

Update on the PEFA Revision Process

PEMPAL Workshop

25 June 2014

PEFA Secretariat

Content

Purpose of revising the Framework

Progress to date & next steps

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Purpose of revising the Framework

- Incorporate editorial ‘clarifications’
- Update ‘accepted good practices’
- Improve areas of weakness

It is **not intended to:**

- Change the purpose
- Undermine comparability over time

Purpose of revising the Framework

- Incorporate editorial ‘clarifications’ (50%)
- Update ‘accepted good practices’ (25%)
- Improve areas of weakness (25%)
- *Plug ‘gaps’?*

It is **not intended to:**

- Change the purpose
- Undermine comparability over time (*although – relevance is more important!*)

Revision process – the plan

- SC approve process (Nov 2012)
- ‘Task Teams’ formed & begin work
- Checking for internal consistency
- Draft released (*Jan 2014*)
- Desk & in country testing; Stakeholder comments invited (*Feb – April*)
- Revision & refinement, based on comments
- PEFA Partners approve ‘New release’ (*June*)
- “Live” (*target, 1 July 2014*)

Content

Purpose of revising the Framework

Progress to date & next steps

Progress to SC meeting, June 2013

- Late 2012: ‘Baseline’ workshops: scope, issues
- Early 2013: 4 Task Teams begin work
- Secretariat eliminated 220+ “Clarifications”
- EU commissioned 5 ‘Analytical Notes’
- Initial proposals from TTs (mixed!): **7 new PIs**
- Secretariat compiled summary & commentary on all proposals: of ***existing*** 31 PIs:
 - 3 or 4 would be removed;
 - 7 or 8 would require minor amendments;
 - 20 would require major amendments, ***including*** the addition of new 18 dimensions

Steering Committee decisions

- Purpose remains, focused on *“generally accepted good practice”* = ‘A’ rating
- “C” should = basic level of functionality
- Aim for **similar number** of indicators or less
- ‘Scope’: default is CG
- Removal of ‘Donor’ indicators
- No separate Pis for Resource Rich countries
- Proposals must be tested to see if *‘PEFAerable’*

Current proposals: June 2014

Out

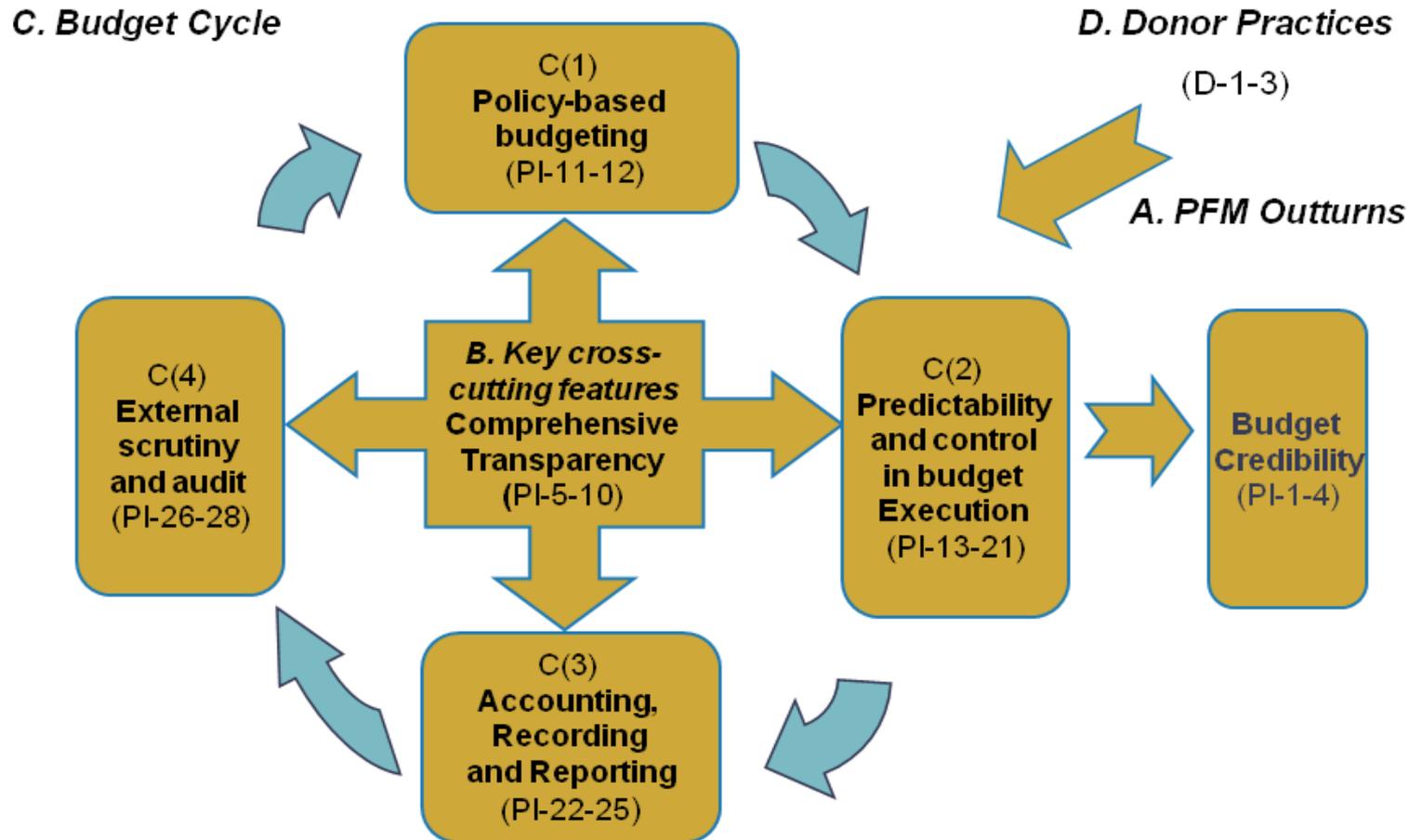
- 3 Donor indicators
- PI-4, 12, 13, 20, 23
- Major changes to PIs:
9, 17 & 26
- Edits to many others

In

- 3 new PIs
 - Credible Fiscal Strategy
 - Public Investment Mgt
 - Asset Management
- Replacements for 12, 13, 20, 23
- Plus 14 new dims (*now 88 in total – previously 76*)

Structure of the indicator set

The PEFA performance framework



Budget credibility: (1- 4)

Problems

- Fiscal strategy & macro-forecasting ignored, as is Asset management

Proposals

- New PI for 'Fiscal Strategy'
- New PI for 'Asset Management'

Comprehensiveness & transparency (5 - 10)

Problems

- Comprehensiveness - unreported operations
- Budget processes

Proposals

- Extend coverage & align criteria in 5, 6 & 10
- Unreported operations – redesign 7
- Fiscal risks – broaden scope & focus on ***management*** of risks
- Budget processes – include participation

Policy-based budgeting (11 – 12)

Problems

- Medium term issues

Proposals

- Changes to PI-12

Predict' & control in budget exe (13 – 15)

Problems

- Piecemeal approach in existing PIs 13, 14, 15
- Limited coverage (tax!)
- Practicality of measurement of tax arrears

Proposals

- Revamp: separate budgeting/admin/accounting
- Include 'natural resource' revenues

Predict' & control in budget exe (16 – 21)

Problems

- 'Controls' are fragmented
- Developments in internal control & internal audit

Proposals

- Internal control (PI & report narrative)
- Treatment of liabilities
- New PI for Public Investment Management

Accounting, recording & reporting (22 – 25)

Problems

- PI-23: weak link to “Service delivery”
- “Financial statements”

Proposals

- Revamp PI-23: link to Performance Budgeting?
- “Financial **reports**”

External scrutiny & audit (26 – 28)

Problems

- Lack of clarity – whose performance?
- Not sufficiently generic

Proposals

- Separate responsibility between Executive & Legislature
- Include transparency

Indicators of donor practices (D1 – D3)

Problems

- Not 'fit for purpose'
- Often not scored

Proposals

- Remove, but include aspects in PI-1
- 'Space' for new indicators:
 - Public Investment Management
 - Asset Management

Next steps

- **June:** Steering Committee requested more ‘Feasibility testing’, by Secretariat *shadowing* planned assessments or ‘reworking’ recent ones, before release for Stakeholder comments
- **July, for 3 months:** Stakeholder comments
- **October:** revision & refinement, based on comments
- **Last months of 2014:** final field testing
- **December:** Steering Committee asked to approve ‘New release’, early in 2015

Thank you for your attention