of the PEFA assessment?</p>	<ul style="list-style-type: none"> • Donors involved in budget support (WB, AfDB, EU, France and Germany) and the Government were interested in finding out about progress in PFM performance between 2006 and 2008.
<p>1.5 Describe how PEFA was carried out (methodology), including whether or not there was pre-assessment workshop. Stand-alone or integrated assessment. Note differences between various assessments, if applicable.</p>	<ul style="list-style-type: none"> • Stand alone assessment following PEFA guidelines. There was no pre-assessment workshop.
<p>1.6 Current status of report(s) (e.g. draft, final)</p>	<ul style="list-style-type: none"> • Final
<p>1.7 Extent of public availability of PEFA report(s), e.g. on PEFA website, on Government website, published for public access, other.</p>	<ul style="list-style-type: none"> • The 2008 PEFA assessment is not publicly available. Authorization to publicize likely delayed by political events.
<p>1.8 What was the gap between the first and second assessment? Were there any significant changes to the process followed (consultant used, process of preparing assessment etc.)? Why?</p>	<ul style="list-style-type: none"> • The PEFA team for the second 2008 PEFA assessment had four experts (instead of three for the 2006) and the two main experts in 2008 were the same as in 2006 and this was undoubtedly an advantage. There were no other significant changes in the preparation process of the two assessments (2006 and 2008).
<p>1.9 Other background – describe the status of the PFM reform programme. Extent of government management/leadership of PFM reform programme</p>	<ul style="list-style-type: none"> • A "Priority Action Plan" (PAP) was drafted annually (from 2004 to 2008) with the assistance of the development partners to reinforce the PFM system. This guided the reform agenda. A monitoring and coordination unit was also created within the Ministry of Finance and Budget to implement and monitor the PFM reforms. Since the 2009 coup there has been little progress on PFM reforms, however all reforms up to that date continue to have an impact on PFM performance.
<p>1.10 Describe the nature and institutional structure of the government-donor dialogue on PFM</p>	<ul style="list-style-type: none"> • Up to 2009, Government DP dialogue was centred on the partnership agreement (<i>Cadre de Partenariat</i>) between the Government and the main donors involved in budget support (WB, AfDB, EU, France and Germany).

1.11 Describe the nature and institutional structure of the donor-donor dialogue on PFM	<ul style="list-style-type: none"> Up to 2009, the donor-donor dialogue was also centred on the partnership agreement (<i>Cadre the Partenariat</i>) where the main donors involved in budget support (WB, AfDB, EU, France and Germany) have exchange their opinion and debated on common issues. The Partnership Agreement outlined procedures and modalities for a multi partner approach to budget support. A common policy matrix was elaborated.
2. Government experience of the PEFA assessment	
2.1 What was government's view of the PEFA assessment, e.g. quality of the process, team, product and appropriateness of the results	<ul style="list-style-type: none"> The Government were happy with the quality of process and the Team. In addition the Government accepted the analysis of the PEFA exercise and the findings. The latter were integrated in Government work plans for 2008-2010 and for 2009 (see 7. below)
2.2 Describe level of government involvement in assessment process – who was involved, who led the process (involvement in management of process), how were they involved	<ul style="list-style-type: none"> The official government counterpart for the assessment was the Ministry of Finance and Budget (MFB) through the Secretary General of the Ministry. Officials of key entities (tax office, customs, budget, treasury, procurement, internal audit, control and CCPREAS⁵) interacted with the assessors providing information and documentation, and participated in the final debriefing meeting.
2.3 Government assessment of quality/strength of level of government involvement – (pre, during, post assessment)	<ul style="list-style-type: none"> As noted above, overall the Government was happy with its involvement in each stage of the exercise and particularly when the results were disseminated at the final debriefing meeting. The Government was also pleased with the results which showed and (overall) improvement in PFM performance (from the first PEFA Assessment in 2006).
3. DP experience of the PEFA assessment	
3.1 What was (individual) DP's view of the PEFA assessment, including quality of the process, team, product, appropriateness of the results	<ul style="list-style-type: none"> Overall DP's (WB, African DB, EU, France and Germany) view of the PEFA assessment (quality of the process, team, product, appropriateness of the results) was very positive.
3.2 Describe level of (relevant) DP involvement in assessment process – who was involved, who led the process (involvement in management of process), how were they involved	<ul style="list-style-type: none"> WB led the assessment process including quality control procedures. The AfDB participated actively in the process as well. EU and France showed great interest in the overall assessment process providing data and participating in the final debriefing meeting. Written comments on the draft report were provided by the WB, the EU and the PEFA Secretariat,
3.3 DP assessment of quality/strength of level of DP involvement – (pre, during, post assessment), including the level of DP-DP co-operation during the PEFA exercise	<ul style="list-style-type: none"> The joint assessment (i.e. by the WB and AfDB) was perceived as a key strength of the assessment process.

⁵ Cellule de Coordination des Projets de Relance Economique et d'Action Sociale.

3.4 DP motivations for supporting/leading PEFA assessment	<ul style="list-style-type: none"> As noted above the donors involved in budget support (WB, AfDB, EU, France and Germany) and the Government were interested in finding out about progress in PFM performance between 2006 and 2008.
4. Government use of PEFA post-assessment	
4.1 Circulation of PEFA post-assessment	<ul style="list-style-type: none"> The first PEFA of Madagascar (2006) was published on the PEFA website www.pefa.org. The 2008 assessment was not published, however it is available within the Government and main DPs interested in the assessment
4.2 Discussion of PEFA post-assessment	<ul style="list-style-type: none"> As indicated (2.1) PEFA results were used for the 3-year work plan 2008-2010 and for the annual work plan 2009. In addition the Government agreed officially on the 2008 joint DP <i>Aide Mémoire</i> based on the PEFA findings. The circular for 2011 budget execution (issued in December 2010) includes annual performance fiches (for 2011-2013) which explicitly refer to PEFA indicators.
4.3 Citations of PEFA post-assessment	<ul style="list-style-type: none"> The PEFA was quoted and used as a reference in the Government work plan for 2008-2010, and in the circular for the 2011 budget execution (December 2010).
4.4 What, if any, direct follow-ups to the PEFA have been carried out or are planned (e.g. follow up PEFAs), additional analyses, etc. What were the reasons for undertaking these.	<ul style="list-style-type: none"> Because of the political events of April 2009, no direct follow ups to the PEFAs have been carried out or are currently planned. However, the Government remains open to conducting an externally financed follow up assessment in the future.
4.5 What, if any, changes/activities have there been in the PFM reform programme since the PEFA assessment? Were these changes directly or indirectly related to the PEFA assessment? In what ways?	<ul style="list-style-type: none"> The Priority Action Plan for PFM reforms for 2009 and for 2008-2010 include several components referred to in the 2008 PEFA exercise. In any case the April 2009 political events have contributed to slow down/interrupt the reform process.
4.6 Describe any government institutionalisation of PEFA framework, e.g. decision to use PEFA in M&E of PFM system	<ul style="list-style-type: none"> However the Circular for the Execution of the 2011 Budget includes performance fiches which relate to PEFA indicators (for the period 2011-2013)⁶.
4.7 In stakeholder's view, what were main reasons for any successes/actions in following up/using PEFA	<ul style="list-style-type: none"> The PEFA was considered to be a successful exercise in terms of results and quality. Therefore it was considered the best reference for stakeholders as far as reforms and dialogue are concerned.

⁶ The PEFA Indicators are referred to in 2 Groups: the first 17 indicators (mainly budget preparation and execution) and a second group of 8 indicators (18-25); mainly controls and audits. Based on these 2 groups quantitative goals were established for the period 2011-2013; which are intended to improve overall performance of the PFM areas included in the 2 groups.

5. DP use of PEFA post-assessment	
5.1 Describe the circulation/ dissemination and citation of the report amongst DPs	<ul style="list-style-type: none"> The PEFA report (2008) is not accessible publicly but it has circulated freely among DP stakeholders.
5.2 What impact or follow-up activities (related to PFM support by DP) have resulted from the PEFA assessment (decisions by DP directly related to PEFA assessment), e.g. new PFM support projects being planned, decisions to/not to give support (e.g. budget support), reductions in PFM assessments	<ul style="list-style-type: none"> The DPs considered the 2008 PEFA as a very valid exercise. Following on from the assessment, of budget support, the 5 DP involved in budget support (WB, African Development Bank, EU, France and GTZ/Germany) drafted an <i>Aide-Mémoire conjoint</i>. This document included recommendations directly from the PEFA. The PEFA exercise was an element which corroborated the use of Budget Support by the DPs. In addition and as a result of the PEFA exercise, the EU strengthened its institutional support (strengthening of interventions related to internal and external control, support to the Treasury inspection brigade).
5.3 What activities which potentially lead to improvements in DP co-operation resulted from the PEFA assessment, e.g. plans to combine/consolidate PFM support/assistance, new institutional structures for DP-DP co-operation	<ul style="list-style-type: none"> Prior to the 2008 PEFA the DP cooperation was already very good among the 5 DP involved in budget support (5.2). The 2008 PEFA confirmed and corroborated this dialogue. As noted above the 5 DPs involved in budget support issued a joint 2008 <i>Aide Mémoire</i> with recommendations drawn directly from the PEFA.
5.4 Did the PEFA assessment lead to reductions in the number and/or nature of PFM assessments?	<ul style="list-style-type: none"> After the PEFA assessment (2008) no PFM assessments were carried out, primarily due to the political events of April 2009.
5.5 What activities which potentially lead to improvements in Government-DP co-operation/dialogue on PFM resulted from the PEFA assessment, e.g. new institutional structures for Government-DP co-operation on PFM	<ul style="list-style-type: none"> The Government was involved at every stage of the "<i>Cadre de Partenariat budgétaire</i>" process, including the 2008 PEFA related <i>Aide-Mémoire</i>.
5.6 For DP stakeholder, is PEFA sufficient for PFM assessment? What could it replace? What can it not replace?	<ul style="list-style-type: none"> Overall the DPs considered the PEFA exercise useful. However they consider that the issue of fiduciary risk is an important issue which was not addressed during the exercise. They have mostly focused (EU in particular) on strengthening the external control (<i>Cour des Comptes</i> and Parliament), as well as supporting the operationalisation of the "<i>Conseil de Discipline Budgétaire et Financier</i>" (CDBF).
5.7 Describe any DP institutionalisation of PEFA framework, e.g. decision to use PEFA as fiduciary assessment.	<ul style="list-style-type: none"> No decision has been taken in this sense because of the April 2009 political events.

6. General Background

<p>6.1 Identify PFM diagnostics undertaken between 2007 -10.</p>	<ul style="list-style-type: none">• PEFA <i>Repeat Assessment</i> (March 2008)
<p>6.2 Does the government have a multi-year programme of diagnostic instruments supported by its development partners?</p>	<p>No</p>
<p>6.3 What is the role of government counterparts in developing and carrying out PFM assessments?</p>	<ul style="list-style-type: none">• The GOM counterparts were very active during the last PEFA assessment. They provided all the information needed and they actively participated in the final workshop where the preliminary results of the assessment were presented.
<p>6.4 Is there any evidence of a reduction (a) in the number of diagnostic tools and, (b) overlaps in PFM diagnostics since the introduction of the Strengthened Approach? List and attempt to identify trends – less/more; use of drill drill-downs; more</p>	<ul style="list-style-type: none">• Besides the PEFA repeat assessment (2008) and a previous PEFA assessment (2006) there has not been any use of any other diagnostic tool (in the period 2007-2010)
<p>6.5 For each PFM Diagnostic delivered between 2007– 2010, what was the trigger (e.g. part of multi-year programme, trigger for GBS programme, part of reform project, or input to the preparation of the project)?</p>	<ul style="list-style-type: none">• The last PEFA assessment was triggered by the main development partners involved in budget support (World Bank and African development Bank, EU, France and Germany) in order for these partners to assess the effectiveness of this support.
<p>6.6 Is there any evidence of synergies between the different assessment tools used e.g. one feeding into another or one decided as a drill-down following a PEFA assessment.</p>	<ul style="list-style-type: none">• Overall there is a consensus that Public Expenditure reviews (PER) are still needed in addition to PEFA exercises. At the same time it is also believed that the PEFA instrument cannot be replaced.

7. Documentary Evidence

- PEFA *Repeat Assessment* (March 2008)
- **Banque Mondiale, Banque Africaine de Développement. Commission Européenne, France République Fédérale d'Allemagne, *Aide Mémoire Mission conjointe en Appui Budgétaire*, octobre 2008 ;**
- **Ministère des Finances, Secrétariat Général, *Plan d'Actions prioritaires 2008-2010*;**
- **Ministère des Finances, Secrétariat Général, *Plan d'Actions prioritaires 2009*;**
- **Ministère des Finances, *Circulaire (004), Exécution au titre du budget de 2011 (Budgets général, budgets annexes, opérations comptes particuliers trésor)*, 139 pages 24 décembre 2010 ;**
- International monetary Fund (IMF), *Republic of Madagascar: Poverty Reduction Strategy Paper Annual Progress Report for 2007 and First Semester of 2008*, IMF Country report No.09/10, January 2009;
- International monetary Fund (IMF), *Republic of Madagascar: Poverty Reduction Strategy Paper Annual Progress Report— Joint Staff Advisory Note*, Joint Staff Advisory Note, IMF Country report No.09/11, January 2009.

Documents in **bold** indicate those in which Madagascar PEFA Assessments are explicitly cited.

8. Persons Consulted

Charlotte Adriaen – European Union
Johnson Andrianirina Ministry of Finance and Budget
Dieudonne Dandriamanampis – World Bank
Orlando Robimanana – Ministry of Finance and Budget
Serge Mihailov – European Union

MOLDOVA

<p>Summary Overview of Impact</p>	<ul style="list-style-type: none"> • 2008 PEFA Assessment was felt to be a useful exercise; the Government took a leadership role and put a lot of resources into preparing a high-quality self assessment. The 2008 results confirmed the progress made in PFM reforms in Moldova and it was extensively used as a monitoring tool for the World Bank’s public finance project. • The PEFA Framework has not been fully institutionalised. The Government may see the Framework as a donor instrument; as part of the requirements for continued budget support. • Despite some efficiencies in using the Assessment as common information pool (e.g. in conducting fiduciary assessments) there is also evidence of multiple and overlapping broad diagnostic tools being conducted during the period. This creates duplicative processes and additional transaction costs for the Government.
<p>1. Background on the PEFA Assessment</p>	
<p>1.1 When was the PEFA undertaken (TORs issued, consultants started work, field visit begun/ended, draft report completed, final report completed)</p>	<ul style="list-style-type: none"> • Moderated self assessment undertaken by the Government with support of DPs. • The first fact finding mission took place in April 2008, led by the World Bank and including two international consultants. • A draft report was circulated in May 2008 and received comments from the Government of Moldova, its development partners and the PEFA Secretariat. • The draft and comments formed the basis for discussions during the second mission in June 2008 and a workshop in Chisinau on 5th June 2008. • The final report is dated July 2008.
<p>1.2 Institutional involvement of DPs:</p> <ul style="list-style-type: none"> ○ Lead donor(s) ○ Other donors ○ In what way were they expected to be involved pre-assessment ○ How were they involved in practice 	<ul style="list-style-type: none"> • Lead Donor – World Bank • Financed by World Bank and DFID • Representatives of broader group of donors attended a launch workshop at the start of the mission and a separate meeting of the donors was held at the start of the second mission to discuss the draft report.

<p>1.3 Institutional involvement of government:</p> <p>Pre-assessment institutional structure for involvement of government (apart from meetings): reference group? If so, who involved?</p> <p>Actual institutional structure for involvement of government during assessment</p>	<ul style="list-style-type: none"> • A working group was established in the MOF, chaired by the Deputy Minister of Finance. The Agencies (procurement, tax, audit) were engaged in the process including participation in the self assessment. • Management team of Ministry of Finance had experience from the 2006 PEFA process and prepared a good quality self assessment prior to the first mission. There were fewer discussions on methodological issues than during the 2006 assessment primarily as a result of the MOF team's increased familiarity with the PEFA Framework.
<p>1.4 What was the background to the origin of the PEFA assessment?</p>	<ul style="list-style-type: none"> • The goal was to update the 2006 PEFA assessment based on 2005-2007 data and integrating the Framework into the results framework for the PFM project launched in early 2006.
<p>1.5 Describe how PEFA was carried out (methodology), including whether or not there was pre-assessment workshop. Stand-alone or integrated assessment. Note differences between various assessments, if applicable.</p>	<ul style="list-style-type: none"> • The government conducted its own self assessment using the PEFA Guidelines prior to the first visit. Scores were kept private until the consultants prepared their own scores and then compared/adjusted the scoring. • The assessment was carried out by a team of two international and two local consultants over two visits. • No pre-assessment workshop. • Standalone assessment prepared.
<p>1.6 Current status of report(s) (e.g. draft, final)</p>	<ul style="list-style-type: none"> • The Report is Final – dated July 2008. • Agreed with the Government.
<p>1.7 Extent of public availability of PEFA report(s), e.g. on PEFA website, on Government website, published for public access, other.</p>	<ul style="list-style-type: none"> • Both the 2006 and 2008 PEFA Assessment are available on the PEFA Website. There is a link on the Ministry of Finance website however when this was tested (5 October 2010) it did not open.
<p>1.8 What was the gap between the first and second assessment? Were there any significant changes to the process followed (consultant used, process of preparing assessment etc.)? Why?</p>	<ul style="list-style-type: none"> • First assessment published June 2006; Repeat assessment published July 2008 – 25 months. • Core consulting Team (2 international and one local consultant) participated in the 2006 assessment. • Process of preparing the assessment was broadly similar although the upfront inputs of the government team insured that less time was spent discussing methodological issues. • The repeat assessment included a section tracking movements in the scores between the 2006 and 2008 assessment.

<p>1.9 Other background – describe the status of the PFM reform programme. Extent of government management/leadership of PFM reform programme.</p>	<ul style="list-style-type: none"> • The Ministry of Finance is implementing a public finance management reform program with the support of the World Bank and other donors. • The main instrument is the World Bank public finance project launched in early 2006. The project covers strengthening budget, planning and execution methodologies, introducing a modern integrated financial management information system, supporting the establishment of the government internal audit function and developing in-country training capacity. A targeted program to strengthen the institutional capacity of the Court of Accounts (SAI) was put in place. • The Bank project is due to finish in 2010.
<p>1.10 Describe the nature and institutional structure of the government-donor dialogue on PFM</p>	<ul style="list-style-type: none"> • The dialogue between the government and the donors (principally EC and WB) is positive. There is a Steering Committee managing the WB project however the country lacks a government/donor group. Perhaps this is not a serious shortfall given the small number of active donors in Moldova. •
<p>1.11 Describe the nature and institutional structure of the donor-donor dialogue on PFM</p>	<ul style="list-style-type: none"> • World Bank have taken the technical lead in Moldova. • While there is no formal institutional structure for DP-DP dialogue all donors seem to regard the consultative arrangements to be proportionate for the size of the country.
<p>2. Government experience of the PEFA assessment</p>	
<p>2.1 What was government’s view of the PEFA assessment, e.g. quality of the process, team, product and appropriateness of the results</p>	<ul style="list-style-type: none"> • The Government were reportedly satisfied with the process and the quality of the product. Government were expecting positive results through the PFM reports and these were supported by the Assessment (10 improved scores and 2 deteriorated scores).
<p>2.2 Describe level of government involvement in assessment process – who was involved, who led the process (involvement in management of process), how were they involved</p>	<ul style="list-style-type: none"> • Government conducted a self assessment with very limited guidance from the consulting team prior to the field mission. • Lead specialists met with consulting team to clarify and discuss scores. • The draft reports and detailed government comments formed the basis for discussions during the second mission. • Assessment was led by Aid Coordination Unit and implemented by the Ministry of Finance.
<p>2.3 Government assessment of quality/strength of level of government involvement – (pre, during, post assessment)</p>	<ul style="list-style-type: none"> • The Government was reported to be content with the process appropriateness of scores related to Government performance. • In 2009 the MOF also conducted an internal self assessment using PEFA methodology to update their understanding on PFM Performance using indicators PI 1 to PI 12.

3. DP experience of the PEFA assessment	
3.1 What was (individual) DP's view of the PEFA assessment, including quality of the process, team, product, appropriateness of the results	<ul style="list-style-type: none"> Main DPs in PFM were satisfied with the process and appropriateness of the results.
3.2 Describe level of (relevant) DP involvement in assessment process – who was involved, who led the process (involvement in management of process), how were they involved	<ul style="list-style-type: none"> As indicated above DPs were involved in funding consultants (World Bank, DFID) and as observers and participants in the workshops (DFID, SIDA, World Bank, IMF and EC). World Bank managed the process, including the review by the PEFA Secretariat.
3.3 DP assessment of quality/strength of level of DP involvement – (pre, during, post assessment), including the level of DP-DP co-operation during the PEFA exercise	<ul style="list-style-type: none"> There are few donors operating in Moldova. As a result donor coordination was less of an issue than in other countries/regions. DPs with an interest in PFM issues (DFID, EC and SIDA worked closely with the WB throughout the process.
3.4 DP motivations for supporting/leading PEFA assessment	<ul style="list-style-type: none"> World Bank reported that it required the PEFA Assessment as an input into the mid-term review of their PFM project. Government and World Bank also anticipated some improvements in PFM performance which would be reflected in the scoring.
4. Government use of PEFA post-assessment	
4.1 Circulation of PEFA post-assessment	<ul style="list-style-type: none"> Circulation of the report appears to have limited to the main stakeholders involved in the PEFA (those in the Government's working group). Reports on the 2006 and 2008 assessments were made public on the webpage of the Ministry of Finance.
4.2 Discussion of PEFA post-assessment	<ul style="list-style-type: none"> Seems to have been very limited discussion of the report post assessment.
4.3 Citations of PEFA post-assessment	<ul style="list-style-type: none">
4.4 What, if any, direct follow-ups to the PEFA have been carried out or are planned (e.g. follow up PEFA's), additional analyses, etc. What were the reasons for undertaking these.	<ul style="list-style-type: none"> Follow up assessment planned for 2011, however this seems to be driven more by donors than government. Officially no decision taken on the institutionalisation of PEFA.

<p>4.5 What, if any, changes/activities have there been in the PFM reform programme since the PEFA assessment? Were these changes directly or indirectly related to the PEFA assessment? In what ways?</p>	<ul style="list-style-type: none"> • Direct impact of PEFA: The results of the donor reporting indicators (D1-D3) were poor and it is reported that the DPs are working to improve • No direct evidence that PEFA assessment results have influenced the Government's reform program. However selected indicators were incorporated into the revised Results Matrix during the PFM Project Joint MTR.
<p>4.6 Describe any government institutionalisation of PEFA framework, e.g. decision to use PEFA in M&E of PFM system</p>	<ul style="list-style-type: none"> • See 4.5 above assessment is an input to the Joint MTR of the PFM Project.
<p>4.7 In stakeholder's view, what were main reasons for any successes/actions in following up/using PEFA</p>	<ul style="list-style-type: none"> • Quality of the tool. • Government ownership. • The PEFA Assessment tool could be used both as an assessment and internal management tool by the Government. The internal system of indicators might be different, but the concept is useful and timely.
<p>5. DP use of PEFA post-assessment</p>	
<p>5.1 Describe the circulation/ dissemination and citation of the report amongst DPs</p>	<ul style="list-style-type: none"> • PEFA has been circulated widely to the main PFM donors. • PEFA scores were used in the Results Framework prepared as part of the PFM Project Mid Term Review. • Used by donors in preparation of fiduciary assessments (e.g. FRA/ASP and EC Annual Review of PFM Arrangements). • One citation in the OECD Review of Budget Processes.
<p>5.2 What impact or follow-up activities (related to PFM support by DP) have resulted from the PEFA assessment (decisions by DP directly related to PEFA assessment), e.g. new PFM support projects being planned, decisions to/not to give support (e.g. budget support), reductions in PFM assessments</p>	<ul style="list-style-type: none"> • Limited coordination activities related to the PEFA Assessment, in part because of the limited number of donors and because the World Bank's PFM project plays a focal coordinating point for PFM.
<p>5.3 What activities which potentially lead to improvements in DP co-operation resulted from the PEFA assessment, e.g. plans to combine/consolidate PFM support/assistance, new institutional structures for DP-DP co-operation</p>	<ul style="list-style-type: none"> • WB's umbrella project is the current focal point for coordination on PFM. • One tangible outcome of the PEFA assessment was a recognition on the part of the donors that their performance on donor practices needed to improve (D1 – D+; D2 – D+ & D3 – D). The donors have been addressing this issue and better scores are anticipated for the next assessment.

<p>5.4 Did the PEFA assessment lead to reductions in the number and/or nature of PFM assessments?</p>	<ul style="list-style-type: none"> • Some evidence use of PEFA as basis of fiduciary assessments. PFM assessments. • Two broad based assessment conducted in 2010 (i.e. the OECD Review of Budget Processes and ECFIN Operational Assessments); neither of which seem to have placed reliance on the common data set generated by the PEFA Assessment. • Whilst the PEFA Assessment provides a broad based PFM assessment; separate missions continue to be fielded, including the EC looking to assess the conditions for possible budget support and sector budget support.
<p>5.5 What activities which potentially lead to improvements in Government-DP co-operation/dialogue on PFM resulted from the PEFA assessment, e.g. new institutional structures for Government-DP co-operation on PFM</p>	<ul style="list-style-type: none"> • Main Govt-DP dialogue on PFM is through the PFM project. • EC will require a PEFA update in mid 2011 as a pre-condition for GBS. This is a little early for the WB (who require it for project monitoring) however the process will be coordinated in order to meet both institutions objectives.
<p>5.6 For DP stakeholder, is PEFA sufficient for PFM assessment? What could it replace? What can it not replace?</p>	<ul style="list-style-type: none"> • Useful for snap shot of PFM system – further (more detailed) analysis needed for Sector Budget Support and individual PFM elements. • PEFA necessary but not sufficient for fiduciary risk assessments by some donors.
<p>5.7 Describe any DP institutionalisation of PEFA framework, e.g. decision to use PEFA as fiduciary assessment.</p>	<ul style="list-style-type: none"> • As indicated above, prior to the PEFA, the main donors providing budget support discussed the use of PEFA assessments as the basis for their fiduciary assessments, although this objective was de-linked from the actual PEFA assessment itself. • Since the PEFA, donors appear to be citing the PEFA scores in their fiduciary assessments but nonetheless still fielding separate teams.

6. General Background

<p>6.1 Identify PFM diagnostics undertaken between 2007 -10.</p>	<ul style="list-style-type: none"> • PEFA Update – July 2008 • Debt Management Performance Assessment (DeMPA) – April 2008 • Assessment of National Procurement Systems (October 2008) - MAPS Methodology – Funded by UNDP. • DFID Fiduciary Risk Assessment (September 2008) and Annual Statement of Progress (Nov 2009) • PER – in progress - to be completed by the end of 2010. • OECD Working Party of Senior Budget Officials (2010) • EC DG-FIN – Operational Assessment (2010)
<p>6.2 Does the government have a multi-year programme of diagnostic instruments supported by its development partners?</p>	<ul style="list-style-type: none"> • No multi-year programme of PFM diagnostic instruments.
<p>6.3 What is the role of government counterparts in developing and carrying out PFM assessments?</p>	<ul style="list-style-type: none"> • There have been a limited number of PFM diagnostics in recent years. Government involvement in PEFA assessment is discussed above. Key government counterparts interviewed for the Operational Assessment and OECD Review (both one week missions).
<p>6.4 Is there any evidence of a reduction (a) in the number of diagnostic tools and, (b) overlaps in PFM diagnostics since the introduction of the Strengthened Approach? List and attempt to identify trends – less/more; use of drill drill-downs; more</p>	<ul style="list-style-type: none"> • No significant evidence of a reduction in PFM Diagnostics. Recent OECD and EC diagnostics are broad based and do not seem to have placed significant reliance on PEFA methodology. • PEFA may have resulted in more efficient execution of fiduciary diagnostics. • Newer drill-down diagnostics conducted for procurement and debt management. • A repeat assessment will be conducted in 2011 as an input to a multi-annual PFM strategy.

<p>6.5 For each PFM Diagnostic delivered between 2007 – 2010, what was the trigger (e.g. part of multi-year programme, trigger for GBS programme, part of reform project, or input to the preparation of the project)?</p>	<ul style="list-style-type: none"> • 2008 – PEFA - trigger was WB/GOM need to monitor progress on the Bank’s PFM Project which was coming up to its Mid Term Review. • 2008 - DePAR – prepared at request of Government. • 2010 - OECD Working Party of Senior Budget Officials – Review of Budget Processes (draft) 2010 - OECD paper was a peer learning exercise carried out as part of the work programme of the OECD Working Party of Senior Budget Officials. Budget reviews serve as a basis for examination of a country’s budget institutions by the Network in its annual meetings, and enable the participants to discuss the budget procedures of a country in depth. • 2010 – EC DG-FIN Operational Assessment of the administrative procedures and financial circuits of organisations involved in the macro-financial assistance (MFA) in order to ensure that the beneficiary countries of MFA maintain a sufficient control environment (“framework for sound financial management”). This was determined by assessing the following areas: Budget preparation; Budget execution; Procurement procedures; Cash and debt management; Public Internal Financial Control; External audit capacity; and Central Bank (August 2010)
<p>6.6 Is there any evidence of synergies between the different assessment tools used e.g. one feeding into another or one decided as a drill-down following a PEFA assessment.</p>	<ul style="list-style-type: none"> • DFID FRA followed FRA guidelines and used the 2008 PEFA as the basis of the Assessment. • DeMAR and PEFA conducted at the same time (2008) however the two exercises had not been linked although the two teams shared information during their missions.

7. Documentary Evidence

- Republic of Moldova Public Expenditure and Financial Accountability Assessment Public Financial Management Performance Report - July 2008
- **Mid Term Review of Public Financial Management Project – December 2008**
- **Debt Management Performance Assessment (DeMPA) – April 2008**
- **Moldova Fiduciary Risk Assessment For DFID - 18 September 2008**
- **DFID Annual Statement of Progress – November 26 2009**
- OECD Working Party of Senior Budget Officials – Review of Budget Processes (draft) 2010

Documents in bold indicate those in which Moldova's PEFA Assessments are explicitly cited.

8. Persons Consulted

Vasile Bulicanu - MOF

Oleg Hirbu – EU

Elena Nikulina – World Bank

Alla Skvortova – DFID

MOZAMBIQUE

Summary Overview of Impact	<ul style="list-style-type: none"> • PEFA Framework has been institutionalised as a common information pool for government and development partners. Expansion of the Framework into SNG and Sectors (the latter an adaptation of the methodology). • Strong government-DP partnership in PFM and well organized collaboration in the PEFA Assessment. • Despite strong DP cooperation and agreement to use PEFA assessments as a common pool of reference, assessments appear to be being undertaken outside common arrangements. • PEFA is seen as a useful snap shot of PFM systems. Results may have some indirect impact on reform agenda and partially reduce transaction costs of DP fiduciary diagnostics.
1. Background on the PEFA Assessment	
1.1 When was the PEFA undertaken (TORs issued, consultants started work, field visit begun/ended, draft report completed, final report completed)	<ul style="list-style-type: none"> • TORS: Not available to the Study • Field Visit: 8th to 26th October 2007. • Draft Report: Date Unknown • Final Report: February 2008 (100 pages including Annexes).
1.2 Institutional involvement of DPs: <ul style="list-style-type: none"> ○ Lead donor(s) ○ Other donors ○ In what way were they expected to be involved pre-assessment ○ How were they involved in practice 	<ul style="list-style-type: none"> • Lead Donors: Switzerland and Norway • Other Donors: None explicitly involved in undertaking the assessment; although it was reviewed by several of the Programme Aid Partners. • Institutional Involvement: involvement on Steering Committee; provide financing, consulted during the exercise and involvement in stakeholder workshops.
1.3 Institutional involvement of government: <p>Pre-assessment institutional structure for involvement of government (apart from meetings): reference group? If so, who involved?</p> <p>Actual institutional structure for involvement of government during assessment</p>	<ul style="list-style-type: none"> • A Technical Committee was established, with membership from MOF and MPD. This Committee met on a weekly basis during the field phase of the exercise to discuss the results generated by the consultancy team. • A Steering Committee was established (consisting of senior managers of the MOF and MPD and 2 DP representatives (Switzerland and Norway). • Steering Committee coordinated comments on the first draft of the Report (in Portuguese) and second draft (in English) from the PEFA Secretariat in Washington DC.

<p>1.4 What was the background to the origin of the PEFA assessment?</p>	<ul style="list-style-type: none"> • Repeat assessment based on period up to the end of the 2006 budget cycle. • PEFA process is a joint commitment of Govt. And DPs; driven by a desire to reduce transaction costs caused by large number of fiduciary and other PFM assessment carried out.
<p>1.3 Describe how PEFA was carried out (methodology), including whether or not there was pre-assessment workshop. Stand-alone or integrated assessment. Note differences between various assessments, if applicable.</p>	<ul style="list-style-type: none"> • The PEFA was undertaken as a stand alone assessment, with the close cooperation of the government and DPs. • Repeat included detailed tracking of scores between the 2006 and 2008 Assessments. • Govt noted that more ownership of the PEFA process for the repeat assessment. First assessment was more donor driven. By 2007-2008 the credibility of the tool as an international benchmark of PFM performance was better understood by government officials.
<p>1.4 Current status of report(s) (e.g. draft, final)</p>	<ul style="list-style-type: none"> • First version of the Final Report – February 2008
<p>1.5 Extent of public availability of PEFA report(s), e.g. on PEFA website, on Government website, published for public access, other.</p>	<ul style="list-style-type: none"> • Posted on the Government website. • Not published on PEFA website.
<p>1.6 What was the gap between the first and second assessment? Were there any significant changes to the process followed (consultant used, process of preparing assessment etc.)? Why?</p>	<ul style="list-style-type: none"> • First assessment published March 2006 (gap 23 months). • See 1.3 above. • Repeat assessment was prepared by four consultants including 2 of the consultants who conducted the initial assessment (including the same lead international consultant).

1.7 Other background – describe the status of the PFM reform programme. Extent of government management/leadership of PFM reform programme.

- Following the approval of the SISTAFE reform package, since the early 2000s the weight of PFM reform in Mozambique has gradually shifted away from these more conceptual and strategic issues regarding the Mozambican PFM framework, and concerns over the allocation of budget resources to priority areas. Instead, it has focused on financial administration considerations in the spheres of budget execution, accounting and control, as well as on developing the instruments required to make the new Mozambican PFM architecture defined in SISTAFE effective.
 - Specific PFM reforms currently under way include:
 - IFMS (known as e-SISTAFE)
 - Single Treasury Account
 - Internal/external controls
 - Decentralisation within the broader public sector reform programme
- Government management of PFM reform programme is managed by a Technical Unit under the Ministry of Finance (Technical Unit for the Reform of State Financial Administration, or UTRAFE) and is supported by the Programme Aid Partners. Its role is to manage the reform programme and to channel DPs' contributions to these reforms.
- The Government developed a Strategic Public Finance Management Vision (2010-2020).

<p>1.8 Describe the nature and institutional structure of the government-donor dialogue on PFM</p>	<ul style="list-style-type: none"> • Centred on strong PFM DP group in the form of the G-19 group of countries (PAP). Basis of strong government-donor co-operation, which preceded the PEFA (e.g. PAP, information on donor disbursements – ODAMoz, etc). This is supported by an extensive network of sector-level working groups, several taskforces set up to address specific issues, project management units or SWAp arrangements. • The dialogue is structured around: (i) the PARPAII (GoM’s PRSP); (ii) the annual Performance Assessment Frameworks (PAF), which indicate the activities to be accomplished and provide a results-based monitoring matrix; and (iii) the joint Government-PAP annual reviews of PFM performance which review progress on the PAFs and revise them accordingly. • With the emergence and consolidation of direct general budget support and other programmatic aid modalities in Mozambique, donor-government dialogue, including dialogue regarding PFM issues, has increasingly been articulated since the early 2000s around the mechanisms developed between the government and donor agencies providing programmatic aid (PAP) to regulate aid practices under this type of aid modality. These mechanisms include the PAP-GOM MoU, the Performance Assessment Framework PAF monitoring and evaluation matrix, the annual Joint Review and mid-year Review mechanisms or the numerous working groups set up under this aid framework. • A significant part of these joint GOM-PAP institutional spin-offs associated to the GBS program in Mozambique have been developed around ongoing discussions and reforms in the sphere of public financial management. For instance, several joint working groups have been established under this framework to deal with PFM related issues, including specific groups for SISTAFE implementation, bringing aid on budget, internal audit and one formed by donor agencies that support reform initiatives and capacity building efforts in the Administrative Tribunal.
<p>1.9 Describe the nature and institutional structure of the donor-donor dialogue on PFM</p>	<ul style="list-style-type: none"> • The Development Partner Group consists of the heads of mission in Mozambique of bilateral donors, the UNDP, and the international financial institutions. This is slightly wider than the members of the Programme Aid Partners (PAP), or the G-19, as it also includes those members who are observers to the PAP (including the IMF, the US, the UN, and Japan).

2. Government experience of the PEFA assessment	
2.1 What was government's view of the PEFA assessment, e.g. quality of the process, team, product and appropriateness of the results	<ul style="list-style-type: none"> • 2008 exercise was well organized and the team were professional. There was a transparent process of addressing comments of the government, which they felt were adequately reflected in the final report. • Results were appropriate. The Government felt some of the scores in 2006 were a little harsh. Scoring also seemed to reflect anticipated improvements in the accounting and budgeting systems between the two assessments.
2.2 Describe level of government involvement in assessment process – who was involved, who led the process (involvement in management of process), how were they involved	<ul style="list-style-type: none"> • The assessment process was managed through the Technical and Steering Committees. • Institutionally the <i>Inspecção Geral de Finanças</i> managed the Government's inputs into the Assessment process.
2.3 Government assessment of quality/strength of level of government involvement – (pre, during, post assessment)	<ul style="list-style-type: none"> • Through the Steering Committee the government stakeholders seemed to be satisfied with the level of participation in the process.
3. DP experience of the PEFA assessment	
3.1 What was (individual) DP's view of the PEFA assessment, including quality of the process, team, product, appropriateness of the results	<ul style="list-style-type: none"> • The overall quality of the Report was good – better than the first assessment. It was the same consulting team as for the first assessment – they had built confidence of the government and DPs. Training was provided to the government prior to the assessment mission, which allowed the consulting team to be more focused on evidence gathering rather than explaining the methodology. In general results were appropriate – some DPs wondered whether there was enough triangulation of results – some of the individual scores looked overly positive.
3.2 Describe level of (relevant) DP involvement in assessment process – who was involved, who led the process (involvement in management of process), how were they involved	<ul style="list-style-type: none"> • DPs represented on the Steering Committee (Norway and Switzerland). • DP involvement throughout the process (concept, TORS, approval/comments of DPs and PEFA SEC, training and workshops).
3.3 DP assessment of quality/strength of level of DP involvement – (pre, during, post assessment), including the level of DP-DP co-operation during the PEFA exercise	<ul style="list-style-type: none"> • See 3.1 and 3.2. • G19 are well organized in Mozambique. DPs contented with level and depth of involvement in the PEFA process.

<p>3.4 DP motivations for supporting/leading PEFA assessment</p>	<ul style="list-style-type: none"> • DPs needed a strong assessment tool to evaluate PFM systems • PEFA is an internationally recognised tool – started using the PEFA methodology based on early drafts in 2004 – before the methodology was finalised. • Strong motivation for some of the MDDBS DPs to be involved as they were sponsoring organizations of the PEFA Program. • DPs noted short lead time of completion of the PEFA assessment as a positive aspect of the process.
<p>4. Government use of PEFA post-assessment</p>	
<p>4.1 Circulation of PEFA post-assessment</p>	<ul style="list-style-type: none"> • Copies of the PEFA Assessment were circulated widely in Government and made available to civil society groups.
<p>4.2 Discussion of PEFA post-assessment</p>	<ul style="list-style-type: none"> • The Treasury was in charge of gathering information on actions to be undertaken by specific institutions. These actions were incorporated into the Government’s Strategic Public Finance Management Vision.
<p>4.3 Citations of PEFA post-assessment</p>	<ul style="list-style-type: none"> • PEFA has been cited in DP Fiduciary Assessments however none of the PIs are incorporated in the Performance Assessment Framework for PFM (2007-2009). • PEFA assessment included in the Strategic Public Financial Management Vision (2010-2020).
<p>4.4 What, if any, direct follow-ups to the PEFA have been carried out or are planned (e.g. follow up PEFAs), additional analyses, etc. What were the reasons for undertaking these.</p>	<ul style="list-style-type: none"> • The Government and DPs are about to commence a repeat PEFA assessment in late 2010. • The Government and DPs prepared an assessment of the Health Sector; based on an adaption of the PEFA methodology (published in April 2009). This was financed by the Swiss Development Cooperation (SDC) on behalf of the Co-operation Partners (CPs) and coordinated by a joint Ministry of Health/Development Partners’ Reference Group set up for this purpose. • An assessment of SNG; using the PEFA methodology was published in December 2009.
<p>4.5 What, if any, changes/activities have there been in the PFM reform programme since the PEFA assessment? Were these changes directly or indirectly related to the PEFA assessment? In what ways?</p>	<ul style="list-style-type: none"> • The Government developed Vision/Strategy based in part on the last PEFA Assessment. This has yet to be operationalised as a program of actionable activities. Without a program there are question marks over how well PFM TA is being coordinated.
<p>4.6 Describe any government institutionalisation of PEFA framework, e.g. decision to use PEFA in M&E of PFM system</p>	<ul style="list-style-type: none"> • PEFA is not being used as an M and E tool. It is a useful consolidated snap shot of performance of the PFM system.
<p>4.7 In stakeholder’s view, what were main reasons for any successes/actions in following up/using PEFA</p>	<ul style="list-style-type: none"> • Government involvement in all aspects of the assessment process. Process was transparent and inclusive. • Quality of the consulting team.

5. DP use of PEFA post-assessment	
5.1 Describe the circulation/ dissemination and citation of the report amongst DPs	<ul style="list-style-type: none"> • The PEFA Assessment was circulated to all DPs, most of whom attended dissemination seminar as well.
5.2 What impact or follow-up activities (related to PFM support by DP) have resulted from the PEFA assessment (decisions by DP directly related to PEFA assessment), e.g. new PFM support projects being planned, decisions to/not to give support (e.g. budget support), reductions in PFM assessments	<ul style="list-style-type: none"> • The PEFA has been useful in providing a common information pool. • The PEFA is used in the DPs internal procedures (e.g. decisions on the use of country systems and evaluations of fiduciary risk). • Other assessment tools have been implemented (particularly at Sector and SNG level) and appear to be valued (e.g. PETS and PERs).
5.3 What activities which potentially lead to improvements in DP co-operation resulted from the PEFA assessment, e.g. plans to combine/consolidate PFM support/assistance, new institutional structures for DP-DP co-operation	<ul style="list-style-type: none"> • Institutional arrangements between the MDDBS donors seem to be well aligned and the PEFA framework assists in this regard.
5.4 Did the PEFA assessment lead to reductions in the number and/or nature of PFM assessments?	<ul style="list-style-type: none"> • Use of the PEFA assessment as a common information tool appears to have had some impact on the number of general assessments. There are still a large number of individual fiduciary assessments conducted by the DPs. These maybe more efficiently carried out as a result of the PEFA data (however no data to back up this assertion).
5.5 What activities which potentially lead to improvements in Government-DP co-operation/dialogue on PFM resulted from the PEFA assessment, e.g. new institutional structures for Government-DP co-operation on PFM	<ul style="list-style-type: none"> • While PEFA provides a snap shot of the PFM system some DPs felt that the lack of actionable recommendations was a weakness of the Framework. • Government was keen on the IMF ROSC because, as well as diagnosis it offered a series of actionable recommendations.
5.6 For DP stakeholder, is PEFA sufficient for PFM assessment? What could it replace? What can it not replace?	<ul style="list-style-type: none"> • The PEFA replaced previous tools such as CFAA. In general regarded as a useful tool. • Some DPs questioned the additional value of preparing a Fiscal ROSC. The IMF's ROSC and PEFA missions took place only a few months apart. • Also felt that other diagnostics (e.g. PETS and CPAR) were still useful complement to coverage of the PEFA. • Other DPs questioned whether PEFA adequately captured problems in the implementation of the PFM system; particularly at Sector or SNG level.

<p>5.7 Describe any DP institutionalisation of PEFA framework, e.g. decision to use PEFA as fiduciary assessment.</p>	<ul style="list-style-type: none"> • The PEFA has been institutionalised; supported by the DPs and conducted approximately every three years (the 3rd Assessment is to be conducted in late 2010). • DPs are using PEFA as a fiduciary tool.
<p>6. General Background</p>	
<p>6.1 Identify PFM diagnostics undertaken between 2007 -10.</p>	<ul style="list-style-type: none"> • Assessment of Public Finance Management in Mozambique 2004/05. Based on PEFA Methodology. Final Report. Current Statue of PFM Systems and Processes, overview of reforms and perspectives for 2006. • Assessment of Public Finance Management , 2006. Based on PEFA Methodology – Public Expenditure and Financial Accountability, v.1. February 2008. • Mozambique – Debt Management Performance Assessment (DeMPA) March 2008 • DFID Fiduciary Risk Assessment - May 2008 • Report on Observance of Standards and Codes – Fiscal Transparency Module May 2008 (IMF Country Report No 08/152). • Assessment of Public Finance Management and Procurement Systems in the Mozambique Health Sector Final Report – English Version April 2009 • DFID Annual Statement of Progress. April 2009 • República de Moçambique Província de cabo Delgado. Direcção provincial de plano e finanças. Avaliação do sistema de gestão de finanças Públicas na província de cabo delgado 2008. Aplicação da metodologia PEFA – despesa Pública e responsabilidade financeira. December 2009. • PER Agriculture, research and location of expenditure (Date unknown). • PETS Education (Date unknown)
<p>6.2 Does the government have a multi-year programme of diagnostic instruments supported by its development partners?</p>	<ul style="list-style-type: none"> • Despite strong cooperation and agreement on the use of PEFA assessments as a common frame of reference, there nonetheless seemed to be an issue of assessment’s outside of these common arrangements.
<p>6.3 What is the role of government counterparts in developing and carrying out PFM assessments?</p>	<ul style="list-style-type: none"> • Strong involvement of Government in PEFA diagnostics (see above)

<p>6.4 Is there any evidence of a reduction (a) in the number of diagnostic tools and, (b) overlaps in PFM diagnostics since the introduction of the Strengthened Approach? List and attempt to identify trends – less/more; use of drill drill-downs; more</p>	<ul style="list-style-type: none"> • Regular (every 3 years) institutionalised use of PEFA methodology. • Evidence of the use of expanding the use of PEFA methodology into SNG and sectors. • Strong focus on PFM performance at Sector and SNG level (use of PETS); perhaps influenced by DPs providing sector BS. • Overlaps between some assessments – Fiscal ROSC and PEFA.
<p>6.5 For each PFM Diagnostic delivered between 2007 – 2010, what was the trigger (e.g. part of multi-year programme, trigger for GBS programme, part of reform project, or input to the preparation of the project)?</p>	<ul style="list-style-type: none"> • PEFA CG –part of regular repeat assessment cycle. • Fiscal ROSC – prepared at the request of the Government. • DeMPA - prepared at the request of the Government. • Health Sector PEFA Assessment – Annual Assessment under MoU signed between the Cooperation Partners and GoM, setting out terms and procedures for channelling external support to the Health sector to support the Health Sector Strategic Plan.
<p>6.6 Is there any evidence of synergies between the different assessment tools used e.g. one feeding into another or one decided as a drill-down following a PEFA assessment.</p>	<ul style="list-style-type: none"> • PEFA assessments have been institutionalised and are (roughly) following a three year cycle. Use of PEFA methodology to conduct SNG assessment and adapted methodology to conduct an assessment of the Health Sector. • IMF noted that the Fiscal ROSC and PEFA teams shared terms of reference and key background documentation. Fund staff provided detailed comments on the draft PEFA assessment. Nevertheless the added value of conducting the 2 Assessments so closely together is not clear.

7. Documentary Evidence

- **Assessment of Public Finance Management in Mozambique 2004/05. Based on PEFA Methodology. Final Report. Current Statue of PFM Systems and Processes, overview of reforms and perspectives for 2006.**
- **Assessment of Public Finance Management , 2006. Based on PEFA Methodology – Public Expenditure and Financial Accountability, v.1. February 2008.**
- **Mozambique – Debt Management Performance Assessment (DeMPA) March 2008**
- **Assessment of Public Finance Management and Procurement Systems in the Mozambique Health Sector Final Report – English Version April 2009**
- Report on Observance of Standards and Codes – Fiscal Transparency Module May 2008 (IMF Country Report No 08/152).
- **República de Moçambique Província de cabo Delgado. Direcção provincial de plano e finanças. Avaliação do sistema de gestão de finanças Públicas na província de cabo delgado 2008. Aplicação da metodologia PEFA – despesa Pública e responsabilidade financeira. December 2009.**
- **GOM - Strategic Public Financial Management Vision – In Portuguese (2010-2020).**

Documents in bold indicate those in which Mozambique’s PEFA Assessments are explicitly cited.

8. Persons Consulted

Telma Loforte – Swiss Cooperation Office

Jacinto Muchine – (Ministry of Finance, UTRAFE/SISTAFE and government counterpart for PEFA assessments)

Wim Ulens - EU

NICARAGUA

<p>Summary Overview of Impact</p>	<ul style="list-style-type: none"> • The last PEFA exercise was carried out in 2006 (first half) but the draft report was never approved by the Government. It is not publicly accessible. Nevertheless, since then the report has been cited by donors as well as Government reports. Between 2006 and 2010 there were no other PFM assessments carried out. • The new Government which took power in January 2007 did not endorse the work of the previous administration – therefore they did not accept the PEFA assessment. • The PEFA 2006 has helped DP-DP coordination. PFM missions took place on the basis of a (single) mission calendar. • A PEFA repeat assessment (supported by WB and IDB mainly) should take place in the second half of 2011. The Government has agreed with the idea but this still needs official confirmation. • A methodology for PFM self-assessment referring to the PEFA methodology (as well as to other diagnostic instruments) was developed by the authorities in 2010 and shared with the DPs. The Government intends to carry out its own PFM evaluation at the same time as the PEFA repeat assessment.
<p>1. Background on the PEFA Assessment</p>	
<p>1.1 When was the PEFA undertaken (TORs issued, consultants started work, field visit begun/ended, draft report completed, final report completed)</p>	<ul style="list-style-type: none"> • TOR issues in November 2005; • Filed work: January-February 2006; • Government self-assessment January 2006; • Draft Report by the World Bank expert (May 2006); • Updated draft report (not very different from first draft) (December 2006); • Draft never finalized (refer to 6.1)
<p>1.2 Institutional involvement of DPs:</p> <ul style="list-style-type: none"> ○ Lead donor(s) ○ Other donors ○ In what way were they expected to be involved pre-assessment ○ How were they involved in practice 	<ul style="list-style-type: none"> • The Lead donor for the 2006 PEFA was the World Bank; • Other donors involved were the European Union, the Inter American Development Bank and DFID; • All the donors participated in the initial meeting with the Government; • The EU financed one expert who carried out a pre-assessment for the Government; • The World Bank financed also one expert who elaborated the final draft report taking into consideration the pre-assessment (and scores); • In practice only the World Bank and the EU were involved in drafting the report.

<p>1.3 Institutional involvement of government:</p> <p>Pre-assessment institutional structure for involvement of government (apart from meetings): reference group? If so, who involved?</p> <p>Actual institutional structure for involvement of government during assessment</p>	<ul style="list-style-type: none"> • The Government took a relatively pro-active role in the 2006 PEFA. It provided a key contact (a collaborator of the Vice Minister of Finance/Hacienda y Crédito Público) that closely monitored the exercise (he monitored the work of the expert financed by the EU for the pre-assessment); • The key contact made sure all the data needed for the assessment would be provided.
<p>1.4 What was the background to the origin of the PEFA assessment?</p>	<ul style="list-style-type: none"> • The idea for the PEFA (2006) came from the Budget Support Group. It included eight (8) DP providing budget support (World Bank, Inter American Development Bank, European Union, Switzerland, DFID/UK, The Netherlands, Finland and Norway).
<p>1.5 Describe how PEFA was carried out (methodology), including whether or not there was pre-assessment workshop. Was it a Stand - alone or integrated assessment? Note differences between various assessments, if applicable.</p>	<ul style="list-style-type: none"> • The standard PEFA methodology was applied for a Stand-alone exercise.
<p>1.6 Current status of report(s) (e.g. draft, final)</p>	<ul style="list-style-type: none"> • The 2006 PEFA report was never finalized (see 6.1)
<p>1.7 Extent of public availability of PEFA report(s), e.g. on PEFA website, on Government website, published for public access, other.</p>	<ul style="list-style-type: none"> • The 2006 PEFA report was never finalized (6.1) and the draft version of June 2006 is not publicly available.
<p>1.8 What was the gap between the first and second assessment? Were there any significant changes to the process followed (consultant used, process of preparing assessment etc.)? Why?</p>	<ul style="list-style-type: none"> • Not applicable

<p>1.9 Other background – describe the status of the PFM reform programme. Extent of government management/leadership of PFM reform programme</p>	<ul style="list-style-type: none"> • Nicaragua’s long-term development vision is elaborated in the National Human Development Plan (NHDP) for 2008-2011 (and in an abridged version of the NHDP, the updated National Development Plan or PNDHA which basically a PRSP). The NHDP addresses pending development challenges with a special focus on social issues that impact the poorest. At the same time it continues with policies in those areas that have shown progress. • The NHDP includes efforts to improve the country’s growth performance while reducing poverty through sharing economic growth more broadly. In addition programmatic priorities include a renewed focus on poverty reduction using a multi-sector approach, pragmatic solutions to the chronic energy crisis for the short to medium term, expanding economic opportunities for small and medium enterprises, building a competitive investment climate, and modernizing public sector management systems including fiscal and public financial management (PFM). • (Refer also to 4.5)
<p>1.10 Describe the nature and institutional structure of the government-donor dialogue on PFM</p>	<ul style="list-style-type: none"> • Up to 2008 dialogue on PFM was based around the Budget Support Group (1.4). Right now there is no institutional structure of the Government-donor dialogue on PFM and it is not like before.
<p>1.11 Describe the nature and institutional structure of the donor-donor dialogue on PFM</p>	<ul style="list-style-type: none"> • See above.
<p>2. Government experience of the PEFA assessment</p>	
<p>2.1 What was government’s view of the PEFA assessment, e.g. quality of the process, team, product and appropriateness of the results</p>	<ul style="list-style-type: none"> • At the time of the 2006 PEFA (up to December 2006) the Government supported the assessment process very much and thought the exercise was of very good quality. The new Sandinista Government (from January 2007 on) did not want to endorse the process and the scores (see 6.1) mainly because it wanted to keep its distance from the previous administration. Also the new administration noted that the report had not been approved by the previous administration either. In addition, they argued that the endorsement of the PEFA assessment might result in future conditionalities for budget support operations.

<p>2.2 Describe level of government involvement in assessment process – who was involved, who led the process (involvement in management of process), how were they involved</p>	<ul style="list-style-type: none"> • The Government involvement in the 2006 assessment process took place through the key contact and the technical assistant financed by the EU (see 1.3). The key contact reported directly to his Vice Minister (Ministerio de Hacienda y Crédito Público) and took an active part in managing the entire process (monitoring, organization of meetings and debriefings).
<p>2.3 Government assessment of quality/strength of level of government involvement – (pre, during, post assessment)</p>	<ul style="list-style-type: none"> • The Government believes that its involvement during the entire 2006 PEFA process was of good quality and they were able to discuss and reach agreement on scores with the assessors.
<p>3. DP experience of the PEFA assessment</p>	
<p>3.1 What was (individual) DP's view of the PEFA assessment, including quality of the process, team, product, appropriateness of the results</p>	<ul style="list-style-type: none"> • Because the 2006 PEFA exercise took place at a time the PEFA framework was just being developed (its application started after June 2005) and was seen, at least in part as a learning process. The process itself was too short, making data collection difficult at times.); • There were no concerns about the EU expert (for the pre-assessment) and for the WB expert; • The product was considered a very good one and the results were considered to be appropriate.
<p>3.2 Describe level of (relevant) DP involvement in assessment process – who was involved, who led the process (involvement in management of process), how were they involved</p>	<ul style="list-style-type: none"> • The EU financed the Government self assessment providing an international consultant; • The WB financed a consultant to develop the final draft (based on Government self assessment).
<p>3.3 DP assessment of quality/strength of level of DP involvement – (pre, during, post assessment), including the level of DP-DP co-operation during the PEFA exercise</p>	<ul style="list-style-type: none"> • The DPs believed that their involvement was of good quality during the process. EU, WB, IDB and DFID's representatives were present when the exercise started. They met also on a regular basis during the field work (and they provided comments on the first draft); • The first draft was finalised late (May 2006), four (4) months after the field work. This was felt to be too long by some of the DPs.
<p>3.4 DP motivations for supporting/leading PEFA assessment</p>	<ul style="list-style-type: none"> • The main motivation on the donor side reflected the Strengthened Approach to PFM and the desire to have one single assessment as a common pool of PFM knowledge for DPs.

4. Government use of PEFA post-assessment	
4.1 Circulation of PEFA post-assessment	<ul style="list-style-type: none"> • Due to the change in Government (January 2007) there was practically no circulation of the PEFA post assessment (refer to 6.1)
4.2 Discussion of PEFA post-assessment	<ul style="list-style-type: none"> • Due to the change in Government there was practically no discussion of the PEFA post assessment (refer to 6.1)
4.3 Citations of PEFA post-assessment	<ul style="list-style-type: none"> • For the period 2007-2010, no single document has been identified which refers to the 2006 PEFA. This is also due to the fact that the report was never officially accepted by the authorities.
4.4 What, if any, direct follow-ups to the PEFA have been carried out or are planned (e.g. follow up PEFAs), additional analyses, etc. What were the reasons for undertaking these?	<ul style="list-style-type: none"> • No direct follow up to the PEFA was ever carried out.
4.5 What, if any, changes/activities have there been in the PFM reform programme since the PEFA assessment? Were these changes directly or indirectly related to the PEFA assessment? In what ways ?	<ul style="list-style-type: none"> • The government has put together a comprehensive PFM modernization plan (2008-2009) with the objective of strengthening its own management capacities as well as upgrading the information system SIGFA and supporting its full implementation in the rest of the public sector. • The proposed program known as the PMSAF (Financial Management Systems Modernization Program) was the result of a broad consultation process involving many actors within the Ministry of Finance and other sector institutions and spending units. The plan was validated and endorsed by the President and the Cabinet (early 2009). The program document includes a detailed diagnosis of systems and sub-systems weaknesses (including institutional weaknesses) and elaborates on proposed actions to overcome such weaknesses. Furthermore, the PMSAF also contains a detailed 5-year action plan for all the involved areas with actions, timeframes and costs to carry out a comprehensive overhaul of the existing systems. For the implementation of the PMSAF the Government receives technical support from the World Bank and from the Inter American Development Bank (as well as from the EU and the Netherlands). • The above mentioned PMSAF is not related to the PEFA assessment.

<p>4.6 Describe any government institutionalisation of PEFA framework, e.g. decision to use PEFA in M&E of PFM system</p>	<ul style="list-style-type: none"> • There was no institutionalisation of the PEFA framework. However in 2010, the government elaborated its own methodology of PFM assessment (it was shared with the DP). This methodology was finalized in September 2010. This methodology is indicator based (33 indicators) and refers in part to the PEFA methodology. The methodology is to be used for the evaluation of all the systems and sub-systems of the GFP of Nicaragua with emphasis on all of most important operations and activities. In this context the new methodology appears to be a comprehensive evaluation system of the overall GFP system. The new methodology and framework include indicators that cover the budget cycle as well as indicators for all other important activities carried out by the system. Among these activities are included activities from Treasury, accounting and public debt as well as activities related to public procurement, civil service, public investments, technology, external audit and revenue collection. The government decided to produce its own methodology because they argued that the PEFA is only focused on the budget dimensions and left other dimension such as the debt management without an appropriate evaluation. Since Nicaragua is still a HIPC country go in depth over this topic is critical for them. • The elaboration of this methodology has been financed by the IADB.
<p>4.7 In stakeholder's view, what were main reasons for any successes/actions in following up/using PEFA</p>	<ul style="list-style-type: none"> • Due to change in government there was practically no follow up on PEFA (refer to 6.1)
<p>5. DP use of PEFA post-assessment</p>	
<p>5.1 Describe the circulation/ dissemination and citation of the report amongst DPs</p>	<ul style="list-style-type: none"> • The PEFA report was circulated to DP stakeholders; • PEFA report not public; draft not accessible to the public either.
<p>5.2 What impact or follow-up activities (related to PFM support by DP) have resulted from the PEFA assessment (decisions by DP directly related to PEFA assessment), e.g. new PFM support projects being planned, decisions to/not to give support (e.g. budget support), reductions in PFM assessments</p>	<ul style="list-style-type: none"> • The PEFA has helped DP-DP coordination in the sense that DP decided to coordinate PFM missions on the basis of a single mission calendar. Overall the PEFA had a positive impact on the number of PFM missions.

<p>5.3 What activities which potentially lead to improvements in DP co-operation resulted from the PEFA assessment, e.g. plans to combine/consolidate PFM support/assistance, new institutional structures for DP-DP co-operation</p>	<ul style="list-style-type: none"> • Following the PEFA assessment, the DP agreed to use a single mission calendar and to co-ordinate PFM missions. This arrangement last until 2008.
<p>5.4 Did the PEFA assessment lead to reductions in the number and/or nature of PFM assessments?</p>	<ul style="list-style-type: none"> • Basically since 2006 there were no other PFM assessments. The Government has accepted the idea to have both the WB and the IADB finance a new PEFA exercise for the first quarter of 2011 (and still needs to confirm officially);
<p>5.5 What activities which potentially lead to improvements in Government-DP co-operation/dialogue on PFM resulted from the PEFA assessment, e.g. new institutional structures for Government-DP co-operation on PFM</p>	<ul style="list-style-type: none"> • Donors (WB, IDB, EU and the Netherlands) are supporting the implementation of Financial Management Systems Modernization Program (PMSAF) in 2010. Before (2006 and thereafter) the WB supported poverty reduction activities (with PFM reforms) through a loan.
<p>5.6 For DP stakeholder, is PEFA sufficient for PFM assessment? What could it replace? What can it not replace?</p>	<ul style="list-style-type: none"> • The PEFA exercise is viewed as a general diagnostic tool that should be completed by other specific diagnostic (in procurement notably). In any case it is a good reference for DPs and also for the Government (for the elaboration of reforms).
<p>5.7 Describe any DP institutionalisation of PEFA framework, e.g. decision to use PEFA as fiduciary assessment.</p>	<ul style="list-style-type: none"> • The DP (WB, IDB supported by the EU and other donors) are willing to carry out a second PEFA. It appears that the Government has accepted to have the exercise carried out in the first quarter of 2011. This needs to be officially confirmed.
<p>6. General Background</p>	

<p>6.1 Identify PFM diagnostics undertaken between 2007 -10.</p>	<ul style="list-style-type: none"> • The last PEFA assessment was carried out in 2006. A draft report (71 pages with annexes) was prepared in May 2006. The report itself was never finalized. This is in part due to the fact that a new democratically elected Sandinista Government took power in January 2007. The new Government wanted to stay away from initiatives taken by the previous Government (by not endorsing the scores of the PEFA). • Between January 2007 and October 2010 no PFM diagnostic was carried out.
<p>6.2 Does the government have a multi-year programme of diagnostic instruments supported by its development partners?</p>	<ul style="list-style-type: none"> • No. However the Government has elaborated a methodology (September 2010) to assess PFM (see 4.6 above). The Government's intention is to carry out a comprehensive evaluation of PFM system using this methodology. Regarding the timing of this evaluation, it appears that the Government would like to carry it out in parallel to the next PEFA (planned for the second half of 2011).

<p>6.3 What is the role of government counterparts in developing and carrying out PFM assessments?</p>	<ul style="list-style-type: none"> • Preparations for a PEFA repeat assessment (joint World Bank and Inter American Development Bank initiative) are currently being undertaken 2nd quarter of 2011). The Government is supporting this initiative. Official confirmation is expected and the exercise should be carried out during the second quarter of 2011.
<p>6.4 Is there any evidence of a reduction (a) in the number of diagnostic tools and, (b) overlaps in PFM diagnostics since the introduction of the Strengthened Approach? List and attempt to identify trends – less/more; use of drill drill-downs; more</p>	<ul style="list-style-type: none"> • As indicated above, there were no PFM diagnostics carried out. This is mainly due to a Government decision.
<p>6.5 For each PFM Diagnostic delivered between 2007 – 2010 what was the trigger (e.g. part of multi-year programme, trigger for GBS programme, part of reform project, or input to the preparation of the project)?</p>	<ul style="list-style-type: none"> • Non applicable
<p>6.6 Is there any evidence of synergies between the different assessment tools used e.g. one feeding into another or one decided as a drill-down following a PEFA assessment.</p>	<ul style="list-style-type: none"> • Between 2007 and the time (2010) the Government accepted the idea of preparing a repeat PEFA assessment; previously the Government was reluctant to sanction new diagnostics which might highlight potential deficiencies in the PFM system.

7. Documentary Evidence

- **Second Poverty Reduction Support Credit, Programme Document, World Bank/IDA, October 2006;**
- National Human Development Plan (NHDP) for 2008-2011;
- Republic of Nicaragua, joint IDA-IMF advisory note on the Poverty Reduction Strategy Paper (PRSP), April 2010;
- **Gobierno de Reconciliación y Unidad Nacional, Banco Interamericano de Desarrollo, *Marco de Referencia para la Evaluación de la Administración Financiera*, Ministerio de Hacienda y Crédito Público, Oficina de Estudios Económicos (Septiembre 2010)**
- **Government of Nicaragua, Ministry of Finance, *Methodology for the evaluation of PFM*, (2010)**
- NI Public Financial Management Modernization Project (2010)

Note: Documents in **bold** indicate those in which the PEFA assessment or methodology are referred to.

8. Persons Consulted

Antonio Blasco – World Bank

Jose E. Gutierrez Ossio – World Bank

Juan Carlos Lazo – Inter American Development Bank

Ovidion Reyes – Ministry of Finance

TANZANIA

Summary Overview of Impact

- **Limited government engagement with assessments partly due to due to capacity constraints and staff turnover. Difficulties in Government-DP dialogue may have also affected the impact of PEFA assessment, which has been seen as a donor driven diagnostic exercise.**
- **The credibility of PEFA Assessments have been affected by process issues related to funding, assessment team selection, weak quality control and protracted timelines in the assessment process which, in turn raised questions regarding its use in tracking PFM systems performance over time. This has undermined the usefulness of PEFA assessments as a tool to monitor progress of the PFMRP.**
- **The Tanzanian case illustrates the problems which occur when there is insufficient time between assessments. Changes in interpretation and judgment by assessors also become much more important relative to actual performance changes when intervals are short – resulting in confusing conclusions. The PEFA Secretariat recommends that repeat assessments should be undertaken no more frequently than every three years, because they are resource intensive and raise unrealistic expectations regarding improved scores.**

1. Background on the PEFA Assessment

1.1 When was the PEFA undertaken (TORs issued, consultants started work, field visit begun/ended, draft report completed, final report completed)

Full History of Tanzania PEFA assessments is summarised below⁷:

- 2004 – A desk study by the EC Delegation in consultation with the donors’ PFM Working Group (DPWG) – as part of testing the draft Framework prior to the publication of the PEFA methodology.
- 2005 – Assessment of Central Government included in PEFAR FY 2005 (published June 2006). This reflected the situation as at March 2005.
- 2006 – Assessment of local government carried out in March 2006 as part of PEFAR FY 2006. Annex of May 2006 reflect PEFA indicator scores for central government, updating and correcting methodological errors in the PEFAR FY 2005 assessment. Only local government assessment was officially issued and published.
- 2007/2008 – PFM assessment done for semi autonomous agencies and parastatals (never published) as part of the PEFAR FY 2007. Simultaneously prepared full CG PEFA in October 2007 issued as a draft in 2008 (July).
- 2008 (November) “2007/08 Report” – PFM PR issued purporting to address comments of the donors and the PEFA SEC on the July 2008 report. This Assessment is incorporated in the 2009 PEFAR (published June 2009) and covers FYs 2005/06, 2006/07 and 2007/08. However according to the independent 2008/09 review of the PEMRP this document did not incorporate comments from the PEFA SEC and had not been officially accepted by the government.
- 2009 PFM-RP on Mainland Tanzania issued in draft (May 2010) – “2008/09 Report”. Document states that it is the first comprehensive PFM-PR report (covering FYs 2006/07, 2007/08 and 2008/09). Based on PEFA in-country diagnostic work undertaken in June 2008 and March 2009, with a further review in May 2010 to include audited fiscal data at the request of the Accountant General. Comments of the PEFA SEC from 2009 have only been partly addressed in this document. The report compared the indicator scores to the May 2006 update/correction of the PEFAR FY 2005 assessment.
- The 2008/09 assessment concluded by the Government based on November 2010 document. Still some debate on the final scores amongst the DPs and 5 indicators were “not rated”.
- 2010 PEFA Report for Zanzibar – completed August 2010.

⁷ While the Study only covers 2007 to 2010 it was felt that a full summary was useful to fully explain some of the process and methodological problems which have been faced.

<p>1.2 Institutional involvement of DPs:</p> <ul style="list-style-type: none"> ○ Lead donor(s) ○ Other donors ○ In what way were they expected to be involved pre-assessment ○ How were they involved in practice 	<ul style="list-style-type: none"> • 2005 to 2007 PEFA assessments were led by the WB (who provided the team leader) and included other members of the DPWG as well as a consultant. • Subsequent updates (2008) – each prepared with the assistance of a different short-term consultant recruited jointly by the World Bank and EC Delegation. Subsequent updates in 2009 and 2010 have been conducted by short term consultants funded by the WB and DFID.
<p>1.3 Institutional involvement of government:</p> <p>Pre-assessment institutional structure for involvement of government (apart from meetings): reference group? If so, who involved?</p> <p>Actual institutional structure for involvement of government during assessment</p>	<ul style="list-style-type: none"> • Involvement of the Government limited to provision of information. Donors led the assessment process. • Some dialogue on PEFA process and results through the PFM Working Group. • Difficulties particularly since 2008 in having scoring in the Assessments agreed with government. • Latest version of the Report delayed to incorporate audited fiscal data for 2008/09 at the request of the Accountant General.
<p>1.4 What was the background to the origin of the PEFA assessment?</p>	<ul style="list-style-type: none"> • Initially driven by a desire amongst government and DPs to cut down transaction costs of annual PER/CFAA exercises.
<p>1.5 Describe how PEFA was carried out (methodology), including whether or not there was pre-assessment workshop. Stand-alone or integrated assessment. Note differences between various assessments, if applicable.</p>	<p>2005-2009</p> <ul style="list-style-type: none"> • Government supplied information and updates to allow the report to be compiled. • Undertaken in conjunction with the PER/PEFAR working groups and involved local analysts. • The assessments are part of the annual PEFAR timetable and timed to feed into CG/Annual Review process (which has been difficult due to delays in finalising reports).
<p>1.6 Current status of report(s) (e.g. draft, final)</p>	<ul style="list-style-type: none"> • 2007/08 Report was published in PEFAR however was not been accepted by Government, nor did it fully incorporate comments of the PEFA SEC. • 2008/09 Report (Final Draft submitted to PFM WG on 6 November 2010). Government concluded Assessment based on this draft.
<p>1.7 Extent of public availability of PEFA report(s), e.g. on PEFA website, on Government website, published for public access, other.</p>	<ul style="list-style-type: none"> • PEFAR FY 2005 and 2006 Local Government FA are available on PEFA website. • 2007 Report was never published. • PEFAR FY 2008 was published and is on World Bank website. • 2008/09 Report finalised but not yet published (as at May 2011).

<p>1.8 What was the gap between the first and second assessment? Were there any significant changes to the process followed (consultant used, process of preparing assessment etc.)? Why?</p>	<ul style="list-style-type: none"> • Annual updates of the PEFA assessment as part of the process of preparing the PEFAR. • One significant problem with all the assessments is the lack of information on the degree of government involvement, approach (e.g. self assessment, moderated self assessment and quality assurance arrangements). • Inclusion of the basic information such as the terms of reference, meeting schedules, use of workshops etc is absent from the Assessments. • 2008/09 PEFA measures progress since assessment in 2005/06 “insofar as indicators are comparably scored” (sic).
<p>1.9 Other background – describe the status of the PFM reform programme. Extent of government management/leadership of PFM reform programme.</p>	<ul style="list-style-type: none"> • In 1998, Tanzania developed its first Public Financial Management Reform Program, this was subsequently updated in 2001 and 2003. In 2004, PFMRP II was developed, and supported by a group of development partners (DPs). A low disbursement rate and a mid-term evaluation, which queried the level of government ownership, led to the suspension of PFMRP II a year early in June 2008, and the creation of PFMRP III which ran from 2008 to 2010 (rated moderately satisfactory in the 2009 GBS review). • Government/Donor PFM Working Group is currently discussing design of PFMRP IV.
<p>1.10 Describe the nature and institutional structure of the government-donor dialogue on PFM</p>	<ul style="list-style-type: none"> • Government/Donor PFM Working Group is the main technical level forum for discussing PFM issues. Joint Chairs of the Government (Deputy PS) and Donors (rotating; currently EC). • Joint Steering Committee on PFM is a higher level body chaired by the PS to the Treasury which endorses recommendations of the Working Group and makes other operational/strategy decisions (e.g. tendering matters; endorsing overall PFMRP). • Work of the PFM WG feeds into (1) the PER discussions which are broader, incorporating macro-economic performance and (2) the GBS Annual Review.
<p>1.11 Describe the nature and institutional structure of the donor-donor dialogue on PFM</p>	<ul style="list-style-type: none"> • See above under Government – donor dialogue.
<p>2. Government experience of the PEFA assessment</p>	
<p>2.1 What was government’s view of the PEFA assessment, e.g. quality of the process, team, product and appropriateness of the results</p>	<ul style="list-style-type: none"> • Government has hands-off approach to the assessments; in terms of process they have been overseen by the PFM Working Groups. • The assessments are discussed with Government and DP stakeholders at the Annual Reviews (Consultative meetings) held in May each year. • As noted above, some concerns noted over the results of the 2007/08 Assessment which wasn’t accepted by the Government. • 2008/09 Assessment revised to incorporate audited figures.

2.2 Describe level of government involvement in assessment process – who was involved, who led the process (involvement in management of process), how were they involved	<ul style="list-style-type: none"> Limited government engagement - seen as a DP exercise.
2.3 Government assessment of quality/strength of level of government involvement – (pre, during, post assessment)	<ul style="list-style-type: none"> As indicated above, government involvement has been limited.
3. DP experience of the PEFA assessment	
3.1 What was (individual) DP's view of the PEFA assessment, including quality of the process, team, product, appropriateness of the results	<ul style="list-style-type: none"> PEFA experience has been disappointing. Compared to other countries there is a perception that the assessments have not been of the highest quality. Earlier assessments had been subject to PEFA SEC quality control but delays and insufficient resources allocated to address the comments sufficiently. In addition the 2008 review was not been accepted by government. 2009 evaluation also notes respondents suggesting that the scores in early PEFA assessments were overly generous. DPs raised concerns over the length of time taken to finalise assessments. Some DPs questioned the adequacy of funding of annual PEFA assessments. Tracking has been a particular problem – DPs have found it difficult to use PEFA to compare performance of PFM systems between 2006 and 2010. Five indicators “not rated” in the Tanzania Mainland PEFA (2008/09) however all indicators were rated in 2006.
3.2 Describe level of (relevant) DP involvement in assessment process – who was involved, who led the process (involvement in management of process), how were they involved	<ul style="list-style-type: none"> Good coordination of the donors through the Working Group, led by rotating chair (WB, DFID, now EC).
3.3 DP assessment of quality/strength of level of DP involvement – (pre, during, post assessment), including the level of DP-DP co-operation during the PEFA exercise	<ul style="list-style-type: none"> Working Group meeting agendas include discussion on all aspects of progress on PEFA assessments.
3.4 DP motivations for supporting/leading PEFA assessment	<p>Two main reasons cited:</p> <ul style="list-style-type: none"> To use PEFA Assessment as a tool to monitor progress on PFMRP To enable DPs to make decisions on use of budget support

4. Government use of PEFA post-assessment

<p>4.1 Circulation of PEFA post-assessment</p>	<ul style="list-style-type: none"> • Copies of the PEFA assessments are provided to: <ul style="list-style-type: none"> - PFM government stakeholders - Other domestic and external stakeholders at the annual meetings.
<p>4.2 Discussion of PEFA post-assessment</p>	<ul style="list-style-type: none"> • PEFA assessments are not discussed much - the Government have had concerns over the quality of the PEFA Assessments which has diminished usefulness. • Also respondents noted a lack of capacity or focal point for GOT responses. There has also been a high level of staff turnover which has hindered the dialogue on use; post assessment.
<p>4.3 Citations of PEFA post-assessment</p>	<p>PEFA assessments are used, alongside other instruments in the Annual National Policy Dialogue Report. It notes that the overall assessment of PFM for 2008/9 is based on the following key inputs:</p> <ul style="list-style-type: none"> • Responses to the key issues set out in the GBS review in 2008 • Progress against the specific actions and indicators set out in the 2009 PAF. • 2008 PEFA assessment • Controller and Auditor General's report of March 2009, which covered the 2007/8 financial year • Progress of the PFMRP reform programme for the year 2008/9 • The 2009 independent evaluation of the PFMRP.
<p>4.4 What, if any, direct follow-ups to the PEFA have been carried out or are planned (e.g. follow up PEFAs), additional analyses, etc. What were the reasons for undertaking these.</p>	<ul style="list-style-type: none"> • PEFA assessments have been carried out each year from 2005 to 2008/09. • Seems to be a consensus that less frequent PEFA assessments would simplify the process and increase impact. However, no agreement on when the next assessment should be carried out..
<p>4.5 What, if any, changes/activities have there been in the PFM reform programme since the PEFA assessment? Were these changes directly or indirectly related to the PEFA assessment? In what ways?</p>	<ul style="list-style-type: none"> • The PEFA Assessment may have indirectly supported the Government in PFM areas which previously did not receive adequate attention e.g. strengthening parliamentary scrutiny, procurement and the auditor general's office. • DPs reported that the PEFA Assessment was not a primary source of information in the ongoing development of PFMRP IV. Reports of the Controller Auditor General (CAG) were considered to be more useful.

<p>4.6 Describe any government institutionalisation of PEFA framework, e.g. decision to use PEFA in M&E of PFM system</p>	<ul style="list-style-type: none"> • PFMRP III reaffirmed the intention of linking the Strategic Plan to internationally recognised measures of performance outcome such as the PEFA measurement framework. • PFMRP III notes that it had been hoped that “any PFM reform programme which is subjected to PEFA assessment would be actively undertaking to improve these assessment ratings, which unfortunately has not been the case with PFMRP II and contributed to an under-performance”. • PFMRP III reaffirmed use of PEFA format “as the basis for annual self assessment for internal process monitoring on outcomes and general PFM progression”. • As noted above PEFA is one of the tools used to monitor progress on PFMRP. Govt/DPs plan to move away from annual PEFA assessments for reasons discussed above.
<p>4.7 In stakeholder’s view, what were main reasons for any successes/actions in following up/using PEFA</p>	<ul style="list-style-type: none"> • Government are reportedly uncertain of the value of PEFA; possibly as a result of the process of preparation and finalization of the Report. As a result the reports “have lost value” as a source of information.
<p>5. DP use of PEFA post-assessment</p>	
<p>5.1 Describe the circulation/ dissemination and citation of the report amongst DPs</p>	<ul style="list-style-type: none"> • Circulated widely amongst the Donor WG; and other GBS donors. • Recent PEFA assessments have not been separately published; the only assessments available on the PEFA website are the 2005 and 2006 assessments. • As indicated above (4.3) PEFA assessments are used, alongside other instruments in the Annual National Policy Dialogue Report to assess progress in the development of the PFM system.
<p>5.2 What impact or follow-up activities (related to PFM support by DP) have resulted from the PEFA assessment (decisions by DP directly related to PEFA assessment), e.g. new PFM support projects being planned, decisions to/not to give support (e.g. budget support), reductions in PFM assessments</p>	<ul style="list-style-type: none"> • PEFA is a common reference point to monitor progress on PFM issues.
<p>5.3 What activities which potentially lead to improvements in DP co-operation resulted from the PEFA assessment, e.g. plans to combine/consolidate PFM support/assistance, new institutional structures for DP-DP co-operation</p>	<ul style="list-style-type: none"> • PEFA assessments are part of the on-going dialogue on PFM. • No further impact from PEFA assessments as DPs in PFM were already working closely together.

<p>5.4 Did the PEFA assessment lead to reductions in the number and/or nature of PFM assessments?</p>	<ul style="list-style-type: none"> • Some evidence that PEFA assessments have reduced transaction costs in relation to fiduciary assessments; partly undermined by number of PEFA updates and iterations. • Still a significant number of PFM diagnostics (see 6.1 below) however these appear to be coordinated through the Working Group or commissioned directly by the Government.
<p>5.5 What activities which potentially lead to improvements in Government-DP co-operation/dialogue on PFM resulted from the PEFA assessment, e.g. new institutional structures for Government-DP co-operation on PFM</p>	<ul style="list-style-type: none"> • DPs align their PFM assistance around the Government's Mkukuta program and the PFM RP. The latest program (PFMRP IV) is under development. • Government/Donor dialogue is challenging due to limited government capacity and frequent changes in personnel. • No new structure came into place as a result of introducing PEFA assessments.
<p>5.6 For DP stakeholder, is PEFA sufficient for PFM assessment? What could it replace? What can it not replace?</p>	<ul style="list-style-type: none"> • There is still a need for broader PER. • Quality and frequency of applying the PEFA assessments has remains an issue. • Less frequent and better resourced assessments would enhance the overall quality of the "PEFA process".
<p>5.7 Describe any DP institutionalisation of PEFA framework, e.g. decision to use PEFA as fiduciary assessment.</p>	<ul style="list-style-type: none"> • The DP (e.g. DFID and EU) have used the PEFA assessments to inform their fiduciary assessments. • Used to partially inform the effectiveness of the PFM RP along with other indicators.

6. General Background

6.1 Identify PFM diagnostics undertaken between 2007 -10.

- Annual PER
- PEFA Assessments (2007/08 and 2008/09)
- Assessment of the Country's Procurement System – Final Report Public Procurement Regulatory Authority September 2007
- Review of Government of Tanzania IFMS (Conducted for the World Bank and Ministry of Finance March 28 2008.
- Assessment of Integrated Systems Supporting Decentralisation by Devolution and as an Input to the Formulation of Future Support Programme (Prepared for the Local Government Reform Program) June 3 2008.
- Implementation of Cash Management System Ministry of Finance (2008)
- 2008/09 - Review of the Public Financial Management Reform Programme, Tanzania.
- DFID FRA (July 2009).
- PETS (noted by DP but not available)

6.2 Does the government have a multi-year programme of diagnostic instruments supported by its development partners?

- There is the annual PER process; however there is no broader multi-year program of diagnostic studies.

6.3 What is the role of government counterparts in developing and carrying out PFM assessments?

- Government directly commissioned some of the focused reports (on IFMIS and Cash Management). Others have been driven mostly by donors.

6.4 Is there any evidence of a reduction (a) in the number of diagnostic tools and, (b) overlaps in PFM diagnostics since the introduction of the Strengthened Approach? List and attempt to identify trends – less/more; use of drill drill-downs; more

- As noted above, some evidence of reduced number of general PFM assessments and use as a basis of common pool of knowledge for fiduciary assessments.
- Annual PEFA assessments and PERs.

<p>6.5 For each PFM Diagnostic delivered between 2007 – 2010, what was the trigger (e.g. part of multi-year programme, trigger for GBS programme, part of reform project, or input to the preparation of the project)?</p>	<ul style="list-style-type: none"> • PER and PEFA assessments linked through the Annual Review Process.
<p>6.6 Is there any evidence of synergies between the different assessment tools used e.g. one feeding into another or one decided as a drill-down following a PEFA assessment.</p>	<ul style="list-style-type: none"> • PER and PEFA assessments linked through the Annual Review Process. • As noted above no multi-year program of diagnostics.

7. Documentary Evidence

- World Bank Joint Assistance Strategy for the Republic of Tanzania FY 2007-2010.
- Assessment of the Country's Procurement System – Final Report Public Procurement Regulatory Authority September 2007
- Review of Government of Tanzania IFMS (Conducted for the World Bank and Ministry of Finance March 28 2008.
- Assessment of Integrated Systems Supporting Decentralisation by Devolution and as an Input to the Formulation of Future Support Programme (Prepared for the Local Government Reform Program) June 3 2008.
- **Ministry of Finance “Public Financial Management Reform Programme (PFMRP) Strategic Plan (June 2008)**
- Implementation of Cash Management System Ministry of Finance (2008)
- **United Republic of Tanzania Public Expenditure and Financial Accountability Review 2008 (Published June 2009)**
- **United Republic of Tanzania MoFEA - The Annual National Policy Dialogue Report 2009**
- **Independent 2008/09 Review of the Public Financial Management Reform Programme, Tanzania. Robert Hawkins and Innocent Makundi. Final Report (23 December 2009)**

Documents in bold indicate those in which Tanzania PEFA Assessments are explicitly cited.

8. Persons Consulted

Tony Bennett – Consultant
Ronald Neumann – Canadian Cooperation Office
Carole Pretorius – Consultant
Cynthia Rowe – Governance and PFM Secretariat (Secretariat reporting to the PFM Working Group – funded by DFID).

TRINIDAD AND TOBAGO

<p>Summary Overview of Impact</p>	<ul style="list-style-type: none"> • In 2008 the PEFA exercise was largely seen as a donor exercise; part of the requirements for budget support. Some interest in linking PEFA weaknesses to a reform action plan were not capitalised on at that time. • The 2006 Report was regarded as being of poor quality and was not accepted as a base line assessment. The 2008 Report is being used as the baseline for subsequent assessments. • The new Government (May 2010) was elected on a mandate to address good governance, transparency and accountability. This has resulted in a renewed interest in the 2008 PEFA Assessment and PFM reform.
<p>1. Background on the PEFA Assessment</p>	
<p>1.1 When was the PEFA undertaken (TORs issued, consultants started work, field visit begun/ended, draft report completed, final report completed)</p>	<ul style="list-style-type: none"> • Field Work – October 2008 • Draft Report Issued – October 2008 • Final Report Issued – December 2008
<p>1.2 Institutional involvement of DPs:</p> <ul style="list-style-type: none"> ○ Lead donor(s) ○ Other donors ○ In what way were they expected to be involved pre-assessment ○ How were they involved in practice 	<ul style="list-style-type: none"> • Lead Donor, EC • Other donors – none. • TORS note that the main development partners were informed of the exercise and the timetable. • DPs attended the exit workshop. The consultants received comments on the draft report from the IADB and the EC.
<p>1.3 Institutional involvement of government:</p> <p>Pre-assessment institutional structure for involvement of government (apart from meetings): reference group? If so, who involved?</p> <p>Actual institutional structure for involvement of government during assessment</p>	<ul style="list-style-type: none"> • Pre-assessment workshop – none. • Interviews with Government officials – i.e. during the assessment the role was limited to the provision of information informing the assessment. • Government attended the exit workshop and were engaged in the discussion of PFM strengths and weaknesses.
<p>1.4 What was the background to the origin of the PEFA assessment?</p>	<ul style="list-style-type: none"> • Driven by donor requirements. As noted in the terms of reference “Regular assessments of the PFM of the beneficiary countries are a prerequisite of the Budget Support programmes”.

<p>1.5 Describe how PEFA was carried out (methodology), including whether or not there was pre-assessment workshop. Stand-alone or integrated assessment. Note differences between various assessments, if applicable.</p>	<ul style="list-style-type: none"> • Standalone assessment (both 2006 and 2008). • Assessment carried out by a single consultant allocated 24 days for the assignment (3 home country) + 15 (field) + 4 (home country) +2 (travel days) = 24 days. • For differences see comments in 1.8 below.
<p>1.6 Current status of report(s) (e.g. draft, final)</p>	<ul style="list-style-type: none"> • June 2006 – Final Report • December 2008 – Final Report
<p>1.7 Extent of public availability of PEFA report(s), e.g. on PEFA website, on Government website, published for public access, other.</p>	<ul style="list-style-type: none"> • 2008 Report is on EC and PEFA Website. • The 2006 Report is not available on either website (not regarded by the EU as being of sufficient quality – see comments in 1.8 below).
<p>1.8 What was the gap between the first and second assessment? Were there any significant changes to the process followed (consultant used, process of preparing assessment etc.)? Why?</p>	<ul style="list-style-type: none"> • Gap between the Assessments – 30 months. • Different individual consultant used in 2006 and 2008. • No significant changes in methodology. • The 2006 assessment was intended to set a baseline against which future progress made in the PFM systems could be measured. However the EC found the Report “deviated from the PEFA methodology in many of the indicators using an impressionistic assessment of several indicators, not justifying scorings on the basis of evidence and in the case of some dimensions not assessing them individually. • 2008 PEFA Assessment was adopted as the base line assessment for future reference on PFM progress made” (2008 PEFA Report page 22).
<p>1.9 Other background – describe the status of the PFM reform programme. Extent of government management/leadership of PFM reform programme.</p>	<ul style="list-style-type: none"> • The Government of Trinidad and Tobago has embarked upon a number PFM reforms since 2005. There are five main areas of PFM reform activities planned that involve the Ministry of Finance, Inland Revenue Board and the Office of the Auditor General. These are: <ul style="list-style-type: none"> ○ Amendments to the Legal and Regulatory framework, ○ A financial management improvement programme, ○ Reform of public procurement, ○ A revenue modernization programme, ○ Improvements in external scrutiny and PFM performance monitoring. • Good governance, transparency and accountability for the use of public resources formed part of the party’s electoral platforms of the May 2010 election. The above mentioned reforms, with the exception of revenue, are being pursued by the new Government. • The IADB is providing support to the reform agenda through a series of programmatic loans, the first of which is expected to be approved in December 2010.

1.10 Describe the nature and institutional structure of the government-donor dialogue on PFM	<ul style="list-style-type: none"> • Responsibility for the reform areas was previously distributed under various departments. However the new Minister of Finance is taking a more active role in the reform process; and encouraging coordination within the finance ministry and to line ministries.
1.11 Describe the nature and institutional structure of the donor-donor dialogue on PFM	<ul style="list-style-type: none"> • Dialogue between key PFM donors (the EC and IDB) is being encouraged by the new Government. Donors are being encouraged to share aide memoire's and conduct joint missions. • Government has requested the cooperation of all donors with interest in PFM to mobilize further budget support, TA and investments required to implement the reforms.
2. Government experience of the PEFA assessment	
2.1 What was government's view of the PEFA assessment, e.g. quality of the process, team, product and appropriateness of the results	<ul style="list-style-type: none"> • Seen largely as an external; donor driven assessment. • Interest in the Assessment has grown in 2010 as the new administration has evaluated the improvements needed to the PFM system.
2.2 Describe level of government involvement in assessment process – who was involved, who led the process (involvement in management of process), how were they involved	<ul style="list-style-type: none"> • Government was involved as participants in meetings. Not actively involved in the management of the exercise. • Ministry of Finance did express interest in developing a PFM programme at the exit workshop in 2008. With the support from the DPs an Action Plan for Improving PFM was developed in March 2010. This action plan is being updated by the new administration.
2.3 Government assessment of quality/strength of level of government involvement – (pre, during, post assessment)	<ul style="list-style-type: none"> • Little feedback as the Assessment was seen as an external exercise. • Latterly the new Government has shown interest in the Assessment – “it is referred to all the time”.
3. DP experience of the PEFA assessment	
3.1 What was (individual) DP's view of the PEFA assessment, including quality of the process, team, product, appropriateness of the results	<ul style="list-style-type: none"> • Noted above - the 2006 Assessment was of poor quality and deviated from the PEFA methodology on several of the indicators. For that reason the 2008 Assessment was adopted as the base line for assessing PFM progress made. • 2008 approach was sounder and DPs are content with the robustness of the results.
3.2 Describe level of (relevant) DP involvement in assessment process – who was involved, who led the process (involvement in management of process), how were they involved	<ul style="list-style-type: none"> • Assessments were carried out independently of Government and DPs. ECs main role was to provide funding and comments on the report.

<p>3.3 DP assessment of quality/strength of level of DP involvement – (pre, during, post assessment), including the level of DP-DP co-operation during the PEFA exercise</p>	<ul style="list-style-type: none"> • No issues cited. DP-DP noted that they were adequately involved during the exercise. The EC, IADB and PEFA Secretariat provided comments on the draft report.
<p>3.4 DP motivations for supporting/leading PEFA assessment</p>	<ul style="list-style-type: none"> • The immediate impetus for carrying out the PEFA Assessment is as a basis for information and PFM monitoring to fulfil the EC internal requirements for transitioning to sector budget support.
<p>4. Government use of PEFA post-assessment</p>	
<p>4.1 Circulation of PEFA post-assessment</p>	<ul style="list-style-type: none"> • Copies of the PEFA Assessment were provided by the EC to those interviewed.
<p>4.2 Discussion of PEFA post-assessment</p>	<ul style="list-style-type: none"> • The PEFA was discussed at the exit workshop. • Reported to be a good dialogue on the strengths and weaknesses identified in the report at the exit workshop. It was hoped that the Assessment might have resulted in developing a comprehensive PFM action plan. • Since new Government installed the Assessment has gained new traction (discussed elsewhere). There has been renewed interest in the Assessment during 2010.
<p>4.3 Citations of PEFA post-assessment</p>	<ul style="list-style-type: none"> • Limited or none – seen primarily as an external exercise.
<p>4.4 What, if any, direct follow-ups to the PEFA have been carried out or are planned (e.g. follow up PEFAs), additional analyses, etc. What were the reasons for undertaking these.</p>	<ul style="list-style-type: none"> • None identified.
<p>4.5 What, if any, changes/activities have there been in the PFM reform programme since the PEFA assessment? Were these changes directly or indirectly related to the PEFA assessment? In what ways?</p>	<ul style="list-style-type: none"> • The EC provided support for the preparation of an Action Plan for Improving Public Financial Management. An initial draft was prepared in December 2009 which drew on the PEFA Report and the broader development strategic framework in 2006 – Vision 2020. • The process for developing the draft failed to engage all stakeholders. The plan, which focused on a couple of key areas, was approved by the Minister of Finance in March 2010, but is being revised by the new administration in November 2010.

<p>4.6 Describe any government institutionalisation of PEFA framework, e.g. decision to use PEFA in M&E of PFM system</p>	<ul style="list-style-type: none"> • The PEFA assessment was useful in establishing baselines and indicators. However this has led to limited action to address key issues and weaknesses.
<p>4.7 In stakeholder's view, what were main reasons for any successes/actions in following up/using PEFA</p>	<ul style="list-style-type: none"> • PEFA is seen as an external exercise driven by donors however there was some government interest in the results. • The process of developing the action plan in 2009 was disappointing and didn't build on some interest generated during the dissemination of the Assessment. • The 2008 PEFA is a credible document on the strengths and weaknesses of the PFM system which can be a basis for discussing the path of the reforms with the new administration.
<p>5. DP use of PEFA post-assessment</p>	
<p>5.1 Describe the circulation/ dissemination and citation of the report amongst DPs</p>	<ul style="list-style-type: none"> • Circulated amongst other DPs. • Report is on EC website.
<p>5.2 What impact or follow-up activities (related to PFM support by DP) have resulted from the PEFA assessment (decisions by DP directly related to PEFA assessment), e.g. new PFM support projects being planned, decisions to/not to give support (e.g. budget support), reductions in PFM assessments</p>	<ul style="list-style-type: none"> • Preparation of the 2009 PFM Reform Action Plan was directly related to the discussions at the PEFA exit workshop.
<p>5.3 What activities which potentially lead to improvements in DP co-operation resulted from the PEFA assessment, e.g. plans to combine/consolidate PFM support/assistance, new institutional structures for DP-DP co-operation</p>	<ul style="list-style-type: none"> • The new Government's interest in governance and accountability may result in renewed interest in the PEFA process. • Government is now encouraging DPs to coordinate missions and aide memoires. This makes climate more conducive for the PEFA process.
<p>5.4 Did the PEFA assessment lead to reductions in the number and/or nature of PFM assessments?</p>	<ul style="list-style-type: none"> • Some evidence to suggest there has been a reduction in broad based PFM assessments as a result of the PEFA. The PEFA diagnostic has served mainly to provide baseline indicators and outcomes expected 2-3 years after implementation of reforms. • Detailed drill-down diagnostic study of the PSIP, Financial Management, Audit and Procurement system were prepared to inform this reform programme.

<p>5.5 What activities which potentially lead to improvements in Government-DP co-operation/dialogue on PFM resulted from the PEFA assessment, e.g. new institutional structures for Government-DP co-operation on PFM</p>	<ul style="list-style-type: none"> • DPs note better dialogue on PFM issues however suggest that this could be more systematic if the Government created a Steering Group. • Government also needs MOF staff to focus on the reform agenda.
<p>5.6 For DP stakeholder, is PEFA sufficient for PFM assessment? What could it replace? What can it not replace?</p>	<ul style="list-style-type: none"> • The PEFA is useful for high-level PFM assessment and on-going monitoring and evaluation. • Exercise thus far has been that PEFA is hard to operationalise; doesn't provide a pathway for sequencing and prioritising reforms. • Not sufficient detail to inform development of individual PFM elements – separate diagnostic studies are required.
<p>5.7 Describe any DP institutionalisation of PEFA framework, e.g. decision to use PEFA as fiduciary assessment.</p>	<ul style="list-style-type: none"> • Decision to use PFM Assessment as tool for decisions on EC budget support. • Partial tool to provide baseline indicators and outcomes expected 2-3 years after implementation IDB Public Expenditure Management Program (under preparation).
<p>6. General Background</p>	
<p>6.1 Identify PFM diagnostics undertaken between 2007 -10.</p>	<ul style="list-style-type: none"> • Prior to 2007 - CPAR (2004); PEFA (2006) • Between 2007 -2010 PEFA (2008) • Detailed drill-down diagnostic studies of the PSIP, Financial Management, Audit and Procurement system were prepared to inform the IDB Public Expenditure Management Program, a Programmatic PBL loan series of three operations.
<p>6.2 Does the government have a multi-year programme of diagnostic instruments supported by its development partners?</p>	<ul style="list-style-type: none"> • No.

<p>6.3 What is the role of government counterparts in developing and carrying out PFM assessments?</p>	<ul style="list-style-type: none"> • Government is cooperative in conducting assessments; however they have been driven by the donors and consultants.
<p>6.4 Is there any evidence of a reduction (a) in the number of diagnostic tools and, (b) overlaps in PFM diagnostics since the introduction of the Strengthened Approach? List and attempt to identify trends – less/more; use of drill drill-downs; more</p>	<ul style="list-style-type: none"> • Some evidence of a reduction in broad based diagnostic studies – use of the PEFA Assessment as a common pool of knowledge.
<p>6.5 For each PFM Diagnostic delivered between 2007 – 2010, what was the trigger (e.g. part of multi-year programme, trigger for GBS programme, part of reform project, or input to the preparation of the project)?</p>	<ul style="list-style-type: none"> • For the 2008 PEFA, EU was ready to provide budget support. • Some of the assessments noted above used to inform the preparation of the Public Expenditure Management Program.
<p>6.6 Is there any evidence of synergies between the different assessment tools used e.g. one feeding into another or one decided as a drill-down following a PEFA assessment.</p>	<ul style="list-style-type: none"> • No evidence noted.

7. Documentary Evidence

- **Republic of Trinidad and Tobago Public Expenditure and Financial Accountability Public Financial Management Performance Assessment Report Final Report – December 2008**
- **Review of the Public Finance Management (PFM) System in Trinidad and Tobago – 28 June 2006.**
- **Trinidad & Tobago – Action Plan for Improving PFM (APIPFM) – Draft 9 November 2009.**
- **Project Profile – IADB Public Capital Expenditure Management Program I – TT-L1019 – September 2010**

Documents in bold indicate those in which Trinidad and Tobago PEFA Assessments are explicitly cited.

8. Persons Consulted

Gabriel Castillo – Inter American Development Bank

Terhi Karvinen – EU

VANUATU	
Summary Overview of Impact	<ul style="list-style-type: none"> • The PEFA framework is valued by the Government as a useful way of demonstrating the overall strength of the PFM system through an internationally recognised framework. The Government sees PEFA as a useful assessment tool providing assurance that the reform agenda is on track, rather than an instrument which drives policy⁸. • The first PEFA Assessment was instrumental in identifying weaker areas of the PFM system and increasing cooperation between DPs. • Government continues to note problems with parallel and burdensome DP diagnostic procedures for sector programmes, investment projects. In addition DP requirements for a PFM Strategy linked to PEFA results created unnecessary transaction costs in a country with strong strategic and corporate plans. • Future PEFA exercises in the Forum Islands may benefit from more Regional cooperation on PFM issues.
1. Background on the PEFA Assessment	
1.1 When was the PEFA undertaken (TORS issued, consultants started work, field visit begun/ended, draft report completed, final report completed)	<ul style="list-style-type: none"> • TORS Issued – June/July 2009 • Field visit – August 2009 • Draft report – Not known. • Final Report – November 2009 (68 pages excluding annexes)
1.2 Institutional involvement of DPs: <ul style="list-style-type: none"> ○ Lead donor(s) ○ Other donors ○ In what way were they expected to be involved pre-assessment ○ How were they involved in practice 	<ul style="list-style-type: none"> • Lead donor : EC • Other donors: AusAid, NZAid • Expected involvement (from TORS) – Main donors involved in the Sector are AusAid and the EC. NZAid and the French Embassy informed and consulted. AsDB and World Bank informed via email during final phase of field mission. Logistics and donor/government coordination managed by EC. • Resident DPs involved in the process. Had opportunity to comment on drafts AUSAID participated in key meetings as well as the 2 workshops.

⁸ For example through the preparation of a reform strategy.

<p>1.3 Institutional involvement of government:</p> <ul style="list-style-type: none"> ○ Pre-assessment institutional structure for involvement of government (apart from meetings): reference group? If so, who involved? ○ Actual institutional structure for involvement of government during assessment 	<ul style="list-style-type: none"> • Pre-assessment – Government officials had attended a PEFA workshop with other Pacific Islands. • Introductory workshop at start of the field phase – using PEFA training materials adapted to needs of Vanuatu. Workshop opened by Minister of Finance and attended by a number of DGs. • A second workshop (2 days) was held at the end of the mission to discuss initial findings and preliminary scores. The Minister of Finance and a number of DPs attended. • There is a PFM Donor/Government Group. Institutional structure developed arrangements appropriate for size of country. Government was fully engaged in the process; the consulting team was based in MFEM and had full access to all key documents and stakeholders.
<p>1.4 What was the background to the origin of the PEFA assessment?</p>	<ul style="list-style-type: none"> • According to TORS:- (1) Track progress since 2006 assessment; (2) Orient dialogue between government and main donors (incl. improved donor coordination) and (3) contribute to determining eligibility to further EU budget support.
<p>1.5 Describe how PEFA was carried out (methodology), including whether or not there was pre-assessment workshop. Stand-alone or integrated assessment.</p>	<ul style="list-style-type: none"> • Field Phase of the Assignment was conducted from 3-21 August 2009. • Introductory workshop at start of the field phase – using PEFA training materials adapted to needs of Vanuatu. Workshop opened by Minister of Finance and attended by a number of DGs. • A second workshop (2 days) was held at the end of the mission to discuss initial findings and preliminary scores. The Minister of Finance and a number of DPs attended. • Both the 2006 and 2009 exercises were both stand alone assessments.
<p>1.6 Current status of report(s) (e.g. draft, final)</p>	<ul style="list-style-type: none"> • 2006 – Final; 2009 – Final.
<p>1.7 Extent of public availability of PEFA report(s), e.g. on PEFA website, on Government website, published for public access, other.</p>	<ul style="list-style-type: none"> • 2006 Report is on the EC and PEFA website. The 2009 Assessment is not currently on either website.
<p>1.8 What was the gap between the first and second assessment? Were there any significant changes to the process followed (consultant used, process of preparing assessment etc.)? Why?</p>	<ul style="list-style-type: none"> • First Report issued July 2006 – Repeat Assessment issued November 2009. Lead consultant common to both assessments. • Significant changes – (a) Pre-assessment workshop held in 2009, using PEFA SEC training materials; (b) Govt. Officials more familiar with the consultant and PEFA methodology which increased efficiency of process; (c) Report includes tracking of progress from 2007 to 2010.

<p>1.9 Other background – describe the status of the PFM reform programme. Extent of government management/leadership of PFM reform programme.</p>	<ul style="list-style-type: none"> • GoV has been carrying out PFM reforms for over a decade with support through the AusAID Institutional Strengthening Project (ISP) and NZAID support to the strengthening of tax administration. These reforms were aimed at improving the legal and regulatory framework and restoring aggregate fiscal discipline. • GoV’s aim now is to maintain aggregate discipline but also to move to more effective resource allocation and better service delivery. Consequently, in 2008, the government developed its PFM Reform Strategy. • AusAID provides support to the Development Budget and improved macro-economic forecasting, and through the Australian Bureau of Statistics to the National Statistics Office. In addition, through its support of various sectors e.g. education and transport, it is helping to build capacity in PFM at the line ministries. The EC is also funding technical assistance to the internal audit unit in MFEM.
<p>1.10 Describe the nature and institutional structure of the government-donor dialogue on PFM</p>	<ul style="list-style-type: none"> • Limited formal dialogue. Government manages the PFM reform agenda from internal resources. Known weaknesses (reinforced through diagnostic assessments) are addressed with the support of the donors.
<p>1.11 Describe the nature and institutional structure of the donor-donor dialogue on PFM</p>	<ul style="list-style-type: none"> • Cooperation between resident DPs is good – straight forward given the small number of active DPs. The activities of non-resident IFIs could be better integrated into the on-going dialogue with the Government.
<p>2. Government experience of the PEFA assessment</p>	
<p>2.1 What was government’s view of the PEFA assessment, e.g. quality of the process, team, product and appropriateness of the results</p>	<ul style="list-style-type: none"> • Process was good. Government were confident in consultant (same as 2007). • Results were appropriate and in line with expectations. • Vanuatu is “a victim of success”. Good PEFA scores in 2007 mean that there is little room for improvement – incremental improvement is important for the DPs.
<p>2.2 Describe level of government involvement in assessment process – who was involved, who led the process (involvement in management of process), how were they involved</p>	<ul style="list-style-type: none"> • Government actively involved as participants of meetings. High level participation from senior government officials. • Government not involved in the management of the exercise. Would have liked to have done a self assessment but time and resources not available.
<p>2.3 Government assessment of quality/strength of level of government involvement – (pre, during, post assessment)</p>	<ul style="list-style-type: none"> • Government felt that they were adequately involved at all stages of the assessment process.

3. DP experience of the PEFA assessment	
3.1 What was (individual) DP's view of the PEFA assessment, including quality of the process, team, product, appropriateness of the results	<ul style="list-style-type: none"> • Results of the PEFA were in line with DP expectations. • DP liked the fact that the assessment process and results were available within a short period of time. • Consulting team was invited back to conduct the repeat assessment and had the confidence of the Government and donors.
3.2 Describe level of (relevant) DP involvement in assessment process – who was involved, who led the process (involvement in management of process), how were they involved	<ul style="list-style-type: none"> • The DPs involvement in the process was limited to being interviewed during the mission. • DPs were also invited to opening and closing workshops.
3.3 DP assessment of quality/strength of level of DP involvement – (pre, during, post assessment), including the level of DP-DP co-operation during the PEFA exercise	<ul style="list-style-type: none"> • No issues identified. DPs actively involved at the design stage and at workshops.
3.4 DP motivations for supporting/leading PEFA assessment	<ul style="list-style-type: none"> • DPs recognised the importance of tracking progress in PFM reforms – also noted that the GoV were enthusiastic about having a repeat assessment as they were the first to undergo the process in the Pacific Islands. • The EC Delegation needed the assessment as an explicit requirement of assessing eligibility for budget support.
4. Government use of PEFA post-assessment	
4.1 Circulation of PEFA post-assessment	<ul style="list-style-type: none"> • Copies of PEFA were provided to the main government stakeholders involved in the assessment. • Copies available to all DPs. • Summary assessment was translated into French and Bislama (local language). • PEFA is a useful document for international visitors – an internationally recognized methodology which shows Vanuatu's PFM systems to be performing well.
4.2 Discussion of PEFA post-assessment	<ul style="list-style-type: none"> • Two DPs have questioned the reliability of relatively high PEFA scores after the assessment was published – one DP conducted a review of the numbers used to calculate the PIs relating to the Credibility of the Budget. This issue caused frustration on the part of the GoV.
4.3 Citations of PEFA post-assessment	<ul style="list-style-type: none"> • PEFA results included in the recent PFM Road Map for Forum Island Countries (June 2010). This was prepared at the request of the 2009 Forum Economic Ministers Meeting; which endorsed the need to develop a Road Map aimed at progressive strengthening of Forum Islands PFM.

<p>4.4 What, if any, direct follow-ups to the PEFA have been carried out or are planned (e.g. follow up PEFAs), additional analyses, etc. What were the reasons for undertaking these.</p>	<ul style="list-style-type: none"> • Carried out – None • Government are committed to regular PEFA assessments (every 3-4 years) however are disappointed that they are seeing little dividends in terms of reduced transaction costs (discussed further in 6.4 below).
<p>4.5 What, if any, changes/activities have there been in the PFM reform programme since the PEFA assessment? Were these changes directly or indirectly related to the PEFA assessment? In what ways?</p>	<ul style="list-style-type: none"> • Government doesn't see a direct link between PFM reforms and the PEFA assessment. Vanuatu has an advanced system (IFMIS and accrual accounting). The Government drives its own reform agenda independent of the PEFA Assessment. • DPs noted a direct link between weaknesses identified in 2007 and support to the Government. That Assessment contributed to support in developing the IFMIS, Government statistics and external audit.
<p>4.6 Describe any government institutionalisation of PEFA framework, e.g. decision to use PEFA in M&E of PFM system</p>	<ul style="list-style-type: none"> • No evidence that the results have been incorporated into M&E indicators.
<p>4.7 In stakeholder's view, what were main reasons for any successes/actions in following up/using PEFA</p>	<ul style="list-style-type: none"> • The PEFA is a credible international benchmark which demonstrates that the Government has developed a strong PFM system. • Also seen as a useful comparative tool between other Forum Islands which also generates a degree of inter-Island competition.
<p>5. DP use of PEFA post-assessment</p>	
<p>5.1 Describe the circulation/ dissemination and citation of the report amongst DPs</p>	<ul style="list-style-type: none"> • Report was published by the EC and has been widely circulated by the MOF. The summary has also been translated into French and local language. • Cited in the 10th EDF programme of the EC (2008-2013). States that following the 2006 PEFA exercise G and DP have begun working closely together to address weaknesses identified in PEFA report. Notes lack of priorities and coordination resulting in sub-optimal results. • Partnership for Development between Govt of Australia and Govt of Vanuatu (May 2009). Partnership Priority No 4 (Economic Governance) includes goals of (a) strengthening the budget process; (b) improving PFM systems and (c) strengthening transparency and accountability and (d) improved management of Govt Business Enterprises. These are to be monitored through improved PEFA scores (specified in the Partnership for Development).

<p>5.2 What impact or follow-up activities (related to PFM support by DP) have resulted from the PEFA assessment (decisions by DP directly related to PEFA assessment), e.g. new PFM support projects being planned, decisions to/not to give support (e.g. budget support), reductions in PFM assessments</p>	<ul style="list-style-type: none"> • DPs noted that a direct impact of the 2006 PEFA Assessment was the formation of a Donor/Government PFM Group. Focus was on the weak (C/D) scores in the PEFA Assessment. EC started support to Auditor General and development of Internal Audit; AUSAid are providing TA to the MOF in developing government statistics. • Discussion of PEFA results at Pacific Islands Financial Managers Association.
<p>5.3 What activities which potentially lead to improvements in DP co-operation resulted from the PEFA assessment, e.g. plans to combine/consolidate PFM support/assistance, new institutional structures for DP-DP co-operation</p>	<ul style="list-style-type: none"> • See 6.2 above.
<p>5.4 Did the PEFA assessment lead to reductions in the number and/or nature of PFM assessments?</p>	<ul style="list-style-type: none"> • Some donors are placing reliance on PEFA assessment as the basis for budget support and place reliance on this for using country systems. • Despite this Government still receives a considerable number of fiduciary assessments related to new projects/programmes. These include questions related to the PFM system which are specifically addressed in the PEFA assessment.
<p>5.5 What activities which potentially lead to improvements in Government-DP co-operation/dialogue on PFM resulted from the PEFA assessment, e.g. new institutional structures for Government-DP co-operation on PFM</p>	<ul style="list-style-type: none"> • See 6.2 above.
<p>5.6 For DP stakeholder, is PEFA sufficient for PFM assessment? What could it replace? What can it not replace?</p>	<ul style="list-style-type: none"> • The PEFA process provides a good overview of the PFM system however it does not cover governance and corruption issues. • PEFA does not cover public expenditure policies and the efficacy of public spending (WB is currently preparing a PER for education sector – the first in Vanuatu).
<p>5.7 Describe any DP institutionalisation of PEFA framework, e.g. decision to use PEFA as fiduciary assessment.</p>	<ul style="list-style-type: none"> • The fact that the PEFA exercise was repeated in 2009 indicates that the process is institutionalised. • As indicated above, PEFA assessments are being used by the EC as instruments of eligibility or new or continuing budget support.

6. General Background

6.1 Identify PFM diagnostics which have been undertaken between 2007 and 2010?

- PEFA Assessment 2009.
- Government did not note specific PFM diagnostics; however some DPs still conducting fiduciary assessments in relation to GBS and investment projects (e.g. revenue management and procurement).

6.2 Does the government have a multi-year programme of diagnostic instruments supported by its development partners?

- No multi – year programme of diagnostics.

6.3 What is the role of government counterparts in developing and carrying out PFM assessments?

- Government took an active role in PEFA Assessment – see 2.3 below.

6.4 Is there any evidence of a reduction (a) in the number of diagnostic tools and, (b) overlaps in PFM diagnostics since the introduction of the Strengthened Approach? List and attempt to identify trends – less/more; use of drill drill-downs; more

- Vanuatu was not heavily diagnosed prior to introduction of Strengthened Approach. Some bi-laterals have placed reliance on PEFA Assessment. Some DPs questioned the reliability of PEFA results (post publication) which created extra work verifying reliability of underlying numbers. Government does not observe reductions in diagnostic work particularly fiduciary assessments.

6.5 For each PFM Diagnostic delivered between 2007 – 2010, what was the trigger (e.g. part of multi-year programme, trigger for GBS programme, part of reform project, or input to the preparation of the project)?

- PEFA – see 2.4 below.
- Fiduciary assessments are driven by DP requirements – government on occasions sees unnecessary incremental processes on top of PEFA assessment.

6.6 Is there any evidence of synergies between the different assessment tools used e.g. one feeding into another or one decided as a drill-down following a PEFA assessment.

- None

6.7 What are the perceptions of the key government counterparts as to the usefulness of the various PFM diagnostic tools?

- PEFA – (See section 1-5 above).
- Little value added through fiduciary assessments.

<p>6.8 To what extent – and how – were the diagnostic studies used for the reform dialogue and formulation?</p>	<ul style="list-style-type: none"> • The first PEFA Assessment did provide a focus for DP-Govt dialogue on PFM reforms and several TA programmes (identified below) were developed for the weaker PFM elements (IA and EA; Government Statistics). • Government has an advanced reform agenda and manages its own reform priorities.
<p>6.9 To what extent – and how are diagnostic studies being used to monitor and evaluate the implementation of reform plans?</p>	<ul style="list-style-type: none"> • See 1.8 – DPs look for formal reform programme. • Government has own reform agenda – PEFA is not seen as a M&E tool.

7. Documentary Evidence

- **Vanuatu Public Expenditure and Financial Accountability –Final Report – July 2006**
- **Republic of Vanuatu - Public Financial Management Performance Report - Final Report – November 2009**
- **Partnership for Development between Government of Australia and Government of Vanuatu (May 2009)**
- **Country Strategy and National Indicative Programme (Vanuatu) - 10th EDF Programme of the EC Commission (2008 -2013).**
- **A Public Financial Management Roadmap for Forum Island Countries (Draft dated 10 June 2010)**

Note: Documents in bold indicate those in which Vanuatu's PEFA assessments are explicitly cited.

8. Persons Consulted

Nick Cumpston – AUSAID
Adrien Mourgues – EU
Nikunj Soni – Senior Advisor to the Treasury

ZAMBIA

<p>Summary Overview of Impact</p>	<ul style="list-style-type: none"> • Strong government ownership and leadership of the PEFA process resulted in an Assessment which was considered to be accurate and in line with expectations. DPs regarded the involvement of a well respected international consultant and quality control by the PEFA Secretariat as important to the overall credibility of the Report. • PEFA has been useful in providing a high level snap-shot of the performance of the PFM system. • While there is no multi-year programme of PFM diagnostics in Zambia there is evidence of a well disciplined approach to broad based diagnostic studies, centred on the PEFA assessment.
<p>1. Background on the PEFA Assessment</p>	
<p>1.1 When was the PEFA undertaken (TORS issued, consultants started work, field visit begun/ended, draft report completed, final report completed)</p>	<ul style="list-style-type: none"> • TORS Issued: Not Known • Field Visit: June 2008 • Draft Report: June 2008 • Final Report: Dated June 2008 however the Report was only finalised in February 2009, after the PEMFA Secretariat had addressed stakeholder comments. <p>According to the TORS the whole process, including the submission and finalisation of the Report should be completed within 4 weeks.</p>
<p>1.2 Institutional involvement of DPs:</p> <ul style="list-style-type: none"> ○ Lead donor(s) ○ Other donors ○ In what way were they expected to be involved pre-assessment ○ How were they involved in practice 	<ul style="list-style-type: none"> • Government led the Assessment process. • Lead Cooperating Partners (CP) for the PEFA (DFID and SIDA) coordinated inputs of 13 active CPs in Zambia. • SIDA financed the international consultants. • CPs were involved in all aspect of the Assessment cycle.
<p>1.3 Institutional involvement of government:</p> <p>Pre-assessment institutional structure for involvement of government (apart from meetings): reference group? If so, who involved?</p> <p>Actual institutional structure for involvement of government during assessment</p>	<ul style="list-style-type: none"> • PEFA Assessment was led by GRZ team assisted by two international consultants appointed by the CPs. • Team was led by a representative of the ZNTB with other officials from the MOFNP, PEMFA Secretariat and the ZRA.

<p>1.4 What was the background to the origin of the PEFA assessment?</p>	<p>The purpose of the 2008 assessment has been to carry out a review of Zambia’s PFM system performance, following the first assessment in 2005. The 2008 assessment had had the following specific objectives (as stated in the TORS):</p> <ol style="list-style-type: none"> a. Update the overview of PFM performance in accordance with the PEFA performance measurement framework. b. Establish and explain the level of improvement in performance based on the PEFA indicators scores by comparison to the results found during the 2005 evaluation. c. Carry out an assessment of the results of the PEFA review i.e. performance changes in relation to the PEMFA components, activities and possible affects on the scores attained. d. Review at deconcentrated levels (sic) of the health and education sectors in two sample districts. e. Propose recommendations based on lessons learnt and best practices and how implementation could be improved to have better PFM systems in line with the PEFA indicators, i.e. identify weak areas and propose prioritisation and sequencing of the reforms. <p>In practice the Assessment did not manage to conduct activity (e). A post assessment workshop was supposed to happen during the mission but was cancelled⁹.</p>
<p>1.3 Describe how PEFA was carried out (methodology), including whether or not there was pre-assessment workshop. Stand-alone or integrated assessment. Note differences between various assessments, if applicable.</p>	<ul style="list-style-type: none"> • Both the 2005 and 2008 Reports were stand- alone and undertaken by a government team supported by 2 international consultants. • A Pre-Mission half day workshop was held for briefing, team-building and detailed planning of the work. • A launch workshop with GRZ and Co-operating Partner stakeholders was held to discuss the methodology, timetable and expected outputs. • Focus group discussions were held with parties outside Government (civil society and co-operating partners). • Field visits to two provisional headquarters and two districts outside Lusaka. • Final stakeholder meeting to discuss the assessment’s results. • A planned workshop to discuss draft findings was cancelled due to insufficient attendance.
<p>1.4 Current status of report(s) (e.g. draft, final)</p>	<ul style="list-style-type: none"> • Final Report.
<p>1.5 Extent of public availability of PEFA report(s), e.g. on PEFA website, on Government website, published for public access, other.</p>	<ul style="list-style-type: none"> • 2005 Report is on PEFA website (not 2008 Report). • 2008 Report is referenced on the MOFNP website but wasn’t accessible during the Study (October 2010). • The Final Report was sent to all ministries (250 copies were printed). The Report was not disseminated more broadly outside Government (e.g. civil society and NGOs).

⁹ Government noted that a workshop on reform priorities for follow on project was held in June 2009.

<p>1.6 What was the gap between the first and second assessment? Were there any significant changes to the process followed (consultant used, process of preparing assessment etc.)? Why?</p>	<ul style="list-style-type: none"> • December 2005 to June 2008 (30 months). • The 2008 includes an explanation of the movements between the 2005 and 2008 Assessments. • Annex C of the Report includes information gathered from field trips to two provinces and two districts. This was done in order to triangulate the information gathered from central institutions. The Annex provides a matrix on how the findings might affect the assessment for a range of indicators, however notes that without further evidence this cannot be asserted definitely. • PEFA (p42) raised questions on how to coordinate and prioritise all 13 components of the PEMFA. Annex D provides a methodology in which the PEFA Team attempted to link the findings of the draft report to the PEMFA.
<p>1.7 Other background – describe the status of the PFM reform programme. Extent of government management/leadership of PFM reform programme.</p>	<ul style="list-style-type: none"> • The PEMFA Programme is one of three pillars of the Government’s Public Sector Reform Programme aimed at improving the quality of service delivery in the public sector. The overall objective of PEMFA is to contribute to the efforts of Government in improving capacity to effectively and efficiently mobilise and utilise public resources (improve public expenditure management) and to strengthen overall financial accountability. • The Programme is coordinated by the Ministry of Finance and National Planning. A number of other public bodies/institutions in Zambia are closely involved in the implementation of the PEMFA Programme, including: Ministry of Justice, Zambia National Tender Board, Office of the Auditor General, National Assembly and the Zambia Institute of Chartered Accountants. PEMFA has 13 components, covering: (i) commitment control and financial management systems; (ii) IFMIS implementation; (iii) improved fiscal policy and economic planning; (iv) reformed budget preparation and budget execution; (v) improved debt management; (vi) improved internal audit; (vii) better external finance and coordination; (viii) legal and regulatory framework; (ix) strengthened external audit; (x) enhancing parliamentary oversight; (xi) accountancy training and regulation; (xii) public procurement reform; and (xiii) centralised computer services department. • The PEMFA programme commenced in January 2005 following the signing of the memorandum of understanding (MoU) in December 2004 by GRZ and a group of donors: DFID, the European commission, the Netherlands, Ireland, Denmark, Norway, Sweden, the World Bank, Finland, Germany and the UN country team. • PEMFA programme finishes at the end of 2010. Government is currently developing a new PFM Strategy with the support of the CPs.

1.8 Describe the nature and institutional structure of the government-donor dialogue on PFM	<ul style="list-style-type: none"> • The government-donor dialogue on PFM is centred on the Public Expenditure, Financial Management and Accountability (PEFMA) reform programme. The DPs supporting the PEFMA operate as a co-operating group under a 2004 Memorandum of Understanding.
1.9 Describe the nature and institutional structure of the donor-donor dialogue on PFM	<ul style="list-style-type: none"> • As above (donors involved in PEMFA).
2. Government experience of the PEFA assessment	
2.1 What was government's view of the PEFA assessment, e.g. quality of the process, team, product and appropriateness of the results	<ul style="list-style-type: none"> • High degree of Government ownership of the assessment process. • It was reported that the Government thought some of the scores in the 2005 Report were too harsh. Government felt the Assessment results were more objective and in line with their expectations in 2008. • In 2008 the Government was more familiar with the methodology; the first assessment has been a "learning process". • Through leading the assessment process it believed that the results were appropriate and that the scores are credible.
2.2 Describe level of government involvement in assessment process – who was involved, who led the process (involvement in management of process), how were they involved	<ul style="list-style-type: none"> • As noted above – they led managed and led inputs into the Assessment process. It is considered to be a Government report.
2.3 Government assessment of quality/strength of level of government involvement – (pre, during, post assessment)	<ul style="list-style-type: none"> • Reported to be positive – a government team conducted the Assessment and it is considered to be a Government report. • Full Government ownership of the assessment.
3. DP experience of the PEFA assessment	
3.1 What was (individual) DP's view of the PEFA assessment, including quality of the process, team, product, appropriateness of the results	<ul style="list-style-type: none"> • Donors generally thought the results of the Assessment were appropriate, despite some initial concerns regarding over optimistic scores on individual indicators. These were addressed transparently through the review process. • Involvement of independent international consultant and quality assurance by PEFA SEC were important elements in providing the DPs with assurance as to the quality of the assessment.

<p>3.2 Describe level of (relevant) DP involvement in assessment process – who was involved, who led the process (involvement in management of process), how were they involved</p>	<ul style="list-style-type: none"> • CP leads provided coordinated comments on the draft report. • SIDA and DFID led the inputs but all active PFM CPs were involved in the assessment process and attended workshops.
<p>3.3 DP assessment of quality/strength of level of DP involvement – (pre, during, post assessment), including the level of DP-DP co-operation during the PEFA exercise</p>	<ul style="list-style-type: none"> • As the assessment was designed as government assessment, the level of DP involvement was not seen as an issue. • Checks and balances noted in 3.1 above were important elements in insuring the credibility of the assessment process.
<p>3.4 DP motivations for supporting/leading PEFA assessment</p>	<ul style="list-style-type: none"> • PEFA is seen as an independent product which does not belong to one institution. • Seen as a useful in measuring small changes in the PFM system over time. “Sometimes if you work with the system day to day you aren’t aware of small incremental improvements”.
<p>4. Government use of PEFA post-assessment</p>	
<p>4.1 Circulation of PEFA post-assessment</p>	<ul style="list-style-type: none"> • Reported that the PEFA assessment was not widely disseminated outside government; “This was unfortunate as there was a positive story to tell”.
<p>4.2 Discussion of PEFA post-assessment</p>	<ul style="list-style-type: none"> • Opinions varied on the amount of discussion of the Report across Government. No evidence of much discussion beyond the final workshop at the end of the field work.
<p>4.3 Citations of PEFA post-assessment</p>	<ul style="list-style-type: none"> • It is difficult to separate the PEFA assessment from the PEFA framework, as the latter is explicitly incorporated into the PEMFA programme. The PEMFA programme (and indirectly the PEFA framework as its monitoring framework) is cited in Zambia’s Joint Assistance Strategy and PEMFA programme documents (e.g. PAF documents, Annual Work Programmes, etc.).
<p>4.4 What, if any, direct follow-ups to the PEFA have been carried out or are planned (e.g. follow up PEFAs), additional analyses, etc. What were the reasons for undertaking these.</p>	<ul style="list-style-type: none"> • Regular (i.e. every 3-4 years) updates of the PEFA assessment are explicitly planned as part of PEMFA programme.

<p>4.5 What, if any, changes/activities have there been in the PFM reform programme since the PEFA assessment? Were these changes directly or indirectly related to the PEFA assessment? In what ways?</p>	<ul style="list-style-type: none"> • The PEFA Assessment provided a high level snap shot of the PFM system which indicated that the PFM system performance was improving. • The results of the 2005 assessment may have influenced reforms in particular areas e.g. commitment controls and managing expenditure arrears. • PEFA Assessment was one input into simplification of PEMFA components (18 to 6 components) in 2009.
<p>4.6 Describe any government institutionalisation of PEFA framework, e.g. decision to use PEFA in M&E of PFM system</p>	<ul style="list-style-type: none"> • As noted in 4.5 provides a high level measure of performance; not as a detailed M&E tool for PEMFA programme. • Is was partially used as a independent evaluation tool (see 5.2 below).
<p>4.7 In stakeholder's view, what were main reasons for any successes/actions in following up/using PEFA</p>	<ul style="list-style-type: none"> • Understanding from both sides that there was a need to have a credible review process of setting the baseline for PEMFA monitoring. • There was appreciation of the PEFA assessment tool, in setting out "best practice" and an international perspective; as such, the DPs were keen to use the PEFA. • Fact that it was a joint process (government team with independent facilitators) helped create buy-in from both sides. • Output (scores) were credible. Results were accepted by government.
<p>5. DP use of PEFA post-assessment</p>	
<p>5.1 Describe the circulation/ dissemination and citation of the report amongst DPs</p>	<ul style="list-style-type: none"> • The Assessment was circulated amongst all CPs. • The Report was discussed a lot amongst the DPs and used in dialogue with management in Zambia and CPs Headquarters. • Cited in most recent WB Country Assistance Strategy (2008).
<p>5.2 What impact or follow-up activities (related to PFM support by DP) have resulted from the PEFA assessment (decisions by DP directly related to PEFA assessment), e.g. new PFM support projects being planned, decisions to/not to give support (e.g. budget support), reductions in PFM assessments</p>	<ul style="list-style-type: none"> • PEMFA provides the overarching framework for donor government dialogue on PFM. Dialogue is seen to be strong. • External partners active in PEMFA programme have agreed to use the PEFA framework as a high level monitoring framework for the programme. • Recent independent evaluation of PEMFA used PEFA one element of the evidence used to judge the success or otherwise of PEMFA with regard to its overall objective.
<p>5.3 What activities which potentially lead to improvements in DP co-operation resulted from the PEFA assessment, e.g. plans to combine/consolidate PFM support/assistance, new institutional structures for DP-DP co-operation</p>	<ul style="list-style-type: none"> • Use of PEFA (in part) as an evaluation tool for the PEMFA programme. • No major impact from the PEFA Assessment in DP-DP coordination in PFM as they were already working closely together.

<p>5.4 Did the PEFA assessment lead to reductions in the number and/or nature of PFM assessments?</p>	<ul style="list-style-type: none"> • The PEFA framework appears to have had the effect of reducing competing general PFM assessments, as the DPs agreed to use the PEFA assessment as their common information pool on general PFM assessments. • 2007 Impact Assessment notes that DPs indicated to Government that it should not allow any other general PFM assessments whilst PEFA assessment was in place. This seems to have been generally adhered to.
<p>5.5 What activities which potentially lead to improvements in Government-DP co-operation/dialogue on PFM resulted from the PEFA assessment, e.g. new institutional structures for Government-DP co-operation on PFM</p>	<ul style="list-style-type: none"> • As noted above the PEMFA provided the overarching framework for donor –Government dialogue on PFM. • No further impact of the PEFA assessment as DPS was also working closely together.
<p>5.6 For DP stakeholder, is PEFA sufficient for PFM assessment? What could it replace? What can it not replace?</p>	<ul style="list-style-type: none"> • FRAs continue to be required by CPs as part of giving budget support; these have been based on the information in the PEFA assessment • World Bank continue to conduct PER; 2010 PER is scheduled to be published later this year. • The PEFA can provide a high level overview of the PFM system; it is not a tool which provides specific guidance on prioritising and sequencing PFM reform activities.
<p>5.7 Describe any DP institutionalisation of PEFA framework, e.g. decision to use PEFA as fiduciary assessment.</p>	<ul style="list-style-type: none"> • (See above). Extensive use of the PEFA assessment as the basis of donor driven fiduciary assessments.

6. General Background

<p>6.1 Identify PFM diagnostics undertaken between 2007 -10.</p>	<ul style="list-style-type: none">• Mid Term Review of the Public Expenditure Management and Financial Accountability (PEMFA) programme in Zambia (November 2007)• PEFA Assessment (June 2008)• Government of Zambia IFMIS Review 2008 (not seen)• DFID Fiduciary Risk Assessment (January 2009)• WB PFM Review (2009)• IFMIS SAP Review (2010)• DFID ASP (February 2010)• World Bank Procurement Assessment (2010)• Public Expenditure Management and Financial Accountability (PEMFA) Programme Evaluation Overview Report Prepared on behalf of Ministry of Finance and National Planning Government of the Republic of Zambia (August 2010)• IMF Technical Notes Fiscal Affairs Department 2009 and 2010 (not seen)• World Bank Public Expenditure Review (to be finalised in 2010)
<p>6.2 Does the government have a multi-year programme of diagnostic instruments supported by its development partners?</p>	<ul style="list-style-type: none">• PEMFA provides the overarching framework for donor government dialogue on PFM. Dialogue is seen to be strong.• External partners active in PEMFA programme have agreed to use the PEFA framework as part of the monitoring framework for the programme.• Within this framework other diagnostics do take place (e.g. fiduciary reviews). There is no explicit multi-year programme of diagnostic instruments.
<p>6.3 What is the role of government counterparts in developing and carrying out PFM assessments?</p>	<ul style="list-style-type: none">• As noted above GOZ has taken a strong leadership role in the management of PEFA assessments and programme evaluations.

<p>6.4 Is there any evidence of a reduction (a) in the number of diagnostic tools and, (b) overlaps in PFM diagnostics since the introduction of the Strengthened Approach? List and attempt to identify trends – less/more; use of drill drill-downs; more</p>	<ul style="list-style-type: none"> • Generally seems to be a disciplined approach to the use of diagnostic tools in Zambia (i.e. avoidance of duplicative assessment processes). • PEFA Framework embedded into the dialogue between the GOZ and CPs. • Regular PERs and technical reports provide input into public expenditure policy and more detailed analysis of specific technical issues.
<p>6.5 For each PFM Diagnostic delivered between 2007 – 2010, what was the trigger (e.g. part of multi-year programme, trigger for GBS programme, part of reform project, or input to the preparation of the project)?</p>	<ul style="list-style-type: none"> • Regular PEFA Assessments are part of the dialogue between the GOZ and CPs. • Programme Evaluations are part of the programme cycle.
<p>6.6 Is there any evidence of synergies between the different assessment tools used e.g. one feeding into another or one decided as a drill-down following a PEFA assessment.</p>	<ul style="list-style-type: none"> • See 6.4 above.

7. Documentary Evidence

- **Memorandum of Understanding – GRZ and CPs – PEMFA Program December 2004 (Revised July 11, 2008).**
- **Monitoring and Evaluation Framework - Public Expenditure Management and Financial Accountability (PEMFA) Reform Programme Ministry of Finance and National Planning (May 2005)**
- **Zambia Public Financial Management Performance Report and Performance Indicators PEMFA Programme Evaluation December 2005**
- **Mid Term Review of the Public Expenditure Management and Financial Accountability (PEMFA) programme in Zambia (November 2007)**
- **Consolidated CPs - Comments on the Draft 2008 PEFA Report**
- **PEFA Secretariat - Comments on the Draft 2008 PEFA Report**
- **World Bank Country Assistance Strategy (April 2008)**
- **Zambia Public Financial Management Performance Report and Performance Indicators 2008 Assessment and Update Report**
- **Public Expenditure Management and Financial Accountability (PEMFA) Programme Evaluation Overview Report Prepared on behalf of Ministry of Finance and National Planning Government of the Republic of Zambia (August 2010)**
- **PEMFA Performance Assessment Framework for 2010**

Documents in bold indicate those in which Zambia's PEFA Assessments are explicitly cited.

8. Persons Consulted

Stephanie Angomwile – PEMFA Secretariat¹⁰

Mumba Chanda – PEMFA Secretariat

Patricia Palale – World Bank

Alessandro Zanotta – EU

¹⁰ A fully owned government program supported by Cooperating Partners.