

VOLUME II: COUNTRY IMPACT NOTES

Country Impact Note

BANGLADESH

<p>0. Summary Overview of Impact</p>	<ul style="list-style-type: none"> ◇ Little Government engagement in 2005 exercise – limited ownership by senior management (seen as external exercise) and altered and non-transparent methodology used for the assessment. Credibility of scores not formally accepted by government and partly undermined by later exercises. ◇ PEFA came at a time when there was a need for a revitalisation in the basis of PFM government reforms; this was assisted by DPs working together with government as part of the joint CAS dialogue, rather than led by the 2005 PEFA exercise, although the PEFA framework appears to be considered useful for future monitoring the reforms ◇ It remains to be seen how effective the updated PEFA analyses (the version in 2007 CAS) and the co-ordinated reforms will be in reducing further duplications of PFM analyses
<p>1. Background on 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>	<p><i>Information in this Note refers to the first PEFA assessment undertaken in 2005.</i></p> <ul style="list-style-type: none"> ◇ Field visit: Undertaken as part of on-going consultancy work by the former team leader of FMRP; exact timing of specific interviews unknown ◇ Draft report: June 2005 ◇ Final report: July 2005 (38 pages without annexes)
<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 ◇ Other donors: None ◇ Expected institutional involvement: Provide support for exercise as part of PER ◇ Actual institutional involvement: As expected
<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: None. No reference group was involved, nor was specific pre-assessment workshop or training provided. ◇ During the assessment: No specific, official institutional structure. Government stakeholders provided information for the assessment.
<p>1.4 What was the background to the origin of the PEFA assessment, including perceived motivation?</p>	<ul style="list-style-type: none"> ◇ The assessment was intended to provide an analytical background note for the PFM part of the World Bank’s PER as part of the basis for the Bank’s future dialogue on PFM. It was felt useful to use the emerging PEFA instrument for this as the PFM reform programme did not have a specific monitoring framework, and the PEFA was seen to be useful for setting a baseline for such monitoring in the framework.

<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"> ◇ As indicated above (1.1), the assessment was conducted by an external consultant as part of the World Bank's PER (it was a Policy Note). The consultant was familiar with Bangladesh's PFM system through work on the Financial Management Reform Programme ◇ The consultant held bilateral meetings with stakeholders to discuss the background to individual indicators, then scored the indicators and presented these informally to stakeholders. ◇ Methodology used for scoring was not the one prescribed by the PEFA Guidelines; a methodology modified by the consultant was used; no explanation of the scoring methodology for the revised indicator set was provided with the assessment, making it difficult to assess compliance and hampering comparisons with subsequent assessments.
<p>1.6 Current status of report (e.g. draft, final)</p>	<ul style="list-style-type: none"> ◇ Final (background policy note for the PER)
<p>1.7 Extent of public availability of PEFA report, e.g. on PEFA website, on Government website, published for public access, other</p>	<ul style="list-style-type: none"> ◇ 2005 PEFA assessment is not available publicly.
<p>1.8 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"> ◇ PFM reforms have been carried out in the form of a series of long-term reform programmes, which began with Reforms in Budgeting and Expenditure Control (RIBEC) during the 1990s (from 1992-2002) through the current 5-year Financial Management Reform Programme (FMRP), which is scheduled to come to an end in 2008. The RIBEC reforms followed the Report of the Committee on Reforms of Budgeting and Expenditure Control (CORBEC), which provided a comprehensive analysis of the weaknesses of the Government's budgeting and accounting systems. ◇ RIBEC focussed on reforms in central agencies (MoF and the Controller and Accountant General's (CAG) office), particularly improvements in the budget processes in the Finance Division (FD) and the accounting routines carried out by the CGA's Office. External audit was targeted through capacity building in the CAG's Office. ◇ FMRP has focussed more on the adoption of the MTBF and its roll-out to line ministries, as well as the management of liabilities of state owned enterprises, and internal audit capacity at line ministries. Strengthening accounting/Treasury functions has also been a major part of the programme involving the development and introduction of an 'integrated budgeting and accounting system' (IBAS). There has also been a component on (external) audit, and expenditure tracking studies in the health and education. Training has been handled as a separate cross-cutting component through the Financial Management Academy (FIMA). ◇ Government leadership, which is centred on the Ministry of Finance, and specifically the Finance Division, has reportedly improved with the FMRP.
<p>1.9 Describe the nature and institutional structure of the government-donor dialogue on PFM</p>	<ul style="list-style-type: none"> ◇ Government/DP dialogue on PFM is based around the main PFM reform programme (FMRP); thus, there is a single framework around which DPs can engage with government ◇ Government plays an executive role in the management of the FMRP project. The quality of government leadership can be variable as it depends on the level of engagement of the relevant senior management involved

<p>1.10 Describe the nature and institutional structure of the donor-donor dialogue on PFM</p>	<ul style="list-style-type: none"> ◇ Government/DP dialogue on PFM is based around the main PFM reform programme (FMRP); thus, there is a single framework around which DPs can engage ◇ Apart from this, there is no formal institutional structure for donor co-ordination on PFM, and there is evidence of overlapping PFM analyses/assessments (see 5.4 below)
<p>2. Government experience of 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 did not formally comment on the final report. There was some question of the government's concurrence with the credibility of the scores. As there was a limited familiarity with the exercise amongst government stakeholders and in some cases a distancing from the exercise, it is difficult to assess accurately the government's view of the assessment itself, although these facts in themselves can be used to make a judgement.
<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"> ◇ There was limited government involvement in the assessment beyond the provision of information and discussions with stakeholders, which appeared to have taken place as part of the consultant's existing assistance to government.
<p>2.3 Government assessment of quality/strength of level of government involvement – (pre, during, post assessment)</p>	<ul style="list-style-type: none"> ◇ Limited applicability as there was limited government involvement in the exercise.
<p>3. DP experience of 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"> ◇ There appeared to be limited familiarity amongst existing DPs with the exercise; hence, there appeared to be reticence to pass comment on the original exercise ◇ Nonetheless, the appropriateness of some of the results has been questioned in subsequent assessments (see 5.4 below)
<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 indicated above, the assessment was part of the analytical background for the World Bank's PER
<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 carried out as part of background analytical information for the World Bank's PER; thus, wider DP co-operation was not envisaged at the outset.
<p>3.4 DP motivations for supporting/leading PEFA assessment</p>	<ul style="list-style-type: none"> ◇ See above (1.4)
<p>4. Government use of PEFA post-assessment</p>	
<p>4.1 Circulation of PEFA post-assessment</p>	<ul style="list-style-type: none"> ◇ Following presentation to senior management in the Ministry of Finance, copies of the PEFA assessment, as part of the PER background documentation, were informally circulated (by the World Bank) to government and other DP stakeholders

4.2 Discussion of PEFA post-assessment	◇ None/limited as government did not officially recognise the results.
4.3 Citations of PEFA post-assessment	◇ None/limited government did not officially recognise the results.
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.	◇ Carried out: Update of PEFA scores (matrix of scores and justification but not full PFM-PR) found in annex to joint-donor CAS (2007). In addition, two other updates of PEFA scores were carried out in 2006 (see 5.4 below) ◇ Planned: None
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?	◇ Impact of original (2005) PEFA (which was referred to as a “Policy Note” as part of PER) on government was minimal – not referred to by government, not acknowledged by those senior government officials who were responsible at the time. Brief (unofficial) comments were provided on text of early draft version, but comments were not provided on the scores.
4.6 Describe any government institutionalisation of PEFA framework, e.g. decision to use PEFA in M&E of PFM system	◇ It is planned that the wider PEFA framework will be used in the monitoring framework for the revised financial management reform programme
4.7 In stakeholder’s view, what were main reasons for any successes/actions in following up/using PEFA	◇ There was very little awareness of the 2005 PEFA assessment and in some cases a distancing from the exercise, including by senior management of MoF at the time of the exercise. ◇ The World Bank’s covering note to MoF Finance Secretary (SF) suggested that “we would like to work with you on establishing a baseline”, indicating that the PEFA assessment was not considered as such by the government. ◇ The PEFA assessment was seen as an external exercise, with no buy-in from government. ◇ Some non-government stakeholders believed that the government did not want to be monitored as there was concern that such monitoring would be used to set conditionalities for the provision of external resources.
5. DP use of PEFA post-assessment	
5.1 Describe the circulation/ dissemination and citation of the report amongst DPs	◇ Circulated to other DP stakeholders ◇ Not available publicly
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	◇ Limited from earlier (2005) PEFA exercise due to limited familiarity with the exercise. ◇ PEFA assessment doesn’t seem to have had an impact on reducing general PFM assessments (see below under 5.4) ◇ Update of PEFA indicators (2007) incorporated in joint-CAS. Different methodology used to that in 2005 version => difficult to compare two versions. As indicated above, updated PEFA was part of analytical background to development the CAS, the multi-donor Trust Fund and the PIM ◇ Multi-donor trust fund (acting as a basketed fund) being prepared to support PFM project (PIM) as successor to the Financial Management Reform Programme ◇ Donor-initiated CAS and PFM reform project: part of on-going Government-donor dialogue on PFM. Not linked to previous PEFA exercise

<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>	<p>◇ Joint working on PFM, led by the World Bank, in the form of efforts to put together a Multi-Donor Trust Fund to support the Government's PFM reforms (see above under 5.2). CIDA, DFID, EC, the Netherlands and the World Bank, are expected to participate in the Trust Fund.</p>
<p>5.4 Did the PEFA assessment lead to reductions in the number and/or nature of PFM assessments?</p>	<p>◇ The 2005 PEFA does not appear to have led to a reduction in the number of PFM assessments or in the nature of PFM analyses, as widespread familiarity with the exercise was limited.</p> <p>◇ A number of PFM assessments have taken place since the 2005 PEFA exercise which serve to duplicate the analyses therein. These include:</p> <ul style="list-style-type: none"> – An updated PEFA assessment as part of the Joint Donor Design Mission (World Bank and others) for the new PFM Medium Term Reform Programme (November 2006), leading to the version in the CAS – An updated PEFA assessment (different scores for 2006 to that shown in the November 2006 update for 2006) in a DFID document showing progress between 1996 and 2006 (DFID document in June 2007). – Fiduciary Risk Assessments, DFID, March 2006 and annual progress report in June 2007, which refer to the PEFA framework and which involved separate missions (i.e. were not done solely as desk studies)
<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>	<p>◇ None from the 2005 assessment. Future Government-DP co-operation on PFM will be based around the revised PFM Vision and Medium-term Reform Programme, supported by the multi-donor trust/basket fund</p>
<p>5.6 For DP stakeholder, is PEFA sufficient for PFM assessment? What could it replace? What can it not replace?</p>	<p>◇ As indicated in 5.4 above, the PEFA framework appears not to be sufficient for DP stakeholder, with more detailed PERs and continued DP assessments of fiduciary risk continuing to be valued.</p>
<p>5.7 Describe any DP institutionalisation of PEFA framework, e.g. decision to use PEFA as fiduciary assessment.</p>	<p>◇ As indicated above, the CAS includes the PEFA framework (based on updated 2006 scores) in its monitoring framework</p>

6. Documentary Evidence

- ◇ *Bangladesh: Review of Institutional Arrangements for Public Expenditure, Financial Management and Procurement*, Draft Final Report, World Bank, July 2005. (This is the 2005 PEFA report).
- ◇ *Bangladesh: Review of Institutional Arrangements for Public Expenditure, Financial Management and Procurement*, World Bank, Draft Report, June 2005.
- ◇ Specific Comments on World Bank PEFA Report (2005), Comments on June 2005 version, GoB, 2005.
- ◇ *Public Financial Management Reform Strategy – Vision and Medium Term Rolling Action Plan, 2007-2012, Bangladesh Country Assistance Strategy, 2006-2009* with Annex containing updated PEFA Scores, 2007
- ◇ *PFM Vision and Medium Term Rolling Action Plan* (matrix), GoB 2006.
- ◇ GoB and Development Partners (World Bank, the EC, DFID, the Netherlands, and CIDA), 2007
- ◇ ***Assessment of the Impact of Financial Management Reforms in Bangladesh, 1992 to 2006, Final Report, DFID, June 2007.*** (compares results in 2006 with those from the 2005 exercise)
- ◇ *Political Economy Assessment for Review of Financial Management Reform Project, Bangladesh*, Simon Foot and A.K. Mubin, July 2007 (based on October 2006 draft).
- ◇ *Fiduciary Risk Assessment for Sector Budget Support to Bangladesh, Annual Statement of Progress*, DFID, July 2007.
- ◇ *Fiduciary Risk Assessment for Sector Budget Support to Bangladesh*, DFID, March 2006.

Note: Documents in bold indicate those in which the 2005 PEFA assessment is explicitly cited.

Country Impact Note

CARIBBEAN

<p>0. Summary Overview of Impact</p>	<ul style="list-style-type: none"> ◇ Limited engagement by government in PEFA exercises. These were seen largely as external exercises, as part of requirements for EC’s budget support. ◇ With strong economies amongst countries in the region, there is seen to be little incentive, little impetus to undertake PFM reforms. This is compounded by limited capacities within government for undertaking comprehensive reforms. ◇ With limited numbers of DPs operating in PFM in the region, the issue of DP co-operation is more nuanced than in other regions; the more passive government leadership in the PFM Government-DP dialogues means that these problems do still exist
<p>1. Background on 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>	<p><i>Trinidad</i></p> <ul style="list-style-type: none"> ◇ TORs issued: December 2005 ◇ Field visit: January 2006 ◇ Draft report: February 2006 ◇ Final report: June 2006 (18 pages without annexes) <p><i>Barbados</i></p> <ul style="list-style-type: none"> ◇ TORs issued: June 2006 ◇ Draft report: October 2006 (45 pages without annexes) ◇ Final report: Not issued
<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 	<p><i>Trinidad, Barbados</i></p> <ul style="list-style-type: none"> ◇ Lead donor: EC ◇ Other donors: None ◇ Expected institutional involvement: EC providing finance for assessment. Expected to be consultations with other DPs working in country, including the World Bank, IMF, DFID, and France. ◇ Actual institutional involvement: EC provided financing for assessment. <i>Barbados</i>: Consultations with several DPs did not appear to happen, except with UNDP and OAS. Representatives from DFID and CIDA were not interviewed but were present at stakeholder workshop.
<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 	<p><i>Trinidad, Barbados</i></p> <ul style="list-style-type: none"> ◇ Pre-assessment: Limited. There was no pre-assessment workshop. ◇ During the assessment: government’s role limited to providing information. No reference group was appointed. Government stakeholders were involved in bilateral meetings and in the final presentation at the end of the field visit. During the assessment, there was not a joint discussion of the scores. The draft report was presented following the field visit. There was little feedback from the governments to the reports.

<p>1.4 What was the background to the origin of the PEFA assessment, including perceived motivation?</p>	<ul style="list-style-type: none"> ◇ <i>Trinidad</i>: In order to fulfil part of the requirements for justification of sector budget support. “This PFM Performance Report has been prepared at the request of the European Development Fund (EDF) National Authorising Officer (NAO) in the Republic of Trinidad and Tobago (TT) and the European Commission Delegation in TT. The completion of the report represents the final prerequisite for the signature by the Commission of the intended Financing Agreement for the Sector Policy Support Programme for TT tertiary education, with the Commission’s contribution to be provided in the form of direct budgetary support”¹ ◇ <i>Barbados</i>: In order to fulfil part of the requirements for justification of sector budget support (timing was explicitly linked to disbursement schedule for budget support). From TORs, “In order to allow the continuation of the Barbados Health Sector Programme and the possible programming of further budget support programmes (in particular in light of the programming of the 10th EDF and the new Sugar Facility), it is necessary to undertake a complete assessment of public financial management through the Public Financial and Financial Accountability (PEFA) methodology and to regularly assess progress in the Government’s PFM.” “The Performance Measurement Framework for Public financial Management PFM/PM and the updates will allow the Government and the European Commission to determine whether the situation of public finances in Barbados follows a positive and satisfactory trend and to confirm, that the PFM eligibility criteria for budget support continue to be fulfilled.”²
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¹ From PFM-PR, June 2006.

² Terms of Reference, Barbados PEFA assessment

<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>	<p><i>Trinidad</i></p> <ul style="list-style-type: none"> ◇ Assessment was stand-alone, conducted independently of government and DP stakeholders ◇ One international consultant, accompanied by undertook the assessment during a field visit of 14 days. The consultant was accompanied by the Head of the EDF Unit in the Ministry of Planning and Development during the meetings. ◇ During the field visit, the consultant undertook bilateral meetings with stakeholders to discuss the background to individual indicators, then scored the indicators and presented these to the government and other stakeholders. Production of a draft report followed the field visit, after which comments were incorporated and a final report was issued. ◇ Level of government engagement in the exercise was limited to providing information. Government had a reactive role. ◇ Consultation with government at the end was also relatively limited: no broad-based stakeholder workshop; instead, 3-4 stakeholder representative were invited to discuss the scores <p><i>Barbados</i></p> <ul style="list-style-type: none"> ◇ Assessment was stand-alone, conducted independently of government and DP stakeholders ◇ One international consultant undertook the assessment during a field visit of 32 days. During the field visit, the consultant undertook bilateral meetings with stakeholders to discuss the background to individual indicators, then scored the indicators and presented these to the government and other stakeholders during a stakeholder workshop. Production of a draft report followed the field visit. The consultant also produced a report on progress in PFM following the PFM assessment undertaken in 2003.
<p>1.6 Current status of report (e.g. draft, final)</p>	<ul style="list-style-type: none"> ◇ Trinidad: final ◇ Barbados: draft final
<p>1.7 Extent of public availability of PEFA report, e.g. on PEFA website, on Government website, published for public access, other</p>	<p><i>Trinidad</i></p> <ul style="list-style-type: none"> ◇ Circulation to those interviewed ◇ Not available on EC website <p><i>Barbados</i></p> <ul style="list-style-type: none"> ◇ Circulation to those interviewed ◇ Not available on EC website
<p>1.8 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 is no comprehensive PFM reform programme/Action Plan in Barbados or in Trinidad. ◇ Reforms tend to be based on those agreed with individual DPs, with government seen to be relatively passive in initiating these.
<p>1.9 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. EC is primary DP in PFM in Caribbean. Dialogue tends to be ad hoc and based around specific needs. Governments have a more passive role.
<p>1.10 Describe the nature and institutional structure of the donor-donor dialogue on PFM</p>	<ul style="list-style-type: none"> ◇ Limited, based around informal meetings. Relatively few DPs operating in PFM.

2. Government experience of 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	<p><i>Trinidad</i></p> <ul style="list-style-type: none"> ◇ Saw it as an external assessment. Indeed, first draft was presented initially to the EC rather than to Government. <p><i>Barbados</i></p> <ul style="list-style-type: none"> ◇ Saw it as an external exercise.
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><i>Barbados, Trinidad</i></p> <ul style="list-style-type: none"> ◇ Government involved as participants in meetings. Not actively involved in management of exercise. ◇ DPs see governments as passive in that they see PEFAs as concerning EC funds, linked to budget support
2.3 Government assessment of quality/strength of level of government involvement – (pre, during, post assessment)	<p><i>Barbados, Trinidad</i></p> <ul style="list-style-type: none"> ◇ There was limited government engagement, little feedback as it was seen as an external exercise
3. DP experience of 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"> ◇ Across the region, the quality of the consultant(s) carrying out the PEFA assessments was seen to be critical. In some cases (e.g. Trinidad), the report was very brief. There was concern about the length of time given to the assessments. ◇ There were seen to be some inconsistencies amongst the scores (Trinidad) ◇ One potential problem was that it was difficult to get access to officials (capacity constraints, as well as centralisation of system and lack of openness in discussions).
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 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 report, and other DPs were interviewed.
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 cited. DP active involvement limited by design (TORs of exercise)
3.4 DP motivations for supporting/leading PEFA assessment	<ul style="list-style-type: none"> ◇ As indicated above, EC requirement for determining eligibility of government 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 the PEFA were provided by the EC to those interviewed
4.2 Discussion of PEFA post-assessment	<ul style="list-style-type: none"> ◇ Limited/none – seen as external exercise. Little engagement, little feedback from governments
4.3 Citations of PEFA post-assessment	<ul style="list-style-type: none"> ◇ Limited/none – seen as external exercise. Little engagement from governments

<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: Barbados: update on progress was conducted in August 2007, using the same consultant who carried out the original PEFA assessment. Explicit motivation was linked to the requirements of the Financing Agreement³ for the budget support to the health sector between the Government of Barbados (GoB) and the European Union (EU), which requires that an update on public financial management (PFM) be carried out prior to the release of each tranche. ◇ Planned: PEFA update planned for first half of 2008 (Trinidad), linked to DP requirements for 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>	<p><i>Barbados, Trinidad</i></p> <ul style="list-style-type: none"> ◇ Impact on government reforms has been limited so far. For both governments, there is little impetus for reform in fast-growing, non-aid-dependent countries. Neither country has a comprehensive PFM reform programme/action plan, and both are continuing with the reforms already under way prior to the PEFA assessment. In Trinidad, the reform direction has not yet been decided on (there are alternative views on way forward being discussed). <p><i>Other countries</i></p> <ul style="list-style-type: none"> ◇ Impact appears to be largely related to the EC's conditions for continuing with budget support (i.e. completing a PEFA and drafting a PFM reform programme). ◇ In some countries (e.g. Grenada, St.Kitts, St. Vincent), a PFM reform Action Plan has been put together following the PEFA assessment in response to donor (EC) requirements (e.g. for provision/release of budget support). These have tended to be carried out by consultants and must be approved by the EC.
<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
<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 assessments are seen 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 governments, e.g. Trinidad. Government was already undertaking major changes without the PEFA. ◇ In countries with strong economy and no fiscal crises, governments are said to have little incentive for reforms. ◇ Limited capacities in Government to undertake reforms.
<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 to other DP stakeholders ◇ PEFA reports not available on EC's website

³ Barbados Health Programme (BAR/002/04) EDF IX.

<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"> ◇ Impact on donors has been limited. Relatively few DPs operating in PFM; thus, EC was only DP involved in PEFA assessments ◇ No institutional mechanism for co-ordination on PFM. Limited joint working. ◇ PEFA assessments in the region appeared to have been limited to meeting EC requirements
<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. ◇ Barbados: There is still not a Government reform action plan, as not all DPs are on board. EC is the only DP who provides budget support with programme support. SIDA, DFID have regional programmes. ◇ However, there is some co-ordination amongst DPs, particularly with TA
<p>5.4 Did the PEFA assessment lead to reductions in the number and/or nature of PFM assessments?</p>	<p><i>Barbados</i></p> <ul style="list-style-type: none"> ◇ The PEFA assessment does not appear to have reduced the number of PFM assessments or to have contributed to the common PFM information pool. The IMF recently (September 2007, based on a mission in November 2006 – after the draft PEFA report had been issued) undertook a fiscal ROSC, and it is not based on, and does not mention/reference the PEFA at all. <p><i>Trinidad</i></p> <ul style="list-style-type: none"> ◇ Limited impact due to limited numbers of DPs operating in PFM area <p>In other countries in the region (e.g. St. Vincent and the Grenadines), the IMF has carried out more specialised ROSCs, e.g. data dissemination for monetary statistics.</p>
<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"> ◇ According to the EC, its 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.⁴ ◇ “These limitations make it difficult for the Delegation to move from a PEFA assessment into a dialogue on tangible improvements with a Government which has very limited capacities and when the country sees this exercise as concerning only EU funds”⁵
<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"> ◇ For the EC, 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; (iii) and involve fiscal or expenditure policy analysis, 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 objectives⁶ ◇ IMF Article IV and detailed IMF assessments continue to be valued.

⁴ Presentation to Budget Support Workshop on PFM-PEFA Experiences, Kingston, Jamaica, October 2007.

⁵ Ibid

⁶ Ibid

<p>5.7 Describe any DP institutionalisation of PEFA framework, e.g. decision to use PEFA as fiduciary assessment.</p>	<p>◇ As indicated above, PEFA assessments and PEFA progress updates are being used as assessments of eligibility for new or continuing budget support</p>
<p>6. Documentary Evidence</p>	
<p>◇ EC. <i>Update of Public Financial Management in Barbados (2)</i>, August 2007. (Does not contain an update of the PEFA indicators)</p> <p>◇ IMF. <i>Barbados: Fiscal ROSC</i>, September 2007</p> <p>◇ EC. <i>PFM-PEFA Budget Support Presentation</i>, Jamaica, 2007</p> <p>Note: Documents in bold indicate those in which the PEFA assessments for Barbados and Trinidad are explicitly cited.</p>	

Country Impact Note
REPUBLIC OF CONGO (CONGO-BRAZZAVILLE)

<p>0. Summary Overview of Impact</p>	<ul style="list-style-type: none"> ◇ Limited Government ownership of the exercise, as evidenced by an unwillingness to comment on/ officially recognise it, affected its willingness to use the results. ◇ The assessment highlights a case where the PEFA framework piggybacked on a wider analytical tool in the form of the CIFA, providing both a baseline assessment and a diagnostic analysis with recommendations. This provided a useful example of DP co-ordination in working towards a PFM Action Plan. ◇ Nonetheless, the closeness of the two exercises also highlighted the potential difficulties in finalising two linked reports, potentially resulting in one being held up by delays in the other. ◇ The assessment highlighted the difficulties in separating the role of the PEFA/CIFA assessments from that of the matrix for reaching the HIPC completion point and the associated institutional incentives.
<p>1. Background on 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 2006⁷ (never issued officially)
<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: Undertaken alongside (at the same time as) the World Bank's CIFA mission ◇ Expected institutional involvement: EC providing finance, other DPs were to be consulted and provide comments on the report. ◇ Actual institutional involvement: PEFA consultant and CIFA team worked together. The latter was supported by the World Bank, the EC, and France
<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: Limited. There was no pre-assessment workshop, for example. ◇ During the assessment: As indicated above, PEFA consultant worked with the CIFA mission team; joint meetings of the team (PEFA+CIFA) were held. ◇ Government's role in the CIFA/PEFA assessments was to provide a counterpart team. This core government team (led by the Director to Cabinet of the Ministry of Finance, Economy and the Budget (MoFEB) and involving other directors) co-ordinated meetings, gathered information, and encouraged stakeholder participation in the meetings.

⁷ As reported in the World Bank/IMF's "Report on Progress towards Meeting the Completion Point Triggers under the HIPC Initiative", April 2007

<p>1.4 What was the background to the origin of the PEFA assessment, including perceived motivation?</p>	<ul style="list-style-type: none"> ◇ On the donor side, DPs wanted to benchmark PFM strengths/weaknesses in the Republic of Congo, one of the last countries to do a CFAA; was useful for preparation of the governance project. DPs jointly discussed a joint CIFA/PEFA assessment during joint meetings in November 2005 ◇ On the government side, there was reportedly a desire to respond to increasing DP concerns about governance, particularly with regard to the management of 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</p>	<ul style="list-style-type: none"> ◇ One consultant carried out a five-week field visit alongside the World Bank's CIFA mission. ◇ Core government team (led by Director to Cabinet of MoF plus other directors) co-ordinated meetings, gathered information on the operation of PFM systems 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 (e.g. draft, final)</p>	<ul style="list-style-type: none"> ◇ Draft (in the absence of government comments)
<p>1.7 Extent of public availability of PEFA report, e.g. on PEFA website, on Government website, published for public access, other</p>	<ul style="list-style-type: none"> ◇ PFM-PR not publicly available, including the EC's website as the assessment was not officially recognised by government
<p>1.8 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 main government strategic document is the DSRP (PRSP), which has been prepared this year. ◇ PFM reforms are primarily linked to the HIPC framework. Congo reached the HIPC decision point in March 2006. ◇ PFM reforms are not comprehensive, and public finance management is still characterised by serious deficiencies. As indicated above, a Country Integrated Fiduciary Assessment (CIFA) was conducted in 2006 in conjunction with the PEFA PFM-PR ◇ A comprehensive and medium-term reform action plan (PAGGEFP), which will include the triggers to meet HIPC completion point, is being designed and will be discussed with all external partners involved in this area as a basis for more co-ordinated support. As part of this process, a validation workshop for this plan was held in January 2007.
<p>1.9 Describe the nature and institutional structure of the government-donor dialogue on PFM</p>	<ul style="list-style-type: none"> ◇ The Government has taken preliminary steps toward increasing its leadership role in co-ordinating development assistance. In 2004, it established a directorate within the Ministry of Planning, the <i>Direction Générale pour la Coordination des Programmes et des Projets en Coopération</i>, as the agency responsible for this task. However, coordination still largely takes place at the level of individual ministries or through the Ministry of Finance. The Government participates in Consultative Group (CG) meetings, the most recent of which was held earlier this year. ◇ As discussed above, the PFM reform programme is centred on the activities in the HIPC action plan.
<p>1.10 Describe the nature and institutional structure of the donor-donor dialogue on PFM</p>	<ul style="list-style-type: none"> ◇ In February 2005, external partners established a co-ordination body led jointly by the World Bank and UNDP to support the DSRP (PRSP) process. ◇ Missions are being co-ordinated around joint analytical work, e.g. the PEFA and CIFA.

2. Government experience of 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"> ◇ Difficult to assess directly as it was difficult to get government stakeholders to discuss their views ◇ At this workshop, there was detailed discussion of ratings; DPs reported that the credibility of the PEFA assessment had a mixed response from government
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 indicated above, a group of government officials, mainly from MoF, provided the institutional framework for the CIFA/PEFA assessments (as well as for the HIPC agenda). ◇ The counterpart team was led by the Director to the Cabinet of MoF and involved other directors in the MoF. The responsibilities of the group include: co-ordinating meetings, gathering information, and providing a focal point for the exercises.
2.3 Government assessment of quality/strength of level of government involvement – (pre, during, post assessment)	<ul style="list-style-type: none"> ◇ Active engagement by government stakeholders was reportedly limited by limited analytical capacities in government.
3. DP experience of 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"> ◇ It was seen as very useful that the teams for the two exercises (the PEFA and the CIFA) worked closely together. ◇ PEFA assessment was seen as credible
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, the PEFA consultant worked with the CIFA team, led by the World Bank. Other DPs provided financial support, and participated through attending meetings and providing comments on the reports.
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 working arrangements between the PEFA assessment and the CIFA provided a useful practical example of DPs' collaboration
3.4 DP motivations for supporting/leading PEFA assessment	<ul style="list-style-type: none"> ◇ As indicated above, in the light of increasing concern about governance, particularly around the management of oil revenues, there was a desire on the part of DPs to assess the strengths and weaknesses of PFM systems which could lead to providing assistance with PFM strengthening.
4. Government use of PEFA post-assessment	
4.1 Circulation of PEFA post-assessment	<ul style="list-style-type: none"> ◇ PEFA was circulated internally as part of the preparations for the workshop on next steps held earlier this year
4.2 Discussion of PEFA post-assessment	<ul style="list-style-type: none"> ◇ Limited by government, as it was not officially commented upon. PEFA was discussed mainly at the validation workshop held earlier this year in preparation for the PAGGEFP. ◇ Between the draft PEFA and CIFA reports (summer 2006), there were further discussions between government and DPs on the issues raised in the CIFA/PEFA assessments before the validation workshop in January 2007.

4.3 Citations of PEFA post-assessment	<ul style="list-style-type: none"> ◇ Limited citations of PEFA directly by government, as it was linked to the CIFA, and there were no official comments provided on either exercise.
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"> ◇ Carried out: None ◇ Planned: None
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"> ◇ Limited immediate impact. Government didn't give comments officially on the PEFA report (nor on the accompanying CIFA); reportedly not accepted officially by government. Difficult to find government stakeholders willing/ able to talk about PEFA exercise. Report still a draft. ◇ The Government-DP workshop held in January 2007 led to a draft of the Government's PFM reform Action Plan (PAGGEFP). Nevertheless, it is reportedly difficult to separate the individual effects of the three analytical/diagnostic instruments, vis-à-vis the PEFA assessment, the CIFA and the HIPC completion point triggers, as it is argued that the government's main concentration is on achieving the HIPC completion point. ◇ The CIFA/PEFA led to the restructuring and scaling of the governance support project, which is the World Bank's main vehicle for assisting the government to meet the HIPC triggers.
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"> ◇ Until the Action Plan (PAGGEFP) has been finalised, it is too early to say what the role of the PEFA instrument will be in the M&E framework.
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 follow-up in terms of the putting together of Action Plan was reportedly DP-inspired and related to government motivation to achieve HIPC completion point). There was an issue concerning the acceptance of the scores.
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"> ◇ Circulated informally to other DP stakeholders, including as part of preparation for the validation workshop earlier this year. The report was never published.
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"> ◇ Impact needs to be viewed in relation to the two reports, the PEFA assessment and the CIFA, together since, having been done at the same time, and, being complementary, it is difficult to separate the effects from the two. ◇ The PEFA/CFAA assessment led to the Governance and Anti-Corruption project, which is explicitly aimed at helping the Government meet the conditions under the HIPC Action Plan ◇ Relatively few DPs working in PFM (World Bank, EC, France, UNDP and AfDB). There are discussions and agreements in place to co-ordinate their areas of support. ◇ DPs aiming to focus their support on the PAGGEFP.

<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"> ◇ As indicated above, the CIFA/PEFA led to the restructuring and scaling of the governance support project, which is the World Bank’s main vehicle for assisting the government to meet the HIPC triggers (which itself provides the focal point for other DPs working in PFM) ◇ Limited specific impact on DP co-ordination, as there was already quite good donor co-ordination
<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"> ◇ There appears to have been a limited direct impact since the relatively few DPs working in PFM already worked reasonably well together.
<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"> ◇ The planned World Bank’s governance project (based on the PEFA and CIFA) is helping to provide a focal point for DP PFM assistance.
<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"> ◇ It was felt useful that the PEFA had piggybacked on the CFAA-type analyses in the CIFA, since the CIFA provides the complementary analyses and recommendations which are not part of the PEFA framework.
<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 includes a recommendation that DPs should use Country Integrated Fiduciary Assessment (CIFA) and PEFA framework to monitor public financial management ◇ As indicated above, until the Action Plan (PAGGEFP) has been finalised, it is too early to say what the role of the PEFA instrument will be in the M&E framework.
<p>6. Documentary Evidence</p>	
<ul style="list-style-type: none"> ◇ <i>Strengthening World Bank Group Engagement on Governance and Anti-Corruption Consultation Feedback, Republic of Congo, World Bank, February 2007</i> ◇ <i>Report on Progress toward Meeting the Completion Point Triggers under the Enhanced Heavily Indebted Poor Countries Initiative, World Bank and IMF, April 2007.</i> ◇ GRC, <i>Government PFM reform Action Plan (PAGGEFP)</i>, under preparation, 2007. ◇ <i>Transparency and Governance Capacity Building Project Appraisal</i>, World Bank, February 2007. ◇ <i>Memorandum and Recommendation of the President of the International Development Association to the Executive Directors on Assistance to the Republic of Congo under the Enhanced HIPC Debt Initiative</i>, World Bank, March 2006. ◇ <i>Decision Point Document Under the Enhanced Heavily Indebted Poor Countries (HIPC) Initiative</i>, World Bank and IMF, March 2006. ◇ <i>Aid Effectiveness Review, Republic of Congo</i>, World Bank, December 2006. <p>Note: Documents in bold indicate those in which the PEFA assessment is explicitly cited.</p>	

Country Impact Note

GHANA

<p>0. Summary Overview of Impact</p>	<ul style="list-style-type: none"> ◇ Very strong government and DP buy-in to the PEFA assessment has led to its guiding role in the Government’s PFM reforms ◇ Important factors for this direct impact include: active engagement/management of the government in the assessment, a genuine desire by government to strengthen its PFM systems, trust in the exercise, credibility of the results, and appreciation of the clear criteria of the PEFA instrument in setting out international standards ◇ For DPs, the PEFA assessment has acted as the common information source for general PFM assessments.
<p>1. Background on 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: January 2006 ◇ Field visit: February-March 2006 ◇ Draft report: March 2006 ◇ Final report: June 2006 (50 pages excluding annexes)
<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 ◇ Other donors: DFID was member of PEFA team; MDDBS partners attended all meetings (EC, Germany, the Netherlands, Denmark, IMF others) ◇ Expected institutional involvement: both as team members (DFID) and as observers at meetings (in common with transparent and open MDDBS approach) ◇ Actual institutional involvement: both as team members (DFID) and as observers at meetings (in common with transparent and open MDDBS approach)
<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: The 2006 exercise followed an earlier, desk-based exercise which was undertaken by a number of donors, including DFID. As this earlier exercise was not accepted by the government (it was viewed as donor-driven with little if any government involvement), agreement to the 2006 exercise involved a significant amount of pre-visit discussions between the government (in the form of the Deputy Minister of Finance and Economic Planning), the lead donor (the World Bank) and other MDDBS partners. ◇ During the assessment: The institutional structure for the government during the 17-day field visit involved leadership by the Deputy Minister of Finance and Economic Planning, open-access meetings for all stakeholders including numerous MoFEP officials, officials from ministries/departments/agencies (MDAs), from the Internal Audit Agency (IAA), from the Public Procurement Board (PPB), from the three revenue agencies, from the Revenue Agencies Governing Board (RAGB), from the Ghana Audit Service (GAS) and from MDDBS partners. Meetings contained up to 50 participants. Effectively, the reference group took the form of the wide group of government and DP stakeholders involved throughout the assessment.

<p>1.4 What was the background to the origin of the PEFA assessment, including perceived motivation?</p>	<ul style="list-style-type: none"> ◇ On the donor side, there was a desire by some of the MDBS partners to be able to measure progress on PFM, particularly as the new (from 2002) government was making policy changes on PFM (e.g. introducing new laws on financial management, procurement and internal audit). Given the earlier experience, the donors wanted to ensure that government was actively involved this time around. ◇ On the government side, having reviewed the framework, it could see the benefit of benchmarking its own progress on PFM. Once it was convinced that the assessment would not be used for assessing conditionalities and that it would have an active role (the “value-neutrality” of the assessment was explicitly appreciated), it agreed to participate.
<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"> ◇ PEFA was conducted as part of the annual External Review of PFM (ERPFM) exercise on behalf of the Government and MDBS partners. Team consisted of members from the World Bank, DFID, and an external consultant. ◇ Whilst the PEFA assessment itself was contained in a separate volume (ERPFM Volume II), the assessment itself was part of wider external review of PFM, which included a limited number of recommendations, including some “quick wins”. ◇ During the plenary session on the first day, there was a presentation of the PEFA and the Strengthened Approach. ◇ The PEFA guidelines were circulated in advance to all stakeholders. It appeared that the management had familiarised itself with the documentation before the assessment began.
<p>1.6 Current status of report (e.g. draft, final)</p>	<ul style="list-style-type: none"> ◇ Final (as of June 2006)
<p>1.7 Extent of public availability of PEFA report, e.g. on PEFA website, on Government website, published for public access, other</p>	<ul style="list-style-type: none"> ◇ Available on PEFA website ◇ Available on MoFEP website (both volumes of ERPFM report)
<p>1.8 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"> ◇ Government’s PFM reform programme is known as the 3-Year Strategic Plan, Short and Medium Term Action Plan. Whilst the programme and its priorities are led by the Government, the multi-donor PFM group uses it to organise its assistance and assess progress
<p>1.9 Describe the nature and institutional structure of the government-donor dialogue on PFM</p>	<ul style="list-style-type: none"> ◇ Government-donor dialogue is led by the MDBS group. The MDBS partners use a common Framework Memorandum, and harmonised Performance Assessment Framework (PAF) ◇ As indicated above, the dialogue is centred on the Government’s reform programme. The donors involved in PFM organise their assistance in line with the 9 strategic focus areas.
<p>1.10 Describe the nature and institutional structure of the donor-donor dialogue on PFM</p>	<ul style="list-style-type: none"> ◇ As above (MDBS group on PFM works effectively together)
<p>2. Government experience of 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 appreciated the international standard of the exercise ◇ Results were seen as credible. This was helped by the transparent way it was carried out

<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>	<p>◇ Government was very actively involved throughout the exercise and effectively led the exercise from their side. As indicated above, this active management was led by the Deputy Minister, who attended all meetings (over the entire 17 day period of the assessment), and managed/co-ordinated both the participation his staff and other stakeholders and the provision of documentary evidence.</p>
<p>2.3 Government assessment of quality/strength of level of government involvement – (pre, during, post assessment)</p>	<p>◇ Government was happy with its level of involvement, management in the exercise. This was in contrast to the earlier PEFA exercise (the desk study with limited/no government involvement).</p>
<p>3. DP experience of 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>	<p>◇ PEFA resulted in a credible assessment of PFM systems ◇ DPs appreciated the transparent nature of the exercise, specifically, the ability to attend all meetings.</p>
<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>	<p>◇ All MDDBS partners were invited to attend all PEFA meetings ◇ In practice, MDDBS partners attended all or most of the meetings. They did not actively participate apart from clarifying points made during the meetings.</p>
<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>	<p>◇ MDDBS partners appeared to be happy with their level of involvement in the exercise.</p>
<p>3.4 DP motivations for supporting/leading PEFA assessment</p>	<p>◇ As indicated above, MDDBS partners wanted an accurate baseline assessment of PFM systems to which they could all sign up</p>
<p>4. Government use of PEFA post-assessment</p>	
<p>4.1 Circulation of PEFA post-assessment</p>	<p>◇ Copies of the PEFA were provided to: ◇ Agencies (including central agencies and MDAs) involved in PFM ◇ MDDBS partners ◇ Cabinet ◇ Parliament, through the Parliamentary Finance Committee and Public Accounts Committee ◇ Public through the MoFEP’s website</p>
<p>4.2 Discussion of PEFA post-assessment</p>	<p>◇ Reported to be “widespread” within MoFEP, particularly within the Budget Division; there is said to be less awareness within MDAs ◇ Reported by all officials interviewed to be “referred to frequently”</p>

<p>4.3 Citations of PEFA post-assessment</p>	<ul style="list-style-type: none"> ◇ Explicitly used to update (end-2006/early 2007) the Government’s 3-Year Strategic Plan, Short and Medium Term Action Plan on Public Financial Management (referred to as the STAP). Updated version is centred on the PEFA analysis, focussing on the PEFA areas with the lowest scores (Cs and Ds) and identifying specific actions to deal with these ◇ PEFA indicators are cited in the Aid Harmonisation and Effectiveness Matrix, 2006 and 2007 ◇ Ghana Joint Assistance Strategy (G-JAS): refers to the “external review of PFM now part of PEFA” ◇ PEFA indicators cited in the Health Sector’s annual Programme of Work (POW) MoH
<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: the 2007 ERPFM exercise (which locally is referred to as the “most recent PEFA”) ◇ Planned: an update of the full PEFA is planned to take place as part of the 2009 ERPFM exercise
<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 and DP officials indicate that changes to the PFM Action Plan were directly related to the PEFA (according to government officials, the PEFA assessment “had a major effect on [PFM] processes”). This is supported by the linking of the PEFA analyses to the updated (following the PEFA assessment) Government’s PFM Action Plan, covering 2006-2009 (known as the S/MTAP). In the Action Plan, the section on priority and sequencing of the focal areas in the strategy was added in the updated version and is explicitly based on the PEFA areas of weakness. ◇ As such, the PEFA reportedly has led to a more structured approach to the reforms and a greater explicit focus in S/MTAP on certain areas related to the PEFA analysis and indicators. ◇ Specific changes to budget reforms include: <ul style="list-style-type: none"> ◇ Budget reporting: renewed effort to improve on reporting, including the timeliness of publication of budget execution reports through the Controller and Accountant General’s Department (CAGD) and efforts to improve comprehensiveness of information donor flows; ◇ Transparency of budgeting process: staff member assigned responsibility for ensuring timely publication of budget documents on MoFEP website, dissemination of the Citizen’s Budget) ◇ According to MoFEP officials, most of the Quick Wins in the accompanying report are planned/being addressed.
<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 referred to as reference point for PFM reform. Is actively part of monitoring framework for ERPFM and indirectly also for MDDBS, since MDDBS support is centred on the Government’s PFM reform programme, which is itself centred on the PEFA analysis. ◇ PEFA indicators are included in the Government’s Harmonisation Action Plan ◇ PEFA was reported to be used this year during 2008 budget preparation by MoFEP as reference for reform activities during 2008.

<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 PEFA instrument, in terms of being transparent (clear criteria) and setting out international standards ◇ PEFA instrument gave government the ability to benchmark its systems and improve these systems. Useful as measuring rod to measure progress. ◇ Strong Government involvement/leadership of exercise ◇ Transparent (government and DPs) process for conducting PEFA analysis ◇ Trust (through on-going government-DP dialogue) in the donor-led team facilitating the exercise. Trust that the results would not be used for setting conditionalities or for triggering donor disbursements ◇ Credible results (output/scores) ◇ Use of documentary evidence led to learning about actual practices (e.g. timeliness of publication of budget execution reports) which were different to what these had been perceived to be ◇ Quick wins highlighted in accompanying reports ◇ Ambition of government to meet international PFM standards (on way to stated goal of becoming middle-income country)
<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 to all MDDBS partners ◇ PEFA report published on MoFEP’s website ◇ PEFA indicators are part of the Harmonisation Action Plan ◇ Reported by all DP officials interviewed to be “referred to frequently”
<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"> ◇ As indicated above, DP activity is linked to the S/MTAP, which itself is explicitly based on the PEFA indicators. ◇ The DPs involved in PFM have put together a matrix showing how each of their activities relates to the S/MTAP focus areas. ◇ No further impact from PEFA assessment as DPs in PFM already were working closely together
<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"> ◇ There was clear agreement amongst DPs/ DP buy-in to use the PEFA analysis as the basis of their own PFM assessments and related activities. ◇ The DP activity matrix mentioned above is relevant here. ◇ As indicated above, no further impact from PEFA assessment as DPs in PFM already were 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"> ◇ There is strong agreement amongst the MDDBS partners to use the PEFA assessments (and the intermediate ERPRM reports) as the primary analytical source for general reviews of PFM. Since the PEFA assessment, there have been no reported general PFM assessments outside of those agreed by the MDDBS partners and those conducted as part of the IMF’s dialogue with the Government (e.g. Article IV consultations).

<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>	<p>◇ Government-donor dialogue on PFM through MDBS group already in place and seen to be working effectively⁸</p>
<p>5.6 For DP stakeholder, is PEFA sufficient for PFM assessment? What could it replace? What can it not replace?</p>	<p>◇ PEFA is part of (embedded in) the wider annual ERPFM analytical exercise. ◇ Drill-down assessments (e.g. for sectoral analysis or for procurement, using OECD-DAC procurement tool, as was carried out in 2007) continue to be valued</p>
<p>5.7 Describe any DP institutionalisation of PEFA framework, e.g. decision to use PEFA as fiduciary assessment.</p>	<p>◇ Agreement amongst MDBS partners to use the PEFA as the basis for any general PFM assessments, including risk assessments ◇ DFID Fiduciary Risk Assessment, done as internal desk exercise by local office, used PEFA scores as basis.</p>
<p>6. Documentary Evidence</p>	
<p>◇ GoG, <i>Short and Medium Term Action Plan, August 2006</i> (following PEFA assessment). ◇ GoG, <i>Short and Medium Term Action Plan</i>, January 2006 (before PEFA assessment). ◇ Ghana Harmonisation Action Plan (G-HAP) 2007 Progress Report (June 2006 – June 2007), June 2007 ◇ GoG, Ghana Harmonisation and Aid Effectiveness Action Plan, June 2006 ◇ GoG and DPs. Joint Assistance Strategy, GJAS, October 2006. ◇ GoG and DPs. 2007/08 Ghana Harmonisation Action Plan (G-HAP), June 2007-December 2008, June 2007. ◇ Development Partners, Ghana Joint Assistance Strategy (G-JAS), October 2006 ◇ ODI, CDD-Ghana, “Joint Evaluation of Multi-Donor Budget Support to Ghana”, Final Report, June 2007 ◇ World Bank, Ghana 2006 External Review of Public Financial Management, Volume I, Main Report, June 2006 ◇ World Bank, Ghana 2007 External Review of Public Financial Management, Volume I, Main Report August 2007 ◇ DPs. Matrix of DPs’ activities in direct support of GoG’s PFM agenda (matrix of activities by DP; no monitoring framework), November 2006 ◇ DFID, <i>Fiduciary Risk Assessment, 2006</i> (desk study) ◇ IMF, <i>Ghana: Selected Issues</i>, IMF Country Report, June 2007. ◇ GoG, MoH. <i>Ghana Health Sector Annual Programme of Work, 2007</i> (using PEFA in results matrix)</p> <p>Note: Documents in bold indicate those in which the PEFA assessment is explicitly cited.</p>	

⁸ Joint Evaluation of MDBS (ODI, 2006) supports the strength of the MDBS in terms of the policy dialogue.

Country Impact Note

HONDURAS

<p>0. Summary Overview of Impact</p>	<ul style="list-style-type: none"> ◇ The Honduran case illustrates the importance of embedding the PEFA assessment in the on-going Government-DP dialogue to provide back-up support for the reforms. It also illustrates the difficulties of doing so in difficult political climates. ◇ The assessment illustrates the lesson that political context and timing are important ◇ The case also highlights the benefit of producing the assessment in a timely fashion.
<p>1. Background on 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"> ◇ Initial request: April 2005 ◇ Field visit: May/June 2005 ◇ Draft report: February 2006 ◇ Updated report (though still marked “draft”): June 2006 (49 pages)
<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/IADB ◇ Other donors: None ◇ Expected institutional involvement: undertake assessment, as per a CFAA, as part of the on-going PFM dialogue ◇ Actual institutional involvement: as expected
<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: undertaking familiarisation training with the PEFA framework before the assessment was limited to the discussions prior to the assessment as part of the dialogue on updating the 2003 CFAA. ◇ During the assessment: interaction with government could be characterised as informal – informal meetings with government stakeholders, provision of information requested during assessment
<p>1.4 What was the background to the origin of the PEFA assessment, including perceived motivation?</p>	<ul style="list-style-type: none"> ◇ Outgoing (pre 2007) Government directly requested the exercise from the World Bank and IADB to document progress in PFM reforms. ◇ The explicit objectives of the exercise (as indicated in the CFAA report) were to: (i) measure progress of its PFM reform program; (ii) provide the new administration (which will assume office in January 2006) a current assessment of the country’s PFM system; and (iii) provide a “roadmap” for future PFM reform activities. ◇ In practice, on the donor side, there was a desire to document (and try to protect) the gains made during reforms conducted by the outgoing government (as well as protect the Banks’ investment in PFM) by discouraging the rejection of the reforms by the incoming government; and to justify further investment in PFM by both government and DPs.

<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"> ◇ PEFA assessment was conducted as an update to the 2003 CFAA. Thus, it was carried out by a joint WB-IADB team, assisted by a team consisting of both DP staff and consultants ◇ A number of indicators were not scored and, for some, no justification was given for the summary score provided only in the annex ◇ In addition, the scoring did not include the scores or explicit justification for individual dimensions for each indicator (i.e. the sub-indicators). ◇ Methodology included a retrospective analysis of PEFA scores as they would have been in 2003 using the PEFA methodology. Purpose of the retrofit was: (i) to try to document the gains made during reforms conducted by the outgoing government and thereby insulate these gains (i.e. protect the scope of the reform programme scope and the Action Plan) by discouraging the rejection of the reforms by the incoming government; and (ii) to justify further investment in PFM by both government and DPs ◇ There was no workshop with government stakeholders to discuss the results, as the process of preparing the PEFA/CFAA assessment got overtaken by the electoral timing.
<p>1.6 Current status of report (e.g. draft, final)</p>	<ul style="list-style-type: none"> ◇ Still shown as “draft” (as of June 2006)
<p>1.7 Extent of public availability of PEFA report, e.g. on PEFA website, on Government website, published for public access, other</p>	<ul style="list-style-type: none"> ◇ Not available on website ◇ Circulation limited due to draft never being finalised
<p>1.8 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"> ◇ Since early 2004, government has pursued a broad-based (could be termed ambitious) reform programme, based in part on the recommendations of the 2003 CFAA. As part of this, progress was made in a number of areas, including an improved budget classifications, the re-development of the integrated financial management system (SIAFI), improved and functioning treasury operations, improved quality of government financial reporting and greater availability of government financial results, the production of the first government financial report prepared by the Tribunal Superior de Cuentas, and new regulations and standards for internal and external audits. Progress made partly reflected the then-government’s desire to reach the HIPC completion point (reached in 2005). ◇ Since the new government gained power (January 2006), PFM reforms have focussed on: strengthening the MTEF, improving commitment controls, building on the IFMS, and improving external audit through the <i>Tribuna Superior de Cuentas</i>
<p>1.9 Describe the nature and institutional structure of the government-donor dialogue on PFM</p>	<ul style="list-style-type: none"> ◇ The PRSP (referred to as the ERP) provides the primary platform for dialogue with the government on priorities for the public sector. For PFM, specifically, the PFM SWAp provides the policy framework.
<p>1.10 Describe the nature and institutional structure of the donor-donor dialogue on PFM</p>	<ul style="list-style-type: none"> ◇ The DP-DP dialogue is centred on the ERP.

2. Government experience of 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	◇ Difficult to ascertain, as difficult to speak to (former) government stakeholders having familiarity with the exercise.
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	◇ On the government side, the process of undertaking, and providing the information for, the analysis and providing for the assessment process was led by the Ministry of Finance (SEFIN).
2.3 Government assessment of quality/strength of level of government involvement – (pre, during, post assessment)	◇ Difficult to ascertain, as difficult to speak to (former) government stakeholders having familiarity with the exercise.
3. DP experience of 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	◇ The CFAA/PEFA draft results were seen as credible by the two sponsoring institutions. It was difficult to get wider DP views.
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	◇ As indicated above, DPs were involved in undertaking the assessment, as part of the on-going PFM dialogue.
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	◇ Whilst the results may have been credible at the time, the long delays in finalisation, and the election of a new government, means that the results are outdated, and a follow-up will be required. Some limited updating has taken place.
3.4 DP motivations for supporting/leading PEFA assessment	◇ As indicated above, there was a desire to document the gains made during reforms conducted by the outgoing government.
4. Government use of PEFA post-assessment	
4.1 Circulation of PEFA post-assessment	◇ In the absence of its finalisation, circulation of the draft report was limited primarily to those stakeholders involved in the assessment
4.2 Discussion of PEFA post-assessment	◇ Elections were held in November 2005 and the new government took power in January 2006. Whilst both governments provided comments on the PEFA (no independent confirmation of this), there were no stakeholder workshops to discuss the PEFA scorings and PFM-PR and next steps. This was in contrast to the original (2003) CFAA when the findings and recommendations were discussed with government and DP representatives at a stakeholder workshop
4.3 Citations of PEFA post-assessment	◇ Given the fact that the report was not officially finalised, there do not appear to have been any official citations

<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 ◇ Planned: None
<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"> ◇ Effect on government reforms was much stronger following 2003 CFAA. On government side, motivation to reform at that point appeared to be linked to achieving HIPC completion point. PEFA assessment continued the messages that had been highlighted in the 2003 CFAA. Reforms were continued (though the extent of commitment to reform in the new government is not clear) ◇ There has been some refocusing of reforms since the new government came in (January 2006), supported by donor activity (e.g. external audit; internal control/audit, including creating an office for internal control in the Executive Branch; improving the integration of procurement procedures in the budget cycle; and PFM reforms at municipal level). However, given the limited attention paid to the PEFA assessment by the incoming government, direct attribution of these changes to the PEFA assessment is difficult to justify. ◇ PEFA confirmed the on-going problems and the challenges still to be addressed, including internal and external audit. Direct attribution of PEFA is difficult – PEFA assessment “brought the issue (of internal/external audit) to the discussion table”.
<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. Reasons for limited impact are given 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"> ◇ Relatively limited impact due to timing of assessment and delay in finalising the report and thus became overrun by political events; new government (which led to widespread personnel changes) was not engaged with earlier process and it could be argued wanted to distance itself from previous government’s policies. A contributing factor was that report took a significantly long time to get to final draft stage (12-13 months from field mission to date of final report). No opportunity to discuss with government officially before government changed. Discussed informally with both governments. ◇ Part of the reason for the length of time taken to get to the June 2006 draft was the fact that the finalisation process was overtaken by the election timetable. There was a desire not to politicise the report by circulating the report just before the elections. ◇ According to the Bank’s IEG⁹, two public sector reform credits and a PRSC in support of civil service administration and public financial management reforms yielded only limited results, because capacity constraints and political opposition were regularly underestimated.
<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 to other DP stakeholders ◇ PEFA report not available on any website, as not officially finalised and signed off on by government

⁹ Strengthening Public Sector Accountability, Chapter 4 of Annual Review of Development Effectiveness, Independent Evaluation Group, World Bank, 2006

<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 impact or follow-up activities directly attributable to the PEFA/CFAA assessment beyond what was being planned as part of the on-going dialogue. The WB and IADB already work together to co-ordinate dialogue with Government on reform programme, including on a PFM SWAp. Use common analyses, including PEFA, as common reference points. Donor co-ordination on PFM seems mainly confined to these DPs. ◇ The PEFA assessment is not mentioned in the World Bank's CAS (dated 20 December 2006), covering 2007-2010, or in the documentation on the IADB loan supporting PFM reform.
<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"> ◇ There have been limited follow-up activities to date – DP behaviour does not appear to have changed as a result of the PEFA assessment. As indicated below, no further impact from PEFA assessment as DPs in PFM already appear to be working closely together. ◇ Delay in and lack of release of final report potentially impeded the specific use of the 2006 PEFA as a common reference point. ◇ PEFA assessment is being used as a baseline for the support that both the IADB and World Bank are currently giving, including on external audit. ◇ A positive outcome of the 2003 CFAA was an improvement in joint working – better co-operation between DPs and between Government and DPs
<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 assessment does not appear to have had an effect on either the number or the nature of PEFA assessments, except insofar as the assessment was a joint one, involving two key multilateral providers of loans to the government. ◇ Limited change in the number of assessments as the main DPs leading on PFM were already working closely together and co-ordinating their assessments. The World Bank and IADB have the same pool of information and conduct joint missions. ◇ It is interesting to note that, whilst the IADB had an input in the World Bank's CAS, each Bank has prepared its own CAS.
<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"> ◇ There have been limited follow-up activities to date. Whilst other DPs often join in the PFM missions/discussions of the two leading multilateral institutions, the representatives are generalists rather than specialists in PFM; thus, their active role in the DP-Government PFM dialogue is relatively limited. ◇ The present government has not been as committed to reform (both PFM and areas other than PFM), and the programmes of all DPs have stagnated to some extent
<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 framework does not replace the more detailed analyses and opportunity for providing recommendations which is afforded a CFAA-type analysis. ◇ It is interesting to note that the IADB loan proposal mentions the 2003 CFAA but not the 2005/06 update, although the loan proposal text was written in 2006 (and thus after there was a draft of the 2005 CFAA)
<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"> ◇ IADB and World Bank are preparing a PFM reform programme (known as the Public Management Reform Programme) around a SWAp.¹⁰ The results indicators are linked to PEFA assessment scores. (awaiting confirmation of the draft monitoring matrix)

¹⁰ Honduras: Public Management Reform Proposal, Loan Proposal, IADB, July 2006

6. Documentary Evidence

- ◇ *Honduras, Country Assistance Strategy*, World Bank, December 2006.
- ◇ *Honduras, Country Assistance Strategy*, IADB, 2007 (awaiting latest draft version [not public])
- ◇ *Strengthening Public Sector Accountability*, Chapter 4 of Annual Review of Development Effectiveness, Independent Evaluation Group, World Bank, 2006
- ◇ ***Honduras: Public Management Reform Proposal, Loan Proposal, IADB, July 2006.***
- ◇ *Report on the 2006 and 2007 Lending Programs and Country Strategy Updates*, Development Effectiveness and Strategic Planning Department Strategic Planning and Operational Policy Division, IADB, February 2007.

Note: Documents in bold indicate those in which the PEFA assessment is cited.

Country Impact Note

MADAGASCAR

<p>0. Summary Overview of Impact</p>	<ul style="list-style-type: none"> ◇ The case illustrates the fact that active Government engagement (not linked to fiduciary concerns) and a more joint approach are important. Hence, attention paid to the perception of the assessment by stakeholders is important. In this way, the fact that the assessment was undertaken with a team supported by a number of different DPs helped to raise this issue. ◇ The Malagasy case illustrates the benefit of a sense of Government openness to learning lessons from strengths/weaknesses and its capacity to manage reforms.
<p>1. Background on 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>	<p><i>The information in this Note is based on the 2006 PEFA assessment</i></p> <ul style="list-style-type: none"> ◇ TORs issued: March 2006 ◇ Field visit: April/May 2006 ◇ Draft report: May 2006 ◇ Final report: July 2006 (121 pages excluding annexes) <p>Prior to this (in 2004/5), government carried out its own self-assessment, as part of the pilot testing of the PEFA instrument, with support from both the EC and the World Bank</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"> ◇ Lead donor: EC (financed team leader) ◇ Other donors: World Bank (provided other consultants on the team) ◇ Expected institutional involvement: provide finance provide financing (EC), be consulted during the exercise, and participate in stakeholder workshops ◇ Actual institutional involvement: as expected ◇ As indicated above, the pilot self-assessment was supported by both EC and the World Bank
<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: before the 2006 main exercise, government carried out a self-assessment during the pilot phase of PEFA testing ◇ During the assessment: the preparation process consisted of bilateral meetings with stakeholders. At the end, a meeting was held with a limited number of key stakeholders to discuss the final ratings and the implications of the assessment. The draft report was presented following the field visit.
<p>1.4 What was the background to the origin of the PEFA assessment, including perceived motivation?</p>	<ul style="list-style-type: none"> ◇ On both the government and DP side there was a desire to reduce the number of PFM diagnostic assessments. ◇ Following the Government's self-assessment, it could see the benefit of using the instrument to review its progress on PFM

<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"> ◇ Stand-alone assessment which was independent of both government and DPs ◇ The team comprised 4 persons, of whom two were financed by the EC and two were from the World Bank. One team member from the World Bank had also been involved in the previous PEFA self-assessment exercise. ◇ During the 3-week field visit, the consultants undertook bilateral meetings with stakeholders to discuss the background to individual indicators, then scored the indicators and presented these to the government and other stakeholders
<p>1.6 Current status of report (e.g. draft, final)</p>	<ul style="list-style-type: none"> ◇ Final (as of May 2006)
<p>1.7 Extent of public availability of PEFA report, e.g. on PEFA website, on Government website, published for public access, other</p>	<ul style="list-style-type: none"> ◇ Available publicly only on the EC's website (as well as on the PEFA's website, which links to the EC's one)
<p>1.8 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"> ◇ Main GoM strategic documents in recent years include: <ul style="list-style-type: none"> – The DSRP (PRSP), completed in 2003 and covering through 2006, which incorporated a medium-term strategy through 2006 which is subject to annual updates and has been refined on the basis of the <i>Politique Générale de l'Etat 2005</i>. – A follow-up to the DSRP (second generation PRSP) is contained in the Madagascar Action Plan (MAP), completed in November 2006 and covering 2007-2012. MAP's targets are linked to meeting the MDGs and focuses on 8 priority areas.¹¹ For PFM, the broad objectives included in the MAP are at a high strategic level. – <i>La Politique Générale de l'Etat</i> sets out the Government's actions and desired results in 2006 that are critical steps towards attaining the objectives of the MAP and <i>Madagascar Naturellement</i> in 2015. ◇ In 2005, the Government prepared a national strategy for strengthening public financial management based on 3 pillars: (i) the <i>Programme de Renforcement de l'Efficacité de l'Administration</i> (Civil Service Reform), (ii) the National Integrity Programme, and (iii) the Programme for Participation of Citizens. There is a Priority Action Plan for each of the three pillars. ◇ Annual Action Plans (2004, 2005, 2006) (<i>Plan d'Actions Prioritaires (PAP)</i>), with the agreement of all stakeholders, guide the PFM reform agenda. Specific measures to be undertaken include: the introduction of a definitive budget classification; improvement of treasury management based on timely reporting by spending agencies and proper commitment control; strengthening internal and external control; and implementation of the new procurement legislation.

¹¹ These include: (i) good governance; (ii) educational transformation; (iii) health and family planning; (iv) infrastructure; (v) rural development; (vi) the economy and the private sector; (vii) environment; and (viii) national solidarity.

<p>1.9 Describe the nature and institutional structure of the government-donor dialogue on PFM</p>	<ul style="list-style-type: none"> ◇ The government-DP dialogue is centred on the partnership agreement (<i>Cadre de Partenariat</i>), signed initially in 2004 and renewed in 2005 and 2006 between the government and the key budget support donors, including the World Bank, the EC, France (<i>Agence Française de Développement [AFD]</i>, and <i>Coopération Française</i>), and the AfDB. This agreement provides a common policy framework for joint dialogue on PFM and specifies how the framework operates. The framework specifies two annual joint budget support monitoring missions, the harmonisation of disbursements of budget support with the government’s budget cycle, and a common set of regularly updated performance indicators for monitoring improvements in PFM. ◇ The agreement has been implemented through yearly action plans (<i>Plan d’Actions Prioritaires {PAPs}</i>) and periodic reviews of results undertaken in joint supervision missions. DPs align their support with these PAPs for the PFM reform pillars ◇ Whilst the government is increasing its leadership role in the co-ordination of external assistance, in practice co-ordination is largely still managed by DPs.
<p>1.10 Describe the nature and institutional structure of the donor-donor dialogue on PFM</p>	<ul style="list-style-type: none"> ◇ Lack of donor co-ordination has in the past delayed progress in improving PFM. The response was the signing of a partnership agreement (<i>Cadre de Partenariat</i>) in 2004. As indicated above, the agreement has been implemented through yearly action plans and periodic reviews of results undertaken in joint supervision missions for the PRSC and the EC's programme of budget support. Key reforms in PFM are being supported by financing from the World Bank, the EC, GTZ and France. The Partnership Agreement signed by the Government, the AfDB, the EC, France and the World Bank outlines procedures and modalities for a multi-partner approach to budgetary support that includes a common policy matrix and joint missions.
<p>2. Government experience of 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"> ◇ Whilst being open to the approach, Government was reportedly not satisfied with its lack of engagement in the assessment and with the perceived binary (i.e. meeting/not meeting minimum standards) fiduciary approach used.¹² As a result, the Government tried to influence/change the scores. ◇ Government would have preferred a more joint approach. This experience has led to changes in the TORs for the 2008 PEFA assessment
<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 official government counterpart for the assessment was the Secretary-General of the Ministry of Finance, Economy and Budget (MFEB). Other stakeholders primarily from MFEB participated in the meetings and assisted with the provision of information.
<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 stakeholders were initially said not to be satisfied with their limited role in the process, with a feeling of being audited and either meeting/not meeting certain (minimum) standards. This led to changes in the TORs for the 2008 PEFA assessment.

¹² Given the impossibility of speaking directly with Government representatives (during the designated “quiet time” for DP missions whilst the budget is finalised), these views are based on a triangulation of views of technical assistance working with MoF and DP representatives.

3. DP experience of 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 outcome of the PEFA assessment was generally seen as satisfactory, although there was concern that some of the descriptions didn't relate to the ratings. ◇ There was concern expressed at the initial fiduciary approach to the assessment, leading to tensions with the government who reportedly felt audited. The desire to avoid this approach in future and to ensure appropriate engagement with the government in future exercises has led to specific changes in the TORs for the 2008 exercise.
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, a joint assessment was undertaken, involving both the EC and the World Bank.
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"> ◇ In general, the joint nature of the assessment was appreciated.
3.4 DP motivations for supporting/leading PEFA assessment	<ul style="list-style-type: none"> ◇ As indicated above, there was a desire to reduce the number of PFM diagnostic assessments, as well as to have a basis for sustained joint dialogue and to justify on-going reforms and DP support programmes (including budget support).
4. Government use of PEFA post-assessment	
4.1 Circulation of PEFA post-assessment	<ul style="list-style-type: none"> ◇ Copies of the PEFA were provided mainly to those government and DP stakeholders involved with the assessment. There is not a culture of making such documents public.
4.2 Discussion of PEFA post-assessment	<ul style="list-style-type: none"> ◇ The PEFA has been discussed in the context of preparing the MAP and the PAPs.
4.3 Citations of PEFA post-assessment	<ul style="list-style-type: none"> ◇ As indicated above, the PEFA framework is cited in the MAP.
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"> ◇ Carried out: None yet ◇ Planned: TORs have been circulated for a follow-up PEFA, scheduled for January 2008, which will involve the same team as carried out the 2006 PEFA assessment. This will help provide progress on one of the monitoring indicators in the MAP (specifically, the number of 'A' scores).

<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 preparation of the President’s Action Plan, which was finalised in November 2006 refers to the PEFA in its 4th objective, establishing an efficient and effective budgetary process. ◇ The Government is making efforts to strengthen public financial management through its annual Priority Action Plans. In addition, Madagascar is a pilot country for the Public Expenditure and Financial Accountability (PEFA) initiative, and a self-assessment was completed in July 2006. The Government remains committed to monitoring progress in implementing its public expenditure reform program under the HIPC Public Expenditure Assessment and Action Plan. It has committed to monitoring progress on its public financial management reform plan through annual PEFA assessments. ◇ In the President’s Action Plan (<i>Plan d’Action Madagascar</i>), in the objective of improving PFM (Target Area 4¹³), PEFA indicators are listed as part of the monitoring process, referring to the number of A scores (excluding the donor indicators) to be achieved by 2012 (without specifying any particular PFM area of improvement).¹⁴ ◇ A reform unit has been established in MoF to manage and review progress on the MAP; the Unit covers both the whole of the programme, including the PFM component. ◇ There has been some impact on PFM processes, e.g. including adding a column for last year’s budget to the budget document ◇ Jury still out as to whether is explicitly guiding PFM reforms in practice ◇ As indicated above, the <i>Cadre du Partenariat</i> and the annual Action Plans (PAPs) harmonise DP support for PFM
<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 number of PEFA A scores is explicitly listed as an indicator in the MAP; this will require regular updating of the PEFA framework. ◇ At the same time, the PEFA framework and its assessment of PFM strengths and weaknesses may be seen as the basis of the annual PAPs.
<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"> ◇ Despite its initial scepticism, the government worked with the instrument and began to understand it¹⁵; this appears to have been based on a genuine sense of wanting to reform its systems and be able to measure progress over time. Nonetheless, it reportedly was not satisfied with the fiduciary/audit approach initially adopted. ◇ The jury is still out as to whether or not the PEFA is explicitly guiding PFM reforms ◇
<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 to other DP stakeholders ◇ PEFA report available on EC’s website

¹³ Establish an efficient and effective budgetary process

¹⁴ The baseline shown in the MAP for 2005 appears to refer to the self-assessment (completed in 2005) rather than the updated one in 2006 (for which there are 10 A scores).

¹⁵ Given the impossibility of speaking directly with Government representatives (during the designated “quiet time” for DP missions whilst the budget is finalised), these views are based on a triangulation of views of technical assistance working with MoF and DP representatives.

<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"> ◇ Major value-added for PEFA was on DPs by providing a common reference point. ◇ The main DPs in PFM (World Bank, EC, AfDB, and France) produce joint annual reviews of progress on PFM. ◇ In 2004 and again in June 2005 (prior to the PEFA), DPs signed an MoU (<i>Cadre du Partenariat</i>) with the Government on a harmonised approach to budget support. This was updated in 2006. Through the individual measures in the PAPs, the PEFA framework may be seen to be the analytical basis for the DPs' co-ordination matrices. ◇ The PEFA assessment may have reduced the number of assessments, but it has not substituted for other analyses (e.g. PER carried out in 2006/7). It appears to have facilitated greater joint working amongst DPs (e.g. joint budget support fiduciary assessment) and provided a common information platform for these. ◇ Positive effects are reported to be due to pre-existing good co-operation amongst the DPs operating in 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"> ◇ As indicated above, the <i>Cadre du Partenariat</i> and the annual PAPs provide the framework for DP co-operation. However, there is a question of the extent to which there is an overarching, Government-led, appropriately prioritised and sequenced roadmap of longer-term PFM reforms.
<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"> ◇ Each line ministry keeps track of the number of missions. The Government has requested that more missions be conducted jointly, and the number of external partner missions undertaken jointly is increasing. In some sectors, joint missions are helping reduce the number of individual missions, although there is still room to reduce further the number of missions. Since the group of external partners providing budget support began conducting joint missions in 2004, the frequency of these has been reduced to two joint missions a year. ◇ Despite greater joint operations amongst DPs, according to some stakeholders, the PEFA assessment has not necessarily reduced the number of diagnostic instruments. See below (5.6) on continued PFM diagnostic and analytical work ◇ Other continuing PFM analyses/diagnoses include: Germany's (KfW) review of PFM in relation to its budget support (based on the PEFA assessment, though involving a mission and thus not solely a desk-based exercise); IMF/FAD's in-depth analyses (e.g. on budget classification, which reportedly resulted in significant analytical work); and budget support fiduciary missions of the group of budget support DPs (separate missions but use the PEFA analysis)
<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"> ◇ The MAP and the PAPs provide the main framework for Government-DP dialogue on PFM. Whilst the PEFA framework is not explicitly listed in the results framework for the PAPs, updated PEFA assessments will assist in evaluating progress on the priority measures. As indicated above, government commitment to, and leadership/management of, PFM reforms is critical.

<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"> ◇ PEFA framework is appreciated for its comprehensiveness. However, in order to gain the maximum benefit, there needs to be good government ownership and sufficient time devoted to the exercise. At the same time, it is not seen as displacing other analytical instruments, since it does not give recommendations. ◇ PEFA analysis is seen to have brought about a reduction in the number of overlapping analyses. Whilst these are seen to have been reduced in numbers, it has not substituted for the analyses. The response to the challenge of fewer assessments but need for same type of analyses is for greater joint working and reliance on the PEFA framework wherever applicable. In particular, <ul style="list-style-type: none"> – The World Bank’s most recent CAS foresees complementary analytical and advisory work during the 2007-2011 such as the programmatic Public Expenditure Review (undertaken during 2006/7), and the Country Financial Accountability Assessment; it also indicates that increased attention will be paid to harmonising the analytical work. – Regular budget support missions, which are based on the PEFA analysis, e.g. for Germany, and joint ones for the EC, the World Bank, France, and AfDB – More detailed IMF/FAD analyses – Drill-down analyses, e.g. for sectors
<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"> ◇ Periodic PEFA assessments will be used to monitor progress in the Governance and Institutional Development Programme (PDGI 3) as well as the CAS. For the former, the results matrix specifies the achievement of a certain number of PEFA indicators (dimensions) at B or above, as well as an increase in the percentage of public procurement processes that are assessed as conforming to the new procurement regulations.
<p>6. Documentary Evidence</p>	
<ul style="list-style-type: none"> ◇ GoM, Madagascar Action Plan (MAP) 2012, November 2006 ◇ World Bank, <i>Projet Gouvernance et Développement Institutionnel (PDGI 3) (Governance and Institutional Development Project)</i>, Project Document (concerning a proposed project restructuring and finance extension), World Bank, April 2007. ◇ World Bank, <i>Mid-term review of the PDGI 3</i>, July 2006. ◇ GoM and DPs, <i>Plan d’Actions Prioritaires (PAP) 2006</i> ◇ GoM and DPs, <i>Plan d’Actions Prioritaires (PAP) 2007</i> ◇ GoM and DPs, <i>Plan d’Actions Prioritaires (PAP) 2008</i> ◇ TORs for PEFA 2008 ◇ Country Assistance Strategy (CAS), 2007-2011, World Bank, March 2007 ◇ GoM and DPs (AfDB, France, EC, World Bank), <i>Joint Aide Mémoire Budget Support Mission</i>, October 2006 ◇ GoM and DPs, <i>Cadre de Partenariat</i>, September 2006. ◇ World Bank. <i>Madagascar: Public Expenditure Review. Implementation of the Madagascar Action Plan: Analysis for Results</i>, June 2007. <p>Note: Documents in bold indicate those in which the PEFA assessment is explicitly cited.</p>	

Country Impact Note

MOLDOVA

<p>0. Summary Overview of Impact</p>	<ul style="list-style-type: none"> ◇ In terms of country context, in common with other FSU countries, Government’s experience of PFM reform, and of donor interaction on PFM reform, is relatively limited compared with other regions. This has an impact on the way that government interacts with donors on PFM; in particular, its experience with multiple and overlapping donor PFM assessments and initiatives is relatively limited, and hence it is arguably more open to donor initiatives if a tool that can help them is suggested. ◇ Despite an unpromising start (the exercise was initially felt to be donor-imposed, based on meeting a donor’s fiduciary requirement), Government found it a useful exercise, something which helped them benchmark their own processes. It has had some effect on focussing PFM reforms, including more of a focus on internal and external audit, but it has also helped MoF to use as an on-going check on progress, highlighting areas which need further work. ◇ In addition, the peer discussion/support mechanism from the PEMPAL initiative has helped put it into context and provided a useful way to look at themselves alongside other countries’ experiences
<p>1. Background on 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"> ◇ Consultants undertook 3 field visits: 9-19th October 2005, 15th-25th January 2006, 16th June 2006 (final presentation workshop). In between the first and the second field visits, the government working group did its self-assessment, which was discussed during the second field visit. ◇ Draft report completed following January 2006 field visit ◇ Revised report completed prior to June workshop. Final report completed June 2006 (60 pages excluding annexes)
<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 was EC Food Security Programme, in conjunction with its budget support operation. SIDA provided funding for two of the international consultants, whilst UNDP funded the two national consultants. ◇ Other donors (e.g. World Bank) were involved as participants in the pre-assessment workshop

<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"> ◇ A Working Group was established, chaired by the Vice Minister of Finance. It included members from MoF, Ministry of the Economy and the State Chancellery. ◇ This Working Group was involved in undertaking their own self-assessment following the initial visit of the consultants. The resulting scores were compared and discussed with the consultant team during the second visit. The Government tended to score itself lower than the scores eventually confirmed by the external consultants. It was concerned that high scores would make it difficult to show improvement when the assessment was repeated.
<p>1.4 What was the background to the origin of the PEFA assessment?</p>	<ul style="list-style-type: none"> ◇ EC Food Security Programme said they needed a PEFA to be undertaken to be able to give budget support. This followed discussions amongst the Government and donors providing budget support of the need for a harmonised fiduciary risk assessment; the use of PEFA for this was discussed. Following discussions (including with the PEFA Secretariat), an explicit role for the PEFA in terms of a fiduciary assessment was dropped, and the EC commissioned a separate Fiduciary Risk Assessment. ◇ Prior to this, MoF officials had had an initial introduction to PEFA at a WB organised workshop on 'Public Expenditure Management Challenges in ECA/PRSP Countries' held in Warsaw in February 2005. ◇ Government saw it as donor-initiated but supported by Government.
<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"> ◇ The consultancy was carried out by a team of international and local consultants over 3 visits/stages, as described above ◇ In parallel, the government carried out its own self-assessment using the PEFA Guidelines between the first and the second visit of the international consultants' team ◇ After the initial visit of the external consultants, the local consultants followed up with assessment, specifically, in filling in gaps, gathering documents, etc. In parallel, the Government through its Working Group undertook its own scoring exercise. When the external consultants returned the scores were compared and discussed with the external consultants who confirmed/adjusted the scoring. ◇ Specific pre-assessment preparation consisted mainly of a VC with the PEFA Secretariat to go over the objectives of the exercise. This was seen by government officials as very useful.
<p>1.6 Current status of report (e.g. draft, final)</p>	<ul style="list-style-type: none"> ◇ Final – as of June 2006 ◇ Agreed with Government
<p>1.7 Extent of public availability of PEFA report, e.g. on PEFA website, on Government website, published for public access, other</p>	<ul style="list-style-type: none"> ◇ Available publicly only on the EC's website (as well as on the PEFA's website, which links to the EC's one)
<p>1.8 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"> ◇ Current reforms include the PFM umbrella project led by the World Bank (which covers budget planning and execution [budget classification and FMIS], internal audit, and training on financial management, support by DFID on strengthening the MTEF and the Dutch, and additional support on the PRSP (known locally as the EGPRSP) by SIDA.

<p>1.9 Describe the nature and institutional structure of the government-donor dialogue on PFM</p>	<ul style="list-style-type: none"> ◇ There is not a formal institutional structure for donor-government dialogue on PFM; it is mainly centred on the World Bank’s umbrella PFM project, which incorporates associated projects, such as DFID ◇ Relatively few donors operate in the PFM sphere (WB, DFID, SIDA, EC), and Government is not used to operating along such a formal dialogue ◇ A working group on donor harmonisation, which involves the EC, SIDA, and UNDP, as well as participation by the World Bank and the IMF, was established in October 2004.
<p>1.10 Describe the nature and institutional structure of the donor-donor dialogue on PFM</p>	<ul style="list-style-type: none"> ◇ There is not a formal institutional structure for donor-donor dialogue on PFM ◇ There are relatively few donors operating in PFM sphere, including World Bank, DFID, EC, and SIDA
<p>2. Government experience of 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’s main objectives were: (i) to learn more about the health of its PFM systems, and (ii) it was required for fiduciary reasons in connection with the EC’s FSP budget support operation. ◇ In the end, government/MoF (the main user of the PEFA) saw it as a very useful exercise ◇ Initially it was sceptical of the exercise – saw it as a donor-motivated exercise ◇ However, as it worked with the exercise, it saw the PEFA as a way of assessing the state of its PFM systems compared to those of other countries in the region. ◇ Government was satisfied with the process and with the outcome, in terms of the credibility of the results; as indicated above, it had initially scored itself lower on some of the measures. Ultimately, government accepted 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"> ◇ Exercise was strongly supported by the MoF partly because of its participation in the February 2005 WB workshop ◇ Government involvement was mainly centred on the PEFA working group, which included members from MoF, Ministry of the Economy and the State Chancellery¹⁶. Government involvement took place in two ways: (i) undertaking its own self-assessment; and (ii) participating in bilateral meetings to discuss specific areas, and joint discussions to discuss and agree on the final scores.
<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’s positive reaction to the PEFA (and thus engagement with exercise) was based on two elements: (i) given its awareness of PEFA from the WB workshop, it recognised that an objective assessment of the PFM system was needed; and (ii) having good quality external consultants who managed the exercise in a way that involved the government.
<p>3. DP experience of 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"> ◇ Main DPs in PFM satisfied with the process and with the results. Appreciated the role that the PEFA Secretariat played.

¹⁶ The members of the Working Group included: the Director of State Treasury (ST), Deputy Director of ST, Director of General Budget Department, Director of Public Debt Department, Deputy Director of Budget Department, Chief of Tax Service, Chief of budget policy and macro economy division, Chief of Financial reports and methodology of budget execution division, and chief of the financial control and audit service.

<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>	<p>◇ As indicated above, DPs were involved as funding consultants (EC FSP, SIDA and UNDP) and as observers and participants in the discussion workshops (the World Bank, DFID and IMF)</p>
<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>	<p>◇ This issue is less important than in other regions since there are relatively few donors operating in the PFM sphere. The EC-FSP is no longer operating in Moldova. Whilst the Working Group on Aid Harmonisation provides a focal point for donor co-operation on PFM, the main focal point is provided by the World Bank’s umbrella PFM project, which brings together other donors, such as DFID, which provide related PFM support.</p>
<p>3.4 DP motivations for supporting/leading PEFA assessment</p>	<p>◇ EC/FSP reported that it required a PEFA assessment in order to justify giving budget support; a separate Fiduciary Risk Assessment was specifically commissioned to accompany the PEFA assessment</p>
<p>4. Government use of PEFA post-assessment</p>	
<p>4.1 Circulation of PEFA post-assessment</p>	<p>◇ Circulation appears to have been limited to the main stakeholders involved in the PEFA (those in the Government’s Working Group)</p>
<p>4.2 Discussion of PEFA post-assessment</p>	<p>◇ The report was used as the basis for a presentation made by the Deputy Minister at a PEMPAL Meeting (regional PFM forum) in Vilnius in early 2007.</p>
<p>4.3 Citations of PEFA post-assessment</p>	<p>◇ Limited specific citations. None found in review of documents.</p>
<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>	<p>◇ No follow-ups have been carried out ◇ No follow-ups are specifically planned, although there is recognition within MoF that this should be done. Officially, there has been no decision taken on the institutionalisation of PEFA.</p>
<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>	<p>◇ The Government’s PFM reform programme is centred on the World Bank’s umbrella project, which was being prepared as the same time as the PEFA assessment. ◇ The PEFA assessment was used to confirm the scope of the project (i.e. that the correct areas were being addressed). The PEFA assessment led to some change in priorities within the PFM project, e.g. a stronger focus on developing an internal audit function. Subsequently, this led to the issuance of a government decree on internal audit, approved in 2006, and 3-4 ministries established internal audit units. ◇ Informally, the PEFA assessment (and the guidelines) has been used by MoF to check on where it should be going in different PFM areas. ◇ The PEMPAL initiative has helped to facilitate follow up by enabling MoF to look at examples of good practice from other countries in the region.</p>

<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 so far, although MoF believes that undertaking PEFA assessments should be made a regular exercise. PEFA exercise highlighted the importance of ensuring appropriate monitoring of PFM project in relation to the PEFA indicators. ◇ As indicated above, the PEFA Framework has been used to bring greater transparency to PFM actions. When decisions are taken they are now evaluated against the PEFA criteria (and also ROSC). For example in 2007 the Budget has been revised three times during the year. The PEFA criteria have been used to highlight to the Council of Ministers (Cabinet) that this is bad practice and should be avoided in future; this issue is to be raised in the upcoming MTEF Concept Paper.
<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 assessment tool ◇ Approach used during the assessment which facilitated government involvement ◇ Opportunity for peer support/discussions through PEMPAL forum
<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 was circulated to the main PFM donors participating ◇ It appears to have been useful for DPs. "We use it, rely on it, quote it extensively"
<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"> ◇ Discussion of the PEFA at the PEMPAL forum in Vilnius in March 2006. ◇ Otherwise, there have been limited co-ordination activities directly related to the PEFA assessment, in part because the PFM project led by the World Bank plays this focal co-ordinating role 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"> ◇ As indicated above, the World Bank's umbrella project and the associated Trust Fund is the current focal point for co-ordination on PFM. Whilst the PEFA indicators are not explicitly part of the M&E framework for the project (the project documents precede the conclusion of the PEFA), the project covers areas for which updated PEFA indicators would provide useful information
<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 assessment does not appear to have eliminated completely the need for additional PFM assessments. ◇ Whilst the PEFA analysis provides the primary basis for PFM assessments, separate missions continue to be fielded, including the EC, who earlier this year were looking to assess current conditions for the possible provision of budget support. ◇ Nonetheless, from the Government's point of view, overlapping PFM missions/assessments are not seen as a problem.
<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 already indicated, the main Government-donor dialogue on PFM is provided within the context of the World Bank's umbrella project. It is not clear to what extent the Aid Harmonisation working group provides such a discussion forum.

<p>5.6 For DP stakeholder, is PEFA sufficient for PFM assessment? What could it replace? What can it not replace?</p>	<p>◇ PEFA appears to be necessary but not sufficient for fiduciary risk assessments by some donors.</p>
<p>5.7 Describe any DP institutionalisation of PEFA framework, e.g. decision to use PEFA as fiduciary assessment.</p>	<p>◇ 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.</p>
<p>6. Documentary Evidence</p>	
<p>◇ <i>Macro economy, Public finances and Regulatory Aspects. Moldova. Draft Final Report. ADE (EC), April 2007.</i></p> <p>◇ <i>Moldova Fiduciary Risk Assessment Draft Report of the PEFA Assessment Team, EC, March 2006.</i></p> <p>◇ <i>Project Appraisal Document for Public Financial Management Project. World Bank, May 2005.</i></p> <p>◇ <i>Experience of PEFA in Moldova, PEMPAL Conference report, Vilnius (Russian), MoF. March 2007</i></p> <p>◇ <i>PEFA Talking Points (Russian), World Bank, 2006.</i></p> <p>Note: Documents in bold indicate those in which the PEFA assessment is explicitly cited.</p>	

Country Impact Note
MOZAMBIQUE

<p>0. Summary Overview of Impact</p>	<ul style="list-style-type: none"> ◇ The assessment illustrates the use of the PEFA framework operating as part of the on-going dialogue. ◇ Active Government engagement in the exercise was promoted through the use of a PFM stakeholder reference group. A similar institutional structure has been maintained for managing the on-going PEFA process. ◇ Despite strong DP co-operation and agreement to use the PEFA assessments as a common frame of reference, there nonetheless seemed to be an issue of assessment s undertaken outside of these common arrangements. ◇ In a situation of many DPs working in PFM over a number of year, there is the difficulty of ascribing attribution to any particular analytical tool ◇ The case highlights the issue of Government capacity to lead/ manage reforms
<p>1. Background on 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: March 2005 ◇ Field visit: October, December 2005 ◇ Draft report: January 2006 ◇ Final report: March 2006 (52 pages excluding annexes)
<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 explicitly involved in undertaking the assessment (as part of the team), although it was reviewed by the Programme Aid Partners (PAP) (also, known as G-19). Representatives of the EC, Germany, the Netherlands and Sweden as development partners were in the PEFA Reference Group. ◇ Expected institutional involvement: provide financing (EC), be consulted during the exercise, and participate in stakeholder workshops ◇ Actual institutional involvement: as above plus provide members from the PAP to the Reference Group (Germany, the Netherlands, and Sweden)
<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 stakeholders attended an inception workshop at the beginning of the first field visit. ◇ During the assessment: Government appointed a Reference Group for the assessment, comprising government staff from the <i>Inspecção Geral de Finanças</i>, from other key departments in the Ministry of Finance, from the Ministry of Planning and Development, from the <i>Tribunal Administrativo</i>, from the <i>Inspecção Geral do Estado</i> in the Ministry of State Administration, and from the <i>Banco de Moçambique</i>, and DP representatives (including from the EC, the Netherlands, Sweden and Germany).
<p>1.4 What was the background to the origin of the PEFA assessment, including perceived motivation?</p>	<ul style="list-style-type: none"> ◇ On both the government and donor sides, there was a desire to reduce the transaction costs caused by the number of fiduciary and other PFM assessments that were being carried out.

<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"> ◇ The PEFA was undertaken as a stand-alone assessment, with close collaboration with government and DP stakeholders. ◇ The PEFA assessment was carried out by a team of three international consultants who were supported by local consultant to assist with logistics and information-gathering. ◇ The assessment followed the PEFA Guidelines but the PFM-PR added some additional elements, including: (i) a comparison in scores for each indicator between the 2005/6 assessment based on the 2004 budget cycle and potential scores that might apply following the 2006 budget cycle; (ii) recommendations ◇ Main research for the main PEFA assessment was conducted during two field visits of a total of one months' duration: (i) October 2005; and (ii) December 2005. During the first field visit, the consultants undertook bilateral meetings with stakeholders to discuss the background to individual indicators and the results from the self-assessment, , and verified if the documentation and the discussions led to the justification of the self-assessment scores and presented these to the government and other stakeholders ◇ The team liaised with the Reference Group weekly ◇ An inception workshop was carried out during the first field visit in October 2005 to explain the PEFA concept and to review the indicators and guidelines. ◇ Stakeholder workshop (with Reference Group), December 2005 to discuss the preliminary results ◇ A separate workshop was held in February 2006 to discuss next steps (including the identification of quick wins) and the implications of the PEFA for PFM reforms. This contributed to an annex in the report which gave potential PEFA ratings in 2006 (two years following the base year for the PEFA assessment itself). ◇ The PFM-PR also included recommendations on how to use the PEFA assessment to put together a reform programme. This provided the basis for the discussions during the February workshop. ◇ A separate report emerged from the February 2006 workshop which included a PFM Action Plan matrix.
<p>1.6 Current status of report (e.g. draft, final)</p>	<ul style="list-style-type: none"> ◇ Final (as of March 2006)
<p>1.7 Extent of public availability of PEFA report, e.g. on PEFA website, on Government website, published for public access, other</p>	<ul style="list-style-type: none"> ◇ Available on PAP website ◇ Available on EC website ◇ Published in paper form by the EC.

<p>1.8 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"> ◇ 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: <ul style="list-style-type: none"> – 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
<p>1.9 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>1.10 Describe the nature and institutional structure of the donor-donor dialogue on PFM</p>	<p>◇ 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).</p>
<p>2. Government experience of 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>	<p>◇ Government stakeholders reported to be satisfied with the assessment process and the outcome. The follow-on workshop was said to be valued by government stakeholders.</p>
<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>	<p>◇ The assessment process was managed by government stakeholders in the Reference Group, which as indicated above, included government staff from the <i>Inspecção Geral de Finanças</i>, from other key departments in the Ministry of Finance, from the Ministry of Planning and Development, from the <i>Tribunal Administrativo</i>, from the <i>Inspecção Geral do Estado</i> in the Ministry of State Administration, and from the <i>Banco de Moçambique</i></p>
<p>2.3 Government assessment of quality/strength of level of government involvement – (pre, during, post assessment)</p>	<p>◇ Through their representation on the Reference Group, Government stakeholders were said to be satisfied with the level of their participation.</p>
<p>3. DP experience of 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>	<p>◇ DPs were satisfied with results of the assessment and with the PFM-PR.</p>
<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>	<p>◇ Active DP involvement was assured through their role in the PEFA reference group</p>
<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>	<p>◇ Co-operation amongst DPs was said to be good, assisted by the already effective co-ordination of the main DPs through the G-19.</p>
<p>3.4 DP motivations for supporting/leading PEFA assessment</p>	<p>◇ The main motivation was a reduction in the transaction costs on governments and DPs of multiple PFM assessments</p>

4. Government use of PEFA post-assessment	
4.1 Circulation of PEFA post-assessment	<ul style="list-style-type: none"> ◇ Copies of the PEFA assessment were provided to direct and indirect stakeholders, including: <ul style="list-style-type: none"> ◇ MoF and other ministries/agencies involved in the assessment ◇ PAP partners ◇ Other stakeholders attending the PEFA workshop ◇ Public through the EC's website
4.2 Discussion of PEFA post-assessment	<ul style="list-style-type: none"> ◇ The PEFA assessment has been discussed in the context of preparing the Action Plan and in the PAFs.
4.3 Citations of PEFA post-assessment	<ul style="list-style-type: none"> ◇ The PEFA assessment has been cited mainly in the annual DP/PAP reviews, as well as in DP fiduciary assessments (e.g. DFID)
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"> ◇ An update of the 2005 PEFA assessment is currently under way, with the field work undertaken during October-November 2007. As indicated above, this update was planned by Government and DPs following the first assessment. ◇ Responsibility for management of the PEFA process is assigned to a Steering Committee (comprising key PFM government staff at director level and DP representatives) and a Technical Committee, who ensure the provision of appropriate information and co-ordinate the provision of comments on, as well as circulation of, the PFM-PR reports.
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"> ◇ In the context of the G-19, specific attribution of the PEFA to PFM reforms is difficult, as it was seen as part of the overall Government-donor pressure for undertaking PFM reforms ◇ Indirect impact (“difficult to say direct result”) – as part of the overall (donor and elsewhere) pressure on government. Served to confirm weaknesses that were already familiar. ◇ PEFA was one of a number of impetuses (broad pressure) on PFM reforms; reminded government of what it said it would do. Led to PFM Action Plan (in response to DP requirement and facilitated as part of the PEFA assessment). However, its status in guiding PFM reforms in practice is unclear, as there does not appear to be consensus on this point, nor widespread familiarity with the Action Plan by government stakeholders. ◇ The separate workshop reviewing the implications of the PEFA assessment (which led to the Action Plan) was seen as valuable by government and other stakeholders ◇ Overall, an examination of relevant documents (both Government and PAP) would appear to support the view that the PEFA did not contribute directly either to defining/revising the scope/coverage of PFM reforms, nor to the monitoring framework for the reforms. In particular, some of the focal areas covered in the PARPA and thus the PAFs are those whose related PEFA score was not particularly low and for which there was a pre-existing focus prior to the PEFA assessment (e.g. inclusion of extra-budgetary expenditures, for which there was a Government-DP Task Force established in 2004-5).

<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"> ◇ A Government Steering Committee and Technical Working Group for monitoring/managing the PEFA framework have been established. ◇ Whilst the PEFA indicators are not cited directly in the PAF or PARPA monitoring matrices, nonetheless, the PEFA framework and its assessment of PFM strengths and weaknesses may be seen as the basis of the annual PAFs.
<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"> ◇ Many of the PFM strengths/weaknesses highlighted by the PEFA assessment were known, based on previous analytical work, and were being (or planned to be) addressed as part of PFM reforms. Hence, and as indicated above, it is difficult to separate the direct influence of the PEFA assessment from that of others. ◇ The willingness of the government to be increasingly involved in the process of PFM reform, including prioritisation, sequencing, and implementation, is hampered by capacity constraints; the government has indicated its desire in future to undertake and manage its own PFM assessments.
<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 to other DP stakeholders ◇ PEFA report available on EC's website and on the PAP's website. ◇ At the 2007 Joint Annual Review (following the March 2006 PEFA assessment), it was agreed that the overall evaluation of the PFM would be included in the Review's Aide-Mémoire, based on the reports of the different working groups and on specific developments in 2006.
<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"> ◇ Donors were seen to be the main constituency for the PEFA assessment. Impact has been greatest on DPs. Appears to have contributed to joint information pool – common reference point ◇ Results shown in Annual Joint Review mechanism ◇ PEFA used for DP own appraisals, e.g. FRA ◇ G-19 intended PEFA to replace multiple assessment tools (e.g. PERs) – some have questioned to whether or not it has done so. Seems that other analytical products are still valued.
<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 updated structure for the PAF is said to be a factor in potentially improving DP/PAP co-operation. Nevertheless, as indicated below for Government-DP dialogue (5.5), direct attribution to the PEFA is difficult, particularly given that the PAFs do not cite the PEFA in their results matrix.

<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"> ◇ Whilst there appears to be the general impression amongst the DPs that the PEFA assessment acts as the common PFM reference point and has led to a reduction in the number of overlapping PFM assessments, this impression does not appear to be shared by government stakeholders, particularly those in MoF. Part of this could be attributed either to lower-key assessments which are not widely referenced outside of those government stakeholders directly involved or it and/or communication problems amongst (some) DPs. ◇ Specifically, in addition to the updated PEFA assessment which had been planned to take place in October 2007 for some time (indeed, an indicative schedule was included in the 2006 PFM-PR), a review of the IMF's fiscal ROSC (from 2003) was undertaken in August 2007 by an IMF FAD team, and an audit ROSC was scheduled to take place in October 2007 (although there is no independent confirmation of this last assessment). Otherwise, the last ROSC update (data module) was undertaken in August 2005. ◇ The latest Article IV consultation documentation (July 2007), which lists all TA missions to Mozambique over the last 3 years, indicates that the last FAD PFM inspection mission was in November 2005. It does not mention the upcoming ROSC missions.
<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"> ◇ The PAF provides the main framework for Government-DP dialogue on PFM. Whilst the PEFA framework is not explicitly listed in the results framework for the PAF (and thus direct attribution to the PEFA assessments is difficult), updated PEFA assessments will assist in evaluating progress on the priority measures.
<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"> ◇ As indicated by the parallel assessments undertaken by DPs (see 5.4), the PEFA framework appears not to be sufficient for DP stakeholders, with more detailed PERs and continued DP assessments of fiduciary risk continuing to be valued.
<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 assessments are being updated as planned when the first PEFA assessment was undertaken is an indication of some institutionalisation of the framework. ◇ Consistent with its role in the common PFM information source, the PEFA assessment results are part of the annual PAP PFM reviews.

6. Documentary Evidence

- ◇ *Action Plan for the Reduction of Absolute Poverty 2006-2009 (PARPA II)*, GoM , May 2006
- ◇ GoM and DPs, *Performance Assessment Framework (PAF) 2007-2009*
- ◇ GoM and DPs, *Performance Assessment Framework (PAF) 2006*
- ◇ GoM and DPs, *Performance Assessment Framework (PAF) 2005*
- ◇ Castel-Branco, Carlos N. *Mozambique Programme Aid Partners Performance Review 2006, Joint Review*, March 2007.
- ◇ *Mozambique: Support to Public Financial Management Reform SISTAFE – Phase II*. Programme Document. Final version, GoM and Danida, November 2006
- ◇ *Memorandum of Understanding Government of the Republic of Mozambique and the Programme Aid Partners for the provision of Direct Budget and Balance of Payments Support*. GoM and Programme Aid Partners, June 2005
- ◇ ***Joint Review 2007 Aide-Mémoire. Final Version. GoM and Programme Aid Partners, April 2007***
- ◇ *Mid Year Review 2007 Aide-Mémoire*. GoM and Programme Aid Partners , September 2007 (documentation not viewed)
- ◇ *Joint Review 2006 Aide-Mémoire. Final Version*. GoM and Programme Aid Partners, April 2006
- ◇ *Mid Year Review 2006 Aide-Mémoire*. GoM and Programme Aid Partners, September 2006.
- ◇ ***Fiduciary Risk Assessment, DFID, April 2007 (used PEFA framework)***
- ◇ ***ODI, Mozambique: Report on Execution of Consultancy Inputs to Facilitate a Government-led update to the national PFM reform programme in response to the 2005 PEFA and to update PFM status reports for the 2006 joint review of Budget Support, December 2006*** (contains proposed PFM Action Plan)
- ◇ *Fiscal ROSC Update*, FAD, IMF, Mission August 2007 (no documentation yet available)
- ◇ *Presentation of the IMF Resident Representative in Mozambique the Development Partner Group*, IMF, September, 2007

Note: Documents in bold indicate those in which the PEFA assessment is cited.

Country Impact Note

NICARAGUA

<p>0. Summary Overview of Impact</p>	<ul style="list-style-type: none"> ◇ Key benefit of the assessment was to DPs in providing a common source of information on PFM strengths/weaknesses ◇ The assessment illustrates the lesson that political context and timing are important ◇ Another key lesson is the need for a clear management process, communicated to all stakeholders, for producing output/PFM-PR report
<p>1. Background on 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 visit: January-February 2006 ◇ Initial draft report: May 2006 ◇ Updated draft report: December 2006 (Final report never issued) (52 pages excluding annexes)
<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 and IADB (joint) ◇ Other donors: Government’s self-assessment was supported by a consultant financed by the EC. DFID and the EC participated in the joint PEFA mission ◇ Expected institutional involvement: undertake assessment, as per a CFAA, as part of the on-going PFM dialogue. In addition, it was expected that the team would validate the self-assessment exercise ◇ Actual institutional involvement: as expected
<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: the Government carried out a self-assessment, supported by an external consultant, during the two weeks prior to, and including, the week of the main field mission. ◇ GoN was represented in the exercise by the Office of Fiscal and Economic Affairs (<i>Oficina de Asuntos Fiscales y Económicos (OAFE)</i>) of the Ministry of Finance (<i>Ministerio de Hacienda y Crédito Público (MCHP)</i>), which arranged meetings, facilitated data collection and indicated its plans to establish procedures to collect relevant data on an on-going basis.
<p>1.4 What was the background to the origin of the PEFA assessment, including perceived motivation?</p>	<ul style="list-style-type: none"> ◇ There was a desire to reduce the transaction costs of multiple assessments for both Government and DPs. In particular, on the government side, the main motivation was to reduce transaction costs by having a single common PFM tool.
<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"> ◇ Week-long field visit to verify the government’s self-assessment ◇ The donor representatives involved in the assessment mission met a range of senior officials as well as civil society representatives involved in public financial management in Nicaragua and discussed PFM reform issues at a general level. DFID was also able to meet with representatives of the National Assembly and its budget office the following week.
<p>1.6 Current status of report (e.g. draft, final)</p>	<ul style="list-style-type: none"> ◇ Draft

<p>1.7 Extent of public availability of PEFA report, e.g. on PEFA website, on Government website, published for public access, other</p>	<ul style="list-style-type: none"> ◇ Not available publicly ◇ Circulation limited to main stakeholders involved – both government and DPs
<p>1.8 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"> ◇ Following the recommendations of the (previous) CFAA and the CPAR conducted in 2004, the previous Government was implementing a Public Finance Action Plan and National Procurement Action Plan. Other planned reforms included standardising procurement information across government entities and by channelling and registering all external funds through a Single Treasury Account (CUT). ◇ On-going PFM reforms continued under the new government include: strengthening of the MTEF, building on the IFMS, Civil Service Reform, strengthening of the external control system (external audit), and procurement reform. An assessment on PFM is reportedly “in preparation”, as is a public debt strategy. ◇ In World Bank’s PRSC includes further strengthening of the public investment programme and strengthening of internal and external control
<p>1.9 Describe the nature and institutional structure of the government-donor dialogue on PFM</p>	<ul style="list-style-type: none"> ◇ The Budget Support Group (see below in 1.10) works under the framework of the Joint Financing Arrangement (JFA) that defines the mechanism used to provide co-ordinated budget support to the Government’s reform programme. Central to the JFA is the performance assessment matrix (PAM) which helps to monitor progress in implementing a pro-poor growth policy, based on the government’s PRSP-II, 2006-2010. The JFA was signed between the government and DPs in May 2005. Progress on the PAM and updated indicators are reviewed annually. ◇ A section in the PAM covers PFM. As part of this monitoring framework, the following spheres of PFM are included as areas to be strengthened: pensions, decentralisation, tax policy, PIP, MTEF, external resource management through the Treasury, public procurement, and external control. In early 2008, a new PAM was agreed with the current Government; the main PFM related areas included in the matrix are: external audit, MTEF, civil service reform and public procurement.
<p>1.10 Describe the nature and institutional structure of the donor-donor dialogue on PFM</p>	<ul style="list-style-type: none"> ◇ Dialogue on PFM is based around the Budget Support Group, which comprises 8 external partners providing budget support (the Netherlands, the World Bank, the IADB, the EU, Switzerland, the UK, Finland and Norway)^{17,18}, with the objective of supporting the Government’s PFM reforms in a coordinated manner and using a common approach.
<p>2. Government experience of 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"> ◇ Difficult to ascertain, as difficult to speak to (former) government stakeholders having familiarity with the exercise, following the new government’s assumption of power in January 2007.

¹⁷ As of 2008.

¹⁸ It also includes as observers DPs who, although not providing budget support, do provide technical assistance, including Germany, Japan and the US

<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"> ◇ During the assessment, the GoN was represented by the Ministry of Finance (Ministerio de Hacienda y Crédito Publico (MCHP)) which arranged meetings, facilitated data collection and, in the future, intends to establish procedures to collect relevant data on an on-going basis. ◇ Despite some initial reserve, the experience of undertaking the self-assessment led Government to become more active in the assessment process. As indicated below, an intention was expressed to continue to gather the relevant data and update the framework more regularly
<p>2.3 Government assessment of quality/strength of level of government involvement – (pre, during, post assessment)</p>	<ul style="list-style-type: none"> ◇ Difficult to ascertain, as difficult to speak to (former) government stakeholders having familiarity with the exercise. However, DPs have indicated that there were some disagreements of the scores amongst government stakeholders.
<p>3. DP experience of 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"> ◇ There was concern that the PEFA familiarisation process was too short and provided insufficient time to develop an understanding of PEFA requirements among key stakeholders and gather all of the necessary data.
<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 indicated above, DPs were involved in providing support to validate the Government’s self-assessment and to undertake a wider assessment, as part of the on-going PFM dialogue.
<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"> ◇ There was frustration at the long delays in the production of the report, the 2nd draft of which emerged at election time ◇ Concern was expressed that there was insufficient time to finish the technical work and gather the information required to assess the PEFA indicators ◇ Whilst the results may have been credible at the time, the long delays in finalisation, and the election of a new government, means that the results are outdated, and a follow-up will be required.
<p>3.4 DP motivations for supporting/leading PEFA assessment</p>	<ul style="list-style-type: none"> ◇ As indicated above, the key motivation for DPs to engage with the PEFA was a desire to reduce the transaction costs on both government and DPs of multiple assessments.
<p>4. Government use of PEFA post-assessment</p>	
<p>4.1 Circulation of PEFA post-assessment</p>	<ul style="list-style-type: none"> ◇ In the absence of its finalisation, circulation of the draft report was limited primarily to those stakeholders involved in the assessment ◇ At the Budget Support Group meeting in September 2006, the summary PEFA matrix was presented to a number of government stakeholders, including from ministries other than the Ministry of Finance.
<p>4.2 Discussion of PEFA post-assessment</p>	<ul style="list-style-type: none"> ◇ Elections were held in November 2006 and the new government took power in January 2007. The status of receipt of comments by the new government is not clear.
<p>4.3 Citations of PEFA post-assessment</p>	<ul style="list-style-type: none"> ◇ Given the fact that the report was never finalised, there do not appear to have been any official citations

<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 ◇ Planned: none
<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"> ◇ Impact on government was limited – report was never finalised (11 months from field mission to date of draft report) ◇ The PEFA assessment has not been used as an input into the new government’s programme.¹⁹ There was no opportunity to discuss with government before the government changed. New government reluctant to use analysis undertaken under old government. ◇ PFM reforms started before PEFA – reforms carrying on. PEFA analysis reportedly did not have an input into the new reform programme. The PFM Action Plan which was in place 2004-2005 has not been updated.
<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 thus far.
<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 little ownership for what previous government had done (political context was important) ◇ Report took too long to emerge – was overtaken by events (election timing was important)
<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 to other DP stakeholders ◇ PEFA report not available on any website, as not officially finalised
<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"> ◇ Had impact on donors working in PFM (WB, IADB, EC and others in the Budget Support [BS] group), who agreed to use a single calendar for missions on PFM and use of multi-donor missions. This, together with agreements on carrying out joint missions, saved significant time. This was formalised in the JFA. ◇ PEFA bringing donors around a common instrument ◇ However, donors were frustrated by length of time for PEFA report to be finalised and lack of information on the process. ◇ Thus, the management of the process (from the DP side) was an important negative factor in moving the process forward and potentially inhibiting further impact
<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 met a perceived need for comprehensive statement of status of PFM systems, although delay in finalisation and lack of release of final report led to frustration amongst DPs

¹⁹ See GoN, *Políticas del Gobierno de Reconciliación y Unidad Nacional Proceso En Construcción Permanente*, August 2007 and GoN, *Programa Económico Financiero (PEF) 2007-2010*, August 2007

<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 assessment had a positive potential impact on the number of PFM assessments and of overlapping missions. Following the PEFA assessment, there was agreement by the DPs to use a single mission calendar and to co-ordinate PFM missions; this has helped DP-DP co-ordination
<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"> ◇ WB is supporting a PRSC which includes measures on PFM. ◇ The elaboration of a new Government PFM action plan is planned, which could be based upon the PEFA assessment. Donors are willing to support (through technical assistance) the new action plan.
<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"> ◇ PEFA is valued for bringing everyone around a single PFM instrument and can be a useful tool for policy dialogue ◇ Nonetheless, it is seen to require back-up support, in terms of further diagnostic analyses and recommendations (including on procurement), as well as to be part of a wider dialogue in which DPs can offer support and follow-up with progress or lack thereof. ◇ It can support governments' own efforts to articulate its reform priorities, particularly in cases where analytical capacities are relatively weak
<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 World Bank's PRSC does not include PEFA indicators in its monitoring matrix

6. Documentary Evidence

- ◇ GoN, *Programa Económico Financiero (PEF) 2007-2010*, August 2007.
- ◇ GoN, *Nicaragua: Informe Plan Nacional De Desarrollo 2006* (National Development Plan = PRSP/II), August 2007.
- ◇ GoN, *Políticas del Gobierno de Reconciliación y Unidad Nacional Proceso En Construcción Permanente* (new Government's policy priorities), August 2007.
- ◇ GoN, *Nicaragua: Informe Gasto En Pobreza y Alivio HIPC 2006*, June 2007
- ◇ ***Second Poverty Reduction Support Credit, Programme Document, World Bank/IDA, October 2006. (limited mention of PFM-PR, without reference)***
- ◇ *Support for Implementation of a Management-For-Results System, Plan of Operations*, IADB, October 2006.
- ◇ Lynn and Santiso, *Back to Office Report: Nicaragua PEFA mission and support to Country Office*, DFID, February 2006.
- ◇ *The Republic of Nicaragua Poverty Reduction Strategy and Joint World Bank-IMF Staff Advisory Note*, World Bank/IBRD, January 2006.
- ◇ GoN, DPs. *Joint Financing Arrangement for General Budget Support Between the Government of Nicaragua and the Donor Group*, May 2005.

Note: Documents in bold indicate those in which the PEFA assessment is explicitly cited.

Country Impact Note

TANZANIA

<p>0. Summary Overview of Impact</p>	<ul style="list-style-type: none"> ◇ Limited government engagement with the exercises, combined with a Government-DP dialogue which is characterised by a relatively strong DP influence and a relatively benign one by Government, has led to a strong DP influence on the use of the PEFA framework in relation to PFM reforms; nonetheless, the relatively limited role of government is of considerable concern, although it may partly be explained by significant capacity constraints amongst senior officials to guide and manage the reform process. ◇ The assessment illustrates the importance of embedding the assessment in the on-going policy dialogue. It could be argued that this is the key to attracting the government’s attention to the use of the framework (as is starting to take place this year) ◇ The Tanzanian case illustrates the relative advantages and disadvantages of undertaking annual PEFA assessments as well as the difficulties of applying the PEFA guidelines outside of their intended purpose
<p>1. Background on 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>	<p>The Tanzania PEFA assessments (known as Public Expenditure and Financing Accountability Review [PEFAR]) are unusual in having been carried out annually for the past three years; they are carried out in conjunction with the DP PFM/PER working groups as part of the institutionalised multi-donor PFM consultation and dialogue process.</p> <p>In each of the PEFA assessments below, there was a different focus: 2005 – central government; 2006 – local government; and 2007 – parastatals.</p> <p><i>First PEFA assessment (2005) – 126 pages excluding annexes</i></p> <ul style="list-style-type: none"> ◇ Assessment research time period: February-March 2005 ◇ Draft report: presented to CG meeting in May 2005 ◇ Final report: June 2006 <p><i>Second PEFA assessment (2006) – 39 pages for local government assessment plus Central Government matrix of 15 pages</i></p> <ul style="list-style-type: none"> ◇ Assessment research time period: February-March 2006 ◇ Draft report (comprising PEFA assessment for local government plus matrix updating PEFA scores for central government): presented to CG meeting in May 2006 ◇ Final report (called a Joint Evaluation Report, comprising PEFA assessment for local government plus separate annex containing matrix of updated PEFA scores for central government): November 2006 <p><i>Third PEFA assessment (2007) – 54 pages excluding annexes</i></p> <ul style="list-style-type: none"> ◇ Assessment research time period: from May 2007 ◇ Draft report: May 2007 (selected indicators) ◇ Final report: October 2007 (full PFM-PR for Central Government); report on parastatals not yet available

<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 	<p>2005</p> <ul style="list-style-type: none"> ◇ Lead donor: World Bank (in the sense of providing the team leader) ◇ Other donors: members of the DPG, including the EC, IMF, DFID, KfW, EC, AfDB, Canadian Corporation Office, and NGO policy forum <p>2006</p> <ul style="list-style-type: none"> ◇ Lead donor: World Bank (provided the team leader) ◇ Other donors: members of the DPG (as above) <p>2007</p> <ul style="list-style-type: none"> ◇ Lead donor: World Bank (provided the team leader) ◇ Other donors: members of the DPG (as above), and financed by the EC <ul style="list-style-type: none"> ◇ Expected institutional involvement: Provide finance for the exercises and carry out the analyses in conjunction with the auspices of the PER working groups. ◇ Actual institutional involvement: As expected
<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: as the exercises are done each year, the previous year's exercise provides background to the current year's assessment. Preparation for the exercises also came in the form of the 3-year cycle of assessments which was agreed upon in 2005. ◇ During the assessment: provide information and subsequently to give comments on reports.
<p>1.4 What was the background to the origin of the PEFA assessment, including perceived motivation?</p>	<ul style="list-style-type: none"> ◇ Amongst both government and DPs, there was a strong desire to cut down on transaction costs of the annual PER exercises ◇ Following the 2001 CFAA, DPG wanted to assess progress and learn from successes and failures

<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>	<p>2005-2007</p> <ul style="list-style-type: none"> ◇ Government supplied information and updates to allow the report to be compiled ◇ These were undertaken in conjunction with the PER/PEFAR working groups and involved local analysts. ◇ The assessments are part of the annual PER timetable and timed to feed into CG/Annual Review process, which take place in May of each year. <p>2005</p> <ul style="list-style-type: none"> ◇ Combines a PER and CFAA and contains a matrix of PEFA scores and justification for central government; includes one additional indicator on corruption. Scores are not broken down by individual dimensions for each indicator; only the composite score is shown for each indicator. ◇ The study was conducted during the first quarter of 2005 through a combination of questionnaires, written submissions, desk reviews and interviews with key personnel of Government agencies and other organisations. <p>2006</p> <ul style="list-style-type: none"> ◇ Contains PEFA scores and justification and PER for local government; also contains matrix of updated scores and justification for central government PEFA indicators ◇ Similar methodology to the 2005 assessment <p>2007</p> <ul style="list-style-type: none"> ◇ Updated PFM-PR (in line with PEFA Guidelines), plus a separate volume applying the PEFA framework to parastatals (not seen) ◇ Similar methodology to the 2005 assessment
<p>1.6 Current status of report (e.g. draft, final)</p>	<ul style="list-style-type: none"> ◇ 2005 – final ◇ 2006 – final for assessment of local government PFM plus summary of central government; full updated report of central government not likely to be issued ◇ 2007 – draft PFM-PR
<p>1.7 Extent of public availability of PEFA report, e.g. on PEFA website, on Government website, published for public access, other</p>	<ul style="list-style-type: none"> ◇ 2005 – available on World Bank’s website ◇ 2006 – local government assessment is available on Tanzanian local government portal (logintanzania.net); separate central government annex not publicly available ◇ 2007 – not yet available publicly
<p>1.8 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"> ◇ Centred on the PFM reform programme (PFMRP) which has been under way since 1998. The second PFMRP began in 2004 to bring under a common umbrella all PFMRP reform activities regardless of their source or type of financing. PFMRP II was underpinned by a Memorandum of Understanding (MoU) which set out a framework under which the government and development partners would co-operate by channelling financial support via a PFMRP basket fund. ◇ Beginning in 2008, the third PFMRP will be undertaken. The new programme, which is based on a comprehensive revision of the PFMRP Strategic Plan, is intended to address the weaknesses from the previous one, including continued underperformance in programme spending and programme physical achievements, as well as weaknesses on strategic orientation in programme planning and implementation progress reporting. As indicated below, the latest PFMRP is based around addressing the PFM weaknesses indicated in the PEFA findings.

<p>1.9 Describe the nature and institutional structure of the government-donor dialogue on PFM</p>	<ul style="list-style-type: none"> ◇ The PER/PEFAR framework provides the overarching framework for donor-Government dialogue on PFM. ◇ The PER/PEFAR process is run by the PER Working Group, which meets on a fortnightly basis and is chaired by the PS of Finance. The Group provides overall direction to the PER work agenda including key expenditure policy issues such as the implications of fiscal decentralization on expenditure policy. ◇ A Macroeconomic Working Group, chaired by the Permanent Secretary of the Ministry of Finance, discusses macroeconomic policies which have implications for public expenditure policy such as fiscal risks arising from shocks. ◇ In addition, Sector Working Groups (and now Thematic Working Groups) comprising representatives from sector ministries and development partners and civil society meet in order to discuss and prepare annual PER sector reports which provide key sector-specific policy issues and MTEF costings to be considered in the budget formulation process. ◇ An Annual PER Consultative Meeting discusses the key emerging issues from PER working groups during the fiscal year and the way forward for PFM policy. It is a high-level meeting and representatives from across Government, development partners and civil society attend. ◇ The network of working groups, specifically the PFM Working Group and the Local Government Working Group, is actively involved in the PEFAR assessments.
<p>1.10 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 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 taken a relatively hands-off approach to the assessments; in terms of process, they have been carried out by the DPG working groups. ◇ The assessments have been discussed with Government and DP stakeholders at the Annual Reviews (Consultative meetings) held in May each year. There have been limited comments. Government representatives have reportedly been satisfied with the process and with 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"> ◇ Limited government engagement – seen as DP exercise (scoring carried out by DPs as part of sector groups). Until last year, government was reportedly “hardly aware” of exercise. This year, a specific presentation on PEFA was made to government stakeholders at the Annual Review.
<p>2.3 Government assessment of quality/strength of level of government involvement – (pre, during, post assessment)</p>	<ul style="list-style-type: none"> ◇ As indicated above, government involvement in the exercises has been limited, reportedly by choice. Nonetheless, government representatives have reportedly been satisfied with the process and with the results.

3. DP experience of 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	◇ In general, as it has primarily been their exercise, the DPs have been satisfied with the credibility of the results. There have been some questions of the usefulness of undertaking the exercises each year and of the appropriateness of some of the ways in which the PEFA framework has been used (e.g. for parastatals)
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	◇ As indicated above, the process of preparing the PEFA/PEFAR assessments has been undertaken by the PEFAR Working Groups, which are supported by DP representatives.
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	◇ As suggested above (3.1), as the exercises have primarily assisted the DPs, they appear to be reasonably satisfied with the DP-DP co-operation in carrying them out. Nevertheless, there is concern at the relatively limited level of involvement of the government in the exercises.
3.4 DP motivations for supporting/leading PEFA assessment	◇ As indicated above, the primary motivation is a reduction in the transaction costs of the PER/PEFAR process
4. Government use of PEFA post-assessment	
4.1 Circulation of PEFA post-assessment	◇ Copies of the PEFA are provided to: <ul style="list-style-type: none"> ◇ PFM government stakeholders, both in central agencies and in line ministries – disseminated at the CG/annual review meetings ◇ DPG partners, specifically members of the PER working group ◇ Other domestic and external stakeholders at the annual CG/PER reviews ◇ Public (some assessments) through websites such as the local government portal (2006 assessment) or the World Bank's website (2005 assessment)
4.2 Discussion of PEFA post-assessment	◇ With limited engagement, there has been limited discussion amongst government stakeholders of the framework and of the assessments. ◇ Earlier this year, a specific presentation on PEFA was made to government stakeholders at the Annual Review.
4.3 Citations of PEFA post-assessment	◇ Main PFM-related documents quote PEFAR findings, including most recently: reports on deliberations of the annual GBS Reviews, annual PFM Reviews, and annual PERs. For example, the most recent GBS Review in Tanzania (29 th October to 2 nd Nov, 2007) had a session on (i) findings of PEFAR 2007 scheduled for 31 st October, 2007 and (ii) revised PFMRP Strategic Plan. ◇ As will be set out below (4.6), the main elements of the PFM joint monitoring framework follow/review the PEFAR findings
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.	◇ Carried out: PEFA assessments as part of PEFAR have been carried out each year since 2005 in order to monitor progress regularly on behalf of the DPs ◇ Planned: the next cycle of PER analyses (and thus PEFA results) (from 2008) will be decided in the next few weeks/months. There is not yet consensus amongst the DPs on how frequently the PEFA indicators will be updated in future.

<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"> ◇ Annual updates were in the original design: at beginning (in 2005), DPs agreed to undertake a 3-year cycle of PEFA evaluations (2005 - central government, 2006 - local government, 2007 - parastatals) ◇ There is an explicit link between the PEFAR findings and the PFM Reform Programme (PFMRP) III, which is currently being revised (DP-led exercise); the programme uses the results from the PEFA exercises and specifically shows how the PFMRP addresses each of the PEFAR areas. Not yet approved by government so too early to say what will happen. ◇ Recent areas of reform include procurement and external audit. Attribution to the PEFA is difficult. ◇ Has had some impact on local government – government responding following a 1-year lag with a list of actions and measures to address weaknesses.²⁰ Specifically, this contains a response (set out in matrix form) to each of the indicators in the 2006 LG PEFA ◇ Parastatal exercise was not seen as very successful due to the difficulty in adapting the PEFA methodology to parastatals
<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 indicated above, the main joint PFM monitoring frameworks use the PEFAR findings in their performance assessment matrices. These include: (i) the Public Financial Management Reform Programme (PFMRP); (ii) Multi-lateral Partnership Framework Memorandum underpinning the provision of GBS to support Mkukuta (incorporating the Performance Assessment Matrices (PAF)) and the Poverty Reduction Budget Support (PRBS) agreements (e.g. DFID); and (iii) the Joint Assistance Strategy for Tanzania (JAST).
<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"> ◇ Limited capacities (both in terms of numbers of staff and strategic capacities) for undertaking reform ◇ Limited government engagement in the exercises, combined with fact that it is not necessarily clear (at least to some DPs) that there was genuine desire/ownership for reform ◇ As pressure has grown (DPs raising profile of PEFA), this has served to increase attention on it for 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"> ◇ Circulated to PEFAR DP stakeholders, including members of the PER working group. ◇ 2005 PEFAR report available on the World Bank’s website, and the 2006 report is available on a Tanzanian local government portal ◇ Whilst there is a sub-directory on the DPG website to the PEFARs for 2006 and 2007, the evaluation reports are not posted. ◇ As indicated above, Every PFM related document quotes PEFAR findings, including most recently: reports on deliberations of the annual GBS Reviews, annual PFM Reviews, and annual PERs. For example, the most recent GBS Review in Tanzania (29th October to 2nd Nov, 2007) had a session on (i) findings of PEFAR 2007 scheduled for 31st October, 2007 and (ii) revised PFMRP Strategic Plan.

²⁰ See Tanzania: Integrated Public Expenditure and Financial Accountability Review Draft PMO-RALG Response to the Draft Aide Mémoire, 2007

<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 common reference and use of PEFAR assessments is explicitly part of the M&E frameworks for PFM monitoring ◇ The use of PEFAR assessments/framework is explicitly included in the agreements for budget support, and in the frameworks for the PAF, JAST, CG and DPG arrangements (see 4.6 above)
<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"> ◇ As indicated above, the PEFAR framework provides the overarching framework for donor-Government dialogue on PFM. ◇ No further impact from PEFA assessments as DPs in PFM already were 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 institutional network of DP sectoral and cross-sectoral working groups (in the form of the Development Partners Group [DPG]) have been important factors in ensuring that the DPs working in PFM co-ordinate their activities effectively. ◇ Thus, it was the DPs' own initiatives under the on-going PER process (which continued under the PEFAR process) which has ensured that DP activities in PFM are co-ordinated. ◇ Supporting these processes are: the Joint Assistance Strategy for Tanzania (JAST), the CG mechanism, and supporting DPG documents, including a joint calendar on processes and missions
<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 programme and the PFM Reform Programme. The latest strategy (PFMP III) is still in draft as it has not yet been approved by Government. ◇ A number of factors have resulted in potentially weakening attempts to strengthen Government-DP and the following up of PEFAR recommendations. These include: limited government capacities for undertaking reform, particularly in MoF where the number of senior managers has been significantly reduced (by 50%) recently. ◇ Not clear that there was genuine desire/ownership for reform ◇ As pressure has grown (DPs raising profile of PEFA), this has served to increase attention on the PEFA scores for 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"> ◇ As the PEFAR process is designed as a super-PER, wider PFM issues are explicitly included. ◇ There is widespread acceptance amongst DPs of the PEFAR approach for PFM analysis, but there is no consensus on the issue of continuing to update PEFA scores each year or of applying the mainstream PEFA guidelines beyond central government
<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, DPs agreed to use the PEFAR institutional framework (based on PEFA indicators) for the M&E framework of the PFM reform programme (in the form of the PFMRP). The information in the PEFA assessment is intended to be the basis for any donor-required fiduciary assessments (see 4.6 above).

6. Documentary Evidence

PEFA Assessments:

- ◇ *Public Financial Management Performance Report*, final report, October 2007 (PFM-PR)
- ◇ *Local Government Fiduciary Assessment*, Joint Evaluation Report, May 2006. Presented at the PER Annual Consultative Meeting.
- ◇ *Public Expenditure and Financial Accountability Review (PEFAR), FY 2005* (July 2004-June 2005), World Bank, June 2006

Other documents:

- ◇ ***Public Financial Management Reform Programme (PFMRP) III, Strategic Plan, Final Draft, GoT, November 2007.***
- ◇ ***Tanzania: Integrated Public Expenditure and Financial Accountability Review Mission 2006, Aide-Mémoire, April 2006.***
- ◇ ***Joint Assistance Strategy for Tanzania (JAST) 2007-2010, World Bank (on behalf of GoT and Development Partners), March 2007 (includes monitoring matrix).***
- ◇ *Joint Assistance Strategy for Tanzania (JAST)*, Memorandum of Understanding, GoT and Development Partners, December 2006.
- ◇ ***Joint Assistance Strategy for Tanzania (JAST) Joint Programme Document (JPD), GoT and Development Partners, December 2006.***
- ◇ ***Partnership Framework Memorandum Governing General Budget Support for Implementing Mkukuta, Development Partners, January 2006***
- ◇ ***Poverty Reduction Budget Support to Tanzania for 2006/09, DFID, August 2006.***
- ◇ ***Tanzania: Integrated Public Expenditure and Financial Accountability Review Draft PMO-RALG Response to the Draft Aide Mémoire, 2007.***
- ◇ ***Development Partner Group (DPG) Mission Calendar, 2004-2007, 2007.***
- ◇ ***Calendar of Major Processes and Missions, Development Partner Group (DPG), 2007.***
- ◇ *Government and DAC Consultation Mechanism*, Development Partner Group, 2007
- ◇ ***DPG and Government, GBS Review: Presentation on PEFA, October 2007***

Note: Documents in bold indicate those in which the PEFA assessment is explicitly cited.

Country Impact Note

VANUATU

<p>0. Summary Overview of Impact</p>	<ul style="list-style-type: none"> ◇ Limited engagement and buy-in by government during the PEFA exercise, which was seen as fulfilling a DP requirement for the provision of budget support. This limited government engagement and buy-in also applied to the recently drafted PFM reform programme Action Plan, which was also seen as fulfilling a specific DP requirement. ◇ Nonetheless, the PEFA framework was found to be useful to government as a way of showing PFM strengths/weaknesses comprehensively and reviewing progress on DP-supported reforms. Widespread circulation (including to CSOs) has led to additional pressure on external scrutiny institutions. ◇ Future PEFA exercises in the Pacific region may benefit from DP joint agreements to co-operate. At present, the PEFA assessment has not resulted in significantly enhanced co-operation on PFM activities, and there continue to be problems with parallel and burdensome DP procedures.
<p>1. Background on 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: March/April 2006 ◇ Field visit: May 2006 ◇ Draft report: June 2006 ◇ Final report: July 2006 (70 pages excluding annexes)
<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: AusAid, World Bank ◇ Expected institutional involvement (from TORs): EC providing finance, AusAid “active involvement”. NZAid and France: expected to be consulted during the exercise. World Bank and AsDB: to be informed (e.g. by e-mail). ◇ Actual institutional involvement: EC financial support for the exercise. Representatives from some non-lead donor DPs (World Bank, AusAid) attended some of the meetings. DP representatives attended the end of field-visit presentation, at which the preliminary findings were presented.
<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: limited. There was no pre-assessment workshop. Consultants’ work plan was presented at the beginning of the field visit. EC did some groundwork at beginning but it was reportedly difficult to engage the Government. ◇ During the assessment: there was no reference group appointed. Government stakeholders were involved in bilateral meetings and in the final presentation at the end of the field visit. During the assessment, there was not a joint discussion of the scores. The draft report was presented following the field visit.

<p>1.4 What was the background to the origin of the PEFA assessment, including perceived motivation?</p>	<ul style="list-style-type: none"> ◇ Completing a PEFA assessment was an explicit requirement for the provision of budget support to the government. ◇ From the government side, the exercise was initially seen as an external exercise – to meet the EC’s budget support requirement. Government participated due to “initial pressure” from the EC as assessing eligibility for general budget support. Following the assessment, the assessment was seen as helping to clarify or confirm areas of weakness.
<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"> ◇ Assessment was stand-alone, conducted independently of government and DP stakeholders ◇ Two international consultants were involved. Local official from Department of Finance assigned to team, largely helped with logistics (setting up meetings). ◇ During the 3-week field visit, the consultants undertook bilateral meetings with stakeholders to discuss the background to individual indicators, then scored the indicators and presented these to the government and other stakeholders
<p>1.6 Current status of report (e.g. draft, final)</p>	<ul style="list-style-type: none"> ◇ Final (as of July 2006)
<p>1.7 Extent of public availability of PEFA report, e.g. on PEFA website, on Government website, published for public access, other</p>	<ul style="list-style-type: none"> ◇ Available on EC website ◇ Circulation within country – printed copies were made available both to direct stakeholders and to civil society organisations
<p>1.8 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"> ◇ Reforms are centred on the Priorities and Action Agenda (PAA), the Government’s 10-year National Development Plan (covering 2006-2015). As part of this, some DPs (e.g. AusAid) are providing support in PFM, specifically, through the Finance Institutional Strengthening Project, looking at financial systems, including IFMS. Other DPs providing support in PFM include the EC and the World Bank. ◇ To date, Government has not had an explicit written medium-term strategy for PFM reform, although the strategy is implicit in its three year corporate plans (the latest of which covers the period 2006-2008) and annual departmental business plans and the PAA. One could say that to date PFM reform has been based on ad hoc, largely donor-supported interventions. These reforms include (begun pre-PEFA [mentioned in PEFA]): (i) decentralisation to LMs: duplication of central functions (supported by AusAid’s Governance for Growth project); (ii) internal audit – set up IA institutions in larger ministries (supported by EC and AusAid assistance); and (iii) the above-mentioned Financial Institutional Strengthening (supported by AusAid), looking at financial systems, including IFMS. ◇ Ministry of Finance and Economic Management (MFEM) is currently in the process of making the PFM reform strategy explicit. As indicated in the report accompanying the strategy, this is to meet a DP requirement for tranche release²¹ ◇ Reportedly, there is limited Government leadership of these reforms; seen as separate from Government’s own priorities. Government seen as not in position to negotiate with DPs on reform.

²¹ See Fairman (below)

<p>1.9 Describe the nature and institutional structure of the government-donor dialogue on PFM</p>	<ul style="list-style-type: none"> ◇ Limited formal dialogue. This is seen to be due partly to the demands on a small administration, with lots of requests from different donors, putting significant pressure on a stretched government. There is an issue of capacity: government representatives attend workshops, answer requests.
<p>1.10 Describe the nature and institutional structure of the donor-donor dialogue on PFM</p>	<ul style="list-style-type: none"> ◇ Limited formal structure for DP-DP co-operation. Seen as being due to limited willingness for active co-operation on operations and perhaps also limited experience amongst some DPs of such joint working of the kind that takes place in Africa.
<p>2. Government experience of 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 useful – “good engagement”, good team. Outcome (assessment) was credible, although some areas (e.g. external accountability) should have scored more negatively. ◇ Government found PEFA framework useful as a way of assessing progress on some DP-supported projects, including the Financial Institutional Strengthening Project ◇ Also, the PFM-PR helped identify areas of weakness, particularly in legislative and policy reforms. It was the first document that has come out publicly showing PFM strengths/weaknesses as a whole
<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 involved as participants in meetings. Not actively involved in management of exercise.
<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 involvement limited as seen initially as external exercise.
<p>3. DP experience of 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"> ◇ PEFA assessment was seen as credible ◇ Team was seen as good ◇ Process was contrasted with subsequent PEFA’s in the Pacific islands which were seen as under-resourced
<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"> ◇ Was designed as independent assessment, so DP involvement mainly centred on being interviewed during exercise, participating in final presentation, and commenting on report ◇ All relevant DPs on board to participate in the 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"> ◇ No issues cited. DP active involvement limited by design (TORs of exercise)
<p>3.4 DP motivations for supporting/leading PEFA assessment</p>	<ul style="list-style-type: none"> ◇ EC requirement for determining eligibility of government 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 the PEFA were provided to the main government stakeholders involved in the PFM assessment, included those agencies and personnel who were interviewed ◇ Copies were provided to DPs active in PFM (e.g. EC, AusAid, World Bank) ◇ Civil society organisation (printed copies), including Transparency International ◇ Public through EC's website
4.2 Discussion of PEFA post-assessment	<ul style="list-style-type: none"> ◇ Pre-assessment: Discussion of PEFA framework at Pacific Islands Financial Managers' Association (PIFMA) at the inaugural conference in March 2006; Co-ordinator based in Pacific Financial Technical Assistance Centre (PFTAC). No senior officials from Vanuatu attended conference.
4.3 Citations of PEFA post-assessment	<ul style="list-style-type: none"> ◇ References have been made by Civil Society Organisations (CSOs) which has allowed them to criticise the governmental and semi-governmental agencies (e.g. PAC, Ombudsman, OAG), which were seen as not working effectively
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"> ◇ Carried out: None so far ◇ Planned: EC planning update for 2009
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"> ◇ For government, impact/follow-up activities mainly concentrated on: (i) highlighting/providing confirmation of strengths and weaknesses in a single document; and (ii) helping push the momentum along for existing PFM reforms. ◇ The follow-up Action Plan (draft final report dated November 2007) was seen as DP requirement and carried out by a consultant. Government indicated that its reforms in practice operate in line with its own priorities. On DP side, this is interpreted as donors appearing to impose reforms. ◇ As a precondition of the release of the first tranche of Support for Economic Reform Programme (SERP 2), the EU requested that MFEM prepare an explicit PFM reform strategy and MFEM requested technical assistance from the EU to do so.²² ◇ Whilst the PFM challenges were known, the PEFA analysis added to the pressure on different parts of government to act (e.g. agencies of external scrutiny). Has helped push the momentum along. ◇ Both Government and DP stakeholders indicated that the PEFA analysis had an indirect effect; an estimate of the impact (in terms of direct attribution) of the PEFA assessment on government was put at between 10-30%. Others indicated that it was difficult to quantify. Examples of indirect changes (i.e. changes that were already under way prior to the PEFA assessment but may have been given additional impetus) include: (i) the fact that the Public Enterprise and Accountability Bill is now ready to go before Parliament; and (ii) further development of MTEF: advising every department to submit 3-year rolling budgets as from next year (supported by the EC).

²² Ibid.

<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"> ◇ Government has reportedly included a few M&E (PEFA) indicators in the Financial Institutional Strengthening Project” (no independent confirmation of this)
<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 framework useful for: (i) international standards/regional competition – can help government to benchmark itself against other countries in region (e.g. in regional meetings); and (ii) help them test their system (progress) ◇ Nonetheless, in general, attribution relatively limited to PEFA – these problems are not new; there have been few willing and able (capacity constraints) to address the issues. ◇ In terms of the PFM reform strategy which followed the PEFA assessment, Government stakeholder view is that it was done as an external exercise and is not appropriate for them. Seen as ticking a box for the EC.
<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 to other DP stakeholders in PFM (e.g. EC, AusAid, World Bank, AsDB, France, IMF through PFTAC) ◇ PEFA report available on EC’s website ◇ Citation mainly in DP discussions about PEFAs in region, e.g. IMF
<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"> ◇ Relatively limited impact – there is the perception that donors don’t work particularly well together on the ground in the region. Some DPs continue to operate separately in accordance with their own agendas. ◇ PEFA seen as a good reference tool for DPs; but process of change will take time. ◇ Co-ordination amongst the two main DPs involved in PFM in Vanuatu (EC and AusAid) could be better
<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"> ◇ Agreement on Joint Principles for Application of the PEFA Performance Measurement Framework (Sydney Principles) have led to more joint participation in PEFA evaluations in the region, but has not yet led to co-ordinated activities on the ground. Co-ordination appears to be more in intention than practice.
<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 assessment does not appear to have led to a significant reduction in the number of PFM assessments or in the nature of PFM analyses, as a result of DPs (particularly those based in the Pacific) following their own HQ agendas and requirements. In some cases, there was little reference to the PEFA assessment (e.g. a single mention) in a document which otherwise would have been expected to use the information more thoroughly to guide mission discussions. ◇ Indeed, both government and DP stakeholder impression is that the PEFA assessment has not led to significant reductions in PFM assessments. ◇ The impression by government stakeholders is that DPs are continuing to follow their own agenda, and this results in continuing significant transaction costs for 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>	<p>◇ Despite attempts, there is reportedly no institutional mechanism for Government-DP dialogue, and common decisions do not take place. Examples were given of donors' continuing to undertake their own country strategy reviews, and the fact that SWAps have separate financing agreements, which leads to greater transaction costs</p>
<p>5.6 For DP stakeholder, is PEFA sufficient for PFM assessment? What could it replace? What can it not replace?</p>	<p>◇ As indicated by the parallel assessments undertaken by DPs, the PEFA framework appears not to be sufficient for DP stakeholders, with more detailed PERs and continued DP assessments of fiduciary risk continuing to be valued.</p>
<p>5.7 Describe any DP institutionalisation of PEFA framework, e.g. decision to use PEFA as fiduciary assessment.</p>	<p>◇ As indicated above, PEFA assessments are being used by the EC as assessments of eligibility for new or continuing budget support</p> <p>◇ In June 2006, DPs working in the Pacific region agreed on a common set of principles of operation in relation to PEFA assessments (e.g. as common reference point, as common framework for assessing their own progress).</p>
<p>6. Documentary Evidence</p>	
<p>◇ GoV, MoFEM. <i>Draft Public Finance Management Reform Strategy, November 2007</i></p> <p>◇ GoV, MoFEM. <i>Priorities and Action Agenda (PAA), 2006-2015</i>, June 2006 (Vanuatu's long-term national development plan).</p> <p>◇ GoV, MoFEM, <i>Annual Corporate Plans</i>. (Not available publicly)</p> <p>◇ DPs, <i>Principles for the Application of the PEFA Performance Measurement Framework in the Pacific Region</i>, Sydney, August 2006 (Sydney Principles).</p> <p>◇ DPs, <i>PEFA Performance Measurement Framework – Application in the Pacific Region</i>, Record of Proceedings, June 2006.</p> <p>◇ Peter Fairman. <i>Government of Vanuatu: Support to the Ministry of Finance and Economic Management for the Preparation of a Strategy for Public Finance Management Reform: Draft Final Report, November 2007.</i></p> <p>Note: Documents in bold indicate those in which Vanuatu's PEFA assessment is explicitly cited.</p>	

Country Impact Note

ZAMBIA

<p>0. Summary Overview of Impact</p>	<ul style="list-style-type: none"> ◇ Strong government ownership through fielding a government team, combined with an explicit incorporation into the monitoring framework for the PFM reform programme helped create the conditions for PFM reform managers to bring about a closer alignment between the PEMFA reform programme and the PEFA assessment. ◇ However, this realignment has been concentrated at the sub-component level, and has not yet led to a more sequenced and prioritised reform programme across components and incorporating current priority areas for the government. ◇ For DPs, the PEFA assessment has acted as the common information source for general PFM assessments.
<p>1. Background on 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: July 2005 ◇ Field visit(s): September (pre-field visit workshop and planning visit), October (main field visit), December 2005 (finalisation field visit) ◇ Draft report: October 2005 (presented at end of field visit) ◇ Final report: December 2005 (48 pages excluding annexes)
<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: SIDA ◇ Other donors: DFID was active partner; other PEMFA donors were involved as observers ◇ Expected institutional involvement: as participants in pre- and during-assessment workshops and discussions during meetings as part of the field visits ◇ Actual institutional involvement: same as expected (above)
<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"> ◇ As indicated above, a government team (comprising staff from MoFNP and from the Zambia Institute of Chartered Accountants) was appointed to carry out the assessment. This team was supported by two external consultants. The team was led officially by a senior official in MoFNP. ◇ At the pre-assessment workshop and at the workshop to discuss the initial results, a wider group of stakeholders (from MoFNP, line ministries, and external audit) was in attendance
<p>1.4 What was the background to the origin of the PEFA assessment?</p>	<ul style="list-style-type: none"> ◇ Common (PEMFA) DP desire to harmonise around joint diagnostic. Desire to link results explicitly with PEMFA. PEFA emerging as new co-ordinating tool. Whilst initially conceived as an external assessment, government was not satisfied with having only a limited Government, wanting to take leadership of the exercise.

<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"> ◇ The assessment was stand-alone and undertaken by a government team supported by 2 external consultants, with members of the team appointed by MoFNP officials ◇ A pre-assessment workshop was carried out in September 2005, prior to the field visit in October 2005. Both donors and key government officials attended the 1-day workshop, where the PEFA methodology, scoring and timetable were discussed. ◇ Following the workshop, a field visit was undertaken where the PEFA ratings and justification were discussed during bilateral meetings with government officials. The draft scores and justification were discussed at a workshop at the end of the field visit, following which the draft report was presented. ◇ Comments from government, DP stakeholders and the PEFA Secretariat were gathered and the whole team gathered in December 2006 to incorporate the comments and finalise the report.
<p>1.6 Current status of report (e.g. draft, final)</p>	<ul style="list-style-type: none"> ◇ Final (the December 2005 version)
<p>1.7 Extent of public availability of PEFA report, e.g. on PEFA website, on Government website, published for public access, other</p>	<ul style="list-style-type: none"> ◇ Report was published ◇ Available on PEFA website ◇ Available on MoFNP website
<p>1.8 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"> ◇ See 1.9 below
<p>1.9 Describe the nature and institutional structure of the government-donor dialogue on PFM</p>	<ul style="list-style-type: none"> ◇ The government-donor dialogue on PFM is centred on the Public Expenditure and Financial Management and Accountability (PEFMA) reform programme. The DPs supporting the PEFMA operate as a co-ordinated group under a Memorandum of Understanding.
<p>1.10 Describe the nature and institutional structure of the donor-donor dialogue on PFM</p>	<ul style="list-style-type: none"> ◇ As above (donors involved in PEFMA)
<p>2. Government experience of 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 felt that it owned the assessment. Highly appreciative of the fact that it was a joint assessment. ◇ As a government document, it has put its name to the results in the final version and believes the scores are credible (see below).
<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"> ◇ PEFA was carried out by a Government team, facilitated by external consultants. The PEFA assessment report is considered a Government report.
<p>2.3 Government assessment of quality/strength of level of government involvement – (pre, during, post assessment)</p>	<ul style="list-style-type: none"> ◇ As indicated above, a government team carried out the study, and the report is considered to be a government report. ◇ Government took ownership of the assessment.

3. DP experience of 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 were considered to be credible. ◇ The joint nature of the assessment was highly appreciated.
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 were involved as funders of the external consultants (SIDA) and as interested parties in terms of the PEMFA reform programme
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"> ◇ As the assessment was designed as a government assessment, the level of DP involvement was not seen to be an issue
3.4 DP motivations for supporting/leading PEFA assessment	<ul style="list-style-type: none"> ◇ See 1.4 above
4. Government use of PEFA post-assessment	
4.1 Circulation of PEFA post-assessment	<ul style="list-style-type: none"> ◇ Following finalisation, the PEFA was published and circulated as a government document to relevant government stakeholders (MoFNP, line ministries, and Cabinet office as required by protocol for government documents).
4.2 Discussion of PEFA post-assessment	<ul style="list-style-type: none"> ◇ The PEFA assessment reportedly got public officials “referring to PEFA” and discussing the results. ◇ The government presented its PEFA experience at the annual CABRI conference in Addis Ababa in November 2006.
4.3 Citations of PEFA post-assessment	<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.).
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"> ◇ An update of the PEFA assessment is planned to take place in June 2008. Regular updates were explicitly planned as part of the original discussions on using the PEFA framework in the M&E framework of the 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 is reported to have had most prominence in setting the Annual Work Plans (to inform the direction of reform within component areas). Areas of poor scoring (Cs and Ds) are reported to be being used as the basis for work planning within PEMFA components, in other words, resulting in a realignment of PEMFA to address the weakest areas. However, as the annual work plans are very detailed and focus on inputs, it is difficult to ascertain this with any certainty through reference to these plans. ◇ Realignment of PEMFA to address weakest areas. ◇ From the beginning of 2007, it has been agreed that the annual Performance Assessment Framework (PAF), discussed jointly with government and DPs, will explicitly look at progress towards PEFA indicators. The 2007 PAF matrix (and draft 2008 matrix) include a column for the related PEFA indicators for each component and sub-component. In the future, progress reports are intended to report on such progress towards PEFA indicators, whereas up until now, they have tended to highlight weak areas but not linked specifically to PEFA indicators. ◇ In terms of prioritising and sequencing across PEMFA reform areas, it appears that the PEFA has had less of an impact, with the broad reform components themselves unchanged; although the idea of conducting a separate exercise of making recommendations for prioritising and sequencing reforms was discussed (e.g. as part of the PEMFA Mid-Term Review), such an exercise effectively did not take place. There are also areas of PFM reform taking place outside of the PEMFA programme, specifically, in terms of cash management and the introduction of a Single Treasury Account. These are issues highlighted as important by the Secretary of the Treasury. As such, it is not clear to what extent the PEFA assessment guides PFM reform processes outside of the PEMFA programme
<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 indicated above, the PEFA framework is used by the PEMFA programme as its monitoring framework by design. ◇ A column has been added to the Performance Assessment Framework (PAF) next to the key deliverables for each of the components in the PEMFA programme
<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 government²³

²³ With the exception of the Director of the Internal Audit Department, who believed that his department (as distinct from the function, which is the focus of the PEFA) should have received an A score.

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"> ◇ Report was circulated to all PEMFA partners ◇ PEFA report is published on MoFNP's website ◇ The PEFA assessment is reportedly used in continuous dialogue with Government (as part of PEMFA) ◇ As part of PEMFA, indirectly cited in the most recent Joint Assistance Strategy for Zambia, covering 2007-2010. ◇ Cited in the OECD-DAC Paris Declaration monitoring report.
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 PEMFA provides the overarching framework for donor-Government dialogue on PFM. This dialogue infrastructure is considered to be strong. ◇ External partners active in the PEMFA programme have agreed to use the PEFA framework (with the 2005 PEFA assessment as the baseline) as their on-going monitoring framework for the programme. PEFA indicators are explicitly included in the monitoring framework.
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"> ◇ As indicated above, the PEMFA partners have agreed to use the PEFA framework as their common approach to PFM support ◇ Joint Assistance Strategy, signed by all key aid agencies, indicates agreement on a division of labour amongst DPs. ◇ For example, the PEFA assessment was used in the joint appraisal of the Poverty Reduction Budget Support (PRBS) ◇ No further impact from PEFA assessment as DPs in PFM already were working closely together
5.4 Did the PEFA assessment lead to reductions in the number and/or nature of PFM assessments?	<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. DPs indicated to Government that it should not allow any other general PFM assessments whilst PEFA assessment was in place.
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"> ◇ As indicated above, the PEMFA provides the overarching framework for donor-Government dialogue on PFM. This was explicitly part of the design ◇ No further impact from PEFA assessment as DPs in PFM already were working closely together
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"> ◇ Disaggregated analyses (e.g. for sectoral policy work as part of SWAPs or SBS) continue to be carried out. ◇ FRAs continue to be required by headquarter organisations (e.g. DFID) as part of giving budget support; these have been based on the information in the PEFA assessment ◇ The last World Bank PER was carried out in the second half of 2005; the next one is scheduled for 2008.
5.7 Describe any DP institutionalisation of PEFA framework, e.g. decision to use PEFA as fiduciary assessment.	<ul style="list-style-type: none"> ◇ As indicated above, DPs agreed to use the PEFA framework for the M&E framework of the PEFMA programme. The information in the PEFA assessment is intended to be the basis for donor-required fiduciary assessments.

6. Documentary Evidence

- ◇ *GoZ. 2006 Public Expenditure Management and Financial Accountability (PEMFA) workplan, 2006.*
- ◇ *GoZ. 2007 Public Expenditure Management and Financial Accountability (PEMFA) workplan, 2007.*
- ◇ *GoZ and DPs. Joint Assistance Strategy for Zambia (JASZ), April 2007.*
- ◇ **GoZ. PEMFA Performance Assessment Framework (PAF), 2006**
- ◇ **GoZ. PEMFA Performance Assessment Framework (PAF), 2007**
- ◇ **GoZ. PEMFA Performance Assessment Framework (PAF), 2008**
- ◇ **DPs. Zambia PRBS Joint Appraisal Memorandum, Fiduciary Risk Assessment (Annex), February 2007.**
- ◇ **GoZ, Presentation to CABRI Annual Seminar, Addis Ababa, November 2006.**

Note: Documents in bold indicate those in which the PEFA assessment is explicitly cited.