



**Survey of PEFA Partners’
“Use of PEFA Assessments for internal processes”**

PEFA Secretariat
August 31, 2010
Final

1. Background

During the December 2009 Steering Committee meeting, the PEFA Partners (Partners) requested the PEFA Secretariat to gather information on the use of the PEFA indicators for operational decisions. It was agreed that the Secretariat would develop a short questionnaire and circulate it to each member who would provide a timely response to the survey.

The purpose of the survey was to establish how PEFA assessments are being used internally by PEFA partners, as an input to a future discussion on good practice on the use of PEFA indicators in taking operational decisions. The survey aimed to identify the extent of the use of PEFA assessments in internal processes, the existence of formal guidelines, the use of PEFA assessments over time, what type of source is a PEFA assessment, the method of using a PEFA assessment / indicators, the level of sharing the results of using PEFA in internal processes and the Quality Assurance arrangements required before using a PEFA assessment. All seven PEFA partners submitted answers to the questionnaire and provided supplementary information upon request. This summary note, introduced by a short overview, synthesizes the responses; the responses themselves are contained in Annex 4.

2. Main findings

All seven PEFA Partners use PEFA assessments one way or another in their internal processes. The method of use is sometimes, but not always, formalized in a manual/guideline. When formalized, the use of PEFA assessments is mainly organized around two categories: (i) directly *link* to an operational process or (ii) *referred to* as a recommended assessment tool/source of information in the institution's internal operational documents. In practice, even when not specifically referred to in Partners' internal documents, it is used to inform internal processes.

Partner	Internal process	PEFA as source of info
World Bank	Country Policy and Institutional Assessment, (CPIA)	Key input
	Assessment of the Fiduciary risk in the use of Country FM systems in Bank financed Investment projects, (FRA)	Key input
	Debt Management Performance Assessment (DeMPA)	Key input
	Country Assistance/Partnership Strategy (CAS/CPS) and ISN	Key input
	Development Policy Loans/Operations (DPL/DPO)	Key input
DFID	Fiduciary Risk Assessment (FRA)	Preferred
	Country governance analysis (CGAs)	Relies on FRA
	Country planning	Relies on FRA & CGA
	Assessments of partner government commitment to DFID's partnership principles (conditionality guidance)	Relies on FRA
	Budget support submissions and performance assessment frameworks (PAFs)	Relies on FRA
France	Fiduciary Risk Index (FRI)	Preferred
Switzerland	Appraisal of Budget Support (GBS)	Preferred
	PFM related operation	Key input
Norway	Appraisal of Budget Support (GBS)	Preferred
	Appraisal Sector & PFM reform programs	Preferred
IMF	Debt limits in Fund-Supported assessment	One of the inputs
	Inform Technical Assistance & research for working papers	One of the inputs
EC	Assess budget support eligibility related to public finance management (PFM)	Preferred
	Monitor progress of the partner country's PFM reform	Preferred
	Help to design partner country's PFM reform program	Preferred

Partners have used PEFA assessments since the PFM Performance Measurement Framework was released in 2005, though initially without “formalizing” it. Since then, Partners are increasingly using PEFA assessments in internal processes and adopting guidelines linking PEFA indicators or recommending the use of PEFA assessments. By now all seven Partners have done so.

A wide range of information sources other than PEFA assessments are used by all PEFA Partners in their internal processes (Annex 4). None of the PEFA Partners use PEFA assessments as the only source of information.

The way PEFA assessments/indicators are used depends on the specific circumstances of the respective operational process as part of which the PEFA assessment is being used as input. Three Partners’ – DFID, France and the IMF - aggregate/condense PEFA indicators to a single score using different methods.

Sharing the result of using PEFA assessments in their internal processes outside the institution varies considerably among Partners. Some Partners share information with different degrees of disclosure and for different internal processes, for others the result remains an internal document only used within their institution.

With the exception of DFID, Partners’ do not have formal requirements for QA arrangements before using the PEFA assessment **stated** in the institution’s internal operational documents for internal processes.

In summary, all Partners make use of PEFA Assessments to inform decisions that have implications for country operations. Such implications will have financial consequences for partner governments and create incentives both for improving systems performance and for influencing PEFA assessment results. Those consequences will largely be indirect because partners mainly use PEFA assessment results through qualitative translation processes and combine them with information from a range of other sources before reaching decisions.

3. The use of PEFA assessments for internal purposes

3.1 Internal Partners’ processes that use PEFA assessments/indicators, formal guidelines and practice in the absence of formal guidelines¹

The use of PEFA assessments may be organized around two categories: direct **link** to the operational process or **referred to** as a recommended assessment tool/source of information in the institution’s internal operational documents.

Examples of PEFA Partners’ formal guidelines that clearly link/map the PEFA assessments/indicators to their internal process are:

- WB (CPIA, FRA and DeMPA)
- DFID (FRA)
- France (FRI)
- IMF (Debt-limits capacity assessment)
- EC

¹ Annex 1 presents a complete list of Partners’ internal processes, guidelines and links/map or reference to PEFA

In the absence of linking/mapping PEFA assessments/indicators, these are referred to in the internal documents i.e., Partners' recommend the use of PEFA assessments as a reference assessment tool in their formal strategic policies or guidelines. For example:

- WB (CAS)
- SECO (GBS)
- Norway (GBS and Assessment of Sustainability risk)
- IMF (Use of Fund Resources for Budget Support)

In practice, Partners' use PEFA assessments to inform internal processes even in the absence of a formal recommendation to do so in their internal documents (Annex 1).

3.2 *When did Partners' start using PEFA assessments in their internal processes?*

Partners have used PEFA assessments since the PFM Performance Measurement Framework was released in 2005. PEFA assessments were used as a reference in internal processes before being introduced into formal guidelines or recommended in internal documents; for example, the WB², France, SECO, EC, and IMF. Since then, Partners' have progressively adopted guidelines linking PEFA indicators or recommending the use PEFA assessments.

In 2005, the SECO GBS strategy recommended the use of PEFA assessments. In 2007, Norway included the recommendation of using PEFA assessments, when they exist, in two guidelines (budget support, key risk factors). In 2008, three more partners adopted the use of PEFA assessments and linked PEFA indicators: WB (CPIA)³, DFID (FRA)⁴ and France (FRI).

In 2009, the WB expanded the use of PEFA Assessments to the FRA for Investment projects, CAS and DeMPA, as well as did the IMF in the Debt Limits in Fund-Supported Programs proposed guidelines. In 2010, PEFA was referenced in the IMF Staff Guidance Note on the Use of Fund Resources for BS⁵.

3.3 *Use of PEFA assessment as source of information and other sources*

When PEFA assessments exist, they are the *preferred source* of information in internal processes for DFID, France, SECO, Norway and EC, a *key input* for the WB and *one of the inputs* for the IMF. None of the PEFA Partners' seem to use PEFA assessments as the only source of information.

A wide range of sources of information, other than PEFA assessments, are used by all PEFA Partners' in their internal processes. Other sources of information vary among Partners' depending on their internal processes and include sources such as CFAA's, CPAR's, Fiscal ROSC, GAP analysis, PER, , OECD MAPS, WGI, etc. (Annex 4).

² A review of FM Issues in CAS (FY06-07), dated November 2008, revealed that "increasingly CASs refer to the results of the PEFA assessment to measure progress on the PFM agenda and reflect harmonization among donors" and a DPL Retrospective – PFM & Fiduciary Issues (May 2009) prepared by OPCFM revealed that "PEFA indicators are referenced in over 40% of the 78 "core DPOs" approved between April 2006 and June 2008.

³ WB CPIA questionnaire includes the PEFA website in the list of guideposts to be consulted but does not present the mapping of PEFA indicators to Q13 & Q14. This is presented in Annex 3, OECD Report "Use of country systems in PFM", 3rd High Level Forum on aid effectiveness, Sept 2008, Accra-Ghana

⁴ In DFID FRA: "*The FRA must be able to stand alone from any PEFA assessment and therefore should present all the key data from the PEFA, or summaries thereof, which are used to support the PEFA conclusions and "A summary of the PEFA indicator scores and the relevant narrative detail should be included in the body of the FRA".* Earlier DFID guidance on FRA was based on the use of DFID's 15 benchmarks but noted that PEFA assessments should be used instead, when available.

⁵ PEFA is not currently used for the official safeguards assessment. It is used together with other instruments to generally monitor the safeguard of fund resources.

3.4 *Linking PEFA assessments to internal processes*⁶

The way PEFA assessments/indicators are used (i.e., full set of indicators, selected indicators, ratings, focus in the Summary Assessment, etc) depends on the specific circumstances of the respective operational process as part of which the PEFA assessment is being used as input.

The entire PEFA Assessment report is used by some Partners for:

- appraisal/design of CAS/CPS and DPL/DPO (WB)
- budget support operations (DFID, France, Switzerland, EC)
- TA programs (IMF)

The DFID FRA relies on the full set of PEFA indicators and related narrative though there is no mechanistic link between PEFA indicators and risk levels. The IMF uses the full set of PEFA scores as a guidepost for Debt Limits in Fund-Supported Programs and to inform Technical Assistance. Norway focuses in the PEFA Summary Assessment for GBS and broad PFM reform programs. Selected PEFA indicators are directly linked to specific questions/indicators in:

- WB CPIA, FRA and DeMPA
- French FRI
- Norway's appraisal to support specific PFM areas (e.g. SAIs or tax administration)
- IMF for purposes of research

Three Partners' – DFID France and the IMF - aggregate/condense PEFA indicators to a single score using different methods (see Annex 2 for more details). DFID FRA provides general rules of thumb for interpreting PEFA scores into risk ratings: A=low risk, B=low to moderate risk, C=moderate to substantial risk, D=high risk but indicates that the rules should be used with caution⁷. The French FRI is obtained from the scores of 12 selected PEFA indicators (divided in 4 dimensions); each score of the 12 indicators is converted into a digital note via a conversion table. The FRI is obtained by simple average of the ratings of the twelve digital notes. The IMF PEFA index is obtained by converting the PEFA ratings into numerical values and then aggregating (simple average) using equal weights.

3.5 *Sharing the result of using the PEFA assessments in internal processes*

Sharing the result of using PEFA assessments in their internal processes outside the institution varies considerably among Partners. The WB, DFID, Norway, IMF and EC share information with different degrees of disclosure and for different internal processes. On the other hand, for France and SECO the result remains mainly an internal document only shared within their institution. In SECO, the exception is on individual projects which can be shared with partners upon request.

The WB publicly discloses with few exceptions CAS/CPS and DeMPA. A new disclosure policy, to become effective July 1st, 2010, will make public disclosure the default rule. All documents relating to core operational processes will be accessible to the public; therefore, the way the use of PEFA indicators influences the WB operational processes will be publicly available.

⁶ Annex 1 presents an overview table by Partner, internal processes, guidelines and links/mapping or references.

⁷ Recently, DFID started making further use of PEFA assessment data for countries with more than one assessment: PEFA scores are consolidated into 8 groupings with an aggregate score for each grouping, to consider whether scores had improved or worsened between two assessments. This analysis is not reflected in any policy but it is carried out in order to assess overall trends.

DFID FRA, Norway (BS and sector programs) and the IMF TA reports are shared with partner governments (usually informally for the DFID FRA,) and with the donor community in the country. Neither DFID nor the IMF publishes the FRA and TA reports. Norway makes information publically available on the NORAD's website (though not completely updated) and the IMF publishes its working papers.

Results of IMF debt limits capacity assessments are shared with the authorities published in the website and reported in program country staff reports. The EC shares the results with both government partner and donor community and makes it publically available, whenever partner governments agree with the publication.

3.6 *Quality assurance mechanisms before using PEFA Assessments in the internal process*

Partners do not have formal requirements **stated** in their guidelines for quality assurance arrangements **before using** the PEFA assessment in internal processes, with the exception of DFID. Overall, Partners rely upon established quality assurance procedures for PFM analytical work on PFM, including PEFA assessments. A survey of PEFA Partners' on the QA processes for analytical products including in PFM, carried out in November 2007, informed that *"all PEFA Partners' have QA mechanisms in place for analytical work on PFM, based on a review process at country and HQ level. The inclusion of government counterparts is sought as far as possible and the inclusion of external reviewers, such other donor agencies, is not compulsory but left to the country's team initiative"*

DFID has formal arrangement for QA before using a PEFA Assessment specifically **stated** in the FRA guidelines. The FRA requires⁸ that a *"statement be included on whether the PEFA assessment (if applicable) has been quality assured by the PEFA Secretariat"* and guidelines specify that *"the use of a PEFA Framework should be taken to mean one that is complete and has been quality assured by the PEFA Secretariat"*. In addition, it recommends that all PEFA Assessments should be QA in country by stakeholders who have not been directly involved in the report preparation.

Partners that rely on their institutional QA mechanisms may lead/be associated with PEFA Assessments. The WB has rigorous QA mechanisms in place⁹ including peer reviews by PFM experts at various stages of the process and is often a peer reviewer of PEFA assessments carried out by other Partners. The knowledge of the country and the parties involved in the assessments informs the WB decision to rely on these reports. If QA arrangements are absent or inadequate the WB reliance on the assessment for the purpose of their internal process will be limited. For the EC, as a rule, all draft PEFA reports commissioned by the EC are sent to the PEFA Secretariat for comments and comments are also provided by concerned EU Delegations and the EC Headquarters.

Specific QA arrangements may take the form of: (i) being involved in the PEFA Assessment through the country office in coordination with HQ (SECO, in countries where they are heavily involved in GBS operations), (ii) sharing Appraisals and Reviews with partners and donor groups (Norway), (iii) rely on in-house expert opinion (IMF / FAD). For PEFA assessments carried out by other partner organizations, Partners' rely on the QA mechanisms established by the partner organizations (WB and France). For France, since PEFA assessments have already been through a QA process before being validated there is no further QA arrangements before using PEFA assessments (PEFA can be used after government validation).

⁸ FRA page 10

⁹ Also includes review by the respective department's manager and country management units.

Acronyms

BS	Budget Support
CAS	Country Assistance Strategy
CBP	HIPC Capcitu Building Program
CFAA	Country Financial Accountability Assessment
CPAR	Country Procurement Assessment Review
CPIA	Country Policy and Institutional Assessments
CPS	Country Partnership Startegy
DeMPA	Debt Mangament Performance Assessment
DFID	Department for International Development, UK
DPI	Debt Management Performance Indicator
DPL	Development Policy Loan
DPO	Development Policy Opertaion
EC	European Commission
Fiscal ROSC	Reports on the Observance of Standards and Codes of Fiscal Transparency
FRA	Fiduciary Risk Assessment
FRI	Fiduciary Risk Index
GBS	General Budget Support
HIPC AAP	Public Expenditure Tracking Assessment & Action Plan Heavily Indebted Poor Countries
ISN	Interim Strategy Note
NORAD	Norwegian Agency for Development Cooperation
OBI	Open Budget Survey and Index
OECD MAPS	Methodology for Assessing Procurement Systems
OPCFM	Operations Policy and Country Services
PEFA	Public Expenditure & Financial Accountability
PEMFAR	Public Expenditure Management and Financial Accountability Review
PER	Public Expenditure Review
PPA	Project Performance Assessment
SAI	Supreme Audit Institutions
SECO	State Secretariat for Economic Affairs, Switzerland
TI	Transparence Internationl Ranking
UNCAC	The UN Convention Against Corruption
WGI	World Governance Indicators

ANNEXES

Annex 1 Overview table: Partner, Internal process, Guidelines, links/mapping

Annex 2 PEFA indicators condensed/aggregated to a single score

Annex 3 Overview table by Partner & other sources of information

Annex 4. PEFA partners' description of their respective use of PEFA Assessments in internal processes - responses to questionnaire

4.1 The World Bank

4.2 DFID, United Kingdom

4.3 Ministry of Foreign Affairs, France

4.4 Switzerland

4.5 Norway

4.6 IMF

4.7 European Commission

Annex 1. Overview table

PEFA Partner	Internal Process	Guidelines	Date	Links and References (recommendation) to use PEFA
WB	CPIA ratings (to guide in IDA allocations, Fragile States definition and Paris Declaration monitoring of improvement of country PFM systems)	Country Policy and Institutional Assessment (CPIA) questionnaire	Sept 2008	Selected PEFA indicators (17) linked to three dimensions of the CPIA Q13 <i>Quality of Budgetary and Financial Management</i> and Q.14 <i>Efficiency of Revenue Mobilization</i>
	Assessment of the Fiduciary risk (“FRA”) in the use of Country FM systems in Bank financed Investment projects (to inform CAS/CPS design, to inform project design)	Interim Guidance Note for FM staff, Assessment of Fiduciary Risks in the Use of Country FM System in Bank-Financed Investment Projects	July 2009	Selected PEFA indicators (15) linked to 22 questions
	Debt Management Performance Assessment (DeMPA) (to inform reform programs, monitoring performance over time)	Guide to the Debt Management Performance Assessment (DeMPA) Tool	Dec 2009	Selected PEFA indicators (7) linked to “DPis”
	Country Assistance/Country Partnership Strategy (CAS/CPS) and Interim Strategy Note (ISN) (to review & guide country programs)	Country Assistance Strategies Good Practice in Financial Management	June 2009	Para. 13: “The main sources of information about country PFM systems that the team should refer in making their assessment include the following: WB (...) Various integrated fiduciary and public expenditure diagnostics; Other donors: PEFA assessments (...)”
	Development Policy Loans/Operations (DPL/DPO) (rapidly-disbursing financing)			
DFID	Fiduciary Risk Assessment (FRA) (to inform CGA, country planning, BS)	How to Note, Managing fiduciary risk when providing Financial Aid	Update Dec 2009	Entire PEFA assessment/set of indicators used. Page 10, Content of a FRA - Performance of PFMA systems: Description of PFMA performance based on either PEFA Framework indicators and performance report or DFID’s 15 benchmarks and related narrative where no PEFA available. Annex 6 sets out the relationship between PEFA/FRA and highlights how PEFA Framework information feeds into the assessments which need to be included in a FRA.
	Country governance analysis (CGAs) (to inform country planning process)	How to Note, Country Governance analysis	July 2008	Note: Relies on FRA
	Country planning submissions			Note: Relies on FRA and CGA
	Assessments of partner govt’s commitment to DFID’s partnership principles (DFID conditionality guidance)	Implementing the UK’s conditionality policy	May 2009	Note: Relies on FRA
	Budget support submissions and performance assessment frameworks (PAFs).	Poverty Reduction budget support policy paper	Feb 2008	Note: Relies on FRA
France	Fiduciary Risk Index (FRI) (to inform BS)	Directives for managing fiduciary risk associated with Budget Support to foreign states	April 2008	Selected PEFA indicators (12) cover four dimensions
SECO	Appraisal/approval of General Budget Support requests	General Support Strategy	2005	Page 6, footnote 2: <i>In the ideal case through an harmonized approach such as the developed by the PEFA</i>

	Inform PFM related operations			PEFA assessment as source of information (common praxis)
Norway	Appraisal General Budget Support	Norway's provision of GBS to developing countries : guidelines	July 2007	Page 10: <i>The Public Expenditure and Financial Accountability (PEFA) system should be used or referred to in these assessments.</i> Page 11: <i>Instruments which can be used are Public Expenditure Tracking Studies and the PEFA system applied to local government, where such exist.</i>
	Appraisal support to PFM reform programs, support to specific PFM areas (e.g. SAI, Tax administration, IFMIS), Sector programs	Assessment of Sustainability Elements/Key Risk Factors: Practical Guide.	May 2007	Page 33: <i>For public financial management assessments, please be referred to the PEFA system. For country level assessments, particularly relevant for e.g. sector programs and budget support, the latest PEFA report should be referred to.</i>
		Working with Sector Development Programs: Practical Guide. NORAD	May 2007	
IMF	Debt limits in Fund-Supported Programs assessment (to determine the type of concessionality requirements available to a member country)	Debt limits in Fund-Supported Programs: proposed new guidelines	August 2009	Average of 28 PEFA indicators. Page 12, 13, 32 ... Table average sub-CPIA and PEFA scores (Index), Box 1: the sub-CPIA and PEFA Indices, etc.
	Inform Technical Assistance			
	Inform research for working papers			
	Use of Fund resources for budgetary financing	Staff Guidance Note on the Use of Fund Resources for Budget Support	March 2010	Page 9 "... including program discussions and design, and existing platforms to strengthen fiscal transparency and accountability, including, where available, fiscal ROSCs or Public Expenditure and Financial Accountability reports (PEFAs)". Note: PEFA is not currently used for the official safeguards assessment. It is used, together with other instruments, to generally monitor the safeguard of fund resources.
EC	Assess budget support eligibility related to public finance management (PFM)	<i>Guidelines on the Programming, Design and Management of General Budget Support</i> <i>Template Terms of Reference for PEFA assessments to EU Delegations</i>	Jan 2007	Entire PEFA assessment/set of indicators used (available only on EC intranet)
	Monitoring progress of the partner country's PFM reform			Entire PEFA assessment/set of indicators used
	Help to design partner country's PFM reform program			Entire PEFA assessment/set of indicators used

Annex 2. PEFA indicators aggregated to a single score (in Partners' questionnaire responses and complementary information provided upon request).

Three Partners' – DFID, France and the IMF - aggregate/condense PEFA indicators to a single score using different methods:

The **DFID FRA** – the FRA guidance allows users to either consider risks at the level of the 28 PEFA indicators, or to group risks according to the 6 groups of indicators (PEFA Framework page 9). DFID emphasizes that translation of PEFA scores to risk assessments is a matter of judgment, but provides a rough rule of thumb for doing this: A=low risk, B=low to moderate risk, C=moderate to substantial risk, D=high risk (DFID risk assessment is on a 4 point scale: low, moderate, substantial, high). When there are Non Rated (NR) and/or Non Used indicators it would be a matter of judgment.

The **French FRI** – The fiduciary risk index calculation is indicative. The FRI is obtained from the scores of 12 selected PEFA indicators, divided in 4 dimensions:

- D1 - Credibility of the budget: PI2; PI4; PI7;
- D2 - Effective enforcement procedures and expenditure control: PI18; PI19; PI20;
- D3 - Reliability of accounting and financial reporting: PI22; PI24; PI25;
- D4 - Quality and external audits: PI26; PI27; PI28.

Each score for the 12 indicators is converted into digital score via a conversion table. The FRI is obtained by simple average of the ratings of the twelve digital scores. Besides the overall rating, each dimension score is obtained by average ratings of the three digital scores related to this dimension. An overall score is assigned and associated management system of public finances in four risk categories: low (A), moderate (B), high (C) and high (D). Beyond the overall index, four (PI18; PI19; PI20; PI26) out of twelve indicators must have minimum thresholds in order that the fiduciary risk must not be considered as very high. This principle is supposed to limit the effects of compensation between ratings. The fiduciary risk rating and the fiduciary risk assessment and monitoring scorecard (FERF) are useful tools for decision-making in identifying and implementing general and sector budget support. The fiduciary risk measure is, sometimes (in AFD projects for instance), a part of a broader country risks analysis. When there are Non Rated (NR) and/or Non Used indicators ratings either the FRI is not calculated or it would be a matter of judgment.

The **IMF PEFA index**¹⁰ – PEFA ratings for its 28 components are based on an ordinal scale (A to D) and are converted into numerical values and then aggregated using equal weights. Therefore, PEFA scores (A,B,C,D) are converted into the four ordinal to numerical scores (4,3,2,1), with “+” score given ½ point and assign equal weight to each of 28 government PFM indicators. Non Rated (NR) and/or Non Used indicators are not used in the calculation i.e., the average is calculated on the basis of scores/number of scores (it is an average so, only indicators with scores are used).

¹⁰ From Partner response to questionnaire, complementary information provided upon request & guidelines

Annex 3. Overview by Partner, Internal process and other sources of information

Partner	Internal process	Other sources of Information used
World Bank	CPIA	Numerous sources given the broad scope of the CPIA
	FRA	PFM reports (CFAA, CPAR, Fiscal ROSC, GAP Analysis), PER, CPIA, SAI annual audit report
	CAS (PFM & fiduciary aspects)	PFM reports, aide memoires, concept notes, review minutes meetings
	DPL	As in CAS
	DeMPA	Primary and secondary legislation (e.g. relevant laws & documentation), organizational chart, agreement between principal DeM entity & central Bank, DeM strategy, annual evaluation reports, etc
DFID	FRA	OECD MAPS, WGI, TI rankings, UNCAC assessments, OBI, etc
France	FRI	CFAA, CPAR, PER, PEMFAR, IMF Fiscal ROSC, HIPC AAP, EC country's PFM reports, French Financial reports (Treasury, MOFA, AFD), local reports on AP implementation of PFM reforms
Switzerland	GBS	CPAR, MAPS, ROSC, etc
	PFM activities	idem
Norway	GBS	SAI annual report,
	Sector & PFM reforms	
IMF	Debt limits	Fiscal ROSC, DeMPA, Project Performance Assessment (PPA), WGI, Debt Management Capacity (HIPC Capacity Building Programs), sub-CPIA
	Budget Support	
	Informing Technical Assistance	Country documents, assessments and reports, discussions with country authorities
EC	Assess budget support eligibility related to public finance management (PFM)	PFM reports (CFAA, CPAR, Fiscal ROSC, GAP Analysis), PER, SAI annual audit report
	Monitor progress of the partner country's PFM reform	Idem
	Help to design partner country's PFM reform program	Idem

Annex 4 - PEFA partners' description of their respective use of PEFA Assessments - questionnaire

Annex 4.1 The World Bank

1. For which internal processes/operational decisions do you make use of PEFA assessments / indicators?

See attached table.

2. What formal guidelines are in place in your institution for using PEFA assessments/indicators in internal processes (example: FRA, CPIA, FRI)? Please list the titles, and provide us with a copy of the latest versions.

See attached table.

3. In the absence of formal guidelines, please describe the use of PEFA assessments/indicators to inform operational decisions.

See attached table.

4. When did your institution begin to use PEFA assessments/indicators in their internal processes/exercises?

2006.

5. For each purpose (example: FRA, CPIA, FRI) is the PEFA assessment/indicators used as:

- a. The unique source
- b. The preferred source (diagnostic of choice?)
- c. Key input (complementary source)

PEFA assessments (when they exist) are key inputs for CPIAs, FRAs, CASs, DPLs and DeMPAs.

6. Please indicate for each process (example: FRA, CPIA, FRI) what are the other sources of information used in your internal processes.

CPIA	Numerous other sources are used given the broad scope of the CPIA.
FRA	Other PFM (incl. CFAAs, CPARS, IMF Fiscal ROSCs, Gap Analysis reports), annual audit report of the SAI, Public Expenditure Reviews (PERs), CPIA, etc.
CAS (PFM and fiduciary aspects)	Other PFM reports, field mission aide-mémoires, concept note, review meeting minutes, etc.
DPL (PFM and fiduciary aspects)	Same as CAS.
DeMPA	DeMPA: Primary documentation (e.g., relevant laws and regulations)

7. When using a PEFA Assessment do you:

- a. Use all PEFA indicators
- b. Use selected indicators. Please indicate which ones

- c. Aggregated/condensed PEFA indicators to a single score? Please explain the method used
- d. Focus on the Summary Assessment
- e. Use any other method? Please explain

The way PEFA indicators are used (i.e., full set of indicators v. selected indicators, or ratings v. qualitative comments) depends on the specific circumstances of the respective operational process as part of which the PEFA assessment is being used as input. See attached table for the context and purpose for using PEFA.

8. Is the result of using the PEFA assessments/indicators (example: FRA, CPIA, FRI) in your internal process/operations:

- a. shared with the partner government
 - b. shared with a wider donor community
 - c. both a & b
 - d. publically available(please expand and provide website reference if applicable)
- *With the new World Bank disclosure policy which will become effective on July 1, 2010, all documents relating to core operational processes such as the above-mentioned ones will be accessible to the public, with possible exceptions depending on the specific circumstances (i.e., public disclosure will be the default rule). This means that the way the use of PEFA indicators influences the above-mentioned operational processes will be publicly available. This is already the case to a large extent at present especially for CASS/CPSs, but the new policy will significantly increase the level of disclosure on the use of PEFA assessments in WB operational processes. CASS/CPSs are normally disclosed to the public (but there have been exceptions). DeMPAs are generally disclosed. FRA are not disseminated outside the Bank*

9. What Quality Assurance arrangements does your institution require before using the PEFA assessment/indicators in the internal processes?

With respect to WB-led PEFA assessments, or PEFA assessments to which the Bank is associated, rigorous quality assurance mechanisms are in place including peer reviews by experts in PFM at various stages of the process (concept stage and submission of draft report) and a review by the manager of the respective departments and country management units. For PEFA assessments carried out by other partner organizations, the Bank relies on the quality assurance mechanisms established by partner organizations. The Bank is often invited to peer review the PEFA assessments carried out by others. Our knowledge of the country and the parties involved in these assessments informs our decision to rely on these reports. Should we become aware that quality assurance arrangements are absent or inadequate; this would limit our reliance on the assessment for the purpose of our internal process.

NB: for the purpose of this questionnaire the word “guidelines” refers to guidelines, guidance note, operational guidance, how to note, etc.

PEFA Partner	Internal Process	Guidelines	Date	Link	Other
WB	CPIA rating	Country Policy and Institutional Assessment (CPIA) questionnaire	Sept 2008	Selected PEFA indicators linked to three dimensions of CPIA Q13 Quality of Budgetary and Financial Management and Q.14 Efficiency of Revenue Mobilization (Annex 3 Accra High level Forum 2008)	
WB	Assessment of the Fiduciary risk (“FRA”) in the use of Country FM systems in Bank financed Investment projects	Interim Guidance Note for FM staff, Assessment of Fiduciary Risks in the Use of Country FM System in Bank-Financed Investment Projects	July 2009	Selected PEFA indicators (15) linked to 22 questions (out of 29)	
WB	<i>Country Assistance/Partnership Strategy (CAS/CPS) and Interim Strategy Note (ISN)</i>	<i>Country Assistance Strategies Good Practice in Financial Management</i>	<i>June 2009</i>	<i>Para. 13: “The main sources of information about country PFM systems that the team should refer in making their assessment include the following: WB: (...) Various integrated fiduciary and public expenditure diagnostics Other donors: PEFA assessments (...)”</i>	<i>The Review of Financial Management Issues in Country Assistance Strategies (FY06-07), November 2008, states the following: “Increasingly CASs refer to the results of the Public Expenditure and Financial Accountability (PEFA) assessment to measure progress on the PFM agenda and reflect harmonization among donors.” Specific ratings in PEFA assessments are used as target outcome indicators. For instance, in the case of the Chad ISN (May 2010), under the “Good governance” PRSP Axis, an upgrade of the PEFA sub-indicator 25 (ii) rating from C to A is included as an explicit outcome.</i>
WB	<i>Development Policy Loans/Operations (DPL/DPO)</i>				<i>The Development Policy Lending Retrospective – Public Financial Management and Fiduciary Issues (May 2009) prepared by OPCFM states that PEFA indicators are referenced in over 40% of the 78 “core DPOs” approved between April 2006 and June 2008.</i>
WB	<i>Debt Management Performance Assessment (DeMPA)</i>	<i>Guide to the Debt Management Performance Assessment (DeMPA) Tool</i>	<i>Dec 2009</i>	<i>Selected PEFA indicators directly linked to “DPIs” - see</i>	<i>http://siteresources.worldbank.org/INTDEBTDEPT/Resources/468980-1184253591417/DeMPAGuide.pdf</i>

Annex 4.2 DFID

1. For which internal processes/operational decisions do you make use of PEFA assessments / indicators?

Primary – Fiduciary risk assessments.

Secondary

- *Country governance analysis (CGAs) – may include discussion on the trajectory of PFM performance as part of the assessment of state capability, accountability and responsiveness. Will draw on PEFA performance report, and where available repeat PEFA assessments. CGA is used to inform DFID’s country planning process.*
- *Country planning – both the FRA and CGA (which both draw on PEFA) are mandatory annexes to DFID country planning submissions.*
- *Assessments of partner government’s commitment to DFID’s partnership principles (DFID conditionality guidance). Assessment of partner government’s commitment to strengthen PFM is made through the FRA whenever DFID plans to use country PFM systems. The FRA draws on PEFA performance reports and indicators. A breach in this commitment can lead to DFID reviewing and changing how it delivers aid.*
- *Budget support submissions and performance assessment frameworks (PAFs). PFM is usually a central plank of budget support submissions and performance assessment frameworks, though these are usually multi-donor rather than DFID specific. PFM indicators form a key part of the monitoring of budget support arrangements. These usually relate to agreed policy actions by partner governments, but will sometimes include PEFA indicators. DFID budget support sometimes includes a performance tranche – there is little central guidance on this (though the issue is currently under review). In designing performance tranches, we have not yet seen any examples where PEFA indicators form part of the performance tranche. But we know that Sierra Leone was considering this issue in 2009.*

2. What formal guidelines are in place in your institution for using PEFA assessments/indicators in internal processes (example: FRA, CPIA, FRI)? Please list the titles, and provide us with a copy of the latest versions.

- *Managing Fiduciary Risk when providing financial aid, December 2009.*
- *Implementing the UK’s conditionality policy, May 2009*
- *Poverty reduction budget support policy paper, Feb 2008*
- *Country governance analysis – how to note, July 2008*

3. In the absence of formal guidelines, please describe the use of PEFA assessments/indicators to inform operational decisions.

Covered by (1) above and by formal guidelines in (2) above.

PEFA assessments form a key component of DFID’s Fiduciary Risk Assessments (FRAs evaluating the national PFM systems are mandatory in country or regional planning where financial aid [aid channelled through national systems] is being used or considered). The updated 2009 FRA guidance now includes:

- *A statement that DFID FRAs should only use PEFA assessments that are complete and have been quality assured by the PEFA secretariat*
- *A reference to the PEFA ‘Good Practices in Applying the PFM Performance Measurement Framework’*

- *A recommendation that all draft PEFA assessments are shared with the PEFA secretariat, A requirement to state in the FRA summary whether or not any PEFA assessment used to inform the FRA has been quality assured by the Secretariat*
- *A recommendation that all PEFA assessments should also be quality assured in country by stakeholders who have not been directly involved in preparing the report, but have an informed arms length view of national PFM systems*
- *Guidance on assessing the financial impact of risk in the use of country PFM systems, which includes a mapping between common financial systems and the PEFA indicators*
- *Further guidance on conducting FRAs at the sub-national level, including link to PEFA sub-national assessments*
- *Clarification of how central government PEFA assessments can be used to generate PFM performance information for specific sectors*
- *Clarification of the role of PEFA assessments in supporting PFM reform*
- *The role of PEFA indicators in monitoring PFM reform.*

DFID's updated guidance on 'Implementing the UK's conditionality policy' (May 2009) also states that PEFA assessments should be used to inform the FRA, which along with a Country Governance Assessment (CGA) should be used to monitor partner country commitment to strengthening financial management and accountability (one of DFID's three aid conditions).

At present, DFID has no written policy or guidance on the use of PEFA indicators as triggers or conditions for the release or determination of aid funds. DFID's approach to using performance tranches as part of budget support is under review.

4. When did your institution begin to use PEFA assessments/indicators in their internal processes/exercises?

Formally, this was introduced through the revised FRA guidance in January 2008. However, some countries which were in the process of preparing FRAs around this time fell under transition arrangements, so in practice the use of PEFA indicators become formalized in mid-2008.

5. For each purpose (example: FRA, CPIA, FRI) is the PEFA assessment/indicators used as:

- a. The unique source
- b. The preferred source (diagnostic of choice?)
- c. Key input (complementary source)

For the FRA, PEFA is the preferred source of info on PFM performance and a key input. It is not the unique source – we also look at wider governance assessments, the OECD MAPS assessments, other available PFM diagnostics and assessments, and may undertake a small amount of primary work where necessary. For budget support submissions and PAFs, PEFA (if used) is one of a wide range of indicators.

6. Please indicate for each process (example: FRA, CPIA, FRI) what are the other sources of information used in your internal processes.

For FRAs: OECD MAPS, worldwide governance indicators, TI rankings, UNCAC assessments, open budget index etc. See FRA annex 9 for full list.

7. When using a PEFA Assessment do you:

For FRAs:

- a. Use all PEFA indicators - *yes*
- b. Use selected indicators. Please indicate which ones. *N/A*
- c. Aggregated/condensed PEFA indicators to a single score? Please explain the method used. *FRA guidance allows users to either consider risks at the level of the 28 PEFA indicators, or to group risks according to the 6 groups of indicators (as per PEFA blue book page 9). DFID emphasizes that translation of PEFA scores to risk assessments is a matter of judgment, but provides a rough rule of thumb for doing this (box 1, pg.14 of the FRA guidance). A=low risk. B=low to moderate risk. C=moderate to substantial risk. D=high risk. (DFID risk assessment is on a 4 point scale: low, moderate, substantial, high). Treatment of NR and NU ratings aggregating? The FRA guidance doesn't mention this. The person doing the FRA might look for additional evidence to inform their risk assessment.*
- d. Focus on the Summary Assessment.
Not covered by the guidance. DFID training courses which touch on the FRA approach emphasize the usefulness of a good summary assessment for telling a story about the performance of the PFM system.
- e. Use any other method? Please explain. *N/A*

8. Is the result of using the PEFA assessments/indicators (example: FRA, CPIA, FRI) in your internal process/operations:

For the FRA

- a) shared with the partner government – *yes, usually informally.*
- b) shared with a wider donor community – *yes, usually shared in country with other donors.*
- c) both a & b - *yes*
- d) publically available(please expand and provide website reference if applicable) – *no.*

9. What Quality Assurance arrangements does your institution require before using the PEFA assessment/indicators in the internal processes? *A requirement to state in the FRA summary whether or not any PEFA assessment used to inform the FRA has been quality assured by the Secretariat, and a recommendation that all PEFA assessments should also be quality assured in country by stakeholders who have not been directly involved in preparing the report, but have an informed arms length view of national PFM systems.*

PEFA Partners	Internal Process	Guidelines	Date	Link	Other
DFID	Fiduciary Risk Assessment (FRA)	How to Note, Managing fiduciary risk when providing Financial Aid	Update Dec 2009	http://www.dfid.gov.uk/Documents/publications/howto-fiduciary-fin-aid.pdf	

Annex 4.3 FRANCE

1. For which internal processes/operational decisions do you make use of PEFA assessments / indicators?

PEFA assessments/indicators are used when evaluating Public Finances Management (PFM) systems. The fiduciary risk index, based on PEFA assessments, is used to assess the degree and areas of risk in each country. As far as the risk assessment itself, its evolution (improvement or deterioration in maintaining the situation as assessed during the last PEFA evaluation) and the credibility of the Government's commitment to reforms will be decisive in defining eligibility and modalities of Budget support operations. For the financial governance unit (MOFA), it can also be used to identify areas of possible capacity building support (technical cooperation).

2. What formal guidelines are in place in your institution for using PEFA assessments / indicators in internal processes (example: FRA, CPIA, FRI)? Please list the titles, and provide us with a copy of the latest versions. *“Directives for managing fiduciary risk associated with Budget Support to foreign states” validated in April 2008.*

3. In the absence of formal guidelines, please describe the use of PEFA assessments/indicators to inform operational decisions. *In practice, we use PEFA assessments since 2005 as (i) a source of information to build our knowledge about country PFM systems, in particular in order to identify possible areas for capacity building operations, and as (ii) an helpful tool to assess the risk of using country systems, when preparing a GBS or SBS operation though for the latter it wasn't formal until April 2008.*

4. When did your institution begin to use PEFA assessments/indicators in their internal processes/exercises? *Since the first PEFA assessments.*

5. For each purpose (example: FRA, CPIA, FRI) is the PEFA assessment/indicators used as:

- a. The unique source
- b. *The preferred source (diagnostic of choice?) In addition to PEFA assessments (though PEFA assessments remain the diagnostic of choice), complementary sources can be used when available like CFAA, CPAR, PER or PEMFAR.*
- c. Key input (complementary source)

6. Please indicate for each process (example: FRA, CPIA, FRI) what are the other sources of information used in your internal processes.

- *CFAA (Country Financial Accountability assessment), PER (Public expenditure review), Fiscal ROSC (Report on the observance of standards and codes of fiscal transparency), CPAR (Country Procurement Assessment Reports), and HIPC AAP (Public expenditure tracking assessments and action Plans for HIPC) World Bank and IMF;*

- *Annual reports of the European Commission on country's PFM;*

- *Reports of French financial missions (Treasury, MOFA, AFD);*

- *Local reports on implementation of action plans to reform public finance management.*

7. When using a PEFA Assessment do you:

- a. Use all PEFA indicators
- b. Use selected indicators. Please indicate which ones

- c. Aggregated/condensed PEFA indicators to a single score? Please explain the method used
- d. Focus on the Summary Assessment
- e. Use any other method? Please explain

All PEFA indicators and the Summary Assessment are generally used when designing a Budget support operation. However, our fiduciary risk index is obtained from the notes of 12 selected PEFA indicators, divided in 4 dimensions:

- D1 - Credibility of the budget: PI2; PI4; PI7;
 - D2 - Effective enforcement procedures and expenditure control: PI18; PI19; PI20;
 - D3 - Reliability of accounting and financial reporting: PI22; PI24; PI25;
 - D4 - Quality and external audits: PI26; PI27; PI28.
- Each score for the 12 indicators is converted into digital note via a converting table. The fiduciary risk index is obtained by simple average of the ratings of the twelve digital notes. Besides the overall rating, each dimension score is obtained by average ratings of the three digital notes related to this dimension. An overall score is assigned and associated management system of public finances in four risk categories: low (A), moderate (B), high (C) and high (D). Beyond the overall index, four (PI18; PI19; PI20; PI26) out of twelve indicators must have minimum thresholds in order that the fiduciary risk must not be considered as very high. This principle is supposed to limit the effects of compensation between ratings. The fiduciary risk rating and the fiduciary risk assessment and monitoring scorecard (FERF) are useful tools for decision-making in identifying and implementing general and sector budget support. The fiduciary risk measure is, sometimes (in AFD projects for instance), a part of a broader country risks analysis. Treat of NR and NU ratings when aggregating? When we have NR or NU ratings, generally we don't calculate the FR. But we can have a more narrative analysis based on the existing assessments, if available. In some cases we try to find equivalence.

8. Is the result of using the PEFA assessments/indicators (example: FRA, CPIA, FRI) in your internal process/operations:

- a. shared with the partner government
- b. shared with a wider donor community
- c. both a & b
- d. publically available (please expand and provide website reference if applicable)
Fiduciary Risk assessment and Monitoring Scorecard (FERF in French) remains, for the moment, an internal document, though the doctrine is public.

9. What Quality Assurance arrangements does your institution require before using the PEFA assessment/indicators in the internal processes?

As PEFA assessments have already quality assurance processes before being validated, there is no national specific QA arrangements before using the PEFA assessment/indicators in the internal processes. No particular internal QA arrangements before using PEFA assessments. As soon as they are validated by the government, they can be used in our internal processes.

PEFA Partners	Internal Process	Guidelines	Date	Link	Other
France	Fiduciary Risk Index (FRI)	Directives for managing fiduciary risk associated with Budget Support to foreign states	April 2008	Selected PEFA indicators (12) cover four dimensions http://www.afd.fr/jahia/Jahia/site/afd/lang/fr/pid/1679	

Annex 4.4 SECO

1. For which internal processes/operational decisions do you make use of PEFA assessments / indicators? *For appraisal/approval of GBS and PFM related operations*

What formal guidelines are in place in your institution for using PEFA assessments/indicators in internal processes (example: FRA, CPIA, FRI)? Please list the titles, and provide us with a copy of the latest versions. *SECO does not have formal guidelines for the use of PEFA assessments in PFM activities, but it is the recommended assessment tool as per our GBS strategy (see page 6, footnote 2 in the document attached). Date GBS guidelines approval? 2005*



**Budgethilfe_E_140
305.pdf**

2. In the absence of formal guidelines, please describe the use of PEFA assessments/indicators to inform operational decisions.

3. When did your institution begin to use PEFA assessments/indicators in their internal processes/exercises? *After the release of the PFM Performance Measurement Framework. Since 2007*

4. For each purpose (example: FRA, CPIA, FRI) is the PEFA assessment/indicators used as:

- a. The unique source
- b. **The preferred source (diagnostic of choice?) X**
- c. Key input (complementary source)

Preferred source for GBS and recommended source for PFM activities; no formal PFM strategy/guidance, therefore there is no formal recommendation on use of PEFA for appraisal of PFM activities; but is a common praxis.

d. Please indicate for each process (example: FRA, CPIA, FRI) what are the other sources of information used in your internal processes.

5. When using a PEFA Assessment do you:

- a. Use all PEFA indicators (*yes, this is the case for GBS operation*)
- b. Use selected indicators. Please indicate which ones (*it depends on the type of project. For instance, for a project in the tax administration and reform area we will use the relevant PEFA indicators*)
- c. Aggregated/condensed PEFA indicators to a single score? Please explain the method used
- d. Focus on the Summary Assessment
- e. Use any other method? Please explain

6. Is the result of using the PEFA assessments/indicators (example: FRA, CPIA, FRI) in your internal process/operations:

- a) shared with the partner government
- b) shared with a wider donor community
- c) both a & b
- d) publically available (please expand and provide website reference if applicable)
- ***other:*** *it is an internal document only shared within SECO in case of GBS. In case of individual projects this can be shared with partners upon request.*

7. What Quality Assurance arrangements does your institution require before using the PEFA assessment/indicators in the internal processes? *There is no formal requirement, but for countries where SECO is heavily involved (GBS operations and SECO priority countries) we are usually involved in the PEFA assessment through our country offices (in coordination with HQs) and they are instructed to apply the PEFA guidance for conducting the assessments.*

NB: for the purpose of this questionnaire the word “guidelines” refer to guidelines, guidance note, operational guidance, how to note, etc.

PEFA Partners	Internal Process	Guidelines	Date	Link	Other
SECO	General Budget Support (GBS)			Input to GBS requests and GBS renewal (assessment appraisal)	

Annex 4.5 Norway

1. For which internal processes/operational decisions do you make use of PEFA assessments / indicators?
 - *Appraisals Norwegian GBS*
 - *Appraisals ((and mid term reviews etc.) Norwegian support to broad joint donor PFM Reform Programs and bilateral support PFM*
 - *Appraisals (“ “) Norwegian support to specific PFM areas, e.g. SAI’s, Tax adm., IFMIS*
 - *Assessment of Sustainability Elements/Key Risk Factors in sector programmes: Practical Guide. Norad May 2007*

2. What formal guidelines are in place in your institution for using PEFA assessments/indicators in internal processes (example: FRA, CPIA, FRI)? Please list the titles, and provide us with a copy of the latest versions.
 - *Norway’s provision of budget support to developing countries : guidelines, July 2007 (Economic Governance, see page 10 “The public financial management system and related risks, and whether the government has a credible programme to improve public financial management...For public financial management assessments see box 1.3. The Public Expenditure and Financial Accountability (PEFA) system should be used or referred to in these assessments.” see link: <http://www.norad.no/en/Tools+and+publications/Publications/Publication+Page?key=109627>*
 - *Assessment of Sustainability Elements/Key Risk Factors : Practical Guide. May 2007 by Norad. See page 34: “For country level assessments, particularly relevant for e.g. sector programmes and budget support, the latest PEFA report should be referred to.” <http://www.norad.no/en/Tools+and+publications/Publications/Publication+Page?key=109620>*
 - *Working with Sector Development Programmes : Practical Guide. Norad May 2007. <http://www.norad.no/en/Tools+and+publications/Publications/Publication+Page?key=109619>*

3. In the absence of formal guidelines, please describe the use of PEFA assessments/indicators to inform operational decisions.

4. When did your institution begin to use PEFA assessments/indicators in their internal processes/exercises?
 - *Formally from the update of the Norwegian GBS guidelines, July 2007. But also used in Norwegian appraisals and reviews before (after PEFA was launched in 2005), e.g. MTR of the institutional co-operation project National Audit Office of Malawi (Presentation OECD/DAC December 2006).*

5. For each purpose (example: FRA, CPIA, FRI) is the PEFA assessment/indicators used as:
 - a. The unique source
 - b. The preferred source (diagnostic of choice?)
 - c. Key input (complementary source)

- *PEFA used as preferred source related to PFM reforms, in GBS appraisals together with others risk factors like macroeconomic instability, risks of corruption, political economy factors. Also annual statements from the Partners SAIs.*
6. Please indicate for each process (example: FRA, CPIA, FRI) what are the other sources of information used in your internal processes.
- *See section 5.*
7. When using a PEFA Assessment do you:
- Use all PEFA indicators
 - Use selected indicators. Please indicate which ones
 - Aggregated/condensed PEFA indicators to a single score? Please explain the method used
 - Focus on the Summary Assessment
 - Use any other method? Please explain
- *In GBS and broad PFM Reform Programmes focus is on the PEFA Summary Assessment.*
 - *In specific PFM areas like appraisals of support to SAIs focus is the relevant indicators (PI 26), and tax (PI 13-15).*
8. Is the result of using the PEFA assessments/indicators (example: FRA, CPIA, FRI) in your internal process/operations:
- shared with the partner government
 - shared with a wider donor community
 - both a & b
 - publicly available (please expand and provide website reference if applicable)
- *Usually shared with both partner gov and donor community, and publicly available on web site on Norad.no (but not complete updated) (<http://www.norad.no/en/Tools+and+publications/Publications>).*
e.g.
<http://www.norad.no/en/Tools+and+publications/Publications/Publication+Page?key=127857>
Appraisals of Budget support and sector programs are publically available documents and are usually shared with partners
9. What Quality Assurance arrangements does your institution require before using the PEFA assessment/indicators in the internal processes?
- *No formal requirements. In practice Quality Assurance through sharing of Appraisals and Reviews to Partners and donor groups.*

PEFA Partners	Internal Process	Guidelines	Date	Link	Other
Norway	General Budget Support (GBS) appraisal	<i>Norway's provision of budget support to developing countries : guidelines</i>	July 2007	http://www.norad.no/en/Tools+and+publications/Publications/Publication+Page?key=109627	

Norway	Appraisals sector programmes, PFM Reform Programs, - project, SAIs, Tax adm.	<p><i>Assessment of Sustainability Elements/Key Risk Factors: Practical Guide.</i></p> <p><i>Working with Sector Development Programmes : Practical Guide. Norad May 2007.</i></p>	May 2007	<p>http://www.norad.no/en/Tools+and+publications/Publications/Publication+Page?key=109620</p> <p>http://www.norad.no/en/Tools+and+publications/Publications/Publication+Page?key=109619</p>	
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Annex 4.6 International Monetary Fund

1. For which internal processes/operational decisions do you make use of PEFA assessments / indicators?
 - *Staff use the PEFA indicators as one of the inputs to assess Debt limits in Fund-Supported Programs.*
 - *FAD staff use PEFA reports in informing decisions on the focus of the Fund's Technical assistance.*
 - *Staff have occasionally used PEFA indicator data to inform research leading to the production of published working papers.*

2. What formal guidelines are in place in your institution for using PEFA assessments/indicators in internal processes (example: FRA, CPIA, FRI)? Please list the titles, and provide us with a copy of the latest versions.
 - *Staff Guidance in Debt limits in Fund-Supported Programs Proposed New Guidelines*
 - *Staff Guidance Note on the Use of Fund Resources for Budget Support*

3. In the absence of formal guidelines, please describe the use of PEFA assessments/indicators to inform operational decisions.

4. When did your institution begin to use PEFA assessments/indicators in their internal processes/exercises? *2006.*

5. For each purpose (example: FRA, CPIA, FRI) is the PEFA assessment/indicators used as:
 - a. The unique source
 - b. The preferred source (diagnostic of choice?)
 - c. Key input (complementary source)

- For each purpose, the PEFA assessment is one of the inputs:
For Debt limits, other formal assessments such as fiscal ROSCs, the Debt Management Performance Assessment (DeMPA), Project Performance Assessments (PPA), Worldwide Governance Indicators (WGI), and self-assessments of debt management capacity made in the context of the HIPC Capacity Building Program (CBP) are used. For informing Technical Assistance programs, country documents, assessments and reports as well as discussions with the country authorities are used in addition to PEFA assessments.*

6. Please indicate for each process (example: FRA, CPIA, FRI) what are the other sources of information used in your internal processes. *See above. Debt-limits use also the sub-CPIA that is calculated as a sub-CPIA index. Correct.*

7. When using a PEFA Assessment do you:
 - a. Use all PEFA indicators
 - b. Use selected indicators. Please indicate which ones
 - c. Aggregated/condensed PEFA indicators to a single score? Please explain the method used

- d. Focus on the Summary Assessment
- e. Use any other method? Please explain

- *For the proposed assessment of debt limits, assessments would be used not only to provide a snapshot of the existing institutional constraints, but also to evaluate ongoing efforts to alleviate such constraints, as measured by improvements in these and other indices over time. PEFA ratings for its 28 components are based on an ordinal scale (A to D) and are converted into numerical values and then aggregated using equal weights to construct the PEFA indicator.*
- *For TA purposes, all indicators are used.*
- *For the purposes of research, individuals select the indicators relevant to the research objectives.*
- *PEFA is not currently used for the official safeguards assessment. It is used together with other instruments to generally monitor the safeguard of fund resources.*

8. Is the result of using the PEFA assessments/indicators (example: FRA, CPIA, FRI) in your internal process/operations:

- a. shared with the partner government
 - b. shared with a wider donor community
 - c. both a & b
 - d. publically available(please expand and provide website reference if applicable)
- *Technical assistance reports are shared with governments and third parties. They are not publically available. The policy states, in summary: (i) dissemination to donors and TA providers requires consent from the TA recipient on a no-objection basis within 60 days; (ii) to the World Bank, dissemination does not require explicit consent from the TA recipient; and (iii) publication including on the IMF or TA recipient’s website requires explicit consent from the TA recipient and FAD Director, as well as circulation to the Board after Management clearance.*
 - *Working Papers are published on the website: www.imf.org*
 - *Debt-limits? The results of the first capacity assessment was published in December 2009 <http://www.imf.org/external/np/pdr/conc/>. The capacity assessment is shared with the authorities. It is generally reported in program country staff reports (although not systematically).*
 - *Budget support? not currently published*

9. What Quality Assurance arrangements does your institution require before using the PEFA assessment/indicators in the internal processes? *No specific arrangements, but relies on FAD’s expert opinion.*

PEFA Partner	Internal Process	Guidelines	Date	Link	Other
IMF	Debt limits in Fund-Supported Programs	Staff Guidance in Debt limits in Fund-Supported Programs	Dec 2009	www.imf.org	
IMF		Staff Guidance Note on the Use of Fund Resources for Budget Support	March 2010	www.imf.org	

Annex 4.7 European Commission

1. For which internal processes/operational decisions do you make use of PEFA assessments / indicators?
 - 1) *to assess budget support eligibility related to public finance management (PFM)*
 - 2) *to monitor progress of the partner country's PFM reform*
 - 3) *to help to design partner country's PFM reform programme*

2. What formal guidelines are in place in your institution for using PEFA assessments/indicators in internal processes (example: FRA, CPIA, FRI)? Please list the titles, and provide us with a copy of the latest versions.
 - 1) *Guidelines on the Programming, Design and Management of General Budget Support*
http://ec.europa.eu/europeaid/what/economic-support/documents/guidelines_budget_support_en.pdf
 - 2) *template Terms of Reference for PEFA assessments to EU Delegations (available only on EC intranet)*

3. In the absence of formal guidelines, please describe the use of PEFA assessments/indicators to inform operational decisions.

At the formulation of each budget support programme, Delegations describe the main findings of the latest PEFA assessments (if available and up-to-date), along with the PFM reform programme

4. When did your institution begin to use PEFA assessments/indicators in their internal processes/exercises? *From the approval of the PEFA methodology (June 2005). Also used other tools for our budget support processes but in principle, wherever it was possible we pushed for a PEFA assessment.*

5. For each purpose (example: FRA, CPIA, FRI) is the PEFA assessment/indicators used as:
 - d. The unique source
 - e. The preferred source (diagnostic of choice?)
 - f. Key input (complementary source)

PEFA is the EC's preferred PFM diagnostic tool but if it is not possible to carry out (see above) then we can make our judgment on the basis of other reports (close to equivalent)

6. Please indicate for each process (example: FRA, CPIA, FRI) what are the other sources of information used in your internal processes.

See 5.

7. When using a PEFA Assessment do you:
 - a. *Use all PEFA indicators*
 - b. Use selected indicators. Please indicate which ones
 - c. Aggregated/condensed PEFA indicators to a single score? Please explain the method used
 - d. Focus on the Summary Assessment
 - e. Use any other method? Please explain

8. Is the result of using the PEFA assessments/indicators (example: FRA, CPIA, FRI) in your internal process/operations:
- a. shared with the partner government
 - b. shared with a wider donor community
 - c. *both a & b*
 - d. *publically available(please expand and provide website reference if applicable) usually on our website <http://ec.europa.eu/europeaid/what/economic-support/public-finance/> or in some cases on the partner country's website, rarely on a joint government-donor website (e.g. Mozambique)*
9. What Quality Assurance arrangements does your institution require before using the PEFA assessment/indicators in the internal processes?
- All draft PEFA reports commissioned by the EC are sent to the PEFA Secretariat for comments. In addition, comments are provided by concerned EU Delegations and the EC Headquarters. It is not in the guide. It is practice.*