PUBLIC EXPENDITURE AND FINANCIAL ACCOUNTABILITY (PEFA)

Provincial Assessments Report (SNG)

25 March 2021
Outline

- Rationale for SA provincial PEFA assessments
- Summary assessments and Outcomes
- Promoting PFM benchmarking among provinces (SNG)
- Impact of PEFA on developing and strengthening PFM Reforms
- Future plans on PEFA assessments at SNG level and Capacity Development
The rationale for conducting a PEFA assessment in South Africa was to:

- Use the PEFA assessments findings as baseline data, and a basis for information and monitoring so as to: facilitate and update the dialogue on PFM between spheres of government;
- To assess impact of the SA’s open and orderly PFM system on service delivery and fiscal discipline
- Integrate the findings into Integrated Strategic Support Plans (ISSP) and identify transversal interventions for common functional, system or process weaknesses.
- Learning on PEFA tools and other diagnostic tools and on the basis of recent assessments devise strategies to improve PFM performance now and in future.
- The outcomes of the PEFA assessment will be utilised to feed the reflection on (ii) informing and guiding the Government’s PFM capacity development programme.
Performance is based on a system of scores, each weighted as follows: A=4; B+=3.5; B=3; C+=2.5; C=2; D+=1.5; D=1.
Summary on Outcomes

• Aggregate fiscal discipline

- The fact that budget preparation takes place within a transparent medium-term expenditure framework helps in maintaining aggregate fiscal discipline.
- Provinces have reserved their ability to match revenue with expenditure.

• Strategic allocation of resources

- The preparation of the budget over the MTEF helps to set the framework for relative budget priorities, which are intended to be reflected in the departments’ budgetary ceilings.
Summary on Outcomes

• Efficient service delivery.

- Overall accountability process is ineffective in holding responsible officials liable for the misuse of public resources and poor delivery of public services within provinces.

- Ability for planning and management of service delivery is also undermined by deficiencies in forecasting of own revenues and non-salary spending
Promoting PFM benchmarking among provinces (SNG)

• National Treasury and provincial departments officials had a conference based on PEFA reports and the rational was to:
  - Critically assess the PFM strengths and weaknesses identified within provinces.
  - Identify transversal issues and to optimise the interventions introduced

• The conference provided a basis for knowledge sharing and learning on PEFA tools and other diagnostic tools and on the basis of the assessments devise strategies to improve PFM performance.
Impact of PEFA on Developing and Strengthening PFM Reform

• Refining the Medium Term Expenditure Framework (MTEF) guidelines on annual basis – Procurement Plans

• Enhancements within the Office of the Chief Procurement Officer (OCPO) to improve SCM processes – Contract Management and Bid appeals tribunal

• Public sector capacity building
  - Training on Budget Formulation and Budget Preparation (incl. Infrastructure)
  - Financial Management Improvement Programme (FMIP III)
    ➢ NW- enhanced Supply Chain Management (SCM) practices
    ➢ KZN- Organisational Functional Assessment for Education and Health Departments (Contract management KZN Health)
    ➢ Introduction of Provincial Revenue management guideline and framework
Future plans on PEFA assessments at SNG level and Capacity Development

- National Treasury officials (26) were trained by PEFA secretariat officials on how to conduct assessments based on the upgraded 2016 PEFA framework with more focus on SNG guidelines.
- Next step is to conduct a self-assessment (NT) at one of the provinces under supervision and guidance by PEFA secretariat in the process provincial officials will also be capacitated.
- The report will be reviewed by a wide range of stakeholders including civil society, development partner and the academia resultantly this will improve public participation in PFM processes and accountability on utilisation of public funds.
THANK YOU

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