



The PEFA Program Phase IV (2012-2017)

Program Document

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I. INTRODUCTION

This document presents the scope of the PEFA Program during a Phase IV for five years commencing July 2012, as decided by the PEFA Steering Committee. It highlights PEFA's original objectives, progress to date towards the objectives, remaining work, and strategic decisions for taking the Program forward. The document is organized as follows: the next section (II) provides a summary of the rationale for continuing with a Phase IV of the PEFA Program; section III presents a brief assessment of the achievements of PEFA to date; while the subsequent section (IV) focuses on the strategic direction; section V presents the intervention logic and results framework; and section VI covers the governance arrangements for the PEFA Program.

II. SUMMARY

The importance of strong public financial management ("PFM") systems for achieving economic growth and equality cannot be over-emphasized. Any government's ability to achieve macro-fiscal stability, a policy-based allocation of resources and operational efficiency in the use of resources for service delivery is underpinned by the strength of its PFM systems. This is the reason that improving the performance of a PFM system is a key component of the international development effectiveness agenda, as was highlighted during the recent discussions at the 4th High Level Forum in Busan.

The PEFA Program has made a concrete contribution to this agenda since it was established in 2001, and it has now developed into the most successful international partnership initiative in the domain of public finance management. The PFM Performance Measurement Framework ("the PEFA Framework") provides a powerful instrument for benchmarking and analyzing the performance of country systems for managing public finances, and is also a useful tool to guide governments and their international development partners in making informed decisions on country PFM reform programs, as well as guiding donor decisions on the use of country systems.

The twin **objectives** of the seven partner agencies¹ a decade ago when they established the PEFA Program were the development of a more strategic, comprehensive and collaborative approach to assessing and reforming countries' public expenditure and financial accountability systems, and the identification of performance indicators and benchmarks that could be used to address both developmental and fiduciary objectives. Those objectives continue to provide the basis for the Program.

The focus of program activities has evolved over the three **phases** to date:

¹ PEFA is a partnership program of the World Bank, the European Commission, the UK Department of International Development, the Swiss State Secretariat for Economic Affairs, the French Ministry of Foreign Affairs, the Norwegian Ministry of Foreign Affairs and the International Monetary Fund.

- **Phase I** was primarily concerned with creating a consensus on the most appropriate approach to supporting the reform of PFM systems and with the development of the PEFA Framework², which facilitates creation of a common pool of information for assessment and monitoring of progress in strengthening PFM performance over time;
- **Phase II** was concerned with support to users of the PEFA Framework during its early roll-out and adoption at country level and with establishing systems for monitoring global use of the Framework;
- **Phase III** saw the PEFA Framework developing into a common public good, which has now been used for over 250 PEFA assessments worldwide, creating a solid and objective pool of information on the status of PFM systems at the country level. It has focused on improving quality of assessments and testing the ability to measure PFM systems improvements over time.

The new phase IV will build on the achievements of the previous phases and attempt to make a substantial contribution to the reform of PFM systems by using the pool of PEFA assessments conducted so far. The directions and priorities of the Program for phase IV have been informed by the recently concluded independent evaluation (2011), which critically analyzed the objectives, activities and impact of the PEFA Program since 2004 (when a first evaluation of the Program was conducted). The overall evaluation of the performance of the PEFA Program is resoundingly positive, and underlined the following **achievements**:

- The PEFA Program has succeeded in creating a credible framework for the assessment of PFM functionality;
- Assessment are comparable over time and constitute a viable, common information pool on PFM performance;
- Across the world, 95 per cent of low income, 80 per cent of middle income and 8 per cent of high income countries had undertaken, were in the process or were going to commence PEFA assessments;
- The PEFA Framework is now used by practically all major development agencies working with PFM systems, either as a tool to support the design and monitoring of PFM reforms or as a key element of fiduciary risk assessment processes;³
- It has been adopted by many governments to inform the design of PFM reforms, to help monitor the progress of PFM reforms over time and to assess the quality of PFM systems, also at sub-national levels;
- The PEFA Framework has thus been established as a viable and useful brand.

The evaluation also identified three vulnerabilities of the program and **challenges** to be addressed in phase IV. These are:

- guidance on the transition from a PEFA assessment to the elaboration of a PFM reform plan;

² The PEFA framework comprises a total of 31 Performance Indicators (PI's), 28 of which relate to the performance of government and 3 to donor performance with an impact on government's budget systems.

³ This was clearly underlined during the recent discussions in Busan, where PEFA was repeatedly mentioned as a major contribution to the Harmonization and Alignment agenda in the domain of public finances.

- keeping the PEFA Framework relevant to users, both in relation to the evolution of international standards and good practices in PFM, and in relation to the progress made by and increasing aspirations of user countries;
- the need for more analysis of global trends in PFM systems performance, including learning on what type of reforms work and which do not and why this is the case.

In addition, the evaluation acknowledged two main **risks** faced by the Program, which relate to:

- quality assurance of PEFA assessments and the reputational risk associated with this: even though quality concerns relate to only a minority of the assessments, confidence in the PEFA instrument as a whole may be jeopardized;
- continued representativeness of the current PEFA Partners as guardians of an increasingly international product, which in many ways has the nature of a public good.

While many activities will continue as before, the key issues raised in the independent evaluation will be addressed during phase IV (which will cover a period of five years, from July 2012-June 2017). These issues are elaborated in this program document, but in summary:

- There will be an increasing focus on using assessments for the elaboration of PFM reform programs: while this process is neither mechanical nor straight forward, Steering Committee members have initiated discussions which are expected to lead to guidance being developed during phase IV;
- The Framework will be thoroughly reviewed – a major task during for Phase IV – and updated to reflect newly accepted ‘good practices’: this will be done recognizing the need to ensure comparability over time to allow progress to be tracked;
- Efforts will be made to encourage research institutions as well as individuals to make use of the considerable database compiled from completed assessments;
- Several initiatives are planned to broaden the voice of additional stakeholders in the Program and improve transparency of program management, without losing the effectiveness of the current organizational arrangements;
- Strengthened arrangements to highlight quality assurance procedures have already been agreed by the Partners and will be operational by the time Phase IV commences.

III. ASSESSMENT OF PEFA TO DATE

III.1 Background

The PEFA Program grew out of a realization that PFM systems in many developing countries remain weak, even after many years of external assistance, and were not improving sufficiently to support countries' own development objectives or expectations of donors. The HIPC⁴ expenditure tracking work by the World Bank and IMF (2000-2005) documented the state of affairs for HICPs, and introduced an initial instrument for monitoring public expenditure management systems over time through a set of indicators.

In reviewing why PFM systems remained weak and reforms were not progressing, as well as factors where PFM reforms were more successful, several issues were identified:

- Heavy emphasis by donors and assistance providers on diagnostics, with many over-lapping or duplicative missions and instruments, resulting in high transaction costs for countries as well as less efficient use of external resources
- Unevenness in donor coordination across countries, with resulting fragmented advice and reform overload in some cases
- Absence of government-led reform programs, weak reform ownership, and low rates of implementation of donor-instigated action plans linked to individual diagnostics.
- Absence of a performance framework for more objectively monitoring the performance of PFM systems over time

This analysis led to the establishment of the PEFA Program, with the goals to:

- Develop an approach to improve PFM system reform outcomes, and learn lessons of successful and unsuccessful PFM reforms,
- Reduce transaction costs to countries from duplicative and overlapping diagnostics while ensuring that the information needs of donors could still be met

Working towards these goals involved a commitment by partners at three levels:

- To the goals of the PEFA Program of activities
- To participate in a PEFA Steering Committee which provides overarching governance to the Program
- To create and resource a secretariat to carry out various functions, as agreed by the steering committee, in support of the Program's objectives.

The PEFA Program strategy and outputs so far have been to:

⁴ HIPC = Highly Indebted Poor Countries

- Develop and support a strengthened approach to PFM reform, which emphasizes country leadership and country-level donor coordination, around a government owned strategy and reform action plan
- Develop and maintain a performance measurement framework for monitoring PFM system performance at country level
- Support and monitor the application of this framework, facilitate sharing of the assessment reports and gather experience on their use.

In addition, the PEFA partnership has been a useful forum for policy discussion between partner Headquarters and cross-fertilization regarding issues related to harmonization and aid effectiveness in the area of PFM, including through its interaction with other relevant bodies, notably the PFM group under the OECD DAC Aid Effectiveness initiative.

III.2 PEFA's phases of operation

The PEFA Program has been through three distinct phases. Tables 1.a, 1.b and 1.c (in Annex 1) present a brief description of these phases and provide information on the major accomplishments associated with each stage.

Phase I was primarily concerned with issues of identification and development of a consensus about the most appropriate way forward. This led to formulation of the Strengthened Approach to Supporting PFM Reform⁵ (“Strengthened Approach”) and development of the PEFA Framework. as well as the preliminary introduction of this at the country level. Much of Phase II was focused on wider dissemination and training, increasing the coverage of countries applying the PEFA Framework during the initial roll-out. Phase III continued the direction from Phase II but with increasing focus on the usage of PEFA based assessments and the creation of a basis for evaluating change in PFM system performance over time. The independent evaluation – completed in July 2011 – suggests the following brief summary of the current state of the Program:

- Awareness of the PEFA Framework is widespread among donor and government (central finance agency) officials, but low among other government officials, legislators and civil society organizations dealing with PFM.
- Whilst the use of PEFA assessments at country level is high, many countries have not applied the Framework, especially high income countries and middle income countries in some regions. Progress in those country groups is slow.
- Application of the PEFA Framework is expanding rapidly, especially at the sub-national level where the potential for further roll-out is indefinite, whereas assessments at the national level are now mostly repeat assessments.

⁵ for details of content of the Strengthened Approach to Supporting PFM Reform, see section IV page 9

- Quality has reached a reasonably uniform high level, but there remain concerns about occasional assessments of questionable quality and about the dissemination of results.
- Whilst an update of three of the 31 indicators was issued in 2011, concerns remain about maintaining the relevance of the PEFA Framework for all LICs and MICs.
- Standardized PEFA training by training institutions on a tuition fee basis has recently been launched but is in its infancy. Many private PFM consultants are able to provide similar training ad hoc, but training gaps remain in some regions. In the meantime the Secretariat is often called upon to (co-)facilitate training.
- The PEFA Framework is now used extensively for tracking of country PFM performance over time and has reached a stage where sufficient repeat assessments are available for lesson learning at the global level (ref. III.3 below).
- The impact of the PEFA Framework application on achieving the other components of the Strengthened Approach has been assessed through an impact study based on thirteen country cases. The study indicates promising results, but also that much remains to be done in particular in promoting country ownership of PEFA assessments as well as in making the assessments directly useful in guiding PFM reform program formulation or review and donors' collaboration.

III.3 Are PFM systems improving?

An analysis undertaken in the Monitoring Report 2010 of 33 repeat assessments provides a preliminary basis for consideration of whether PFM systems are improving, even if the sample of countries is biased towards low income, aid dependent and small countries. The conclusion is that these countries show significant improvement in systems performance over an average interval of three years between assessments, but that this improvement is uneven across system components with far greater improvement in systems that are implemented and operated by a few central finance agencies rather than systems that require engagement across many or all central government entities. Though these findings are promising and indicate the PEFA Framework's ability to answer this key question for the Program, further research is required to confirm these findings from a larger and globally representative set of low and middle income countries, as well as over a longer period.

IV. STRATEGIC DIRECTION OF PEFA PHASE IV

The guiding principles and context for the PEFA Program are drawn from the ‘Strengthened Approach to Supporting PFM Reform’, which has three elements:

- A country-led agenda - a country led PFM reform strategy and action plan
- A coordinated program of support- an integrated, multi-year program of support from international development partners that is aligned with the government’s strategy.
- A shared information pool – a framework for measuring results that provides consistent information on country PFM performance, including progress over time.

As noted in the independent evaluation (and also in the PEFA impact studies completed in 2008 and 2011), achieving the objectives of the first two elements of the Strengthened Approach will require interventions that go far beyond the current scope and capacity of the PEFA Program⁶. In fact, the PEFA Program is **directly** engaged in only the third element: the PEFA Framework is the instrument used to create the common information pool. Nevertheless, application of the PEFA Framework may well contribute to achieving the other two elements of the Strengthened Approach by promoting country ownership and effective donor collaboration of the PFM assessments.

All PEFA Partners are seeking to implement the Strengthened Approach as this is seen as a means to achieve the overall development goal of strengthened country PFM systems. In addition, the Partners undertake substantive actions within their respective institutions towards implementing the other two elements of the Strengthened Approach; participation in the PEFA Program represents just one of many activities for each Partner in pursuit of the improvement of PFM systems performance at the country level.

While the PEFA Program’s contribution to the first two elements is indirect and the degree of attribution associated with PEFA’s outputs is difficult to evaluate, they are still essential steps towards achieving the overall development goal. However, the Program’s direct objective is focused specifically on the third element.

The independent evaluation – completed in July 2011 – and the PEFA Partners’ response to the study’s conclusions and recommendations – expressed in the Management Response from the PEFA Steering Committee in September 2011 – provide the detailed basis for formulating the strategic direction, objectives, results and activities for phase IV of the Program. While noting that the overall evaluation of the performance of the PEFA

⁶ E.g. country ownership may require capacity building activities for parliaments and civil societies as well as public sector management and leadership development programs at country level. Likewise, donor coordination of support to reform and capacity building is directly linked to the Paris Declaration (and subsequent pronouncements) and is monitored through the OECD-DAC Working Party on Aid Effectiveness and its subsidiary bodies and consultation processes. Duplication of such activities should be avoided.

Program was resoundingly positive, the study also identified three vulnerabilities of the Program and **challenges** to be addressed in phase IV; these are:

- the transition from a PEFA assessment to the elaboration of a PFM reform plan;
- keeping the PEFA Framework relevant to users, both in relation to the evolution of international standards and good practices in PFM and in relation to the progress made by and increasing aspirations of user countries;
- the need for more analysis of global trends in PFM systems performance, including learning on what type of reforms work and which do not and why this is the case.

In addition, the evaluation acknowledged two main **risks** faced by the Program, that relate to:

- quality assurance of PEFA assessments and the reputational risk associated with this: even though quality concerns relate to only a minority of the assessments, confidence in the PEFA instrument as a whole may be jeopardized;
- the continued representativeness of the current PEFA Partners as guardians of an increasingly international product, which in many ways has the nature of a public good.

While many activities will continue as in the previous phase, the issues raised in the independent evaluation and noted above will be addressed during phase IV. Firstly, viewing the PEFA Framework as part of a total value chain, the PEFA engagement should be concerned with the entire chain, including *the dissemination and use of the PEFA assessment reports following completion: in other words, as a basis for reform dialogue and planning.*

Secondly, Phase IV will focus on the third element of the Strengthened Approach and continue work from the previous phase in relation to the technical maintenance of the PEFA Framework, training on its application and implementation, support to quality assurance, and monitoring of the Framework's application and support to harmonization with related PFM assessments and tools. However, it is recognized that *the PEFA Framework itself needs a comprehensive review and revision* to remain relevant to the main user groups (PFM standards and issues now date back 10 years, with only a very limited update issued in 2011) hence this exercise will be a major activity in the first two years of Phase IV.

Thirdly, it is considered necessary to provide guidance on how PEFA-based assessments may be used in support of the Strengthened Approach objectives – and analyze how this turns out in practice – thereby building on the experience and expertise which the Program has developed during its first three phases and lessons emerging from a rapidly growing number of repeated assessments. The operations and mandate of the Secretariat as well as the breadth of discussions in the Steering Committee reflect this approach.

During Phase IV, the partners' engagement through PEFA should be used as a means to pursue active implementation of aspects of the Strengthened Approach whilst accepting that the application of the PEFA Framework as well as actions to implement this approach within a country are decisions to be made by individual stakeholders at that level.

Accordingly, the Steering Committee, on an ad hoc basis and in a manner consistent with the level of resource constraints, will seek to ***draw lessons on the use of the PEFA Framework as a mechanism to advance the Strengthened Approach***. Furthermore, the Secretariat may be invited by individual PEFA Partners to assist this on a case-by-case basis within the constraints of the budgets approved by the Steering Committee. It is expected that all PEFA partners will remain actively engaged with the PEFA Steering Committee and give due consideration to the lessons emerging from PEFA activities for their way of doing business in the area of PFM.

Fourthly, the ***Quality Assurance issue will be addressed by the introduction of a new standard for the assurance process***, which – only when followed – will culminate in granting of a “process certificate” (“PEFA Check”). This has been agreed in advance of Phase IV, but remains to be implemented.

Finally, with the very wide global application reached during Phase III and its use by many institutions beyond the PEFA partner group, the PEFA Program is becoming a global public good and the Framework an internationally recognized standard for assessing PFM systems. In order to support this positive development it is recognized that the Program's governance structures need to include provisions for ***broadening the voice of stakeholders outside the PEFA partner group*** and for ***program direction and management to become more transparent***. The Program will therefore expand its outreach to a wider range of stakeholders at country, regional and international levels. One part of this effort will focus on strengthening the network of institutions and practitioners already involved in PEFA-based assessments or using the assessment reports, especially country governments and the international development institutions at large. Another part of the effort will concern outreach to institutions which have so far had limited involvement in or use of PEFA assessments. This includes legislatures, civil society organizations, professional associations, research institutions and standard setting bodies. The PEFA Program will provide the widest possible stakeholder group the opportunity to influence the evolution and use of the Framework and thus develop stronger ownership of and commitment to its use for the dialogue on PFM reforms at country level, as well as regional and international monitoring of PFM system improvements, evaluation of capacity development effectiveness and establishment of good practices in PFM. This outreach will be undertaken – amongst others - through intensified dissemination about PEFA experience and knowledge activities, particularly

through web-based communication and the revitalization of the Community of PEFA Practice, and through an annual event, open to all stakeholders.

In summary, these developments imply a broadening of the range of the PEFA Program's activities, with consequent additions to the current core functions and workload of the Secretariat. These activities have been incorporated in the Program's results framework, elaborated in the following section. The Steering Committee will determine the boundaries of this broadening, through consideration of the detailed annual work plans, and in specific requests to the Secretariat for the provision of advice.

V. THE RESULTS FRAMEWORK FOR PHASE IV

V.1 Methodology

On the basis of the overall development goal of the PEFA Program, the objectives of the Strengthened Approach and the strategic direction for phase IV described above, the *intervention logic* for the Program's phase IV has been developed, as illustrated in Annex 2, along with a corresponding *Results Framework* as elaborated in Annex 3. The intervention logic is based on expected causal flows from the direct outputs of the Program's activities towards the global objective. The Results Framework uses a logframe type approach, providing indicators, targets and assumptions related to outputs, results and objectives of the intervention logic as well as adding the activities, inputs and costs related to each of the immediate outputs (details of the latter in Annex 5).

V.2 Program Objectives

The overarching **Development Goal** or **Global Objective** is: '*PFM system performance improved for strengthened economic growth and government service delivery*'.

This goal reflects the understanding that the PEFA Program is focused on ensuring that governments have - or develop through reform and capacity building programs - the requisite tools (PFM systems) to help them deliver stated policy intents in relation to the three main budgetary outcomes, namely macro-fiscal discipline, allocative efficiency and technical efficiency.

In order to identify the gaps and deficiencies in the full range of PFM systems, and set priorities for the mitigating reform and capacity building programs, country governments would make use of PEFA assessments. Governments would be assisted in their efforts by technical and financial support from their international development partners, and by knowledge on PFM systems performance and reform challenges/achievements generated through research. The specific focus on PEFA assessments in this context relates to the objective of empowering the country government to exert leadership and ownership of this process of reform dialogue and base it on a shared understanding of the country situation in order to reduce transaction costs and to reduce fragmentation of reforms and their external support.

An **Intermediate Objective** therefore is: '*PEFA assessments used for PFM reform formulation, donor support decisions and research*', which reflects mainly the first two components of 'the Strengthened Approach'.

The PEFA Program, however, does not intend to be directly involved in the reform dialogue, donor support decisions and research work. The PEFA partners (and other institutions) will address those components by other means, which become assumptions for achievement of the higher level objectives. The PEFA Program's direct aim is the

expansion and updating of the common information pool of PEFA assessments already created.

The **Direct objective** is therefore formulated as: *The global, common and credible information pool on PFM systems performance expanded and updated*, reflecting the third component of ‘the Strengthened Approach’.

V.3 Expected Results

The following five key results are pursued for the PEFA Program’s Phase IV as they are essential to the achievement of the direct objective:

1. Relevance of PEFA Framework enhanced and demonstrated
2. Quality of PEFA assessments improved
3. Government ownership of PEFA assessments enhanced
4. Donor collaboration in implementing PEFA assessments strengthened
5. Timely completion and publication of PEFA assessments improved

V.4 Program Outputs and Activities

Accordingly, a set of activities will be implemented. These activities are arranged under and in support of achieving the following six immediate outputs:

1. ***Technical maintenance and development of the PEFA Framework*** – with focus on the review/revision of the PEFA Framework, issue of clarifications and development of technical guidance materials
2. ***Support to PEFA country applications*** – with focus on providing advice on PEFA assessments to planners, managers and assessors including undertaking quality reviews
3. ***Training on implementation and use of PEFA assessments*** – with focus on developing training materials, supporting trainers and training institutions in delivering PEFA content and delivering training at multi-stakeholder events
4. ***Outreach to all potential stakeholders*** – with focus on disseminating important PEFA messages and maintaining a dialogue with all PEFA Framework stakeholders
5. ***Support to coordination of PFM systems assessments and tools*** – with focus on promoting harmonization and coordination of PFM assessments as contributions to the international development effectiveness agenda
6. ***Monitoring and evaluation of achieving results and objectives*** – with focus on providing regular M&E reports on important aspects of the Program’s objectives and results.

The six outputs constitute the Program’s components, each comprising a number of activities which will be defined in detail as part of the annual work programs. A further program component – but not an output - is:

7. **Program Management** – including support to the Steering Committee and the administrative activities necessary to support delivery of the six technical components.

V.5 Implementation of Program Activities

Implementation of the activities for Phase IV is planned for a period of 5 years (starting July 2012) in order to allow adequate time to complete and disseminate the upgraded Framework as well as implement the new modalities for interaction with a wider stakeholder network well ahead of the next independent evaluation and the subsequent decision on the future of PEFA beyond phase IV. The timeline for the main events and discrete activities is illustrated in Annex 6.

Annex 3 provides an indicative list of activities under each program component and Annex 4 indicates contributions of each indicative activity to the achievement of each of the program results, except for component #7 for which the activities support the overall strategic management of the Program as well as management of the Program's resources. As program implementation evolves, the list of activities will be reviewed and updated as part of the annual work program proposals.

Consistent with the approach set out in section IV, it is envisaged that the Steering Committee may decide to discuss additional issues to support the wider implementation of the Strengthened Approach. It is expected that such additional items for the Committee agenda would be implemented by individual partners and managed and funded by these partners outside the resources mobilized for the Secretariat managed activities. However, the output of the Partners' individual work on these issues will be shared through the semi-annual Partner Progress Reports and discussed in PEFA Steering Committee meetings. Additionally, the PEFA Partners may call upon the Secretariat for advice in relation to these activities as agreed through the Steering Committee.

V.6 Estimated resource requirements

An itemized resource estimate is provided for the assumed five year duration of the Program's Phase IV (see Annex 5). Resources are related to the individual activities as far as this has been possible. Costing is provided separately for those inputs that partners are expected to provide to the PEFA Program in-kind and for those provided through contributions to the PEFA Trust Fund.

V.7 Financing

The total estimate of the Program's resource needs comes to USD 12,485,000 for the five year implementation period, including inputs in-kind provided by partners. The contributions to financing of this resource envelope by each of the partners will be

discussed and agreed prior to the commencement of phase IV and at least once during the phase IV implementation period.

V.8 Program results indicators and assumptions

The Results Framework (Annex 3) utilizes the logical framework approach and consequently identifies objectively identifiable indicators for each level of results and outputs, with an indication of the source of verification.

It also specifies the assumptions made at each level in the intervention logic, including partner support in pursuing the PEFA objectives as far as they are additional to the activities under the PEFA Program's seven components and funded from resources not made available to the Program.

V.9 Monitoring and evaluation of achievement of program results

Towards the end of Phase IV, a comprehensive and independent evaluation will take stock of the achievement of the planned results of the Program under this phase i.e. a follow up to the independent evaluation completed in 2011.

In the interim, the gradual progress towards the Program's results targets will be monitored and reported on as part of the secretariat's annual progress reports, in standard format, as well as the secretariat's periodic monitoring reports which each will explore a particular aspect of the results in depth. This corresponds to the monitoring systems established during phase III.

VI. PROGRAM GOVERNANCE ARRANGEMENTS

VI.1 Governance structure

Management of the PEFA Program's Phase IV builds on the governance arrangements in place during Phase III and the administrative arrangements which have evolved during that phase.

PEFA is a partnership program established in October 2001. Its partners ("Partners" or "PEFA Partners") currently are

- the European Commission (represented by EuropeAid),
- the French Ministry of Foreign Affairs,
- the International Monetary Fund (represented by the Fiscal Affairs Department),
- the Norwegian Ministry of Foreign Affairs,
- the Swiss State Secretariat for Economic Affairs,
- the UK Department for International Development,
- the World Bank (represented by the PREM and OPCS Vice-Presidencies).

The PEFA Partners jointly establish the objectives and scope of the PEFA Program, define the content of the PEFA brand and criteria for its use, provide institutional support for its implementation and mobilize the necessary resources for its activities.

The PEFA Program is managed and implemented through a structure involving the PEFA Steering Committee, which directs and monitors the PEFA Program, the PEFA Secretariat, which implements the program's activities, and the Trustee which is the World Bank. The structure and responsibilities of these aspects are described below.

The PEFA Program works in close collaboration with the Public Financial Management group under the OECD-DAC Aid Effectiveness Agenda, or equivalent successor.

In recognition of the PEFA Framework evolving into a global public good, the PEFA Program includes an open forum on PEFA approximately once a year to which all potentially interested parties are invited. In addition, the demand for establishing a Stakeholder Support Network will be explored for the purpose of enabling organizations other than the PEFA Partners to formally support the PEFA initiative and forge links for regular exchange of information through official contacts.

VI.2 PEFA Steering Committee

Membership:

- The Steering Committee comprises representatives from each of the Partners.
- Each Partner identifies up to three members of the Steering Committee ('Members') and additionally one alternate per Member (which may be the same

for one or more Members) ('Alternates'), and ensures that its Members and Alternates are duly authorized and provide a comprehensive and balanced perspective on PEFA related issues.

- Other representatives of Partners may attend Steering Committee meetings as observers.
- The Chair of the Steering Committee rotates among the Partners approximately every six months in accordance with the schedule of ordinary Steering Committee meetings.
- The Steering Committee is chaired by the Partner who hosted the most recent, ordinary Steering Committee meeting, until two months before the following ordinary Steering Committee meeting is scheduled, at which time the hosting Partner of the following ordinary meeting will assume the chair.

Responsibilities:

The Steering Committee's responsibilities are to:

- approve the objectives, targets, and scope of activities for the PEFA Program, including any changes to Phase IV during implementation and preparations for the continuation or exit after Phase IV;
- mobilize the resources necessary to implement the PEFA Program;
- decide on operational strategies and procedures for the Program's activities;
- approve the annual work plans and budgets for the PEFA Program covering the PEFA trust fund, in-kind contributions including seconded staff, and complementary support from Partners. Approval of the budget is given at the level of the program component⁷, as specified in the work plans and budgets submitted by the Secretariat. Within the total funds allocated to a program component, the PEFA Secretariat has the flexibility to reallocate between inputs;
- review implementation of the PEFA Program, including through consideration of the PEFA Secretariat's progress and budget execution reports, Partners' individual progress reports, the Secretariat's monitoring reports as well as periodic studies and independent evaluations;
- decide the criteria for use of the PEFA brand name;
- approve terms of reference for the Chair of the Steering Committee and for the Public Expenditure Working Group;

⁷ As defined in section V.4 above

- decide if and when any addition of Partners is desirable, and the membership criteria that may apply;

Consistent with the partnership aspects of the PEFA collaboration, Members undertake to keep each other informed on relevant progress, in particular by providing information to other Members based on procedures agreed by the Steering Committee related to:

- Upstream planning of all PFM analytical work
- Implementation of PEFA assessments, whether led, financed or otherwise supported by the Partner
- Publication of PEFA assessment reports, when in the lead
- Internal use of PEFA assessment reports (general policy and procedures, aid considerations, inputs to other processes etc)
- Training planned and undertaken on the PEFA Framework and the Strengthened Approach
- The development and use of any other analytical/diagnostic tools related to PFM issues
- Development and use of methodological approaches to support countries' PFM reforms
- Lessons emerging from PEFA and other PFM activities as regards the first two dimensions of the Strengthened Approach, and dissemination of these lessons within their institution
- Planning of and findings from review/evaluation of Partners' strategies, programs and projects with the purpose of supporting PFM systems improvement at country, regional and global levels.

The Steering Committee does not have responsibility for or purview over the operations of any of the Partners.

Meeting schedule:

- Ordinary Steering Committee meetings take place regularly, typically twice a year.
- Each ordinary meeting is hosted by one of the Partners on a rotational basis.
- The meeting is normally chaired by the host Partner.
- At the end of each meeting, the Steering Committee agrees on the host, location, and tentative timing of the next meeting.
- Meetings of the Steering Committee may also take place, from time-to-time, via video and audio-conference.

- Between meetings, on-going consultation and coordination among the Partners and with the Secretariat takes place.

Decision making:

- Decisions are reached through consensus by the Partners during the Steering Committee's meetings or via email correspondence. Consensus during a meeting means no objection to agreement, but does not preclude the ability to dissent on the record without objecting.
- For decisions that are made via email, a proposal is sent by the Secretariat or the Chair to all Members and all Alternates (as identified in the current list maintained by the Secretariat) with a reasonable time period specified for comment, considering the decision to be made. If a Member or Alternate does not reply or request an extension within that specified time period, the Partner's agreement is deemed to have been given. For decisions via email, consensus occurs when no Member or Alternate objects to a decision within the specified time, as recorded in writing by the Secretariat.

Public Expenditure Working Group ('PEWG'):

- The PEWG is a sub-committee of the Steering Committee for the purpose of technical development and maintenance of the PEFA Framework.
- The PEWG comprises technical representatives from the World Bank and the IMF as its members. The PEWG includes the PEFA Secretariat, which – in addition to inputs from its technical staff - is responsible for the provision of resources for the PEWG's tasks in accordance with the PEFA Program's annual work plans and budgets approved by the Steering Committee. Other participants may be included as required for the tasks at hand, and with respect to specific interests of other Partners in any part of the PEWG's work.
- The Chair of the PEWG is decided by the members of the PEWG.
- The PEWG acts under terms of reference approved by the Steering Committee.

VI.3 PEFA Secretariat

The PEFA Secretariat plans and implements the core of the PEFA Program. It comprises a Head, a number of technical experts and administrative support staff.

Responsibilities:

- providing secretarial support to the Steering Committee;
- proposing operational strategies and procedures for Steering Committee approval;
- proposing for Steering Committee approval and implementing the annual PEFA work plan and budget;

- undertaking the custodial role of the PEFA brand;
- providing agreed services to the Partner organizations and to other stakeholders as agreed by Program procedures;
- consulting and coordinating with the Partners and other stakeholders on PEFA activities as and when required;
- managing utilization of the resources of the PEFA Program;
- reporting to the Steering Committee on progress in implementing the annual work plans and budgets through the progress and budget execution reports, as well as progress against results targets through periodic monitoring reports and special studies;
- representing PEFA externally, in consultation with the Steering Committee Chair as relevant.

Staffing:

- The PEFA Secretariat is managed by the Head of Secretariat. The Head of Secretariat is also the secretary to the Steering Committee and attends Committee meetings as an observer. S/he prepares and presents on all issues concerning planning and implementation of the PEFA Program for Steering Committee discussion and decision.
- The Head of Secretariat is answerable to the World Bank's Director for Public Sector Governance through the Sector Manager of PRMPS.
- The Head of Secretariat or another eligible Bank staff member is the Task Team Leader (TTL) for the PEFA trust fund.
- S/he coordinates the Secretariat's activities, proposes staff composition and allocates tasks to staff members in consultation with the staff.
- The number of staff of the Secretariat remains limited to what is necessary for effective and efficient implementation of the PEFA Program's activities. The staff resources are supplemented by consultants for discrete tasks and to assist the Secretariat in coping with fluctuations in services.
- The PEFA Secretariat functions are managed in accordance with World Bank policies and procedures, jointly by the Head of Secretariat and the Sector Manager of PRMPS, including with respect to recruitment, appointment, remuneration, leave, travel, performance evaluation, promotion and termination.
- The PEFA Secretariat's staff are staff of the World Bank. PEFA Secretariat staff may be appointed through the World Bank's Staff Exchange Program or Secondment Program, All staff of the PEFA Secretariat are funded by the PEFA

trust fund, except for seconded staff for which the seconding partner bears the associated staff costs.

Location and legal status:

- The PEFA Secretariat is located in and administered by the World Bank, Washington DC.
- It legally operates as a part of the World Bank, thus having no separate legal identity and thereby complying with the World Bank's policies and procedures.
- It is fully funded by the resources of the PEFA Program.
- The Secretariat and its staff externally represent the 'PEFA Program' and shall present, brand, register and display themselves as such, as long as this does not contravene their legal obligations as part of the World Bank Group, including with respect to their status as World Bank staff.

VI.4 World Bank Management Role

- The PEFA Secretariat is attached to the Public Sector Governance Anchor (PRMPS) under the PREM Vice-Presidency.
- The World Bank is the trustee of the PEFA trust fund.
- The World Bank will appoint a member of its staff to be responsible for overseeing that the management of the resources of the PEFA Secretariat conforms to World Bank policies and procedures.
- The Bank will allocate adequate office space for the Secretariat, including usual office equipment and related services, as well as standard human resources services. The cost of those facilities and services will be recovered through the PEFA trust fund in accordance with the World Bank's cost recovery policy.

VI.5 Program Resources

Nature of resources:

The resources for PEFA are provided by the Partners and may take the form of

- financial contributions to the PEFA trust fund administered by the World Bank and any interest earned thereon, under administration agreements between the World Bank and each donor;
- in-kind contributions, such as staff seconded or consultants contracted directly by individual Partners in support of the PEFA Program as agreed with the Secretariat;
- complementary support provided by technical inputs of PEFA partner staff;

These resources will be included in the annual work plan and budget proposals and reflected in the progress and budget execution reports.

A PEFA multi-donor trust fund will be established by the World Bank as Trustee for the purpose of receiving and utilizing financial contributions from the Partners for the PEFA Program.

Annexes

ANNEX 1 - PEFA PROGRAM OBJECTIVES AND ACHIEVEMENTS 2001-2012

Table 1.a - PEFA Program Phase I

Phase I - December 2001 to March 2006	
Objectives	Accomplishments
<p>1) Development of an integrated, coordinated and country-led approach to supporting diagnosis and reform of PFM systems, taking greater account of institutional and governance factors and of capacity.</p> <p>2) Integrated, collaborative diagnostic assessments and action planning undertaken in a number of selected countries</p> <p>3) The development of a standard set of performance indicators for public financial management.</p> <p>4) Consultation and dissemination of these approaches and indicators through various workshops, conferences and the PEFA website.</p>	<p>i. Improved understanding and collaboration between the PEFA partners on the PFM agenda, chiefly through the regular Steering Committee meetings.</p> <p>ii. Support for the development of Strengthened Approach to Supporting PFM Reform, which emphasizes country leadership of the reform agenda, donor alignment and harmonization, and monitoring of results, partly drawing on the 2003 PEFA report documenting the coverage and overlap of existing instruments and identifying some examples of better practice.</p> <p>iii. The development of the PFM Performance Measurement Framework, to provide a common pool of information for assessment and monitoring of progress in PFM performance.</p> <p>iv. Support for the application of the Framework, since its issue in June 2005, through</p> <ul style="list-style-type: none"> • Provision of technical guidance/interpretation in response to queries and via website. • Peer review of plans and draft reports on demand, and briefing of several government/donor teams via videoconference. • Two multi-donor training events on the Strengthened Approach and Performance Measurement Framework, training of Bank staff at the Fiduciary Forum, and posting of a set of generic training materials on the website. <p>v. PEFA funding for country-led, integrated, coordinated approaches to undertaking PFM assessment and/or development of action plans in 15 countries. The funding of country activities commenced in October 2002, and finished in June 2005. The Secretariat also provided technical support in several countries/states, notably Madagascar and Andhra Pradesh.</p> <p>vi. Strong collaboration and buy-in from the wider donor community for the work of the PEFA program, principally through collaboration with the OECD-DAC Joint Venture (JV) on PFM.</p> <p>vii. Initial work on capacity development, sequencing, institutional and change management dimensions of PFM reform (Platform Approach)</p> <p>An evaluation of the PEFA program was undertaken by three independent consultants in February-March 2004. The evaluation commended the progress made towards achievements i, ii, and iii at that stage, and encouraged the timely completion and issue of the Framework as a priority.</p>

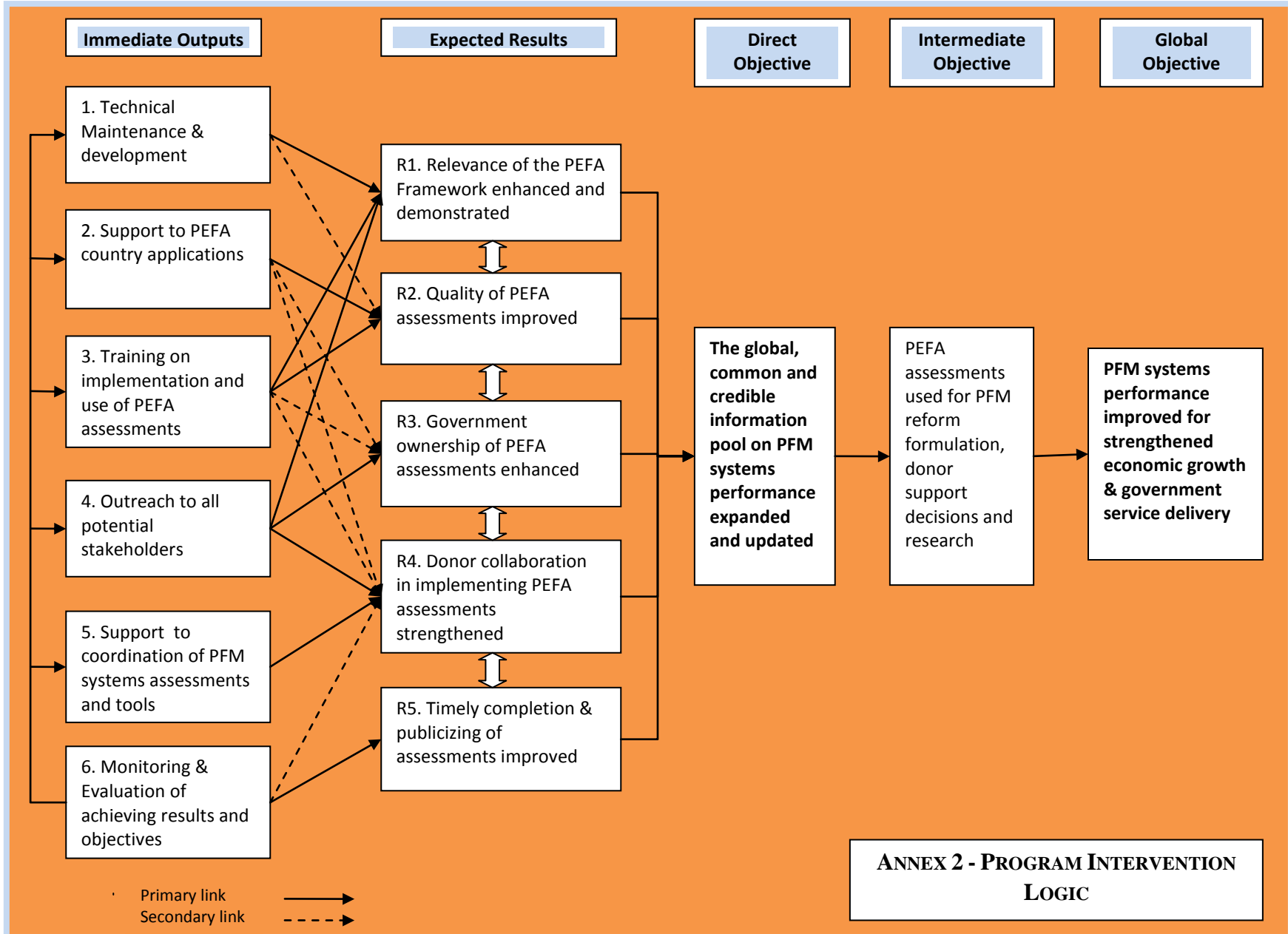
Table 1.b
PEFA Program - Phase II

Phase II - April 2006 to September 2008	
Objectives	Accomplishments
<p>Monitor and support the application of the PFM PMF in order to facilitate consistency, credibility and sharing of good practices.</p>	<p>Monitoring: Development of a comprehensive system of monitoring planning, implementation and quality of PEFA assessments. Lists of planned, ongoing and completed assessments updated every four months and disseminated; Periodic monitoring reports issued: Early experience report 2006, Monitoring Report 2007 and Impact Assessment Study 2007;</p> <p>Technical quality reviews: Provided on about 75% of all reports (some 3 reviews per month) plus on ICM/TOR for a smaller proportion of assessments;</p> <p>Provision of central reference: Advice being given on request to assessment managers and assessors; clarifications issued regularly; support tools prepared and issued;</p> <p>Fine-tuning of the PMF: Revision of selected indicators currently under consideration;</p> <p>Dissemination and training: A major training effort has been embarked upon but needs to be continued (approximately 10 courses per year). Development of a Training and Dissemination Strategy, which includes the objective to create capacity outside the Program to undertake future user-level training on the Framework.</p> <p>Lesson learning: Notes on good practices for assessment planning and implementation; Work initiated on PFM performance trends and relation to country characteristics; Advice provided to developers of drill-down tools.</p>

Table 1.c
PEFA Program - Phase III

Phase III – October 2008 to June 2012	
Objectives	Accomplishments⁸ as per the program's six results areas
<p>1) Enhanced country ownership of PFM reform programs.</p> <p>2) Improved alignment and coordination of donor support to country PFM reform programs.</p> <p>3) A common credible information pool on PFM performance created in all LICs and most MICs</p>	<p>Global roll-out of the Framework: Some 245 PEFA assessment report substantially complete or final, covering 126 countries. About 90% of LICs and 75% of MICs have PEFA experience when including ongoing/planned work. A rapidly growing number of applications at the sub-national level. 63 repeat assessments undertaken, with an average 3 years interval since baseline.</p> <p>Timely availability of PEFA assessments: Most assessments are completed within 12 months of mobilizing the assessment team. However, publication of final reports remains stagnant at 60-65%.</p> <p>Government ownership of assessments: 9 out of 11 governments covered by independent evaluation study have used PEFA assessments to take charge of their own PFM reform agenda. Government lead in assessment process steadily increasing but from a low base – often restricted by capacity issues.</p> <p>Quality of PEFA assessments: About 90% of assessments submitted to the Secretariat for review. Methodological compliance rate of final reports reached 90% in 2009. An increasing number of assessments re-submitted as revised for follow-up review. Quality review of concept notes/terms of reference by Secretariat increased to about 50% of assessments. Robustness of using PEFA indicator scores for tracking change over time tested.</p> <p>Donor collaboration in implementation of PEFA assessments: 13 donor agencies have taken the lead in PEFA assessment. Formal links established between agencies for implementation for about 50% of assessments. In addition to the government and the Secretariat the lead agency has obtained review comments from another development agency in 70% of assessments (FY10).</p> <p>PEFA assessments used by all stakeholders: Used for reform dialogue between governments and donors or internally by the government in most countries. All seven PEFA partners (and several other development agencies) use PEFA assessments as standard input to internal risk management and aid modality decisions. PEFA database used by occasional research on regional or global PFM systems improvement trends and challenges. Preliminary analysis suggesting that PFM systems are improving globally but at very different rates across functional areas.</p>

⁸ Phase III is still on-going and the accomplishments refer to the period till November 2011 including the most recent annual data covering FY11.



ANNEX 3 - PEFA PHASE IV – PROGRAM RESULTS FRAMEWORK

Objectives/ Outputs/ Inputs	Objectively Verifiable Indicators (OVI) and targets	Means of Verifying the OVI	External Factors (Assumptions)
Global Objective/Development goal:			
PFM system performance improved for strengthened economic growth and government service delivery	Target: general improvement identifiable in PFM systems performance by 2016 compared to pre-2012 baselines across at least 100 countries representing all regions and LIC/MIC segments.	Research undertaken by independent researchers, using PEFA database. PEFA Independent Evaluation (ref. activity 6.3)	<ul style="list-style-type: none"> - Governments implement PFM reform programs and receive external support as required. - Sufficient government capacity to lead reform formulation/implementation⁹ - Donors/IFIs implement Paris Declaration principles in area of PFM.¹⁰
Intermediate Objective			
PEFA assessments used for PFM reform formulation, donor support decisions and research	<p>IO.1: 80% of countries with PEFA assessment confirm assessments used in identifying PFM weaknesses, setting/reviewing reform priorities/sequencing and progress monitoring by both donors and governments (2011 Impact Study indicates 60% such use during phase III).</p> <p>IO.2: PEFA assessments used by at least 15 donor agencies/IFIs as a standard input to aid/support program decisions (2010 survey demonstrated use by the 7 PEFA partners).</p> <p>IO.3: PEFA assessment database used for comprehensive research on global trends and challenges in PFM systems improvement (qualitative indicator; based on evaluators' judgment of relevance and importance of research work undertaken).</p>	Independent Evaluation (ref. activity 6.3). PEFA Secretariat monitoring reports (ref. 6.2). Internet Search/Secretariat interaction with researchers.	<ul style="list-style-type: none"> - No competing PFM performance assessment framework is developed and promoted by donors/IFIs or international organizations. - Additional PEFA assessments in HICs/OECD countries demonstrate PFM systems performance in high capacity environments. - PFM Research funding available from sources outside the PEFA Program.

⁹ To be supported by activities outside the PEFA program (e.g. through public sector management and leadership development programs)

¹⁰ Included subsequent enhancements agreed in Accra and Busan. This assumption will be monitored within OECD-DAC's Working Party on Aid Effectiveness, its subsidiary bodies and consultative processes.

Direct Objective			
The global, common and credible information pool on PFM performance expanded and updated	DO.1: Countries with national baseline assessment increased from 121 (Sept 2011) to 136 (Sept 2016) DO.2: 80% of countries implement repeat assessments less than 5 years after previous assessment.	PEFA assessment status lists (ref. activity 6.1);	- Adequate funding of assessments provided by PEFA partners and other donors/IFIs.
<u>Expected Results:</u>	Objectively Verifiable Indicators / Targets	Means of Verifying the OVI	Assumptions
Result 1. Relevance of PEFA Framework enhanced and demonstrated	R1.1. Senior officials from government central finance agencies in LICs and MICs consider PEFA Framework useful for their work on improving PFM systems. R1.2. Senior PFM officials from donor agencies/IFIs consider PEFA Framework important for their work on supporting country improvement plans and for internal decisions on aid modalities. R1.3. Researchers consider the PEFA assessment database a core dataset for research on PFM systems	Independent Evaluation (ref. activity 6.3)	
Result 2. Quality of PEFA assessments improved	R2.1 Compliance with PEFA assessment methodology maintained as calculated by the secretariat (compliance & coverage indices maintained for final reports at 90%, coverage index for final CN/TOR increase from 80% FY12 to 90% FY15). R2.2 80% of final reports are awarded PEFA CHECK [process endorsement label] from FY15 onwards	PEFA secretariat monitoring reports (ref. 6.2)	Where the PEFA Framework is integrated into broader products, the report structure facilitates full justification of the PEFA indicator ratings.
Result 3. Government ownership of PEFA assessments enhanced	R3.1. Government led assessments comprise 20% of all assessment from 2013 onwards (up from 9% during 2005-2011). R3.2 Increasing number of multi-year programs for PFM diagnostics established by or agreed with the government (up from none identified by 2011 Impact Study)	Independent Evaluation (ref. 6.3) and Secretariat's monitoring reports (ref. 6.2)	Donors provide funding for training of government teams outside the PEFA program and allow time for government training and self-assessment well before start of external validation.
Result 4. Donor collaboration in implementing PEFA assessments strengthened	R4.1. Number of assessments reviewed by reviewer from at least one other donor agency (than the lead donor) increased from 70% in FY10 to 90% in FY14.	Independent Evaluation (ref. 6.3) Secretariat's monitoring	Donors/IFIs beyond PEFA partners support use of the Framework and coordinate

		reports (ref. 6.1 & 6.2)	other analytical work with PEFA assessments.
Result 5. Timely completion & publicizing of assessments improved	R5.1. 80% of PEFA assessment reports (substantially completed since January 2013) are finalized, made public and posted on website within 12 months of assessment team mobilization, with appropriate link to PEFA website. (<60% until Sept 2011)	Six-monthly list of assessments from Secretariat (ref. 6.1); lead-agency websites; Secretariat's periodic monitoring reports (ref. 6.2)	Where the PEFA Framework is integrated into wider products, the process and report structure facilitates timely completion of the PEFA assessment proper.
<i>PEFA Program outputs:</i>	<i>Output indicator / Program activity</i>	<i>Means of verification</i>	<i>Assumptions</i>
Output 1 - Technical Maintenance & Development	1.1 Update of Field Manual for assessors At least updated annually particularly as regards clarifications	PEFA website; Secretariat progress reports (ref. activity 7.4)	Initial Field Manual issued FY12 and well received by assessors
	1.2 Guidance materials enhanced/updated (updates on process management, repeat assessment, sub-national, sectors, cross-country comparison) (new note on writing the PFMPR summary assessment and section 4 on Government Reform Process)	PEFA website; Secretariat progress reports	
	1.3 Issue note on PEFA use for reform formulation Note issued FY13	PEFA website; Secretariat progress reports	IMF/EC reform sequencing guidance completed by FY12
	1.4 Issue notes on links between PEFA assessment and topics related to PFM (e.g. on transparency and corruption)	PEFA website; Secretariat progress reports	
	1.5 Comprehensive Revision of the PEFA Framework Revised Framework issued before end of 2014	PEFA website; Secretariat progress reports	
Output 2 - Support to PEFA country applications	2.1 Technical & process advice on request Timely advice provided for all requests on demand	Interviews with or survey of assessment task managers (as part of Independent Evaluation ref. 6.3)	
	2.2 Quality review services on request - Annual number of CN/TOR reviewed increased from 20 in FY11 to 35 in FY16. - Annual number of draft report reviews increased from 41 in FY11 to 55 in FY16 (by number of entities assessed). - Follow up review delivered to 80% of initial report reviews; 50% on CN/TOR.	Secretariat's detailed records and Secretariat progress reports	PEFA partners will encourage their task managers to seek secretariat support. Sub-national assessments continue at the recent rate of 25 assessments p.a. (to be closely monitored under act. 6.1 & 6.2)

	- Review comments delivered within 10 business days for 90% of reviews.		
	2.3 Process quality endorsement introduced Initiated July 2012; 80% of PEFA assessments awarded PEFA CHECK from FY15 onwards	Secretariat's detailed records and Secretariat progress reports	PEFA partners will encourage their task managers to seek secretariat support.
Output 3 – Training on implementation and use of PEFA assessments	3.1 Training materials updated and posted on website Provided in English, French and Spanish Updated annually for general use	PEFA website; Secretariat's progress reports; interviews with PEFA trainers and training institutions for Independent Evaluation (rf.6.3)	
	3.2 Support PEFA training by training institutions Timely provision of adequate advice, materials, Q&A sessions – exceptionally co-facilitate	Secretariat progress reports; Interviews with PEFA trainers and relevant training institutions for Independent Evaluation (ref. 6.3)	Training institutions seek inputs from the Secretariat.
	3.3 Support PEFA training events by partners Timely provision of adequate advice, materials, Q&A sessions – exceptionally (co-)facilitate	Secretariat progress reports; Interviews with PEFA and non-PEFA partners for Independent Evaluation (ref. 6.3)	Mainly implemented by PEFA and non-PEFA partners with limited input from Secretariat (covering own participation costs only).
	3.4 Organize/deliver PEFA training to fill training gaps Gaps defined by function, region or language	Secretariat progress reports;	
	3.5 Contribute PEFA modules for PFM courses developed by other institutions Inputs provided on request	Secretariat progress reports and Interviews with requesting organizations	PEFA secretariat invited to contribute
Output 4 - Outreach to all potential stakeholders	4.1 Maintain website and assessment portal	PEFA website; Secretariat's progress reports	Assessment portal launched in FY12
	4.2 Web-based bulk dissemination Newsflash or similar wide communication issued at least monthly	PEFA website; Secretariat's progress reports; Email records	
	4.3 Develop & distribute print material Provide PMF booklet in six languages – free of charge Update/re-design brochures annually – EN, FR, SP Material for open forum event - annually	Secretariat's progress reports; Interviews with PEFA stakeholders for Independent Evaluation (ref. 6.4)	
	4.4 Develop & maintain Community of PEFA Practice Effective web-based interaction with network of individual PEFA practitioners	Secretariat's progress reports; Web- entry records and feedback from registered	Sufficient interest among PFM practitioners; Adequate technology available

		users.	to accommodate active participants.
	4.5 Annual open PEFA Forum arranged	Secretariat Progress Reports/Event reports.	International PFM events for piggybacking identified and agreed with event organizer.
	4.6 PEFA Institutional Stakeholder Network explored and introduced PEFA officially supported by 25+ institutions by FY15	Secretariat's progress reports.	Sufficient interest among and incentives for donor agencies, country governments & others.
	4.7 Research on PEFA data supported	- Secretariat progress reports on data sharing, - data portal download records, - confidentiality agreements entered with researchers.	Sharing of data in the database will continue to be guided by the Program's sharing of data policy to include confidentiality agreements with researchers.
	4.8 Deliver presentations at international, regional or institutional events, as invited Ten events annually	Secretariat progress reports; Back-to-office reports.	Invitations received from PEFA and non-PEFA partners
Output 5 – Support to coordination of PFM systems assessments and tools	5.1 Contribute to the Aid Effectiveness Agenda on Effective Institutions	Program evaluation report; Secretariat progress reports.	Role of PEFA in the HLF Effective Institutions initiative to be defined
	5.2 Support to development of drill-down diagnostic tools and harmonization with other tools Advice only - provided on request	Secretariat progress reports.	Development of drill-down tools initiated, managed and funded outside PEFA program.
	5.3 Develop guidance on upstream coordination of PFM assessments Including piloting at country level	Secretariat progress reports. PEFA website.	Supported by DAC PFM Task Force or similar broad donor group
	5.4 Harmonization of information needed for fiduciary risk management Harmonization initiative supported	Secretariat progress reports; PEFA website.	Harmonization decided by DAC PFM Task Force or similar broad donor group
Output 6 - Monitoring & Evaluation	6.1 Issue semi-annual assessment status lists and reports, including on assessment publication List may include other PFM analytical work to the extent information is made available by partners.	Secretariat's progress reports, email circulation and PEFA website.	
	6.2 Monitoring reports on selected results areas At least 4 monitoring reports prepared	Published Monitoring Reports on PEFA website	
	6.3 Independent Program evaluation Undertaken in FY16	Published evaluation report and management response	

Component 7 - Program Management	7.1 Program funding secured in-kind and through trust fund	Administrative agreements with PEFA partners; trust fund records; Reports on in-kind support from partners.	Partners providing in-kind support establishes systems to record contribution to PEFA
	7.2 Annual work plans & budgets prepared and approved by SC	Communication with SC. Minutes of SC meetings	
	7.3 Management of program resources in accordance with approved plan/budget and WB procedures	Secretariat progress reports; Trust Fund accounts; WB internal audit records	
	7.4 Quarterly and annual reports submitted to SC	Progress reports and communication with SC.	
	7.5 Staff development needs defined and addressed	Secretariat progress reports; OPE records	Up to 5% of core secretariat staff time
	7.6 Program extension/exit strategy prepared as required	Minutes of SC meetings	Decision on program future taken by SC in December 2016
	7.7 Steering Committee meetings supported Ordinary SC meetings twice a year, and extra-ordinary meetings as needed.	Minutes of SC meetings	
<i>PEFA Program inputs:</i>	<i>Output indicator / Program activity</i>	<i>Means of verification</i>	<i>Assumptions</i>
Adequate financing provided	Overall Total Contributions USD 12,485,000 Including all estimates of in-kind and trust fund financed inputs as per Annex 5 below. Trust Fund contributions from each PEFA partner to be determined.	Secretariat progress reports Trust Fund records Partner reports	Funding commitments and disbursements made timely to ensure program contractual commitments in accordance with annual work plans without interruptions.

ANNEX 4 - DETAILED LINKS BETWEEN ACTIVITIES AND RESULTS

Program Results	1. Relevance of PEFA Framework enhanced and demonstrated	2. Quality of PEFA assessments improved	3. Government ownership of PEFA assessments enhanced	4. Donor collaboration in implementing PEFA assessments strengthened	5. Timely completion & publicizing of assessments improved
Output/Activity					
Output 1 - Technical Maintenance & development					
1.1 Update Field Manual for assessors	X	X			
1.2 Guidance materials enhanced/updated	X	X	X	X	X
1.3 Issue note on PEFA use for reform planning	X		X		
1.4 Issue notes on links between PEFA assessments and topics related to PFM	X	X			
1.5 Comprehensive Revision of the PEFA Framework	X	X			
Output 2 - Support to PEFA country applications					
2.1 Technical & process advice on request		X	X	X	
2.2 Quality review services on request		X	X	X	
2.3 Process quality endorsement introduced		X			
Output 3 – Training on implementation and use of PEFA assessments					
3.1 Training materials updated/posted on website	X	X	X	X	
3.2 Support PEFA training by training institutions	X	X	X		
3.3 Support PEFA training events by partners	X	X		X	
3.4 Organize/deliver PEFA training to fill training gaps	X	X	X	X	
3.5 Contribute PEFA modules for development	X	X	X	X	

of PFM courses by other institutions					
Output 4 – Outreach to all potential stakeholders					
4.1 Maintain website and assessment portal	X	X	X	X	
4.2 Web-based bulk dissemination	X	X	X	X	
4.3 Develop & distribute print material	X	X	X	X	
4.4 Develop & maintain Community of PEFA Practice	X	X	X	X	X
4.5 Annual open PEFA Forum arranged	X		X	X	X
4.6 PEFA Institutional Stakeholder Network explored introduced	X		X	X	
4.7 Research on PEFA data supported	X				
4.8 Deliver presentations at international, regional or institutional events, as invited	X		X	X	X
Output 5 – Support to coordination of PFM systems assessments and tools					
5.1 Contribute to the Aid Effectiveness Agenda on Effective Institutions	X		X	X	X
5.2 Support to development of drill-down diagnostic tools and harmonization with other tools	X			X	
5.3 Develop guidance on upstream coordination of PFM assessments			X	X	
5.4 Harmonization of information needed for				X	

fiduciary risk management					
Output 6 - Monitoring & Evaluation					
6.1 Issue semi-annual status lists and reports, including on assessment publication				X	X
6.2 Monitoring reports on selected results areas, incl. Phase III completion report		(X)	(X)	(X)	(X)
6.3 Independent Program evaluation	(X)	(X)	(X)	(X)	(X)

X - indicating link from activity to result, (X) indirect link via another output

ANNEX 5 – PROGRAM INPUTS AND RESOURCE COSTING




























<i>PEFA program inputs:</i>	<i>Nature of inputs</i>	<i>Costs in USD¹¹</i>	<i>Assumptions</i>
RESOURCES PROVIDED IN-KIND:			
PEFA partners	Inputs required for SC meetings, SC review of secretariat outputs and activities which may be directly implemented by the partners.	Not costed, In-kind	All partners contribute; Extra-program activities financed directly by PEFA partners
PEWG other than Secretariat	Members from WB network anchor units and IMF/FAD divisions for activities under output #1 (400 staff days @ USD 1000 per day).	400,000 In-kind	Financed directly by WB and IMF budgets
WB supervision and resource management of Secretariat	Management staff input provided by WB/PRMPS (50 staff days p.a. @ USD 1000 per day) Website maintenance costs @ USD 6000 p.a.	250,000 in-kind 30,000 in-kind	Financed directly by WB budget
Staff secondment to Secretariat	1 PFM specialist for 5 years	1,500,000 in-kind	One core PFM staff on secondment from France for which office accommodation is provided from WB budget
Total Program resources in-kind		2,180,000	
TRUST FUND FINANCED RESOURCES:			
Core Secretariat staffing	4 PFM specialists including Head of Secretariat (5 years) 1 M&E officer (5 years) 1 Administrative officer (5 years) PFM specialists average USD 200,000 p.a. including benefits and office accommodation Others average USD 100,000 p.a.	5,000,000	
Short term consultants	Output 1: Activity 1.6 (Framework revision): total 300 days; other activities: 30 days p.a.	2,028,500	

¹¹ Costs covers five years. Unit costs based on FY12 price levels plus 10% corresponding to increments/inflation of about 3.2% p.a. in average for FY13-FY17.

	<p>Output 2: Reviewers 180 days p.a. Output 3: Material updating and inputs to Secretariat-delivered training 20 days p.a. Output 4: Annual Forum speakers (20 days p.a.), website dataportal maintenance consultants (70 days total) Output 5: 100 days total Output 6: Monitoring reports (200 days total), independent evaluation (150 days) Total 2070 days (i.e. 2 full time equivalents for five years) @ USD 980 per day (gross/net average)</p>		
Workshops	<p>Workshops arranged entirely by PEFA Secretariat for Framework revision (2), PEFA training (1 p.a.) and Annual Forum (1 p.a.) 12 events @ USD 33,000</p>	396,000	Other PEFA events financed by PEFA partners outside the program or by other organizations
Travel	<p>Output 1 – Framework revision 7 trips total Output 2 – Secretariat staff 4 trips p.a. Output 3- Training events 6 trips per year Output 4- Annual forum 8 trips p.a. Other events 7 trips p.a. Output 5 – Aid Effectiveness 2 trips p.a., others: 9 trips total Output 6 – Monitoring reports 3 trips and independent evaluation 6 trips Output 7 - SC meetings, recruitment 3 trips p.a. Total 175 trips @ average USD 7,700 per trip</p>	1,347,500	
Office accommodation	<p>Office accommodation/Work facilities Short term-consultants @ total 100 days p.a. @ USD 150</p>	75,000	Financed ad hoc from Trust Fund
Office supplies and services including IT services and printing	<p>IT services, design services, stationery, equipment, VC facilities: USD 44,000 p.a. Printing USD 12,000 p.a. Translation services USD 44,000 p.a.</p>	500,000	
Subtotal for Trust Fund resources		9,347,000	
Contingency	5% input contingency of subtotal ¹²	467,000	
Trust Fund administration fee	5% of trust fund turnover (subtotal + contingency)	491,000	
Total for Trust Fund Financed Resources		10,305,000	

¹² A contingency is included to cater for unforeseen developments e.g. a number of sub-national PEFA assessments beyond the assumption for activity 2.2.

ANNEX 6 – TIMELINE OF MAJOR DISCRETE ACTIVITIES AND EVENTS

Calendar year	2012	2013	2014	2015	2016	2017
Phase IV Program Document approved						
Initial funding mobilized						
Phase IV operational						
Steering Committee meetings	 	 	 	 	 	
Open PEFA Forum						
PEFA Check operational						
Upgrade of PEFA Framework						
Monitoring Reports						
Independent Evaluation						
Decision on Future of PEFA						