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| **Template and instructions for the preparation of a PEFA assessment concept note or terms of reference** |
| *This generic template for preparing a concept note or terms of reference for a public expenditure and financial accountability (PEFA) assessment should be used as a guide only. The content of the concept note or terms of reference should be adapted as necessary to the needs of government or assessment sponsors. Guidance on content is provided in red. Do not include the red text in the final terms of reference.* |
| **PEFA assessment concept note** |
| 1. **Background and context** |
| *Under the subheadings below, describe the economic, fiscal, and political context for the PEFA assessment. Include information about population size, average income per capita, and other key characteristics of the nation or subnational entity.*  (Recommended length: no more than 500 words, plus table 1.) |
| **1.1 Economic performance** |
| *Briefly describe recent economic performance. Highlight the most important economic sectors and any recent events that have impacted on their performance (e.g., natural disasters, external economic shocks).* |

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| **1.2 Fiscal management** | | |
| *Briefly describe recent fiscal performance—including fiscal deficit and debt—and identify recent fiscal initiatives.*  *Complete table 1 for country fiscal data in the last two completed fiscal years (FY T refers to the last full fiscal year and FY T-1 refers to the year before FY T).* | | |
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| **Table 1. <Country> aggregate fiscal data, <T-1> to <T>** | | |
| **Element** | **FY T-1** | **FY T** |
| Total revenue |  |  |
| *– Own revenue* |  |  |
| *– Grants* |  |  |
| Total expenditure |  |  |
| *– Noninterest expenditure* |  |  |
| *– Interest expenditure* |  |  |
| Aggregate deficit (incl. grants) |  |  |
| Primary deficit |  |  |
| Net financing |  |  |
| *– External* |  |  |
| *– Domestic* |  |  |
|  |  |  |
| Public debt |  |  |
| Ratio of public debt to GDP |  |  |
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| **1.3 Governance and institutions** |
| *Briefly describe the main characteristics of the political system, including key institutions and how they are structured: the existence of a constitution and when it was established; the overall political structure (confederation, federation, unitary state, etc.); features of the legislature, and how legislators gain seats (e.g., by direct/indirect election, by executive appointment); the existence and powers of state audits; the basis of government and its main powers and authority; and the relationship of the executive to the judiciary.* |

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| 1. **History of public financial management (PFM) reform** |
| *Under the subheadings below, outline the recent history of PFM reform, including all previous PEFA assessments, other PFM diagnostics, PFM reform initiatives and what they have achieved to date, international cooperation activities, and PFM reform monitoring and evaluation arrangements.*  (Recommended length: no more than 500 words.) |
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| **2.1 Previous PEFA assessment(s) and other PFM diagnostics** |
| *Briefly describe the timing and scope of any previous PEFA assessment(s) and other PFM diagnostics, and summarize their main findings. For example, which years did the assessments cover, and what were the main strengths and weaknesses they identified?* |

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| **2.2 PFM reform initiatives** |
| *Briefly describe the history of PFM reform and its current status (e.g., PFM action plans), identifying the main areas of emphasis (e.g., tax administration, cash management, procurement). Include information on recent and ongoing activities, and the monitoring arrangements of the government and development partners. Identify the nature of any international cooperation and support initiatives (e.g., from the International Monetary Fund, IMF), such as those involving budget support, technical assistance and sector support.* |
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| 1. **Purpose, scope, and coverage of the assessment**   *Under the subheadings below, explain the reasons for the assessment and how it relates to the PFM and public sector reform agenda of the national or subnational government.*  (Recommended length: no more than 500 words, plus table 2.) |
| **3.1 Purpose** |
| *Briefly state the purpose of the assessment, within the context described above. Describe how results will be used to inform dialogue on PFM, and the development and implementation of PFM reform initiatives going forward.* |
| **3.2 Scope and coverage** |
| *Specify which part of the public sector will be covered by the assessment. Typically, this will be the central government, except where PEFA indicators specifically refer to a smaller or wider range, such as the budgetary units of the central government or government at all levels.*  *For subnational government assessments, the official name of the jurisdiction covered is required. If the assessment covers multiple subnational governments, then the method of their selection should be explained.*  *Complete table 2 with details on the units within the scope of the assessment. Include up to 10 main budgetary units such as ministries, departments, or agencies. In addition, the main extrabudgetary units or groups and public corporations should be included where they constitute a significant share of the government expenditure covered by the assessment.* |

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| **3.3 Time period for assessing performance** | | |
| *The CN should explain the time periods for the assessment and state the proposed cut-off date for data measurement.*  *The cut-off date is the last date for which data included in the assessment was considered. This is crucial for identifying the “last completed fiscal year” referred to in many dimensions and the critical date for consideration of circumstances applying “at the time of the assessment”, which is*  *relevant to other dimensions.* | | |
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| **Table 2. Main units of government to be covered by the assessment** | | |
| **Budgetary units** (such as ministries, departments, or agencies) | **Extrabudgetary units** | **Public corporations\*** |
| Example: | Example: | Example: |
| Office of the President | Health authority | Water corporation |
| Office of the Prime Minister | Civil aviation authority | Ports authority |
| Ministry of Finance | Universities | Electricity corporation |
| Ministry of Education | Technical colleges | Investment bank |
| Ministry of Health | Tourist board |  |
|  | Social insurance fund |  |
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| *\* Only include institutional units within the scope of the assessment. For assessments of subnational governments, such units would be only those owned and controlled at the subnational level.* | | |
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| 1. **Managing the PEFA assessment** | |
| *Under the subheadings below, describe the stakeholders and the extent of their involvement in overseeing the assessment. Include information on team composition, with as much detail as available on names, positions, and respective organizations’ areas of expertise. Also include information on the estimated budget.*  (Recommended length: no more than 500 words, plus tables.) | |
| **4.1 Management and oversight** | |
| *List the stakeholders involved in the management and oversight of the assessment, and identify their roles. Stakeholders will include:*   * *The agency leading the assessment, and its team members* * *Involvement of government in the assessment* * *Development partners and their representatives or agents*   *Complete table 3 for the management and oversight team.*  *Identify other stakeholders involved in management and oversight, such as the supreme audit institution, legislature, anticorruption agency, independent procurement agency, chamber of commerce, and civil society organizations.* | |
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| **Table 3. Management and oversight team** | |
| **Organization name** | **Team member details** |
| Government representative 1 (chair) | Name and position of representative |
| Government representative 2 | Name and position of representative |
| Development partner 1 | Name and position of representative |
| Development partner 2, etc. | Name and position of representative |
| Other | Name and position |
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| **4.2 Assessment team: composition and inputs** | | | | | |
| *Describe the staff and consultants proposed for the assessment team, i.e. the team that will be performing the assessment, as well as the relevant areas of expertise required, including technical skills, languages, and local knowledge. Explain how the assessment team will be managed, and its relationship to the assessment management and oversight team.*  *Complete table 4, which summarizes inputs from the assessment team.* | | | | | |
| **Table 4. Assessment team’s input to the PEFA assessment** | | | | | |
| **Team member** | **Organization** | **Area of expertise** | **Preparatory work (no. of days)** | **Field work**  **(no. of days)** | **Post­–field work (no. of days)** |
| Team leader:  Name (where known) | Example:  Consultants Ltd. | Example:  Fiscal strategy and budgeting | Example:  10 | Example:  25 | Example:  30 |
| Expert 1:  Name (where known) | Pefalia Revenue Administration | Revenue management | 3 | 3 | 3 |
| Expert 2:  Name (where known) | Pefalia Ministry of Finance | Expenditure management and reporting | 5 | 20 | 10 |
| Expert 3:  Name (where known) | Consultants Ltd. | Public sector audit and financial control | 3 | 5 | 5 |
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| **4.3 Resources** | |
| *Specify the budget and funding arrangements. Information will include the number of assessors; person-days; and costs of travel and related expenses, translation and interpretation, and printing and copying, etc. Expenses may be separated by source of funds or participating entity.*  *Complete table 5 with detailed information on the estimated resources by category. If the terms of reference are being prepared as the basis of a request for proposal (RFP) for contract assessors, this table may be circulated to appropriate stakeholders as a separate document.* | |
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| **Table 5. Resources required for PEFA assessment** | |
| **Budget item** | **Resources required** |
| **Assessment team** |  |
| Consultant fees (#consultants x #days) | $ |
| Staff costs (#staff x #days) | $ |
| Travel costs (#days, #trips) | $ |
| Accommodation (#days) | $ |
| Per diem (#days) | $ |
| Training facilities hire (#days) | $ |
| Catering (people x unit price) | $ |
| Other incidental costs (translation, photocopying etc.) | $ |
| **Total** | $ |
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| 1. **Approach and methodology** |
| *Under the subheadings below, summarize how the assessment will be performed, including the methodology to be applied, main references and sources of information, deliverables and time frame, report structure, quality assurance arrangements, and consultation, reporting and next steps.*  (Recommended length: no more than 1,000 words, plus table.) |
| **5.1 Methodology and information requirements** |
| ***Methodology***  *State that the assessment will apply the PEFA 2016 methodology. Briefly describe whether all indicators and dimensions of PEFA 2016 are to be used, and if not, explain why.*  *For example, an indicator may not be relevant where there are no intergovernmental transfers. If the indicator is not used because it would duplicate related work using other diagnostic tools, this section should explain how the findings from other work will be reflected in the PEFA analysis and report. This section should also indicate when additional indicators are used, such as HLG-1 for transfers to subnational government, or drill-down or add-on indicators (complementing the information on purpose, scope and coverage in section 3).*  *Describe any arrangements to coordinate the assessment with any other related PFM work or development partner operations.*  *This subsection should refer to the PEFA 2016 guidance documents relevant to the assessment, which are available from the PEFA website:* [*www.pefa.org*](http://www.pefa.org)*. The methodology for any additional indicators or analysis to be undertaken as part of the assessment should also be referenced.* |

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| ***Data collection***  *Identify any key references for the assessment (such as previous PEFA reports) or other studies by development partners (such as World Bank public expenditure reviews, IMF fiscal transparency evaluations, Article IV or other analytical reports, donor assessments, government evaluations, and research studies). The main sources of information within the country should be identified, such as the ministry of finance, revenue administration, state audit department, ministry for economic affairs, office of the president, selected line ministries, chambers of commerce, and taxpayers’ associations.*  *Describe the approach to data collection, such as the preparation of the team and counterparts, anticipated data requests, awareness-raising and training workshops, and the nature and extent of in-country data collection (e.g., expected meetings required, accessibility of nonpublic data, and coordination with government officials). Any known challenges or information gaps should be highlighted, and the approach to resolving these challenges should be outlined.* |
| ***Main deliverables***  *Complete table 6 setting out the details of all major activities, deliverables and key dates should be included. It should identify the key stages, what needs to be completed or delivered, and the expected date for commencement and completion.*  *The deliverables should include as a minimum (i) a a draft CN/ToR and final CN/ToR which takes into consideration comments on the draft CN/ToR and (ii) a draft report and a final report which takes into consideration comments on the draft report.*  *Other deliverables as determined by the government and other stakeholders, such as an inception report, training and workshop materials, presentations, templates and data sets should be included together with a timetable.* |
| ***Successive assessments***  *If this a successive assessment explain the arrangements for tracking progress from previous assessments.*  *If progress will not be tracked from the previous assessment, briefly explain why. The CN/ToR should describe the approach to data collection, such as preparation for the team and counterparts, anticipated data requests, awareness-raising and training workshops, the nature and extent of in-country data collection such as expected meetings required, accessibility of nonpublic data, and coordination with government officials. Any known challenges or information gaps should be highlighted and the approach to resolving the challenges should be outlined.* |
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| **Table 6. PEFA assessment implementation schedule** | | |
| **Task** | **Deliverable** | **Date(s)** |
| **Preparatory work** | | |
| * Establishment of the stakeholder oversight team | Team confirmation | Insert date(s) |
| * Finalization of the concept note/terms of reference | Concept note | Insert date(s) |
| * Coordination with governments and stakeholders (including meeting and workshop schedule) | Agreed work schedule | Insert date(s) |
| * Initial data request | Data request issued to responsible units | Insert date(s) |
| * Workshop preparation | Workshop materials in required language(s) | Insert date(s) |
| **Field work** | | |
| * PEFA methodology workshop | Workshop delivery | Insert date(s) |
| * Data collection and interviews | All necessary data obtained | Insert date(s) |
| * Preparation of draft report by assessment team | Draft report | Insert date(s) |
| * Presentation of draft report and initial findings to authorities | Presentation initial findings | Insert date(s) |
| **Post­–field work** | | |
| * Review of comments and further drafting of report | Comments recorded and considered, draft revised | Insert date(s) |
| * Presentation of final report to authorities | Final report | Insert date(s) |
| * Publication of final report | Publication | Insert date(s) |
| **Planned post­–PEFA assessment activity (not part of the scope of the concept note/terms of reference)** | | |
| * PFM reform dialogue based on PEFA assessment findings | Briefing on the relevance of PEFA to government policy priorities | Insert date(s) |
| * Development of a PFM action plan or reform program | PFM action plan | Insert date(s) |
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| **5.2 Structure of the PEFA Report** |
| *Describe the proposed structure and format of the PEFA report, including annexes. Indicate whether the report follows the approved format set out in the PEFA 2016 framework document and highlight any additional content or other adjustments.*  *Specify who will be the principal recipient of the final report, noting that the government will be the owner of the final product.*  *Note whether the report will be published and, if not, an explanation of why not.*  *Arrangements for publication and dissemination of the report should also be included here.* |
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| **5.3 Quality Assurance** |
| *Describe the proposed approach for disseminating and reviewing the quality of the draft CN/ToRs and draft and final PEFA reports.*  *Summarize the process being followed to attain the PEFA check including proposed reviewers and indicative timeline.*  *Note: For the PEFA Check a minimum of four reviewers from different organizations is required. One of the reviewers must be the government and one reviewer must be the PEFA Secretariat. Other reviewers may include other stakeholders including development partners and civil society organizations.* |
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| **5.4 PEFA assessment findings and PFM reform** |
| *Describe arrangements for discussion of the findings and policy implications of the draft and final reports within government.*  *Explain the proposed process for linking the findings with a PFM reform dialogue to address policy development, prioritization and monitoring.*  *Identify the main stakeholders for such a dialogue.* |