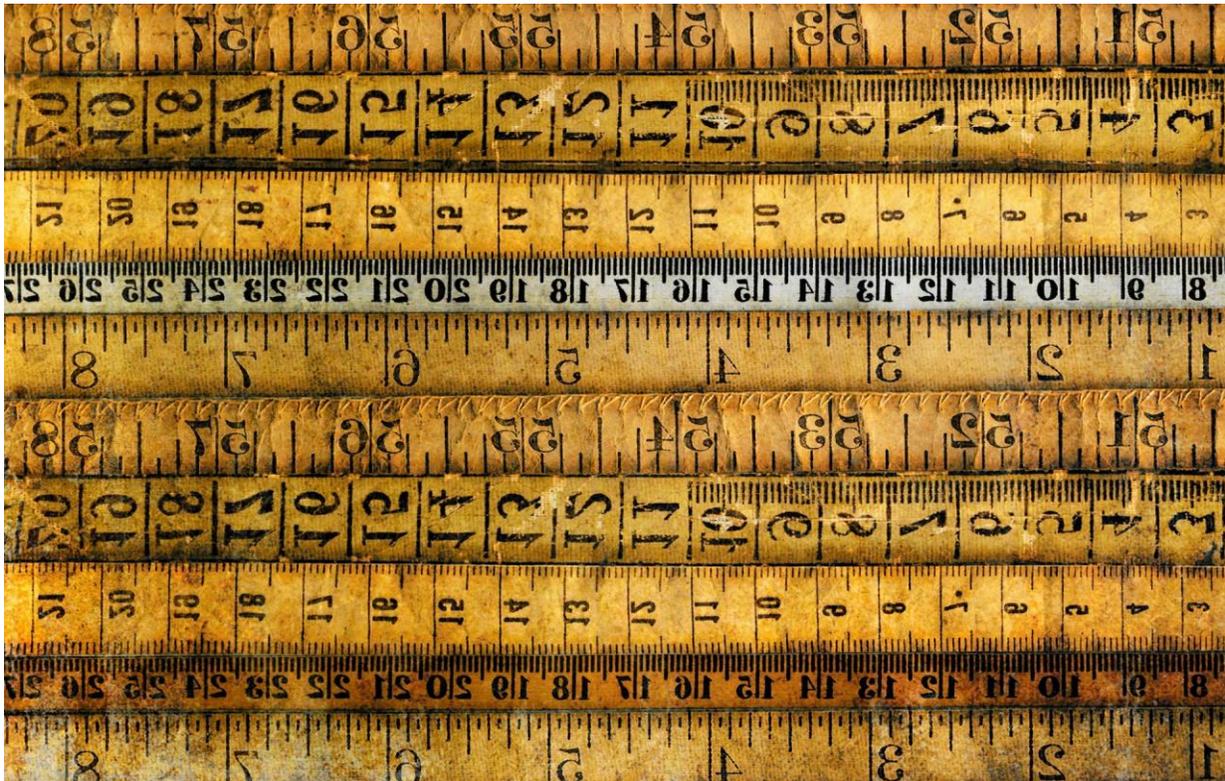




Stocktake of PFM Diagnostic Instruments 2016



PEFA Secretariat CONSULTATION DRAFT

October 2017



Foreword

This report is the third in a series of stocktakes of PFM diagnostic tools undertaken by the PEFA Program and presents the findings as of 2016. The first study in the series was undertaken by the PEFA Secretariat in 2004. The second study was carried out in 2010 under the auspices of the OECD Task Force on Public Financial Management.

The current study is intended to be a foundation for discussion and further elaboration in dialogue between the PEFA secretariat, the custodians and users of PFM diagnostic tools, and other development partners. The aim of this dialogue is to increase knowledge on the capabilities and usefulness of the various tools, individually and collectively. It is not intended to favour or criticise specific tools, but rather to be an objective stocktake of options available to users. There is an emphasis on the relationship between PEFA and other tools because we are obviously most interested in where PEFA sits amongst the group of tools, and acknowledgement of the high level of interest in that relationship by PEFA stakeholders.

It was not possible within the time available to interview owners and users of the tools referred to in the document, or to investigate thoroughly the use of other potentially significant tools. Following publication of this report, the PEFA secretariat proposes to follow up with owners of the tools, and to undertake research on the application of widely used tools, to build on the knowledge of their unique value to governments as a source of data for improving PFM policies and practices.

The PEFA secretariat looks forward to increasing the dialogue and communication between custodians of the various tools referred to in this study, and any others that may have been inadvertently excluded. The secretariat is grateful for the contributions to this study by Frans Ronsholt, De Montfort University, and PEFA partners, but any errors or omissions are entirely the responsibility of the PEFA secretariat. The secretariat would welcome any comments, corrections or further suggestions on the content of this report or areas for further analysis or collaboration. Comments should be addressed to services@pefa.org.

Lewis Hawke
Head of the PEFA Secretariat
October, 2017

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List of Abbreviations and Acronyms

AA-GAP	Gap Analysis Framework for Comparing Public Sector Accounting and Auditing to International Standards
AA-ROSC	Accounting and Auditing Report on Observance of Standards & Codes
ADB	Asian Development Bank
AMGR	Assessing and Managing Governance Risks in ADB Operations
AFROSAI-E	African Organization of Supreme Audit Institutions – English speaking
BFD	Benchmarking Fiscal Decentralization
BMZ	German Federal Ministry for Economic Cooperation and Development
CATT	Customs Assessment Trade Toolkit
CFAA	Country Financial Accountability Assessment
CIFA	Country Integrated Fiduciary Assessment
CIPFA	Chartered Institute of Public Finance and Accountancy
COE	Council of Europe
CPAR	Country Procurement Assessment Report
CPFM-SAT	Commonwealth Secretariat PFM Self-Assessment Toolkit
CTD	Collecting Taxes Database
DAC	Development Assistance Committee of the OECD
DANIDA	Danish International Development Agency - Danish Ministry of Foreign Affairs
DeMPPA	Debt Management Performance Assessment
DFID	United Kingdom’s Department for International Development
DF-PIM	Diagnostic Framework for Assessing Public Investment Management
DF-FMIS	Diagnostic Framework to Assess the Capacity of a Government Financial Management Information System as a Budget Management tool
ECFIN-OA	European Commission Directorate General for Economic & Financial Affairs - Operational Assessment
EITI	Extractive Industries Transparency Initiative
EU	European Union
EU-BSG	EU Budget Support Guidelines
EU-FB	EU Fiscal Blueprints
FMA	Financial Management Assessment
FRA	Fiduciary Risk Assessment
FMIS	Financial Management Information System
FMM	Financial Management Model
FTE	Fiscal Transparency Evaluation
GACAP II	Second Governance and Anticorruption Action Plan (of ADB)
GIFT	Global Initiative on Fiscal Transparency
GUS	Guidelines to Determine the Use of the Public Financial Management System
HTS	Handbook for Tax Simplification
IA-CM	Internal Audit Capability Model
IAMTAX	Integrated Diagnostic Tax Assessment Tool
IBP	International Budget Partnership
IBPPD	International Budget Practices and Procedures Database
ICBF	Institutional Capacity Building Framework
ICT	Information and communication technology
IDB	Inter-American Development Bank
IDI	INTOSAI Development Initiative

IIA	Institute of Internal Audit
INTOSAI	International Organization of Supreme Audit Institutions
IFRS	International Financial Reporting Standards
IPSAS	International Public Sector Accounting Standards
IRM-FMIS	Integrating Records Management in FMIS
IRMT	International Records Management Trust
ISO	International Standards Organization
MAPS	Methodology for Assessment of National Procurement Systems
MFA	Macro-Financial Assistance
MiGestion	Institutional Capacity Diagnostic in SNGs
NGO	Non-Government Organization
OBS	Open Budget Survey
OECD	Organization of Economic Cooperation and Development
PEFA	Public Expenditure and Financial Accountability
PEMFAR	Public Expenditure Management and Financial Accountability Review
PER	Public Expenditure Review
PETS	Public Expenditure Tracking Survey
PFM	Public Financial Management
PFMRAF	Public Financial Management Risk Assessment Framework
PFT	Principles on Financial Transparency
PI	Performance Indicator (PEFA)
PIMA	Public Investment Management Assessment
PPA	Principles of Public Administration
PPP	Private-Public Partnership
RAAP-ID	Rapid Assessments and Action Plans to Improve Delivery in SNGs
RA-FIT	Revenue Administration Fiscal Information Toolkit
RA-GAP	Revenue Administration Gap Analysis Program
RCBG	Recommendation of the Council on Budgetary Governance
ROSC	Report on Observance of Standards and Codes
SAI-PMF	Supreme Audit Institutions Performance Measurement Framework
SIGMA	Support for Improvement in Governance and Management
SNG	Sub-National Government
SOE	State Owned Enterprise
TACIS	Tax Administration Comparative Information Series
TADAT	Tax Administration Diagnostic Assessment Tool
UNGA	United Nations General Assembly
UNDP	United Nations Development Program
USAID	United States Agency for International Development
WB	World Bank

Executive Summary

The aim of this study is to assist stakeholders in identifying the range of tools available and options for assessing PFM systems, strengthening PFM processes and developing potential reform plans that are achievable and logically developed.

This report identifies 46 PFM diagnostic tools under three main categories:

- i. Broad diagnostic or analytical tools covering all aspects of the PFM system
- ii. Tools focusing on individual PFM elements, institutions or sub-systems and
- iii. Tools used by development partners to assess fiduciary risk.

Twelve broad diagnostic or analytical tools are identified, covering government-wide PFM systems. Most of them focus on national or central government, but three are exclusively for assessing sub-national governments.

Twenty-five tools cover a wide range of sub-systems or institutions. Ten of these tools mainly focus on revenue administration, whereas five relate mainly to expenditure management systems. The remaining ten tools in this group cover functions that involve management across expenditure, revenue and financing.

Nine of the tools referred to in this report assess fiduciary risk, focusing on the use of country financial management systems, but it is highly likely that more such tools exist. They are always applied or commissioned by a development partner and are often a mandatory part of their procedures. For government's considering tools to further their reform agendas, the fiduciary risk assessment tools will rarely be sufficient. Nevertheless, any country level plan for PFM systems assessments needs to consider the likely requirement for assessments based on those tools as well as the timing, overlaps and complementarity in relation to other diagnostic PFM tools to be used.

About half of the 46 tools may be undertaken as self-assessment by the government whose PFM systems are being reviewed. These tools are well-defined with related guidance material readily available from their respective websites.

The total number of tools identified has increased by 13 since the 2010 stocktake i.e. from 33 to 46 tools. Among the broad PFM diagnostic tools, three entirely new tools have been launched (GIFT Principles of Fiscal Transparency, World Bank's Rapid Assessment and Action Plan to Improve Service Delivery in subnational Government and World Bank's MiGestion – Institutional Capacity Diagnostic in Sub-National Government) and two tools have been discontinued (World Bank's CFAA and Commonwealth Secretariat's PFM Self-Assessment Tool). Whilst each one of the 12 broad diagnostic tools covers a wide range of PFM systems, the three new tools focus on fiscal transparency and sub-national government. The discontinued tools focused on central government and had the greatest overlap with the PEFA Framework. Consequently, there has been some consolidation of broad diagnostic tools used for national governments.

All of the 10 broad diagnostic tools were also identified in the 2010 stocktake. Most have either been updated or replace a previous instrument, except for the World Bank's Public Expenditure Review and Public Expenditure Tracking Surveys.

The expansion of tools has been most noticeable for those which focus on individual PFM elements, institutions or sub-systems. Over the past six years this group has grown from 17 to 25 tools with a concentration of new tools in revenue administration, for which there are now ten tools.

Detailed assessment tools on specific subjects remain in demand despite the enhanced subject coverage of the broad diagnostic tools, and most PFM functions or sub-systems are covered by such specialized

tools. Nevertheless, there remain some areas that do not benefit from such detailed tools e.g. assessment of the adoption of international internal control standards, assessment of extra-budgetary operations, of treasury management, and of integrated human resource and payroll management systems.

Another development is the adaptation of the PEFA methodology to indicator formulation and scoring by other tools. Since 2010, two new tools have been launched with assessment and reporting designs almost identical to PEFA, namely TADAT and SAI-PMF. Other new tools take a quite similar (though not identical approach) including FTE and PIMA. It adds to the tools identified in 2010, such as DeMPA and MAPS, which also used a similar approach. This suggests that the approach used for PEFA is increasingly recognized as helpful to stakeholders in their efforts to improving PFM systems at country level.

The recommendations made in the 2010 stocktake were reviewed as part of this study. There has been progress in addressing most of recommendations regarding improved streamlining of PFM diagnostics and seven of the nine recommendations have been fully or substantially addressed.

It is less clear whether any progress has been made in enhancing collaboration between development partners at country level. Some aspects of recommendations relating to streamlining of coverage appears to have been addressed. There is little evidence of reduced duplication of processes, building of government capacity or reducing transaction costs, although the scope of this study has offered limited opportunity to examine these issues closely.

1 Introduction

1.1 Background

The PEFA program has been guided by the principles of the international development effectiveness agenda¹. This aim is expressed in the strengthened approach to supporting public financial management (PFM) reform with three components:

- A country-led agenda incorporating a country led PFM reform strategy and action plan
- A coordinated program of support including a coordinated, integrated, multi-year program of PFM work, supported by development partners and aligned with the government's PFM strategy
- A shared information pool built on a framework for measuring results that provides consistent information on country PFM performance, including progress over time.

In pursuit of those objectives the PEFA program has been concerned with harmonization of development partner initiatives in PFM reform in addition to developing, maintaining and supporting the use of the PEFA framework. The program has followed the development and use of diagnostic tools to help governments obtain relevant and consistent information on which to base their PFM reform formulation and monitoring, at a minimum burden on government capacity.

This report is the third in a series of stocktakes of PFM diagnostic tools undertaken by the PEFA Program and presents the findings as of 2016². The first study in the series was undertaken by the PEFA Secretariat in 2004³. The second study was carried out in 2010 under the auspices of the OECD Task Force on Public Financial Management⁴. The aim of the current stocktake is to assist stakeholders in identifying the options available for assessing PFM systems, strengthening PFM processes and developing potential reform plans that are achievable and logically developed.

1.2 Scope and coverage

This study represents a 'light' update on the 2010 stocktake, as it did not benefit from interviews with providers of the relevant tools and their respective users. It did not ascertain whether the PEFA secretariat interpretation of their tools is sufficient, whether there are further developments planned or how the existing tools are now being used within by government, development partners, research or civil society institutions. This has been a desk study, relying mainly on information available from the internet, supplemented by a few questions for clarification directed at the developers/custodians of selected tools.

The contents of this study are intended to be a basis for discussion and further elaboration. It was not possible within the time available to interview owners and users of the tools referred to in the document, or to investigate thoroughly the use of other potentially significant tools. Following publication of this report, the PEFA secretariat proposes to follow up with owners of the tools, and to undertake research on the application of widely used tools, to build on the knowledge of their unique value to governments as a source of data for improving PFM policies and practices.

¹ High Level Meetings in Rome (2003), Paris (2005), Accra (2008), Busan (2011) and Mexico (2014) ref. relevant documentation at <http://www.oecd.org/dac/effectiveness/>.

² The report draws on a study commission by PEFA Secretariat and undertaken by De Montfort University, UK.

³ Assessing and Reforming Public Financial Management - A New Approach; Allen, Schiavo-Campo and Garrity, 2004.

⁴ 4th High Level Forum on Aid Effectiveness (2011), Stocktaking Study of PFM Diagnostic Instruments.

The stocktake incorporates all relevant tools based on an initial search in mid-2016. It should be noted that the analysis has been undertaken in a very dynamic environment in which new assessment tools are constantly being developed and existing ones are being upgraded or replaced. Moreover, the study does not pretend to be complete. Incomplete coverage is most likely to affect the description of assessment tools for development partners' fiduciary risk assessment and risk mitigation purposes.

The diagnostic tools covered by the stocktake assess performance of financial management systems and exclude assessment tools which are used mainly for analysis and assessment of fiscal and budget policy.

The stocktake covers only diagnostic tools which are used internationally and thus excludes diagnostic tools developed by national governments and local research institutions for local national use only.

The international tools have been developed by development partners, civil society and other international organizations with each group developing tools suited to their own needs as they may all be involved in the use or improvement of such systems.

1.3 Usage and application

Diagnostic tools that use objective and internationally recognized standards have proven effective in promoting reform dialogue among stakeholders, especially if they include a set of well-defined indicators that can be applied consistently across governments and over time. New tools may have been developed since 2016, whilst others have been upgraded and some replaced, as discussed in this report. Their effectiveness may be difficult to determine where only a few applications have occurred, where significant changes have been made over a short period or where the results of use have not emerged.

With such a wide variety of tools, identifying the appropriate ones to achieve efficacy in PFM reforms is a challenge. The choice of which tools are most appropriate will be determined by the stakeholders in each case in relation to the purpose the assessment is supposed to serve.

The findings from this mapping exercise can be used to analyse the range of tools which may be applicable to address the pertinent PFM issues in a country. This may lead to a stakeholder discussion of the strengths and limitations of the tools, areas of duplication and complementarity. However, this report does not propose any tool or combination of tools for specific country situations.

During the past decade, PEFA has arguably been the most widely used assessment tool. Most governments and development partners use PEFA, often in combination with other tools. An accompanying guide book to the present stocktake is, therefore, being prepared to help stakeholders understand the linkages between the PEFA Framework and other identified diagnostic tools and to support them in making well-informed decisions on diagnostic tools to use.

The report provides a summary of existing tools, whilst further details are available from the website links referenced for each tool in Annex 2. The summary nature of this report is aimed to provide easy access for users and to act as a starting point for more detailed research and analysis before decisions are taken. A few notes for guidance through that process are included in chapter 7.

2 Definition and Typology of PFM diagnostic tools

The report takes a broad interpretation of what is considered a PFM diagnostic tool. The PFM system is defined as the sum of all the financial systems elements required for putting policy into practice for achieving the desired policy outcomes as efficiently and effectively as possible. This study incorporates PFM tools examining systemic aspects at national government, sub-national level or those relating to a specific sector context, as well as covering individual sub-systems or institutions within the PFM system.

The boundaries of PFM are becoming increasingly blurred as the complexities of multi-agency delivery takes place involving different components of the public sector, the private sector, civil society, public private partnerships (PPP) and the other modalities of delivering public services and obtaining revenue. These complexities involve increasing risks to governments' financial stability through contingent liabilities on behalf of the private sector (e.g. guarantees of bank deposits, trade guarantees), State Owned Enterprises and long-term contracts. This study includes tools covering aspects affecting modern PFM that whilst traditionally outside the scope of PFM carry risks that can threaten aggregate fiscal discipline.

This section sets out a typology to enable a categorisation of PFM tools and subsequent analysis. The study follows the 2010 stocktake approach, separating PFM assessment tools into three categories:

- A. Broad diagnostic or analytical tools covering all aspects of the PFM system
- B. Tools focusing on individual PFM elements, institutions or sub-systems
- C. Tools used by development partners to assess fiduciary risk

This typology is a simple way of categorising the various PFM diagnostic instruments; a research tool to allow PFM diagnostics to be mapped to compare similarities, differences and trends. It is not a proposal for a standard way of organizing PFM diagnostics. The boundaries between the three groups are based on informed judgements, with some tools potentially fitting more than one category.

The institutional coverage of government that the tools are designed to assess is then considered:

- I. National government
- II. Subnational government
- III. Economic/social sectors of government
- IV. Individual public institutions

The PFM diagnostic tools are further categorized by methodological approach:

- a. Benchmarking against good practices, professional standards or thematic principles, and in the case of group c: risk levels:
 - i. with scoring systems
 - ii. with narrative assessment only
- b. Database for comparison across governments.
- c. Central repository of published assessments.
- d. Implementation method:
 - i. Self-assessment ('self')
 - ii. External with free choice of assessors ('any external')
 - iii. External undertaken by developer/custodian organization ('custodian')
 - iv. Entirely centralised assessment focused on cross-country comparison ('centralised')

The scope of the study is excludes substantive discussion of underlying international standards and codes (e.g. Fiscal Transparency Code, IFRS, IPSAS) however, these are referred to when they are important for any instrument.

The typology does not categorize tools on whether they provide recommendations for improvements of PFM systems. Ultimately, the purpose of all such tools is to lead to improvements in the systems. Even where recommendations are expected in assessment reports, few include any description or guidance on recommendations. Nevertheless, many of the assessment reports include recommendations for system improvement, sometimes prioritized as an action plan or as a list of improvements that could be useful for each of the areas covered by the assessment.

A relatively sophisticated approach is represented by the Diamond/Tommasi *Good practice note on how to use PEFA assessments for sequencing PFM reforms* (PEFA Secretariat, January 2013) as a separate process following completion of the PEFA assessment report. Other institutions have issued similar guidelines on how to design reform programs with direct reference to some of the listed assessment tools, but not as a direct part of those assessment tools.

Some fiduciary risk assessment tools include quite specific guidelines on how to determine system improvements for incorporation into development support operations that would make use of country PFM systems, but that is seen from the provider's perspective. Overall, many assessment reports include recommendations, the extent and methodology of which may have been determined by the assessors and not by a predetermined and transparent methodology and process. It is therefore not considered useful to categorize the tools on the basis of whether or not they offer recommendations.

The matrix in Annex 1 lists PFM diagnostic tools identified in the study categorised by the above typology. The typology is explained in more detail below about the findings for each group.

Annex 2 provides a brief description of each of the PFM diagnostic tools in terms of their origins, purpose, usage, access to guidance material and assessment reports as well as link to the PEFA 2016 Framework.

The tools are cross-referenced between tables in the main text, Annex 1 and Annex 2 by a number (e.g. A03; B01 and so on), where A, B and C correspond to the three major groups in the typology.

3 Findings from the Stocktake

3.1 Overview of tools

The stocktake identified 45 PFM diagnostic tools. A listing of the 45 tools under the three main categories is presented in Table 1. A more detailed overview reflecting all elements of the typology is provided in Annex 1.

3.1.1 Broad PFM diagnostics – (Group A)

Twelve broad diagnostic or analytical tools were identified, covering the entire government PFM system. Most of them focus on national or central government, but three have been developed exclusively for assessing subnational governments (SNG). Most of the tools developed for national government may also be used for subnational government assessments. This has been the case for PEFA, which has been used for more than 200 subnational assessments, and for Public Expenditure Reviews (PER).

The three tools focused on SNG have their origins in regional initiatives in Europe, Latin America and the Caribbean but may be adaptable to other regions. Information on the use of these three tools, both within the original region and beyond, is limited. The Council of Europe's BFD tool is unique in spanning the issue of fiscal decentralization from the perspective of both national and sub-national government. However, its broad coverage of PFM systems is at the SNG level.

Three of the broad diagnostic tools are focused on fiscal transparency, namely the Open Budget Survey, the Fiscal Transparency Evaluation and the GIFT Principles of Fiscal Transparency. They nevertheless take a comprehensive approach to transparency and thus cover most of the elements found in other broad diagnostic tools.

Four of the tools cover issues well beyond the performance of PFM systems, by either including development and budget policy analysis or assessing public sector management more comprehensively (SIGMA-PPA, WB-PER, WB RAAP-ID and WB MiGestion).

Very little public information is available on ECFIN's Operational Assessment. It could have been classified in group C due to its confidential nature and its explicit link to EU financial support to selected national governments. Nevertheless, it has been classified as a broad PFM diagnostic in group A, as was the case in the 2010 stocktaking, because of its intention to provide a broad assessment of PFM systems for dialogue on a general PFM reform program.

Ten of the twelve tools assess performance against benchmarks of international good practices, international standards or internationally adopted high level principles. The OECD budget practices and procedures database (IBPPD) for national governments and the WB MiGestion for SNG are primarily databases which collect information from governments on the characteristics of their PFM systems. They may be partially based on degrees of good practice standards but are generally descriptive and intended for cross-government comparison. However, the two databases are very different. OECD's IBPPD centrally collects data from national governments on a global scale, with no explicit ratings. The WB MiGestion is intended to create a database for SNGs in a single country for in-country comparison. MiGestion includes a performance rating system.

CIPFA has established an interactive online portal to support information and tools dedicated to strengthening public financial management worldwide called Delivery Excellent Public Financial Management⁵. This is a useful companion to the current study, particularly on broad based diagnostics.

⁵ The CIPFA portal can be found at <http://www.cipfa.org/depf>

Table 1 Overview of PFM Diagnostic Tools identified in 2016.

Type	Diagnostic Tools (with custodian)
A. Broad PFM diagnostics	A1. PEFA framework for assessing PFM performance (PEFA) A2. OECD recommendation of the council on budgetary governance (RCBG) A3. OECD international budget practices and procedures database (IBPPD) A4. SIGMA principles of public administration (PPA) A5. IMF fiscal transparency evaluation (FTE) A6. IBP open budget survey (OBS) A7. GIFT principles on financial transparency (PFT) A8. WB public expenditure review (PER) A9. ECFIN operational assessment (ECFIN-OA) A10. WB rapid assessments and action plans to improve delivery in SNGs (RAAP-ID) A11. WB MiGestion institutional capacity diagnostic in SNGs (MiGestion) A12. COE benchmarking fiscal decentralization (BFD)
B. Diagnostics which focus on individual PFM elements, or subsystems	B1. TADAT tax administration diagnostic assessment tool (TADAT) B2. WB integrated diagnostic tax assessment tool (IAMTAX) B3. OECD tax administration comparative information series (TACIS) B4. USAID collecting taxes database (CTD) B5. EU fiscal blueprints (EU-FB) B6. WB handbook for tax simplification (HTS) B7. IMF revenue administration fiscal information toolkit (RA-FIT) B8. IMF revenue administration gap analysis program (RA-GAP) B9. WB customs assessment trade toolkit (CATT) B10. EITI extractive industries transparency initiative (EITI) B11. WB state owned enterprise corporate governance and risk toolkit (SOE Toolkit) B12. WB debt management performance assessment (DeMPPA) B13. IMF public investment management assessment (PIMA) B14. WB diagnostic framework for assessing public investment management (DF-PIM) B15. OECD methodology for assessment of national procurement systems (MAPS) B16. WB country procurement assessment report (CPAR) B17. WB public expenditure tracking surveys (PETS) B18. WB diagnostic framework to assess the capacity of a government financial management information system as a budget management tool (DF-FMIS) B19. IIA internal audit capability model (IA-CM) B20. IRMT integrating records management in FMIS (IRM-FMIS) B21. WB gap analysis framework for comparing public sector accounting and auditing to international standards (AA-GAP) B22. WB accounting and auditing report on observance of standards & codes (AA-ROSC) B23. IDI supreme audit institutions performance measurement framework (SAI-PMF) B24. AFROSAI-E institutional capacity building framework (ICBF) B25. CIPFA financial management model (FM Model)
C. Tools used to make decisions on fiduciary risk and/or the use of country systems	Including (however; not necessarily exhaustive): C1. ADB assessing and managing governance risks in ADB operations (AMGR) C2. ADB financial management assessment (FMA) C3. IDB guidelines to determine the use of the public financial management system (GUS) C4. WB assessment of the use of country FM systems in bank financed investment projects C5. EU budget support guidelines (EU-BSG) C6. DFID fiduciary risk assessment (FRA) C7. BMZ guidelines for budget support in programme-oriented joint financing (BMZ-BSG) C8. DANIDA guidelines for risk management (DANIDA GRM) C9. USAID PFM risk assessment framework (PFMRAF)

Importantly, the custodians of five of the tools maintain publicly accessible repositories of assessment reports (PEFA, PPA, OBS, GIFT, FTE, PER). A wealth of PFM system information across all topics is available from these reports and can assist assessors when embarking on a new assessment in a country as well as reform stakeholders to find information on how other countries have organized their respective PFM systems.

3.1.2 Tools focused on specific PFM elements/institutions/sub-systems – (Group B)

Twenty-five tools were identified in this group and cover a wide range of sub-systems or institutions. Ten of these tools are entirely or mainly focused on revenue administration, whereas five look mainly at expenditure management systems. The remaining ten tools cover functions that involve management across expenditure, revenue and financing.

The ten instruments focused on revenue administration are diverse in nature. Three of them are databases – two based on voluntary self-reporting (OECD’s TACIS and IMF’s RA-FIT), and the third one a collection of revenue data centrally collected from various available sources (USAID CTD). IMF’s RA-GAP is a tool to assess the gross compliance rate with revenue policy and thus the ultimate (but difficult to measure) gauge of a revenue administration’s effectiveness in collecting the intended revenue. EITI reports provide information on natural resource revenue only, whilst CATT concentrates on revenue collected by customs administrations. The remaining four tools assess tax administration more broadly with three of them using performance scoring systems, different developers/custodians and potentially available for use in self-assessments (TADAT, IAMTAX, EU-Fiscal Blueprints). Given the overlapping nature of their focus and methodologies, there may be scope for better alignment and possibly consolidation among these three tools.

Alignment and possible consolidation may be relevant in the case of the two tools which assess public investment management (WB’s DF-PIM and IMF’s PIMA), a process which is reportedly in progress. Consolidation has already taken place in procurement management with the OECD’s MAPS as the basis for other institutions’ guidance on procurement assessment and capacity building⁶. Development partners have also commenced on refinement of the MAPS framework.

Two toolkits focus on assessing single institutions, namely The Chartered Institute of Public Finance and Accountancy (CIPFA) Financial Management Model and the World Bank Toolkit for Improving State Enterprise Corporate Governance. Though developed and used for fiduciary risk assessment purposes, the Asian Development Bank (ADB)’s Financial Management Assessment (under group C) also fall in this category and may be a useful instrument in assessing a single institution’s financial management capacity, even if its set of questions are determined by ADB’s information needs to assess the capacity of the institution to manage ADB funds.

Three other tools also have an institutional focus, but are related to a PFM function. These tools concern internal and external audit and include the Institute of Internal Auditors (IIA)’s Capability Model, the International Organization of Supreme Audit Institutions (INTOSAI) Development Institute’s Performance Measurement Framework and AFROSAI-E’s Institutional Capacity Building Framework. The latter two have much in common and may benefit from a merger, particularly due to the close relationship between the custodians as AFROSAI-E is a regional chapter of INTOSAI (though a separate legal entity).

⁶ Though not listed as a separate tool in this report, UNDP’s Public Procurement Capacity Development Guide, October 2010, integrates OECD MAPS in its approach, ref.

<http://www.undp.org/content/dam/aplaws/publication/en/publications/capacity-development/undp-procurement-capacity-assessment-users-guide/Procurement%20Capacity%20Assessment%20Guide.pdf>

An interesting recent development is the presentation and test of a diagnostic framework for assessing the capacity of a government financial information system as a budget management tool (DF-FMIS) by WB's Independent Evaluation Group. It appears to cover a subject, which has received increasing attention during the past decade and constitutes a distinct component in many government reform strategies and action plans, but for which no high level tool was available until 2016.

3.1.3 Tools used by development partners to assess Fiduciary Risk – (Group C)

Nine tools were identified in the group used to assess fiduciary risk to determine use of country systems in development partner financed operations.

Most development partners have developed tools to allow judgements on the use of country systems and other operational decisions reflecting the aid modalities, risk appetite and the requirements of their governments/institutions. They typically draw extensively on already completed assessments using the tools in groups A and B, but often require additional information either to bring information fully up to date or to cover aspects beyond the performance of PFM systems.

Many of these tools are only used if development partners are considering budget support or other uses of country public finance management systems in the provision of their financial support. In these cases, the tools are used to demonstrate that the fiduciary risk associated with using the public finance management systems and processes of the host government is at an acceptable level. This is demonstrated by the quality of the country's public finance management systems.

Other tools developed by development partners for internal processes serve to determine aid eligibility or inform aid allocations without a direct link to use of country PFM systems. Such tools may focus on assessment of PFM systems, but are not included in this study as the main purpose of those tools is not to strengthen or use country PFM systems.

In most cases assessments of fiduciary risks may not be made public and the assessments may not always be shared with public officials of the country concerned. It is therefore difficult to judge the extent to which such tools exist in the absence of a comprehensive survey of development partners.

For the development partners who have developed the fiduciary assessment tools, the use of them is typically mandatory. For government's considering tools to further their reform agendas, the fiduciary risk assessment tools will rarely be a choice. Nevertheless, any planning for PFM systems assessments at country level needs to consider the likely requirement for assessments based on those tools as well as the timing, overlaps and complementarity in relation to other diagnostic PFM tools to be used. That is the main reason for including them in this report.

3.2 Changes since the 2010 Stocktaking

Since 2010, there has been substantial growth in the range and sophistication of measures to assist governments and development partners in identifying, implementing and monitoring PFM reforms. The study shows a net increase of 12 tools since 2010, from 45 in 2016 compared to 33 in 2010 and 11 in 2004.

The stocktake identified 17 tools which are new entries in the current stocktake compared to one in 2010, as presented in table 2.

Table 2. New PFM Diagnostic Tools – since the 2010 stocktake

New tool - not in 2010 stocktake	Comment
Broad PFM diagnostics	
A02. OECD Recommendation of the Council on Budgetary Governance (RCBG)	Replaced and expanded OECD Best Practices for Budget Transparency 2002
A04. SIGMA Principles of Public Administration (PPA)	Replaced EC Assessment Reports on Public Expenditure Management, Public Financial Management and External Audit
A05. IMF Fiscal Transparency Evaluation (FTE)	Launched 2014. Replaced Fiscal Transparency ROSC (IMF)
A07. GIFT Principles on Financial Transparency (GIFT)	New. Launched 2012
A10. WB Rapid Assessments and Action Plans to Improve Delivery in SNGs (RAAP-ID)	New. Launched 2009 as pilot. Final 2015
A11. WB MiGestion Institutional Capacity Diagnostic in SNGs (MiGestion)	New. Launched 2013
A12. COE Benchmarking Fiscal Decentralization (BFD)	Originally launched in 2008, but omitted in 2010 stocktake.
PFM diagnostics focused on individual PFM elements, Institutions or Sub-systems	
B01. Tax Administration Diagnostic Assessment Tool (TADAT)	New. Launched 2013
B02. WB Integrated Diagnostic Tax Assessment Tool (IAMTAX)	Replaced WB Diagnostic Framework for Revenue Administration. Launched 2012
B07. IMF Revenue Administration Fiscal Information Toolkit (RA-FIT)	New. Launched 2012
B08. IMF Revenue Administration Gap Analysis Program (RA-GAP)	New. Launched 2014.
B09. WB Customs Assessment Trade Toolkit (CATT)	New. Launched 2011.
B10. EITI Extractive Industries Transparency Initiative (EITI)	An EITI standard existed prior to EITI, but the upgrade of the standard in 2016 expanded it to have direct links to the general PFM systems.
B11. WB State Owned Enterprise Corporate Governance and Risk Toolkit (SOE Toolkit)	New. Launched 2014
B13. IMF Public Investment Management Assessment (PIMA)	New. Launched 2015.
B18. WB Diagnostic Framework to Assess the Capacity of a Government Financial Management Information System as a Budget Management tool (DF-FMIS)	New. Launched 2016.
B23. IDI Supreme Audit Institutions Performance Measurement Framework (SAI-PMF)	Replaced IDI Capacity Building Needs Assessment Toolkit for SAIs. Pilot launch 2012. Final 2016

Seven of the tools included in the 2010 stocktaking have since been abandoned (ref. table 3). In most cases, however, the tools have been abandoned because they have been replaced by another tool used by the same institution. Only two tools have ceased without being replaced by another tool, namely CFAA and CPFM-SAT. Whilst CIFA/PEMFAR have also disappeared, they were never separate tools but represented a WB analytical product combined from other of the diagnostic tools. Nevertheless, these developments suggest some consolidation of tools in the category of broad PFM diagnostics.

Table 3. PFM Tools abandoned since 2010

Diagnostic tool discontinued since the 2010 stocktake	Reason for discontinuation
Broad PFM diagnostics	
World Bank Country Financial Accountability Assessment (CFAA)	PEFA Framework in combination with other tools has been used instead.
Commonwealth Secretariat PFM Self-Assessment Toolkit (CPFM-SAT)	Lack of support services for its implementation and overlap with the PEFA Framework
EC Assessment Reports on Public Expenditure Management, Public Financial Management and External Audit (SIGMA)	Replaced by OECD/SIGMA Principles of Public Administration (PPA)
Fiscal Transparency ROSC (IMF)	Replaced by IMF Fiscal Transparency Evaluation (FTE)
World Bank Integrated Assessments (CIFA, PEMFAR)	Whilst WB may still undertake assessments that combine various tools, the CIFA or PEMFAR are no longer considered specific/standard tools.
PFM diagnostics focused on individual PFM elements, Institutions or Sub-systems	
Diagnostic Framework for Revenue Administration	There is no evidence of the tool being used at country level. Many of its assessment questions have been absorbed into IAMTAX.
IDI Capacity Building Needs Assessment Toolkit for SAIs	Replaced by IDI's SAI-PMF

The number of broad PFM diagnostic tools (group A) has expanded modestly from 10 to 12. This overall expansion is a result of several developments, as reflected in tables 2 and 3. Firstly, three entirely new tools have been launched since 2010, namely A07.GIFT-PFT, A10.WB RAAP-ID, and A11.WB MiGestion. Secondly, three new tools have been launched to replace another three which were included in the 2010 stocktake (A02.OECD-RCBG, A04.SIGMA PPA and A05.IMF FTE). Of these three, the OECD RCBG replaced an OECD tool which had existed since 2002 but was omitted in the 2010 stocktake; therefore, it is not included in table 3. Thirdly, one tool (A12.COE-BFD) is included in the present stocktake and should have been (but was not) identified in 2010 – as it was launched in 2008. Fourthly, two tools have been completely discontinued since 2010 without being replaced by a new tool by the same developer/custodian of the tool (WB CFAA and Commonwealth Secretariat CSFM-SAT).

Overall, there have been three entirely new tools launched and two tools discontinued. Whilst these tools cover PFM systems across the government sector broadly, the new developments have focused on fiscal transparency and sub-national government, whereas the discontinued tools focused on central government and were the tools with the highest overlap with the PEFA Framework.

The expansion in the number and range of tools has been most noticeable for the tools which focus on individual PFM elements, institutions or sub-systems (Group B). Over the past six years this group has expanded from 17 to 25 tools. This includes eight entirely new tools plus two new tools that replaced tools included in the 2010 stocktake. The new developments have been mainly focused on revenue administration with six new tools launched in this specific area⁷. New subjects covered are corporate governance of state-owned enterprise and the capacity of FMIS as a budget management tool, which are subjects where no similar tools existed in 2010. Tools for assessment of supreme audit institutions and

⁷ One of these tools, RA-GAP, builds on assessment methodologies developed by UK and EU respectively. Those methodologies are not listed in the present report as separate tools.

public investment management have also been launched, but these are areas for which diagnostic tools also existed in 2010⁸.

The number of tools used by development partners for fiduciary risk assessment purposes increased from 6 in 2010 to 9 in the present stocktake, but it is hard to tell if this is a true reflection of global developments. Most, if not all, development partners would be expected to have tools to evaluate the risks involved in their funding operations, but the instruments may not always be publicly accessible. It is possible, however, that more development partners are creating new instruments of their own design, rather than relying on tools developed by others. Most of the tools identified in present stocktake represent refinements and enhancements on already existing instruments.

3.3 Gaps in coverage of PFM

All of the broad diagnostic tools which were identified in 2010 have either been updated or replaced by a similar instrument⁹, with the exception of the PER and PETS which are sufficiently non-prescriptive and flexible to accommodate emerging issues. The replacements and updates have typically enhanced the subject matter coverage. This is the case for the 2016 upgrade of the PEFA framework which filled many of the gaps in coverage identified in the 2010 stocktaking study¹⁰ including coverage of non-financial assets management and budget-related performance information, the latter not being covered by any of the broad diagnostic tools at the time. Many of the subjects covered by the versions of various tools in use in 2010 have been expanded to include more details in addition to updating to the more recent version of international standards of good practice in PFM.

Detailed assessment tools on specific subjects remains in demand despite the enhanced subject coverage of the broad diagnostic tools. The issue is whether diagnostic tools - exploring individual PFM elements, institutions or subsystems - are available in all areas where there might be a need for more detailed analysis or following an application of one of the broad diagnostic tools – i.e. in-depth analysis in areas of identified weaknesses.

Using the 31 PEFA performance indicators as an organizing framework, table 4 suggests which of the existing tools could be used for in-depth analysis for each PFM element or sub-system.

Table 4 is focused on links between tools for national government level assessments. Some of the broad diagnostic tools (group A) are included in the table because they provide more detail on selected PFM elements than the PEFA Framework. To keep table 4 simple, it does not include the two broad tools developed for sub-national government (RAAP-ID and MiGestion) because they offer an alternative to the PEFA framework. As described in Annexes 1 and 2, PEFA and the Council of Europe's BFD specifically cover the SNG sector and many of the other tools are also applicable to the SNG level. BFD looks at fiscal decentralisation both from a national government and a SNG perspective, but is included in table 4 only as far as assessment of the direct linkages to national government is concerned.

⁸ Several other tools to assess SAIs existed in 2011, mostly for use within specific geographical regions, and were not captured by the 2011 stocktake, ref. 'Mapping of Tools for Assessing Performance of Supreme Audit Institutions', INTOSAI-Donor Cooperation, 20 May 2012. Some consolidation of those tools has been achieved with the launch of the SAI-PMF.

⁹ Not counting the two broad tools that have been discontinued without being replaced.

¹⁰ PEFA, *Stocktaking study of PFM diagnostic instruments*, Vol. I Annex C.

https://pefa.org/sites/default/files/asset/study_document/PublishedStocktakingofPFMDiagnosticsFinalVolume1.pdf

Table 4. Alignment of PFM Elements in PEFA Framework and other Diagnostic Tools

PFM Element / PEFA 2016 Indicator		Tool for in-depth analysis or detailed data input
Pillar I: Budget reliability		
PI-1	Aggregate expenditure out-turn	PER
PI-2	Expenditure composition out-turn	PER
PI-3	Revenue out-turn	PER, RA-FIT, RA-GAP
Pillar II: Transparency of public finances		
PI-4	Budget classification	PER, OBS, FTE
PI-5	Budget documentation	OBS, FTE, RCBG, IBPPD, PPA
PI-6	Central government operations outside financial reports	OBS, FTE, EITI, RCBG, IBPPD, PPA
PI-7	Transfers to sub-national government	BFD
PI-8	Performance information for service delivery	RCBG, FTE, PPA, PETS
PI-9	Public access to fiscal information	OBS, FTE, AA-GAP, RCBG, IBPPD, PPA
Pillar III: Management of assets and liabilities		
PI-10	Fiscal risk reporting	SOE Toolkit, AA-ROSC, AA-GAP, BFD, FTE, RCBG, IBPPD
PI-11	Public investment management	DF-PIM, PIMA, FTE, RCBG, IBPPD
PI-12	Public asset management	SOE Toolkit, AA-ROSC, AA-GAP, EITI, FTE
PI-13	Debt management	DeMPA, FTE, PPA
Pillar IV: Policy-based fiscal strategy and budgeting		
PI-14	Macroeconomic and fiscal forecasting	TADAT, IAMTAX, FTE, IBPPD
PI-15	Fiscal strategy	TADAT, IAMTAX, OBS, FTE, RCBG, IBPPD
PI-16	Medium-term perspective in expenditure budgeting	PER, OBS, FTE, RCBG, IBPPD, PPA
PI-17	Budget preparation process	PER, OBS, FTE, IBPPD
PI-18	Legislative scrutiny of budgets	PER, OBS, FTE, RCBG, IBPPD, PPA
Pillar V: Predictability and control in budget execution		
PI-19	Revenue administration	TADAT, IAMTAX, TACIS, CTD, EU-FB, RA-FIT, RA-GAP, CATT, EITI, HTS
PI-20	Accounting for revenue	
PI-21	In-year resource allocation	RCBG, IBPPD
PI-22	Expenditure Arrears	AA-GAP
PI-23	Payroll controls	PPA
PI-24	Procurement management	MAPS, CPAR, PPA
PI-25	Internal controls on non-salary expenditure	PPA
Pillar VI: Accounting and reporting		
PI-26	Internal audit	IA-CM, RCBG, PPA
PI-27	Financial data integrity	IRM-FMIS, AA-GAP, AA-ROSC
PI-28	In-year budget reports	OBS, FTE, IBPPD, PPA
PI-29	Annual financial reports	AA-GAP, AA-ROSC, OBS, FTE, IBPPD
Pillar VII: External scrutiny and audit		
PI-30	External audit	SAI-PMF, ICBF, AA-GAP, AA-ROSC, OBS, FTE, RCBG, IBPPD, PPA
PI-31	Legislative scrutiny of audit reports	OBS, RCBG, IBPPD, PPA
PI cross-cutting		
All		DF-FMIS, FMM

Table 4 does not include development partners' fiduciary risk assessment frameworks (group C tools). They are excluded because they have a different focus (risk identification), do not usually constitute an option of choice for a country government or other development partners (the custodian) and in most cases their findings are not published in an assessment report which could be used as a source of information for others.

Table 4 shows that specific tools have been developed for most PFM elements, but notable exceptions include a comprehensive assessment of internal controls, particular related to PI-23 and PI-25 but also touching on subjects covered by several other indicators. Internal controls are explicitly covered by SIGMA PPA, but at a high level which does not necessarily add to an analysis of a PEFA assessment based on the current version of the framework. International standards exist - such as INTOSAI's internal control standards – and could potentially be made the subject of a gap analysis tool. No assessment tool has been developed to assess - at an aggregate scale - to what extent such standards are set out in local legislation and being adhered to in practice¹¹.

There are several other areas of PFM that do not appear to have their own detailed assessment tools, including:

- budget-related performance information and performance evaluation (related to PI-8)
- extra-budgetary operations (PI-6),
- treasury management (PI-21),
- human resource/payroll control systems (PI-23). In this case, assessment tools exist for human resource management and as part of broader assessments of public administration (e.g. included in SIGMA PPA and RAAP-ID), but none have been identified which fully integrates the payroll management aspect at a detailed level.

¹¹ IFAC is developing a public sector financial accountability index which aims to identify the extent of adoption of accrual accounting and reporting standards. WB also has an internal checklist to identify the gap between international accounting standards and national accounting standards which has been adapted several times.

4 Follow-up on recommendations from 2011

The 2010 stocktake was completed in 2011 and included a set of recommendations split into two categories. The first set of proposals focused on streamlining coverage; addressing overlaps and seeking to clarify the role of specific instruments. The second set of proposals was broader in nature and, if enacted would improve collaboration (a) between donors in the development and streamlining of PFM diagnostics; and (b) at a country level by reducing duplicative processes, building government capacity and reducing transaction costs. Table 5 lists the recommendations with a comment on the extent to which each one has been implemented.

Overall there has been a fair degree of progress on addressing most recommendations regarding improved streamlining of PFM diagnostics.

- Seven of the nine recommendations (#1, 2, 3, 5, 6, 7, 9) have been fully or substantially addressed;
- One recommendation (#8 on IA-CM) appears not to have been addressed and it is not clear to what extent official clarification by the EU on use of different assessment tools at country level (#4) has been addressed.

It is less clear if any progress has been made in enhancing collaboration between development partners at country level by reducing duplicative processes, building government capacity and reducing transaction costs:

- Only one recommendation appears to have been substantially addressed (#12) and even this was not through a global initiative as proposed but through individual institutional actions and bilateral coordination between developers of PFM diagnostic tools.
- Two recommendations (#10 and 13) have not been addressed¹²; the recommendation to build a central repository through OECD-DAC has not been implemented, and the present study is making up for that fact. Indications are that no global initiative has been taken to facilitate and monitor alignment and harmonization of PFM assessment tools are their use.

Due to its scope, the current study was unable to determine if any progress has been made on one recommendation (#11) regarding multi-year planning of PFM assessments at country level.

¹² Lack of progress on #10 is one reason for the current study is being conducted.

Table 5. Implementation of Recommendations from the 2010 Stocktaking Study

Recommendation in the 2010 study	Comment on implementation as at 2016
Streamlining coverage	
1. PEFA and the IMF should strengthen collaboration between the PEFA Framework and the Fiscal ROSC on the delivery of country assessments and address overlaps between the two instruments.	The Fiscal ROSC has been replaced by the FTE. PEFA2016 drew on the FTE in order to ensure alignment of the two tools in overlapping areas.
2. PEFA and the Commonwealth Secretariat should clarify the distinguishing roles of, and address overlaps between, PEFA and the Commonwealth Secretariat PFM Self-Assessment Tool (CPFM-SAT).	The issue has been resolved as the Commonwealth Secretariat decided to discontinue the CPFM-SAT.
3. The Commonwealth Secretariat should clarify which elements of the CPFM-SAT data set should be regarded as pre-requisites of a member country's PFM system; and which might be regarded as longer term goals or aspirations.	As above.
4. The European Commission should clarify the distinguishing roles of EC Annual PFM Assessments, ECFIN Operational Assessments and the PEFA Framework to government counterparts.	It is not clear to what extent this has been done. No published guidance has been identified. However, there is evidence that ECFIN now also commissions PEFA assessments, which suggests that internal guidance exist on when to use each tool.
5. The PEFA Program should develop guidance on the application of the PEFA methodology at a sector level.	The PEFA Program has maintained that the PEFA Framework is not applicable to selected government sectors and therefore did not such guidance.
6. Development agencies (through the auspices of PEFA) should develop a comprehensive, evidence based tax administration tool; based on the principles which governed the development of the PEFA Framework.	Such a tool has been developed and launched in terms of TADAT.
7. The World Bank and UNDP should provide guidance on the linkages between the CPAR and the Methodology for Assessment of National Procurement Systems (MAPS), and the UN Procurement Capacity Assessment. The World Bank should focus the CPAR as a development tool to be used in partnership with governments and development partners.	UNDP in its publication 'Public Procurement Capacity Development Guide' of December 2010 now describes how MAPS can be integrated into it Procurement Capacity Assessment. WB has adopted MAPS as the core assessment tool in CPARs, although CPAR guidance has not been updated to reflect this.
8. The Institute of Internal Auditors should evaluate the Internal Audit Capability Model's (IA-CM) applicability as a useful model when applied to developing countries.	It is not clear if this has been done or even if the recommendation has been accepted by IIA. No new guidance on the application of the IA-CM has been issued since 2010.
9. The International Organization of Supreme Audit Institutions (INTOSAI) should develop a single methodology to assess public sector external audit institutions which could be used both by SAIs and the donor community. INTOSAI should also coordinate with the World Bank to address overlaps between its diagnostic tools and the Public Sector Accounting and Auditing Gap Analysis.	INTOSAI has developed and officially adopted such a tool in terms of the SAI-PMF in 2016. Whilst the issue of SAI-PMF has led to some consolidation of tools used for assessment of external audit institutions, AFROSAI-E's ICBF continues to be in use. Moreover, the WB's AA-ROSC also appears to remain in use. A 2012 mapping exercise was undertaken by IDI to clarify overlaps and complementarity.
Enhancing collaboration	
10. Development agencies, through the OECD-DAC Task Force on PFM should develop a single user friendly portal to give access to donor instruments, completed diagnostic and fiduciary assessments, guides and toolkits to donors, professional bodies and government counterparts.	This recommendation has not been implemented – which is a reason why the current stocktake has been undertaken.

Recommendation in the 2010 study	Comment on implementation as at 2016
<p>11. At a country level, governments should have a coherent, integrated medium term strategy of diagnostic instruments; supported by its development partners. These should indicate the expected time commitments required by donors and government officials, and incorporate fiduciary instruments required by individual donors. This strategy should identify how the program of diagnostic work will strengthen government capacity to participate in, or undertake assessment work.</p> <p>The OECD DAC Task Force on PFM should provide examples of existing best practice and provide guidance on their use and how these are linked to the PFM reform agenda.</p>	<p>No information available. The current study did not allow for a survey of country practices in planning assessments.</p>
<p>12. Development agencies - through the OECD-DAC Task Force on PFM - should develop ways of collaborating on fiduciary reviews and risk assessments in terms of shared typology and identification of common information requirements as well as coordination of data gathering and assessment findings through joint assessment missions.</p>	<p>Alignment of typology and information requirements of new and updated assessment instruments is progressing through the OECD and CABRI along with working groups and stakeholder networks.</p> <p>As they are being updated, fiduciary risk assessment instruments (group C) appear to draw increasingly on other PFM assessment tools, rather than creating own PFM assessment frameworks. No initiative on a more global scale has been identified (through OECD DAC or similar institution).</p>
<p>13. The OECD-DAC Secretariat should develop a more systematic and PFM specific monitoring and evaluation tool to track trends in aligning and harmonizing assessment activities in accordance with Paris Declaration principles.</p>	<p>There is no indication that this recommendation has been implemented.</p>

5 How does PEFA relate to other diagnostic tools?

PEFA has maintained its position as the most commonly used instrument for assessing the quality of public finance management systems. Table 4 illustrates the potential relationship between PEFA and other diagnostic tools covered by this study. This suggests that PEFA is complementary to many of the other tools, particularly those which focus on specific areas of PFM. There may be some duplication and overlap between PEFA and a few other tools, which could benefit from closer examination than was possible in this study. Further harmonisation and alignment between the various tools would be beneficial for both developers and users to ensure greater consistency and complementarity.

Since its launch in 2005 PEFA has become an acknowledged standard for broad PFM systems assessments. By the end of 2016, more than 550 PEFA assessments had been undertaken or were in the pipeline in 150 countries, including more than 200 sub-national assessments¹³. The total number of PER reports exceeds 650, but has been produced over a much longer period. PER and PEFA assessments have similar geographical coverage and are highly complementary tools in that PEFA provides comprehensive and systematic performance assessments of PFM system issues which are needed to undertake the PER's assessment of budget policy issues.

One of the aims of PEFA is to try to reduce the number of assessments tools covering the same scope. There is evidence that such a consolidation of broad PFM diagnostics has taken place for central government assessments, but an expansion in the range of broad based assessment tools focused on sub-national government. There would be merit in examining the extent of overlaps and complementarity between those tools to explore the potential for coordination and consolidation.

Another development of interest is the adoption of PEFA methodology to indicator formulation and scoring by other diagnostic tools. Since 2010, two new tools have been launched with assessment and reporting methodologies almost identical to PEFA, namely TADAT and SAI-PMF. Other new tools take a quite similar (though not identical approach) including FTE and PIMA. It adds to the tools identified in 2010, such as DeMPA and MAPS, which also took such an approach and have continued without major changes. This suggests that the methodology used for the PEFA assessments is increasingly recognized as helpful to most stakeholders in their efforts or support to improving PFM systems at country level.

¹³ PEFA website – www.pefa.org

6 How to use the information in this study

The increasing complexity of PFM systems warrants greater attention to balancing the needs of development partners, national governments and other stakeholders. The number and diversity of tools creates the potential for inefficiencies and associated high transaction costs. The need to carry out multiple assessments can cause ‘assessment fatigue’ if not well coordinated, or where there are significant overlaps.

As the complexity and the number of tools increases, the potential for choosing the appropriate tools also increases but so does the potential for undertaking too many overlapping assessments, choosing inappropriate tools or omitting useful ones. The potential to use multiple tools in integrated assessments - where the tools are complementary and use of their findings well understood - should also be considered. For example if it is known that certain subsystems need reform or upgrading (e.g. debt management; tax administration) they could be carried out contemporaneously with broader diagnostic tools such as PEFA. This is already occurring in some countries and is expected to be the subject of future research through the PEFA program. The co-ordination with development partners and governments is important for reducing not only transaction costs in undertaking the assessments but also for reducing the risk of reforms being delayed by the timing of the diagnostics.

The objective of this study has been to develop a manageable document that can be useful to stakeholders who either (i) wish to plan a PFM assessment (or series of assessments) in a particular country or (ii) wish to obtain information on results of PFM assessments in one country or in a group of countries. To keep the information manageable for practical use there are two annexes:

Annex 1 provides an overall view of the tools currently in use, their characteristics and their functional and institutional coverage. It is organised in line with the typology described in section 3 of this report, i.e. and may be used as a first filter in search of assessment tools and related data.

Annex 2 offers details on basic elements on each PFM diagnostic tool. The table also provides hyperlinks to websites where the detailed description of the tool and/or assessment results may be found. The notes present type, purpose, approach, coverage, indications of quality assurance, recommended frequency of assessment, and transparency of assessment results for each PFM diagnostic tool. The notes also comment on complementarity with the PEFA Framework, as well as specific linkages to the PEFA Performance Indicators.

7 What are the options for government?

A government's (or another stakeholder's) options for choice of assessment tool depends not only on the coverage of the PFM systems to be assessed – such as national or sub-national government, a sector, a specific organization, or a particular function – but also on the accessibility to the tool itself, any related guidance material and any support offered by the tool custodian during implementation – including quality assurance. Annex 1 indicates how each of the tools is intended to be undertaken.

About half of the tools may be undertaken as self-assessment by the government whose PFM systems are being reviewed. The tools proper and related guidance material is readily available for most of these tools on the internet, ref. hyperlinks in Annex 2. In a few cases (CIPFA FMM and IA-CM) the tool may be purchased from the custodian at modest cost (e.g. IA-CM USD 65.-). Tools suitable for self-assessment are also applicable as external assessment by teams of consultants, research institutions etc provided that the assessed government has given its consent to collaborate with the external assessors.

Some tools are not sufficiently well-defined to easily be applied as self-assessments (PER and PETS), are not readily accessible (ECFIN Operational Assessment and WB MiGestion) or they require assessor skills which are not easily found (RA-GAP). Where such assessments are needed to achieve the desired inputs to the reform and capacity building plans, the respective custodian of the tool should be approached.

Some tools which are not primarily intended for self-assessment can nevertheless be applied through self-assessment or external assessment because the tool is well-defined and publicly accessible. This applies to the Open Budget Survey and AC-FMIS, for example, which have both been implemented through centralized processes so far.

Annex 1 Mapping of PFM Diagnostic Tools

	CUSTODIAN	TOOL	TECHNICAL CONTENT	INSTITUTIONAL COVERAGE	BENCHMARK SYSTEM		DATABASE TOOL	REPORT REPOSITORY	APPLICATION
					SCORING SYSTEM	NARRATIVE EVALUATION			
A) BROAD PFM DIAGNOSTICS: DIAGNOSTIC OR ANALYTICAL TOOLS COVERING THE WHOLE OF THE PFM SYSTEM									
A01	PEFA	PEFA Framework for Assessing Public Financial Management	All of PFM	National Subnational	✓			✓	Self Any external
A02	OECD	Recommendation of the Council on Budgetary Governance	All of PFM	National		✓			Self
A03	OECD	International Budget Practices & Procedures Database (IBPPD)	All of PFM	National			✓		Self
A04	OECD	SIGMA Principles of Public Administration (PPA)	All of PFM Public administration broadly	National	✓			✓	Custodian Self Any external
A05	IMF	Fiscal Transparency Evaluation (FTE)	Transparency in all of PFM	National	✓				Custodian
A06	IBP	Open Budget Survey (OBS)	Transparency in all of PFM	National	✓			✓	Centralised
A07	GIFT	Principles on Fiscal Transparency (PFT)	Transparency in all of PFM	National		✓		✓	Self Any external
A08	WB	Public Expenditure Review (PER)	Expenditure policy Expenditure administration	National Subnational Sector		✓		✓	Custodian
A09	EU	ECFIN Operational Assessment (OA)	All of PFM	National		✓			Custodian
A10	WB	Rapid Assessments and Action Plans to Improve Delivery in Sub National Government (RAAP-ID)	All of PFM Development outcomes and outputs	Subnational		✓			Self Custodian
A11	WB	MiGestion Institutional Capacity Diagnostic	All of PFM Public administration broadly	Subnational			✓		Self
A12	COE	Benchmarking Fiscal Decentralisation (BFD)	Fiscal decentralization	Subnational	✓				Self Any external

	CUSTODIAN	TOOL	TECHNICAL CONTENT	INSTITUTIONAL COVERAGE	BENCHMARK SYSTEM		DATABASE TOOL	REPORT REPOSITORY	APPLICATION
					SCORING SYSTEM	NARRATIVE EVALUATION			
B) DIAGNOSTIC TOOLS WHICH FOCUS ON INDIVIDUAL PFM ELEMENTS, INSTITUTIONS OR SUB-SYSTEMS									
B01	IMF	Tax Administration Diagnostic Assessment Tool (TADAT)	Revenue administration	National	✓			✓	Self
B01	IMF	Tax Administration Diagnostic Assessment Tool (TADAT)	Revenue administration	National	✓			✓	Self Any external
B02	WB	Integrated Assessment Model for Tax Administration (IAMTAX)	Revenue administration	National	✓				Self Any external
B03	OECD	Tax Administration 2015 - Comparative Information on OECD, other Advanced and Emerging Economies (TACI)	Revenue administration	National			✓		Self
B04	USAID	Collecting Taxes Database (CTD)	Revenue administration	National			✓		Centralised
B05	EU	Fiscal Blueprints (EU-FB)	Revenue administration	National	✓				Self
B06	WB	Handbook for Tax Simplification	Revenue administration	National		✓			Self Any external
B07	IMF	Revenue Administration Fiscal Information Toolkit (RA-FIT)	Revenue administration	National			✓		Self
B08	IMF	Revenue Administration Gap Analysis program (RA-GAP)	Revenue administration	National Sector		✓			Custodian
B09	WB	Customs Assessment Trade Toolkit (CATT)	Revenue administration Trade facilitation	National	✓				Self Custodian
B10	EITI	Extractive Industries Transparency Initiative (EITI)	Natural Resource Revenue administration Expenditure management	National Subnational		✓		✓	Any external
B11	WB	State Owned Enterprise Corporate Governance and Risk Toolkit (SoE Toolkit)	Public corporations	National Sector Single Institution		✓			Self Any external
B12	WB	Debt Management Performance Assessment (DeMPA)	Debt management	National	✓				Self Custodian
B13	IMF	Public Investment Management Assessment (PIMA)	Investment management	National	✓				Centralised
B14	WB	Diagnostic Framework for Assessing Public Investment Management (DF-PIM)	Investment management	National Subnational		✓			Self custodian

	CUSTODIAN	TOOL	TECHNICAL CONTENT	INSTITUTIONAL COVERAGE	BENCHMARK SYSTEM		DATABASE TOOL	REPORT REPOSITORY	APPLICATION
					SCORING SYSTEM	NARRATIVE EVALUATION			
B15	OECD	Methodology for Assessment of National Procurement Systems (MAPS)	Procurement	National	✓				Self Any external
B16	WB	Country Procurement Assessment Report (CPAR)	Procurement	National	✓				Custodian
B17	WB	Public Expenditure tracking surveys (PETS)	Expenditure management	National Subnational Sector		✓			Custodian
B18	WB	Diagnostic Framework to Assess the Capacity of a Government Financial Management Information System as a Budget Management Tool (DF-FMIS)	Management information systems	National	✓			✓	Centralised
B19	IRMT	Integrating Records Management in FMIS design (IRM-FMIS)	Records management	National Subnational Single institution		✓			Self Any external
B20	WB	Gap Analysis Framework for comparing Public Sector Accounting and Auditing to International Standards (AA-GAP)	Accounting Auditing	National		✓			Custodian
B21	WB	Report on Observance of Standards and Codes Accounting and Auditing (AA-ROSC)	Public corporations	National		✓		✓	Custodian
B22	IIA	Internal Audit Capability Model (IA-CM)	Internal audit	National Single institution	✓				Self
B23	INTOSAI	Supreme Audit Institution – Performance Measurement Framework (SAI-PMF)	External audit	National	✓			✓	Self Any external
B24	AFROSAI-E	Institutional Capacity Building Framework (ICBF)	External audit	National	✓				Self
B25	CIPFA	Financial Management Model (FMM)	All of PFM	Single Institution	✓				Self

	CUSTODIAN	TOOL	TECHNICAL CONTENT	INSTITUTIONAL COVERAGE	BENCHMARK SYSTEM		DATABASE TOOL	REPORT REPOSITORY	APPLICATION
					SCORING SYSTEM	NARRATIVE EVALUATION			
C) TOOLS USED BY DEVELOPMENT PARTNERS TO MAKE DECISIONS ON FIDUCIARY RISK									
C01	ADB	Assessing and Managing Governance Risks in ADB Operations (GACAP II)	All of PFM	National Subnational Sector		✓			Custodian
C02	ADB	Financial Management Assessment (FMA)	All of PFM	Single Institutions	✓				Custodian
C03	IDB	Tool for Determining the Level of Development and Use of PFM Systems	All of PFM	National Subnational	✓				Custodian
C04	WB	Assessment of the use of country financial management systems in Bank Financed Investment projects	Cash and expenditure management	National Subnational		✓			Custodian
C05	EU	Budget Support Guidelines	All of PFM	National Subnational Sector		✓			Custodian
C06	DFID	Fiduciary Risk Assessment (FRA)	All of PFM	National Subnational	✓				Custodian
C07	BMZ	Structural analysis of fiduciary risk in budget support	All of PFM	National		✓			Custodian
C08	DANIDA	Guidelines for risk management	All of PFM	National	✓				Custodian
C09	USAID	PFM Risk Assessment Framework (PFMRAF)	All of PFM	National Subnational Sector	✓				Custodian

Annex 2 Description of each PFM Diagnostic Tool

PFM DIAGNOSTIC TOOL No. A01:

PEFA Framework for Assessing Public Financial Management

TYPE	Tools covering the whole of the PFM system.
APPROACH	Benchmarking approach with scoring system.
COVERAGE	National and Subnational Government.
Custodian	Public Expenditure and Financial Accountability (PEFA) Program. Issued 2005, amendments 2011; major upgrade 2016.
Description	<p>The PEFA Framework provides a common framework for the assessment of the quality of a government's public finance management processes. It has 31 high level indicators with a total of 94 dimensions (sub-indicators) for measuring and monitoring PFM performance across all phases of the budget cycle. The indicators are organized under seven pillars:</p> <ol style="list-style-type: none"> 1. Budget credibility 2. Transparency of public finances 3. Management of assets and liabilities 4. Policy-based fiscal strategy and budgeting 5. Predictability and control in budget execution 6. Accounting and reporting 7. External scrutiny and audit <p>Indicator dimensions are scored on a cardinal scale A, B, C, D; aggregated into indicator scores. The indicator assessments are integrated into a narrative report with a standardized format.</p> <p>More than 550 PEFA assessments in 150 countries had been undertaken by December, 2016. About 40% of the reports cover sub-national government.</p>
Linkage to PEFA Framework	Complete
Complementarity with PEFA Framework	Complete
Guidance Material	<p>The PEFA explanation, guidance and handbook are available in multiple languages on www.PEFA.org</p> <p>A separate guidance note is provided for use at the sub-national level.</p>
Quality Assurance	An institutionalized QA system (PEFA CHECK) has been established, and includes quality reviews by the PEFA Secretariat. The system is the same irrespective of who is leading or commissioning the assessment.
Intervals between assessments	Assessment recommended every 3-5 years
Transparency	<p>An overview of all assessments ongoing or completed is available at www.pefa.org along with the full completed reports if agreed by government. More than 300 reports are accessible on the website, which provides database search and filter functions.</p>

PFM DIAGNOSTIC TOOL A02:**OECD Recommendation of the Council on Budgetary Governance (RCBG)**

TYPE	Tools covering the whole of the PFM system.
APPROACH	Benchmarking approach, with narrative evaluation.
COVERAGE	National Government.
Custodian	OECD Council on Budgetary Governance. Issued 2015
Description	<p>RCBG sets out ten principles which provide a concise overview of good practices across the full spectrum of budget activity and aim to give practical guidance for designing, implementing and improving budget systems to make a positive impact on citizens' lives:</p> <ol style="list-style-type: none"> 1. Manage budgets within clear, credible and predictable limits for fiscal policy. 2. Closely align budgets with the medium-term strategic priorities of government. 3. Design the capital budgeting framework in order to meet national development needs in a cost-effective and coherent manner. 4. Ensure that budget documents and data are open, transparent and accessible. 5. Provide for an inclusive, participative and realistic debate on budgetary choices. 6. Present a comprehensive, accurate and reliable account of the public finances. 7. Actively plan, manage and monitor budget execution. 8. Ensure that performance, evaluation and value for money are integral to the budget process. 9. Identify, assess and manage prudently longer-term sustainability and other fiscal risks. 10. Promote the integrity and quality of budgetary forecasts, fiscal plans and budgetary implementation through rigorous quality assurance including independent audit. <p>Each principle is subdivided into 4-7 sub-principles – in total 48 sub-principles – which can be used as performance benchmarks.</p>
Linkage to PEFA Framework	No direct linkages. Broad overlap with the content of the PEFA Framework.
Complementarity with PEFA Framework	Provides some background information on the principles behind the PEFA Framework with an emphasis on fiscal prudence and compliance.
Guidance Material	<p>RCBG can be found here:</p> <p>http://www.oecd.org/gov/budgeting/principles-budgetary-governance.htm http://www.oecd.org/gov/budgeting/Recommendation-of-the-Council-on-Budgetary-Governance.pdf</p>
Quality Assurance	Dependent on the institution commissioning an assessment.
Intervals between assessments	No guidance given
Transparency	Reports from Working Party of Senior Budget Officials are published in the OECD journal on budgeting.

PFM DIAGNOSTIC TOOL No. A03:**International Budget Practices and Procedures Database (IBPPD)**

TYPE	Tools covering the whole of the PFM system.
APPROACH	Database.
COVERAGE	National Government.
Custodian	OECD Budgeting and Public Expenditures Division. Initial survey in 2003; second version 2007; most recent survey 2012.
Description	<p>IBPPD provides practitioners, academics and civil society with a database to compare national budgeting and financial management practices. The survey instrument's about 90 questions cover the entire budget cycle: preparation, approval, execution, accounting and audit, performance information, and aid management within developing countries. Cross-cutting and topical issues such as fiscal sustainability and budget transparency also covered. The database captures current practices and institutional arrangements and provides a resource for PFM practitioners and researchers. The multiple choice options in the questionnaire do not necessarily reflect any good practice ranking.</p> <p>The Survey is conducted through a questionnaire distributed to senior budget officials of participating countries. Survey responses are voluntary.</p> <p>The 2012 survey covered 34 OECD countries; 2007 survey covered 31 OECD countries and 66 other countries.</p>
Linkage to PEFA Framework	No direct linkages, but high degree of overlap of the national PFM systems covered by IBPPD and PEFA.
Complementarity with PEFA Framework	If updated regularly and systematically the database can be a good information repository for a PEFA assessment. It is also an easily accessible tool for practitioners to check how comparable countries organize their PFM systems.
Guidance Material	<p>Survey instrument and glossary available in English, French and Spanish at: http://qdd.oecd.org/subject.aspx?Subject=7F309CE7-61D3-4423-A9E3-3F39424B8BCA</p> <p>Database functions (filters) and a user guide allow analysis by users.</p>
Quality Assurance	The OECD country responses were originally collected between November 2012 and February 2013 and verified at the annual meeting of the OECD Working Party of Senior Budget Officials, June 2013. Along with OECD publication that analyses the content of the database with respect to the OECD data collected, the OECD has conducted extensive quality control of the responses to ensure consistency and reliability. Based on in-depth dialogue with member countries, some responses have been changed and are now available on line.
Intervals between assessments	No specific interval, but tend to be updated for OECD countries every five years.
Transparency	<p>Most recent survey for 2012 was published May 2014.</p> <p>IBPPD (2012 and 2007 results) is accessible on the OECD website at: http://qdd.oecd.org/subject.aspx?Subject=7F309CE7-61D3-4423-A9E3-3F39424B8BCA</p>

PFM DIAGNOSTIC TOOL No. A04:**SIGMA Principles of Public Administration (PPA)**

TYPE	Tools covering the whole of the PFM system.
APPROACH	Benchmark approach with scoring system.
COVERAGE	National Government.
Custodian	SIGMA program at OECD. Launched 2014.
Description	<p>SIGMA's Assessment Reports are prepared at the request of the European Commission as a contribution to its annual Progress Reports on EU candidates and potential candidates and to its programming of technical assistance. They also provide partners with inputs into their own reform activities. They assess reform progress and identify priorities against baselines set by good European practice and existing EU legislation (acquis communautaire).</p> <p>PPA covers the following areas: the strategic framework for public administration reform; policy development and co-ordination; public service and human resource management; accountability; service delivery, and public financial management.</p> <p>There are differences between the approach applied to the European Neighbourhood Policy (ENP) countries and to the candidate, EU enlargement countries. For PFM, there are 12 PFM Principles for ENP countries and 16 PFM Principles for the EU enlargement group.</p> <p>The EU acquis requirements and guidelines are the core of the PPA for enlargement countries. They are also derived from international standards and requirements and good practices in EU and OECD member countries.</p> <p>The PFM principles of PPA (for the EU integration countries) identify 8 key requirements as a basis for grouping the 16 principles. Within the principles, there are more than 130 quantitative and qualitative sub-indicators used as a basis for monitoring progress on the principles. Qualitative indicators measure the maturity of relevant public administration components on a scale of 1 (the lowest result) to 5 (the highest result).</p> <p>The evidence and data necessary for monitoring are collected during the OECD/SIGMA annual assessment process but can be used by others.</p>
Linkage to PEFA Framework	<p>No direct linkage.</p> <p>About half of the quantitative indicators very similar to PEFA dimensions. PPA draws on PEFA as well as OBS and other tools.</p>
Complementarity with PEFA Framework	SIGMA PPA is broader than PEFA, covering a wider range of public administration elements than financial management. In the area of financial management there are some similarities as well as differences in emphasis.
Guidance Material	<p>PPA for EU Neighbourhood and Enlargement countries respectively can be found at</p> <p>http://www.sigmaweb.org/publications/principles-public-administration.htm</p>
Quality Assurance	Carried out by SIGMA using internal quality assurance system and validation of country responses.
Intervals between assessments	Baseline assessments with annual updates for EU enlargement countries
Transparency	<p>In addition to the detailed methodology available at</p> <p>http://www.sigmaweb.org/publications/principles-public-administration.htm</p> <p>baseline assessments and annual monitoring reports for EU enlargement countries are published at</p> <p>http://www.sigmaweb.org/publications/public-governance-monitoring-reports.htm</p>

PFM DIAGNOSTIC TOOL No. A05:

Fiscal Transparency Evaluation (FTE)

TYPE	Tools covering the whole of the PFM system.
APPROACH	Benchmarking approach with scoring system.
COVERAGE	National Government.
Custodian	International Monetary Fund (IMF). Issued in 2014.
Description	<p>FTE is based on the updated Fiscal Transparency Code and was developed in 2014 to replace the Fiscal ROSC. It is built around four pillars: (I) fiscal reporting, (II) fiscal forecasting and budgeting, (III) fiscal risk analysis management and (IV) resource revenue management. However, the module on resource revenue management has not yet been released.</p> <p>FTE provides:</p> <ul style="list-style-type: none"> • analysis of the scale and sources of fiscal vulnerabilities. This includes the coverage of fiscal reports, quality of fiscal forecasts, and size of unreported contingent liabilities; • account of strengths and weaknesses related to fiscal transparency, allowing benchmarking against comparator countries, identification and prioritization of reform needs; • sequenced fiscal transparency action plan to help define reform priorities, including concrete and sequenced steps for addressing the main shortcomings in fiscal transparency; and • option to undertake a modular assessment focused on just one or two pillars of the Fiscal Transparency Code. <p>FTE uses 36 dimensions (12 for each of the 3 Pillars that are in operation) to determine whether government practice is basic, good or advanced.</p> <p>FTE is carried out by IMF Fiscal Affairs Department on request of government.</p>
Linkage to PEFA Framework	FTE content covers just over half of PEFA indicators (PI-4-6, PI-8-18, PI-28-30). During the development of FTE and the parallel upgrade of the PEFA Framework efforts were made to align the indicators and rating calibrations.
Complementarity with PEFA Framework	FTE explores about half of the PEFA Framework content in greater detail and adds indicators on standards of fiscal data, statistical standards and long term fiscal outlook. It also offers recommendations for reform action. Coordination between FTE and PEFA assessments are particularly important due to the major area of overlap. They may be conducted as one joint process where they are both needed in order to minimize the burden on government.
Guidance Material	The Fiscal Transparency Code and the FTE Framework constitute one document available at http://blog-pfm.imf.org/files/ft-code.pdf The site also provides other guidance materials.
Quality Assurance	Evaluations are carried out by the IMF, so IMF's standard QA system applies
Intervals between assessments	No specific recommendations
Transparency	Published on IMF website www.imf.org/external/np/fad/trans/ if agreed with assessed government; 15 FTE country reports available at the end of 2016.

PFM DIAGNOSTIC TOOL No. A06:

Open Budget Survey (OBS)

TYPE	Tools covering the whole of the PFM system.
APPROACH	Scoring system.
COVERAGE	National Government.
Custodian	International Budget Partnership (IBP). Launched in 2006.
Description	<p>Independent survey and analysis, carried out by local civil society organisations and researchers that evaluates public access to budget information and opportunities to participate in the budget process at a national level. It is used to measure country commitments to transparency and to compare between countries, including global country rankings.</p> <p>The questionnaire covers 140 questions within 8 pillars: 1. Pre- Budget statements, 2. Executive’s budget proposal, 3. Enacted Budget, 4. Citizens budget, 5. In year reports, 6. Mid-year reports, 7. Year-end reporting, 8. Audit reports. 92 questions form the Open Budget Index and the remaining 31 cover public participation in the budget and ability of oversight institutions to hold the executive to account. Questions are reported using a scoring (traffic light) system with comments.</p> <p>The last survey was undertaken in 2015 and included 102 countries. Previous surveys were undertaken in 2006, 2008, 2010 and 2012. The 2017 survey was initiated in September 2016 and covers 115 countries.</p>
Linkage to PEFA Framework	Many OBS questions correspond to PEFA indicator dimensions, not least PI-9. Over the years, discussions between the respective custodians have sought to align the benchmarks in the two instruments.
Complementarity with PEFA Framework	OBS goes into more detail in many areas covered by a PEFA assessment, particularly as to whether PFM systems reports/data are used internally, shared with the legislature and accessible to the public including the content and timing of such documents. OBS data can be useful inputs to a PEFA assessment. It can also add detailed information on budget openness to the discussions following a PEFA assessment.
Guidance Material	Survey instrument with instructions available at http://www.internationalbudget.org/opening-budgets/open-budget-initiative/open-budget-survey/
Quality Assurance	<p>Prepared by independent NGOs or research institutions based on evidence. IBP staff guide and support the researchers.</p> <p>IBP seeks to ensure internal consistency and consistency across countries. The answers are cross checked against published budget documents and reports on fiscal transparency issued by international institutions, such as the IMF, World Bank, and the OECD. Government is invited to comment on the draft assessment. There is an independent anonymous peer reviewer with knowledge of the budget systems in the relevant country.</p>
Intervals between assessments	Assessments are usually carried out every two years.
Transparency	Published on International Budget Partnership website http://www.internationalbudget.org/opening-budgets/open-budget-initiative/open-budget-survey/

PFM DIAGNOSTIC TOOL No. A07:**GIFT Principles on Fiscal Transparency (PFT)**

TYPE	Tools covering the whole of the PFM system.
APPROACH	Benchmarking approach (Narrative).
COVERAGE	National, Subnational Government, Sector.
Custodian	Global Initiative for Fiscal Transparency (GIFT), a multi-stakeholder action network. Issued 2012
Description	<p>The GIFT High-Level Principles on Fiscal Transparency were endorsed by the United Nations General Assembly in 2012 (UNGA Resolution 67/218). There are ten principles on Fiscal Transparency that can be broadly defined as:</p> <ul style="list-style-type: none"> • Right to information • Government publishing clear and measurable objectives and reporting against those objectives • Presentation of high quality Financial and non-financial information on Past, present and future fiscal information • Objectives and output targets • Publication of laws and regulations regarding PFM • Transparency and accountability • Roles and responsibilities for raising revenue and incurring expenditure • Roles of SAI • Right of citizens and non-state actors to participate in the PFM process <p>There are also ten principles on public participation in fiscal policy. The methodological toolkit mainly draws on other instruments on fiscal transparency such as FTE and OBS and others, which are the diagnostic tools that most closely follow GIFT High Level Principles.</p>
Linkage to PEFA Framework	No direct linkages, but relevant to PEFA indicators PI-5, 6, 8, 9, 10, 15, 18, 28, 29, 30, 31). GIFT Principles were considered for the 2016 PEFA Upgrade.
Complementarity with PEFA Framework	GIFT Principles provide background information on the principles behind aspects of the PEFA Framework relating to openness. GIFT goes further in relation to openness embedded in legislation and public participation in fiscal policy debate.
Guidance Material	<p>The GIFT Principles: http://www.fiscaltransparency.net/giftprinciples/ Methodological Framework: Country Briefs on Fiscal Transparency http://www.fiscaltransparency.net/resourcesfiles/files/20170412159.pdf</p>
Quality Assurance	Dependent on institution carrying out study
Intervals between assessments	No guidance given
Transparency	Case studies on GIFT website http://www.fiscaltransparency.net/giftprinciples/

PFM DIAGNOSTIC TOOL A08:**Public Expenditure Review (PER)**

TYPE	Tools covering the whole of the PFM system.
APPROACH	Narrative evaluation.
COVERAGE	National government, subnational government, sector(s).
Custodian	World Bank. Launched in the late 1980es.
Description	<p>PERs is a part of WB’s country economic and sector work. The content and format of the review is flexible and can be tailored to country circumstances (including specific focus on selected sectors).</p> <p>The key dimensions of analysis of a typical PER are fiscal sustainability, policy alignment, allocation and operational efficiency and effectiveness.</p> <p>PERs help diagnose spending problems and help countries develop more effective and transparent budget allocations. The objective is to establish a baseline understanding of key fiscal management and policy challenges, highlight priority reform areas for policymakers, and set the agenda for the next phase of budgetary planning.</p> <p>PER may 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 may examine institutional arrangements for public expenditure management, civil service reform and revenue policy and administration. The primary focus is on development and poverty reduction rather than fiduciary objectives.</p> <p>Analysis of institutional arrangements in the public expenditure management system is guided by 100 diagnostic questions, arranged under the three main budgetary outcomes (i) aggregate fiscal discipline (ii) expenditure prioritization and allocative efficiency (iii) technical efficiency (ref. guidance material below)</p>
Linkage to PEFA Framework	The PER’s analysis of expenditure management systems are arranged in relation to same three main budgetary outcomes as a PEFA assessment. The diagnostic questions of the PER are largely incorporated into the PEFA Framework.
Complementarity with PEFA Framework	PERs are complementary to PEFA by providing an analysis of expenditure policy and operational effectiveness in addition to some overlap with PEFA Framework on expenditure management systems. A PER has often been successfully combined with a PEFA assessment to provide a comprehensive and integrated analysis of expenditure policy and PFM management systems. PER also offer recommendations.
Guidance Material	A description of the PER Framework is found at http://documents.worldbank.org/curated/en/509221468740209997/pdf/multi-page.pdf
Quality Assurance	PER is subject to peer review by country experts and WB staff using standard WB peer review procedures.
Intervals between assessments	Agreed between the World Bank and Government, typically every 4 to 5 years
Transparency	All reports published on World Bank website, unless the government objects A central repository of PER reports (651 as at end of 2016) is found at http://search.worldbank.org/per?&os=0

PFM DIAGNOSTIC TOOL No. A09:**ECFIN Operational Assessment (OA)**

TYPE	Tools covering the whole of the PFM system.
APPROACH	Narrative evaluation.
COVERAGE	National Government.
Custodian	European Commission Directorate General for Economic & Financial Affairs (ECFIN). Launched late 1990s.
Description	<p>The OA is the direct instrument of ECFIN for undertaking diagnostic assessments of PFM systems and other financial arrangements in countries that benefit from, or are earmarked for Macro-Financial Assistance (MFA) support by the EU. MFA is a form of financial aid (loan, grants or a combination) extended to partner countries experiencing a balance of payments crisis. It is only available to a restricted group of countries if they benefit from an International Monetary Fund programme. Countries eligible for MFA are candidate countries and potential candidates to EU, countries included in the European Neighbourhood Policy framework, and other countries that may be selected on an ad hoc basis by the DG ECFIN.</p> <p>OA provides an analysis of core financial management functions and administrative bodies such as the central bank, the ministry of finance, auditing bodies. The OA report covers the national budget, treasury services, cash and debt management, the key functions of the central bank, internal and external auditing, and relevant IT processes. The assessment identifies strengths and weaknesses and provides recommendations for improvement that may be included in MFA programme conditionality.</p>
Linkage to PEFA Framework	The coverage of the ECFIN OA extends to all PEFA Pillars, but there appears to be no direct linkages to PEFA indicators.
Complementarity with PEFA Framework	If a recent PEFA assessment exists in the country of assessment this is usually a key source of information for the OA.
Guidance Material	The ECFIN OA is a confidential assessment usually kept at the strict discretion of DG ECFIN and the concerned authorities. No guidance on the specific content and application methodology is published.
Quality Assurance	Carried out by consultants selected and managed by ECFIN
Intervals between assessments	Assessments are undertaken in relation to provision of finance to the government by ECFIN. Normally quarterly assessments for monitoring purposes.
Transparency	Reports are for ECFIN use only – and not published.

PFM DIAGNOSTIC TOOL No. A10:**Rapid Assessments and Action Plans to Improve Delivery in Sub-National Government (RAAP-ID)**

TYPE	Tools covering the whole of the PFM system.
APPROACH	Narrative Evaluation.
COVERAGE	Subnational Government.
Custodian	World Bank. Pilot version Issued 2009; current version October 2015.
Description	<p>Broad tool focused on developing an action plan to address development problems. Includes detailed questionnaire on PFM related issues covering eight key areas: development strategy & investment; fiscal sustainability; tax administration; public expenditure management; procurement; asset management; human resources management; and legal claims management (275 questions in total).</p> <p>No scoring system – qualitative assessment only.</p> <p>Covers political economy issues, identification of development problems linked to public service outputs and outcomes as well as public policies and programs. Used mainly in Latin America.</p>
Linkage to PEFA Framework	Could be relevant to all PEFA Pillars. No direct linkages specific PEFA indicators.
Complementarity with PEFA Framework	Can provide inputs to PEFA assessment for SNG. PEFA assessment can provide inputs to RAAP-ID.
Guidance Material	World Bank, Governance Global Practice, Latin America and Caribbean: Report No: AUS8902, Rapid Assessments and Action Plans to Improve Delivery (RAAP-ID) in Subnational Governments, October 2015 (English and Spanish versions) http://documents.worldbank.org/curated/en/765751468262132091/pdf/707360WPOP1108000f inal0deliverable0.pdf
Quality Assurance	Carried out World Bank
Intervals between assessments	No guidance given
Transparency	Number of assessments conducted is not disclosed beyond the three pilot assessments in Colombia. No assessment reports identified in public domain.

PFM DIAGNOSTIC TOOL No. A11:**Institutional Capacity Diagnostic (MiGestion)**

TYPE	Tools covering the whole of the PFM system.
APPROACH	Narrative Evaluation.
COVERAGE	Subnational Government.
Custodian	World Bank. Issued 2013.
Description	<p>MiGestion is a diagnostic methodology of institutional capacity, providing municipal authorities with a view of the strengths and weaknesses of the administration of their municipalities and actions to provide more and better services to their citizens.</p> <p>It is a primarily a data collecting and processing tool supported by internet-based software that facilitates the process of gathering information, allowing the application of standardized performance indicators, and generates visualised and written reports.</p> <p>Covers four PFM related subjects (public investment management, revenue administration, financial management, procurement & asset management) in a total of 60 indicators. But goes further to cover human resources, M&E systems, citizen case management and citizens' participation. In PFM area draws from PIM Framework, IAMTAX, MAPS and PEFA.</p> <p>It is currently available only to Latin America. It can be applied as self-assessment or by external assessors.</p>
Linkage to PEFA Framework	Could be relevant to all PEFA Pillars. No direct linkages specific PEFA indicators.
Complementarity with PEFA Framework	Can provide inputs to PEFA assessment for SNG. PEFA assessment can provide inputs to MiGestion assessment.
Guidance Material	World Bank, Latin America and Caribbean: Report No: ACS5541 Assessment Tool for Small Municipalities, (Methodological Note) and (Appendices), December 2013
Quality Assurance	None specified; it is a self- assessment tool; but can be performed by WB staff.
Intervals between assessments	No guidance given
Transparency	Registration for participation and information exchange through MiGestion website www.migestion.org

PFM DIAGNOSTIC TOOL No.A12:

Benchmarking Fiscal Decentralisation (BFD)

TYPE	Individual PFM elements, institutions or sub-systems
APPROACH	Scoring system and Benchmarking approach (Standards)
COVERAGE	Subnational Government.
Custodian	Council of Europe (COE), initially issued 2008, partly updated 2013.
Description	<p>BFD is targeted at COE members.</p> <p>Based on two sets of COE recommendations on local government finance: (i) Financial Resources of Local and Regional Authorities (2005) and (ii) Financial and Budgetary Management at Local and Regional Levels (2004). For each set there is a questionnaire directed at the local/regional authority and another one directed at central government.</p> <p>The tool has 3 technical pillars:</p> <ul style="list-style-type: none"> – Budgeting and transparency; – Revenue Policy and Administration; – Finance Administration and Control. <p>Each pillar is broken down into sub sections and individual benchmarks. In total the toolkit covers 200 items/benchmarks (the updated questionnaire directed at local authorities has 81 benchmarks, each one to be scored). Each benchmark is scored subjectively on a scale of 0-10.</p> <p>BFD provides for analysis of the findings with recommendations for action.</p> <p>The European Score Card is a structured list of statements, acting as a starting point for the preparation of a national benchmark. The national benchmark includes average scores of participating municipalities to provide the yardstick against which municipalities can be measured.</p>
Linkage to PEFA Framework	No direct linkages.
Complementarity with PEFA Framework	This is targeted at COE members but could be used by other countries as well. It covers the whole PFM system but with additional consideration on impacts such as spill-over effects, impact on local businesses and policy implications and relationships with central government. The Local Authority component of BFD is an alternative to a PEFA assessment at SNG level. The Central government component of BFD can provide important inputs to PEFA PI-7 and 10.2 assessments and can also deliver a more detailed analysis of the underlying issues where weaknesses in those indicators have been identified in a PEFA assessment.
Guidance Material	The original toolkit and the 2013 partial update are available from the COE website at http://www.coe.int/en/web/good-governance/toolkits
Quality Assurance	Can be self-assessment, an assessment by external consultants or peer reviews or a combination.
Intervals between assessments	No specific recommendations
Transparency	Publication of assessments depends on the government. Apart from the test assessment of an unnamed municipality in Bulgaria (included in the toolkit), no assessment reports have been identified.

PFM DIAGNOSTIC TOOL No.B01:**Tax Administration Diagnostic Assessment Tool (TADAT)**

TYPE	Individual PFM elements, institutions or sub-systems
APPROACH	Benchmark approach with scoring system.
COVERAGE	National Government.
Custodian	TADAT program, hosted by the IMF (with nine partners). Pilot version launched 2013; confirmed version supported by field guide in 2015.
Description	<p>TADAT as a diagnostic assessment tool for tax administration is deliberately modelled on the PEFA framework and is designed to be the revenue counterpart to the PFM assessments—providing a more comprehensive view of the whole fiscal picture. TADAT assesses the performance outcomes achieved for the core direct and indirect taxes critical to central government budget outcomes—corporate income tax (CIT) and personal income tax (PIT) of the self-employed, employer and other withholding taxes, and value-added tax (VAT). TADAT is not designed to assess special tax regimes, such as those applying in the natural resource sector; nor does it assess customs administration.</p> <p>TADAT uses 9 Performance Outcome Areas (POA) and 28 high level indicators critical to tax administration performance, measured through 47 dimensions. As in PEFA, the ‘A-B-C-D’ scale is used to score each indicator with ‘A’ representing the highest level of performance and ‘D’ the lowest, and the M1 (weakest link) and M2 (average) methods are used for multi-dimensional indicators.</p>
Linkage to PEFA Framework	<p>Directly linked to PEFA PI-19 and PI-20 on revenue administration (as updated in 2016 with reference to TADAT benchmarks) as follows:</p> <ul style="list-style-type: none"> PI-14.2 and PI-15.1 to POA 8 PI-19.1 to POA 3 PI-19.2 to POA 2 PI-19.3 to POA 6 PI-19.4 to POA 5 PI-20.1 to POA 1 PI-20.2 to POA 8 PI-20.3 to POA 8
Complementarity with PEFA Framework	Through its 47 measured dimensions, TADAT can deliver a more detailed analysis of the underlying issues where weaknesses have been identified in a PEFA assessment or other broad PFM assessment. If already undertaken, a TADAT assessment can provide important inputs to PI-19 and PI-20 of a PEFA assessment.
Guidance Material	A complete assessment package including a field guide is available at www.tadat.org
Quality Assurance	TADAT trained assessors carry out the assessments. Reports are reviewed as part of a standardized quality assurance system overseen by the TADAT Secretariat.
Intervals between assessments	None recommended. At request of governments or development partners
Transparency	35 assessment completed at end of 2016 (including 17 pilots) Published at discretion of the assessed government. Reports that are published (currently 4) are available on www.tadat.org

PFM DIAGNOSTIC TOOL No.B02:**Integrated Assessment Model for Tax Administration (IAMTAX)**

TYPE	Individual PFM elements, institutions or sub-systems
APPROACH	Benchmarking approach with scoring system.
COVERAGE	National Government.
Custodian	World Bank. Launched 2012
Description	<p>IAMTAX is a web-based tool which allows for a comprehensive assessment of tax administration performance. The measurement framework of IAMTAX can be used both as a benchmarking and a diagnostic and monitoring tool. As a benchmarking tool, the measurement framework identifies and assesses the performance gaps of tax administration by comparing the actual performance against a set of desirable benchmarks and good practices.</p> <p>IAMTAX has been developed around a reference system that consists of 14 core strategic dimensions with three levels of analysis (legal/regulatory framework, institutional set-up and capacity, core business processes). The strategic dimensions are grouped into six key objectives including: (i) transparency, equity, and simplification of tax legislation; (ii) strategic vision; (iii) effectiveness; (iv) efficiency; (v) taxpayer services and external communication; and, (vi) control. These dimensions are linked to 145 Good Practices, 53 Performance Indicators, and 32 Output Indicators, in total 230 measures.</p> <p>All measures are normalised to a 0-100 scale: Each indicator is associated with a Weight from 1 to 3 to reflect the importance of the indicator.</p>
Linkage to PEFA Framework	No direct linkages but is broadly associated with PEFA indicators PI-19 and 20 on revenue administration as well as dimensions PI-14.2 and 15.1 on revenue forecasting and policy impact analysis.
Complementarity with PEFA Framework	Through its 230 assessment measures IAMTAX explores tax administration in far greater detail than the PEFA Framework's seven indicator dimensions. Can be used to identify underlying causes of weak performance highlighted in a high level assessment such as a PEFA assessment.
Guidance Material	IAMTAX tool, overview presentation and related guidance material are available at http://www.iamtax.org/IAMTAX/
Quality Assurance	Implementation of IAMTAX is typically performed by a team consisting of 3-4 external tax experts, who work closely throughout implementation with a group of tax administration officials.
Intervals between assessments	None specified; as required by respective governments
Transparency	Assessments are generally not published; results from Colombia displayed on IAMTAX website.

PFM DIAGNOSTIC TOOL No.B03:**Tax Administration Comparative Information Series on OECD and other Advanced and Emerging Economies (TACIS)**

TYPE	Individual PFM elements, institutions or sub-systems
APPROACH	Database.
COVERAGE	National Government.
Custodian	OECD. Initiated 2004. Most recent update 2015.
Description	TACIS is based on a comprehensive survey of tax administration systems, practices and performance across advanced and emerging economies (including all OECD, EU, and G20 members). Its premise is that revenue bodies can work more effectively together given a better understanding of the administrative context in which they operate. It identifies some of the fundamental elements of national tax administration system and uses data, analyses and country examples to identify key trends, comparative levels of performance, recent and planned developments, and good practices.
Linkage to PEFA Framework	No direct linkages but can be broadly associated with: PI-19: Revenue Administration PI-20: Accounting for Revenue
Complementarity with PEFA Framework	As a database it is a source of information to a PEFA assessment. By exploring how comparable countries have structured their tax administration and how they perform, TACIS may also be used as an input to designing reform where a PEFA assessment or other broad PFM diagnostic has identified weaknesses in tax administration.
Guidance Material	Not applicable.
Quality Assurance	Information from participating National Governments
Intervals between assessments	Biannual (every two years)
Transparency	Published on OECD website http://www.oecd.org/ctp/administration/tax-administration-23077727.htm

PFM DIAGNOSTIC TOOL No.B04:**USAID Collecting Taxes Database (CTD)**

TYPE	Individual PFM elements, institutions or sub-systems
APPROACH	Database.
COVERAGE	National Government.
Custodian	USAID. Launched 2007.
Description	The database developed by USAID contains performance and structural indicators about national tax systems, such as how well a particular tax performs in generating revenues, and the costs of administering the tax system. The database also provides tax rate information. Other indicators describe the main features of tax administrations and economic indicators are included so that performance, rate competitiveness, and structure can be compared given the levels of country development and other factors. Some 30 characteristics of revenue collection, policy and administrative structures included for 195 countries.
Linkage to PEFA Framework	No direct linkages, but covers aspects of PEFA indicators PI-19 and PI-20.
Complementarity with PEFA Framework	CTD can be helpful in formulation and analysis of tax administration following a PEFA assessment. CTD goes beyond tax administration by covering information on tax rates and tax policies.
Guidance Material	A description of the data/indicators is available at https://www.usaid.gov/opengov/developer/datasets/Collecting%20Taxes_About%20the%20indicators.pdf
Quality Assurance	Partner countries collect the data and grants USAID license to use the data
Intervals between assessments	Annual (for the period 2008 to 2013). CTD updates were suspended after 2013, but a re-launch of the database with some fresh features and a revamped indicator set is planned for October 2017, with annual updates foreseen thereafter.
Transparency	Published on USAID website www.usaid.gov/data/dataset/cdeb8a1b-3440-4e88-b6cb-81b2428f8cea

PFM DIAGNOSTIC TOOL No.B05:**EU Fiscal Blueprints (EU-FB)**

TYPE	Individual PFM elements, institutions or sub-systems
APPROACH	Scoring system.
COVERAGE	National Government.
Custodian	European Union. Initially issued 1999. Update issued 2007.
Description	<p>EU-FB were developed by European Commission Directorate-General for Taxation & Customs Union to serve as a tool for candidate countries for accession to the EU to enhance their administrative capacity in adopting, applying and enforcing the <i>acquis communautaire</i> in preparation for EU membership. The fiscal blueprints describe the main functions and systems of a tax administration as benchmarks against which shortfalls in operational capacity, as well as areas needing improvement, can be determined.</p> <p>EU-FB provide the overall framework and necessary benchmarks to assess internally each technical and organisational area of a tax administration. There are 14 fiscal blueprints (pillars) covering:</p> <p>FB01: Overall Framework of a Tax Administration; FB02: Structure and Organisation FB03: Tax Legislation; FB04: Ethics; FB05: Human Resources Management; FB06: Revenue Collection and Enforcement; FB07: Tax Audit; FB08: Administrative Cooperation and Mutual Assistance; FB09: Fraud and Tax Avoidance; FB10 Taxpayer Rights and Obligations; FB11: Systems for Taxpayers' Management; FB12: Voluntary Compliance FB13: Information Technology FB14: Communications</p> <p>Each of the fiscal blueprints has strategic objectives (77 in total) are measured expressed (of a total of 100% for each fiscal blueprint). Assessment of each objective is guided by a range of questions/indicators (344 in total).</p>
Linkage to PEFA Framework	No direct linkages but can be broadly associated with PEFA PI-19 and PI-20.
Complementarity with PEFA Framework	The blueprint is designed for EU accession countries and is a self -assessment tool. Through its 77 assessed objectives and 344 questions EU-FB explores tax administration in far greater detail than the PEFA Framework's seven indicator dimensions. Can be used to identify underlying causes of weak performance highlighted in a high level assessment such as a PEFA assessment.
Guidance Material	The tool is available at http://ec.europa.eu/taxation_customs/sites/taxation/files/resources/documents/common/publications/info_docs/taxation/fiscal_blueprint_en.pdf
Quality Assurance	Self-assessment tool with no specific quality assurance arrangements.
Intervals between assessments	As required for EU enlargement
Transparency	Assessment are not published

PFM DIAGNOSTIC TOOL No.B06:**Handbook for Tax Simplification (HTS)**

TYPE	Individual PFM elements, institutions or sub-systems
APPROACH	Narrative Evaluation.
COVERAGE	National Government.
Custodian	World Bank. Issued 2009
Description	<p>The purpose of HTS is to provide policy makers with a framework to assess a tax system in its entirety, measure its various parameters and how it is administered, and define best practices for tax policy and administration that will yield a tax system that is simple and predictable and does not create an undue burden on private enterprise. The goal is to analyze the impact of income tax, the value added tax (VAT), and other local taxes that are imposed on business.</p> <p>Whilst part of HTS are concerned with tax policy, three chapters focus specifically on tax administration and cover the following topics:</p> <ol style="list-style-type: none"> 1. Reorienting the tax authority (What a tax administration should do) 2. Ensuring Compliance & Accountability 3. Taxpayer education and assistance
Linkage to PEFA Framework	No direct linkages, but explores the business tax aspects of PEFA indicators PI-19 and PI-20.
Complementarity with PEFA Framework	HTS can give useful guidance on related PEFA indicators and could be used to guide the planning of tax policy and administration reform following a PEFA assessment.
Guidance Material	Handbook available at www.http://documents.worldbank.org/curated/en/2009/11/13338767/handbook-tax-simplification
Quality Assurance	Self-assessment by National Governments
Intervals between assessments	As required by National Government
Transparency	Not Published

PFM DIAGNOSTIC TOOL No.B07:**Revenue Administration Fiscal Information Toolkit (RA-FIT)**

TYPE	Individual PFM elements, institutions or sub-systems
APPROACH	Database.
COVERAGE	National Government.
Custodian	IMF; Round 1 launched 2012; round 2 2014; round 3 2016.
Description	<p>RA-FIT is a data gathering and database tool to establish baselines of current revenue administration performance to improve comparative studies and benchmarking. RA-FIT is designed to gather both quantitative and qualitative revenue administration information encompassing a mixture of baseline and profile data, volumetrics, inputs, and performance-related data.</p> <p>Round 2 used web-based data input by participating administrations and was done in partnership with the Inter-American Center of Tax Administrations (CIAT) and the World Customs Organization (WCO).</p> <p>RA-FIT is broken down into 4 main areas (Revenue statistics; Institutional arrangements; Tax operations; Customs operations). These areas are further broken down e.g. the ‘institutional arrangements’ part contains 19 questions, divided into various functional administration categories that are mostly qualitative in nature with the ‘tax operations’ part containing 26 main questions, to focus on particular baseline indicators.</p> <p>The Customs Operations part contains 19 questions divided into six main categories (Overview; Border Posts; Importers/Exporters; Processing and Inspection; Arrears, Audits, and Appeals; Transactions).</p> <p>Round 3, now known as ISORA (International Survey on Revenue Administration), was launched in May 2016 in collaboration with CIAT, IOTA and the OECD and with an expanded survey. Participating countries completed the survey online. Round 3 covers some 140 administrations. Data from 2016 is still being quality reviewed by the partner institutions.</p>
Linkage to PEFA Framework	No direct linkages but can be broadly associated with: PI-19: Revenue Administration PI-20: Accounting for Revenue
Complementarity with PEFA Framework	As a database it is a source of information to a PEFA assessment. By exploring how comparable countries have structured their tax administration and how they perform, RA-FIT may also be used as an input to designing reform where a PEFA assessment or other broad PFM diagnostic has identified weaknesses in tax administration.
Guidance Material	A general description of RA-FIT is found at http://www.imf.org/external/np/fad/news/fadtools.pdf More information can be obtained on the data portal http://data.rafit.org The tab “Publications/Links” gives access to the survey questions used in Round 2 (“RA-FIT Report Forms Round 2 (2011-2013)”.
Quality Assurance	Data Provided by National Governments with technical guidance/support from IMF.
Intervals between assessments	So far every two years
Transparency	Aggregated data from round 1 (by income group and region) is found on http://data.rafit.org Country-level data is only available to participating countries.

PFM DIAGNOSTIC TOOL No.B08:

Revenue Administration Gap Analysis program (RA-GAP)

TYPE	Individual PFM elements, institutions or sub-systems
APPROACH	Narrative evaluation.
COVERAGE	National Government with sector breakdown.
Custodian	IMF. Pilot from 2011. Official launch 2014.
Description	<p>This is an IMF technical assistance service that assists revenue administrations in monitoring taxpayer compliance through tax gap analysis. RA-GAP measures potential tax revenues, evaluates actual revenues, and analyses the factors causing gaps between them.</p> <p>The aim is to have RA-GAP frameworks for all major taxes and assist countries in estimating tax gaps in those taxes. RA-GAP includes qualitative benchmarks but not a scoring system as such. For countries that have comprehensive statistical data available, estimates are provided for the overall tax gap broken down into:</p> <ul style="list-style-type: none"> – Compliance gap; – Policy gap; – Collections gap; – Assessment gap. <p>The gap is also disaggregated by sector of activity and size of taxpayer. Factors contributing to the gaps are identified. Initially focussed on VAT but being extended to all major tax areas.</p> <p>24 assessments have been completed in 21 countries (some repeat visits).</p>
Linkage to PEFA Framework	No direct linkages, but provides a very high level assessment of the ability to collect revenue as intended by policy i.e. the ultimate systems measure.
Complementarity with PEFA Framework	RA-GAP is an IMF technical assistance service that assists revenue administrations in monitoring taxpayer compliance through tax gap analysis. It provides (for the revenue types it has so far been developed for) an aggregate measure of effectiveness of revenue administration.
Guidance Material	<p>Description of the tool for VAT is available at http://www.imf.org/en/Publications/TNM/Issues/2017/04/07/The-Revenue-AdministrationGap-Analysis-Program-Model-and-Methodology-for-Value-Added-Tax-Gap-44715</p> <p>for excise tax at http://www.imf.org/en/Publications/TNM/Issues/2017/04/20/An-Analytical-Framework-for-Excise-Duty-Gap-Estimation-Excise-Gaps-in-Tax-Administration-44720</p>
Quality Assurance	IMF technical assistance service
Intervals between assessments	No recommended interval. By country request.
Transparency	Six assessment reports have been published and may be found at www.imf.org . An example from 2015 for Jamaica is available at https://www.jamaicatax.gov.jm/documents/10181/786717/Jamaica+IMF+RA-GAP+Tax+Gap+Analysis+Report+-+April+2015.pdf

PFM DIAGNOSTIC TOOL No. B09:**Customs Assessment Trade Toolkit (CATT)**

TYPE	Individual PFM elements, institutions or sub-systems
APPROACH	Benchmark approach with scoring system.
COVERAGE	National government
Custodian	World Bank. Launched initially 2011, updated 2015.
Description	<p>CATT is an integrated, web-based monitoring tool for measuring customs performance over time. CATT not only addresses trade facilitation objectives, but it also has a large role to play in promoting fair and equitable revenue collection.</p> <p>The tool assigns values to 143 indicators by collecting evidence gathered both remotely and in the country. All data is objectively verifiable and comparable across time periods. Relative strengths and weaknesses are identified along with the underlying reasons for these performance gaps and operational inefficiencies.</p> <p>Between its launch in 2011 and 2015 CATT has been utilized in over 15 countries as stand-alone activities and in conjunction with technical assistance activities. CATT can be implemented by a team of Bank customs experts in partnership with local customs staff or independently by the customs agency itself. The 2015 version 3 of CATT (developed in collaboration with the World Customs Organization) is closer in line with other tax administration tools, primarily IAMTAX, to reflect Customs important role in revenue collection. The goal is to encourage tax administrations to implement both tools in tandem.</p>
Linkage to PEFA Framework	No direct linkage but CATT covers many revenue administration elements which included in PEFA indicators PI-19 and PI-20.
Complementarity with PEFA Framework	A CATT assessment can provide important information for a PEFA assessment as regards the element of customs revenue administration for PI-19 and PI-20. Correspondingly, weaknesses identified in customs revenue administration through a PEFA assessment may be investigated in detail by means of CATT.
Guidance Material	<p>A presentation of the 2011 version may be found at http://studylib.net/doc/5402526/the-customs-assessment-trade-toolkit--catt-</p> <p>No other material is published.</p>
Quality Assurance	Provided by WB staff whenever a CATT application is led by WB.
Intervals between assessments	No specific guidance
Transparency	Neither the tool itself, nor any assessment report is published.

PFM DIAGNOSTIC TOOL No.B10:**Extractive Industries Transparency Initiative (EITI)**

TYPE	Individual PFM elements, institutions or sub-systems
APPROACH	Benchmarking approach.
COVERAGE	National Government, subnational government.
Custodian	Extractive Industries Transparency Initiative. Launched 2005, updated 2016.
Description	<p>EITI is a global standard to promote the open and accountable management of natural resources to address the key governance issues of the oil, gas and mining sectors. EITI Standard covers key issues from the extraction of the resource from the ground to how it affects the citizens of the country. This includes how licenses and contracts are allocated and registered, who are the beneficial owners of those operations, what are the fiscal and legal arrangements, how much is produced, how much is paid, where are those revenues allocated, and what is the contribution to the economy.</p> <p>Countries that meet the standard are said to be compliant and issue annual audits by audit firms of the financial statements of extractive companies to ensure that this are consistent with government records of revenue collected. Annual progress reports are issued to confirm the reconciliation of revenue data and flows, highlight issues as well as making recommendations for improvement. They include:</p> <ul style="list-style-type: none"> • Legal and institutional framework, including allocation of contracts and licenses • Exploration and production • Revenue collection • Revenue allocations • Social and economic spending • Outcomes and impact
Linkage to PEFA Framework	No direct linkages, but covers issues related to PI-6 (extra-budgetary operations), PI-12 (asset management), PI-19 and PI-20 (revenue admin).
Complementarity with PEFA Framework	EITI reports comprise a source of important information on natural resource revenue management in countries that are considered resource revenue dependent.
Guidance Material	<p>The EITI standard is available at: https://eiti.org/document/standard#download</p> <p>Various guidance notes are available at https://eiti.org/guidance</p>
Quality Assurance	An effective multi-stakeholder group (comprising government, extractive companies and civil society) is required for acceptance to the EITI group of countries by the EITI Board. The Multi Stakeholder Group is responsible for reviewing the annual reports.
Intervals between assessments	Annual
Transparency	Reports are published on EITI website (https://eiti.org/summary-data) and local EITI websites.

PFM DIAGNOSTIC TOOL No.B11:**Corporate Governance of State-Owned Enterprises (SOE Toolkit)**

TYPE	Individual PFM elements, institutions or sub-systems
APPROACH	Benchmarking approach, with narrative evaluation.
COVERAGE	National or Subnational Government, Sector(s) or single corporations.
Custodian	World Bank. Issued 2014
Description	The SOE Toolkit draws from OECD's Guidelines on the Corporate Governance of State-Owned Enterprises (2005). It provides an overall framework to help policymakers design and implement corporate governance reforms for state-owned enterprises. It provides a range of frameworks, concepts, case examples, checklists, and model documents. The Toolkit concludes with guidance on managing the reform process, in particular how to prioritize and sequence reforms, build capacity, and engage with stakeholders. It covers the key elements of corporate governance, including legal and regulatory framework, state ownership arrangements, performance management systems, financial and fiscal discipline, boards of directors, transparency and disclosure, and protection of shareholders in mixed ownership companies.
Linkage to PEFA Framework	No direct linkages, but relevance to PI-10.1 Monitoring of Public Corporations under Fiscal Risk Management (ref. Chapter 5 on Financial and Fiscal Discipline and Chapter 7 on Transparency, Disclosure, and Controls) The SoE toolkit providing an overarching framework for the corporate governance of SoEs, and tools and information for making practical improvements drawing on global good practices, reform experiences, and a growing body of knowledge.
Complementarity with PEFA Framework	A SOE assessment can provide important inputs to PEFA PI-10.1 assessment; It can also deliver a more detailed analysis of the underlying issues where weaknesses have been identified in a PEFA assessment or other broad PFM assessment.
Guidance Material	http://hdl.handle.net/10986/20390
Quality Assurance	Self-assessment tool kit; Quality assurance may be provided by World Bank staff.
Intervals between assessments	No guidance given
Transparency	Generally not published

PFM DIAGNOSTIC TOOL No.B12:**Debt Management Performance Assessment (DeMPA)**

TYPE	Individual PFM elements, institutions or sub-systems
APPROACH	Scoring system.
COVERAGE	National Government.
Custodian	World Bank. Issued 2008; updated 2015.
Description	Provides a benchmarking tool for assessing government debt management performance and to form the basis for a sequenced capacity building plan. Helps to monitor progress over-time in a country; and promotes donor harmonisation through a common understating of priorities. Used to inform (i) the government on debt management performance, (ii) design of action plans to build and augment capacity and (iii) to facilitate monitoring over time. DeMPA uses 14 Debt Management Indicators (DPIs) critical to debt management, measured and scored through 33 dimensions. Unlike PEFA, the dimension scores are not averaged for each DPI. As in PEFA, the 'A-B-C-D' scale is used to score each indicator with 'A' representing the highest level of performance and 'D' the lowest. In DeMPA a 'C' represents the minimum requirement and a 'D' means that the country's performance is below an acceptable standard.
Linkage to PEFA Framework	At its 2016 Upgrade the PEFA Framework aligned PI-13 to the updated DeMPA criteria. PEFA PI-13 is explored in further detail by DeMPA as follows: PI-13.1 to DPI 14 PI-13.2 to DPIs 8-10 PI-13.3 to DPI 3 DeMPA's assessment approach was designed to mirror the PEFA Framework.
Complementarity with PEFA Framework	Directly linked to (or derived from) PEFA PIs and take the issues concerned to greater depth and detail. A DeMPA assessment can provide important inputs to PEFA PI-13 assessment; It can also deliver a more detailed analysis of the underlying issues where weaknesses have been identified in a PEFA assessment or other broad PFM assessment.
Guidance Material	The tool and guidance in six languages available at http://www.worldbank.org/en/topic/debt/brief/dempa-2015
Quality Assurance	DeMPA assessments are undertaken by the World Bank and follow standard WB peer review system - two senior debt management experts ensure justification of scores and consistency of coverage and reporting.
Intervals between assessments	As agreed by country stakeholders, but broadly every 3 years.
Transparency	DeMPA has been applied in more than 50 countries. Reports published at the discretion (with agreement) of governments. Reports from 25 assessments accessible at http://www.worldbank.org/en/topic/debt/brief/dempa-2015

PFM DIAGNOSTIC TOOL No. B13:**Public Investment Management Assessment (PIMA)**

TYPE	Individual PFM elements, institutions or sub-systems
APPROACH	Scoring system.
COVERAGE	National Government.
Custodian	International Monetary Fund (IMF). Launched 2015.
Description	<p>PIMA helps countries evaluate the strength of their public investment management practices. PIMA evaluates 15 <i>institutions</i> that at the three key stages of the public investment cycle: Planning sustainable investment across the public sector; Allocating investment to the right sectors and projects; and Implementing projects on time and on budget.</p> <p>PIMA provides a comprehensive assessment of public sector investment management it covers the full public investment cycle including national and sectoral planning, investment budgeting, project appraisal and selection, and managing and monitoring of project implementation. The report estimates the efficiency of the country's public investment, outlines the relative institutional strengths and weaknesses, and provides practical recommendations to enhance the efficiency and impact of public investment.</p>
Linkage to PEFA Framework	<p>PEFA PI-11: Public investment management; explored in further detail by PIMA as follows:</p> <p>PI-11.1 to institution 2. PI-11.2 to institution 10. PI-11.3 to institutions 8 and 9. PI-11.4 to institution 14.</p>
Complementarity with PEFA Framework	A PIMA assessment can provide important inputs to PEFA PI-11 assessment; It can also deliver a more detailed analysis of the underlying issues where weaknesses have been identified in a PEFA assessment or other broad PFM assessment.
Guidance Material	A description of the tool is available at http://www.imf.org/external/np/fad/publicinvestment/
Quality Assurance	Carried out by IMF Technical Assistance, so subject to IMF quality control system.
Intervals between assessments	No guidance given
Transparency	Published on IMF website if agreed with the government.

PFM DIAGNOSTIC TOOL No. B14:**Diagnostic Framework for Assessing Public Investment Management (DF-PIM)**

TYPE	Individual PFM elements, institutions or sub-systems
APPROACH	Benchmarking against a set of principles
COVERAGE	National or Subnational Government.
Custodian	World Bank. Launched 2008.
Description	<p>Pragmatic and objective diagnostic approach to the assessment of public investment management systems for governments.</p> <p>Framework is intended to motivate governments to undertake periodic self-assessments of their public investment systems and design reforms to enhance the productivity of public investment.</p> <p>Provides a schematic description of the “must-have” features of the public investment system, and then proposes some diagnostic questions and indicators to help assess the existing system. (1) Investment guidance, project development, and preliminary screening, (2) formal project appraisal, (3) independent review of appraisal, (4) project selection, (5) project implementation, (6) project adjustment, (7) facility operation and (8) project evaluation.</p> <p>Well defined symptomatic indicators (with 18 key diagnostic questions) which can be objectively assessed and which provide information that can be used to identify problematic areas. Once identified a more detailed assessment can be applied to develop institutional remedies to the identified problems.</p>
Linkage to PEFA Framework	The 10 ‘must-have’ feature of DF-PIM were considered and included as much as possible in PI-11 of the 2016 PEFA Framework.
Complementarity with PEFA Framework	A DF-PIM assessment can provide important inputs to a PEFA assessment; DF-PIM assessments can do more detailed analysis of a country system which shows weaknesses in public investment management of a PEFA assessment or other broad PFM assessment.
Guidance Material	http://siteresources.worldbank.org/PUBLICSECTORANDGOVERNANCE/Resource/s/FrameworkRajaram.pdf
Quality Assurance	Intended to be used as a self-assessment diagnostic tool. May also be implemented by WB staff or WB staff providing external verification.
Intervals between assessments	No guidance provided.
Transparency	The framework has been applied in more than 60 countries, but assessment reports may not be published and there is no central/public repository for the assessments.

PFM DIAGNOSTIC TOOL No.B15:

DAC Methodology for assessment of procurement systems (MAPS)

TYPE	Individual PFM elements, institutions or sub-systems
APPROACH	Scoring system
COVERAGE	National Government, Subnational (adapted national tool).
Custodian	OECD Development Assistance Committee (DAC)
Description	<p>This tool is used to assess the quality and effectiveness of national procurement systems, identifying strengths and weaknesses of the system in developing countries and increase the ability to track progress with reform initiatives. There are two types of indicators, the Base Line Indicators and the Compliance/ Performance Indicators. The Base Line Indicators present a ‘snapshot’ comparison of the actual system against the international standards. The Compliance/ Performance Indicators deal with compliance with regulations and the prevailing procurement practices in the country. Base Line Indicators address four pillars. First developed in 2004, version 4 of the MAPS guidance was produced in 2006.</p> <p>MAPS has 4 pillars with 55 indicators. Indicators are scored on a scale 1-3 with 3 being the highest score and meeting fully the benchmarks. Each pillar is consolidated and given an overall score out of 3. The four pillars are: I: Legislative and Regulatory Framework – 14 sub-indicators. II: Institutional Framework and Management Capacity – 12-sub indicators. III: Procurement Operations and Market Practices – 10 sub-indicators. IV: Integrity and Transparency of the Public Procurement System – 19 sub indicators.</p>
Linkage to PEFA Framework	<p>PI-24: Procurement. The relevant PEFA dimensions of PI-24 are developed on the basis of MAPS as follows: PI-24.1: linked to Pillar 4. PI-24.2: linked to Pillar 4. PI-24.3: linked to Pillar 1, Pillar 2 and Pillar 3 of MAPS. PI-24.4: linked to Pillar 1 sub-indicator 1h, Pillar 2 sub-indicator 9h, Sub-indicator 10 of MAPS.</p>
Complementarity with PEFA Framework	MAPS examines in detail the procurement subsystem. It uses a similar standardised performance assessment approach, but with a different scoring methodology and scoring system. A MAPS assessment can provide important inputs to a PEFA assessment; MAPS assessment can do more detailed analysis of a country system which shows procurement weaknesses in a PEFA assessment or other broad PFM assessment.
Guidance Material	http://www.oecd.org/dac/effectiveness/45181522.pdf
Quality Assurance	Decentralised assessments, QA dependent on development partner adopting the MAPs assessment.
Intervals between assessments	No guidance given.
Transparency	No central website for assessment report publication, but may be published if incorporated into other diagnostics such as CPAR.

PFM DIAGNOSTIC TOOL No. B16:**WB Country Procurement Assessment Report (CPAR)**

TYPE	Individual PFM elements, institutions or sub-systems
APPROACH	Narrative assessment, using MAPS indicator scoring system.
COVERAGE	National and subnational government.
Custodian	World Bank. Initially issued 1998, revised 2002.
Description	<p>The primary objectives of the CPAR are to: (a) provide a comprehensive analysis of the country's procurement system; (b) undertake a risk assessment of the country's procurement practices which are unacceptable for use on Bank-financed projects; (c) develop a prioritised action plan to improve the institutional arrangements and (d) assess the competitiveness and performance of local private industry, and the adequacy of commercial practices that relate to public procurement.</p> <p>The content of a CPAR is flexible according to country needs. Since 2009 all CPARs incorporate OECD/DAC MAPS to analyse; (1) the existing legal framework that regulates procurement in the country, (2) the institutional architecture of the system, (3) the operation of the system and competitiveness of the national market and (4) the integrity of the procurement system.</p> <p>Until now 46 CPARs were prepared. The last published one is for Tajikistan 2013. The CPAR has not been formally discontinued as a tool, but it has not been used in quite a while. There is no plan to update the methodology.</p>
Linkage to PEFA Framework	See under MAPS, tool B16
Complementarity with PEFA Framework	See under MAPS, tool B16
Guidance Material	WB Office memorandum on Revised CPAR Procedures, 23 May 2002 http://siteresources.worldbank.org/PROCUREMENT/Resources/cpar.pdf
Quality Assurance	Follows internal WB procedures
Intervals between assessments	None specified
Transparency	CPAR reports are published on the WB website, unless the government objects

PFM DIAGNOSTIC TOOL No.B17:**Public Expenditure tracking surveys (PETS)**

TYPE	Individual PFM elements, institutions or sub-systems
APPROACH	Narrative evaluation.
COVERAGE	National Government or selected sector(s).
Custodian	World Bank. Launched in 1996.
Description	<p>This tool is used to track the flow of public funds and material resources from the central government level, through the administrative hierarchy, and out to frontline service providers. The specific objective will depend on sector and context so there is great variability in approach. PETS answer two questions; (1) do public funds and material resources end up where they were supposed to? and, if they don't (2) why are funds diverted?</p> <p>PETS have also been linked to Quantifiable Service Delivery Surveys (QSDS) which looks at the efficacy of spending and the relationship between those who contract and deliver services. This approach was originally developed for Uganda's education and health sectors in 1996.</p> <p>The PETS consists of randomised sample surveys that track the flow of resources through the administrative system in order to determine how much of the originally allocated resources reach each level. The difference between PETS and a conventional audit is the use of statistics and averages.</p>
Linkage to PEFA Framework	PETS is related to PEFA PI-8.3 Resources received by service delivery units.
Complementarity with PEFA	PETS is complementary to a PEFA assessment in corroborating findings or providing evidence for the scoring of PI-8.3.
Guidance Material	The World Bank produced general guidance on the methodology for PETS in 2002: http://siteresources.worldbank.org/INTPCENG/1143380-1116506243290/20511062/exptrack.pdf
Quality Assurance	Peer review by the World Bank or as agreed locally
Intervals between assessments	One-off assessment as required by development partner or government
Transparency	Published on World Bank Website or other procedures as agreed with government. For an example of a more recent PETS from Zambia 2016 see: https://openknowledge.worldbank.org/handle/10986/23884

PFM DIAGNOSTIC TOOL No. B18:

Diagnostic Framework to Assess the Capacity of a Government Financial Management Information System as a Budget Management Tool (DF-FMIS)

TYPE	Individual PFM elements, institutions or sub-systems
APPROACH	Benchmark approach with scoring system.
COVERAGE	National government
Custodian	World Bank – Independent Evaluation Group (IEG). Issued 2016.
Description	<p>DF-FMIS was developed for the following purposes:</p> <ul style="list-style-type: none"> (i) provide a better understanding of how an FMIS can contribute to larger PFM objectives, such as improved use of resources. (ii) point out whether the system has the capacity to serve as a good budget management tool and whether its functionality, coverage, and scope can have a significant impact on a government’s ability to deliver services. (iii) allow for comparison across countries within specific dimensions. <p>DF-FMIS identifies a set of features that are found to be critical for determining the effectiveness of an FMIS as a budget management tool:</p> <ol style="list-style-type: none"> 1. Treasury single account (TSA); the degree of consolidation of government cash balances and the extent of direct purview of the treasury. 2. FMIS coverage; a proxy for measuring the extent to which government financial transactions are covered by the FMIS. 3. Core system functionality; issues relating to budget management; commitment management; payments management and associated controls; payroll-related payments; debt service payments; fiscal transfers and subsidies; and tax and nontax receipts. 4. Ancillary features; use of systems modules and interfaces with other systems. 5. Technical aspects; the nature of the underlying information systems support for budget execution or treasury processes, systems architecture, and the use of a data warehouse and associated analytical tools. <p>Assessment is done through 40 diagnostic questions. The answers are scored and the scores aggregated to total system strength between 0 and 100. A few qualitative questions are added for background information.</p>
Linkage to PEFA Framework	The tool was tested against scores of corresponding PEFA indicator to ensure consistency of findings. Some DF-FMIS and PEFA indicators are closely related
Complementarity with PEFA Framework	DF-FMIS offers an assessment of government information systems which are only indirectly covered by the PEFA Framework. A useful addition to a PEFA assessment where the effectiveness an existing FMIS is a concern.
Guidance Material	DF-FMIS methodology is found in the report: https://ieg.worldbankgroup.org/Data/reports/IFMISDiagnosticFramework.pdf
Quality Assurance	Quality assurance for the preliminary assessments was provided through WB EIG standard procedures.
Intervals between assessments	No guidance
Transparency	A preliminary application of the methodology to a sample set of low, middle and high income countries, mostly in Africa and Asia. The report above describes the assessment of 22 government systems (ref Guidance Material).

PFM DIAGNOSTIC TOOL No. B19:**Integrating Records Management Requirements into FMIS (IRM-FMIS)**

TYPE	Individual PFM elements, institutions or sub-systems
APPROACH	Benchmarking tool
COVERAGE	National government, subnational government or single institution.
Custodian	International Records Management Trust (IRMT). Issued 2006.
Description	<p>This gap analysis tool is designed to help governments determine whether or not records management requirements have been integrated into FMIS design. It should assist in identifying good practices have been achieved, from the planning and design stage through to implementation. The specific purposes of the tool are threefold:</p> <ul style="list-style-type: none"> • to provide a high-level guide to integrating record management in ICT systems • to define good practices for managing records created and held in ICT systems • to provide selective indicators that can be used to determine whether or not good records, management policies and practices are integrated in ICT systems. <p>Based on ISO 15489 Records Management Standard and the DoD 5015.2 Standard for Electronic Records Management, 21 core systems requirements are assessed as compliant or non-compliant.</p> <p>Intended as a Self-assessment tool. May be supported by IRMT consultants.</p>
Linkage to PEFA Framework	No direct link, but related to PI-27.4 Financial data integrity processes.
Complementarity with PEFA Framework	May be used for in-depth investigation of issues related to weaknesses in financial data integrity identified in a PEFA assessment or other broad PFM diagnostic.
Guidance Material	IRM-FMIS is one on a suite of six assessment tools for records management issued by IRMT including: Accounting Records as Strategic Resource (1999); Records Management Capacity Assessment System (2004); Good Practice Indicators for ICT (2009) and Open Government and Trustworthy Records (2013). Including IRM-FMIS with guidance material, they are available at: http://www.irmt.org/development-research/assessment-tools
Quality Assurance	No system available. Support may be obtainable from IRMT.
Intervals between assessments	Not applicable. Ad hoc basis with design or re-design of an FMIS (or other ICT) system.
Transparency	Apart from research reports available from above IRMT website, country or institutional assessment are not generally available.

PFM DIAGNOSTIC TOOL No. B20:

Gap Analysis Framework for Comparing Public Sector Accounting and Auditing to International Standards (AA-GAP)

TYPE	Individual PFM elements, institutions or sub-systems
APPROACH	Benchmarking approach with narrative evaluation
COVERAGE	National Government
Custodian	World Bank. Launched 2007
Description	<p>The objectives of AA-GAP are to identify where local practices stand in accordance with the international standards of financial reporting and audit; assess variances; chart paths to reduce the variances; and provide a continuing basis for measuring improvements. Assessment covers six areas (a) the public sector accounting environment; (b) the public sector accounting practices (benchmarked against either cash or accrual accounting); (c) the public sector audit environment; (d) public sector auditing practices and (e) accounting and audit practices for state owned enterprises.</p> <p>Central government financial statements are compared with the relevant IPSAS standards and public sector auditing practices are compared with the INTOSAI Standards. Gaps are identified and recommendations made to ensure compliance in future.</p>
Linkage to PEFA Framework	<p>No direct linkages but during the 2016 Upgrade of PEFA efforts were made to align all revised indicators to IPSAS and INTOSAI standards where relevant. AA-GAP is particularly relevant to:</p> <p>PI-9: Public access to fiscal information PI-10: Fiscal risk reporting PI-12: Public asset management PI-29: Annual financial reports PI-30: External Audit</p>
Complementarity with PEFA Framework	<p>May be used for in-depth investigation of issues related to weaknesses in reporting by the government sector and public corporations identified in a PEFA assessment or other broad PFM diagnostic. A recent AA-GAP assessment may provide useful information for a PEFA assessment of PI-9, 10, 12, 29 and 30.</p>
Guidance Material	<p>Could be used after a PEFA assessment to develop a detailed reform program for the areas of financial reporting and audit.</p>
Quality Assurance	Peer Review by World Bank staff
Intervals between assessments	No guidance given
Transparency	<p>AA-GAP reports are published on the World Bank's website. For the South Asia region examples are available at http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/SOUTHASIAEXT/0,,contentMDK:21646750~pagePK:146736~piPK:146830~theSitePK:223547,00.html</p>

PFM DIAGNOSTIC TOOL No. B21:**Report on Observance of Standards and Codes – Accounting and Auditing (AA-ROSC)**

TYPE	Individual PFM elements, institutions or sub-systems
APPROACH	Benchmark approach with narrative assessment.
COVERAGE	National corporate sector including public corporations
Custodian	World Bank. Launched 2001. Updated 2016.
Description	<p>The objectives of AA-ROSC are two-fold: (1) Analyze comparability of national accounting and auditing standards with international standards, determine the degree with which applicable accounting and auditing standards are complied, and assess strengths and weaknesses of the institutional framework in supporting high-quality financial reporting; and (2) Assist the country in developing and implementing a country action plan for improving institutional capacity with a view to strengthening the country's corporate financial reporting regime.</p> <p>AA-ROSC has three modules</p> <ul style="list-style-type: none"> • Accounting and Auditing Standards • Institutional Framework for Corporate Financial Reporting. • Observed Reporting Practices and Perceptions. <p>Each module is divided in sections with separate guidance and questionnaire. WB supplements the information from the diagnostic tool with a due diligence exercise in capturing primary experiences of practitioners and other facts on professional accounting and auditing practices in the country.</p> <p>ROSC assessments of A&A practices are conducted in partner countries, either as part of a World Bank-IMF Financial Sector Assessment Program (FSAP) mission, in combination with other Bank Advisory Service and Analytics (ASA) projects, or as standalone exercises.</p>
Linkage to PEFA Framework	No direct links. AA-ROSC is related to PEFA PI-10.1 Monitoring of public corporations, and PI-12.1 Financial asset monitoring.
Complementarity with PEFA Framework	May be used for in-depth investigation of issues related to weaknesses in reporting by public corporations identified in a PEFA assessment or other broad PFM diagnostic. A recent AA-ROSC may provide useful information for a PEFA assessment of PI-10 and PI-12.
Guidance Material	Description of AA-ROSC and the questionnaire with guidance for each module are available at http://www.worldbank.org/en/programs/rosoc
Quality Assurance	ROSC program is managed and operated by WB.
Intervals between assessments	ROSCs can be re-assessed every 5 years, but limited updates usually take place every two years through IMF Article IV missions.
Transparency	AA-ROSC is posted on WB website only with the prior permission of the Government. At end of 2016, 185 reports had been published ref. http://documents.worldbank.org/curated/en/docsearch/document-type/904555

PFM DIAGNOSTIC TOOL No. B22:

Internal Audit Capability Model (IA-CM)

TYPE	Individual PFM elements, institutions or sub-systems
APPROACH	Benchmarking approach (Standards).
COVERAGE	National Government
Custodian	Institute for Internal Auditors (IIA) Institute of Internal Auditors Research Foundation. Issued 2009.
Description	<p>The model is used as (1) a continuous improvement model for internal audit activities in the public sector; (2) by senior managers and legislators to evaluate the need for and type of internal audit activity appropriate to their organization or jurisdiction; and (3) as a benchmarking tool to report on the extent a given internal audit activity has reached maturity in terms of governance, policy and practices, framework, organizational structure, resources and services.</p> <p>The model identifies five progressive levels which internal audit activity could go through to strengthen or enhance its capability. At each level these are mapped against six essential elements for an internal audit activity which relate both to its management and practices and its relationship with the organization it supports. The essential elements are:</p> <p>The assessment provides a matrix covering the key areas of capability:</p> <ol style="list-style-type: none"> 1. Services and Role of IA; 2. People Management; 3. Professional practices; 4. Performance management and accountability; 5. Organizational relationships and culture; 6. Governance structure. <p>The IA-CM is primarily designed as a self-assessment tool. It can be used as the basis for developing an appropriate strategic plan for the internal audit function.</p>
Linkage to PEFA Framework	The Capability Model extends the requirements of the PEFA Framework for public internal audit: PI-26: Internal Audit.
Complementarity with PEFA Framework	An IA-CM assessment can provide important inputs to PEFA PI-26 assessment; It can also deliver a more detailed analysis of the underlying issues where weaknesses have been identified in a PEFA assessment or other broad PFM assessment.
Guidance Material	<p>An overview is provided at https://www.theiia.org/centers/cpsac/Pages/internal-audit-capability-model.aspx</p> <p>Full description of the tool including an application guide may be purchased from the IIA bookstore: https://bookstore.theiia.org/internal-audit-capability-model-ia-cm-for-the-public-sector-4</p>
Quality Assurance	None built into the tool methodology - Dependent on institution carrying out assessment.
Intervals between assessments	No recommendations issued
Transparency	Not published

PFM DIAGNOSTIC TOOL No. B23:

Supreme Audit Institutions Performance Measurement Framework (SAI-PMF)

TYPE	Individual PFM elements, institutions or sub-systems
APPROACH	Scoring system and narrative Evaluation and Benchmark approach (Standards).
COVERAGE	National Government.
Custodian	INTOSAI Development Initiative (IDI). Pilot version launched 2012; final endorsed version 2016.
Description	<p>The SAI PMF is intended to be used to establish how well an SAI performs compared to international good practice, as well as to identify its strengths and weaknesses. The assessment should be evidence based. Use of the SAI PMF is voluntary.</p> <p>A SAI PMF assessment does not propose future reform recommendations; rather an assessment using the SAI PMF may be followed by a process to develop a SAI strategic plan, and/or identify, prioritise and sequence proposed capacity development initiatives.</p> <p>Purposes of a SAI PMF assessment include:</p> <ul style="list-style-type: none"> • As a step towards ISSAI implementation • To demonstrate progress and value and benefits to society by measuring progress over time and demonstrating this to external stakeholders. • Strategic planning by conducting a needs assessment • Internal performance measurement / annual reporting • To obtain and maintain support for capacity development efforts <p>The SAI PMF consists of two components:</p> <ol style="list-style-type: none"> 1. Guidance for the performance report, which is the end product of the assessment and which consists of a narrative analysis of the findings. 2. A set of 25 indicators (of two to four dimensions each) for measuring SAI performance against international good practice in six domains: <ol style="list-style-type: none"> A. Independence and Legal Framework B. Internal Governance and Ethics C. Audit Quality and Reporting D. Financial Management, Assets and Support Structures E. Human Resources and Training F. Communication and Stakeholder Management <p>The performance indicators are each scored on an ordinal scale of 0-4.</p>
Linkage to PEFA Framework	Closely linked to PEFA PI-30: External Audit which was updated in 2016 with inputs from IDI. SAI-PMF assessment methodology very similar to PEFA.
Complementarity with PEFA Framework	Can assist with the development of a reform programme where a PEFA assessment has found weaknesses in this area. Where already done a SAI-PMF assessment would provide the necessary input to PI-30 of a PEFA assessment.
Guidance Note	Tool and supporting documents available at: http://www.idi.no/en/idi-cpd/sai-pmf
Quality Assurance	A unit within IDI provides implementation support including quality assurance assistance.
Intervals between assessments	No suggested period, but at the start of each capacity building reform process.
Transparency	About 40 assessments done by end of 2016 – not all in final version. Intended for internal use. Five assessments published on IDI website.

PFM DIAGNOSTIC TOOL No. B24:**Institutional Capacity Building Framework (ICBF)**

TYPE	Individual PFM elements, institutions or sub-systems
APPROACH	Benchmark approach (Standards).
COVERAGE	National Government.
Custodian	AFROSAI-E. Developed 2001; Most recent update 2015.
Description	<p>ICBF (originally known as Audit Capability Model) was developed by AFROSAI-E for their members, Auditors-General in English (24) and Portuguese (2) speaking countries of sub-Saharan Africa.</p> <p>ICBF provides the basis for an annual detailed questionnaire for all AFROSAI-E members. It can be used:</p> <ul style="list-style-type: none"> (i) as a tool for a general self-assessment of a SAI and monitoring progress; (ii) for identification of areas of improvement and how these can be achieved with an institutional perspective (capacity building); (iii) for benchmarking against other SAIs in the region. <p>ICBF consists of five development levels, level 1 to 5 (capacity ratings) for each of 138 questions/indicators, across five institutional development areas or domains:</p> <ol style="list-style-type: none"> 1. Independence and legal framework; 2. Organisation and management; 3. Human Resources; 4. Audit standards and methodology; 5. Communication and Stakeholder Management. <p>Capacity requirements are not specified for level 5 ('optimized').</p> <p>Although based on INTOSAI PMF (see B.23) there are differences to meet the regional INTOSAI benchmarking priorities.</p>
Linkage to PEFA Framework	Closely linked to PI-30: External Audit
Complementarity with PEFA Framework	Provides a more detailed framework for the assessment of the capability of public external audit than the PEFA Framework. It can be used as the basis for developing an appropriate strategic plan for the audit office, especially where a PEFA assessment has found this to be a weak area.
Guidance Material	<p>A description of the tool and guidance is available at http://afrosai-e.org.za/?page=institutional-capacity-building-framework</p> <p>The material may be obtained through info@afrosai-e.org.za</p>
Quality Assurance	Based on internal quality assurance system of the self-assessing SAI as well as review/discussion with AFROSAI-E secretariat and other members, but narrative report with evidence for scoring usually not included.
Intervals between assessments	Annual survey of members' capacity status since 2005.
Transparency	When the regional report on the ICBF status has been adopted at the AFROSAI-E Annual Board meeting it becomes a public document, a document available on request from the AFROSAI-E Secretariat at info@afrosai-e.org.za

PFM DIAGNOSTIC TOOL No. B25:

CIPFA Financial Management Model (FMM)

TYPE	Individual PFM elements, institutions or sub-systems
APPROACH	Narrative Evaluation.
COVERAGE	National Government (includes sub national as part of national system)
Custodian	Chartered Institute for Public Finance and Accounting (CIPFA). Initially launched June 2004. Updated Version II released in 2009.
Description	<p>FMM is a self-assessment tool which allows public service organizations to test the effectiveness of their financial management in supporting their business objectives, and to consider whether the style and contribution of financial management supports or conflicts with their organization’s strategic direction.</p> <p>FMM is presented as a Best Practice Matrix of three styles of financial management (securing stewardship, supporting performance and enabling transformation) and includes four management dimensions (leadership, people, processes and stakeholders).</p> <p>Evidence is gathered to determine the organizations scores against 37 statements of best practice which form the Best Practice Matrix.</p> <p>The tool has reportedly been used by more than 300 organizations, mostly in the UK.</p>
Linkage to PEFA Framework	No direct linkages.
Complementarity with PEFA Framework	In principle FMM complements PEFA by allowing an organization-specific assessment where PEFA covers the entire government sector. It can also be used for public corporations. In practice there has been no complementarity as the FMM and PEFA Framework have been used in different public sector environments.
Guidance Material	<p>FMM is hosted on a secure website which includes (a) a self-assessment tool, where statements and answers to questions are entered, (b) a “getting started booklet”, (c) an electronic survey tool and standard surveys for a variety of people in the organization, (d) a facility to export results into Excel, (e) a suite of standard reports, (f) a score tracking facility and (g) a peer to peer discussion forum.</p> <p>The FM Model may be purchased through http://www.cipfa.org/services/advisory-and-consultancy/financial-management-model</p>
Quality Assurance	Depends on choice of the institution, but can have the process moderated by external consultant
Intervals between assessments	No guidelines given.
Transparency	Internal self-assessment not intended for publication

PFM DIAGNOSTIC TOOL No. C01:**Assessing and Managing Governance Risks in ADB Operations**

TYPE	Tools used by development partners to make decisions on fiduciary risk
APPROACH	Risk level assessment, narrative evaluation.
COVERAGE	National or subnational government.
Custodian	Asian Development Bank (ADB). Initially issued 2006, updated 2011, current version issued December 2014.
Description	<p>Assessing and Managing Governance Risks in ADB Operations is based on the Second Governance and Anticorruption Action Plan (GACAP II) and applies to assessments of governance risks (including financial management, procurement and corruption risks) at national, sector and project level. GACAP II has four key result areas that reflect a medium- to long-term approach required to achieve sustainable results in governance and anticorruption:</p> <ul style="list-style-type: none"> (i) Improve identification and management of governance, institutional, corruption risks in country portfolio strategies and annual country portfolio review missions; (ii) Strengthen governance and anticorruption components in program and project design; (iii) Strengthen program and project administration and portfolio management; (iv) Improve organizational structure, human resources, and access to expertise.
Linkage to PEFA Framework	No direct linkages; but identifies PEFA assessment as principal source of information on PFM.
Complementarity with PEFA Framework	The GACAP II guidance refers to PEFA assessments as a source of information for the financial management assessment at national, sector and project level (similar references made to OBS, CPAR and MAPS).
Guidance Material	Revised Staff Guidance for Implementing GACAP II is for the staff of the Asian Development Bank to implement GACAP II and is available at: https://www.adb.org/sites/default/files/institutional-document/33273/revised-staff-guidance-implementing-gacap-2.pdf
Quality Assurance	Quality assurance is provided by ADB staff
Intervals between assessments	None recommended – related to timing of operations
Transparency	The assessment reports are generally not accessible to the public.

PFM DIAGNOSTIC TOOL No. C02:**ADB Financial Management Assessment**

TYPE	Tools used by development partners to make decisions on fiduciary risk
APPROACH	Benchmarking approach with narrative evaluation
COVERAGE	A public single institution or group of institutions in a sector.
Custodian	Asian Development Bank (ADB). Updated 2015
Description	<p>Financial management, procurement, and anticorruption due diligence are the critical areas to assess at the project-level. ADB's project preparatory activities involve preparing a financial management assessment (FMA) to assess the capacities of executing and implementing agencies, and their systems for planning and budgeting, accounting, internal controls, reporting, and auditing. The objective is to ensure that agencies are technically, managerially and financially capable of efficiently and effectively implementing ADB programs and projects.</p> <p>The FMA constitutes one of the four components of ADB's requirements for financial due diligence in relation to investment projects. The FMA exercise is aimed at assessing the suitability and acceptability of the existing country systems for financial management for the government for public institutional units involved in administering ADB's financing operation. It is concerned with identifying system integrity and the risk of fraud of corruption. It includes a questionnaire of 155 questions under 8 headings, used to describe the institutional systems and potential risks related to each element/question. The FMA has its own reporting format which includes a proposed action plan and proposed project covenants.</p>
Linkage to PEFA Framework	No direct linkages have been identified, but the FMA guidance refers to PEFA assessments as a source of information for the FMA.
Complementarity with PEFA Framework	FMA extends to identification of risk of fraud and corruption which are topics not directly covered by PEFA. The approach is different as it can be applied to individual institutions or to groups of institutions making up a sector (e.g. FMA for energy sector institutions in Myanmar 2014).
Guidance Material	ADB Technical Guidance Note on Financial Management Assessment https://www.adb.org/sites/default/files/page/82468/financial-management-assessment.pdf
Quality Assurance	Quality assurance is provided by ADB staff, monitoring the technical assistance operations which undertake the assessments.
Intervals between assessments	None recommended – timing related to preparation of financing operations
Transparency	The assessment reports are generally not accessible to the public.

PFM DIAGNOSTIC TOOL No. C03:**IDB Tool for Determining the Level of Development and Use of PFM Systems**

TYPE	Tools used by development partners to make decisions on fiduciary risk
APPROACH	Risk level assessment with scoring system.
COVERAGE	National government, subnational government, or single institution
Custodian	Inter-American Development Bank (IDB). Developed 2009; guidance updated 2012
Description	<p>IDB's Strategy for Strengthening and Use of Country Systems (GN-2538) is intended to determine to what extent country systems would be used in designing, executing, and evaluating IDB-financed operations. The strategy addresses the key country management systems and segregates them into fiduciary (public procurement, financial management and control) and non-fiduciary (development effectiveness and environmental) systems. In the case of financial management systems, the strategy focuses on the following key pillars or subsystems: i) budget, ii) treasury, iii) accounting and reporting, iv) internal audit; and v) external control.</p> <p>To support and monitor the process for the strengthening and use of the country PFM systems, IDB has developed a methodology that permits (by means of a technical diagnostic) IDB specialists to obtain qualitative and quantitative results related to the level of development of each subsystem, taking into account their capacity/ability to adequately manage Bank-financed operations. The tool includes 12 indicators with 95 sub-indicators, each scored on a scale 0-3.</p>
Linkage to PEFA Framework	Coverage broadly overlaps with PEFA Framework. Guidance to indicators scoring makes frequent reference to PEFA assessment (but also to other diagnostics and databases)
Complementarity with PEFA Framework	Uses PEFA assessment findings as inputs.
Guidance Material	Neither description of the tool nor any guidance material is publicly available
Quality Assurance	Managed by IDB staff and procedures
Intervals between assessments	No specific recommendation. Related to individual financing operations.
Transparency	Assessments are not published

PFM DIAGNOSTIC TOOL No. C04:**WB Assessment of the Use of Country Financial Management Systems in Bank Financed Investment Projects**

TYPE	Tools used by development partners to make decisions on fiduciary risk
APPROACH	Risk level assessment with narrative evaluation
COVERAGE	National government, subnational government, or single institution
Custodian	World Bank. Interim guidance issued 2009; latest guidance issued 2015.
Description	The assessment is undertaken by WB staff and is based on existing diagnostics e.g. PEFA, PER, FTE. The assessment is risk based; focusing on in each component of the public finance management system: (a) budgeting; (b) accounting and reporting; (c) treasury and funds flow; (d) internal control and internal audit and (e) external audit. A parallel assessment is done for procurement systems. It is used to (1) Inform the design of the WB Country Assistance Strategy/Country Partnership Strategy; (2) Get an understanding of overall fiduciary risks in the use of the country PFM system; (3) Identify the steps the World Bank or government would need to take to make greater use of country PFM systems, and (4) To inform the design of a proposed project that is considering the use of country PFM systems.
Linkage to PEFA Framework	Coverage broadly overlaps with PEFA Framework. Guidance to indicator scoring makes frequent reference to PEFA assessment (but also to other diagnostics and databases)
Complementarity with PEFA Framework	Uses PEFA assessment findings as inputs.
Guidance Material	Guidance to the tool is available at http://www.worldbank.org/content/dam/Worldbank/document/SORT_Guidance_Note_11_7_14.pdf
Quality Assurance	Use of WB standard quality assurance systems
Intervals between assessments	Linked to WB Country Assistance Strategy cycle; and to be updated as new PFM diagnostics are completed.
Transparency	Assessments are not published – for internal use only.

PFM DIAGNOSTIC TOOL No. C05:**EU Budget Support Guidelines**

TYPE	Tools used by development partners to make decisions on fiduciary risk
APPROACH	Benchmark approach with scoring system
COVERAGE	National, subnational government.
Custodian	European Union – EuropeAid. First developed 2007, update issued 2012.
Description	<p>EU Budget support programmes are subject to the following four eligibility criteria covering:</p> <ul style="list-style-type: none"> ● National/sector policies and reforms (“public policies”) ● Stable macro-economic framework ● Public financial management ● Transparency and oversight of the budget <p>The four eligibility criteria apply to all three forms of EU budget support contracts (Good Governance & Development; State Building; Sector Reform), although the focus may vary according to the specific objectives of the programme. The assessment of the eligibility criteria generally involves:</p> <ol style="list-style-type: none"> 1) Assessment, during identification and formulation, of the relevance and credibility of the partner country policy and strategy related to each eligibility criterion; 2) Assessment of satisfactory progress, during implementation, in implementing the policy and strategy and achieving the objectives, <p>During budget support implementation EU Delegations carry out annual PFM progress reports as well as complete an annual Risk Management Framework Matrix. The latter is grouped into five categories: political, macroeconomic, development, PFM, and corruption/fraud with a narrative commentary to produce an overall risk rating (low, moderate, substantial or high).</p>
Linkage to PEFA Framework	EU uses the PEFA Framework as the preferred tool to assess the quality of the PFM system in a country. For ‘transparency and oversight of the budget’, PEFA assessments are useful basis (along with other broad diagnostic tools)
Complementarity with PEFA Framework	The PFM and budget transparency components of the assessment draw from the PEFA framework but require additional analysis in several aspects.
Guidance Material	The full guidelines as well as a summary description are available at https://ec.europa.eu/europeaid/budget-support-guidelines_en
Quality Assurance	Internal EU system.
Intervals between assessments	Initial assessments are related to preparation of new programs. PFM progress reports done annually during budget support implementation.
Transparency	Risk assessment reports and PFM annual progress report are mainly for internal EU purposes.

PFM DIAGNOSTIC TOOL No. C06:**DFID Fiduciary Risk Assessment (FRA)**

TYPE	Tools used by development partners to make decisions on fiduciary risk
APPROACH	Risk level assessment with scoring system
COVERAGE	National, subnational government
Custodian	UK Department for International Development (DFID). Developed 2008; Guidance updated 2011.
Description	<p>This assesses the level of fiduciary risk associated with a country's public finance management system when DFID is providing financial aid (originally focused on budget support; but due to change in UK's aid policy budget support ceased in 2015).</p> <p>There are four specific assessments; (1) an overall assessment of fiduciary risk, (2) a specific assessment of corruption risk; (3) an assessment of credibility of programme to improve and (4) an assessment of the possible financial impact of weaknesses in PFM systems. It assesses how well the PFM system performing and key risks to determine the overall level of fiduciary risk, corruption risk, and credibility of reform programme (rated Low, Moderate, Substantial or High). Fiduciary Risk Assessments undertaken each year during implementation of financial aid programs. More extensive assessments are undertaken after a PEFA assessment has been completed.</p>
Linkage to PEFA Framework	FRA guidance (Annex 6: Relationship Between FRAs and PEFA) describes in detail how a PEFA assessment should be used for a FRA.
Complementarity with PEFA Framework	FRA draws as far as possible on information from a country's most recent PEFA assessment.
Guidance Material	Guidance material (How To Note on Managing Fiduciary Risk when Providing Financial Aid) is available at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/67488/how-to-fiduciary-fin-aid.pdf
Quality Assurance	Provided by DFID staff according to internal systems.
Intervals between assessments	FRA is updated each year when financial aid is provided. More extensive assessments are undertaken after a PEFA assessment has been completed.
Transparency	Fiduciary Risk Assessments are not published, but are shared with partner country governments and other country development partners, except on rare occasions when they are considered confidential.

PFM DIAGNOSTIC TOOL No. C07:**BMZ Strategy 181: Budget Support in the Framework of Programme-Oriented Joint Financing**

TYPE	Tools used by development partners to make decisions on fiduciary risk
APPROACH	Risk level assessment with narrative evaluation
COVERAGE	National government
Custodian	German Federal Ministry for Economic Cooperation and Development (BMZ). Guidance revised 2013.
Description	<p>German aid institutions assess risks of partner country's public finance management systems during the preparation and provision of budget support operations in accordance with Strategy 181. It provides a binding structure for the public finance management annex for budget support operations and summary assessment to be submitted to BMZ. The focus is on practical elements of public finance management system which provides an assessment on whether the system meets best practices and international standards. Specifically it addresses the questions:</p> <ul style="list-style-type: none"> • Is the administration's public financial management (budget planning, preparation, implementation and control) sufficiently efficient in terms of transparency, gender justice, conflict sensitivity, fiscal discipline, the strategic allocation of resources, and value for money? • Is there a willingness to improve and is development visibly on an upward trend?
Linkage to PEFA Framework	No direct linkage, but reference to use of PEFA assessments.
Complementarity with PEFA Framework	Strategy 181 states that German development cooperation intends to draw on PEFA assessment or other broad PFM assessments wherever possible. Independent diagnostic work will remain the exception.
Guidance Material	Strategy 181 is available at https://www.bmz.de/en/publications/archiv/topics/financing/konzept181.pdf
Quality Assurance	Quality assurance according to internal systems in two German aid agencies KfW and GTZ which usually carry out the assessments.
Intervals between assessments	None recommended – depends on programs to be financed
Transparency	Assessments are for internal use and not published.

PFM DIAGNOSTIC TOOL No. C08:**DANIDA Guidelines for risk management**

TYPE	Tools used by development partners to make decisions on fiduciary risk
APPROACH	Risk level assessment with scoring system.
COVERAGE	National, subnational government, or social/economic sector
Custodian	Danish Ministry of Foreign Affairs (DANIDA). Issued 2013.
Description	<p>Guidelines for risk management are applicable to the preparation and implementation of the majority of DANIDA's programmes and projects. The Risk Management Matrix is a mandatory annex to grant proposals that are submitted for the granting authorities. The approach of risk management provides a structured framework for assessing and monitoring risks. It combines scoring risks against a selected number of questions grouped into three categories: Contextual risk, programmatic risk and institutional risk with a narrative commentary to produce an overall risk rating. The risk level is the combined assessment of the likelihood that risk factor is released and the impact of the released risk; each of the two factors rated on a four level scale. PFM is considered an element of all three potential risk categories and has to be assessed accordingly. The guidelines make specific reference to use of PEFA assessments.</p> <p>Specific guidelines are provided for different aid modalities. The Guidelines for Development Contracts (replacing the guidelines for budget support) is harmonised with the EU Budget Support Guidelines, particularly in the area of PFM.</p>
Linkage to PEFA Framework	DANIDA uses the PEFA Framework as the preferred tool as a starting point to assess the quality of the PFM system in a country. The specific guidelines on Development Contracts and Technical Note on Programme Support Preparation make specific reference to selected PEFA indicators to consider for general budget support and sector budget support respectively.
Complementarity with PEFA Framework	The PFM and budget transparency components of the assessment draw from the PEFA framework but require additional analysis in several aspects (particularly as concerns corruption and procurement).
Guidance Material	Guidelines for risk management, Guidelines for Development Contracts, and Technical Note on Programme Support Preparation can all be accessed at http://amg.um.dk/en/technical-guidelines/
Quality Assurance	Prepared or reviewed DANIDA staff according to internal guidelines.
Intervals between assessments	Related to the preparation and monitoring of individual aid operations.
Transparency	Risk assessments are internal and not published.

PFM DIAGNOSTIC TOOL No. C09:**USAID Public Financial Management Risk Assessment Framework (PFMRAF)**

TYPE	Tools used by development partners to make decisions on fiduciary risk
APPROACH	Risk level assessment with scoring system.
COVERAGE	National, subnational government, or social/economic sector
Custodian	United States Agency for International Development (USAID). Updated 2014.
Description	<p>The PFMRAF informs the decision to use partner government systems and is a fundamental component of project design that includes government-to-government direct assistance. The results of the PFMRAF, primarily the fiduciary risks identified in the Stage 2 Risk Assessment, and the corresponding risk mitigation measures, are integrated into the final project design and included in the project appraisal document.</p> <p>Stage 1 Rapid Appraisal is designed to be a country level examination of the partner government PFM environment and associated fiduciary and related risks, as well as elements of governance and public accountability.</p> <p>Stage 2 Risk Assessment is designed to identify, evaluate, and propose measures to mitigate transactional level fiduciary risks of target partner government institution's PFM systems at the country, sector, or sub-national government level.</p> <p>Risk impact and probability are scored separately on 4-point scales and then combined.</p>
Linkage to PEFA Framework	PFMRAF assessments draw on other diagnostic reports as well as other documents and websites to assist in completion of the Stage 1 Checklist and Stage 2 Risk Assessment. Other diagnostic reports mentioned include PEFA assessments, CPARs, PER, Poverty Reduction Strategy Papers (PRSP), OECD-DAC country procurement system assessments, democracy and governance assessments, and other similar documentation to inform responses and analysis. The PEFA is given special attention, as a key source of important baseline information.
Complementarity with PEFA Framework	PFMRAF assessments draw from PEFA assessments but require additional analysis in several aspects (particularly as concerns corruption and procurement).
Guidance Material	The PFMRAF Manual can be accessed at https://www.usaid.gov/sites/default/files/documents/1868/220mae.pdf
Quality Assurance	Prepared or reviewed USAID staff according to the Manual. The Stage 1 Rapid Appraisal - and its components - is led by USAID staff contemplating direct use of partner government systems in the delivery of development aid and may not be contracted to a third party, whereas contracting out might be the case for stage 2.
Intervals between assessments	Related to the preparation and monitoring of individual aid operations.
Transparency	Risk assessments are internal and not published.