

Public Expenditure Review (PER) - World Bank



Objective and features

1. Objective

The objectives of the PER are to

- strengthen budget analysis and processes to achieve a better focus on growth and poverty reduction;
- assess public expenditure policies and programs and provide governments with an external review of their policies; and
- address the incentives and institutions needed to improve the efficacy of public spending in major sectors such as health and education, or issues such as civil service reform, fiscal decentralization, and service delivery.

2. Institutional coverage

National and subnational governments and sectors.

3. Technical coverage

PERs involve an assessment of PFM institution effectiveness across the sector in areas of (1) the legal framework, (2) budget planning and preparation, (3) budget execution and reporting, and (4) compliance and review.

Reviews focus on fiscal discipline and allocation of resources consistent with policy priorities and less so on downstream PFM elements. PERs also provide an analysis of the institutional context of PFM, including the process of budgetary decision-making and differences between formal and informal practices.

PERs rarely consider PFM issues in depth; typically, they are more concerned with issues of expenditure, the value for money of sector policy choices, and overall outcomes. PERs may consider the flow of funds through the sector, but broader issues related to a PFM institution are not usually a particular focus of these studies.

4. Application method

Custodian.

Methodology



5. Methodology

PER approach depends on its objectives and may involve a mix of qualitative and quantitative methods to assess the efficiency and effectiveness in public spending. The core PER guidance (1996) sets out some common elements of a PER approach which, in practice, are amended or adapted to areas of specific concern. Common characteristics of PERs are (1) comparisons over time to assess relative change in sector spending and outcomes, and (2) comparisons between similar countries to benchmark performance against comparators. PERs provide recommendations.

6. Benchmarking system

Narrative evaluation.

7. Linkage to PEFA framework

The PER's analyses of expenditure management systems are arranged in relation to the same three main budgetary outcomes as a PEFA assessment. The PFM diagnostic questions of the PER largely correspond to the PEFA framework.

8. Complementarity with PEFA framework

PERs complement PEFA by providing an analysis of expenditure policy and operational effectiveness in addition to some overlap with PEFA framework on expenditure management systems.

Development and use



9. Development and coordination

A WB Discussion Paper from May 1996 refers to PER dating back to 1957. The same paper notes the increased application of the tool since 1980s. The Public Sector Governance Board is responsible for the overall direction of development of PERs; however, there is considerable flexibility given to the WB country and sector managers in the product offered to client countries.

10. Assessment management

Considering the flexible scope and variability in the coverage of PERs, management arrangements differ in terms of complexity. A number of data constraints and lack of guidance on the selection of appropriate tools and techniques imply that the analytical topics and ambitions exceed what is realistic, or, on the other hand, that the analysis and conclusions are not fully unfolded in the PER due to poor and insufficient utilization of techniques and actual data. To address these points, WB has developed a guidance note to standardize the application of PERs by applying the efficiency, effectiveness, and equity lenses, by using BOOST standard tables, and tools and techniques well adapted to analytical purposes. The note introduces an iterative process as part of the PER identification, between the analytical questions/topics on the one hand, and techniques, tools, and BOOST expenditure standard tables on the other hand, to give the PER teams clarity on the realistic analytical breadth and depth in the PER.

Custodian, internal quality assurance arrangements apply. Country directors and Poverty Reduction and Economic Management (PREM) sector managers in the WB regions are responsible for the quality of individual PERs. Task managers must make provision for quality assurance, including peer reviews, when planning PERs.

11. Uses by the government and members of the PFM community

PERs are used to guide the WB's approach to public expenditure Country Assistance Strategy (CAS), as background to economic and sector work (ESW), and to inform the Board of a country's fiscal policy and processes. PERs are also used by governments in determining whether budgetary allocations reflect the policy priorities specified in medium-term expenditure frameworks and long-term plans, and in identifying ways to improve existing medium-term plans or long-term plans to achieve faster progress toward their policy objectives.

12. Sequencing with other tools

A PER has at times been combined with a PEFA assessment to provide a comprehensive and integrated analysis of expenditure policy and PFM management systems. Some PERs incorporated PEFA assessment findings and findings of related diagnostics such as Country Financial Accountability Assessments (CFAAs) and Country Procurement Assessment Reviews (CPARs), which are both discontinued.

13. PFM capacity building

A concept note identifies the target audience and dissemination strategy, the participatory approach to be followed, and the involvement of government officials and other development partners. WB has increasingly trained counterpart staff so that they can contribute at all stages of preparing a PER.

14. Tracking of changes and frequency of assessments

PER includes reference to the developments (both qualitative and quantitative) since the previous PER. Frequency of assessments is as agreed with the government (typically every four to five years).

15. Resource requirements

Costs can vary depending on scope. PERs can take up to two years to deliver from inception through publication. A multidisciplinary team of sector specialists is required. PERs typically require staff with expertise in econometric and statistical analysis.

Transparency



16. Access to methodology

Methodology is [available](#).

17. Access to assessment results

PER reports can be accessed by searching the term "public expenditure review" on the World Bank's [Open Knowledge Repository](#).