



PEFA

New Approach to Subnational PEFAs

Webinar - March 25, 2021

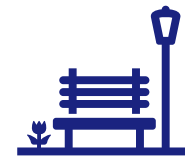
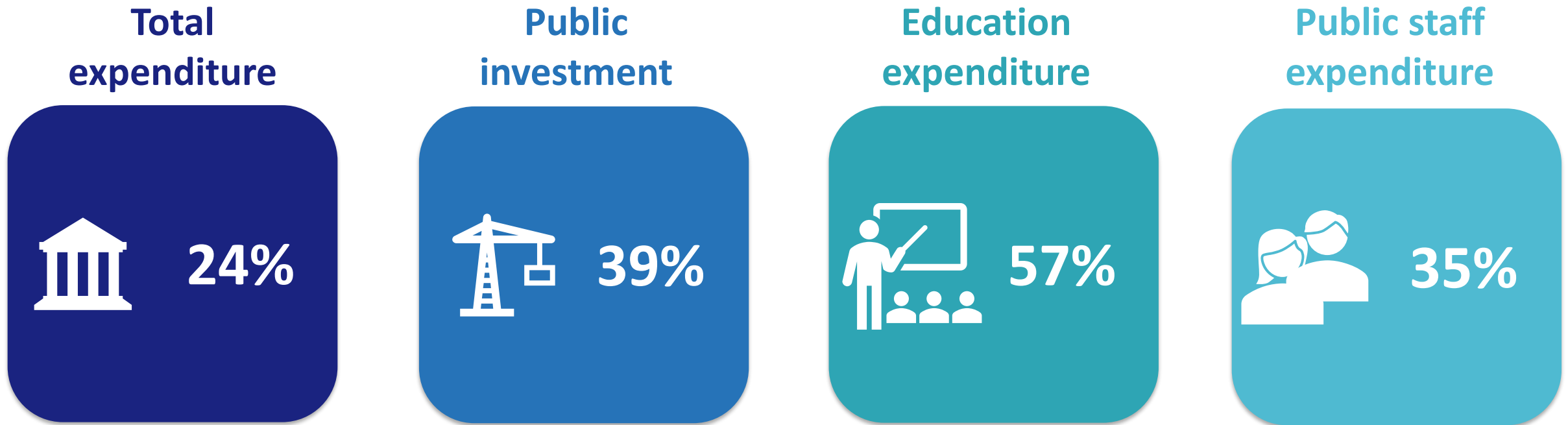
Public Financial Management Systems at Subnational Levels: PEFA Lens

PEFA Secretariat

www.pefa.org

#PEFA

SNGs represent a significant share of public sector expenditure



What is the content of the revised Subnational Guidance?

- **Adjusted PEFA Framework:**

- New indicators and dimensions
- Adjusted existing indicators and dimensions
- Tailored approach to the applicability of dimensions

- **Adjusted process**

- Simplified concept note for peer review
- Annex to the concept note

- **Additional optional modules:**

- Service delivery module
- Influence of CG on SNG performance

- **Simplified report format**



Adjustments to the Framework

TWO NEW INDICATORS



HLG-2: Fiscal rule & monitoring of fiscal position

PI-9bis: Public consultation

NEW DIMENSIONS ADDED TO EXISTING INDICATORS



HLG-1.4: Predictability of transfers

PI-19: Revenue administration

MERGED & REDESIGNED



MERGED PI-14-15-16

NOW PI-14:

Medium-term budget strategy

ADJUSTMENTS (e.g. coverage, calibration, data requirements, etc.)



PI-8: Performance information for SD
PI-10: Fiscal risk reporting
PI-11: Public investment management
PI-12: Public asset management
PI-14: Medium term budget strategy
PI-19: Revenue Administration
PI-20: Accounting for revenue
PI-29: Annual Financial reports
PI-30: External Audit

TOTAL INDICATORS = 32 DIMENSIONS = 98

Service Delivery module in a nutshell

- **A set of diagnostic questions for each relevant dimension**
 - Detailed in the add-on
- **In the report**
 - No score and as a separate annex to the main PEFA assessment report
 - In the executive summary: impact of PFM performance on service delivery
 - In section 1: arrangements for service delivery and in section 3, subsection 3.3: conclusions on SD
- **Before the assessment, the need**
 - To have a good understanding of how service delivery is organized, the distribution of responsibilities between SNG and CG, other layers of subnational governments, and other stakeholders
 - To decide to which service delivery the approach will be applied

Ongoing PEFA assessments and projects

