PEFA AT THE SUBNATIONAL LEVEL

#### Strengths



SN-PEFA contributes to people well being, because SN-entities are closer to service delivery

Allows strengthening capacities of civil servants to improve service delivery

Very clear assessment framework with clear and self explanatory benchmark

Tool that facilitates comparison between different SNGs

PEFA provides an objective basis for a dialog between the SNG and central government, as well as donors and other institutions

Promotes confidence in decentralization of fiscal policy

## **Opportunities**



Adjustment of some PEFA indicators to make them more relevant to sub national governments

PEFA assessment framework needs to be calibrated for SNGs

PEFA can help governments to diagnose the weaknesses and give recommendations for improvement

Vast room for self assessment using PEFA across government sectors

Evidence led fiscal decentralization reforms

PEFA might contribute to a dialog between SN-level and central level about roles & responsibilities

To establish the link between PFM and the delivery of local public service

#### **GROUP 1**

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**STRENGTHENING PFM SYSTEMS THROUGH PEFA 2016** 

#### **Strengths**



PEFA as an integrated comprehensive baseline for PFM system and benchmarking

Evidence based assessment of the entire PFM cycle to see areas of strengths and weaknesses

> Enables a better clarity on the status of PFM system

PEFA is a PFM capacity development tool for government officials

PEFA is used by most donors as a single tool for the government dialogue on reform program

PEFA is an internationally recognized tool with strong quality assurance process

#### **Opportunities**

Indicators and outcomes should better inform political decisions and ownership of reforms

Facilitate larger dialogue on prioritization and use evidence of real life examples from PEFA assessments that show how reforms were successfully achieved (database of 500 assessment)



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PEFA should offer more specific guidance on reforms prioritization

Should offer better guidance on how to bridge gaps and involve all relevant actors in reforming PFM



Its role as eligibility criteria for budget support should be reexamined as decisions are often too political

Countries should be able to do PEFA assessments themselves and use other countries as peer reviewers



PEFA should feed the government M&E framework and this linkage should be established at the moment the PEFA exercise starts not after

#### **GROUP 2**

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## Strengths

## **Opportunities**

PEFA helps to identify systematic issues in internal control and provide a single point of reference on country systems

Provide basis for improvements in IC and PFM plus a strategic point for reforms

> Identify gaps in internal control environment i.e. professionalism, competencies and skills, number of staff, sufficient resources, ethical standards, knowledge and sanctions

Use the information from the assessment to identify key weaknesses and develop an action plan



External nature of PEFA assessment makes findings i.e. internal controls more robust and acceptable to governments



influence and how it affects outcomes To raise political awareness and visibility

Support for internal control can

provide information about political

of the importance of the internal control

The use of COSO framework in the public institutions to improve internal control programs and work plans for the countries



Link to lower level diagnostic tool for internal control e.g. TADAT or build on COSO

PEFA report, provided QA and peer review, offers a basis for comparability and identification of good practice



and identification of good practice Opportunity to use internal control framework and COSO to

align objective and donors support in countries



# WHAT MORE COULD PEFA DO IN THE FUTURE?

#### Strengths

## **Opportunities**

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#### **GROUP 4**

Performance orientation on PEFA 2016

Increased availability of performance information to legislature and general public

Indicators support analysis, including gender

Collectively, new framework provides comprehensive barometer on the effectiveness of institutions and public administration Annex on gender, plus other issues i.e. children, poverty, happiness and minorities

Sex disaggregated data

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Improve ability to disaggregate data which can be used for gender and other focused sub-sections

Focus more on qualitative aspects especially for public participation C

PEFA

Further expand coverage to off budget spending i.e. SOEs

Strengthening indicators that focus on secretarial ministries plus sub-national which leads to more efficient resource allocation

Guidance on how to interpret PEFA results kick-start discussion on reform public sector