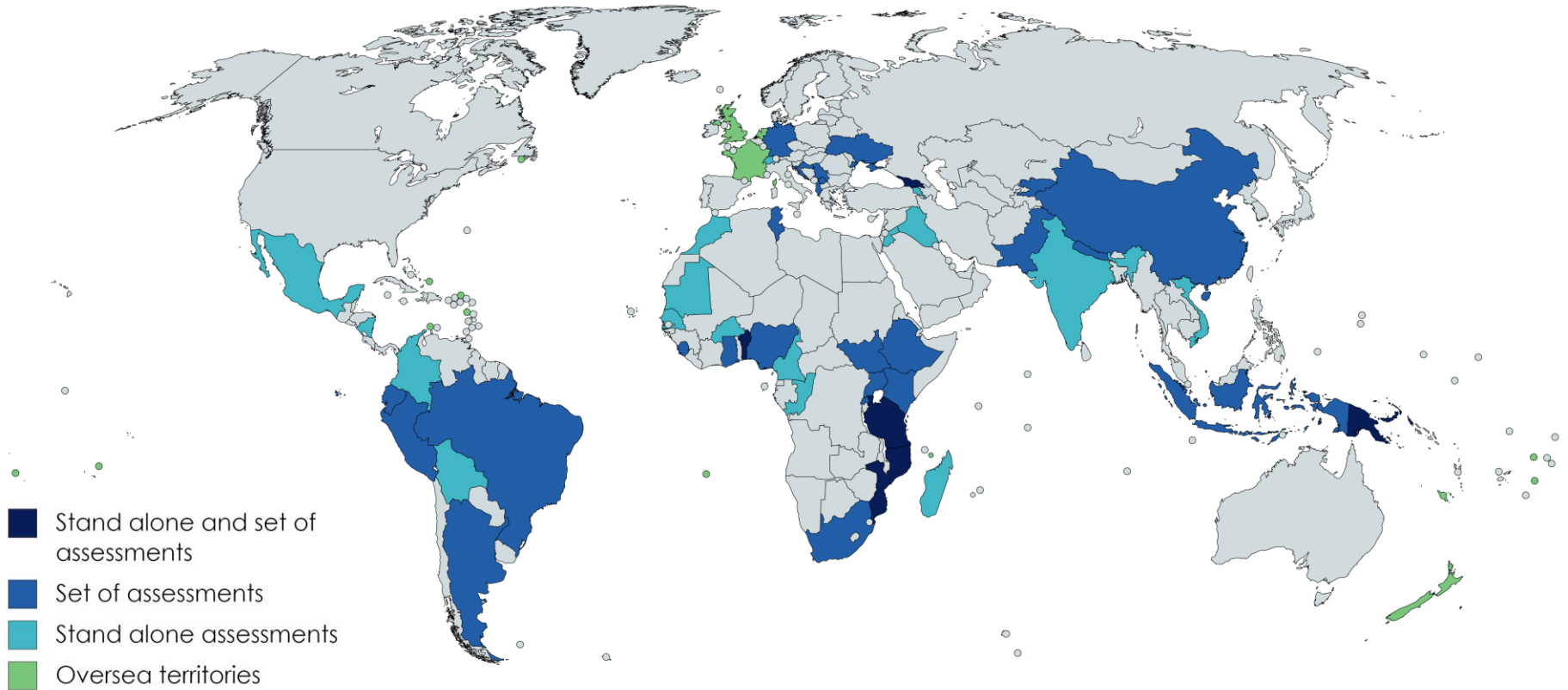


New approach to Subnational PEFA

PEFA USED 354 TIMES AT SUBNATIONAL AND OVERSEA TERRITORIES LEVEL IN 54 COUNTRIES as of *October 2019*

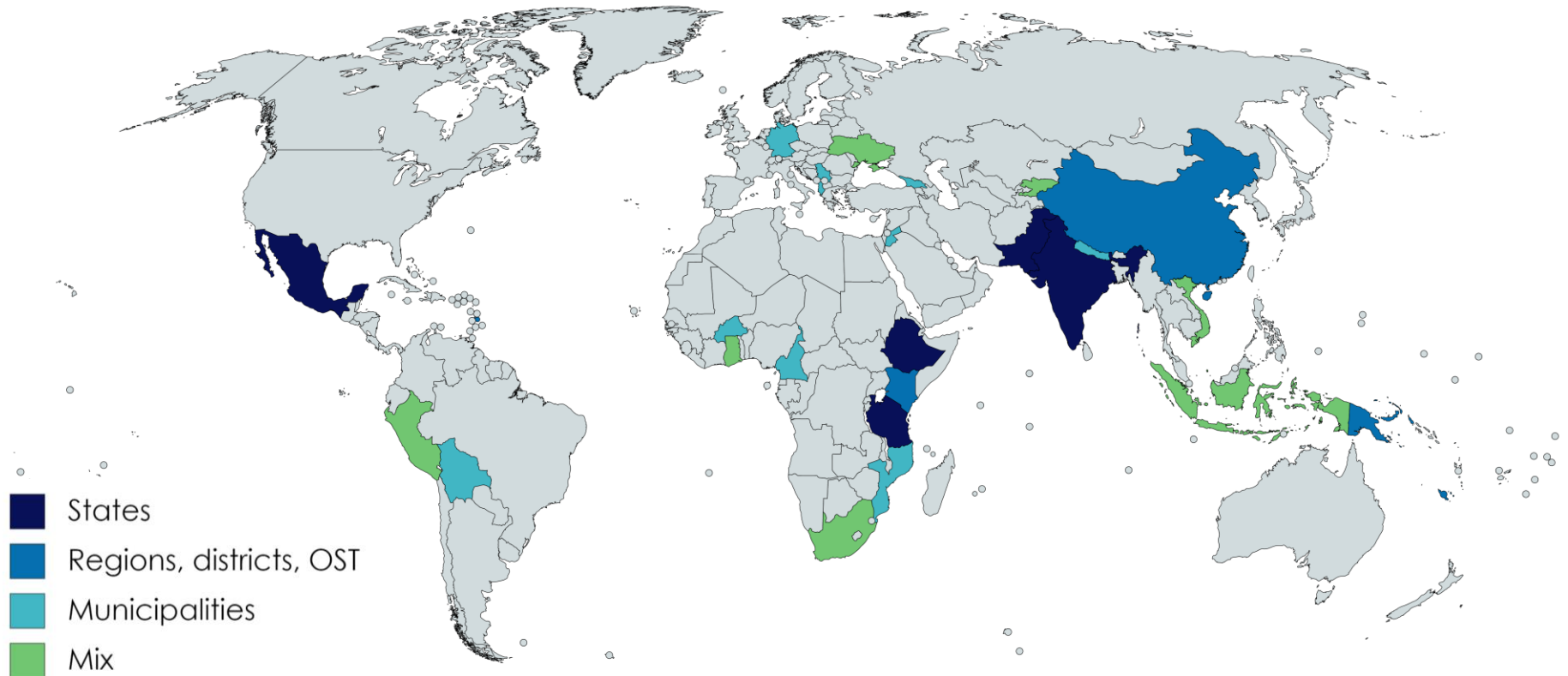
Set of assessments: 303 assessments in 30 countries
32 stand-alone assessments in 22 countries

19 assessments of 12 Oversea territories
70 stand-alone and set of assessments in 5 countries



27 COUNTRIES THAT APPLIED OR PLANNED PEFA 2016 SN ASSESSMENTS *as of September 2019*

38 achieved assessments
30 ongoing assessments
38 planned assessments



December 2018 recommendations

ADAPTATION OF THE ASSESSMENT PROCESS

A way to adjust to the diversity of subnational contexts through the introduction of an inception report

ADJUSTMENT OF DIMENSIONS

Macroeconomic and fiscal forecasting, fiscal strategy, medium-term budget, revenue management, external audits

INTRODUCTION OF NEW TOPICS

PPPs, intergovernmental fiscal relations, public participation, land cadasters

MODIFICATION OF THE REPORT STRUCTURE

Report structure will be adapted in accordance to the revised volume 3

Steering Committee expressed a preference for keeping the adjustments to the existing indicators to a minimum



What is the content of the Subnational Guidance?

- Adapted PEFA Framework:
 - Modified indicators and dimensions
 - New indicators and dimensions
 - Tailored approach to the applicability of dimensions
- Additional optional modules:
 - Service delivery approach
 - Influence of CG on SNG performance
- Adjusted process
 - Simplified concept note for peer review
 - Annex to the concept note for
- Simplified report format

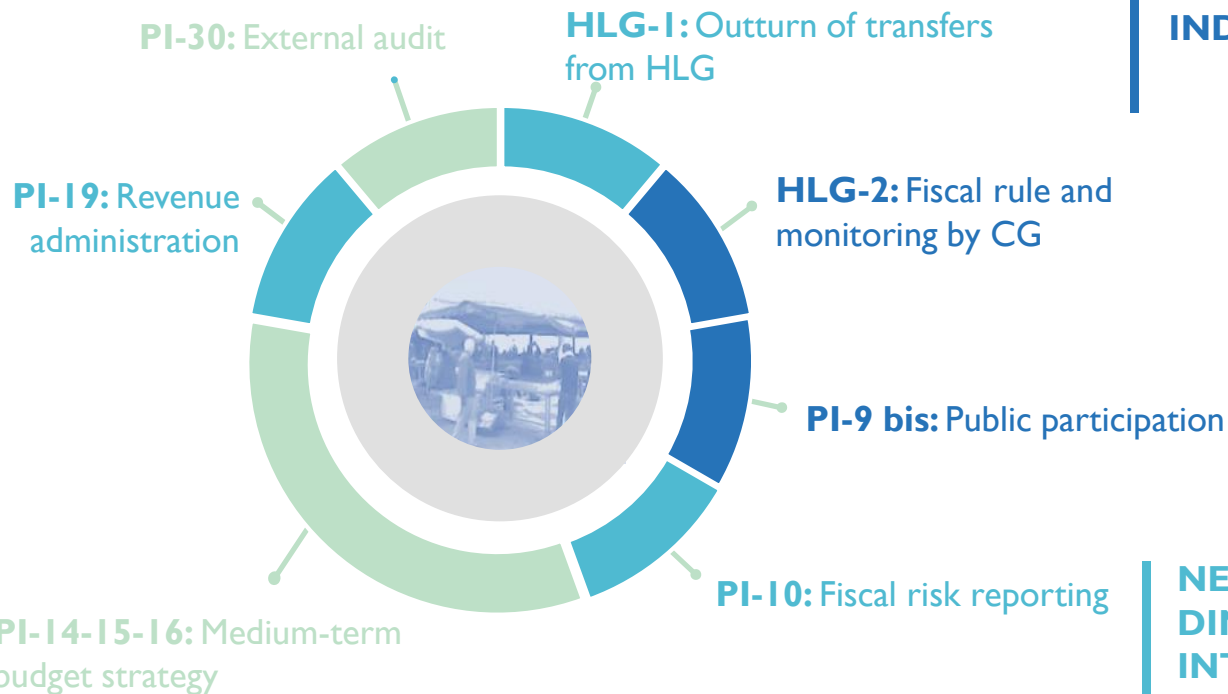
Modifications to the Framework

32 INDICATORS
(=)
98 DIMENSIONS
(+1)

TWO NEW INDICATORS

REDESIGN AND CHANGE OF COVERAGE

NEW DIMENSION INTRODUCED IN EXISTING INDICATORS



Overview of the new features

HLG-1	New dimension on predictability of transfers	
HLG-2	New indicator with three dimensions: fiscal rule, debt rule, monitoring by CG	Applied once if relevant to decentralization arrangements
Pub Part	New indicator with three dimensions: budget, SD programs, investment planning	
PI-10	New dimension on PPPs	Instead of fiscal risks
PI-14-16	4 dimension indicator: one new-preparation of the budget, one adapted- MT exp and rev estimates, two identical-fiscal impact and consistency of budget	Replaces PI-14, 15 and 16
PI-19	New dimension on property tax and fiscal cadaster Better definition of own revenue and core taxes Simplification of controls and audits	No need to modify PI-20
PI-30	Modification of time period (30.1) Scope enlarged to compliance audits (30.3) and jurisdictional controls (30.1)	No need to modify PI-31

Service delivery module

- A set of additional question for each relevant dimension
 - Detailed in the guidance
 - Summarized in an annex
- In the report
 - No score but narrative under each dimension
 - A summary in section 3 of the report
- 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

Influence of CG on SNG performance

- A set of additional question for each relevant dimension
 - Detailed in the guidance
 - Summarized in an annex
- Applicability of the dimensions:
 - Depend on the country PFM context
 - Possible ‘SNG sector’ scope in a limited number of dimensions
- In the report
 - Responsibility is identified by a color code
 - A subsection of the narrative describes the influence of CG
- Before the assessment, the need:
 - To have a good understanding of how the PFM functions are shared



PEFA

Adaptation of the PEFA process for set of assessments

Annex to the concept note

To better prepare and streamline the assessments of multiple SNGs
At the time of the CN, later in the process, or after a first assessment

Content: institutional context, PFM system, applicability of dimensions, service delivery approach



Consolidated report

Presents the commonalities and differences between reports, and highlights the good examples amongst the different SNGs

Summarizes the impact of CG on SNG performance

Summarizes the impact of PFM system on service delivery

SNG assessments: different approaches for different purposes

Set of indicators applicable at subnational level.
Consolidated report.

Promoting SNG benchmarking within a country

Set of indicators applicable at subnational level.
Impact of CG on SNG performance module
Use of selected dimensions for SNG sectors
Consolidated report with analysis of intergovernmental fiscal relations.

Reforming the intergovernmental fiscal system in a country

Full or partial set of PEFA indicators.

Monitoring, evaluation, fiduciary assessment

Preparing a PFM reform action plan centred on SNG

Preparing a PFM reform action plan for both SNG and CG

Identifying the SD bottlenecks

Set of indicators applicable at subnational level.

Set of indicators applicable at subnational level.
Impact of CG on SNG performance module
Use of selected dimensions for SNG sectors
Consolidated report.

Set of indicators applicable at subnational level.
Module on service delivery
SD related conclusions in the report