Public Expenditure &

PEFA

Financial Accountability

PFM Performance Measurement Framework

Monitoring Report 2007

(Part I : Roll-out and Quality)

PEFA Secretariat

Final Report

March 2008

Table of Contents

LIST OF ABBREVIATIONS

AAP	Assessment and Action Plan
AFR	Sub-Sahara Africa Region
AGA	Autonomous Government Agencies
AsDB	Asian Development Bank
CAS	Country Assistance Strategy
CFAA	Country Financial Accountability Assessment
CIFA	Country Integrated Fiduciary Assessment
COFOG	Classifications of Functions of Government
CPAR	Country Procurement Assessment Report
DAC	Development Assistance Committee of OECD
DFID	United Kingdom Department for International Development
EAP	Eastern Europe and Central Asia
EC	European Commission
ECA	Eastern Europe and Central Asia Region
FM	Financial Management
FMS	Financial Management Specialists
FRA	Fiduciary Risk Assessment
GBS	General Budget Support
HIPC	Highly Indebted Poor Countries
IADB	Inter-American Development Bank
IFAC	International Federation of Accountants
IFI	International finance institution
IMF	International Monetary Fund
GFS	Government Finance Statistics
INTOSAI	International Organization of Supreme Audit Institutions
LAC	Latin America and the Caribbean Region
LG	Local Government
IPSAS	International Public Sector Accounting Standards (of IFAC)
LGA	Local Government Authority
MDA	Ministries, Departments and Agencies

MENA	Middle East and North Africa
MOF	Ministry of Finance
NGO	Non Governmental Organization
OECD	Organization for Economic Cooperation and Development
PEFA	Public Expenditure and Financial Accountability
PEFAR	Public Expenditure and Financial Accountability Review
PER	Public Expenditure Review
PFM	Public Financial Management
PFM-PR	PFM Performance Report
PI	Performance Indicator
PMF	Performance Measurement Framework
PNG	Papua New Guinea
PPER	Project Performance Evaluation Report
Q&A	Question and Answer
QAG	Quality Assurance Group
SAI	Supreme Audit Institution
SAR	South Asia Region
SECO	Swiss State Secretariat for Economic Affairs
SMU	Sector Management Unit
SN	Sub-National (government)
TOR	Terms of Reference
UN	United Nations
WB	World Bank

EXECUTIVE SUMMARY

Background and Purpose

i. The PEFA Program launched the PFM Performance Measurement Framework in June 2005 as part of 'the Strengthened Approach to Supporting PFM Reform'. The **objectives of the Framework** are to:

- provide reliable information on the performance of PFM systems, processes and institutions over time;
- contribute to the government reform process by determining the extent to which reforms are yielding improved performance and by increasing the ability to identify and learn from reform success;
- facilitate harmonization of the dialogue on PFM performance, reform needs and donor support between government and donors around a common PFM performance assessment and therefore contribute to reduce transaction costs for partner governments.

ii. The purpose of the present interim monitoring report is to capture and share the experience from the first two years of applying the Framework and to identify lessons from use of the Framework and planning and managing the related processes. This should assist in planning the continued monitoring of applications and the future support of the Framework. It will be completed subsequently with a report on monitoring of impact of the application of the Framework. The two reports will jointly constitute the PEFA monitoring report 2007.

Extent and Characteristics of Applications

iii. As the basis for this report, the Secretariat took stock of the global use of the PEFA Framework as at end of August 2007 and reviewed in detail the reports from 67 applications of the PEFA Framework, received before the end of March 2007. These reports cover 60 countries. The much larger population of applications has not modified substantially the relevance of the lessons drawn from the Report on Early Experience prepared in 2006.

iv. PEFA assessments included in the list posted on the PEFA website do not constitute all PEFA applications. 15% of PEFA applications made available to the Secretariat did not meet the criteria for PEFA assessments as defined by the PEFA partners, as they only made partial use of the PEFA Framework. They are either tailored to evaluating impact of aid or they are not officially scoring the indicators.

v. The PEFA assessments are being rolled out at a steady rate of about 3 assessments per month, to be compared with the rate of 2.4 between June 2005 and March 2006.

vi. PEFA assessments are used particularly in Sub-Saharan Africa (38%) and in the Caribbean and the Pacific (24%), and 38% in all other regions combined.

Increasingly, the Framework is being used at sub-national government level (12% of all assessments).

vii. The World Bank is the leading agency for PEFA assessments for 52% of the assessments, followed by the EC (34%). The other agencies lead 14% of the assessments. This pattern has not changed much during the past year.

viii. Several donor agencies have worked together in collaboration with the government in implementing the assessment in many countries. In 30% of the assessments, however, a single donor has managed implementation without contributions from other donor partners.

Conclusions and Lessons

ix. Attempts to modify the indicators or apply a different scoring methodology have virtually ceased, indicating general acceptance of the Framework. However, some indicators continue to be excluded from the assessments in many cases. This is particular an issue for the three donor practice indicators and to some extent for the three revenue administration indicators.

x. The average compliance index for all final and draft reports received has risen from 48% for the assessment reports prepared up to March 2006 to 60% for reports received since March 2006. Compliance issues relating to scoring methodology have diminished in particular, whereas the improvements in adequately documenting evidence has been more modest. The compliance index for final reports to date is 57%.

xi. Compliance issues have been identified for particular indicators and their dimensions. Such compliance problems continue to be addressed by the training material provided but new examples may have to be added.

xii. Analysis of rating frequency and compliance index values indicator by indicator suggests a few specific areas where indicator design is problematic, but often only for one dimension of an indicator (such as PI-15 dim(i), PI-22 and D-1 dimension(ii)). Problems with deducting useful information on procurement aspects of the assessment are also often reported.

xiii. Compliance continues to be a particular concern where the PEFA indicators are integrated into a diagnostic product other than the PFM-PR. The share of such integrated products among PEFA assessments has remained constant since March 2006.

xiv. The summary assessment of the performance report, often, comes across as an executive summary of the remainder of the report rather than the analytical summary – it was meant to be – bringing together all elements of the report and presenting the overall ‘story line’ on PFM performance.

xv. PEFA assessments have been undertaken for 13 countries that are considered mineral resource dependent. The PEFA Framework provides for highlighting the specific PFM issues relating to this situation in both the narrative and selected indicators. Those provisions have generally not been utilized in the reports.

xvi. The overall quality of PEFA assessments depends on a range of factors including (i) support by all major stakeholders in the country of assessment; (ii) suitable timing and adequate scheduling of implementation; (iii) a well composed team of adequately qualified assessors; (iv) sufficient time for the assessors to find and analyze evidence; (v) existence of a well-defined quality assurance mechanism for assessment planning, identification of assessors, implementation monitoring and report review.

xvii. Current barriers to improved quality have been identified to include:

- Inadequate planning of PFM analytical work, leading to continued duplication of work and missions as well as very frequent repeat of PEFA assessments in some countries.

- Inadequate coordination between donors, particularly for small insular countries.

- Passive involvement of government in most assessment processes

- Insufficient knowledge by government officials – and in many cases also by donor staff in country offices - of the PEFA Framework and the services available from the PEFA program/secretariat

- A limited stock of suitably qualified consultants to implement assessments - particular for assessments to be conducted in languages other than English – leading to use of less qualified consultants and/or delays in assessment implementation.

- Inadequate resources available for financing assessments, particularly in small countries, leading to assessment teams with inadequate knowledge across the indicators and/or insufficient time to collect adequate evidence.

- Country specific quality assurance mechanisms not always established up front with all main stakeholders and important resource organizations involved. This point is exacerbated where the status of the PEFA assessment within the leading agency is unclear and where their internal guidelines do not require involvement of external actors in the quality assurance process

xviii. Appropriate use of repeat assessments and comparison of ratings to track progress in PFM performance over time is a critical, emerging issue that needs to be firmly addressed. During 2006 PEFA assessments were undertaken in seven countries where an assessment had also taken place in 2005. None of those seven assessments offer clear conclusions on progress of PFM performance. A study conducted during 2007, however, makes a first attempt to track performance changes in HIPCs between 2001 and 2006, using former HIPC assessments and recent PEFA reports in 15 countries.

xix. Timely completion of the assessments and sharing of the final reports are issues of concern to the PEFA partners. Improvements have been noted during 2007, but further progress is called for in timely finalization of the WB's integrated products and posting of both WB and EC-led assessments on the internet.

Recommendations

xx. For the few indicator dimensions that appear to have particular compliance problems, it may be worth assessing if amendment of details to these specific indicator dimensions would be useful in providing more consistent scoring. It should be considered if a very restricted revision of the indicators should be initiated at this stage or the solution of such problems await a more thorough fine-tuning of the Framework at a later stage.

xxi. With many repeat exercises currently being planned, general guidance on use of the indicator ratings for tracking of progress should be issued (on the website) and be incorporated in training materials.

xxii. Drafting of a summary assessment to provide a useful input to PFM reform prioritization and sequencing remains an issue to address with high priority. Training materials have been prepared and tested to emphasize this point and help report authors. Guidance on this subject needs to be prepared and posted on the website. This guidance should also help bridge the transition from the assessment proper to reform action planning and recommendations based on analysis of underlying causes for weak performance.

xxiii. The Framework's limited guidance on assessment of PFM in countries dependent on revenue from extractive resources has not been followed to any significant extent where PEFA assessments have been undertaken in such countries. It is suggested that more attention be brought on the issue through the technical support that the Secretariat provides at every stage of the implementation process..

xxiv. At the country level, governments and all major donors should prepare medium-term plans for PFM analytical work, clearly identifying the timing of PEFA assessments and their links to other analytical work.

xxv. PEFA assessments for small insular countries should be coordinated in time and space at a sub-regional level through relevant sub-regional organizations, if such exist, or by setting up donor coordination groups at that level. Pooled or joint funding should be sought as far as possible for implementation for such assessments in small countries.

xxvi. At headquarters level, donor agencies/IFI should share plans for upcoming PFM analytical work at least for the coming year and link this to country level coordination efforts.

xxvii. Dissemination of information on PEFA to partner governments needs to be enhanced through global and regional bodies with wide government participation. This should be supplemented with offers of in-depth PEFA training to governments. As the PEFA program does not have personnel and funding capacity for such training, funding may be needed from individual donor agencies on a country by country basis.

xxviii. A set of updated and ready-to-use presentations and related guidance addressed to government officials should be directly accessible on the PEFA website in the main relevant languages.

xxix. Donor agencies need to ensure that their in-country staff, working on PFM issues, are well informed about the PEFA Framework and Secretariat services and that key individuals involved in managing PEFA assessments have received in-depth training.

xxx. Global PEFA training capacity should be enhanced by developing such capacity in selected training institutions, among experienced consultants and within major donor organizations. Thus, training institutes would be enabled to offer courses open to any interested participants (donor, government or consultant). This high priority is already reflected in the PEFA program's training strategy. The enhanced training capacity should aim at a fair balance across the major languages in which PEFA assessment are being conducted with more emphasis on languages other than English.

xxxi. PEFA partners, when organizing a training event should consider the possibility to allow sessions dedicated to specialized fields of expertise (revenue, audit, procurement etc). The Secretariat should develop the relevant material for these sessions for vetting by technical specialist from the partners or other relevant bodies.

xxxii. Convenient and ready-to-use tools need to be designed to help consultants, or anyone else undertaking an assessment, to conduct all phases of their assignments as efficiently as possible. This is a specific and ongoing Secretariat responsibility.

xxxiii. Means to overcome the institutional and technical barriers to the design of a specific peer review mechanism for PFM performance reports needs to be identified by the major leading agencies.

xxxiv. The agencies managing/coordinating PEFA assessments should ensure that the Secretariat's involvement, as far as possible, comprise all stages of the assessment process such as review of concept note/terms of reference and draft reports.

xxxv. Some of these recommendations for improving quality are already in the process of being implemented. Many of the main messages will be addressed in a note on good practice in implementing PEFA assessments.

1. Introduction

1.1 Objective and scope of the report

1. The PEFA program is aimed at improving aid effectiveness through the Strengthened Approach to Supporting PFM Reform which has three components:

- A country-led agenda - a country led PFM reform strategy and action plan
- A coordinated program of support- an integrated, multi-year program of PFM work that supports and is aligned with the government's PFM strategy and is coordinated among the supporting donor agencies and finance institutions.
- A shared information pool – a framework for measuring results that provides consistent information on country PFM performance, including progress over time.

2. The PEFA PFM Performance Measurement Framework was developed as a tool for providing the shared pool of information as part of the Strengthened Approach. The final and official version of the PEFA PFM Performance Measurement Framework (in the following text referred to as 'the Framework') was launched in June 2005. The **objectives of the Framework** are to:

- provide reliable information on the performance of PFM systems, processes and institutions over time;
- contribute to the government reform process by determining the extent to which reforms are yielding improved performance and by increasing the ability to identify and learn from reform success;
- facilitate harmonization of the dialogue on PFM performance, reform needs and donor support between government and donors around a common PFM performance assessment and therefore contribute to reduce transaction costs for partner governments.

3. In 2006, a first report on monitoring the application of the PEFA Performance Measurement Framework – the "Report on Early Experience from Application of the PEFA Framework" (REEAF) – was prepared. It was finalized in November 2006 and publicized through the PEFA website in December. The PEFA Steering Committee decided that a follow-up monitoring exercise should be undertaken during 2007 in two parts. **The objectives of each part of monitoring** would be:

Part 1

a) follow-up on findings from REEAF in order to monitor trends in compliance with the Framework and developments in process parameters;
b) provide firmer conclusions as the number of reports – and particularly 'finalized' reports will be significantly higher than in early 2006;
c) identify further 'good practice example' for use in dissemination and training;
d) analyze rating data according to country clusters, if it proves useful for identifying specific problems to be addressed for such clusters;

Part 2

e) provide information on the actual use of the PEFA based assessments, a subject only marginally touched on in the REEAF;
f) explore – to the extent possible – the assessments' contribution to achieving the objectives of the Strengthened Approach.

4. **Organization of the reporting** on the monitoring work for 2007 is as follows. This Monitoring Report has been prepared and presents the findings from part 1 of the monitoring work 2007. A guidance note on 'Good practices in applying the PFM Performance Measurement Framework' is being prepared as a follow up to this monitoring report. The results of part 2 of the monitoring work is presented in a separate report 'Assessing the Impact of the PEFA Framework' being prepared by an independent consultant.

5. Chapter 2 of the present report provides an overview of the global application of the PFM Performance Measurement Framework from its official launch in June 2005 until end of August 2007. Chapters 3 and 4 analyses issues of content and compliance with the Framework for all PEFA based assessment reports received by the PEFA Secretariat at the end of March 2007 and specifically investigates developments in compliance from the early application period as documented in the Report on Early Experience (June 2005 - March 2006) to the following year (April 2006 - March 2007).

1.2 Coverage and sources of information for this report

6. Information on global application (or roll-out) of the Framework is based on the periodic stock-taking exercises conducted by the PEFA Program since the official launch of the Framework. The most recent such stock-taking was completed August 29, 2007. The list of assessment reports covered by that stock-taking is presented in Annex 1.

7. The base material for the analysis of content and compliance in chapters 2 and 3 comprises 58 PEFA assessment reports received by the Secretariat during the 22 month period from mid-June 2005 to end-March 2007, provided that they make use of the final version of the Framework. This material includes the 23 country reports that constituted the base material of the Report on Early Experience.

8. Twelve applications of the PEFA Framework have been labeled "other" because of their specific features. They do not fulfill the criteria established for being counted as PEFA based PFM performance assessments[1] but constitute applications based on or inspired by the PEFA Framework. A large part of these applications constitute the country studies done in connection with the Evaluation of General Budget Support. These applications are listed for the sake of completeness and are generally not analyzed in this report. They are referred to occasionally where their interaction with the main PEFA assessments is of importance.

[1] These criteria are : applying a substantial number of the PEFA performance indicators as well as rating them in accordance with the PFM Performance Measurement Framework. For instance reports that use the Framework without rating the indicators are not considered PEFA assessments. Reports that use modified indicators are also not considered PEFA assessments.

9. Reference will be made in passing to some PEFA applications that the Secretariat has been made aware of but have not actually seen, since one of the objectives of monitoring is to enhance information sharing among users of the Framework.

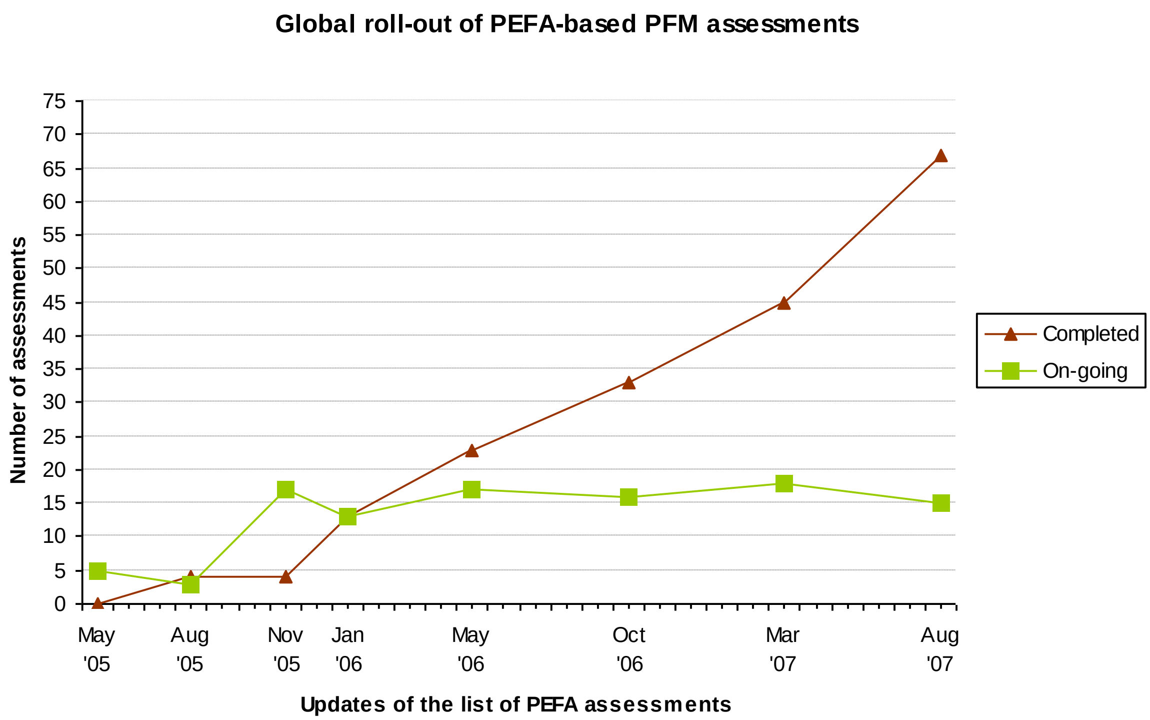
10. Further information for this report includes notes forwarded to the Secretariat by a number of assessment team leaders and lead donor representatives summarizing their experience from use of the Framework. Comments reflected the ease or difficulties in the process of conducting an assessment based on the Framework at country level, as well as donor coordination and country ownership of the process. More than twenty team leaders or donor representatives have contributed, mainly by email correspondence or phone interviews. It was not deemed appropriate to conduct telephone interviews with client government representatives at this stage (this was done in connection with stage 2 of the monitoring work), and resources did not permit field trips for monitoring purposes.

2. Overview of Application of the Framework

2.1 The rate of roll-out of the Framework

11. During the period of 26 ½ months from the official launch of the Framework in mid June 2005 till the end of August 2007, a total of 67 PEFA assessments have been substantially completed and shared – at least as a full draft - among the government assessed and the donor agencies supporting or implementing the assessment[2]. On average, this represents 2.5 PEFA based assessments substantially completed per month during that period. A substantial acceleration took place after November 2005, ref. diagram 1. The average since November 2005 has been a steady 3.0 assessments per month. This is also reflected in the stable number of PEFA based assessments in progress at any time during this period – at about 15 assessments. The acceleration during the first year from the Framework's official launch reflects the time needed to reach agreement among major stakeholders on the use the Framework for upcoming PFM analytical work and subsequently to plan for those assessments. Some of the assessments commenced before November 2005 did not ensure such a common agreement among stakeholders or adopted the Framework into ongoing work without adequately planning for its use and this led to some problems which will be discussed later in this report.

Diagram 1



[2] Draft reports had been produced for a further number of assessments, but may not have been complete or may have been internal and not officially delivered to the partner government.

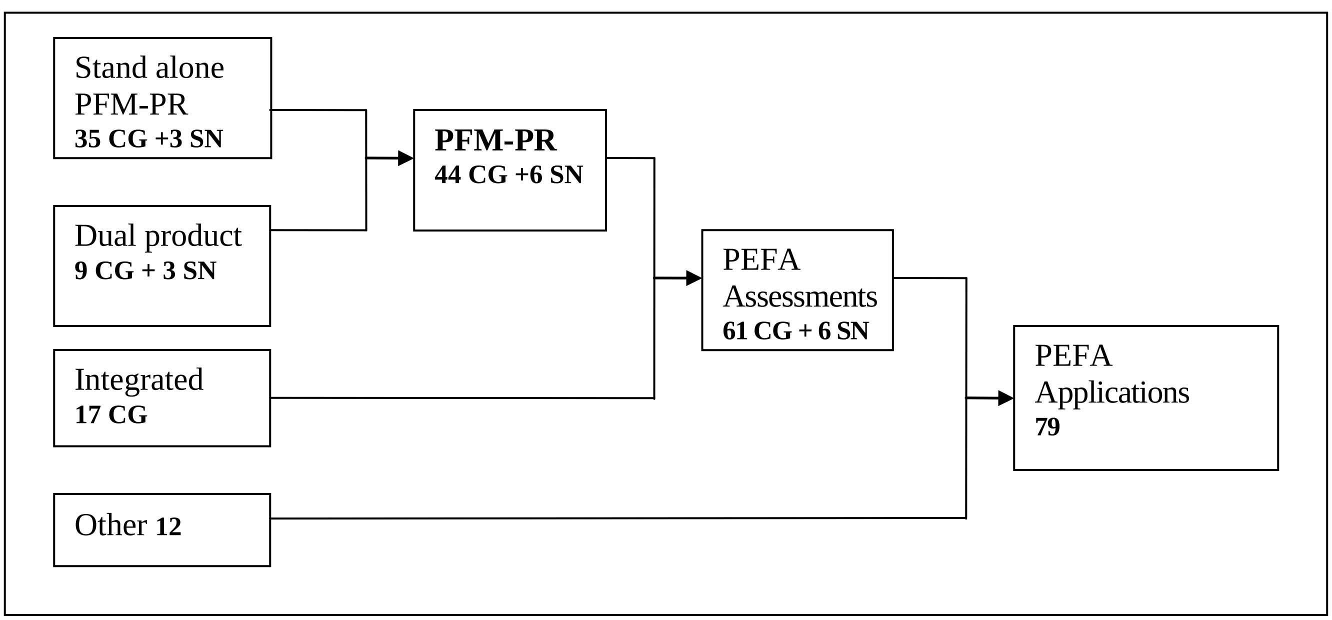
12. The 67 reports cover a total of 60 countries. The difference is caused by central government assessment undertaken in both 2005 and 2006 in three countries (Ghana, Tanzania, Malawi), separate assessments of several individual sub-national entities in one country (Pakistan) and separate assessments undertaken for central and sub-national government in two countries (Tanzania and Uganda).

2.2 Nature of the applications

13. In the Report on Early Experience, the roll-out of the Framework was presented along three implementation categories, according to whether the reports (i) were 'stand-alone' reports that essentially follow the structure and content of a PFM Performance Report (PR), (ii) followed the structure and content of a different analytical product with the indicator-led assessment integrated, or (iii) constituted a PFM-PR type report as a separate annex, volume or report of a broader analytical product i.e. a 'dual' product. According to the same categories, the classification of the reports as at end of August 2007 is presented in diagram 2.

14. For completeness, a number of other applications of the Framework is included in the diagram, These are not considered genuine PEFA assessments due to substantial deviations between the content of Framework and the way in which it was adopted for the assessment. They represent PFM assessments which e.g. used only a limited range of the Framework's performance indicators or did not use the scoring methodology. Twelve such applications were recorded. The details are given in Annex 1.C.

Diagram 2 PEFA Applications reported as at August 29, 2007



15. Between June 2005 and August 2007 a total of 50 **Public Financial Management Performance Reports (PFM-PR)** were produced to a full draft or final stage, representing 75% of all PEFA based assessments. These assessments include both stand-alone reports and dual products.

16. Whether the PFM-PR is incorporated in a broader analytical product or is a "stand-alone" product has more to do with the use of the PFM-PR and its linkage with reform action planning and other analytical work than with the nature and characteristics of the assessment itself, which remains unaffected by being accompanied with other analytical or planning tools. The latter usually does not affect the nature and features of the PFM-PR.

17. The dual products, which represented a third of the PEFA assessments in March 2006, dropped to just under a fifth of the assessments 17 months later. Only five new assessments are dual products and three of them relate to sub-national assessments for Pakistani provinces. There are only two new dual products at central government level: Albania and Kenya.

18. An **integrated product** is an analytical product other than the PFM-PR, adding a rating of the PEFA indicators as part of the PFM analysis in the main report. The PEFA indicator rating usually takes the form of a table added as a 5-10 page annex to a report which has a different format than the PFM-PR, and usually with the purpose of arriving at an action plan. Typically integrated products are CFAAs, PERs (or a combination of those, possibly including a CPAR) or, in the case of Syria, a technical assistance note.

19. By August 2007, 17 integrated products were recorded, constituting 25% of all PEFA based assessment reports. The number has increased from 7 i.e. by 140% since the Report on Early Experience, but this represents a lower rate of increase than PFM-PRs which increased by 315% during the same period. The World Bank has been the lead agency for all integrated products, with the exception of the Syria application which was conducted jointly by the IMF and the World Bank. In Lao PDR the EC led the PEFA application which was then integrated into a World Bank PER report.

20. Integrated products are most common in Latin America (30% of all reports) and Middle East/North Africa (67%) but are also quite common in Sub-Saharan Africa (24%), not least in francophone countries.

21. The "**other**" category of PEFA applications comprises 12 reports. Among them, 7 country reports formed part of the Joint Evaluation of General Budget Support 1994-2004, May 2006. This study, in the interests of standardization and comparability, has been oriented towards the PEFA indicator framework but using a different scoring methodology with a three point scale (good, moderate, and weak) without direct reference to the PEFA indicator calibrations. The evaluation was sponsored by 19 bilateral and 5 multilateral aid agencies and seven partner governments.

22. Other reports in this category include

- A PFM assessment for Bangladesh in 2005 conducted by a World Bank consultant on the basis of a modified indicator set and a modified scoring system.
- an internal IMF note on PFM performance in Haiti in 2006 based on an update of the HIPC indicators, but including rating of the PEFA indicators based on the information collected for the HIPC indicator assessment. However, the PEFA indicator ratings were not shared with the government.
- a DFID evaluation report for Bangladesh, comprising a retrofit rating of the PEFA indicators for 1992 and 2006 in order to assess the impact of PFM reform in the country.
- A PEFA indicator update on Papua New Guinea for 2006, inserted into an AsDB Country Strategy Paper. No narrative and only few comments accompany the ratings.
- a PFM assessment for Nigeria 2006 by the World Bank, applying the standard PEFA indicators (with a few minor modifications) and the standard PFM-PR architecture but without rating the indicators. The narrative is sufficiently specific, however, to allow a PFM specialist to deduct the ratings.

2.3 Public Sector coverage

23. Between June 2005 and August 2007 the Framework was substantially used for 61 performance assessments of central government, and 6 of sub-national government i.e. 9% of the assessments are dedicated to sub-national government level[3]. They are all stand-alone PFM-PRs or part of a dual product.

24. Two assessments (Uganda 2005 and Tanzania 2006) have measured performance both at central and sub-national level simultaneously. The same is the case in Nigeria, where PFM assessments for four state governments were undertaken in parallel with an assessment of the central government's PFM. However, the Nigeria reports are not included in PEFA assessment as they do not rate the performance indicators.

25. Since applications at sub-national level has been studied thoroughly in a separate report through a PEFA consultancy, the present monitoring report will focus on the 61 PEFA assessments for central government.

26. The PEFA Framework seems to fill a void also in relation to PFM systems analysis at sub-national and potentially also at sector level. While 9% of performance reports are conducted at sub-national level, some attempts have been made to use the Framework for PFM analysis at sector level in connection with SWAps. Those who wish to use the Framework at sub-national or sector level are often tempted to modify the set of indicator to be adapted to their use. The Secretariat may not be aware of all the initiatives and have so far come across attempts to use PEFA indicators at sector level only in Jordan and Egypt[4].

[3] if we do not count sub-national applications conducted with a 2004 version of the report (Ethiopia, Punjab 2005) and the four PEFA-inspired reports for Nigeria at State level which do not rate the indicators.

[4] In Egypt, the World Bank prepared an IFMCA to determine whether the health, education, water, and transport sectors have acceptable financial management systems in place as part of the Egypt PER exercise. The IFMCA reviewed, indirectly, the quality of current financial management systems

Unilateral development of a modified indicator set for coverage beyond the standard scope of central government could reduce the PEFA initiatives contribution to harmonization and reduced transaction costs. Several donor agencies have requested development of guidelines for application of the Framework at sub-national and sector level e.g. through the OECD DAC Joint Venture on PFM. The need for guidance in applications at sub-national government level has been noted by the PEFA steering committee and a study is being undertaken for that purpose.

27. This creativity is a good indicator of the demand for transparent and evidence based PFM performance indicators based on generally accepted international standards, on the basis of which the PEFA Framework was developed for central government assessments. It also presents a challenge for the PEFA program which needs to coordinate and mainstream the adaptations of the Framework. Otherwise, the risk is more fragmentation and less coordination and harmonization. Use of the Framework at sector level is a recent development and should not be the main focus of the PEFA Program as long as quality and compliance issues for central government assessments need substantial support efforts.

2.4 Regional Distribution

28. The distribution of the PEFA assessments by region[5] is shown in diagram 3 below. Some 38% of the reports have been conducted in Sub-Saharan Africa. One third of those relate to francophone Africa, which is a new development compared to the situation one year ago where only one assessment was available for francophone Africa (Congo-Brazzaville).

29. Latin America and the Caribbean is represented by 16 assessments (24%), including 15 conducted at central government level. Among those, 10 relate to the Caribbean island states and 4 to Central America. Only one (Paraguay) has been completed in South America except for an assessment of Bogota City in Colombia.

30. East Asia/Pacific region and Europe/Central Asia account respectively for 12-13% each. Five of the 8 reports in East Asia/Pacific relate to small island states with less than 1 million inhabitants (Fiji, Samoa, Timor Leste, Tuvalu, Vanuatu).

31. Three PEFA assessments (Syria, West Bank & Gaza, Jordan) have been undertaken in the Middle East/North Africa region as at August 2007. Afghanistan, Nepal and Bangladesh are the only two countries where PEFA assessments have been conducted in the South Asia region at central government level. In Pakistan the Framework has been used systematically at the sub-national/provincial level, which resulted in three performance reports as at August 2007.

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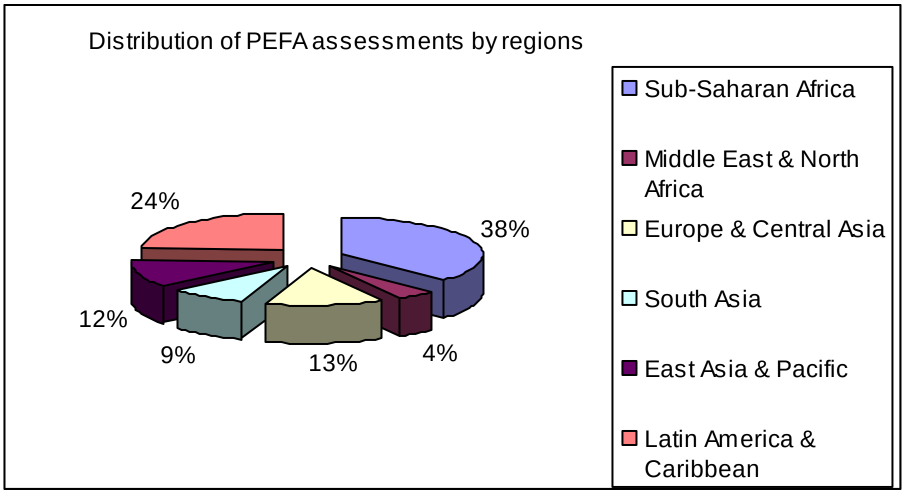
at the governorate and district levels, and assessed ways to develop these systems to support the government's decentralization initiatives. The reports used some PEFA indicators to measure the degree of progress in the sectors selected.

[5] Regions referred to here are those defined by the World Bank i.e. AFR, MENA, ECA, SAR, EAP and LAC. In addition we refer occasionally to OECD which mainly constitutes the remainder, but with a few overlaps.

Diagram 3



32. **Administrative heritage** can be difficult to determine, except perhaps in sub-Saharan Africa. The small islands of the Caribbean offer very often a mix of various heritages (English, Spanish, French and sometimes Dutch). A country like Rwanda is francophone and has been subject to an indirect French influence through its relations with Belgium but has more recently been influenced by Anglophone systems. Nevertheless, an attempt to classify the PEFA assessments according to administrative heritage has been made in table 1 below.

Table 1 Country coverage of assessments by region and administrative heritage

Number of countries	Origin of administrative heritage					
Region	Total	British	French	Spanish / Portuguese	Russian	Other / mixed
Sub-Saharan Africa	20	8	8	3		1
Middle East & North Africa	3	1	1	-		1
Europe & Central Asia	9	-	-	-	4	5
South Asia	4	3	-	-		1
East Asia & Pacific	8	4	1	1		2
Latin America & Caribbean	16	8	-1	7		-
Total	60	24	11	11	4	10

Note: includes Pakistan where assessments have been implemented only at SN level.

33. Regional coverage of countries by PEFA assessments is particularly high in Sub-Saharan Africa and the Caribbean (more than 80% of countries covered) and relatively high in

Eastern/Europe/Central Asia, South Asia and East Asia/Pacific (40-60% of countries). Low coverage is found in Middle East/North Africa and Latin America as well as in OECD countries. As concerns the latter, an assessment is well advanced in Norway.

34. During 2006/07 applications of the Framework has expanded to cover a much more diverse range of countries. While almost half of the countries assessment during the first year of the Framework covered had British administrative heritage, this proportion has decreased slightly to 40% seventeen months later.

35. Nine assessment reports (of which four integrated products) have been made available to the Secretariat only in French (Burkina Faso, Congo, Gabon, Guinea, Guinea Bissau, Madagascar, Mali, Sao Tome, Togo), two only in Spanish (Nicaragua, Dominican Republic). All others were written initially in English, while translations into the official language of the country have been undertaken in a number of cases.

2.5 Repeat assessments

36. The number of repeat performance assessments has been very limited until now. Seven such cases have been reported and are listed in table 2 below.

Table 2 Countries with repeat performance assessments

Country	1st assessment (2005)	2nd assessment (2006)
Bangladesh	Assessment table in the CAS, not supported by full report	Update used for internal project evaluation exercise
Ghana	Desk study with 20 indicators scored	Full PEFA assessment with PFM-PR
Madagascar	Assessment based on draft 2004 PEFA Framework	Full PEFA assessment with PFM-PR
Malawi	Full PEFA assessment with PFM-PR	Full PEFA assessment with PFM-PR
Pakistan, Punjab Province	Assessment based on draft 2004 PEFA Framework	Full PEFA assessment with PFM-PR
Papua New Guinea	Full PEFA assessment with PFM-PR	Updated rating table with little or no evidence
Tanzania	PEFA assessment as part of PEFAR	Update of assessment table with substantial explanation but not a full report

37. Only in one case, Malawi, has a full PEFA-based assessment been conducted twice under substantially comparable circumstances. In one other case (Tanzania), the circumstances were fairly similar but the repeat exercise was documented in a summary table only without a full report. An interval of 12 months passed between the two assessments in both of these countries. The repeat assessments were done under very different circumstances from the initial one in the other five cases. The purpose and stakeholders involved in three

assessments were significantly different in three cases (Bangladesh, Ghana and Papua New Guinea). In the remaining two cases in Pakistan and Madagascar), the original assessment was based on the 2004 draft PEFA Framework, whilst the repeat assessment used the final 2005 version of the Framework. The implications of these varying assessment circumstances have important implications for tracking progress over time. This is discussed in section 3.7 below.

2.6 Donor agency and partner government participation

38. Practically all of the assessments have been initiated by donor agencies, in the sense that donor agencies proposed the use of the PEFA Framework in discussions with the partner government on planning of PFM analytical work. In four cases (Zambia, Nicaragua, Bogota city and Grenada) did the partner government decide to start the assessment process by undertaking a self-assessment of the indicators before the donor community (or its representatives) became involved in a validation of the self-assessment. The full Zambia assessment report was issued as a government report, whilst Sweden provided technical support for the work in terms of two consultants to join the government's assessment team. The assessment for the city government of Bogota was entirely prepared on the initiative of the government and subsequently validated by a World Bank team.

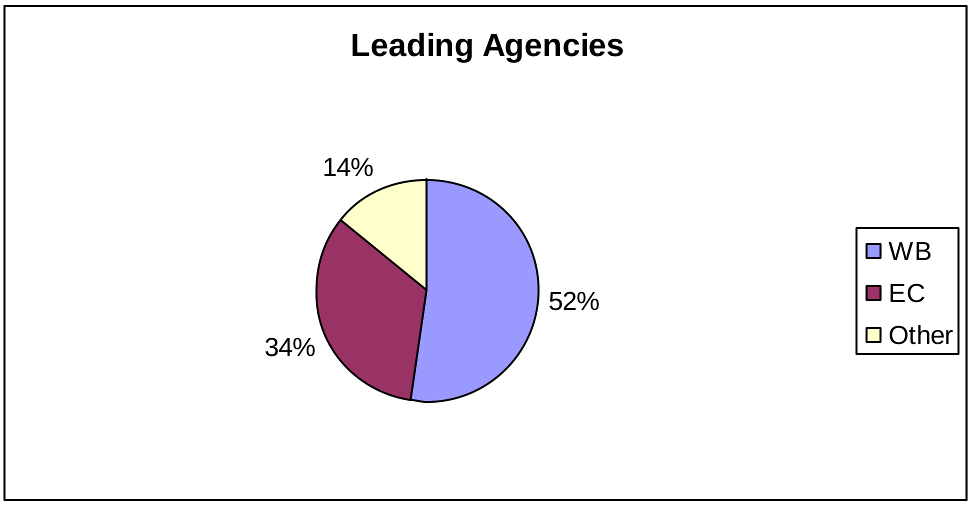
39. Otherwise, partner government participation has been mostly passive and reactive. One performance report (Ghana 2005) was carried out as a desk study and did not involve the government at all. The remaining 62 assessment reports were undertaken with varying degrees of government participation in planning the main mission, provision of information and commenting on the draft report. Only in a few cases have the governments been proactive in early data collection so that time spent by consultants or donor staff in 'chasing' data could be minimized during the fact finding missions. Some governments played a more active role in the data collection and indicator rating (e.g. Fiji), even if the work was led by and the report written by a consultant.

40. The World Bank has been a leading agency in 40 of the 67 PEFA assessments (in 8 cases co-leading with another agency) and the EC led 26 assessments (in 5 cases with the WB as co-leading agency). Other agencies that have taken a leading role include DFID, France, Switzerland, IMF, AsDB, IADB and Sweden leading or co-leading up to three assessments each. The World Bank leading or co-leading all 17 integrated products whilst the IMF, EC and IADB were involved in co-leading four of them.

41. Diagram 4 below illustrates the distribution of donor agency involvement in leading implementation/support of the PEFA assessments which were completed between June 2005 and August 2007. Apart from technically leading an assessment, agencies may contribute by financing all or part of the resources for the assessment work and its preparation and by contributing to the quality assurance process at both the preparatory and report drafting stages. Fifteen donor agencies that are not among the seven PEFA partners have been involved, in one way or another in a PEFA assessment.

42. In 30% (20 of 67) of the instances, was the assessment conducted by a single donor in collaboration with the partner government but without any significant involvement by other donor agencies. This is the case for 12 assessments led by the EC, 7 led by the WB led and one by the AsDB. A large proportion of these cases concern small countries with less than 2 million inhabitants. Among the 17 integrated assessments, three involved only the World Bank. This means that the World Bank's traditional diagnostic PFM products like CFAA and PER involved at least the same degree of joint donor diagnostic work as the PFM-PR which have been formally endorsed by the PEFA partners and designed mainly for the purpose of donor coordination and harmonization.

Diagram 4



Leading Agencies	
WB	
EC	
Other	

2.7 Purpose of PEFA assessments

43. PFM assessments based on the PEFA Framework are in principle supposed to serve as a common information pool i.e. serving a variety of purposes. The extent to which this will be achieved depends on The intended uses of the applications have typically fallen in three categories: (i) to feed into the dialogue between government and donors on the scope, priorities and sequencing of the government's PFM reform programs or adjustments thereof (ii) to inform donors on fiduciary issues related to their lending or grant aid programs, particularly in relation to budget support operations, (iii) to monitor the impact of PFM reforms, partly as a contribution to the donors' fiduciary considerations for budget support operations and partly to monitor the progress made in relation to technical assistance operations. However, some of the 'other' PEFA applications have used the PEFA Framework as a means evaluating the impact of donor support operations (budget and project support as the case may be) on PFM performance through retro-active assessment of the performance indicators. This practice is not encouraged due to the difficulties of obtaining adequate

evidence for past performance. Especially as qualitative information is concerned, there is a high risk that informants may not remember the historic situation accurately or their views may be influenced by hindsight and personal involvement in subsequent changes.

44. The Report on Early Experience included a table showing in which applications these purposes were intended according to the documentation. As the use of the Framework has expanded and increasing use is made of the PEFA based assessment report, it is becoming increasingly difficult to distinguish between reports on the basis of the purpose they are stated to serve. A similar table is therefore not developed for the current report. Very few applications appeared to serve only one purpose; most served two and several all three purposes. It is likely that an additional purpose may have been served even if it was not stated; e.g. if an application serves the dialogue on PFM reform it is hard to imagine that it is not also intended to be used for monitoring performance progress. Or if an assessment is made as a prerequisite for decision on a budget support operation, it is often implicit that a repeat exercise will take place after a few years to establish the improvements in PFM performance which may be more important to the budget support operations than the level of performance of the baseline assessment. Besides, and more importantly, the purposes mentioned in the report mostly refer to the three categories mentioned, but there is no evidence that these purposes are the actual ones. The actual use of the assessments is covered in the Impact Study constituting the stage 2 report of PEFA Monitoring 2007.

2.8 Timeline and Publication

45. The timeline for implementing each of the individual country performance report is illustrated in Annex 2 (to the extent the Secretariat has been able to gather the data[6]). Several applications started with the main fact finding missions taking place before the Framework was finalized and officially launched in June 2005. This has meant that in all those cases the assessors have had to adjust the information gathered from the requirements of the 2004 draft version to the final version of the Framework after the initial data collection (e.g. Bangladesh, Afghanistan, Tanzania, Guatemala) or the assessors used the draft final version of the Framework (April 2005) which was marginally different from the final version (Fiji and Malawi).

46. Forty-three PEFA assessments had been finalized as at August 2007, whereas 24 had been completed to draft final stage. A significant number of reports tend to linger at a draft stage for a long time. This appears to be the case particularly for integrated products of which only 29% (5 of 17) had been finalized compared to 64% of all assessment reports. A substantial number of reports had not been finalized after more than one year from the start of the field work.

47. Of the 43 PEFA assessments reports finalized by end of August 2007, eighteen reports were publicly available through the internet at the end of November 2007 i.e. allowing three months for the reports to be posted on the internet after the stock-taking of finalized reports. The extent of finalization and publication of reports varies significantly with the lead agency,

[6] Information on timeliness is more difficult to gather when the Secretariat is involved only at a very late stage of the process.

as illustrated in table 3. Reports led by the World Bank generally take a long time to finalize (partly explained by the long time to finalize integrated products), but are then publicized relatively quickly. Reports for assessments led by the EC are finalized fairly quickly but are less frequently publicized. In fact, the EC did not post nay of the PEFA assessments on its own website until November 2007 when it made six reports publicly available through that channel. As other agencies lead only 10% of the assessments, it is hard to establish any pattern for the reports they are responsible for.

Table 3 Finalization and Publication of Assessment Reports

Lead Donor	Number Led[7]	Number Final	Number Public	Final	Public out of Final
WB	34	16	8	47%	50 %
EC	26	21	7	81%	33 %
Other	7	6	3	86%	50 %
All	67	43	18	64%	42%

2.9 Conclusions regarding roll-out of the Framework

48. Global adoption of the PEFA Framework has been rolling-out steadily since November 2005 at a rate of about 3 new assessments per month and a stable number of assessments in progress. In addition, an occasional 'PEFA-inspired' application is noted but not recorded as a genuine PEFA based assessment due to significant deviation from the Framework in coverage or assessment methodology.

49. Countries in Sub-Saharan Africa and the Caribbean are particularly well covered by PEFA based assessment (at above 80% if ongoing work is included), whereas countries in Eastern Europe, Asia and the Pacific also have a fairly high coverage (40-60%).

50. Only a few of the assessed governments have taken a leading role in implementing the assessments. Two donors dominate the leadership in implementing and/or supporting PEFA assessments, namely the World Bank accounting for 52% of assessments and the EC coming second at 34%. Seven other agencies have taken a lead role in implementing or supporting one or more assessments.

51. Most assessments have involved substantial collaboration among donor agencies, but a significant portion (30%) have been implemented by one agency on its own. This is particularly the case for small island states and for close to half of the EC led assessments.

52. About a tenth of the PEFA assessments concern one sub-national entity or a sample of entities to represent sub-national government in general. A few attempts of using the PEFA Framework for government sectors have been noted but are not recognized as genuine PEFA assessments.

[7] Some reports have two leading agencies. Only the agency which appeared instrumental in issuing the final report and determining its format has been listed here.

53. Timely completion of the assessments and sharing of the final reports are issues of concern to the PEFA partners. Improvements have been noted during 2007, but further progress is called for in timely finalization of the WB's integrated products and posting of EC led assessments on the internet.

3. Evaluation of the Quality of PEFA Assessments

3.1 The population of reports used for analysis

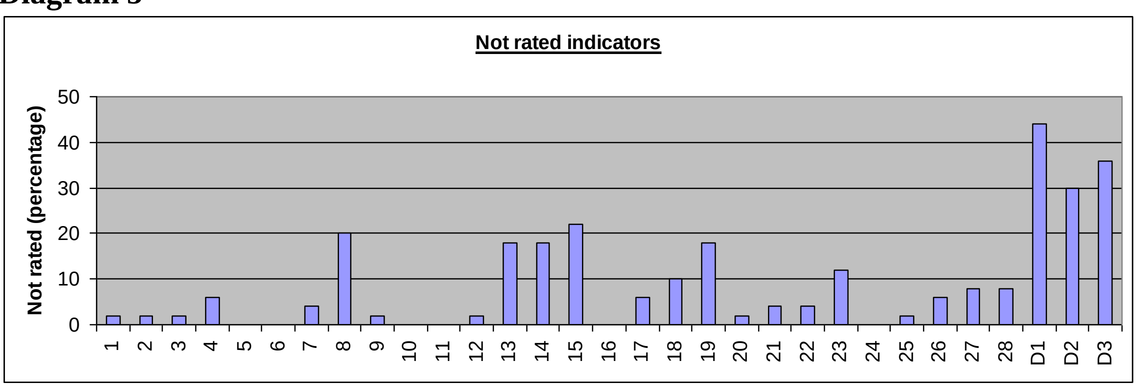
54. While the analysis of quality in the Report on Early Experience was based on 19 PEFA assessment reports at central government level plus 4 at sub-national level, this Monitoring Report, analyzing the developments in content and quality one year later – i.e. as at end of March 2007 - is based on 58 assessment reports comprising 52 at central government level and 6 at sub-national level. This larger set of reports includes the 23 reports previously analyzed in the Report on Early Experience, but adds 35 reports received during the period April 2006 to March 2007. The analysis below relate to central government assessments only, unless the assessments of sub-national government are specifically mentioned

55. Of the 52 country reports for central government that were available to the Secretariat by end of March 2007, 23 were final reports, the rest were draft reports delivered to the client government (and collaborating donors) for comment. In two exceptions, the reports reviewed were internal draft reports not yet shared outside the leading institutions (Lesotho and Congo-Brazzaville) but finalized before the assessment stock-taking in August 2007 on which the analysis of roll-out in chapter 2 is based.

3.2 Use of indicator set and methodology at central government level

56. Of the 31 indicators in the Framework, not all indicators ave been scored in all assessments and explanation for non-use is often missing. Diagram 5 shows the frequency of not scoring a given indicator irrespective of the reason. Those percentages do not differ notably if we consider only PFM performance reports as compared to dual or integrated reports. Where the scope of the assessment specifically covered all of the indicators, there are also relatively frequent cases of no scoring. The most common reason was lack of information on which to score the indicator. A less frequent reason was that an indicator was not considered applicable in the country being assessed. These can be bona fide reasons for not assessing an indicator or not scoring it.

Diagram 5



Not rated indicators	
Not rated (percentage)	

57. Most strikingly, the three indicators measuring performance of donor practices are not used in more than one third of the reports. Indicator D-1, measuring predictability of direct budget support, is not rated in 44 % of the reports; D-2 measuring financial information provided by donors for budgeting and reporting on project and program aid is not rated in 30% of the reports and D3 measuring proportion of aid that is managed by use of national procedures is not rated in 36% of the reports. The higher non-scoring of D-1 may be justified by the fact that a number of the countries assessed have not received general budget support. But mostly, the omission of all three donor practice indicators is planned in the terms of reference. This is a bad practice, unless the foreign aid in the country is insignificant, because it removes the Framework's contribution to mutual accountability, which reflects that poor performance in managing external funds has a negative impact on the overall performance of the PFM system. The Secretariat constantly encourages the inclusion of the donor practice indicators within the scope of the PEFA application. In a few cases, those indicators were within the scope but the assessment team could not get access to the necessary information. It should be noted that indicator D-3 "proportion of aid that is managed by use of national procedures" is closely linked indicator 5 for monitoring donor commitments under the Paris Declaration on Aid Effectiveness.

58. The three indicators measuring performance of the revenue administration, PI-13, PI-14 and PI-15 are also often omitted (respectively, 18%, 18% and 22% of the cases). This might be linked to a focus on the expenditure side of PFM by some agencies and/or by a lack of tax administration expertise among the assessors, making it difficult for the team to obtain the requisite information. Indicator PI-8 on transparency of inter-governmental fiscal relations (20%) and PI-19 on competition, value for money and controls in procurement (18%) are also quite frequently not rated. This could also be related to the specialized expertise that they require and the greater difficulty in accessing information in these areas. However, sub-national government operations are insignificant or non-existent in some of the countries assessed which makes omission of PI-8 well justified in such cases.

59. Overall, non-rating of indicators is mainly a result of deliberately omitting them from the scope of work. In some cases the nature of the assessments excludes some of the indicators. Among the 14 assessments in which 5 or more indicators have not been rated, 10 are integrated products.

3.3 Modification of the standard indicator set

60. It has been noted in the Report on Early Experience that modification of the indicator set was explicitly attempted at central government level in a small number of instances. No new instances of this kind have been noted since March 2006 which suggests that at central government level, the set of indicators has become widely accepted.

61. The repeat Tanzania performance assessment for 2006 uses the same added indicator on corruption as in the 2005 assessment. This indicator did not follow the PEFA principles as the calibration across the 4-point scale was not disclosed. The indicator therefore still lacks transparency and an agreed basis for rating.

62. One case, however, has added a substantial number of indicators to the standard set. In the Armenia 2006 Programmatic PER, the PEFA set of indicators has been supplemented by "more strategic practice" indicators that 'dig deeper' to ask about the quality of strategic plans and the strategic planning process. The new indicators are more subjective, have not been widely vetted and tested, and are less replicable than the PEFA indicators. This experiment is interesting, but its inability to capture objective measures of performance undermines the general principles of the PEFA Framework. More importantly, these new indicators seem based on very particular models that are not universally accepted (New Zealand, South Africa, Florida), and may not be generally accepted as 'best practice'. They do also, however, express a desire for some middle income countries to have indicator standards that better match PFM reform efforts in the most developed countries. As the PEFA indicators are presently designed, it is clear that an 'A' rating does not always imply that no further improvements would be desirable.

63. Modifications have been introduced for the sub-national government assessments and are being considered for coverage of other parts of the public sector or for drill-down into specific sectors. Modifications and additions for sub-national government assessments have been covered by a separate study and the PEFA program is about to issue its guidelines to the use of the Framework at sub-national level, There are at present no plans by the PEFA program to address other types of modifications or indicator additions.

3.4 Compliance with the methodology for indicator scoring and documentation

64. Since May 2006 no new attempt of using alternative rating methodology has been identified. The PEFA Framework's rating system appears to have been generally understood and accepted.

65. Adherence to the PEFA principles and compliance with the scoring methodology was assessed in the Report o Early Experience on the percentage of correctly applied scores that were supported by appropriate evidence in the assessment report. This measure has been retained for the purpose of this monitoring report. It focuses on compliance with use of the PEFA Framework and not on the overall quality of the assessment. Therefore, a low compliance level of a particular indicator score does not mean that the score is necessarily wrong. It means that either the data needed to score the indicator is not presented in the report, and/or the score was incorrectly decided on the basis of the data presented in the report. Compliance levels, therefore, are determined by expectations to the detail of evidence, judged to be adequate by the Secretariat's reviewers; a fairly subjective standard but quite consistent for the sake of measuring relative levels of and development in compliance with the scoring methodology of the Framework. Indicators that were not scored were not included in the calculation of the index.

66. In order to serve its purpose as a common information pool under the Strengthened Approach, the country report (Performance Report or equivalent) should contain all that is relevant to each country's PFM rating. Other sources of information (such as the assessors'

internal files) were therefore ignored for the PEFA Secretariat's judgment of compliance with the scoring methodology.

67. Special emphasis should be placed on finalized reports. Compliance does not have exactly the same meaning for reports that are at a draft stage and reports that are finalized. The compliance index is a mix of two elements: an evidence index that measures the quality and relevance of the information provided in the report to evidence the scoring, and an appraisal of the correctness of the calculation made in applying the scoring methodology. The second element is straightforward and very easy to amend. If the report has undergone a proper quality assurance process, and has taken into account the Secretariat's comments, there should be no miscalculation left in the report once finalized. The first element is much more difficult to amend. Once a report has been drafted it can be difficult to enhance the level of information on which it is based. This may necessitate a new mission, with the same or another consultant team, for which no resources may be available. For draft reports, miscalculation issues, which might artificially bring down the rating, are often settled at the final stage. In one example, a draft performance report had a compliance index of 36% but an evidence index of 74%. This suggests that the report is generally well researched but the calculation methodology (e.g. the difference between method M1 and M2 for instance) has been misunderstood. Correction of the ratings on the basis of correct application of the scoring methodology would in itself improve the compliance index to 74%, with further improvement possible on the basis of more elaborate presentation of information and analysis to justify the scores.

68. Compliance with the methodology has been measured for all recorded assessment reports at central government level including the 38 PFM performance reports and the 14 integrated reports that used PEFA ratings: Across the entire period of 22 months, 57**%** of all indicator scores were judged to be complying with PEFA scoring methodology i.e. presenting adequate evidence and correctly assigning the score on that basis. If only final reports are considered for this calculation, the average compliance index is the same. These figures may be compared to the average compliance index noted in the Early Experience Report (48%).

69. While the average compliance index was 48% for reports received between June 2005 and March 2006, it has improved significantly to 60% for the assessments received at a full draft stage between April 2006 and March 2007. However, there is substantial scope for further improvement.

70. If we consider the 22 reports for which the PEFA Secretariat provided comments on a draft version of the report and a final report was subsequently issued within the period covered by this report, the average compliance index is 68% (compared to the average of 57% of all reports prepared). Nine of these PEFA assessments were mainly carried out in 2005 and had an average compliance index of 55%, whereas the 13 reports assessing country performance in 2006 or early 2007 had a final compliance index of 76%. This points to the importance of establishing quality assurance procedures - including follow-up on comments provided – which may not have been properly in place for some of the very early applications of the Framework, as well as to the impact of the PEFA Secretariat's reviews.

71. There is a significant difference in the compliance index for assessments presented as PFM-PR and for those that annexed the Framework to a different analytical product, as shown in the table 5 below. The same difference had been noted in the Report on Early Experience.

Table 5.a Compliance index by period

	Received June 2005 - March 2006	Received April 2006 – March 2007	All assessments
Number of reports	19	33	52
Average Compliance index	48%	60%	57%

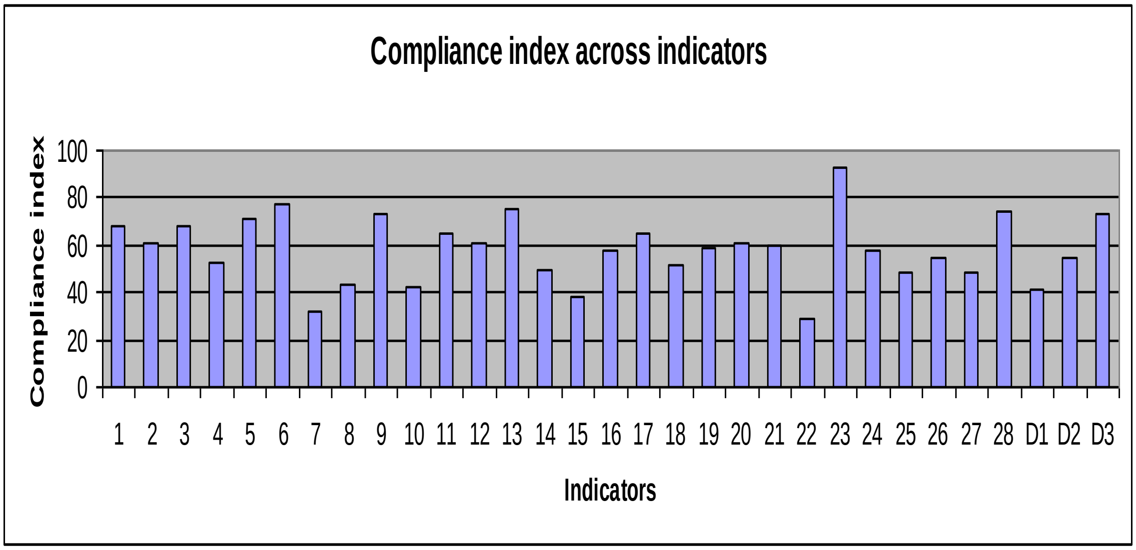
Table 5.b Compliance index by type of analytical product

	PFM-PR	Integrated products
Number of reports	38	14
Average compliance index	64%	37%

72. Analytical products that integrate the indicator set into a report format that is different from the PFM-PR, do not to the same extent focus on the information needs for indicator set and its scoring, as do the standard PFM Performance Reports. PFM-PRs are totally structured around the indicator scoring and rely on that for the analysis and conclusions, which is not the case for other products into which the Framework has been integrated. Furthermore, the PEFA indicator annex and the main body of the integrated report are rarely cross-referenced (except in the case of Panama) which weakens the transparency of the basis on which the indicators are scored. In the case of Armenia, the PEFA indicator rating is part of the body of the report and not a separate annex.

73. The compliance index for each indicator shows wide variation. Compliance levels for each indicator are shown in diagram 6 below.

Diagram 6



Compliance index across indicators	
Compliance index	
indicators	

74. The indicators with lowest compliance are PI-22 "Timeliness and regularity of accounts reconciliation" (29%), PI-7 "Extent of unreported government operations" (32%), and PI-15 "Effectiveness in collection of tax payments" (38%). The common point of these three indicators is that they require precise quantitative data (PI-15 and PI-7) or precise information on delays (PI-22) in order to be scored properly. It should be noted that the compliance index only considers the cases where indicators are rated and not the cases where no rating has been given.

75. The Compliance index is calculated in such a way that if only one dimension is rated improperly, the entire indicator will typically be considered non compliant (though there are cases where non-compliance on one dimension will have not impact on the overall indicator score). The consequence of this is that one dimensional indicators tend to have higher compliance. Except for PI-10, all of them are above, and often well above 60% (PI-1, 2, 3, 5, 6, 10, 23, D3). Moreover, it also happens quite frequently that all dimensions of an indicator were compliant but the overall score was not because of a mistake in use of the aggregation of dimensional scores.

76. Table 6 lists and comments on the indicators that have the most serious compliance problems i.e. six indicator for which the adequacy of evidence was less than 50%. These specific compliance problems need to be addressed by clarifications issued on the PEFA website and by the training material provided, but it may also be worth considering if amendment of details to a specific indicator dimension would be useful in providing more consistent scoring (e.g. if the data or performance requirements have been set at unrealistic levels).

77. Apart from this, compliance problems in scoring an indicator may be caused by two factors: (i) adequacy of evidence presented in the report and (ii) incorrect use of the evidence in determining the score. Overall, the problems of inadequate evidence (31% on average) counted as far more of an issue than incorrect scoring where evidence was sufficient (9% on average).

78. The overall progress in the quality of methodological compliance is reflected in the breakdown into evidence and calculation. The evidence provided in the reports has been considered sufficient in 69% of the cases (66% in March 2006), while the calculation has been done properly in 60% of the cases (48% in March 2006). The progress made in calculation reflects an increasing understanding of the scoring methodology, and in particular the difference between M1 and M2 methods. It is expected that eventually, every report that undergoes a proper peer review mechanism would at least attain a very high level of correct application of the scoring methodology.

79. To assess quality of the reports, it should be noted that even if the average compliance index has increased only a few points (which is still valuable after just one year), the most valuable evolution in terms of quality is the elimination of reports with compliance index below 25%. In March 2006, three indicators were below 25%. PI-7, the least compliant indicator in March 2006 had an average index of 6%. One year later, it complies in 32% of the cases.

Table 6 Indicators with a high degree of inadequate evidence

Indicator	scores adequately supported	Common problems ('dim' refers to dimension)
PI-7 Extent of unreported government operations	32% Note: Percentage cover the entire population of reports through March 2007	Lack of specification of the main extra-budgetary operations, or any data on the scale of their expenditure. Lack of data on donor-funded project expenditure. Some assessors did not attempt separate ratings for the two dimensions. Where they did, dim(i) was better evidenced than dim (ii). Note: In the REEAF, only 7% of the scores were sufficiently supported. If there is still a problem in evidencing PI-7, the situation is improving, probably thanks to the detailed guidance posted on the website about this indicator.
PI-8 Transparency of Inter-Governmt fiscal relations	43%	This is one of the less rated indicators and when rated, one of those which scoring is less supported. The three dimensions seem to be equally problematic.
PI-10 Public access to key fiscal information	42%	This one-dimension indicator is very demanding since each of the six elements of information to be checked is by itself composite. The fulfillment of element (i) supposes the fulfillment of the nine items of indicator PI-6. Several elements require quantitative data and precise timeline information. This explains the low compliance result.
PI-15 Effectiveness in collection of tax payments	38%	Dim (i) this is a quantitative dimension and requires the computation of the debt collection ratio. When this indicator has been rated and the overall rating is considered not compliant, dim (i) is not compliant in 47% of the cases. Dim (iii), about frequency of complete accounts reconciliation is not compliant in 37% of the cases. Dim (ii) about effectiveness of transfers of tax collection to the Treasury is not compliant in only 17% of the cases.
PI-22 Timeliness and regularity of accounts reconciliation	29%	Failure to obtain data on timeliness of account reconciliation, dim (i). Even greater difficulty was found with dim(ii), which involves obtaining data on suspense accounts and advances.
D-1 Predictability of direct budget support	41%	This indicator is the least used and when used, one of the least compliant. There is no real difference between the two dimensions in terms of compliance. Both are demanding and precise information on timeliness for (i) and (ii) and quantitative data for dim (i). One could expect that the required information be available through donors at country level, which apparently is not the case. The dispersion of donors at country level and there sometimes high number might be a factor explaining the difficulty in obtaining information.

80. The **use of 'upward arrow'** is still somehow problematic. A few assessments use them widely or for a few selected indicators, but most assessments do not use them at all. One of

the potential uses of the 'arrow' is to indicate a change in performance (since the last assessment) which did not result in a change in an indicator score. As almost all the assessments reviewed were baseline assessments, the 'arrow' could not be justified for that purpose. There is no real improvement since last year in the use of upward arrows but they are not increasingly used.

81. The use of an 'upward arrow' can be justified in cases where a PFM systems change has actually been implemented and is expected to have resulted in a performance improvement for which hard evidence is not yet available. It can be difficult to know when such a development has occurred and this makes it open for interpretation. However, the decision to use 'upward arrow' or not is an isolated issue without implications for the assignment of scores to dimensions and indicators.

82. The lack of provision for using a downward arrow makes this feature unbalanced. Some assessments have used arrows to indicate a general trend in PFM performance development, even if there has been no PEFA based assessment in the past to compare with.

3.5 Adherence to Performance Report Content and Guidance

83. The main lessons drawn in the Report on Early Experience are generally still valid one year later.

84. The **length of the PFM-PR** is specified to be up to 35 pages including only a few pages of annexes. In terms of length of report, like last year, there is a significant discrepancy between some huge volumes, with approximately 120-140 pages, and even 216 pages for Armenia and 204 pages for West Bank and Gaza (100 pages was the maximum in March 2006) and the bulk of the reports (52%) that comprise between 50 and 80 pages. Only three reports have less than 50 pages and seven have more than 100 pages. The general tendency is nevertheless an increase in the number of pages.

85. While **statistical annexes** may add additional volume and value, some reports reproduce all or large parts of the Framework document in annexes, which of course adds significant volume. The latter has apparently been done in some cases because the Framework was not well known to the government or to the donor partners at the time. Many reports use narrative space for explaining the PEFA Framework and the guidance on each indicator. This was not the intention when proposing a recommended length, and may simply be a transitional problem as the teams are trying to explain the content of the PEFA Framework to an audience that is not yet very familiar with it. Repetition both in section 3 and in the 'summary' section often adds unnecessarily to the volume. The guidance could specify that all information used for rating be included in section 3, but that annexes in addition to the prescribed two may be used to elaborate further as the authors think fit, or as the study's TOR require.

86. **All sections of the PFM-PR are usually provided in the reports assessed.** No **drill-down** has been provided on any specific part of the PFM scope in any PFM-PR. Broader analytical products, by their very nature, have much wider scope and often drill-down into

selected PFM related areas such as procurement and human resource management of the accounting and the auditing cadre.

87. **Data sources** are usually provided in terms of a list of literature (government documents, previous analytical work) and a list of first-hand sources of information (interviewees) in an annex. Rarely is reference made in the narrative where the information is used for analysis. It is therefore difficult to assess on what basis a judgment or conclusion is arrived at and whose views may color the assessment. Some indicators reflect the interface between the government and other levels of government or the non-government sector. A common weakness has been the lack of information sources among non-government institutions (chambers of commerce, taxpayers associations, tax lawyers, NGOs concerned with governance issues). The risk is that the assessment report is conveying the view of the assessed entity (whether orchestrated or by collective views) and is not sufficiently triangulating with the views of groups with different interests. In areas where assessors have not themselves been experts, this risk is particularly high. This is currently emphasized in PEFA training material and in presentations at other events.

88. Description in the **Introduction (section 1)** of the structure of the public sector is rarely sufficient to understand the accountability arrangements and relationship to the central government budget. Description of sub-national governance and accountability arrangements i.e. the distinction between decentralized and deconcentrated sub-national government, is often unclear. The same is the case with the nature and importance (e.g. turnover) of autonomous government agencies. This has important implications for where and how SN government and AGAs are incorporated into the indicator based assessment and for the relative weight of indicators when bringing the indicator assessment results together in the summary assessment.

89. The **Summary Assessment** - The guideline appears to over-emphasize the summary against the six critical PFM dimensions, which is also the organizing framework for the indicator set, with the result that this part easily becomes a listing of indicators that score high (strengths) and low (weaknesses) without being selective on what really matters in the particular country case. Linkages in the summary to the three types of budgetary outcome are often weak. The discussion on implications for budgetary outcomes therefore frequently becomes a repetition of the strengths and weaknesses discussed in the previous paragraphs of the summary with little added value. Analysis of budgetary outcomes is not the subject of the PFM-PR, but where such assessments are available (e.g. from PER work) it should be used to explain how the strengths/weaknesses contribute the government ability to achieve/not-achieve budgetary outcome targets. This appears to happen only where the PFM assessment is part of a broader analytical product which explicitly includes analysis of budgetary outcomes (e.g. Afghanistan). Where PFM assessment and budget outcome analysis are included in separate analytical products, joining their findings may happen only when the last of the reports is being completed, which may not be the PFM assessment (e.g. in the case of Panama). More guidance and training may be needed to help assessors of PFM-PRs to create a ‘story line’ that emphasizes the key issues to address with options based on the information that may be available to show the linkages to budgetary outcomes. Training materials for a special session have been prepared and tested as part of the standard two-day course for

PEFA assessors. It is strongly recommended that this session always be included in training events to emphasize that the 'summary assessment' is not a summary of the remainder of the report but an analytical summary that brings together the rest of the report in order to bring forward the issues that need to be addressed by reforms (without setting any timeline) and thus make a useful contribution to consideration of and dialogue on reform priorities and sequencing.

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90. The missing background information identified in 2006 is still missing. This is particularly the case for the structure of the public sector. Besides, section (ii) of the summary assessment "assessment of the impact of PFM weaknesses", as well as section (iii) "prospects for reform planning and implementation", which in many aspects can be considered the core of the PFM-PR, are often omitted or overlooked. In particular, the table given in Appendix 1 of the PEFA booklet pp 66-67 has been used only in three instances (Madagascar, Mali, Guinea Conakry), despite being a very helpful tool to synthesize the findings of the PFM performance report.

91. In terms of inclusion of recommendations, the situation can be summarized by the following table, taking into account only the assessments conducted during the last year:

Table 7 Share of PEFA assessments in 2006 that incorporates recommendations

Recommendations	
All reports	**45%**
Integrated products	**100%**
PFM-PR	**23%**

92. The situation has evolved since March 2006, when 74% of the assessments had made recommendations and half of the PFM-PR had included them, which is not envisaged by the Framework. One year later, all integrated reports still include recommendations but only one quarter of PFM-Performance Reports did.

93. In integrated product reports, recommendations are systematic and often constitute an entire section of the report as recommendations and actions plans typically constittue the ultimate product outputs (e.g. Honduras, West Bank and Gaza). When recommendations are made in PFM-PRs, they consist mainly in broad observations on reform management and main priorities (e.g..PNG 2005), elements of short-term reforms or quick wins (Mozambique 2006, Ghana 2006) or are related to specific indicators, like in Moldova 2006 for PI-24 and PI-25. In Uganda 2006, some recommendations are made on transition from an existing to a future PFM reform program. In PFM-PR, those recommendations are generally made in the summary section. No PFM-PR presents a thorough and systematic narrative exposing coherent recommendations. They appear generally to be added as an afterthought, sometimes as a result of demand from the government. Some PFM-PRs are followed by separate diagnostic report, based on the performance report's findings and providing an exhaustive diagnostic with recommendations for PFM reforms in areas of specific PFM performance weakness (e.g. Pakistan States ref. Box 1 below).

Box 1 Good Practice example
From PEFA assessment to diagnostic of specific PFM weaknesses in Pakistan

In the Pakistani States of Baluchistan, Punjab and North West Frontier Province, the linkage from performance measurement to reform program has been shaped by the government and the development partners (World Bank, Asian Development Bank, European Commission, DFID) through a mixed product comprising a PFM-PR and a diagnostic report. The PFM Assessment has provided an updated snapshot picture of the critical dimensions of current performance in the provincial state against standards for an open and orderly PFM system as identified by the measurement framework. Based on the PFM-PR, the diagnostic report has been prepared, by the same team and immediately after, focusing on the underlying causes of weaknesses in the low scoring areas as identified by C and D grading in the PFM-PR. The diagnostic report was prepared using a questionnaire aimed at ensuring maximum government involvement in the assessment process and in deciding on possible steps to improve weakly rated areas. This activity has been supplemented by a workshop to review the draft reports and to refine the provincial PFM Reform Strategy and develop its Implementation Action Plan. This workshop has been driven and led by the provincial Government. The diagnostic report highlights specific PFM recommendations for supporting the improvement of the various dimensions of low performing PFM areas. The diagnostic report shows for each PI that rated poorly: The assessed rating; a description of the indicator and the basis for making the rating; a narrative describing the reasons that the rating is poor; the diagnosis of steps to improve performance in the indicator for each performance dimension.

94. The conclusions from the Report on Early Experience can still be maintained i.e. while the scope of the assessment for a PFM-PR indicates that the current approach to recommendations in the PFM-PR should be maintained (i.e. not to assess the technical details of the reform program and present recommendations for its amendment), more should be done to explain the linkage between the assessment and the subsequent dialogue on the reform program content, strategy and actual effort. This linkage may need to be carefully planned at the same time as the planning of the assessment proper is taking place. In order to promote government leadership[8], reform recommendations could be left out of the assessment report and be discussed at an agreed workshop at a time when all parties have had an opportunity to study the assessment results and form an opinion on what reforms are required and their feasibility. Additional analytical work may then be agreed in selected priority areas for reform in order to develop a capacity building action plan.

3.6 Country specific issues

95. The IMF Guide on Resource Revenue Transparency 2007 lists 56 countries that are considered hydro-carbon or mineral resource rich. Thirteen of those countries have been

[8] Stakeholders sometimes overlook the fact that the rationale for not including recommendations in a PFM-PR is to serve the purpose of the Strengthened Approach, primarily to promote country leadership (and not only ownership) of its PFM reform strategy and action planning process.

subject of a PEFA assessment for which a report has been substantially completed by March 2007.

96. The PFM-PR content, as presented in Annex 2 of the PEFA booklet, dedicates a specific section for “Management of revenues in natural resources rich countries” (section 3.8 3). The booklet states that: “Revenues from natural resources may constitute an important source of income for certain countries and may be subject to specific financial management arrangement. This section may in such cases present a description of the performance of those arrangements”. Table 8 summarizes how the PEFA assessment reports handled this issue.

97. None of the 13 reports includes the section suggested in the PEFA Framework. Revenues from extractive industry are mainly accounted for in the background section as an element of the general description of the economy (sub-section 2.1) or in the description of budgetary outcomes (section 2.2). In four reports, extractive revenue has a noted impact on PI-3 and in three of those cases a separate figure is given for EI related revenue. None of the reports discuss the impact of extractive industry on the “tax indicators”, PI-13, 14 and 15. In the Trinidad and Tobago report, the impact on tax administration and performance is briefly mentioned in the summary assessment (“predictability and control in budget execution”) and in relation to other indicators (PI-8, 9 and 16).

98. The rating of the PEFA set of indicators is impacted by the importance of revenues from natural resources. Those resources can be generated through tax and non-tax revenue (the latter e.g. from government shares in natural resource companies, concession fees and production sharing arrangements). Indicators PI-3, 7, 9 13, 14 and 15 are most directly affected, though more indirect impact has been noted on PI-8 and 16.

99. PI-3 Revenue outturn compared to original budget estimates. It would normally be expected that oil/gas revenue be included here, but in a country dependent on extractive industries, it would be useful to demand that revenue from such industries be shown specifically due to its volatility in relation to international price fluctuations. An important question, however, is if transfers to a price stabilization fund is included in government revenue at the time the revenue is generated, or at the time when the budget draws on the fund to stabilize income. The latter option seems the most natural since PI-3 measures predictability of the revenue available for the budget, which may be the objective of having a price stabilization fund. This is the objective of the oil fund in Timor Leste, for instance.

100. PI-7: The indicator estimates the value of government operations that are unreported in the three core fiscal documents (the approved budget, budget execution reports and financial statements). It is therefore particularly concerned with non-tax revenue and its use. Especially, the indicator is adapted to deal with oil stabilizations funds where there is one and with state owned oil companies.

Table 8 PEFA assessments in countries highly dependent on extractive industries

Country	Major resource	Annual hydrocarbon or mineral revenue 2000-2003		Specifics of the PEFA application
		% of total fiscal revenue	% of GDP	
Azerbaijan	Hydrocarbon	47	11.9	In the inception stage, attempt to add specific indicators for hydrocarbon revenue. **No report produced yet**
Congo	Hydrocarbon	70.6	20.2	Description in the "background" section. Impact on PI-3 due to the volatility of oil prices. Oil revenue and non oil revenue can behave in an opposite direction. The rating is the result of the compensation of both. Small impact on PI-7. Oil state company covered in PI-9.
Gabon	Hydrocarbon	60.5	19.6	Oil dependence discussed in the PEMFAR. Impact on PI-3 rating because of unexpected raise in oil production, volatility of oil prices, subvention to the national oil company to impact on refined oil prices. PI-9, 13, 14, 15 not rated.
Nigeria	Hydrocarbon	77.2	32.6	For PI-3, data is given for all revenues and for independent revenue of federal government (non oil) separately. For PI-7 the question of financing of oil sector investments is raised. Impact of oil revenue on intergovernmental fiscal relations (PI-8 and PI-9). The sensitivity of oil revenue to the volatility of oil prices is reflected in PI-16 measuring predictability of cash inflows to the MDAs.
Syria	Hydrocarbon	45.7	13.4	No substantial impact on the report
Trinidad and Tobago	Hydrocarbon	27.4	6.6	Discussion about impact of reform and simplification of taxes, in boosting the government's share of the value of oil and gas production. Impact of oil revenue on PI-16 also discussed.
Sao Tome and Principe	Hydrocarbon (potential)	…	…	No impact on the rating. Mentioned in the background narrative.
Timor Leste	Hydrocarbon (potential)	…	…	Strong impact of Petroleum Fund management on PI-7
Ghana	gold	…	…	No specific impact mentioned in the PFM-PR
Guinea	Bauxite/alumina	18.3	2.6	Revenue from mineral sector systematically indicated separately in background tables. Impact of "Currency effect" discussed for PI-3.
Kyrgyz Republic	gold	4.1	0.9	No substantial impact on the report.
Papua New Guinea	gold	16.1	5.2	Impact on PI-3 discussed.
Zambia	copper	…	…	No substantial impact on the report

101. There is a very important issue concerning the use of the revenue if it is not automatically and completely turned over to the treasury (and PI-7 is focused specifically on the unreported expenditure). Is oil/gas revenue used for government expenditure through quasi-fiscal operations directly out of SOE/AGA accounts or managed by special accounts by the petroleum ministry; rather than passed over to the treasury for inclusion in budgetary expenditure?

102. PI-8: Transparency of inter-governmental fiscal relations is impacted when these relations are based on a regional repartition of oil revenues. This is the case in Nigeria[9], where this question is discussed at length.

103. PI-9(i): The indicator covers the submission of financial reports from SOEs (also the oil/gas related ones) to the government and whether financial statements are audited. In that sense PI-9(i) covers SOEs as a supplement to PI-26 that only deals with audit of central government operations.

104. PI-13, 14 and 15: These tax indicators would cover all indirect and direct taxes also from the oil/gas sector, but as mentioned under PI-7 above, they do not cover non-tax revenue.

105. PI-16: Predictability in the availability of funds for commitment of expenditures can be impacted by a revenue collection that is well below or well above the estimates, due to oil revenue volatility.

106. According to the PEFA booklet, the design of specific indicators for mineral revenue financial management may only occur when specific arrangements are put in place. No such indicators have been developed so far, to the knowledge of the PEFA Secretariat. A discussion took place during planning of the assessment for Azerbaijan where at the concept stage two oil revenue management performance indicators had been proposed. Eventually, it was decided to assess the petroleum industry's impact on PFM by ensuring that the report would meet all information needs specified in the IMF's 'Guide on Resource Revenue Transparency 2007' and avoid development of additional indicators. The self-assessment ongoing in Norway also completes the assessment without adding any indicators. However, a special section of the – yet to be completed - report is expected to address petroleum revenue management in detail.

107. In conclusion, the PEFA Framework, as it is, allows for a thorough treatment of extractive industry revenues. Nevertheless, the way in which it has been done remains rather disappointing. If the stakeholders wish the PEFA assessments to adequately address this issue, the use of the Framework in relation to extractive industries must be spelled out very explicitly at the planning phase of the process and included in the concept note or terms of reference, in relation to section 3.8.3 of the PEFA booklet or to the indicators that are likely to be impacted.

[9] and also in the sub-national draft PFM-PR for Kurdistan Regional Government which was received by the PEFA Secretariat for review but not completed within the period covered by this Monitoring Report.

3.7 Consistency of assessments over time

108. Consistency in performance assessments over time in a given country has been possible to assess only to a limited extent within the two year period since the Framework was issued. As mentioned in section 2.5, only two repeat assessments out of seven reported (Malawi and Tanzania) were made under the same or quite similar circumstances in terms of assessment purpose, stakeholder involvement and other process factors. In addition to the seven repeat exercises, the Secretariat has come across two cases of retro-fitting the PEFA indicator ratings for the purpose of demonstrating progress in PFM over time.

109. Whilst the number of true repeat assessments for the purpose of tracking progress has been very limited so far, a substantial number are planned to take place during the second half of 2007 and in 2008. It is therefore important that any experience is extracted from the early attempts of tracking progress over time and made available to the planners, managers and assessors of such upcoming repeat assessments.

110. In Malawi the 2005 and 2006 PEFA assessments both included full indicator ratings on the basis of the final 2005 Framework and were commissioned under very similar management arrangements with the same lead donor, though the team of assessors was entirely different and quality assurance measures for the 2005 assessment were very limited. The 2006 assessment report compares systematically the 2006 ratings with the ratings made one year earlier and shows rating changes for 21 of the 29 indicators scored. The Secretariat's review of the reports, however, found that only eight of the indicators included adequate evidence and correct use of scoring methodology for both years to allow direct comparison. Mostly the problems related to the 2005 assessment, which may have been the result of being started before the final Framework was issued. The 2005 assessment, therefore, had to make changes towards the end of the process to accommodate the last changes in the PEFA Framework. The authors of the 2006 report recognize these difficulties, saying that apparent improvements are due not only to real improvements since the new government came to power, but also better team access to data and use of the data for indicator rating.

111. The Tanzania 2006 assessment presents indicator scoring for central government as an update to the 2005 assessment. The 2006 assessment is presented in a summary table only, but this is comparable to the summary table annex of the 2005 assessment. Changes in scoring are noted for 9 of the 31 indicators including both upward and downward changes. A specific comment on performance progress for each indicator is not made in the 2006 table, but two different causes for change in ratings (or for some indicators the retention of the 2005 rating) can be identified. On the one hand, some legislative evolutions, that took place between the assessments, have been taken into account and some quantitative data for the additional fiscal year (FY05) has been included in the update. On the other hand, many of the PEFA Secretariat's observations on the draft 2005 report, that had not been taken into account in the final version, have been taken on board in the 2006 annex e.g. methodological issues such as missing dimensional ratings. Overall, the update does not provide a clear picture of the degree of progress from 2005 to 2006, because the impact of these two very different factors has not been separated.

112. For Madagascar, the assessors for the 2006 exercise were requested to prepare a note on comparison with the 2005 assessment findings. The note recognizes that the two indicator sets used for 2005 and 2006 respectively are different and identifies 12 indicators for which the scope of the PFM elements are roughly identical and measures the steps up or down on the rating scale from 2005 to 2006 for each indicator. On this basis an overall conclusion is reached. The note does not take into account that comparison of overall indicator scores for the two years require adjustments for change in the scoring methodology, nor does it attempt to explain exactly what element of the PFM performance that has changed in relation to each indicator rating. The note therefore does not provide a sufficient basis for concluding any change in performance.

113. PFM performance in Bangladesh has been the subject of three documents reviewed, but the situation as to tracking of progress remains confusing. The most recent PEFA application in Bangladesh (draft October 2006, ref. under 'other applications') compares its ratings to a draft PFM assessment of 2005, which used a modified set of indicators based on the 2004 draft Framework and a different scoring methodology. Little may be concluded from that rating comparison. A comparison to the PEFA indicator ratings in the World Bank CAS (February 2006) would have been more appropriate and – due to differences in indicator scores for most of the indicators – would have required a major effort to explain differences. The lack of reconciliation with the assessment made eight months previously may be the result of the October 2006 assessment serving a very specific purpose of assessing historic PFM performance changes only.

114. The 2005 assessment in Ghana was conducted by a select group of donors, mainly as a desk exercise with no government involvement. In contrast, the 2006 assessment involved the government and all donor stakeholders in an inclusive process, which did not recognize the 2005 assessment as a baseline. Therefore, no attempt was made to compare the two assessments and assess progress over time. The Assessment for Punjab Province of Pakistan, implicitly recognizes that the two assessments cannot be directly compared due to the change in indicator set and rating methodology, as no comparison of indicator scores is made. As for Papua New Guinea, the 2006 update is presented in a Country Strategy Report with scant if any explanation of changes. The Secretariat has no knowledge of a report to support the 2006 ratings.

115. Retro-fitting of indicator ratings to earlier year than the one in which the assessment takes place can serve a purpose in relation to evaluating the effect of PFM reform measures in the past, before the PEFA Framework was developed, as a way of creating a standardized method of reaching an overall assessment of PFM progress on the basis of a set of objective criteria. It is a type of process however, that requires extreme caution. By the very nature of the process, the assessment becomes mainly a desk study, potentially supplemented by information from a limited range of long serving government officials or other informants. If the retro-fit is for a year in the distant past, the information from interviews will depend on the extent of their memories. If the retro-fit is for a year relatively close, the informants may have been involved PFM reform during the intervening years and may have a vested interest in proving a specific development in a particular area. These factors can make interviews unreliable. It is virtually impossible to ensure a comprehensive quality control of the factual information in a retro-fitted assessment for the same reason. To counter those weaknesses, a

very detailed documentation of evidence with reference to all sources for each indicator dimension would be expected to allow readers/users to verify the statements (if required). Such detailed description of evidence was largely available in one of the retro-fitted assessments, but entirely missing in the other. As the Secretariat has not seen any final report for any of the two assessments, it is not possible to judge whether the final analysis is appropriately supported.

116. Vested interests can potentially affect the judgment of the assessors involved in any assessments, but must be considered a particularly high risk in a retro-fitted one. If an assessor has been involved in promoting, designing or implementing reform during the intervening years, there is a risk that indicator ratings that demonstrate the success of the reform efforts will be determined (even unconsciously). This could be a concern in at least a couple of the cases studied. It is imperative, therefore, that assessors can be considered neutral in relation to the PFM system being assessed. Such a requirement can contradict the wish to have assessors with local country knowledge, but should be considered a definite requirement for the team leader.

117. It was expected that PEFA assessments would be used to track progress from the earlier HIPC AAP expenditure tracking assessments in the 26 countries, where such assessments took place in 2001 and/or 2004. A study[10] conducted in 2007 with support from the PEFA program has looked at tracking of PFM performance progress from the HIPC assessments in 2001 and 2004 to the PEFA assessments in the same countries in 2005, 2006 or 2007. It is able to track progress only in some areas of PFM and for 15 of the HIPCs. It nevertheless offers a first impression of developments in PFM performance and the type of analysis that may be possible with broader PFM coverage once a series of PEFA repeat assessments have been completed.

118. Overall, the experience on tracking of progress over time is very mixed and – up to the end of August 2007 - not even one country case reviewed has provided a convincing example of using the PEFA indicators to explain progress in PFM performance, such as the Framework was designed for. An important message is that comparison of indicator ratings from two different assessments in a country is accompanied by an explanation for each indicator of the details of actual performance change noticed and of any other factors that impact on the indicator comparison, such as improved access to data, changes in assessment scope and definitions as well as methodological issues in a previous assessment.

119. As use of PEFA assessments for tracking of PFM performance over time is a core objective of the Framework, training materials for a special session on tracking progress in PEFA assessment reports have been prepared and tested as part of the standard two-day course for PEFA assessors. It is strongly recommended that this session always be included in training events for assessors.

[10] Bill Dorotinsky and Paolo di Renzio: Tracking Progress in the Quality of PFM Systems in HIPCs, An update on past assessments using PEFA data. November 2007. Available from www.pefa.org

3.8 Conclusions and Recommendations

120. The comprehensive data now available on compliance with PEFA methodology shows that compliance in reports received by the PEFA Secretariat (mostly drafts) is gradually improving, from 48% during the first year after launch of the Framework to 60% in the second year. Compliance issues relating to scoring methodology have diminished in particular whereas the improvements in adequately documenting evidence has been more modest. Training on application of the Framework as well as enhanced support tools and services are believed to have led to this improvement and need to be continued.

121. Analysis of rating frequency and compliance index values indicator by indicator suggests a few specific areas where indicator design is problematic, but often only for one dimension of an indicator (such as PI-15 dim(i), PI-22 and D-1 dimension(ii)). Problems with deducting useful information on procurement aspects of the assessment are also often reported. It should be considered if a very restricted revision of the indicators should be initiated at this stage or the solution of such problems await a more thorough fine-tuning of the Framework at a later stage.

122. PEFA assessments have so far been undertaken for 13 of the 50 countries that according to the IMF are considered mineral resource dependent. The PEFA Framework provides for highlighting the specific PFM issues relating to this situation in both the narrative and selected indicators. Those provisions have generally not been utilized in the reports. It is suggested that more attention be brought on the issue through the technical support that the Secretariat provides at every stage of the implementation process.

123. Drafting of a summary assessment to provide a useful input to PFM reform prioritization and sequencing remains an issue to address with high priority. Often, the summary assessment presents itself as an executive summary of the remainder of the report rather than the analytical summary – it was meant to be – bringing together all elements of the report and presenting the overall ‘story line’ on PFM performance. Training materials have been prepared and tested to emphasize this point and help report authors. Guidance on this subject needs to be prepared and posted on the website. This guidance should also help bridge the transition from assessment proper to reform action planning and recommendations based on analysis of underlying causes for weak performance.

124. During 2006 PEFA assessments were undertaken in seven countries where an assessment had also taken place in 2005. None of those seven assessments offer clear conclusions on progress of PFM performance. With many repeat exercises currently being planned, general guidance on use of the indicator ratings for tracking of progress should be issued (on the website) as a priority. Training materials for assessors to this effect have already been prepared and tested.

4 Drivers and Barriers for Quality of the Reports

4.1 Identification of main drivers and barriers

125. The Report on Early Experience presented a series of conclusions regarding good practice in the process of planning and implementing a PFM assessment. Those conclusions have been confirmed during the past year.

126. **Government involvement** in the process is crucial for ensuring the best possible information basis for the assessment and subsequent use of the assessment for reform impact monitoring and dialogue on reform priorities. Government ownership of the assessment is facilitated where early orientation, training and team building is undertaken through a joint government-donor workshop, where the government designates its own counterpart team to facilitate and participate in the assessment and where joint discussion of assessment results and their implications take place e.g. in a restitution workshop.

127. **Managing government expectations** is important in relation to PFM assessment in any country. This concerns (i) the likely level of ratings, which for most low income countries would be predominantly in the C to D range, and (ii) changes from earlier assessment that are likely to be modest within a 1-2 year horizon even in actively reforming countries. But expectations should also be realistic as to (iii) what the PFM performance assessment can contribute to and what it cannot do.

128. The **resources required** to undertake a PEFA based PFM assessment has often been under-estimated. This has led to some cases where inadequate information was available to support the assessment and other cases where additional resource inputs had to be allocated mid-way through the assessment. A number of assessments have counted on a single, generalist PFM expert to undertake assessments, which has led to some PFM areas being inadequately covered. A team of two experienced assessors with complementary background, supplemented as needed by short inputs from a few specialists, appears to be a suitable formula, especially if combined with a local consultant or a government counterpart team. A total team input of 3-5 person-months should be foreseen for a central government assessment in a typical medium-sized country if implemented as a stand-alone PFM-PR.

129. A well-defined and well-managed **quality assurance mechanism** is crucial for achieving a final assessment of high quality and acceptable to all stakeholders. Such a mechanism should be agreed among all stakeholders at an early stage of planning for the assessment. The agency/person responsible for managing the mechanism should be identified and needs to systematically keep track of comments and how the report authors respond to them and reflect them in subsequent report versions. A local reference group of donor agencies in combination with government and external reviewers from agency headquarters and/or the PEFA Secretariat appears to secure the best mix of views in terms of data reliability and compliance with the PEFA principles and methodology.

130. In summary, the application of the PEFA Framework for PFM performance assessment is a very decentralized process with the government and the locally involved

donor agency group at the centre of planning and managing the assessment work. These stakeholders need in particular to consider and agree - ideally at an early stage in the planning process - on the following issues:

- the role of various parties in conducting the assessments (ranging from government self-assessments with external validation, to assessments that are principally done by external partners with government collaboration, the leading manager of the exercise)
- the related financial and personnel resources required;
- the time for finalization of reports (taking into account the need to ensure client understanding and ownership);
- quality assurance arrangements; and
- report disclosure arrangements.

131. The progressive implementation of those guidelines can explain the increasing quality of the assessments. One year later, no substantial modification or addition needs to be made to them. Nevertheless, a number of bottlenecks, barriers and enduring bad practice sometimes prevented the guidelines from attaining their full effect and quality is still the main concern and focus for the PEFA steering committee.

132. Information on the process characteristics for all of the assessments has been attempted but is not complete. It would be ideal to provide a multiple regression analysis of the impact of process factors on the compliance index but this is not possible with the incomplete data. A different approach has been taken to identify compliance index values according to:

- Number of assessors in the team
- Training of assessors
- Previous experience of assessors with PEFA
- Total resource input for the team
- Government involvement level
- Involvement of donors other than the lead
- Country characteristics that may be associated with any of the above
- PEFA Secretariat’s involvement at several stages of the process

133. The best available proxy would be to take a sample comprising all reports with a high compliance index (say above 80%) and analyze them according to the above characteristics. There are seven such assessments, all except one completed in the last year as presented in table 8.

Table 8 Process characteristics for reports with high compliance

Country	***!***	***2***	***3***	***4***	***5***	***6***	***7***
PEFA training of assessors	None	None	None	None	None	Yes	None
Previous PEFA experience of assessors	2 assessments	None	1 assessment	1 assessment	None	None	None
Resource input	37 days of consultant	1International consultant 5 weeks+donor staff	22 staff weeks, of which 6 from consultants	14 weeks of consultants+15 donor staff weeks	6 donor staff	19 donor staff	8 consultant weeks + input from donor staff
Government involvement	Passive	Passive	Extensive	Substantial	Passive	Active collaboration	Passive
Donors involvement	Lead only	2 co-lead	Lead +9	Lead+5	Lead only	Lead only	Lead + 4
Approx. GDP/capita USD	11, 000	1, 800	500	400	3, 200	1, 800	1, 600
Population in million	0.3	4	22	13	8	47	0.2
PEFA Secretariat involvement	Report Review	Report Review	All the way through	All the way through	All the way through	All the way through	Report Review

134. Not surprisingly, since the compliance index is the measure of adherence to the PEFA methodology for indicator scoring, the degree of involvement of the PEFA Secretariat seems to be the main, or at least the more demonstrable driver of high compliance.

135. The extent of government involvement and the range of donors involved in the process do not have a clear impact on compliance, but would be expected to be crucial for assurance of data quality (not considered in the compliance index) and the subsequent use of the reports.

136. Resource input seems to be a fundamental driver for compliance. When this information is available, the high performing assessments have benefited from a minimum of 5 person-weeks (in that case with non measured input from donor staff and synergy with another donor-funded team conducting PFM work in the country) and in two cases more than 20 person-weeks.

137. In comparison with the table of good practice cases, it has proved difficult to put together a table showing the characteristics of bad practice cases. If we define poor compliance as a report with a compliance index below 50%, there are 17 reports that reflect poor compliance. Of these reports, 11 are integrated products, whereas 3 of the PFM-PRs were completed in 2005, i.e. at an early stage of the Framework implementation before training and support were systematically available. These special features leading to low compliance were already discussed in the Report On Early Experience. The remaining 3 PFM-PR with poor compliance include 2 reports in which the PEFA Secretariat had not been involved at any stage of the process and one case where two drafts have been reviewed by the Secretariat but the comments not taken into account.

138. The following sections analyze the drivers and barriers to quality in order to develop proposals for enhancing the drivers and overcoming the barriers.

4.2 Joint Stakeholder Planning of the Assessment Process

139. Early planning of a PEFA assessment includes determining its scope, the stakeholders involve and their respective roles, the resources needed and their mobilization, the schedule and timeframe for the assessment process and the quality assurance mechanisms. All of these factors are important for quality assurance and are better addressed and agreed at the early planning stage than halfway through the assessment work, when problems begin to emerge. In order to lead to joint acceptance of the assessment results it is important that all involved stakeholders (both government and donors) agree on the plan for implementing the assessment.

140. The World Bank has a standard process for planning of its ESW analytical work in terms of preparation of a Concept Note which is subject to internal peer review and other aspects of the Bank's standard quality assurance mechanism (see below). However, the concept note process is in principle an internal process, though it can involve external actors, if desired. In order to support the Strengthened Approach and lead to common understanding of the process and therefore, acceptance of the assessment results by all parties, this planning process needs to embrace all major stakeholders.

141. Other leading donor agencies generally do not have the same institutionalized process for planning analytical work. Typically, many donor agencies initiate the process by drafting terms of reference for the consultants to be hired to undertake the assessment work. Drafting such TOR assumes that many of the planning parameters already have been discussed and agreed among the main stakeholders. Even if this may have happened it is often not clear if and in what format such agreement has been documented and who has been involved in the process.

142. The concept note for the Guyana IFA, supported by the World Bank, the Inter-American development Bank, the IMF and the European Union provides a good practice example of an early joint planning process, resulting in a concept document shared among the donor partners and with the government, re. the box 2.

Box 2 Good Practice example
A joint concept note for the Guyana IFA

It was agreed among stakeholders in Guyana that the Integrated Fiduciary Assessment (IFA) would be performed through a **collaborative effort** involving the Government working with the Inter-American Development Bank (IADB), World Bank, EU, and with the possible participation of CIDA and DFID The WB, IADB, EU and participating donors have particularly agreed on: (i) joint mission work, led by the IADB; (ii) use of a single methodology and of common quality assurance, review and disclosure procedures; and (iii) issuance of a joint IFA.

The IFA would be prepared using the Public Expenditure and Financial Accountability (PEFA) PFM Performance Measurement Framework as well as the OECD/DAC Country Procurement Assessment Framework. The IFA would acknowledge all actions towards the improvement of its PFM systems that the Government has undertaken since the previous assessments and would provide an objective basis for assessing progress going forward by establishing a baseline and a common framework. The IFA would help donor support for the continuing development of Guyana's PFM systems, processes and institutions. The IFA would also result into greater harmonization and coordination of donors' work, which would help reduce transaction costs and reduce the burden posed by different information requirements on projects implemented with donor financing.

IADB would hire a coordinator and a multidisciplinary team of consultants to assist in applying the indicator-led methodologies and related work on behalf of and in consultation with the Government. Following the completion of the indicator-led analyses, there would be a joint mission to allow the Government and the participating donors to review and validate the work of the consultants and to agree on an action plan for continued development and reform of PFM and Procurement.

First, a **joint mission** from the (IADB) and the World Bank Group (World Bank) visited Georgetown Guyana between December 6-8, 2006 to discuss the timing and modalities for preparing the IFA. Then, a **common initiating concept memorandum** has been drafted in January 2007, settling the components of the planned diagnostic work, the respective roles of the stakeholders and providing the terms of reference of the consultant team. A peer review mechanism was established in order to reach a full agreement on this concept memorandum. The PEFA Secretariat participated in this review process.

4.3 Qualifications of Assessors

143. Consultants have been involved in 77% of the assessments, whereas 23% of the assessments have been prepared by donor staff only, mostly World Bank staff. The assessor team is made up exclusively of consultants in 52% of the instances. The EC systematically uses consultants; and staff is involved only at the draft review stage. France hired consultants for Republic of Guinea, and so did Switzerland for Tajikistan and the donor group for the Kenya assessment. For World Bank's integrated reports, mainly its own staff has been involved, following the usual process of the product (CFAA, PER, PEMFAR etc). The same is the case where the IMF has been in the lead. When consultants are used by the World Bank (23% of the assessments), they are included in a mixed team with Bank staff (and sometimes staff from other agencies). Zambia 2005 and Fiji represent unique cases where the assessing team was constituted with a mix of government officials and consultants.

144. The overall quality of PEFA assessments rely heavily on consultants, who are most of the time involved in the entire process, from the initial workshop to the downstream presentation of results to the government counterparts. The fact that the initial workshop is handled by consultants in most cases is important for quality. The initial workshop is where broad donor and government ownership and understanding of the PEFA process is built or at least reinforced. Not all consultants may have sufficient PEFA experience to conduct a well-designed and relevant workshop. The same could probably be said about donor staff leading the assessment at country level. There is a risk that misleading messages are sent and undue expectations raised that could possibly hamper the process. Country teams are often conscious of that, and the Secretariat receives regular requests where it is asked to provide ready-made presentations or, sometimes to intervene directly and conduct the initial workshop. However, the Secretariat does not have the capacity for systematic involvement at country level. So far the training and dissemination activities of the PEFA program have been directed mostly towards assessors and donor staff. The program's training strategy assumes that training of PEFA trainers will improve the supply of qualified trainers (and training institutions) in this field and thus the ability to mobilize trainers for in-country training events for government officials. Some training materials for government officials have been developed by the Secretariat, based on presentations made for in-country workshops in Senegal, China and Mozambique, for the IMF Institute's training of government officials and special meetings with Yemeni and Lao officials. A set of updated and ready-to-use presentations and related guidance addressed to government officials should be directly accessible for potential trainers on the PEFA website in the main relevant languages.

145. During the period under review the PEFA program provided training for more than 700 participants, including approximately 60 consultants, 200 government officials and 400 donor agency staff. However, the impact of the Secretariat's training activity on quality is very difficult to measure. It is likely that the impact will be seen in the medium to long run. As at end March 2007, only two PEFA trainees have been involved in a PEFA assessment reviewed (in fact in the same assessment), after having been trained.

146. The PEFA program's training strategy foresees an increasing focus on training of trainers in the next step of the roll-out, that will allow donor agencies to include PEFA training sessions in there own training programs and to deliver the training themselves or through contracted training institutions.

147. Drawing on consultants (and training institutions) both for a large part of the assessment work and for expansion of the training capacity means that a trade-off has to made between, on the one hand, allowing time to build PEFA-related training experience and, on the other hand, avoiding restrictions in the development of supply of trainers. A clear learning curve for team leaders or team members has been evidenced. Some of them, having participated in 4-5 PEFA assessments have reached a level of expertise in the instrument that is comforting for donors and governments. Some consulting firms, under a framework contract with the EC, have developed a significant workstream of undertaking PEFA assignments. The consequence of this is that PEFA assessments rely on a small number of

firms and a relatively limited number of consultants. While finding adequately qualified consultants for assessments undertaken in English is becoming less of a problem, a bottleneck exists where French, Spanish or Arabic speaking consultants. The list of planned assessments posted on the PEFA website comprises assessments of which 30-40% is likely to be conducted in other languages than English. It is not uncommon that PEFA assessments become delayed because of difficulties in finding the suitable consultants (Senegal and Yemen). The training activities, and particularly the training of trainers, should aim at building capacity among consultants with ability to work in other languages than English.

148. The PEFA framework covers the entire range of PFM issues, from the upstream budgetary process to the implementation phases, encompassing tax and revenue issues, accountancy and reporting, procurement, audits and controls. Assessor teams very seldom cover the whole range of PFM issues. There is a noted lack of expertise within assessor teams in tax and procurement issues. This has an obvious impact on quality and is an issue that the Secretariat often raises when it has the opportunity to comment on terms of reference. When organizing training events for assessors (including potential members of self-assessment teams) it should be considered to include sessions dedicated to specialized fields of expertise (revenue, audit, procurement etc). To accommodate such in-depth training on specific topics, the training events would need to be of longer duration than the current standard courses. They could be developed as alternatives or supplements to the current courses being delivered. The PEFA Program should develop the relevant material for these sessions in collaboration with specialists from among its partner organizations or elsewhere.

4.4 Adapting Resources to Country Characteristics and Scope of the Assessment

149. Equally important as the scope and breadth of the assessor's skills, the main driver and obstacle to quality seems to be the amount of resources made available to undertake the assessment.

150. In at least nine instances, the PEFA assessment has been undertaken by a single consultant. The following statement in the Report on Early Experience remains valid:

Box 3 REEAF statement on resources:

"Experience so far shows that counting on a generalist PFM expert to undertake the assessment is not the best way of ensuring quality of the overall report. The subjects covered by the PEFA indicators are so diverse that hardly any consultant will have the necessary depth of knowledge to adequately assess planning, budgeting, treasury operations, internal controls, revenue administration, payroll, procurement, accounting, auditing, parliamentary oversight, aid management, fiscal risk oversight of parastatals and local government. The team should combine knowledge that covers all of these areas. One way to achieve that would be to have two experts (including the team leader) during the entire field mission typically an economist covering planning, budget formulation and execution and an accountant covering accounting and audit, supported by a couple of experts in areas that the two main assessors do not adequately cover (e.g. procurement or revenue administration). It should be sufficient that one consultant (preferably the team leader) is experienced with the PEFA methodology, but this can be an important feature for a team since the compliance ratings show a steady upward trend (upward learning curve) for those, admittedly few, consultants who have been team leaders or dominant team members in more than one assessment. A local consultant may also be an asset to the team, particularly to assist in the initial data collection, mission preparation and any data follow-up after the main mission.

The resource allocation needed to implement an assessment depends on a number of factors such as

- *collaboration by the government in terms of pre-mission data collection, initial self-assessment, etc.*
- *recent PFM analytical work available*
- *language/translation problems*
- *scope of the TOR in terms of coverage of central/general government and inclusion of pre-mission and results presentation workshops*
- *size of country/geographical concentration of informants*
- *general experience and PFM subject matter coverage of the team members/consultants*
- *the team members' prior experience in leading PEFA based assessments and their local country knowledge."*

151. When considering the wider sample of PEFA assessments now available, the size of the country seems a factor particularly difficult to deal with. As mentioned earlier in the report, a third of the PFM-PR concern small insular countries of the Caribbean or the Pacific but may be equally relevant for other small countries. The EC is the main funding agency for this kind of implementation but the World Bank and AsDB have also used the single assessor approach in small countries.

152. The single-assessor approach appears to link the resources for the assessment to the value of aid provided by the funding donor. In these small countries, the tendency of a donor agency has been to cut costs and try to conduct a PEFA assessment on a shoestring. If the donor agency is implemented the assessment alone, the opportunity of pooling resources is also missed. It is much less of a problem for a major agency to individually finance an adequately resourced PEFA assessment in large countries, where the main agencies individually have substantial PFM-related aid programs.

153. One explanation might be that some donors do not necessarily maintain a presence in each of these small countries and that they only have a sub-regional office. Coordination at a sub-regional level would then appear easier than coordination at an island-country level. One way of resolving the problem of the small island assessments funding would then be to enhance coordination among donors at a sub-regional level and use pooled or joint funding. Following testing e.g. in the Caribbean or the Pacific, this approach could be mainstreamed if it appears workable and efficient.

154. The example from the Caribbean in box 4 shows that this idea is not new, even if nothing concrete has been achieved so far. In the Pacific region, the main donor agencies have agreed a set of principles for conducting PEFA based assessments, the so-called 'Sydney Principles'. The impact of that agreement is yet to be established.

Box 4 Peer review through a regional workshop*:*

A Caribbean CMU-organized fiduciary workshop of the Organization of Eastern Caribbean States (OECS) that was hosted by the Government of St. Lucia took place in May 2003. The objective of the workshop was the formulation of a regional and integrated fiduciary agenda for the represented OECS countries. The involvement of representatives from the six countries enabled a peer-to-peer discussion of critical PFM issues in which reform experience was shared and which encouraged country representatives to take the issues up more forcefully when returning home. The Eastern Caribbean Central Bank also provided strong regional leadership to the workshop, particularly through the high profile participation of the Governor of the ECCB who encouraged those present to take responsibility for developing and implementing PFM reforms. The workshop facilitated a regional approach by the six governments in taking forward this work and in seeking effective solutions to the particular challenges associated with small island economies. The workshop also supported adoption of a more coordinated approach among donors in supporting the OECS reforms than had previously been the case by the identification of lead donors in a number of key areas.

Source*:* PEFA 2005, issues paper 1, posted on www.pefa.org

4.5 Quality Assurance Mechanism

155. In 2007 the PEFA program prepared a survey of its partners' quality assurance systems. The findings were the following:

156. All PEFA partners have a quality assurance mechanism in place for analytical work on PFM. The mechanism is sometimes, but not always, formalized in a manual or guideline. It is always based on a review process at country level and a review process at headquarters level. Inclusion of the government counterparts is sought as far as possible. The inclusion of external reviewers, such as other donor agencies, is not compulsory but left to the country team's initiative, except for Norad, the French MOFA and SECO, for which external contributions seem more systematic. This is the case both for concept notes and terms of reference at the planning stage and for draft reports.

157. The PEFA Secretariat is being involved as much as possible in the review process, but since there is no specific mention of PEFA in the procedure manuals of partners, this involvement is not systematic and is left to the task team leader's (or equivalent) initiative. Some partners have a specific QA process for PEFA assessments, because PEFA based PFM Performance Reports are their preferred or exclusive PFM analytical tool, even if such a QA process is not always formalized. Other partners apply their pre-existing and often formalized QA mechanisms to PEFA assessments, because those QA mechanisms are established to cater for the institution's own analytical products which may sometimes be based on - or incorporate - the PEFA Framework.

158. All partners rely on consultants for the carrying out PEFA based assessments, even if this reliance is exclusive only for the EC, Norad, the French MOFA and, SECO. The PEFA other partners also – sometimes exclusively - use own staff for the assessment work. There are clear – but different - contracting procedures in place in all the agencies with the aim of selecting well-qualified consultants. However, the ability to ensure quality outputs from consultants also depends on the PFM background and experience as well as time allocated to selecting and managing the consultants, an aspect not directly covered by the survey. All PEFA partners train, or intend to train, their specialized staff and consultants on the PEFA Framework to enable them to undertake the assessment work.

159. PEFA assessment reports are likely to be submitted to external bodies for individual ex-post quality reviews only in the case of the EC (to the European Court of Auditors) and DFID (to the UK National Audit Office). The World Bank's Quality Assurance Group conducts internal reviews that may include sampling of PEFA based assessments.

160. Overall, all partners have a set of quality assurance procedures in place which cover PFM assessments based on the PEFA Framework. It may be useful if those procedures made specific and formal reference to PEFA based assessments and ensured –through adequate incentives - that external stakeholders such as donor partners - and preferably also the PEFA Secretariat – would be called upon for review both at the planning stage and draft report stage.

161. There are several serious barriers to quality as far as PEFA assessments are concerned:

162. First, a PFM-PR usually not considered by the World Bank as "formal Bank ESW products" and the IMF does not intend to prepare PFM Performance reports as a lead agency. Therefore, the rigorous internal review processes put in place by those institutions do not apply to the PFM-PR. For instance steps (iii) and (iv) of the ESW review process were never applied to a PFM performance report. For integrated products that do undergo the formal ESW review process, it is less clear if the PEFA annex is submitted to the same scrutiny. Several Bank ESW products have been posted on the Bank intranet without the PEFA annex, even when the annex is listed in the table of contents (e.g. Togo PEMFAR).

163. Second, since the PEFA approach is based on coordination among donors and with the government counterparts, the peer review mechanism needs as well to involve all interested donors and the partner government. The usual mechanisms put in place by donors

for their own internal products may not apply and a more comprehensive formula needs to be designed. The Mali PFM-PR, led by the World Bank, could be considered a best practice example in this respect. A wide peer review process involved the main interested donors (including the IMF and France), the Malian government that came with very detailed written comments, and, at different stages of the process, the PEFA Secretariat. The compliance index increased by more than 40% between the first draft and the final report. The same process, involving several donors, a government review and the Secretariat has been applied for the Dominican Republic implementation, led by the European Commission. The difficulty is to find a formula allowing a multi-donor review at country and headquarters level as well as partner government and PEFA Secretariat involvement while at the same time maintaining timeliness of the report.

164. Third, the European Commission and most bilateral donors do not have the same formalized peer review mechanism that the IMF and the World Bank upon which they could build. This weakness could also be seen as an advantage since these agencies might easier introduce a new system if a specific peer review mechanism for PEFA assessments would be proposed.

165. Fourth, the ex-post review by the quality assurance group is a key level for the ESW quality process. The PEFA Secretariat plays the same role for PEFA assessments but only at a methodological level. An extended role for the Secretariat for ex-post reviews could encompass impact, process (more systematically), and whether reviewers' comments have been properly reflected in the work. This could be done through a partnership with the QAG of the Bank and similar units with other partners. Means to overcome the institutional and technical barriers to the design of a specific peer review mechanism for PFM performance reports needs to be identified.

4.6 Support from the PEFA Secretariat

166. The Secretariat may contribute to the quality process at different stages of the process. Its mandate is to contribute only on request of the leading agency for the assessment (or agencies, which may include the government). Typically these contributions include: A peer review at the concept note or terms of reference stage; a briefing of the government and/or donor country team (by video-conference); peer review of draft versions of the report; technical advice for specific issues at every stage of the process. The Secretariat has exceptionally contributed as a facilitator for an initial (or final) workshop. Nevertheless, the Secretariat is rarely involved in every stage for a given report. The Secretariat has not been involved at all in the process for 28% of the assessments reviewed. This does not mean that the Secretariat has not reviewed the draft and final report but that this review has been kept within the Secretariat for monitoring purposes only as comments were not requested. The Secretariat has been asked to comment on terms of reference in less than 10% of the cases. For several reports though, the Secretariat's involvement has been continuous. For 12% of the reports, comments have been prepared by the Secretariat at more than one stage. There is

evidence that Secretariat's comments have been substantially integrated in the work only for 8 PFM-PR[11]. These reports have a very high compliance index on average (86%).

167. Integrated products (which generally have low compliance index, in average 37%)) typically reach the PEFA Secretariat after finalization or just before, which does not allow the Secretariat to contribute to them and the World Bank team to integrate the Secretariat's comments when they are made. For the Laos report, comments were requested after a mission conducted by the Secretariat in Laos, eight months after the 2005 assessment report had been finalized.

168. On average, the integration, even partial, of PEFA comments into a draft have increased the compliance index by 22%. In two instances, it has been possible for the team to take into account PEFA Secretariat's comments more than once. The Compliance index has increased by 35% and 45% between the first and the final draft.

169. The PEFA steering committee agreed in March 2007 with recommending within their institutions that all reports receive PEFA Secretariat review as a matter of course. The Secretariat's involvement should encompass review of terms of reference and concept note, draft and final version of every PFM-PR as far as possible.

170. As mentioned above, the Secretariat can also play an upstream role in the planning phase. Experience shows that the governments have in most cases reacted very positively to joint pre-mission planning, particularly where sensitization/training workshops on the PEFA Framework was offered early in the assessment preparation phase (e.g. Mozambique, Burkina Faso, Senegal, Kosovo, Yemen) or where the PEFA Secretariat offered briefings with Q&A sessions via video-link (e.g. Kyrgyz, Zambia, Moldova and Dominican Republic). Such events have acted as important team building mechanisms across the involved government, donor agency and consultant team members and reviewers.

171. Many donor officials in country offices as well as relevant government officials have not been aware of the services available from the Secretariat and how to obtain them. Training events and dissemination activities aim at overcoming this barrier, but more needs to be done in terms of information at regional events for donor staff and government officials and through distribution of newsletters.

4.7 Active Government Involvement

172. Government participation during the last year has remained mostly passive and reactive. The city government of Bogota in Colombia is the only example of an assessment initiated by the government. It was essentially a self-assessment, validated by the World Bank. Moreover, the Government of Zambia - which reacted to the donor group's proposal for a PEFA assessment in 2005 by taking the lead in the assessment and providing most of its team members - is planning a repeat assessment for 2008 using the same process.

[11] cf. Annex 4

173. For the Nicaragua PFM-PR, the ministry of finance conducted a self assessment of PFM performance, with the help of a consultancy in early 2006. The donors organized a team of donor staff and consultants to conduct a validation, based on the self-assessment. This process certainly favored government ownership of the exercise (but finalization of the report was delayed and eventually hindered due to a change of government). A similar approach of self-assessment and external validation was taken in Grenada. In some cases, like Mali or Burkina Faso, the government counterpart has shown ownership of the report by providing extensive comments on the draft or by coordinating the quality process through an ad hoc structure of the Ministry of Finance dedicated to PFM reform. Some governments played a more active role in the data collection and indicator rating (e.g. Fiji), even if the work was led by and the report written by a consultant.

174. The remaining assessments were undertaken with varying degrees of government participation in planning the main mission, provision of information and commenting on the draft report. Rarely have the governments been proactive in early data collection so that time spent by consultants or donor staff in 'chasing' data could be minimized during the fact finding missions.

175. Timing of the events has not always facilitated government participation, as they occasionally took place during periods where the government, and particularly the ministry of finance, was pre-occupied with crucial stages of the budget preparation process. E.g. workshops on the findings of the assessments in the Kyrgyz Republic and Malawi took place during the final budget preparation and parliamentary debate periods, and in Uganda the assessment field mission co-incited with the finalization of the budget guidelines. In Senegal, the PEFA exercise was delayed because of the presidential elections.

176. Stakeholders' coordination needs to be sought as early as possible in the process, particularly in the planning phase. If some donors have sophisticated internal planning mechanisms, a planning process involving all stakeholders from the start is seldom put in place. Government participation in the process has been varied but mainly passive and reactive which has been noted already one year ago. This needs to be changed, starting with strong involvement at the planning stage, so that ownership and – to the extent that capacity allows – leadership of the assessment process is ensured. Timing of Parliamentary and presidential elections also need to be taken into account in planning the assessment work.

4.8 Summary of Conclusions and Recommendations

177. The overall quality of PEFA assessments depends on a range of factors including (i) support by all major stakeholders in the country of assessment (ii) suitable timing and adequate scheduling of implementation (iii) a well composed team of adequately qualified assessors (iv) sufficient time for the assessors to find and analyze evidence (v) existence of a well-defined quality assurance mechanism for assessment planning, identification of assessors, implementation monitoring and report review.

178. Barriers to improved quality have been identified for a number of countries to include:

- Inadequate planning of PFM analytical work, leading to continued duplication of work and missions and too frequent PEFA assessments in several countries.
- Inadequate coordination between donors, particularly for small insular countries.
- Passive involvement of government in most assessment processes
- Insufficient knowledge by government officials – and in many cases also by donor staff in country offices - of the PEFA Framework and the services available from the PEFA program/secretariat
- A limited stock of suitably qualified consultants to implement assessments - particular for assessments to be conducted in languages other than English – leading to less qualified consultants and/or delays in assessment implementation.
- Inadequate resources available for financing assessments, particularly in small countries.
- Country specific quality assurance mechanisms not always established up front with all main stakeholders and important resource organizations involved. This point is exacerbated where the status of the PEFA assessment within the leading agency is unclear and where their internal guidelines do not require involvement of external actors in the quality assurance process.

179. Recommendations

a. At country level, governments and all major donors should prepare medium-term plans for PFM analytical work, clearly identifying the timing of PEFA assessments and their links to other analytical work.

b. PEFA assessments for small insular countries should be coordinated in time and space at a sub-regional level through relevant sub-regional organizations, if such exist, or by setting up donor coordination groups at that level. Pooled or joint funding should be sought as far as possible for implementation for such assessments in small countries.

c. At headquarters level, donor agencies/IFI should share plans for upcoming PFM analytical work at least for the coming year and link this to country level coordination efforts.

d. Dissemination of information on PEFA to partner governments needs to be enhanced through global and regional bodies with wide government participation. This should be supplemented with offers of in-depth PEFA training to governments.

e. A set of updated and ready-to-use presentations and related guidance addressed to government officials should be directly accessible on the PEFA website in the main relevant languages.

f. Donor agencies need to ensure that their in-country staff, working on PFM issues, are well informed about the PEFA Framework and Secretariat services and that key individual involved in managing PEFA assessments have received in-depth training.

g. Global PEFA training capacity should be enhanced by developing such capacity in selected training institutions, among experienced consultants and within major donor organizations. Thus, training institutes would be enabled to offer course open to any interested participants (donor, government or consultant). This high priority is already reflected in the PEFA program's training strategy. The enhanced training capacity should aim at a fair balance across the major languages in which PEFA assessment are being conducted with more emphasis on languages other than English.

h. PEFA partners, when organizing a training event should consider the possibility to allow sessions dedicated to specialized fields of expertise (revenue, audit, procurement etc). The Secretariat should develop the relevant material for these sessions for vetting by technical specialist from the partners or other relevant bodies.

i. Convenient and ready-to-use tools need to be designed to help consultants, or anyone undertaking an assessment, to conduct all phases of their assignments as efficiently as possible. This is a specific and ongoing Secretariat responsibility.

j. Means to overcome the institutional and technical barriers to the design of a specific peer review mechanism for PFM performance reports needs to be identified by the major leading agencies.

k. The agencies managing/coordinating PEFA assessments should ensure that the Secretariat's involvement, as far as possible, comprise all stages of the assessment process such as review of concept note/terms of reference and draft reports.

180. Some of these proposals are already in the process of being implemented. Many of the main messages will be addressed in a note on good practice in implementing PEFA assessments.

ANNEXES

ANNEX 1 List of PEFA Applications as at end of August 2007

(*) denotes reports that were also included in the REEAF.
Shaded rows indicate reports included in analysis of content/compliance in chapters 2 & 3

Applications	Lead agency	Region	Type of assessment	Comments on contents and integration with other analytical products
Annex 1.A Central government				
Benin 2007	EC	AFR	Stand-alone PFM-PR	
Burkina Faso 2007	EC/WB	AFR	Stand-alone PFM-PR	
Congo Brazzaville 2006 (*)	EC/WB	AFR	Dual PFM-PR	A CFAA has been conducted separately but at the same time.
Gabon 2006	WB	AFR	Integrated	PEFA table annexed to a PEMFAR, with indicator ratings
Ghana 2005 (*)	DFID	AFR	Dual PFM-PR	Implemented as an input to a FRA. Mainly a desk study
Ghana 2006	WB	AFR	Stand-alone PFM-PR	
Guinea Conakry 2006	France	AFR	Stand-alone PFM-PR	
Guinea-Bissau 2006	WB	AFR	Integrated	PEFA table with indicators rating annexed to a CIFA
Kenya 2006	SIDA /DFID	AFR	Dual PFM-PR	Feeds into a CIFA, the work on which had commenced earlier
Lesotho 2005 (*)	WB	AFR	Integrated	Non shared input incorporated into a PEFAR
Madagascar 2006	EC	AFR	Stand-alone PFM-PR	
Malawi 2005 (*)	EC	AFR	Stand-alone PFM-PR	
Malawi 2006	EC	AFR	Stand-alone PFM-PR	
Mali 2007	WB	AFR	Stand-alone PFM-PR	
Mauritius 2007	EC	AFR	Stand-alone PFM-PR	
Mozambique 2005 (*)	EC	AFR	Stand-alone PFM-PR	
Sao Tome & Principe 2006	WB	AFR	Integrated	PEFA table with indicator scoring annexed to a CFAA
Swaziland 2007	EC	AFR	Stand-alone PFM-PR	
Tanzania 2005 (*)	WB	AFR	Integrated	PEFA table with indicator rating annexed to a PEFAR
Tanzania 2006	WB	AFR	Dual PFM-PR	Input to annual PEFAR exercise. Update of central government assessment in a table format as supplement to 2005 PEFAR report
Togo 2006	WB	AFR	Integrated	PEFA table with indicator ratings annexed to a PEMFAR
Uganda 2005 (*)	EC	AFR	Stand-alone PFM-PR	Central government assessment combined with local government PEFA assessment ref. Annex 1.B

Applications	Lead agency	Region	Type of assessment	Comments on contents and integration with other analytical products
Zambia 2005 (*)	Govt / SIDA	AFR	Stand-alone PFM-PR	
Fiji 2005 (*)	WB	EAP	Dual PFM-PR	Implemented as an input to a PER
Lao PDR 2006	EC/ WB	EAP	Integrated	Rating of PEFA indicators as an appendix to a PER
Papua New Guinea 2005 (*)	WB	EAP	Dual PFM-PR	Conducted as an input to a PER
Philippines 2006	WB	EAP	Stand-alone PFM-PR	
Samoa 2006	EC	EAP	Stand-alone PFM-PR	
Timor Leste 2007	EC	EAP	Stand-alone PFM-PR	
Tuvalu 2006	AsDB	EAP	Stand-alone PFM-PR	
Vanuatu 2006	EC	EAP	Stand-alone PFM-PR	
Albania 2006	WB	ECA	Dual PFM-PR	Part of a Country Fiduciary Assessment update (CFA) and Public Expenditure and Institutional Review (PEIR)
Armenia 2006	WB	ECA	Integrated	Part of a Programmatic PER Sui generis report including most PEFA indicators into an expanded indicator set.
Kosovo 2007	WB	ECA	Stand-alone PFM-PR	
Kyrgyz Republic 2005 (*)	DFID / SECO	ECA	Stand-alone PFM-PR	
Macedonia	WB	ECA	Integrated	Covers 2/3 of PEFA indicators Incorporated into a Country Fiduciary Assessment
Moldova 2006 (*)	EC/WB	ECA	Dual PFM-PR	Feeds into an FRA done separately but simultaneously
Serbia 2006	WB	ECA	Stand-alone PFM-PR	
Tajikistan 2006	WB	ECA	Stand-alone PFM-PR	
Ukraine 2006	WB	ECA	Stand-alone PFM-PR	Undertaken as part of general technical assistance on PFM reform
Barbados 2006	EC	LAC	Stand-alone PFM-PR	
Dominica 2007	EC	LAC	Stand-alone PFM-PR	
Dominican Republic 2007	EC/WB	LAC	Stand-alone PFM-PR	
Grenada 2006	Govt / EC	LAC	Stand-alone PFM-PR	
Guatemala 2005 (*)	WB /IADB	LAC	Integrated	PEFA indicator ratings annexed to a CFA, also comprising a procurement indicators baseline assessment
Haiti 2007	WB / IADB	LAC	Integrated	PEFA indicators incorporated into CFAA as part of PEMFAR
Honduras 2005	WB	LAC	Integrated	2003 CFAA update, including PEFA indicators rating as a separate chapter
Jamaica 2007	EC	LAC	Stand-alone PFM-PR	

Applications	Lead agency	Region	Type of assessment	Comments on contents and integration with other analytical products
Nicaragua 2006	WB	LAC	Stand-alone PFM-PR	
Panama 2006 (*)	WB	LAC	Integrated	PEFA indicator rating annexed to a joint CFAA/CPAR report
Paraguay 2007	WB	LAC	Integrated	To form part of an Integrated Fiduciary Assessment
St. Kitts and Nevis 2006	EC	LAC	Stand-alone PFM-PR	
St. Lucia 2006	EC	LAC	Stand-alone PFM-PR	
St. Vincent and Grenadines 2006	EC	LAC	Stand-alone PFM-PR	
Trinidad and Tobago 2006	EC	LAC	Stand-alone PFM-PR	
Jordan 2007	EC	MENA	Stand-alone PFM-PR	
Syria 2006 (*)	IMF/ WB	MENA	Integrated	Covers 2/3 of PEFA indicators. PEFA table with indicator ratings annexed to a FAD technical assistance note
West Bank and Gaza 2006	WB	MENA	Integrated	PEFA ratings annexed to a PER
Afghanistan 2005 (*)	WB	SAR	Dual PFM-PR	Implemented as a free-standing component of an integrated PER/CFAA/CPAR
Bangladesh 2006 (*)	WB	SAR	Integrated	The PEFA ratings have been attached to the WB CAS for 2006-2009 with justification based on policy note
Nepal 2007	WB	SAR	Dual PFM-PR	To form part of integrated PFM review PER/CFAA/CPAR

Total: 61 assessments

Annex 1.B Sub-National government					
Applications	**Lead agency**	**Region**	**Type of assessment**	**Other features**	**Comments on integration with other analytical products**
Colombia -Bogota District 2006	Govt / WB	LAC	Stand alone PFM-PR	Single Municipality level assessment	
Pakistan-Baluchistan 2006	WB	SAR	Dual PFM-PR	Single state	Accompanied by a diagnostic report done simultaneously by the same team and based on the PFM-PR.
Pakistan-NWFP 2006	WB	SAR	Dual PFM-PR	Single state	Accompanied by a diagnostic report done simultaneously by the same team and based on the PFM-PR.
Pakistan-Punjab 2006	WB	SAR	Dual PFM-PR	Single state	
Tanzania 2006	WB	AFR	Stand-alone PFM-PR	Based on sample of six local governments	
Uganda 2005 (*)	EC	AFR	Stand-alone PFM-PR	Based on sample of six local governments	

Total: 6 assessments

Annex 1.C Other PEFA Related Assessments

Applications	Lead agency	Region	Features	Comments on integration with other analytical products
Bangladesh 2005	WB	SAR	Modified PEFA indicators with modified rating scale.	PER policy note integrating PEFA inspired PFM assessment
Bangladesh 2006	DFID	SAR	Sui generis report	Evaluation of support to PFM reforms. Retrofit 1992-2006 and comparison 2005-2006
Burkina Faso 2006	GBS Group	AFR	Report based on a desk study applying the standard Framework with a different rating system.	Joint Evaluation of General Budget Support based on the PEFA Framework as retrofit for 1994-2004
Haiti 2007	IMF	LAC	Internal note	PEFA rating based on a HIPC assessment. Desk study part of a note.
Malawi 2006	GBS Group	AFR	Report based on a desk study applying the standard Framework with a different rating system.	Joint Evaluation of General Budget Support based on the PEFA Framework as retrofit for 1994-2004
Mozambique 2006	GBS Group	AFR	Report based on a desk study applying the standard Framework with a different rating system.	Joint Evaluation of General Budget Support based on the PEFA Framework as retrofit for 1994-2004
Nicaragua 2006	GBS Group	LAC	Report based on a desk study applying the standard Framework with a different rating system.	Joint Evaluation of General Budget Support based on the PEFA Framework as retrofit for 1994-2004
Nigeria 2006	WB	AFR	Report structured as a standard PFM-PR but without ratings. Includes central government as well as four States	
Papua New Guinea 2006	AsDB	EAP	Update of 2005 ratings but not supported by an assessment report or other substantial narrative	Integrated into the AsDB's Country Strategy Paper
Rwanda 2006	GBS Group	AFR	Report based on a desk study applying the standard Framework with a different rating system.	Joint Evaluation of General Budget Support based on the PEFA Framework as retrofit for 1994-2004
Uganda 2006	GBS Group	AFR	Report based on a desk study applying the standard Framework with a different rating system.	Joint Evaluation of General Budget Support based on the PEFA Framework as retrofit for 1994-2004
Vietnam 2006	GBS Group	EAP	Report based on a desk study applying the standard Framework with a different rating system.	Joint Evaluation of General Budget Support based on the PEFA Framework as retrofit for 1994-2004

Total: 12 assessments

ANNEX 2 Assessment Timeline

Central government assessments only

	2005												2006												2007		
Country	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**Jan**	**Feb**	**Mar**
Afghanistan 2005		TOR	MM	D1		D2	D3			DF				F													
Albania 2006											TOR								DF								
Armenia 2006			TOR1	TOR2				TOR3	TOR4												DF						
Bangladesh 2005	<MM						D							CAS													
Barbados 2006																		TOR				DF	F				
Burkina Faso 2007										TOR																	D
Congo Brazzaville 2006											TOR			MM	D												
Dominican Republic 2007																										D	
Fiji 2005				TOR	MM	F																					
Gabon 2006													D		D						F						
Ghana 2005&2006							TOR	MM	DF		F		TOR				D	F									
Guinea 2006																							D				
Guinea Bissau 2006						TOR								MM				D									
Grenada 2006																	D				DF	F					
Guatemala 2005	TOR	MM			D	D																					
Honduras 2005					MM	MM								D				D									
Jamaica 2007																									MM	D	
Kenya 2006															D			D2	F								
Kyrgyz Republic 2006							TOR		MM	D	DF		F														
Lao PDR, 2006									TOR						D		F										
Lesotho 2005										M				D	D1	DF		D	DF								
Madagascar 2006																TOR	D				F						
Malawi 2005&2006			TOR		MM	D	F								TOR			D		F							
Moldova 2006							TOR			M				M	D		F										
Mali 2006										TOR					TOR2				TOR3				D				
Mozambique 2005			TOR								MM/D	DF			F												
Nicaragua 2006														MM			D										
Panama 2006									TOR	MM					D												
Philippines 2006																		TOR						D			
PNG 2005					TOR				MM/F																		
Samoa																						D	F				
Sao Tome & Principe, 2006																						D	D				
Serbia 2006										CN					D	D		D					D			DF	
St. Kitts and Nevis 2006																				TOR	MM	D					D
St. Lucia 2006																				MM	D	DF					
St. Vincent and Grenadines 2006																			MM	D	F						
Swaziland 2007																						TOR	MM	MM	DF		
Syria 2006														MM	D		F										
Tanzania 2005	TOR		MM		D					DF								F									
Tanzania 2006													TOR			D											
Tajikistan 2006																		TOR							D		
Timor Leste 2007																									D		
Trinidad and Tobago 2006														TOR					F								
Togo 2006																		DF									
Tuvalu 2006																							D				
Uganda CG 2005							TOR				MM/D						F										
Ukraine 2006																D	D2				D3						F
Vanuatu 2006																	MM	DF	F								
West Bank and Gaza 2006																		DF									F
Zambia 2005							TOR			MM/D		F															

TOR	terms of reference or concept note prepared/iniciating concept memorandum
M or MM	field mission or main mission
D	draft report issued
DF	draft final report issued
F	final report issued (not always the date stated on the report)

Jan	
Feb	
Mar	
Apr	
May	
Jun	
Jul	

Aug	
Sep	
Oct	
Nov	
Dec	
Country	
Afghanistan 2005	
Albania 2006	
Armenia 2006	
Bangladesh 2005	
Barbados 2006	
Burkina Faso 2007	
Congo Brazzaville 2006	
Dominican Republic 2007	
Fiji 2005	
Gabon 2006	
Ghana 2005&2006	
Guinea 2006	
Guinea Bissau 2006	
Grenada 2006	
Guatemala 2005	
Honduras 2005	
Jamaica 2007	
Kenya 2006	
Kyrgyz Republic 2006	
Lao PDR, 2006	
Lesotho 2005	
Madagascar 2006	
Malawi 2005&2006	
Moldova 2006	
Mali 2006	
Mozambique 2005	
Nicaragua 2006	
Panama 2006	
Philippines 2006	
PNG 2005	
Samoa	
Sao Tome & Principe, 2006	
Serbia 2006	
St. Kitts and Nevis 2006	
St. Lucia 2006	
St. Vincent and Grenadines 2006	
Swaziland 2007	
Syria 2006	
Tanzania 2005	

Tanzania 2006	
Tajikistan 2006	
Timor Leste 2007	
Trinidad and Tobago 2006	
Togo 2006	
Tuvalu 2006	
Uganda CG 2005	
Ukraine 2006	
Vanuatu 2006	
West Bank and Gaza 2006	
Zambia 2005	
CAS	
TOR terms of reference or concept note prepared/iniciating concept memorandum	
M or MM field mission or main mission	
D draft report issued	
DF draft final report issued	
F final report issued (not always the date stated on the report)	

ANNEX 3 Coverage and Impact of PEFA Secretariat Reviews

Applications	Secretariat output	Comments taken into account
Afghanistan 2005	Draft review	No
Albania 2006	None	N/A
Armenia 2006	Draft review	Unknown
Bangladesh 2005	None	N/A
Barbados 2006	Draft review	Yes
Burkina Faso 2007	TOR and draft review	Not yet
Congo Brazzaville 2006	Draft 1 and 2 review	Yes, after draft 1
Dominican Republic 2007	VC+draft review	Not yet
Fiji 2005	Draft review	No
Gabon 2006	None	N/A
Ghana 2005	Draft review	Yes
Ghana 2006	Draft review	Yes
Grenada 2006	Draft 1 and 2 review	No
Guatemala	None	N/A
Guinea Conakry 2006	Draft review	Not yet
Guinea-Bissau 2006	None	N/A
Honduras 2005	Draft review	No
Jamaica 2007	Draft review	Not yet
Kenya 2006	Draft 1 and 2	Partly
Kyrgyz Republic 2005	Draft review	No
Laos 2006	Review of Final	No
Lesotho 2005	Review of several drafts	Yes
Madagascar 2006	None	N/A
Malawi 2005	None	N/A
Malawi 2006	TOR and draft review	Partly
Mali	TOR, draft 1 and 2 review+ other input	Yes
Moldova 2006	Draft 1 and 2 review	No
Mozambique 2005	Draft review	No
Nicaragua 2006	Draft review	Not yet
Panama 2006	Draft review	Unknown
Philippines 2006	Draft review	Not yet

PNG 2005	Draft review	No
Samoa 2006	None	N/A
Sao Tome & Principe 2006	None	N/A
Serbia 2006	Draft review	Yes
St. Kitts and Nevis 2006	Draft 1, 2 and 3 review	Partly
St. Lucia 2006	Draft review	Unknown
St. Vincent and Grenadines 2006	Draft review	No. Comments sent after draft review.
Swaziland 2006	Draft review	Yes, assessment abandoned
Swaziland 2007	Draft review	Yes
Syria 2006	None	N/A
Tajikistan 2006	Draft review	Partly
Tanzania 2005	Draft review	N/A
Tanzania 2006	Draft review	N/A
Timor Leste 2007	Draft review	Yes
Togo 2006	None	N/A
Trinidad and Tobago 2006	None	N/A
Tuvalu 2006	None	N/A
Uganda 2005	Draft Review	No
Ukraine	Draft review	Partly
Vanuatu 2006	Draft review	Yes
West Bank and Gaza 2006	None	N/A
Zambia 2005	Draft review	No