

The logo for PEFA's 20th anniversary. It features the acronym 'PEFA' in a bold, blue, sans-serif font. Below it, the text '20 Years' is written in a smaller, blue, sans-serif font. The text is centered within a white circular area that has a subtle drop shadow. Behind the text is a stylized gear or sunburst graphic composed of various shades of blue and purple. The entire logo is set against a background of a complex network of light blue lines and dots of varying sizes, creating a web-like or molecular structure.

**PEFA**  
20 Years

# **THE PEFA PROGRAM PHASE 6 (2023-2027)**

**NOVEMBER 2022**

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# 1. Introduction

Public financial management (PFM) is instrumental in the achievement of broader development objectives: macroeconomic stability, efficient resource allocation, and service delivery. Good PFM is “the linchpin that ties together available resources, delivery of services, and achievement of government policy objectives. If it is done well, PFM ensures that revenue is collected efficiently and used appropriately and sustainably” (PEFA Secretariat 2016).

The ambitious targets set by the Sustainable Development Goals (SDGs), which are at risk because of the impact of the COVID-19 pandemic, have put additional emphasis on the importance of effective and efficient PFM in the achievement of policy objectives.

Good PFM is essential to achieve the following fiscal and budgetary outcomes:

- **Aggregate fiscal discipline:** Effective controls of budget totals and management of fiscal risks contribute to the maintenance of aggregate fiscal discipline.
- **Strategic allocation of resources:** Planning and executing the budget in line with government priorities contributes to the implementation of the government’s policy goals objectives.
- **Efficient service delivery:** Managing the use of budgeted resources contributes to efficient service delivery and value for money.

Public Expenditure and Financial Accountability (PEFA) helps governments achieve these three budgetary and fiscal outcomes by providing a comprehensive framework to measure and monitor PFM performance. In the last two decades, PEFA has emerged as a gold-standard diagnostic tool to inform PFM reforms. The PEFA initiative is now coming to successful the end of Phase 5. **This document sets out the objectives and operating arrangements for the PEFA initiative during Phase 6 for the five years commencing on January 1, 2023.** Phase 6 will build on the progress of previous phases since the initiative’s 2001 launch, reflecting the lessons learned by and the strategic directions of the PEFA Steering Committee.

## 1.1. PEFA Program Evolution

**PEFA began in 2001 as a mechanism to harmonize the assessment of PFM across development partner organizations.** It was created through a joint initiative by seven international development partners: the European Commission, the International Monetary Fund (IMF), the World Bank, and the governments of France, Norway, Switzerland, and the United Kingdom. These initial partners were joined in 2019 by the governments of the Slovak Republic and Luxembourg.

**PEFA was created to provide a standard methodology and reference tool for PFM diagnostic assessments.** PEFA was also intended to provide a basis for dialogue on PFM reform strategies and priorities. It was expected to create a pool of shared information that could contribute more broadly to the research and analysis of PFM. PEFA has become the acknowledged standard for PFM assessments.

**PEFA is a global initiative with an overarching objective of strengthening PFM systems and promoting more coherent and effective approaches to PFM reform.** The PEFA assessment tool, the main product of the initiative, is designed to identify the strengths and weaknesses of PFM systems at national or subnational level. Supplementary frameworks were developed during Phase 5 to assess how countries’

PFM systems account for aspects of climate change and gender equality.

**The PEFA initiative has been guided by the Strengthened Approach to Supporting PFM reform that was developed in 2001.** The Strengthened Approach consists of (a) a country-led agenda, (b) a coordinated program of support from donors and international financial institutions, and (c) a shared pool of information on PFM. The PEFA Charter, which was endorsed by all PEFA partners in November 2020, confirmed that these principles remained relevant, and it updated them to reflect changes in the PFM environment since 2001 and the evolution of the PEFA initiative over its first few years. Box 1 summarizes the eight principles set out in the PEFA Charter that cover both the PEFA initiative and the PEFA assessment tool.

#### Box 1. Principles Defined by the PEFA Charter

- **Comprehensive coverage:** The PEFA assessment tool provides comprehensive coverage of all aspects of PFM systems, including revenue and expenditure.
- **Shared global public good:** The outputs from the initiative should benefit all domestic and international stakeholders and be freely available and widely accessible. Also, the PEFA assessment constitutes an independent tool not affiliated to any single institution.
- **Shared information pool on PFM:** The PEFA initiative compiles and shares information on PFM systems and their performance among key stakeholders. More specifically, the PEFA assessments are shared among all stakeholders to avoid duplicative and inconsistent analytical work.
- **Neutrality of assessment:** The PEFA tool provides an objective diagnostic of strengths and weaknesses of PFM systems based on clearly defined, verifiable and transparent criteria. Assessments do not evaluate government reform plans.
- **Best practices and international standards:** The PEFA initiative is informed by best practices and international standards that underpin the assessment framework's criteria for evaluation. Stringent quality control processes for PEFA assessments ensure compliance with these standards and comparability.
- **Country ownership, commitment, and leadership:** Partners commit to government-led PFM assessments, engagements, and activities that reflect national or subnational priorities and conditions and are integrated into relevant country systems.
- **Platform for coordination and dialogue:** The PEFA initiative provides the basis for governments and partners to engage with a variety of relevant actors at global, regional, and country levels to create support, synergies, and accountability around PFM performance assessments and reform activities.
- **Global knowledge leadership:** The PEFA initiative pushes the frontiers of knowledge in PFM and creates and shares reliable, up-to-date lessons on PFM systems and their performance and contribution to development impacts at global, regional, and country levels.

*Source:* PEFA Charter, November 2020.

**The PEFA Program has been implemented in five phases since its establishment in 2001.**

- **Phase 1 (December 2001 to March 2006)** was primarily concerned with creating a consensus on the most appropriate approach to supporting PFM systems. It focused on the development of the initial PEFA performance measurement framework.
- **Phase 2 (April 2006 to September 2008)** was concerned with supporting users of the PEFA tool during its early implementation and establishing systems for monitoring its use.
- **Phase 3 (October 2008 to June 2012)** involved the creation and use of a pool of information on PFM performance from PEFA assessments. The program focused on improving the quality of assessments and monitoring changes in countries' PFM performance over time.
- **Phase 4 (July 2012 to April 2017)** involved doubling the number of new and successive assessments by central and subnational governments. The assessment methodology was substantially upgraded. It was also strengthened through the introduction of the PEFA Check process quality arrangements. The PFM performance information database was expanded, and knowledge dissemination was increased. PEFA assessments were used by many governments and development institutions for examining and planning PFM reform initiatives and strategies.
- **Phase 5 (current phase, which started in May 2017)** is heading toward successful completion. It builds on the previous four phases, taking advantage of the preeminent position of PEFA among PFM reform tools. A full set of guidance materials was developed to support the implementation of the substantially upgraded methodology, PEFA 2016, including one product that focuses on the process to consider when using PEFA to support PFM improvements. Strengthened quality assurance was also introduced. PEFA 2016 was complemented by supplementary frameworks that assess the responsiveness of PFM in mainstreaming gender and climate change. The PEFA methodology was also substantially revised for application at the subnational level to better suit the characteristics of subnational governments. In addition to strengthening the PFM performance information database, the PEFA Program launched a global report on PFM that highlights PFM trends based on the analysis of PEFA data. PEFA also increased its visibility with a series of regular events on PFM to allow engagement with various stakeholders, including events building on research products from the PEFA Research Competition (launched in 2019).

## 1.2. Achievements in Phase 5 (as of December 31, 2021<sup>1</sup>)

Phase 5 started in May 2017 and was initially set to run until December 31, 2021. In September 2020, the PEFA partners agreed to postpone Phase 6 until January 1, 2023, and extend Phase 5 accordingly.

This subsection is informed by the results of an evaluation of the program for Phase 5 which started in February 2022. Preliminary results were discussed during the Steering Committee meeting in June 2022. The final report was released in November 2022.

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<sup>1</sup> The cut-off date is aligned between the Program Document and the PEFA Phase 5 Evaluation.

The evaluation report concludes that “the program succeeded to:

- Firmly consolidate the PEFA framework as the “gold standard” for the assessment of the overall PFM framework and performance, as well as the preferred diagnostic tool to design and continue to support policy dialogue on PFM reform at country level, despite the increasing number of specific diagnostic tools;
- Further capitalize on the credibility and success of the PEFA methodology, to extend the application of the framework into new policy areas, building informal institutional alliances and partnerships with international organizations in the areas of gender, local development, service delivery and climate change;
- Contribute to the improvement of the overall quality of the PEFA assessments that have been subjected to the quality assurance process of the Secretariat;
- Provide a wealth of PFM learning and knowledge sharing products to facilitate the use of PEFA by partner countries in the design and implementation of PFM reforms, as well as other stakeholders for internal processes and related research; and
- Maintain an effective governance structure that allows a consensus-based decision-making process by the Steering Committee (SC) and accountability by the Secretariat that is satisfactory to all contributing partners.

These show that the Program had the capacity to provide adequate responses to emergency situations such as the pandemic crisis with the same level of reliable and timely support that established its credibility since 2005.

Unfortunately, the high degree of success of the program achieved in leading to PEFA assessments did not in all cases lead to an equally strong impact on PFM performance. In the majority of the countries, PEFA assessments have been reported to trigger and contribute to the formulation of PFM reform roadmaps, which often lead to measurable improvements in PFM systems. However, the transition from PEFA findings to improved PFM systems is not automatic and always assured as many determinant factors for an effective PFM reform process are not under the control of the PEFA process”.

### 1.2.1. Program Results: Outputs and Outcomes

**The results for Phase 5 are assessed against a detailed results framework which was examined during the program evaluation of PEFA.**

The conclusions provide results against the three outputs planned by the Phase 5 program results framework, which specifically allow to evaluate the effectiveness of the PEFA Program.

#### **OP1. Continued and expanded use of PEFA**

**The most significant result to date from Phase 5 is the wide use of the revised methodology, PEFA 2016, across countries with varying levels of development.** As of December 31, 2021, there were 699



PEFA assessments, of which 227 had applied the PEFA 2016 methodology.<sup>2</sup> The number of countries using PEFA increased as assessments took place for the first time in Argentina, Belgium, China, Germany, Mexico, and Spain. The number of assessments continued to remain high despite the COVID-19 pandemic, as countries, their development partners, and their assessment teams had to conduct partially remote assessments.

**There is continued interest in using PEFA at the subnational level and developing a stronger focus on service delivery.** Out of the 227 assessments that started during Phase 5, 94 were undertaken at the subnational level from the new countries mentioned above. The substantially revised supplementary guidance for assessments at the subnational level offers new features focused on specific features of subnational governments, including an optional module that analyzes how PFM can support efficient service delivery.

**Two supplementary frameworks, which assess the extent to which a country's PFM system is gender or climate responsive, complement PEFA.** The gender framework, PEFA Gender, was launched in January 2020 and has so far led to 16 reports.<sup>3</sup> Assessments are ongoing, and an increasing pipeline is built for the end of Phase 5 and beyond. Piloting of the climate framework, PEFA Climate, started in August 2020 and will run at least until June 2022. Reports have been produced for four countries from three regions.<sup>4</sup> There is growing interest in PEFA Climate, as the PEFA Secretariat received concept notes for additional assessments,<sup>5</sup> and discussions are ongoing in more countries.

**For output OP1, the evaluation findings conclude that** “The use of PEFA framework during phase 5 has been substantially expanded with the development of new products. Yet, the number of PEFA assessments has been below target even after the downward amendment of the respective target in the RF by the SC. The decrease is particularly notable in the number of CG PEFA (i.e. from 108 in phase 4 to 73 in Phase 5 until December 2021) and less in SNG PEFA (i.e. from 90 to 88 respectively). The demand for PEFA assessments during phase 5 was generated mainly by countries that are interested to expand their SNG assessments, or by countries that want to conduct successive CG assessments with respect to a specific area of the overall PFM framework. One of the possible explanations for the decrease of assessments, beyond the potential implications of Covid-19 pandemic, is that the program is reaching its maximum potential. About 154 countries have already conducted PEFA assessments, thus there is limited possibility to expand the application of the tool to new countries at CG level (e.g. this is illustrated by the fact that 100% of the assessments during the last two years were successive assessments). The periodicity of the PEFA assessments cycle is another factor determining demand for assessments. As more advanced PFM reforms are required, they will not yield immediate results, and if the pressure from donors through Budget Support is expected to decrease, the number of CG assessments may decline further. Furthermore, depending on specific needs, countries may opt to replace formal and costly assessments with internal exercises / self-assessments that are not “fully-fledged” and may not necessarily go through the PEFA quality assurance process. Also, successive assessments are useful provided they are the result of PFM reforms that improve the overall PEFA score - as opposed to a response to pressure from particular donor, including budget or sectoral support. Such factors need to be carefully considered when setting performance indicators and targets and assessing the level of effort required by the Secretariat.”

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<sup>2</sup> As of April 30, 2022, there were 703 assessments, of which 231 applied the PEFA 2016 methodology.

<sup>3</sup> Brussels Capital Region (Belgium), four SNGs in Ukraine, and the countries of Antigua and Barbuda, Botswana, Fiji, Haiti, Indonesia, Mali, Moldova, Norway, St. Lucia, Tonga, and Ukraine

<sup>4</sup> Ethiopia, Indonesia, Jordan, and Samoa

<sup>5</sup> Albania as standalone; see PEFA+ and PEFA++ for other references



## **OP2. Improved PEFA report quality**

**Quality assurance arrangements for the assessment process, labeled PEFA Check, were strengthened in 2018.** PEFA Check was introduced in 2012 to encourage good practices in planning and conducting PEFA assessments. The enhanced PEFA Check also verifies that each PEFA report fully complies with the PEFA methodology by (a) presenting sufficient evidence to support the assessment and its findings, and (b) providing an accurate reflection of the status of PFM systems and institutions of the government subject to the assessment, as measured through the indicator scores and narrative assessment. The PEFA quality assurance process has established a good practice standard for conducting PEFA assessments. During Phase 5, 96 percent of the final PEFA 2016 reports submitted for quality assurance to the PEFA Secretariat were awarded the PEFA Check. The quality assurance arrangements are extended to all PEFA frameworks.

For output OP.2, the evaluation concludes that “Overall quality of assessments improved as reflected by compliance rates and the number of reports that were reviewed by the Secretariat and received a PEFA check. This is a result of learning and knowledge sharing activities that have contributed to improved capacity of assessors and governments. Most of the activities included in Output 2 were targeting quality in a broader scope focusing on learning and knowledge sharing activities to promote the use of reports. An in-depth analysis of the compliance rate index (above 85%) could be useful in the future to design specific measures targeting the most common challenges to further improve the quality of the reports. The respective lessons could be translated into technical notes or specific training materials to increase the understanding and technical capacity of assessors (e.g. on PI-6, PI-10, on the scope of CG, etc.). These lessons could also provide more insights into the extent to which further investments towards increasing the compliance rates are feasible and/or desirable given the marginal benefits it can have on the use of reports. The priority would be to maintaining and consolidating the achieved quality standards, along with facilitation of the use of PEFA reports, rather than aiming to increase the compliance rates further”.

## **OP3. Improved use of PEFA information for PFM analysis and knowledge sharing**

**Knowledge sharing has been significant during Phase 5.** International conferences that were held at least twice a year from 2017 to 2019 have increased visibility of the program. New arrangements were put in place as of March 2020 to maintain PEFA’s level of outreach through regular webinars showcasing how PEFA contributes to PFM outcomes, including outcomes from PEFA-sponsored research products. In 2019, the first PEFA Research Competition, on PFM and service delivery, was launched. The second one, in 2020, covered PFM and climate change, and the third one, in 2022, addresses transparency and accountability in PFM. Overall, five PEFA-related research papers have been published, and requests for training to government officials, development partners, and other PEFA stakeholders remain steady. Around 18,200 people participated in PEFA events, training, and outreach activities. This was made possible by the online environment: since travel restrictions were introduced in March 2020, 13,329 people attended virtual events, training, and outreach activities. The PEFA e-learning course (modules 0–4) was launched in December 2021 to build on and utilize the online environment’s outreach capabilities during the pandemic, and the course received good initial feedback from participants on its usefulness.<sup>6</sup>

**The PEFA assessment database has expanded in line with the increasing number of reports and increased its use through the Global Report and the development of new research products.** PEFA

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<sup>6</sup> As of April 19, 2022, 216 participants had evaluated the PEFA-e-learning course. The course evaluation scored PEFA e-learning at 6.5 out of 7 for overall satisfaction.

launched in 2021 the PEFA *Global Report on PFM*, which presents for the first time trends in PFM using PEFA data, with data visualizations accompanied by short analyses and country examples. It also showcases key findings from the initial application of the PEFA Gender supplementary framework. The PEFA *Global Report on PFM* is expected to be released three times during Phase 6. Another example of the use of PEFA data is SDG indicator 16.6.1, used to measure SDG 16, Peace, Justice, and Strong Institutions. The SDG indicator is based on PEFA indicator PI-1. The PEFA Secretariat collects data annually to cover all countries, and the indicator is published by the World Bank and the United Nations, making PEFA data one of the key sources of monitoring the SDGs.

For output OP.3, the evaluation highlights that “The visibility of the program received a boost during the Phase 5. There has been an increasing emphasis of the Program on promoting and facilitating the use of PEFA during Phase 5. This is reflected by very good performance in respect to the (targeted) number of events facilitated by the Secretariat and other initiatives such as Global PFM report, research competition, modernization of the PEFA website and increasing use of social media, etc. Although the target in respect to the expected output i.e., bringing down the “number of requests for PEFA data” was not met and is still above the 2016 baseline benchmark, it shows a decreasing trend. This can be a result of improved accessibility through website and enabling stakeholders on direct access of information, which is commendable, but can also indicate issues in the user-friendliness of the website or the information provided. Given the diversity of requests received from the users and the incidence of COVID-19, it is questionable if the number of requests from users is a relevant indicator for measuring the use of PEFA data and information for analysis and knowledge sharing. A survey on the actual use of PEFA data by the PFM community of practitioners may be more useful and provide valuable feedback to improve the quality and access to PEFA data.”

**At the outcome level**, the evaluation mentions on one hand that “There is a lot of evidence on the use of PEFA, not only by the development partners (i.e., for planning of support to PFM and other internal purposes) and other international organizations (i.e., using specific PEFA indicators in internal scorecards), but also increasingly by partner countries for the design and implementation of PFM reforms. From interviews with PEFAS staff, it is clear that even more non-traditional users are accessing the PEFA website and database (e.g., from parliamentary groups, research institutes, etc.). The status of PEFA as “public good” that is easily accessible may also account for its popularity. Yet, the interviews suggest that its use is more conditioned by donors’ support than by country partners own initiative.

On the other hand, “Despite the wealth of information provided by the PEFA Secretariat, there seem to be less evidence on using PEFA data for research. While a lot of efforts have been invested in promotion of the PEFA initiative and its products as well as promotion of research, the PEFA Program could do more to optimize the benefits from these investments. There is limited insight into how the research competition products are used and what their contribution to the international policy dialogue on PFM can or will be. More targeted research can probably feed better into such initiatives as the Global PFM report, and be better used for specific purpose and audiences. To this end, there might be scope for further rationalization of the use of such tools and initiatives as the regular stocktaking exercise, forward look reviews and end-of-phase evaluations of the PEFA program as well as re-establishing the discontinued practice of “impact of PEFA” studies. They all have value but come at a cost not only to the partners countries, but also to the program as such”.

### 1.2.2. Impact of the PEFA program

In the logframe for Phase 5, impact is measured by having a look at PEFA’s contribution to improved PFM performance, using Improved PEFA performance scores in countries with successive assessments

(indicator I.1.1).

The evaluation report highlights that “Information from different sources has confirmed that the PEFA program has largely been able to contribute to improvements in approaches to PFM work in beneficiary countries (especially in planning, implementing and/or monitoring stages of PFM and budget reforms and improvements), and the results were mostly satisfactory as shown in gradual improvements in PEFA scores. [...] However, the results of improved average scores of PEFA assessments is somewhat disappointing, especially when considering CG assessments. This could be due to the fact that changes/improvements in average PEFA scores do not happen over the short term, it is medium to longer process. Also, there might be additional factors influencing the impact that PEFA might have on PFM reforms, such as ownership of reforms by government, capacity in countries to implement such reforms, etc. Diamond (2013) had clearly stated in his paper of the sequencing of PFM reforms that it should be recognized that many countries, especially low-income countries (LICs), fail to meet the target scores in core PFM functions on a wide range of PEFA indicators. This implies most sequencing decisions must focus on achieving this core level functionality where it is essential to adopt a strategy that is viable in each specific country context. Thus, using “improved PEFA performance in countries with successive assessments” might not be the most relevant indicator – as countries might just focus on improving certain key PEFA indicators due to sequencing issues and not their “average scores””.

Indicator	Target	Baseline	2017	2018	2019	2020	2021
<b>Impact PEFA contributes to improved public financial management performance</b>							
Improved PEFA performance scores in countries with successive assessments.	80% of countries with successive PEFA assessments in phase 5 demonstrate an improvement in average PEFA scores across all dimensions.	CG: 76.9%	60%	78.6%	50%	33%	64%
		SNG: 80%	66.7%	100%	33%	33%	80%

Source: Evaluation report – 2022

“Putting measurement issues aside, the findings from the review of program documents, interviews and case studies provide sufficient evidence of the use of PEFA by governments for informing PFM reform measures. Annex A5 illustrates few examples of use of PEFA examined through interviews along with particular challenges and opportunities for optimizing the use of PEFAs. These examples point to a number of factors that explain the use of PEFA and suggest that when addressed adequately, the use of PEFA leads to more meaningful results:

- Country ownership and/or leadership in the PEFA assessment process leads to a more effective use than when the assessment process is driven by donors;
- Capacity of government officials to understand the methodology and use the PEFA reports;
- Complexity of the framework and Government’s understanding of the PEFA methodology (notably on Climate and Gender);
- Presentation of the PEFA report i.e. quality of the narrative in the case of agile PEFA;
- Country context that is determinant to the government’s intention to address the identified weaknesses / low scores, etc.;
- Focus on PFM performance as opposed to scores;
- Knowledge about existence of Volume IV guidance and/or familiarity with its content;
- Inter-ministerial coordination in the case of Gender and Climate PEFA assessments; and
- Non-technical factors such as political instability, leadership, institutional structures, etc., which do not facilitate reforms.”

### 1.2.3. Lessons Learned and Recommendations

#### 1.2.3.1. Forward Look review (2019)

A midterm evaluation was undertaken in 2019 to inform the strategic vision for the PEFA Program for Phase 6. The conclusions highlighted some areas where PEFA can be strengthened further to increase its impact (see section 2.1).

The main recommendations of the Forward Look review were as follows:

- **“Strengthening the link between PEFA and the sustainable development agenda and revamping the PEFA intervention logic.”** PFM is a means to achieve policy objectives and build effective governance. It is acknowledged that PFM interventions and diagnostic tools need to be more clearly linked to public policy objectives to remain relevant.
- **“Broadening participation in governance structures and extending actions through partnerships; Strengthening learning and feedback loops; and Strengthening outreach and visibility.”** PEFA’s role in PFM reform and, ultimately, PFM impact, can only be indirect. Broadening PEFA’s partnerships, engagement, and visibility to a wider network of policy and reform stakeholders that are critical for ensure legitimacy, learning, country ownership and accountability around reform is important.
- **“Broadening the financial base to enhance financial sustainability.”** At its core, the PEFA Program and its products will continue to be an international public good that require external and broad support to function effectively.

**The evaluation had a specific analysis on the relevance of PEFA.** “The overall assessment on relevance is generally positive. The program results framework is relevant when considering the established objectives and that PEFA has developed a well-established monitoring system that supports a rigorous monitoring and reporting on progress. [...] PEFA retains a significant number of its recognized strengths, including: 1) a public good that continues to foster the policy dialogue at technical level, especially, from non-government sources; 2) a comprehensive evaluation of the entire budget or fiscal framework; 3) an increasing level of ownership and use by governments; 4) an assessment process that is backed by professional assessors and a committed PEFA Secretariat. In general, although not explicitly embedded in the program document, the strengthened approach remains on course for these conventional or core aspects of the overall PEFA objective. [...] PEFA is proving to be dynamic in its response, reaction and collaboration to make the framework relevant to emerging trends, often using or building on the conventional framework.”.

The evaluation highlights that “The high degree of success of the program achieved in leading to PEFA assessments needs to be seen together with lower level of success in PEFA assessments having an impact on PFM reforms and the strengthening of the PFM systems. In the majority of the countries, PEFA assessments have been reported to trigger and contribute to formulation of PFM reform roadmaps leading to measurable improvements in PFM systems”. This touches upon the impact of PEFA.

**PEFA has continued contributing to PFM reform dialogue and action plans.** Governments seemed to be active in using PEFA findings as part of reform action plans. Since the beginning of Phase 5, around

90 percent of respondents to the annual PEFA survey<sup>7</sup> stated that PEFA was used for PFM reform planning. The average rate for the usefulness of PEFA for PFM strengthening was 4.41 (on a scale from 1 to 5, with 5 being the highest score). Around 82 percent of respondents stated that PEFA is used for the monitoring of PFM strengthening. This coincided with the release of specific guidance by the PEFA Program on *Using PEFA to Support PFM Improvement*,<sup>8</sup> which describes the steps on how to use PEFA assessments as part of a stakeholder dialogue to develop and sequence PFM reform initiatives. PEFA reports have also been used by development partners to identify potential areas for support as part of their country and regional engagement strategies. The PEFA Secretariat confirmed the use and usefulness of PEFA to inform PFM reform dialogue through its surveys.

As per the evaluation, “However, transition from PEFA to improved PFM systems is not automatic and always assured. The analysis of PFM improvements and case studies show that the transition from PEFA findings to improved PFM systems is not straightforward and that the determinant factors for an effective PFM reform process are not under the control of the PEFA process”.

**The development of PEFA 2016 and its additional modules during phases 4 and 5 has resulted in a need for a more demanding skillset for assessments.** This has required a commensurate increase in the skills and abilities among assessors and users of PEFA reports, which will continue to remain the focus of the PEFA Secretariat during Phase 6. The evaluation confirms such needs.

**Previous phases of PEFA highlighted the importance of government ownership as a crucial ingredient to the success of PEFA.** During Phase 5, it appeared an increasing number of governments were actively engaged in the assessment process by co-leading (67 assessments) or leading (24) PEFA assessments; some undertook self-assessments<sup>9</sup> and asked for support from development partners to validate the results. Governments were also active in using PEFA findings as part of reform action plans. Since the beginning of Phase 5, around 90 percent of respondents to the annual PEFA survey<sup>10</sup> stated that PEFA was used for PFM reform planning. The average rate for the usefulness of PEFA for PFM strengthening was 4.41 (on a scale from 1 to 5, with 5 being the highest score). Around 82 percent of respondents stated that PEFA is used for monitoring PFM strengthening. This coincided with the release of specific guidance by the PEFA Program on *Using PEFA to Support PFM Improvement*, which describes the steps on how to use PEFA assessments as part of a stakeholder dialogue to develop and sequence PFM reform initiatives. Phase 6 will seek to further increase government engagement and ownership of PEFA assessments and their findings and continue collecting information on the use of PEFA data. The evaluation confirms the need to put an emphasis on ownership.

### 1.2.3.2. Evaluation of Phase 5

The evaluation report for Phase 5 provides ten main recommendations summarizing and consolidating the issues discussed in the report.

The following recommendations are already implemented – either fully or partially:

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<sup>7</sup> There was no survey in 2020.

<sup>8</sup> [https://www.pefa.org/sites/pefa/files/resources/downloads/WBG\\_PEFA\\_Volume\\_4\\_Handbook\\_Final\\_Feb20\\_ENG%20-%20WEB%20only%20version.pdf](https://www.pefa.org/sites/pefa/files/resources/downloads/WBG_PEFA_Volume_4_Handbook_Final_Feb20_ENG%20-%20WEB%20only%20version.pdf)

<sup>9</sup> Self-assessments are assessments undertaken by a team from the government, with or without the external support to validate scores and write the report. External technical support may be provided by a team from development agencies or/and from consultants.

<sup>10</sup> There was no survey in 2020.

- **Program Design: Improve alignment between the Results Framework and the Theory of Change through a more in-depth causality chain analysis.** This recommendation is addressed in the present Program Document where a refreshed intervention logic is set out (see Figure 1).
- **Program Relevance: Streamline horizontal and vertical perspectives of the RF to better reflect what needs to be measured and how to measure. Facilitate systematic feedback from users to validate strategic direction and reconcile it with the Advisory Board to ensure that it represents voices of all groups of stakeholders.** The logframe for Phase 6 has been adjusted and reflects some of the suggestions from the evaluation report, in line with the strategic direction set by the Steering Committee. Systematic feedback is sought from different group of stakeholders with the pilot case studies introduced in the logframe and with annual surveys. The Advisory Board will be piloted in CY 2023.
- **PEFA Impact on PFM performance: Define how to measure performance at impact level and facilitate ownership, in-country and cross-country engagement, and use of research to inform program activities.** The evaluation report suggests that “This could include to consolidate the use of traditional and supplementary guidance and prioritize promotion of self-assessments and ownership as a way to increase impact on PFM reforms; engage with country accountability structures (i.e., SAI and PAC), facilitate peer-to-peer engagement; strengthen collaboration with like-minded tools to share lessons; and cross-fertilize on in-country use of different diagnostics”. Most of the suggestions are covered by the activities planned for Phase 6, and introduced accordingly in the logframe when relevant.
- **Communication and outreach: Update communication strategy and integrate approach in PD for phase 6 and respective work plans** e.g. focus on improving website to increase user-friendliness to serve specific target groups, targeted communication and use of social media, knowledge hub, peer-to-peer, etc. The communication strategy will be updated at the beginning of Phase 6.
- **Capacity of assessors: Facilitate consolidation of quality through expanding the pool of (experienced / regional) assessors, exchange information across SC members, publishing the list of training participants, introduce accreditation of PEFA Advisors for self-assessments and PEFA trainers.** The first in person regional training in Paris aimed at expanding the pool of assessors, including for Gender and Climate assessments. Exchange of information across Steering Committee members is facilitated during the bi-annual meetings and beyond. Other suggestions require further analysis.

Other recommendations require further analysis:

- **Quality assurance process:** Strengthen the Peer Review process under Quality Assurance and use the lessons from the PEFA Check for a systematic analysis of quality weaknesses to inform corrective measures.
- **Role of the Secretariat:** Expand engagement of the Secretariat across all stages of the PEFA process i.e., from CN (to “pack” assessments, consider use of previous PEFA, discuss post-PEFA life) to on-demand facilitation of the post-PEFA application of Volume IV (as a facilitator/trainer not as a technical advisor).



- Governance and financial sustainability: Consider a more purposeful inclusion of externally recruited Secretariat staff and increase consultations with partners to safeguard PEFA's reputation of public good and preserve the autonomy of the Secretariat.
- Research competition: Facilitate research by improving the databases (on PEFA scores and assessments) and its accessibility. Make better use of research to guide the strategic direction of the program and measure progress; rethink Research Competition to ensure a better balance between engagement of researchers and practitioners, identify topics in collaboration **with AB** informed by program needs, promote and use research results to inform PEFA activities towards its objectives.
- Program management: Develop PEFA MDTF operational manual and define performance indicators for PM (Ot.4) (e.g. cost-effectiveness, value for money). Adapt and systematize some of the existing operational processes and tools (notably in relation to monitoring performance) to recent developments.

## 2. Strategy for PEFA Phase 6

### 2.1. Strategic Vision for the PEFA Program

**Over the last 20 years, the PEFA framework has become the gold standard of PFM system diagnostics:** since 2005, over 154 countries across the world at different income levels have completed over 699 assessments.<sup>11</sup>

**To build on this achievement, during the strategic Future of PEFA discussions during Phase 5, the PEFA partners agreed that PEFA's role during Phase 6 should be focused on maintaining its relevance and increasing its impact in different conditions—while strengthening the ownership of its client governments over PFM reform.**

**PEFA partners agreed that the maintenance of and guidance on the strengthened PEFA assessment framework will continue to be at the center of the PEFA Program, enabling many more reliable and trusted assessments of PFM performance to be made.** PEFA will continue its efforts at strengthening the framework and streamlining the process to respond to user feedback, including reducing the timeframe, length, and costs of PEFA assessments while taking steps to maintain quality. It will promote the use of national and subnational level PEFA assessment frameworks as credible, objective tools to assess PFM systems. It will continue targeted outreach efforts to increase demand, particularly to countries that have not yet undertaken a national PEFA assessment, are due a repeat assessment, or have not conducted an assessment at the subnational level. PEFA works to ensure that assessments are shared with a variety of partners and that duplicative analytical work is avoided as much as possible.

**PEFA partners agreed to capitalize on existing activities by consolidating and mainstreaming the products added in the last five years.** Consolidation of the existing PEFA portfolio was a priority for Phase 5 and remains a key issue for Phase 6. Such consolidation includes finalizing and/or mainstreaming the supplementary frameworks, while focusing on their effective use and impact; rolling out, adapting, and focusing the research and knowledge agenda; introducing new efficiency to PEFA reports and

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<sup>11</sup> As of December 31, 2021



processes (new report format, Agile PEFA); and enhancing PEFA Secretariat arrangements, leveraging on digitization opportunities (including the finalization of the e-learning module as a model of virtual training beyond COVID). Efficiency measures to optimize the management and use of resources in the program will be sought.

**PEFA partners also agreed to further consider four new areas of engagement while capitalizing on existing activities.** The new areas of engagement focus on promoting country ownership of PEFA assessments through better use of PEFA and PFM knowledge for improved understanding and implementation of PFM reforms. Together, they should help strengthen PEFA’s impact in supporting governments in improved PFM reform planning, implementation, and monitoring. They will be rooted in PEFA’s core mandate and integrated into PEFA activities as an objective, evidence-based initiative aiming to inform PFM improvements for sustainable development while ensuring it remains simple and manageable for governments, the PEFA Secretariat, and the PEFA Steering Committee.

The new areas cover:

- **A key overarching goal is to support the strengthening of country ownership of PFM reforms** by helping increase government ownership of the PEFA assessments and their findings, including through the promotion and support for government self-assessments, and integrating PEFA user voice in the PEFA initiative through the new Advisory Board set up as a pilot starting in fall 2022.
- **The use of PEFA to promote higher transparency and accountability** by increasing awareness and use of the PEFA framework and assessments by oversight and accountability bodies, and so supporting wider country ownership.
- **The facilitation of better access to relevant PFM knowledge to help PEFA users in their PFM activities**, alongside PEFA assessments, through the PEFA Knowledge Hub. Better understanding of PEFA user knowledge needs will also help guide PEFA and other partners to fill any knowledge gaps, if and as relevant.
- **The strengthening of links between PEFA and service delivery in sectors** to continue to better link the PEFA framework to country policy and operations, ensuring the continued relevance of PEFA.

Please see more discussion on the new areas of work in section 2.2.

## 2.2. Challenges and Opportunities

The following challenges and opportunities identified during the preparation of Phase 5 remain valid during the preparation for Phase 6, especially in the context of an expanded range of PEFA assessment products.

### 2.2.1. Continued Relevance and Acceptance of PEFA

**PEFA needs to remain relevant and accepted as the core tool for high-level PFM performance diagnosis at all levels of government.** Demand for PEFA assessments has averaged 30 assessments per year, a demand that appears to have stabilized, although it varies across countries, years, and program phases. Subnational assessments are likely to continue to play an important role for PEFA in the next phase. Further, with PEFA’s increased outreach, the range of capacity levels between the users—from lower-income to upper-middle-income countries—appears to be widening. As some of the products are still in their pilot phase, the changes also present a challenge to the comparability of assessments and the availability of new skills, which introduces more complexity for PEFA users and assessors. This will require the program to offer high-quality guidance in all major PEFA languages, provide timely technical

advice and learning products, and monitor and maintain the quality of assessments through the PEFA check process, as well as an increasing focus of their use and impact.

**Since the introduction of the supplementary frameworks, the PEFA Secretariat has been receiving concept notes (CN) covering PEFA 2016 with one (PEFA+) or two (PEFA++) supplementary frameworks.** Governments and development partners are combining PEFA products to get the most from their assessments to prepare their PFM reform action plans. The PEFA Secretariat will build on the lessons learned from such bundled assessments when mainstreaming the use of products developed in Phase 5.

**Table 1. PEFA assessments combining PEFA 2016 and Supplementary Frameworks**

<b>Status as of September 30, 2022</b>	<b>Governments</b>	<b>Comments</b>
Final reports	Ethiopia+ (public)	CG and SNGs, PEFA Gender, Service delivery
	Tonga+ (public)	PEFA Gender
	Fiji+	PEFA Gender
	Ukraine+ (public)	PEFA Gender
	Brussels Region, Belgium+ (public)	PEFA Gender
	Mali+ (public)	PEFA Gender
	4 SNGs in Ukraine+ (public)	PEFA Gender
	Jordan+ (PEFA 2016 public)	PEFA Climate
	Botswana+ (public)	PEFA Gender
	Chihuahua, Mexico+	SNG, PEFA Climate
	Moldova+ (public)	PEFA Gender
	Sierra Leone+ (public)	PEFA Gender
	Costa Rica+	PEFA Climate
	Kosovo+	PEFA Gender
	Rwanda++	PEFA Gender, PEFA Climate
	Nauru	Agile, PEFA Gender
Georgia+	PEFA Gender	
Draft reports	Dominican Republic+	PEFA Gender+
Ongoing assessments	Cameroon 12 SNGs+	PEFA Gender
	Bangladesh++	PEFA Gender, PEFA Climate
	Nepal++	PEFA Gender, PEFA Climate
	Bhutan++	PEFA Gender, PEFA Climate

Status as of September 30, 2022	Governments	Comments
	Togo++ Niger++ Kenya++ Paraguay++	PEFA Gender, PEFA Climate PEFA Gender, PEFA Climate PEFA Gender, PEFA Climate PEFA Gender, PEFA Climate
CN received	Uganda++ Morocco++	PEFA Gender, PEFA Climate

**As mentioned, the development of PEFA 2016 and its supplementary frameworks during phases 4 and 5 has resulted in a need for a more demanding skillset for assessments.** The findings from Phase 5 evaluation mentioned that “The opportunities and risks in the emerging PEFA+ tools require additional technical support and continuous quality assessment to maintain its overall relevance, in a potentially challenging dynamic where it needs to attract more users for PEFA without eliminating its most traditional users. [...] The expanding scope and complexity of PEFA products (e.g. PEFA Gender, PEFA Climate, SNG service delivery, etc.) demands a different slant of technical skills and knowledge. Furthermore, it increased the workload of the Secretariat, which may not be sustainable in the future. The secondment of staff of experienced and qualified staff from contributing partners was appreciated as an effective mechanism for facilitating transparency of operations and continuing engagement of a group of partners which are ready to support the initiative through other ways than only financial contributions. Going forward, the PEFA Secretariat will only be able to maintain its high standards on all the existing and new/enhanced products, if the number of staff and their skill-sets are commensurate with the increasing scope of work.”.

### 2.2.2. Development Impact and Ownership of PEFA

**The PEFA partners agreed that PEFA’s future role should be focused on the most important but critical challenges: increasing impact in different conditions—while strengthening the ownership of its client governments over PFM reform.**

**A key part of remaining relevant is to ensure a clearer yet realistic line of sight from PEFA assessments to PFM improvements and then progress in sustainable development goals.** Phase 5 marked significant progress in collecting information on how PEFA contributes effectively to policy dialogue, action, and achievements. There is a better understanding of how well PEFA is being used to support PFM reform dialogue and strengthen policies and practices. The new supplementary frameworks on Gender and Climate, as well as revised guidance for Subnational Governance—with a focus on service delivery—brings PEFA, PFM, and sustainable goals closer together. Still, the impact of PEFA’s contributions remains indirect, and therefore difficult to capture, and it will be important for the PEFA Program to examine the significance of its impact going forward, particularly at the subnational levels, through some case studies. A more systematic collection of information will occur on how PEFA reports, including those from supplementary frameworks, are used in examining policy options and dialogue between

stakeholders regarding reform priorities and appropriate reform actions, and relevant lessons should be learned for PEFA as well as PFM community more widely. Additional information will be collected on PEFA as part of the monitoring arrangements during the implementation and review of reform initiatives.

The findings of evaluation emphasize that “The targets for the impact indicators were not achieved even though the PEFA program has largely been able to contribute to improvements in approaches to PFM work in beneficiary countries (especially in planning, implementing and/or monitoring stages of PFM and budget reforms and improvements), and the results were mostly satisfactory as shown in gradual improvements in PEFA scores across different areas. The extent to which the Program can have an impact on PFM performance has its limitations and depends on many factors which are largely beyond the control of the Program. The program results framework is predominantly focused on interventions which fall under the control of the Secretariat i.e., maintenance of the framework as a public good and promotion of the PEFA Initiative. A possible reason for not achieving the impact target is that the RF is probably overambitious and the targets could be given a more careful consideration. At the same time, there could be more opportunities for the Program to contribute to impact by analysing the determinant factors (i.e., causal link between the programme outputs and outcomes, and outcomes and expected impact) and target Program interventions and the way they address these factors”.

**Although government ownership of PEFA assessments is improving, the PEFA Forward Look Review noted that most PEFA assessments are still donor-driven, both at the national and subnational levels.**

The evaluation points to a largely similar conclusion. Information collected on PEFA’s impact will also help to ensure the challenges and opportunities of government ownership in the diagnosis, planning, and implementation of PFM improvements will be more clearly understood. PEFA will promote good examples of self-assessments, and help build the necessary willingness, interest, and capacity, to do so through facilitating peer support and tailoring its guidance and training to suit government needs. PEFA will also encourage broader country ownership through increased knowledge sharing and engagement with legislatures and supreme audit institutions (SAIs) on PEFA and its use for their oversight functions while highlighting the broader importance of accountability through its knowledge function. PEFA Initiative itself will seek feedback and inputs from a variety of PEFA stakeholders, particularly from governments, through the Advisory Board to the Steering Committee that the PEFA Steering Committee endorsed in April 2022.

**PEFA, as an objective and evidence-based PFM initiative, can add substantial value in promoting more easily accessible and relevant knowledge on PFM improvements.** The extensive information and knowledge developed over the 16 years of PEFA applications to date provide a valuable asset. Further, PEFA is in a unique position as an objective, evidence-based initiative to understand and help to fill the knowledge gaps of PEFA users on PFM improvements around the PFM cycle. PEFA needs to strengthen data accessibility, knowledge sharing, and communication between users to ensure that they have access to relevant information and can apply it in a timely way, both from PEFA and other PFM knowledge providers. During this phase, PEFA will enhance and refocus its knowledge work to the needs of PEFA users by 1) continuing to strengthen and utilize PEFA data, 2) improving PEFA users’ access to relevant PFM knowledge through its website, and 3) filling key policy and operational knowledge gaps, if and when relevant, through its research competition or other relevant methods, as agreed by the Steering Committee. This will allow PEFA to achieve its full potential in supporting PFM dialogue and performance improvement by improving the development effectiveness and impact of PEFA

assessments and PEFA itself while supporting government ownership by helping facilitate access to various sources of credible information on PFM improvements.

### 2.2.3. Financial Sustainability of the PEFA Program

**PEFA is an international public good that requires external support to function effectively.** The PEFA measurement framework relies on free and open access to achieve its widespread use—as do all supplementary frameworks and all related products that have been developed. The ongoing commitment of existing PEFA partners remains a core strength of the program building on PEFA 2016 and its supplementary modules by providing continuity of effective management and support. Maintenance and development of the PEFA 2016 framework and the supplementary modules, technical support and quality assurance, outreach and knowledge sharing, and support for the database and its use for research products need a central maintenance and coordination function.

**A discussion on the long-term sustainability of the program started when Phase 5 was prepared.** Partners asked that careful consideration be paid to how best PEFA can adapt to factors such as changes in partner priorities, other financial pressures, and the need for wider engagement with the international development community. Two new partners joined the PEFA initiative in 2019, bringing new perspectives and opportunities by easing financial pressure. These dynamic factors still need to be accommodated in planning Phase 6 and beyond, as they have implications for financing and governance arrangements. However, in its current form, the PEFA Program is agreed to be of appropriate value for the investment and continues to be supported by development partners as a public international good. Individual assessments are not financed through the PEFA Program. The large number of PEFA reports validates the value placed by governments and partners on the assessments.

**The cost of the PEFA Program needs to remain sustainable for PEFA partners.** Actual expenditures of the PEFA Program rose from US\$ 7.8 million at the end of Phase 4 to US\$ 11.1 million to date with the development of new activities such as supplementary frameworks, international events on all continents for higher visibility, or additional research products building on the PEFA database. The ambition of the program developed for Phase 6 is to maintain a budget similar to the one presented for Phase 5.

**Cost efficiencies will be sought during Phase 6.** The constraints posed by COVID-19 led the PEFA Secretariat to develop alternative ways to deliver some activities. The opportunities offered by online interaction will be factored in the design of the work program to allow for flexibility and a greater outreach while preserving the quality of service and the intended impact.

**Cost-sharing was introduced during Phase 5 for some activities delivered by the PEFA Secretariat.** This concerned exclusively-in-country training activities for which travel costs and accommodation were partially or fully covered by the requesting agency. In all cases involved, staff time was covered by the PEFA Program.<sup>12</sup> Discussions on cost-sharing were systematically undertaken but did not always conclude with an agreement to share costs. If the principle of cost-sharing is retained for Phase 6, it should be applied using clear criteria yet to be agreed on by PEFA partners. Such cost-sharing could be applied by taking into consideration (a) which activities performed under the program could have more exclusive benefits for individuals or groups of stakeholders, (b) which activities will not adversely impact the program objectives, and (c) when the delivery of activities by the PEFA Secretariat would bring specific added value. In the case of developing countries, cost-sharing should never be borne by the

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<sup>12</sup> Multi-donor Trust Fund (MDTF) or secondment

government budget.

The evaluation highlights that “The financial sustainability of phase 6 seems to have been secured with the contributions of the two new SC members, the additional contributions of the established partners and the phase 5 savings as result of Covid-19 on travel, training, etc. All contributing partners expressed their intention to continue funding the Program. There are thus no factors which undermine the short-term financial sustainability. The longer-term financial sustainability will be maintained if the program (as an Initiative) will preserve its consensus-based governance allowing for integration of the “voices” of the country partners (as intended with the AB), and manage to elevate its results at the impact level to safeguard its continuous relevance. New ways of cost-sharing and joint-funding with other agencies should be explored to consolidate the technical strengths of the Program and its future financial sustainability under expanded implementation”.

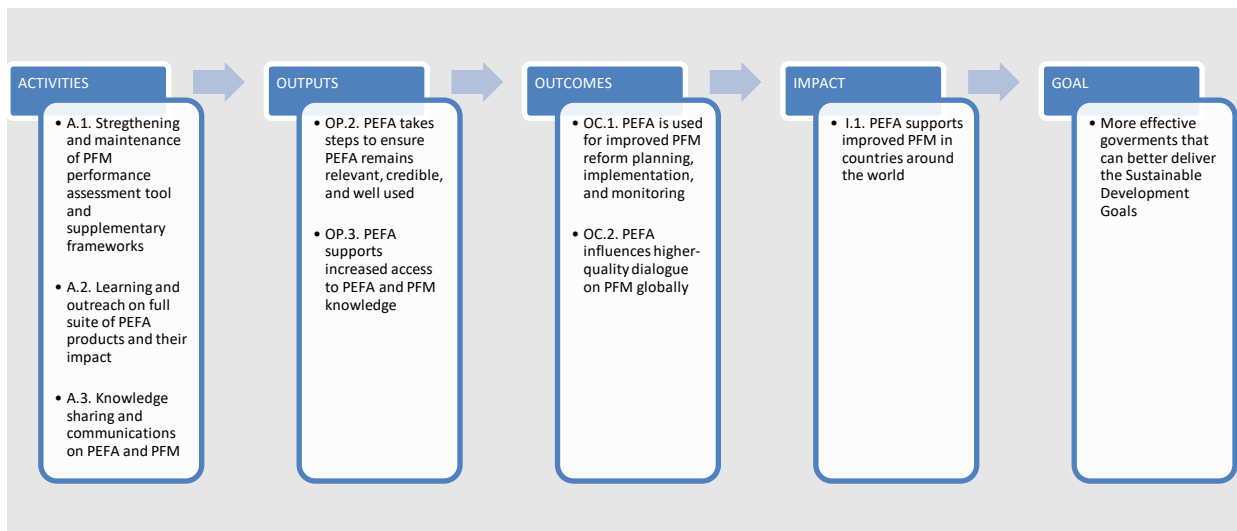
Cost sharing has been tried out and found to be of limited possibility in the overall context without undermining program effectiveness. Evaluation of Phase 5 mentioned above also did not suggest any specific newer possibilities relating to cost sharing, but left room open for possibilities for future.

### 2.3. Intervention Logic and Program Results Framework

**PEFA’s refreshed intervention logic is set out below, as recommended in the Forward Look Review Report.** This intervention logic explains what the PEFA Program aims to achieve, and how it aims to deliver its vision, building on the sections above. This intervention logic is also reflected in the PEFA results framework.

The PEFA results framework is summarized in figure 1, while the full logical framework is summarized in figure 2. Details of the relevant performance indicators are provided in Appendix C. Budgetary implications of the Phase 6 strategy are summarized in Appendixes D and F.

Figure 1. PEFA Results Framework



### 2.3.1. Goal

**The overall goal of PEFA as a gold-standard PFM system diagnostic tool is to support effective policy implementation, and more effective and efficient delivery of public services, so also ultimately, the implementation and achievement of the SDGs.** Although the role of PFM in achieving policy outcomes is challenging to evidence and measure, improvement in PFM is not considered an end in itself: it is seen as a critical and necessary element to implement policies for sustainable, resilient, and equitable development. PFM reform will be only one element among many others contributing to policy outcomes in specific contexts. Many other factors will contribute, including the quality and feasibility of government policies, enabling systems, available human and financial resources, and, importantly, the political and social environment and different actors that operate in it. Therefore, PEFA’s role will also be indirect, but extremely important. However, through the PEFA Research Competition and other means, if relevant, PEFA has commissioned relevant research to contribute to building the evidence base on the role of PFM in areas such as service delivery and climate change, also utilizing PEFA data.<sup>13</sup>

#### 2.3.1. Impact (Development Objective)

**The PEFA Program’s development objective is to indirectly support improved PFM performance by governments and subnational governments in countries across the world.** This is in turn expected to help deliver better policies and services. Over the last 20 years, the PEFA data show that while there have been improvements in the PFM systems and processes, as measured by PEFA, significant challenges remain. Countries in general plan their budgets better than they implement them.<sup>14</sup> PEFA’s role as a neutral diagnostic tool that helps countries assess the strengths and weaknesses of their PFM systems can be a start of the process that can lead to improvements in the PFM systems and processes through reform diagnostics, dialogue, reform planning, implementation, and monitoring—if other critical elements are in place, including political will and capacity to deliver. PEFA can serve as a basis to determine these underlying causes of PFM performance. PEFA will continue to understand and measure its role in this complex process, including by commissioning a selected qualitative case study every year on the role and impact of PEFA in PFM system improvements.

#### 2.3.2. Outcomes (Program Objectives)

**PEFA contributes to improved PFM systems and processes by contributing to two main program outcomes.**

**First, PEFA will be used for improved PFM reform planning, implementation, and monitoring at the country level.** PEFA will add value to PFM strengthening by governments by providing a credible, well-established, and evidence-based framework to identify the strengths and weaknesses of their PFM systems for PFM reform planning, implementation, and monitoring (see steps 1 and 7 in the graph below). PEFA is not the only source of information for developing reform action plans and any other reform improvements, but it should remain most important basis to determine the underlying causes of PFM system performance, as well as provide an important platform for dialogue and reform prioritization. The PEFA Knowledge Hub will also provide easier access to relevant PFM information to help PEFA users around the PEFA assessments. Feedback from both central and subnational

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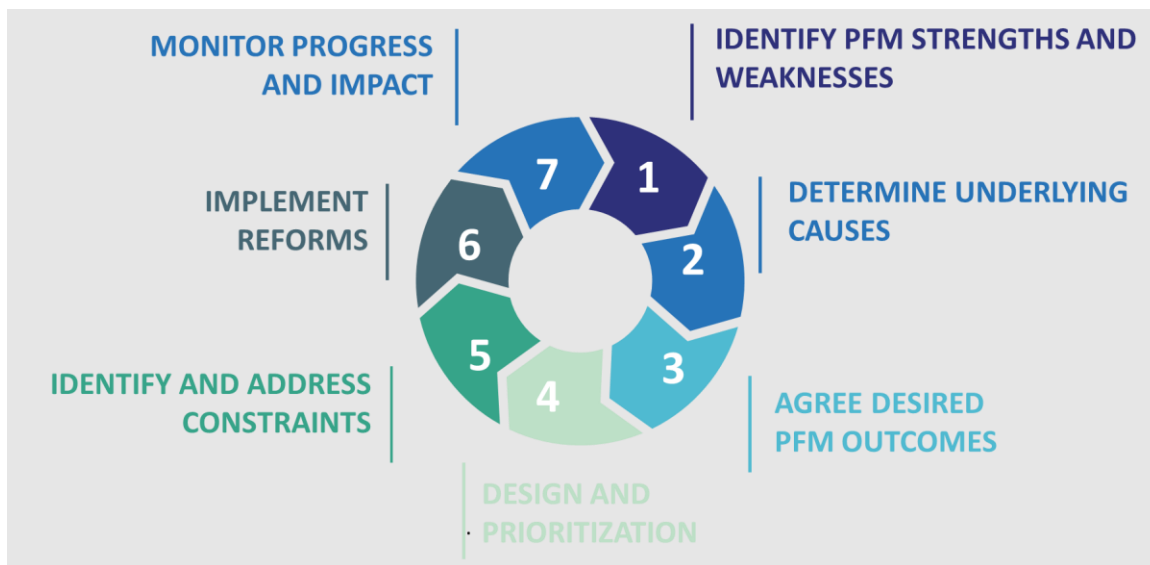
<sup>13</sup> See the PEFA website for the published papers under the PEFA Research Competition, such as *The Interplay of Climate Change and Public Financial Management: Greening Public Procurement* by Alma Ramsden and Antonia Ida Grafli (November 2021).

<sup>14</sup> See the *Global Report 2020 on Public Financial Management* <https://www.pefa.org/global-report-2020/en/?current=/home>.



governments will be collected on PEFA's use for different PFM reform activities.

**Second, PEFA will influence higher-quality dialogue on PFM globally.** PEFA's role in shaping PFM reform plans, implementation, and monitoring, and ultimately in PFM impact, can only be indirect. The Forward Look Review recommended broadening PEFA's partnerships, engagement, and visibility to a wider network of policy and reform stakeholders that are critical for ensuring legitimacy, learning, country ownership, and accountability around reform. PEFA will continue to facilitate dialogue on PFM at the country level by bringing partners together around the PEFA assessment process and the report in specific countries. The guidance document *Using PEFA for PFM Reform Improvements* (Handbook Volume IV), finalized during Phase 5, will be disseminated through PEFA engagements, training, and outreach events with PEFA users, including the external accountability actors. But PEFA will also continue to build on progress made in Phase 5 to influence wider PFM conversations at a global level, for example through the wider use of PEFA data in the *Global PFM Report*, enabling access to PFM knowledge through its website, as relevant. This outcome will be measured through PEFA input or influence both at global results frameworks or country-level policy, programming, or policy discussions.



### 2.3.3. Outputs

The main PEFA outputs to be delivered during Phase 6 are:

- i. **PEFA takes steps to ensure it remains relevant, credible, and well used.**

**If PEFA is to be effective and achieve its outcomes for Phase 6, it needs to be accepted by users as the preeminent tool to provide the information needed to analyze PFM performance.** It needs to remain relevant to PEFA users. Some of the critical factors are outside PEFA's control. However, PEFA will also continue to work to ensure its continued relevance, credibility and use (see the activities below). This output will aim to monitor the continued relevance, credibility and use of PEFA. Continued use of PEFA will be measured by the number of PEFA reports produced at the level of the current trend of 30 reports a year. As the regional coverage of PEFA is already wide, it is not likely that the number of countries using PEFA at the central government level will grow significantly during Phase 6. It is more likely that the number of subnational government applications will increase in Phase 6, including a greater number

of successive subnational assessments. New countries from the groups of middle-income and high-income countries used PEFA during Phase 5. The number of PEFA Gender and PEFA Climate assessments will also increase, especially if they follow the trend observed since 2021. The use of the supplementary frameworks, as well as the service delivery module in the subnational government assessments, will continue to ensure PEFA's relevance and emphasize the importance of PFM systems in delivering policy outcomes. The relevance is also evidenced by the frequency of successive PEFA assessments and demonstrated by the increased ownership measured through the frequency of self-assessments. Maintenance of the high quality of the PEFA reports will be measured by the PEFA Check recognition showing a high level of compliance with (a) good practices in preparing and undertaking an assessment and (b) the PEFA methodology. PEFA will also continue to train assessment managers and assessors, as relevant. PEFA will continue to review global developments to ensure that the framework remains relevant and appropriate enhancements / revisions are made on a timely basis.

ii. **PEFA supports increased access to PFM and PEFA knowledge.**

**Alongside PEFA assessments, PEFA users need credible, easily accessible, and relevant information on PFM to plan and implement PFM improvements.** A recent, very initial survey of PEFA users<sup>15</sup> revealed that as many as 77 percent of respondents did not find it easy to access relevant PFM information: the respondents, in particular, would like to see more country case studies on the PEFA website. PEFA will enable easier access to PFM knowledge through its website according to PEFA pillars, as well as, if relevant, identify and address relevant knowledge gaps through commissioning relevant research or knowledge work, as approved by the Steering Committee. The PEFA Secretariat will continue to communicate and disseminate this knowledge through its engagements at the international and regional levels at the major PFM discussions and publications.

**Phase 6 will capitalize on the progress from Phase 5 in expanding the program focus to achieve greater use of new reports and existing PEFA data.** PEFA will continue to help governments to make the best use of PEFA when they are considering how to improve PFM, building on the guidance developed during Phase 5. Information will be gathered on how PEFA has been used and the changes that have occurred after a PEFA assessment. This information will be shared with stakeholders to provide recognition for significant achievements and stimulate a wider impact through the new applications of good practices. This will cover PEFA 2016 and all supplementary frameworks.

#### 2.3.4. Activities

Three main groups of activities to be performed during Phase 6:

**i. *Strengthening and maintenance of PFM performance assessment tool and supplementary frameworks.***

This group of activities aims to ensure the PEFA products remain relevant and robust. It covers the maintenance of PEFA 2016 for national and subnational governments and the consolidation of the related supplementary modules. The focus will remain to ensure the framework remains robust and relevant, and users are adequately supported in its application, including through a robust and efficient quality assurance function. The maintenance of products developed during Phase 5 will be added when

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<sup>15</sup> Thirty PEFA users responded to the online survey. Twenty-eight percent of respondents were government officials and 28 percent were PEFA assessors. Fifty-four percent of respondents used PFM information for PFM reform planning and implementation, and 13 percent for dialogue and advocacy.

they are finalized and mainstreamed. PEFA will offer a consolidated set of PFM assessment products (PEFA 2016 for central governments, PEFA 2016 for subnational governments, and supplementary frameworks to assess Gender and PFM and Climate and PFM). Work started in Phase 5 on how PEFA supports service delivery will continue in Phase 6. The relevance of the PEFA 2016 framework indicators and dimensions will be reviewed at appropriate time to compare with emerging global benchmarks / standards in PFM and ensure continuous validity of the dimensions and indicators.

**ii. Learning and outreach on the full suite of PEFA products and their impact.**

This set of activities aims to ensure that PEFA users and stakeholders are aware of and understand how to use the PEFA tools. It will expand the effective use of PEFA assessments through the development and delivery of learning materials, training, communication, and events on PEFA products and their use. The delivery of learning will rely on in-person interactions or via webinars, and the use of existing or yet-to-be-developed e-learning modules. During this program period, PEFA will deepen its engagement to increase and broaden country ownership. It will facilitate peer learning and communication on self-assessments and encourage and guide PFM reform including monitoring of reform activities using PEFA dimensions. It will seek to inform and engage legislatures and SAIs on PEFA reports, including PEFA Gender and PEFA Climate reports, and their use for accountability purposes, as well as civil society organizations where suitable opportunities and interest arise.

**iii. Knowledge sharing and communications on PEFA and PFM.**

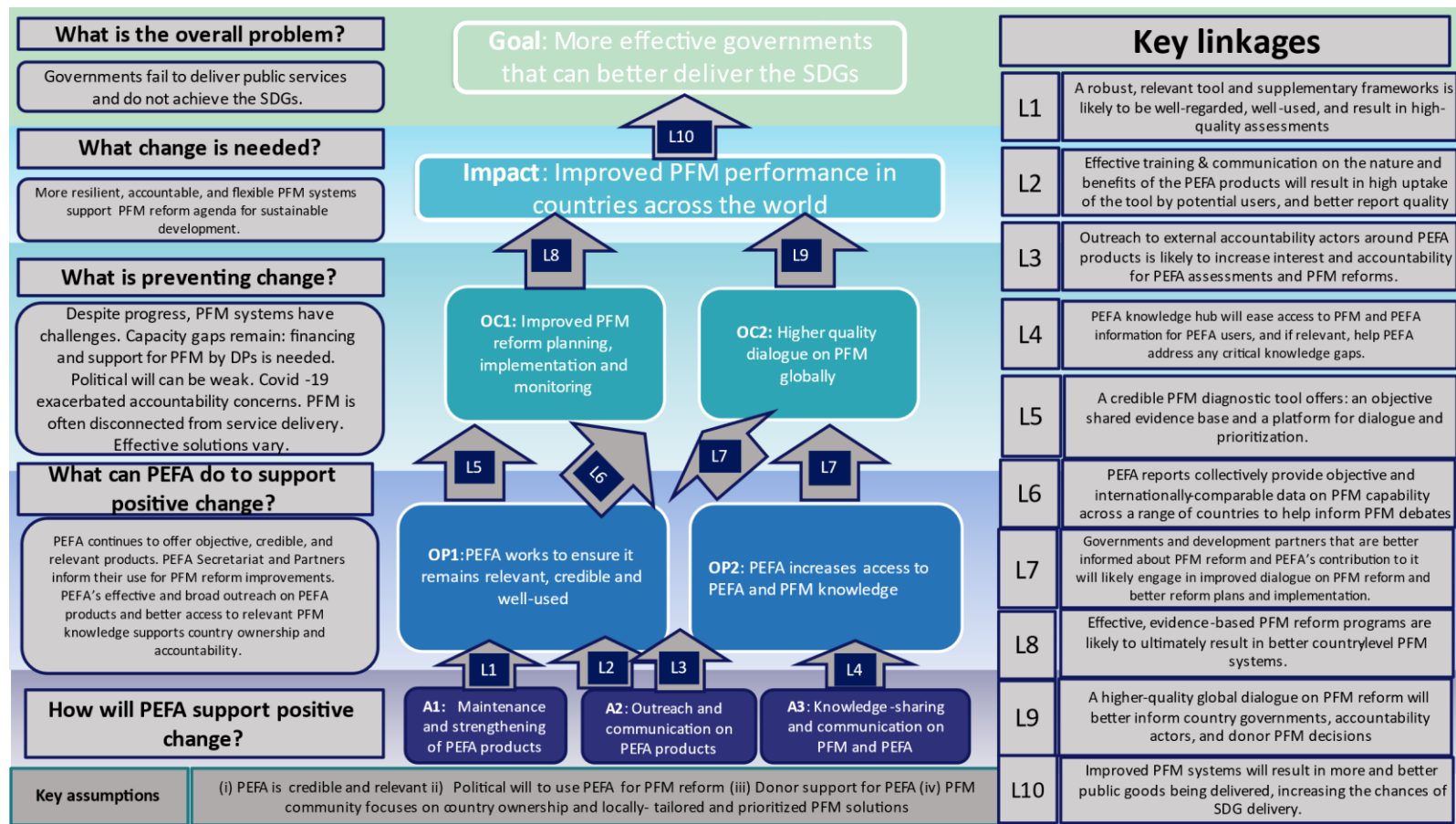
PEFA will update its website to reflect PEFA's strategic focus on knowledge. Specifically, the PEFA database will be improved, and the website will be rebranded to promote PEFA as a knowledge hub to improve access to PFM information. The *Global Report on PFM* will continue to analyze PEFA data and highlight topical issues in PFM annually. Also, the program will continue to help fill relevant evidence gaps of PEFA users through commissioning targeted and selected operationally relevant research or knowledge. Seminars will be delivered to promote the PEFA Program and its knowledge. This will allow PEFA to achieve its full potential in supporting PFM dialogue and performance improvement by improving the development effectiveness and impact of PEFA assessments and facilitating access to various sources of credible information on PEFA and PFM.

**Program management and administration activities will be performed by the PEFA Secretariat.** This activity will provide support to the PEFA Steering Committee and perform the required management, administration, reporting, and accountability functions. An Advisory Board will be established to support the Steering Committee, helping increase user voice in the PEFA Initiative.

PEFA's intervention logic is summarized in figure 2.



Figure 2. PEFA Phase 6 Logical Framework Overview





## 2.4. Description of Activities for Phase 6

The main activities are explained in more detail in the section below.

Table 2. Activity Group 1: Strengthening and Maintenance of PFM Performance Assessment Tool and Supplementary Frameworks

Activity group 1. Strengthening and maintenance of PFM performance assessment tool and			
Budget for Phase 5		Budget for Phase 6	
Planned in the program document and delivered	Delivered / under development during Phase 5	Planned in the program document	
Advice to clients Quality assurance on 40 CN and reports per year 4 volumes of PEFA handbook in at least 3 languages  Revised guidance for SNG revision, testing, and mainstreaming	Advice to clients	Advice to clients	
	Quality assurance on 30 CN and reports per year	Quality assurance on 30 CN and reports per year	
	4 volumes of PEFA handbook in at least 3 languages	4 volumes of PEFA handbook in at least 3 languages	Maintenance of 4 volumes
		Mobile versions of frameworks and 3 volumes	Maintenance of mobile versions
		Format of the report revision	Mainstreaming of the format report
		Revised guidance for SNG revision, testing, and mainstreaming	Maintenance of revised version of SNG guidance
		Service delivery module development and testing	Mainstreaming of service delivery module
			PEFA for service delivery in sectors
		PEFA Gender supplementary framework development, testing, and mainstreaming	Review of 5 PEFA Gender CN and reports per year
		PEFA Climate supplementary framework development and testing	PEFA Gender Mainstreaming and case studies
		AgilePEFA development and testing	Review of 5 PEFA Climate CN and reports per year
		PEFA for fiduciary purpose development	PEFA Climate mainstreaming and case studies
		e-PEFA (studies)	AgilePEFA mainstreaming
		Maintenance of PEFA for Fiduciary purpose	
		e-PEFA (development and implementation)	
		PEFA for better internal control framework	
		PEFA for oversight bodies for higher transparency and accountability	
		PEFA for self-assessments	
		PEFA for monitoring progress	
<b>Budget: 5.775   Dec 31, 2021: 4.419   Actuals: 4.823</b>		<b>6.111</b>	

In US\$, millions

	New activities delivered/under development during Phase 5 and planned for Phase 6
	New in Phase 6

Actuals as of April 30, 2022

**One of the main objectives of Phase 6 for activity 1 is to integrate existing and new activities from Phase 5 and offer a consolidated set of PFM assessment products.** PEFA products in development or the pipeline will be piloted and either finalized and mainstreamed, integrated into existing products, or discontinued. There were no changes introduced to the core assessment methodology for central governments during Phase 5, and no changes are foreseen for Phase 6. Preliminary work (such as an



evaluation) will be undertaken to assess the need for an upgrade in the next phase. In addition to its application at the subnational government level, the scope of the framework was extended to cover gender and PFM and climate and PFM.

**Existing supplementary guidance for subnational assessments was substantially revised in 2019 and piloted until the end of 2021.** The supplementary guidance was finalized and released in 2022, and its rollout will continue in Phase 6.

**A supplementary module assessing gender-responsive PFM (PEFA Gender) was launched in January 2020.** During a brief stock-take at the end of 2021, positive feedback was received from stakeholders and governments on the usefulness of PEFA gender. It has provided standardized, credible and consistent indicators to identify and measure PFM system progress, raised awareness of gender-responsive PFM practices, and provided a basis for a joint dialogue between MoF and other critical stakeholders around GRPFM. An increasing pipeline is built for the end of Phase 5, with assessments around the world at the national and subnational levels and among different income groups. PEFA Gender will be fully mainstreamed in early Phase 6, with an estimated pipeline of at least five assessments every year. The mainstreaming activity during the remainder of Phase 5 will focus on building the capacity of assessors and promoting the tool with development partners and governments. During Phase 6, increased monitoring and focus will be on the impact of PEFA Gender, responding to PEFA user needs in different contexts and environments. PEFA will further disseminate examples of good GRPFM instruments and practices as well as examples of the use of PEFA Gender for GRPFM reform planning and implementation through the knowledge hub.

**A supplementary module assessing Climate responsive PFM (PEFA Climate) was developed and released in August 2020 for piloting.** Last pilot assessments are expected to be launched before June 30, 2022, for reports to be ready by the end of 2022. The final version of the supplementary module will be prepared accordingly and launched at the beginning of Phase 6. The supplementary framework will include country case studies on Climate and PFM practices. PEFA Climate will be fully mainstreamed by mid-Phase 6.

**Studies on e-PEFA started in Phase 5.** Based on the results, work will continue in Phase 6 on e-PEFA development and implementation.

**The PEFA handbook suite of guidance will be updated as needed.** This includes guidance covering (a) the PEFA assessment process, (b) detailed performance measurement guidance (or Fieldguide) (c) specific directions on how to write a PEFA report, and (d) how to use PEFA for PFM improvement. Phase 6 will involve regular refinement and updating of all four volumes to ensure that they incorporate key lessons from feedback and information on good practices based on the needs of different target groups.

**The existing guidance documents will address the needs of specific target groups.** Country ownership will be supported by tailoring guidance for government officials, for instance when they undertake a self-assessment or when they consider using PEFA dimensions for monitoring their reform activities. This means revising the existing guidance, including training and outreach material, in all official languages. Oversight institutions (legislatures and SAIs) are another target group and will be assisted with using PEFA and the supplementary modules for their scrutiny role, both at the national and subnational levels.

**The work that started in Phase 5 on how PEFA supports service delivery will continue in Phase 6.** The approach to service delivery developed in Phase 5 relies on (a) the set of diagnostic questions and descriptive analysis and (b) enhancement of the conclusions devoted to the impact of PFM on service

delivery and the context of sectors that will be piloted in Phase 6.

**Focus on internal control using PEFA will be enhanced.** There is a need to provide a better summary narrative on how some elements of the internal control are doing based on the findings of the assessment of specific dimensions and indicators. Good examples of reporting internal control practices and recommendations will be identified and promoted for improving the reporting of internal control aspects in PEFA reports.

**All frameworks, volumes of the handbook, and any additional guidance documents will be provided in the three main PEFA languages (English, French, and Spanish).** Other languages will be considered if there is sufficient demand.

**The quality of assessments will continue to remain a major focus for Phase 6.** The PEFA Secretariat and partners will monitor the quality of assessments and the effectiveness of implementation. Users will provide feedback on their experiences in implementation and lessons will be gleaned from a review of draft concept notes and PEFA reports.

**The PEFA Secretariat will continue seeking information on PEFA assessment experiences during Phase 6.** This will help to understand the factors affecting demand and the quality of assessments. It will also help to understand the link between PEFA assessments and follow-up actions. The main lessons learned will be disseminated to PEFA users through guidance and other activities. The relevance of the PEFA 2016 framework indicators and dimensions will be reviewed at appropriate time to compare with emerging global benchmarks / standards in PFM and ensure continuous validity of the dimensions and indicators, to maintain the reputation of PEFA as a gold standard in PFM.

Table 3. Activity Group 2: Learning and Outreach on Full Suite of PEFA Products and Their Impact

Activity group 2. Learning and outreach on full suite of PEFA products and their impact		
Budget and actuals for Phase 5		Budget for Phase 6
Planned in the program document and delivered	Delivered / under development during Phase 5	Planned in the program document
Update of basic training for assessors, assessment managers and government officials	Update of basic training for assessors, assessment managers and government officials	Update of basic training for assessors, assessment managers and government officials
	Update with PEFA Gender	
	Update with PEFA Climate	
	Update with revised report format	
	Update with AgilePEFA	
		Update with PEFA for oversight bodies
		Update with PEFA for self-assessments
		Update with PEFA for monitoring progress
		Update with PEFA for service delivery in sectors
Tutorials on key topics in video, online quizzes, games or other modes	Tutorials on key topics in video, online quizzes, games or other modes	Tutorials on key topics in video, online quizzes, games or other modes
8 training events (ranging from 1.5 to 2.5 days each) and 4 seminars per year	8 training events (ranging from 1.5 to 2.5 days each) and 4 seminars per year	4 training events and 4 outreach events per year
	Virtual training sessions	18 virtual training sessions
	Development of e-learning modules	Maintenance of e-learning modules. Development of additional modules
Regional 3-day event outside USA.	Regional 3-day event outside USA.	Regional 3-day event outside USA
	Virtual events organized by PEFA Secretariat	Virtual events organized by PEFA Secretariat
	20th Anniversary virtual celebration	
		1 annual virtual event for SAls
		1 annual virtual event for Parliaments
Participation in partner and other events on demand	Participation in partner and other events on demand	Participation in partner and other events on demand
Creation of PEFA success stories with government officials and development partners in 3 languages. Delivered online in suitable modes, e.g. text, video, infographics.	Creation of PEFA success stories with government officials and development partners in 3 languages. Delivered online in suitable modes, e.g. text, video, infographics.	Creation of PEFA success stories with government officials and development partners in 3 languages. Delivered online in suitable modes, e.g. text, video, infographics.
Development and facilitation of information exchange between PEFA users including newsletter, case studies, success stories, lessons learned, FAQs, online forum and commentary, push social media. Delivered in 3 languages.	Development and facilitation of information exchange between PEFA users including newsletter, case studies, success stories, lessons learned, FAQs, online forum and commentary, push social media. Delivered in 3 languages.	Development and facilitation of information exchange between PEFA users including newsletter, case studies, success stories, lessons learned, FAQs, online forum and commentary, push social media. Delivered in 3 languages.
<b>Budget: 6.037   Dec 31, 2021: 3.119   Actuals: 3.295</b>		<b>4.091</b>

In US\$, millions



New activities delivered/under development during Phase 5 and planned for Phase 6

New in Phase 6

Actuals as of April 30, 2022

**The learning products developed by the program remain focused on strengthening knowledge of the methodology and the capability to apply it at national and subnational levels.** This will include learning products developed by the Secretariat and delivered either in person or by videoconference or using the recently launched PEFA e-learning course. The promotion of the PEFA e-learning course will provide an opportunity to focus on the training directly provided by the Secretariat on defined priorities—such as

training directly related to assessments and significant knowledge sharing or promotion opportunities. Further, continuing a fair share of PEFA Secretariat training online will enable greater focus and quality of in-person training on self-assessments, new PEFA users, or regional training, as much as possible. It will also be achieved through increased sharing of experience through lessons learned and success stories via the PEFA community. The PEFA Secretariat will also support as-needed training organized by PEFA partners and other institutions.

**Training material will be updated as needed.** The publication of the final version of the subnational governments and supplementary framework for PFM and climate change will result in an update of related training material. In addition, existing material will be tailored for target audiences in line with the guidance developed under activity group 1 (for example, tailored training for governments undertaking self-assessments, and tailored material for legislatures and SAIs). Knowledge developed under activity group 3, described below, will also be used to develop and broaden learning and exchange of knowledge.

**With the development of supplementary modules, one crucial goal of the learning strategy is still to expand the number and quality of PEFA assessors and reviewers within international organizations, governments, and independent consultancy groups.** The number of PEFA assessors was expanded during Phase 5 as the PEFA Secretariat delivered an increasing number of training sessions both in countries, twice a year in different locations during events open to all, and remotely since the beginning of the COVID-19 pandemic. The need for skilled consultants rose with the development of supplementary modules and the specific knowledge or skillset needed. The detailed database developed by the PEFA Secretariat in Phase 4 on people who have been trained in PEFA 2016 assessments and the people who have been involved in assessments—with details of their roles, frequency of involvement, and regional, country, and language experiences—has been complemented with information on training and involvement in assessments at the subnational level or the application of PEFA Gender or PEFA Climate. This will continue to be updated, expanded, and used to advise governments and oversight teams in preparing for assessments and identifying people with relevant knowledge and skills.

**Outreach during international conferences will continue in Phase 6 to promote PEFA products and their contribution to PFM improvements and greater transparency and accountability.** PEFA will be represented in main events organized by partners and other stakeholders. PEFA will also organize annual international conferences in person on all continents and online events. Such activities may be open to all or tailored to specific audience groups, such as legislatures or SAIs.

Table 4. Activity Group 3: Knowledge Management and Communication on PEFA and PFM

Activity group 3. Digital content management, knowledge, and communication on PEFA and PFM			
Budget and actuals for Phase 5		Budget for Phase 6	
Planned in the program document and delivered	Delivered / under development during Phase 5	Planned in the program document	
<p>Recording of data base information for new assessments and refinement of data for existing assessments</p> <p>Expansion of data base to incorporate new tracking elements for SNG, PEFA Check and other key monitoring points, dynamic links with other PFM data sources</p> <p>Construction and maintenance of revised data base portal with easy access, download and analysis</p> <p>Client support service, at least 10 substantial data packaging tasks, refining and strengthening online data base content. Data visualization and interactive report formats and content</p> <p>Promotion of PEFA data and applications through the website, social media and events</p> <p>Preparation and publication of annual stocktake of PFM diagnostic tools, in consultation with tool owners</p> <p>Research and analysis on PFM tools, links with PEFA and PFM reform, with case studies</p> <p>Collection of research studies on PFM performance and impact using PEFA data and publication on the PEFA website and social media</p>	<p>Future of PEFA activities: Forward look review. Strategic retreat</p> <p>Development of Phase 6 program</p> <p>Phase 5 program evaluation</p>		
	<p>Recording of data base information for new assessments and refinement of data for existing assessments</p> <p>Expansion of data base to incorporate new tracking elements for SNG, PEFA Check and other key monitoring points, dynamic links with other PFM data sources</p> <p>Construction and maintenance of revised data base portal with easy access, download and analysis</p> <p>Client support service, at least 10 substantial data packaging tasks, refining and strengthening online data base content. Data visualization and interactive report formats and content</p> <p>Promotion of PEFA data and applications through the website, social media and events</p>	<p>Recording of data base information for new assessments and refinement of data for existing assessments</p> <p>Expansion of data base to incorporate new tracking elements for SNG, PEFA Check and other key monitoring points, dynamic links with other PFM data sources</p> <p>Construction and maintenance of revised data base portal with easy access, download and analysis</p> <p>Client support service, at least 10 substantial data packaging tasks, refining and strengthening online data base content. Data visualization and interactive report formats and content</p> <p>Promotion of PEFA data and applications through the website, social media and events</p>	<p>Recording of data base information for new assessments and refinement of data for existing assessments</p> <p>Expansion of data base to incorporate new tracking elements for SNG, PEFA Check and other key monitoring points, dynamic links with other PFM data sources</p> <p>Construction and maintenance of revised data base portal with easy access, download and analysis</p> <p>Client support service, at least 10 substantial data packaging tasks, refining and strengthening online data base content. Data visualization and interactive report formats and content</p> <p>Promotion of PEFA data and applications through the website, social media and events</p>
		<p>Preparation and publication of <b>biennial</b> stocktake of PFM diagnostic tools, in consultation with tool owners.</p>	<p>Update of the PEFA website to include a “PFM Knowledge Hub” page</p> <p>Preparation and publication of <b>biennial</b> stocktake of PFM diagnostic tools, in consultation with tool owners.</p>
		<p>Research and analysis on PFM tools, links with PEFA and PFM reform, with case studies</p>	
		<p>SDG 16.6.1 data collection</p> <p>Research competitions (2019-2020 and 2020-2021 editions) with 3 awards of up to USD 50,000 each per year</p>	<p>SDG 16.6.1 data collection</p> <p>Research competitions (3 awards of up to USD 50,000 each per year)</p>
		<p>Collection of research studies on PFM performance and impact using PEFA data and publication on the PEFA website and social media</p>	
		<p>First edition of PEFA Global report on PFM</p>	<p>PEFA Global report on PFM</p> <p>Identification and collection of relevant PFM information to improve the Knowledge Hub page content</p>
<b>Budget: 1.155   Dec 31, 2021: 3.472   Actuals: 3.711</b>		<b>3.353</b>	

In US\$, millions

	New activities delivered/under development during Phase 5 and planned for Phase 6
	New in Phase 6

**PEFA will continue improving digital access to PEFA data and PFM information while tailoring knowledge more effectively to meet PEFA users' needs.** This activity will help strengthen ownership, understanding, and effectiveness of PFM reform planning and implementation, in support of the impact PEFA assessments can make. PEFA has the potential to make a higher contribution to the analysis and discussion of key policy questions regarding the quality and effectiveness of PFM by refocusing, consolidating, and increasing the coherence of its website content and existing knowledge work.

**Digital access to PEFA data and PFM information will be improved. Besides routine maintenance, the existing PEFA website will be modernized and enhanced also to include a PFM knowledge hub.** The PEFA website is the face of the PEFA brand. Therefore, it will need revisiting and tailoring to accurately reflect the added attention to knowledge. To this end, the website's user interfaces, content (under the "[Resources](#)" menu), and databases will be modernized to facilitate easy and user-friendly digital access by PEFA users to PEFA and PFM knowledge around the PEFA pillars. Over time, PEFA's knowledge hub will expectedly enable greater advocacy toward accelerated and effective PFM reforms in client countries. Importantly, it is expected to improve country ownership and accountability for PFM reform through a provision of a coordinated, comprehensive, and objective knowledge base for PFM reform, as per the PEFA Principles in the PEFA Charter (see box 2 for more details on the scope of the knowledge hub concept).

**PEFA will enhance the comprehensiveness of the PEFA database and continue to promote its use via the Global Report during Phase 6.** The program will expand the database and improve its accessibility, comprehensiveness, and usefulness by capturing additional information from assessment reports. This will provide more nuanced data for analysis and research. Enhancements will be made to the PEFA website to support better access to PEFA data and to provide more functionality to assist researchers.

The PEFA annual Global Report on PFM will continue to highlight PFM trends using PEFA data.

### Box 2. The PEFA Knowledge Hub

**Objective:** The PEFA Knowledge Hub aims to facilitate access to relevant PFM information to inform the PEFA users with their work around PEFA and PEFA assessments, including in PFM reform planning, design, implementation, and dialogue as well as other PFM activities.

It will so fulfill the PEFA principles set out in the PEFA Charter, including the provision of objective, shared, and coordinated information pool on PFM, while supporting strengthened and wider country leadership and ownership of PFM reform activities. The PEFA website will be enhanced for this purpose as part of its next update.

**Value-added:** The PEFA Knowledge Hub will be unique in comparison to any other current PFM website or ‘knowledge hub.’ In line with the PEFA principles, it will be:

- **A comprehensive and up-to-date source of PFM information, specifically tailored to PEFA users and their needs.** The PEFA Knowledge Hub will be the only digital platform that connects PEFA users to PEFA-relevant PFM information that is consolidated and structured around the PEFA framework. It will be the only comprehensive, up-to-date source of PFM information around the whole PFM cycle.
- **A global public good.** In line with the PEFA’s foundational principle as a neutral, global public good, the knowledge hub will be a connection point where PFM information from many leading sources (including from other relevant PFM websites) converges and is then made easily accessible to a diverse range of PEFA users. This approach differs from the most existing PFM resource websites that focus on presenting information produced by a specific institution rather than connecting users to information generated by multiple sources.

**Target users:** The knowledge hub will be aimed at serving all PEFA users (assessors, development partners, researchers, accountability actors, and civil society). A particular target group will be governments and public institutions using or interested in using PEFA assessments, as the ultimate owner of the PFM reform and the ultimate customer of PFM knowledge. The wider PFM community is also likely to find the knowledge hub useful.

**Expected impact:** The expected result of the knowledge hub is to help PEFA users to get easier access to PFM information. In turn, easier access to relevant PFM information is expected to help the PEFA users, particularly the governments, in their work around the PEFA assessments, including in planning, prioritizing, and designing locally led, relevant, and evidence-based PFM reform and other activities, as well as reform dialogue around it. Therefore, the Knowledge Hub would be expected to complement PEFA’s role as the guardian of the PEFA assessment framework.

**PEFA will also initiate activities relating to research or knowledge, as and when appropriate, to address any critical knowledge gaps in the PEFA initiative or PEFA users.** A key criterion to select research projects will be the policy and operational value of the research for PEFA users and the PEFA Program. Any research undertaken within the program will be decided by the PEFA Steering Committee in advance, based on explicit prioritization, and linked to program objectives. The modality of the PEFA Research Competition will allow and encourage the use of PEFA data and the participation of diverse PFM researchers and practitioners. However, PEFA research priorities may also be satisfied through in-kind contributions by partners, collaborations with universities, and commissioned research on specific PEFA needs within the PFM community rather than through an open research competition, as relevant



and so decided by the Steering Committee.

**To ensure that PEFA users are aware of the available information, its availability will also be communicated through the existing PEFA communication channels (including social media, blogs, and the global report) as well as any relevant PEFA engagements on a particular PFM topic or country (for example, PEFA training, PEFA webinars/seminars, and others).** The PEFA Secretariat will be available to engage with users, answer questions, or help guide users in accessing the information through its existing client service function.

## 2.5. Program Resources and Sustainability

**The resources for the PEFA Program are provided by the PEFA partners** and may take the form of:

- **Financial contributions to the PEFA multi-donor trust fund**, administered by the World Bank, and any interest earned thereon, under administration agreements between the World Bank and each donor
- **In-kind contributions**, such as staff secondments or consultants contracted directly by individual partners in support of the PEFA Program
- **Complementary support provided by technical inputs** from PEFA partners' staff members
- **Other financial and non-financial contributions to the program outside the multi-donor trust fund** by partners or other organizations, as approved by the PEFA Steering Committee

**A PEFA multi-donor trust fund will be established by the World Bank** as trustee for the purpose of receiving and utilizing financial contributions from the PEFA Program partners.

**Additional financial contributions may be made from PEFA partners or other organizations for extra activities approved by the PEFA Steering Committee**, which may be performed on a full or partial cost-recovery basis.

**Financial contributions received by the program will be included in the annual work plan and budget proposals** and reflected in the progress and budget execution reports. Revenue and expenditure will be monitored and reported against the program performance plans, annual work plans, and budgets. Expenditure reporting will provide a disaggregation by type.

**Implementation of Phase 6 activities is planned for a period of five years starting 1 January 2023.**<sup>16</sup> The strategy for using the proposed outputs to contribute to program results and objectives is crucially dependent upon the resources available to the program.

**Activities involving in-kind contributions, user charging, cost-sharing, externally funded outputs, or alternative financing vehicles would be administered outside the core multi-donor trust fund.** If the PEFA Steering Committee approves such activities and supplementary funding opportunities, they would be managed using World Bank procedures and included in regular financial and nonfinancial progress reports.

**The strategy for Phase 6 outlined in this program document is based on the funds and in-kind contributions agreed by PEFA partners, as summarized in Appendix F.** This provides for a financial investment of US\$-14.424 million over five years, including allowance for inflation and a contingency allowance of 5 percent. Additional non-financial contributions are estimated at US\$2.5 million in total

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<sup>16</sup> One year before the actual date set by the extension of the multi-donor trust fund, as agreed by the PEFA partners in September 2020

over the five years through seconded staff.

**If funding needs to be supplemented from other sources, or if there is uncertainty regarding funding to meet the approved program, the PEFA Steering Committee will decide how to address the situation at the earliest opportunity.** The program will be limited to basic services until any funding gap or uncertainty has been addressed. Basic services include framework maintenance, learning and knowledge sharing other than international training and events, and database management and support. Limited research and coordination with related PFM tools and priority analytical work using PEFA data may be pursued, subject to Steering Committee approval. Other activities, such as increasing the accessibility and flexibility of the database and international training and events, may be undertaken if sponsored or adequately supported by sources other than the PEFA Phase 6 multi-donor trust fund.

### 3. Program Governance Arrangements

**This section summarizes the main elements of program governance arrangements for Phase 6.** More details on the arrangements are provided in Appendix F.

**The PEFA Program is implemented through a partnership** between the European Commission, the French Ministry of Foreign Affairs in cooperation with the Agence Française de Développement; the IMF; the Luxembourg Ministry of Finance; the Norwegian Ministry of Foreign Affairs in cooperation with NORAD, the Slovak Ministry of Finance; the Swiss State Secretariat for Economic Affairs; the UK Foreign, Commonwealth and Development Office; and the World Bank.

**Each partner contributes to the PEFA Program financially, through secondment, or in-kind contributions.** Inclusion in the PEFA partnership is determined by a consensus decision of the existing PEFA partners.

**The PEFA partners jointly establish the objectives and scope of the PEFA Program,** define the content of PEFA and criteria for its use, provide institutional support for its implementation, and mobilize the necessary resources for its activities.

**The PEFA Program is managed and implemented through a structure involving the PEFA Steering Committee,** which directs and monitors the PEFA Program; the PEFA Secretariat, which implements the program's activities; and the trustee, which is the World Bank. The program will continue the practices used in Phase 5 with such improvements as may be agreed by the Steering Committee or required under the World Bank's Trust Fund practices. Details of the structure and responsibilities for each element are provided in Appendix G.

**An Advisory Board to the Steering Committee will be established to broaden the governance structures and increase PEFA users', including the governments', voice in the initiative,** as recommended by the Forward Look Review. The purpose of the PEFA Advisory Board is to provide suggestions, feedback, and advice to the PEFA Steering Committee on selected issues and approaches related to the PEFA initiative.<sup>17</sup>

**PEFA users will be involved in the development and refinement of the PEFA Program** through specific events arranged through the program to generate discussion on key issues, provide feedback, and share knowledge. For example, information was collected from PEFA assessment teams in 2020 on the resources and time needed for PEFA assessments, and interviews were conducted with PEFA users and

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<sup>17</sup> According to the terms of reference for the Advisory Board to the Steering Committee

assessors on PEFA Gender in October and November 2021 to seek their feedback. Further, feedback surveys are sent to PEFA users after each assessment to gather feedback, as well as assess PEFA's impact. The intention is to also start to more systematically monitor PEFA's contribution to PFM improvements with PEFA users after a more significant period has passed from the assessment to allow a more robust understanding of PEFA's contribution, particularly at the subnational level. General surveys designed for overall PEFA stakeholders and users are also planned periodically, when determined to be useful by the PEFA Secretariat in informing the PEFA Program and the Steering Committee.

### 3.1. Reporting and Evaluation

**Program implementation will be monitored on an ongoing basis.** Semiannual and annual reports on financial and non-financial progress will be provided to the Steering Committee. The reports will include information on results achieved against key logframe targets and activities. They will also provide information on financial progress, including sources and uses of funds, revenue, and expenditure inside and (if any) outside the trust fund, along with details of revenue and expenditure commitments. They will be complemented by individual progress reports on major activities.

**The program will be subject to an independent evaluation of achievements before the end of Phase 6.** More details on reporting and evaluation are provided in Appendix G.

# Appendixes

## Appendix A. PEFA Program Objectives and Achievements 2001–2021

Table A.1. PEFA Program – Phase 1

Phase 1 – December 2001 to March 2006	
Objectives	Accomplishments
<p>1) Development of an integrated, coordinated, and country-led approach to supporting diagnosis and reform of PFM systems, taking greater account of institutional and governance factors and capacity.</p> <p>2) Integrated, collaborative diagnostic assessments and action planning undertaken in a number of selected countries</p> <p>3) The development of a standard set of performance indicators for PFM.</p> <p>4) Consultation and dissemination of these approaches and indicators through various workshops, conferences, and the PEFA website.</p>	<p>i. Improved understanding and collaboration between the PEFA partners on the PFM agenda, chiefly through the regular Steering Committee meetings.</p> <p>ii. Support for the development of Strengthened Approach to Supporting PFM Reform, which emphasizes country leadership of the reform agenda, donor alignment and harmonization, and monitoring of results, partly drawing on the 2003 PEFA report documenting the coverage and overlap of existing instruments and identifying some examples of better practice.</p> <p>iii. The development of the PFM Performance Measurement Framework, to provide a common pool of information for assessment and monitoring of progress in PFM performance.</p> <p>iv. Support for the application of the framework, since its issue in June 2005, through</p> <ul style="list-style-type: none"> <li>• Provision of technical guidance/interpretation in response to queries and via website</li> <li>• Peer review of plans and draft reports on demand, and briefing of several government/donor teams via videoconference.</li> <li>• Two multi-donor training events on the Strengthened Approach and Performance Measurement Framework, training of World Bank staff at the Fiduciary Forum, and posting of a set of generic training materials on the website.</li> </ul> <p>v. PEFA funding for country-led, integrated, coordinated approaches to undertaking PFM assessment and/or development of action plans in 15 countries. The funding of country activities commenced in October 2002 and finished in June 2005. The Secretariat also provided technical support in several countries/states, notably Madagascar and Andhra Pradesh.</p> <p>vi. Strong collaboration and buy-in from the wider donor community for the work of the PEFA Program, principally through collaboration with the OECD-DAC Joint Venture (JV) on PFM.</p> <p>vii. Initial work on capacity development, sequencing, institutional, and change management dimensions of PFM reform (Platform Approach)</p>

Table A.2. PEFA Program – Phase 2

Phase 2 – April 2006 to September 2008	
Objectives	Accomplishments
<p>Monitor and support the application of the PFM PMF in order to facilitate consistency, credibility, and sharing of good practices.</p>	<p>Monitoring: Development of a comprehensive system of monitoring, planning, implementation, and quality of PEFA assessments. Lists of planned, ongoing, and completed assessments updated every four months and disseminated; Periodic monitoring reports issued: Early experience report 2006, Monitoring Report 2007, and Impact Assessment Study 2007; Technical quality reviews: Provided on about 75% of all reports (some 3 reviews per month) plus on ICM/TOR for a smaller proportion of assessments.</p> <p>Provision of central reference: Advice being given on request to assessment managers and assessors; clarifications issued regularly; support tools prepared and issued.</p> <p>Fine-tuning of the PMF: Revision of selected indicators currently under consideration.</p> <p>Dissemination and training: A major training effort has been embarked upon but needs to be continued (approximately 10 courses per year). Development of a training and dissemination strategy, which includes the objective to create capacity outside the program to undertake future user-level training on the framework.</p> <p>Lesson learning: Notes on good practices for assessment planning and implementation; work initiated on PFM performance trends and relation to country characteristics; advice provided to developers of drill-down tools.</p>

Table A.3. PEFA Program – Phase 3

Phase 3 – October 2008 to June 2012	
Objectives	Accomplishments as per the program’s six results areas
<p>1) Enhanced country ownership of PFM reform programs.</p> <p>2) Improved alignment and coordination of donor support to country PFM reform programs.</p> <p>3) A common credible information pool on PFM performance created in all LICs and most middle-income countries MICs</p>	<p><b>Global rollout of the framework:</b> Some 245 PEFA assessment report substantially complete or final, covering 126 countries. About 90% of LICs and 75% of MICs have PEFA experience when including ongoing/planned work. A rapidly growing number of applications at the subnational level. Sixty-three repeat assessments undertaken, with an average 3-year interval since baseline.</p> <p><b>Timely availability of PEFA assessments:</b> Most assessments are completed within 12 months of mobilizing the assessment team. However, publication of final reports remains stagnant at 60%–65%.</p> <p><b>Government ownership of assessments:</b> Nine out of 11 governments covered by independent evaluation study have used PEFA assessments to take charge of their own PFM reform agenda. Government lead in assessment process steadily increasing but from a low base—often restricted by capacity issues.</p> <p><b>Quality of PEFA assessments:</b> About 90% of assessments submitted to the Secretariat for review. Methodological compliance rate of final reports reached 90% in 2009. An increasing number of assessments resubmitted as revised for follow-up review. Quality review of concept notes/terms of reference by Secretariat increased to about 50% of assessments.</p> <p>Robustness of using PEFA indicator scores for tracking change over time tested.</p> <p><b>Donor collaboration in implementation of PEFA assessments:</b> Thirteen donor agencies have taken the lead in PEFA assessment. Formal links established between agencies for implementation for about 50% of assessments. In addition to the government and the Secretariat, the lead agency has obtained review comments from another development agency in 70% of assessments (FY10).</p> <p><b>PEFA assessments used by all stakeholders:</b> Used for reform dialogue between governments and donors or internally by the government in most countries. All seven PEFA partners (and several other development agencies) use PEFA assessments as standard input to internal risk management and aid modality decisions. PEFA database used by occasional research on regional or global PFM systems improvement trends and challenges. Preliminary analysis suggesting that PFM systems are improving globally but at very different rates across functional areas.</p>

Table A.4. PEFA Program – Phase 4

Phase 4 – July 2012 to April 2017			
Objectives/outputs/inputs	Objectively verifiable indicators and targets	Achievement	Comment
<b>Global objective</b>			
<b>PFM system performance improved for strengthened economic growth and government service delivery</b>	Target: general improvement identifiable in PFM systems performance by 2016 compared to pre-2012 baselines across <ol style="list-style-type: none"> <li>at least 100 countries</li> <li>representing all regions</li> <li>and all LIC/MIC segments.</li> </ol>	√	<ul style="list-style-type: none"> <li>76 countries in all regions and types of countries have a baseline assessment dated pre-2012 and PEFA assessments carried out after 2012.</li> <li>70% of the countries carrying out repeat assessments during the period of review show improvements in the PEFA scores.</li> </ul>
<b>Intermediate objective</b>			
<b>PEFA assessments used for PFM reform formulation, donor support decisions, and research</b>	IO.1. 80% of countries with PEFA assessment confirm assessments used in identifying PFM weaknesses, setting/reviewing reform priorities/sequencing and progress monitoring by both donors and governments. 2011 Impact Study indicates 60% such use during Phase 3.	√	IO.1. The four governments interviewed as part of this evaluation have all used the PEFA assessments as an input in their decision making. The PEFA assessments have been used to establish PFM reform agendas, as a prerequisite for discussions with donors on PFM reform and in their planning. The more involved the government is in the PEFA assessment process, the more involved it is in setting the PFM reform agenda.
	IO.2. PEFA assessments used by at least 15 donor agencies/IFIs as a standard input to aid/support program decisions (2010 survey demonstrated use by the 7 PEFA partners).	√	IO.2. Of the donors interviewed (11 donors – 7 PEFA partners + 4 donors) used the assessments as standard input into aid/support program decisions. There may be more that have not been interviewed as part of this evaluation.
	IO.3. PEFA assessment database used for comprehensive research on global trends and challenges in PFM systems improvement (qualitative indicator; based on evaluators' judgment of relevance and importance of research work undertaken).	√	IO.3. The evidence on how much the PEFA assessment database is used shows that there are at least 95 articles using the PEFA data set or referencing the PEFA Program.
<b>Direct objective</b>			
<b>The global, common and credible information pool on PFM performance expanded and updated</b>	DO.1. Countries with national baseline assessment increased from 121 (Sept 2011) to 136 (Sept 2016)	√	<ul style="list-style-type: none"> <li>146 countries with national baseline assessments by 2015</li> <li>71% of countries implemented repeat assessments</li> </ul>
	DO.2. 80% of countries implement repeat assessments less than 5 years after previous assessment.	X	<ul style="list-style-type: none"> <li>53% of all countries conducting a repeat PEFA assessment have done so within 5 years.</li> </ul>
<b>Result 1. Relevance of PEFA Framework enhanced and demonstrated</b>	R1.1. Senior officials from government central finance agencies in LICs and MICs consider PEFA Framework useful for their work on improving PFM systems.	√	<ul style="list-style-type: none"> <li>Government officials interviewed consider the PEFA assessments necessary to begin discussions with donors on PFM reform programs and to inform them on weaknesses.</li> </ul>
	R1.2. Senior PFM officials from donor agencies/IFIs consider PEFA Framework important for their work on	√	<ul style="list-style-type: none"> <li>Senior PFM officials from donor agencies/IFIs consider PEFA Framework important for their work on supporting country</li> </ul>



Phase 4 – July 2012 to April 2017			
Objectives/outputs/inputs	Objectively verifiable indicators and targets	Achievement	Comment
	supporting country improvement plans and for internal decisions on aid modalities.		improvement plans and for internal decisions on aid modalities.
	R1.3. Researchers consider the PEFA assessment database a core data set for research on PFM systems.	√ but scope for improvement	<ul style="list-style-type: none"> <li>The data set is widely used but could be more user-friendly. The Secretariat does not monitor articles/research carried out using the PEFA data. There is limited research published by the Secretariat that could be relevant to PEFA partners and countries.</li> </ul>
<b>Result 2. Quality of PEFA assessments improved</b>	R2.1. Compliance with PEFA methodology maintained as calculated by the Secretariat (indices maintained for final reports at 90%, coverage index for final CN/TOR increase from 80% FY12 to 90% FY15).	X close to achievement	R2.1 The two indices used by the PEFA Secretariat show that the draft reports reviewed have an average score of 77.1% (Indicator method) and 89.1% (Dimension method) coverage index for final CN/TOR was 82% in FY15
	R2.2. 80% of final reports are awarded PEFA CHECK [process endorsement label] from FY15 onward	X close to achievement for verified reports	R2.2. 80.7% of all final reports with verified processes received a PEFA Check in FY15–16. The percentage of all final reports that received a PEFA Check was 58% for FY15 and 94% for FY16.
<b>Result 3. Government ownership of PEFA assessments enhanced</b>	R3.1. Government-led assessments make up 20% of all assessment from 2013 onward (up from 9% during 2005-11).	X with caveat	R3.1. 13% of all PEFA assessment carried out between FY 2013 and FY 2015 were sponsored by governments, however a substantially larger proportion included government as leader of oversight team and implementation action planning.
	R3.2. Increasing number of multi-year programs for PFM diagnostics established by or agreed with the government (up from none identified by 2011 Impact Study)	No data	R3.2. Not assessed by the evaluation. To be verified by separate survey.
<b>Result 4. Donor collaboration in implementing PEFA assessments strengthened</b>	R4.1. Number of assessments reviewed by at least one other donor agency reviewer (other than the lead donor) increased from 70% in FY10 to 90% in FY14.	No data	R4.1. The Secretariat reports that all (100%) PEFA assessments reviewed in accordance with the PEFA CHECK are reviewed by four reviewers; one PEFA Secretariat staff, one reviewer selected by the PEFA Secretariat, one (or more) country government reviewer(s), and one reviewer selected by the lead agency.
<b>Result 5. Timely completion and publicizing of assessments improved</b>	R5.1. 80% of PEFA assessment reports (substantially completed since January 2013) are finalized, made public, and posted on website within 12 months of assessment team mobilization, with link to PEFA website. (<60% until Sept 2011)	√	<p>R5.1. The PEFA Secretariat's statistics show that between FY12 and FY15:</p> <ul style="list-style-type: none"> <li>80% of all PEFA Assessment Reports were published on the PEFA website.</li> <li>32% of PEFA reports are published less than 12 months after team mobilization. 46% of assessments completed since January 2013 are published on the PEFA website.</li> </ul>

Table A.5. PEFA Program – Phase 5

Phase 5 – May 2017 to present			
Impact/outputs/ outcomes/activities	Objectively verifiable indicators and targets	Achievement	Comment
<b>Impact (development objective)</b>			
<b>PEFA contributes to improved PFM performance</b>	<p>I.1.1. Improved PEFA performance scores in countries with successive assessments.</p> <p>80% of countries with successive PEFA assessments in Phase 5 demonstrate an improvement in average PEFA scores across all dimensions.</p>	No	<p>Percentage of countries (CGs) with successive assessments demonstrating improvement in average PEFA scores across all dimensions</p> <ul style="list-style-type: none"> <li>• 2021: 64%</li> <li>• 2020: 33%</li> <li>• 2019: 50%</li> <li>• 2018: 78.6%</li> <li>• 2017: 60%</li> </ul> <p>Percentage of SNGs with successive assessments demonstrating improvement in average PEFA scores across all dimensions</p> <ul style="list-style-type: none"> <li>• 2021: 80%</li> <li>• 2020: 33%</li> <li>• 2019: 33 %</li> <li>• 2018: 100%</li> <li>• 2017: 66.7%</li> </ul>
<b>Outcomes (program objectives)</b>			

Phase 5 – May 2017 to present			
Impact/outputs/outcomes/activities	Objectively verifiable indicators and targets	Achievement	Comment
<b>OC.1. PEFA is the preferred system-wide PFM diagnostic tool</b>	<p>OC.1.1. Frequency of successive PEFA assessments: Number of successive assessments out of the number of PEFA assessments at CG and SNG level for each year and for the Phase 5 period as a whole.</p> <p>85% of all CG assessments are successive assessments in Phase 5.</p> <p>20% of all SNG assessments are successive assessments in Phase 5.</p>	Yes	<p>96% of all CG assessments were successive assessments in Phase 5 (58 out of 61)</p> <ul style="list-style-type: none"> <li>• 2021: 100% (12 out of 12)</li> <li>• 2020: 100% (14 out of 14)</li> <li>• 2019: 92% (12 out of 13)</li> <li>• 2018: 100% (17 out of 17)</li> <li>• 2017: 88.2% (15 out of 17)</li> </ul> <p>25% of all SNG assessments were successive assessments in Phase 5 (13 out of 59)</p> <ul style="list-style-type: none"> <li>• 2021: 35% (7 out of 20)</li> <li>• 2020: 30% (3 out of 10)</li> <li>• 2019: 57 % (4 out of 7)</li> <li>• 2018: 31.3% (5 out of 16)</li> <li>• 2017: 3.8% (1 out of 26)</li> </ul>
	<p>OC.1.2. Number of government central finance agencies and development agencies that consider PEFA is useful for their work on improving PFM.</p> <p>Number of surveyed officials from government central finance agencies and development partners in countries where PEFA has been used in last three years that consider PEFA useful for their work on improving PFM remains the same or increases per average in each year and cumulatively in Phase 5.</p>	No	<p>There was no survey in 2020.</p> <p>Target not achieved cumulatively</p> <ul style="list-style-type: none"> <li>• 2021: 4.5</li> <li>• 2019: 4.33</li> <li>• 2018: 4.17</li> <li>• 2017: 4.63</li> </ul>
<b>OC.2. PEFA is used for</b>	OC.2.1. Number of governments and development	No	There was no survey in 2020.

Phase 5 – May 2017 to present			
Impact/outputs/outcomes/activities	Objectively verifiable indicators and targets	Achievement	Comment
<b>PFM reform plans and monitoring of reform implementation</b>	partners that report using PEFA in designing PFM-related projects, policy changes, and action plans.  90% of the surveyed countries where PEFA assessments have been undertaken within the previous 2 years, report on using PEFA reports for developing a PFM reform strategy, action plan, or specific reform initiatives.		Target not achieved cumulatively <ul style="list-style-type: none"> <li>• 2021: 93.3%</li> <li>• 2019: 100%</li> <li>• 2018: 100%</li> <li>• 2017: 88%</li> </ul>
	OC.2.2. Number of governments and development partners that report using PEFA for monitoring of PFM strengthening initiatives and PFM reform action plans.  In 80% of the surveyed countries, PEFA is used for monitoring of PFM strengthening initiatives.	No	There was no survey in 2020.  Target not achieved cumulatively <ul style="list-style-type: none"> <li>• 2021: 81.8%</li> <li>• 2019: 100%</li> <li>• 2018: 69%</li> <li>• 2017: 78%</li> </ul>
<b>OC.3. PEFA influences international policy dialogue on PFM</b>	OC.3.1. Number of references to PEFA assessment reports, data, framework, and research papers in public documents relating to PFM by third parties.  At least 30 relevant PEFA-based reports and papers are referenced in public documents relating to PFM by third parties in each year of Phase 5.	Yes	Target achieved cumulatively Cumulative: 148 <ul style="list-style-type: none"> <li>• 2021: 41</li> <li>• 2020: 37</li> <li>• 2019: 34</li> <li>• 2018: 34</li> <li>• 2017: 37</li> </ul>
	OC.3.2. Number of international initiatives or global performance arrangements that reference or use PEFA and PEFA performance indicators.  In Phase 5, PEFA is used more frequently as part of international initiatives or global performance arrangements compared to Phase 4.	Yes	Target achieved cumulatively  PEFA featured as part of the following international initiatives: <ul style="list-style-type: none"> <li>•UN/WBG SDGs initiative: <ul style="list-style-type: none"> <li>-Providing visuals and text on the PEFA SDG Data for the UN SDG report for 2020, which was published in June.</li> <li>-Annual update of the PEFA dataset for PI-1 indicator was collected for the gap years in 54 countries and for 21 new countries, amounting to data for 496 years. The data were collected with the support of the World Bank PMs and from the newly published PEFA Final Assessments. The data was published on World Bank Data Portal: <a href="https://bit.ly/2r7QuCm">https://bit.ly/2r7QuCm</a></li> <li>- Use of PEFA reports to assess the Readiness of PFM Systems to respond to the COVID-19 Challenges: <a href="https://bit.ly/38su424">https://bit.ly/38su424</a></li> </ul> </li> <li>•World Health Organization set up a dashboard for governance in</li> </ul>

Phase 5 – May 2017 to present			
Impact/outputs/outcomes/activities	Objectively verifiable indicators and targets	Achievement	Comment
			<p>health using selected PEFA indicators. Work was done with the PEFA Secretariat to select relevant indicators and dimensions. <a href="https://www.who.int/teams/health-systems-governance-and-financing/health-financing/hfpm-background-indicators">https://www.who.int/teams/health-systems-governance-and-financing/health-financing/hfpm-background-indicators</a></p> <ul style="list-style-type: none"> <li>• Multilateral Development Banks Financial Management Harmonization Group asked PEFA for support on how to use PEFA for fiduciary assurance. A specific guidance has been developed by the Secretariat and is scheduled for publication in Q1 2022.</li> </ul>
<b>Outputs</b>			
<b>OP.1. Continued and expanded use of PEFA</b>	<p>OP.1.1. Number of national and subnational PEFA assessments completed.</p> <p>Number of PEFA assessments using PEFA 2016 remains the same or increases per average in each year and cumulatively in Phase 5.</p>	No	<p>Target not achieved cumulatively</p> <p>Number of PEFA assessments at CG and SNG level cumulatively in Phase 5:</p> <ul style="list-style-type: none"> <li>• ALL: 161</li> <li>• CG: 73</li> <li>• SNG: 88</li> </ul> <p>Number of PEFA assessments at CG and SNG level per year in Phase 5:</p> <p>ALL:</p> <ul style="list-style-type: none"> <li>• 2021: 32</li> <li>• 2020: 24</li> <li>• 2019: 29</li> <li>• 2018: 33</li> <li>• 2017: 43</li> </ul> <p>CG:</p> <ul style="list-style-type: none"> <li>• 2021: 12</li> <li>• 2020: 14</li> <li>• 2019: 13</li> <li>• 2018: 17</li> <li>• 2017: 17</li> </ul>

Phase 5 – May 2017 to present

Impact/outputs/ outcomes/activities	Objectively verifiable indicators and targets	Achievement	Comment
			SNG: <ul style="list-style-type: none"> <li>• 2021: 20</li> <li>• 2020: 10</li> <li>• 2019: 16</li> <li>• 2018: 16</li> <li>• 2017: 26</li> </ul>
<b>OP.2. Improved PEFA report quality</b>	OP.2.1. Number of PEFA assessments that achieve high compliance rates for final report coverage and compliance index at the dimension/indicator level.  PEFA assessments at CG and SNG levels achieve compliance rates above 85% for final report coverage and compliance index at the dimension/indicator level as calculated by the PEFA Secretariat in each year of Phase 5.	Yes	Target achieved cumulatively at CG level Average compliance ratings for CG assessments: <ul style="list-style-type: none"> <li>• Reports coverage ratings                             <ul style="list-style-type: none"> <li>• 2021: 95.9%</li> <li>• 2020: 99.0%</li> <li>• 2019: 93.1%</li> <li>• 2018: 96.1%</li> <li>• 2017: 95.0%</li> </ul> </li> <li>• Reports compliance index at dimension level:                             <ul style="list-style-type: none"> <li>• 2021: 95.9%</li> <li>• 2020: 99.0%</li> <li>• 2019: 95.0%</li> <li>• 2018: 96.4%</li> <li>• 2017: 92.9%</li> </ul> </li> </ul> Target achieved for 2020 and cumulatively at SNG level Average compliance ratings for SNG assessments: <ul style="list-style-type: none"> <li>• Reports coverage ratings:                             <ul style="list-style-type: none"> <li>• 2021: 99.05%</li> <li>• 2020: 96.82%</li> <li>• 2019: 96.3%</li> <li>• 2018: 92.9%</li> <li>• 2017: 87.7%</li> </ul> </li> <li>• Reports compliance index at dimension level:                             <ul style="list-style-type: none"> <li>• 2021: 97.25%</li> </ul> </li> </ul>

Phase 5 – May 2017 to present			
Impact/outputs/outcomes/activities	Objectively verifiable indicators and targets	Achievement	Comment
			<ul style="list-style-type: none"> <li>• 2020: 96.33%</li> <li>• 2019: 92.4%</li> <li>• 2018: 93.3%</li> <li>• 2017: 93.5%</li> </ul>
	<p>OP.2.2. Number of final reports reviewed by the PEFA Secretariat that are awarded PEFA Check.</p> <p>85% of final reports submitted to the PEFA Secretariat for review are awarded PEFA Check each year of Phase 5.</p>	Yes	<p>ALL PEFA 2016</p> <ul style="list-style-type: none"> <li>• Cumulatively: 92%</li> <li>• 2021: 94.55%</li> <li>• 2020: 96%</li> <li>• 2019: 88.5%</li> <li>• 2018: 90.9%</li> <li>• 2017: 100%</li> </ul> <p>CG</p> <ul style="list-style-type: none"> <li>• Cumulatively: 90%</li> <li>• 2021: 92%</li> <li>• 2020: 100%</li> <li>• 2019: 77%</li> <li>• 2018: 82.4%</li> <li>• 2017: 100%</li> </ul> <p>SNG</p> <ul style="list-style-type: none"> <li>• Cumulatively: 94%</li> <li>• 2021: 100%</li> <li>• 2020: 90%</li> <li>• 2019: 100%</li> <li>• 2018: 100%</li> <li>• 2017: 100%</li> </ul>
<b>OP.3. Increased use of PEFA information for PFM research and knowledge sharing</b>	<p>OP.3.1. Number of requests for PEFA data.</p> <p>Number of requests for PEFA data submitted through email or website remains the same or decreases annually for the publicly available data once the online PEFA database is upgraded.</p>	Yes	<p>Total: 620</p> <ul style="list-style-type: none"> <li>• 2021: 105</li> <li>• 2020: 78</li> <li>• 2019: 122</li> <li>• 2018: 158</li> </ul>



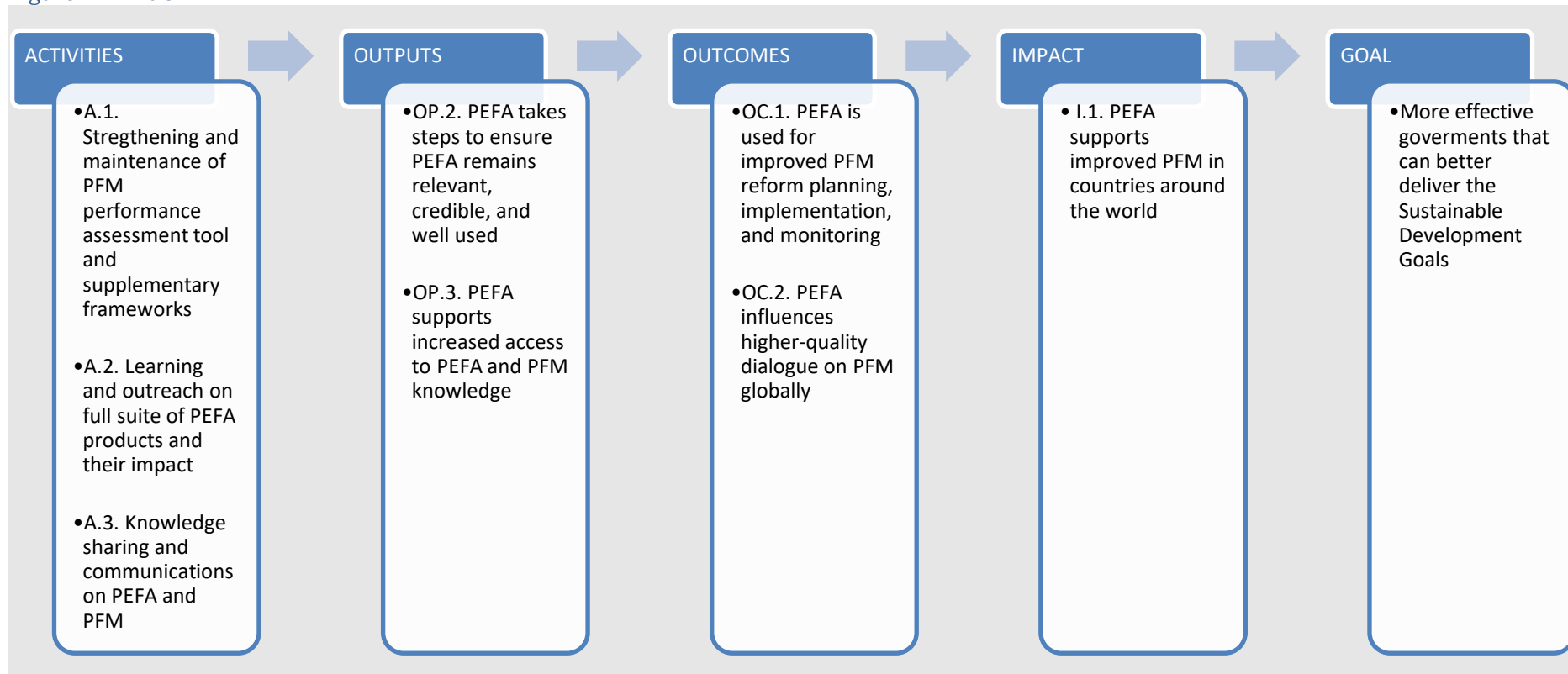
Phase 5 – May 2017 to present			
Impact/outputs/outcomes/activities	Objectively verifiable indicators and targets	Achievement	Comment
			<ul style="list-style-type: none"> <li>• 2017: 157</li> </ul>
	<p>OP.3.2. Number of presentations relating to PEFA and PFM that are delivered by the secretariat at international PFM events.</p> <p>5 presentations relating to PEFA and PFM delivered by the secretariat at international conferences or events in PFM in each year of Phase 5.</p>	Yes	<ul style="list-style-type: none"> <li>• 2021: 23</li> <li>• 2020: 16</li> <li>• 2019: 16</li> <li>• 2018: 9</li> <li>• 2017: 7</li> </ul>
<b>A.1. PEFA performance framework support and maintenance</b>	<p>A.1.1. Publication, maintenance, and usefulness of the PEFA guidance in three languages (English, French, and Spanish).</p> <p>Completion of 4 volumes of the PEFA handbook by the end of Phase 5 in English, French, and Spanish and publication on the PEFA website.</p> <p>Average PEFA users' satisfaction rate with PEFA guidance (users find it informative and relevant to their work) remains the same or increases per average in each year and cumulatively in Phase 5.</p>	Yes	<p>2021: PEFA Framework and Handbook Volumes 1, 2 and 4 published in mobile versions, that is, user friendly and easy to access by PEFA users.</p> <p>2020:</p> <ul style="list-style-type: none"> <li>• Version 2 of volume 1 published in Portuguese</li> <li>• Volume 4 and Brochure published in French and Portuguese</li> <li>• PEFA Gender published in Spanish, French and Portuguese</li> <li>• PEFA Climate published in English, French, Spanish and Portuguese</li> <li>• PEFA 2016 Framework published in Serbian and Croatian</li> </ul> <p>2019: Version 2 of volume 1 and 2 published in in Spanish and French. Third draft of Volume 4 published in English. PEFA Framework published Nepali, Chinese, Arabic, Russian</p> <p>2018: No guidance document was published in CY18.</p> <p>2017: Were produced and published:</p> <ul style="list-style-type: none"> <li>• Volume 2 (Fieldguide) in French and Spanish</li> <li>• Volume 3 (report) in French</li> <li>• Template for concept notes for SNG assessments in English</li> </ul>

Phase 5 – May 2017 to present			
Impact/outputs/outcomes/activities	Objectively verifiable indicators and targets	Achievement	Comment
			Usefulness is based on a survey sent in October 2017: 4.6 average PEFA users' satisfaction rate with PEFA guidance (users find it informative and relevant to their work; scale from 1 to 5; 5 is the highest score).
	<p>A.1.2. Number of reviews and other client requests completed within standard timelines.</p> <p>95% of reviews completed within standard timelines in each year of Phase 5.</p> <p>60% of responses to other enquiries responded to within one week in each year of Phase 5.</p>	Yes	<p>CN: Target achieved cumulatively Percentage of CN reviews completed within standard timelines: 98.6%</p> <ul style="list-style-type: none"> <li>• 2021: 98.8%</li> <li>• 2020: 100%</li> <li>• 2019: 100%</li> <li>• 2018: 100%</li> <li>• 2017: 94.4%</li> </ul> <p>DR: Target achieved cumulatively Percentage of draft report reviews completed within standard timelines</p> <ul style="list-style-type: none"> <li>• 2021: 100%</li> <li>• 2020: 100%</li> <li>• 2019: 100%</li> <li>• 2018: 100%</li> <li>• 2017: 65.7%</li> </ul> <p>Other client requests: Target cumulatively Percentage of client requests responded to within 1 week</p> <ul style="list-style-type: none"> <li>• 2021: 96%</li> <li>• 2020: 96%</li> <li>• 2019: 93%</li> <li>• 2018: 94%</li> <li>• 2017: 72.0%</li> </ul>
<b>A.2. Learning and knowledge sharing on PEFA and PFM reform effectiveness</b>	<p>A.2.1. Number of PEFA learning and outreach activities, and their usefulness.</p> <p>PEFA Secretariat delivers or contributes to at least 8 PEFA</p>	Yes	<p>Target achieved cumulatively</p> <p>Total:195</p>

Phase 5 – May 2017 to present			
Impact/outputs/outcomes/activities	Objectively verifiable indicators and targets	Achievement	Comment
	<p>learning events annually.</p> <p>At least 4.3 average participants' satisfaction rate in each year of Phase 5.</p>		<ul style="list-style-type: none"> <li>• 2021: 70</li> <li>• 2020: 67</li> <li>• 2019: 34</li> <li>• 2018: 21</li> <li>• 2017: 16</li> </ul>
	<p>A.2.2. Number of PEFA 'stories' on managing and using PEFA to reform PFM collected and shared on the website.</p> <p>On average, 3 stories are collected and published in each year during Phase 5.</p> <p>Altogether, 15 stories are collected and published in Phase 5.</p>	No	<p>Target not achieved cumulatively</p> <p>Number of PEFA stories published</p> <ul style="list-style-type: none"> <li>• 2021: 3</li> <li>• 2020: 4</li> <li>• 2019: 7</li> <li>• 2018: 5</li> <li>• 2017: 0</li> </ul>
<b>A.3. Development and promotion of information on PEFA and PFM impact</b>	<p>A.3.1. Online database of PEFA assessments is upgraded from 2016 and fully operational.</p> <p>Online database of PEFA assessments is upgraded by end of Phase 5; is fully operational, easily accessible, and targeted to meet the needs PEFA users (for example, government officials, development partners, researchers, and others), and allows comparisons among countries, regions, indicators, and PEFA pillars of PFM performance.</p>	Yes	<p>Excel table with all the scores for public assessments at CG and SNG level available for download on PEFA website. New functionalities on the New PEFA website—all public scores can be downloaded and compared.</p> <p>Excel table with all the scores for non-public final assessments at CG and SNG level available upon request by PEFA partners or approved international organizations. The sharing of non-public information follows the World Bank AI policy procedures.</p>
	<p>A.3.2. Number of research studies on PEFA and PFM reform conducted through the PEFA Program and shared on the PEFA website.</p> <p>At least 3 studies are conducted through the PEFA Program on the use and impact of PEFA in Phase 5.</p>	Yes (on track)	<p><i>PEFA, Public Financial Management, and Good Governance</i> was published in January 2019, after the publication of the <i>Stocktake of PFM Diagnostic Instruments</i> in 2017.</p>

## Appendix B. PEFA Program Phase 6 Contribution to Partner Objectives (Program Logic)

Figure B.1. Title



## Appendix C. PEFA Program Phase 6 Results Framework – Performance Indicator Dashboard<sup>18</sup>

Result level	Indicator description		
<b>GOAL</b>	<i>More effective governments that can better deliver the Sustainable Development Goals (SDGs).</i>		
<b>IMPACT</b>	<i>I.1. PEFA supports improved PFM in countries around the world</i>		
	I.1.1 Improved PEFA performance scores for Pillars 3, 5, 6 and 7 in countries with successive assessments. I.1.2. Annual qualitative case study on the use and impact of PEFA (pilot)		
<b>OUTCOMES</b>	<i>OC.1. PEFA is used for improved PFM reform plans, implementation, or monitoring</i>	<i>OC.2 PEFA influences higher-quality dialogue on PFM globally</i>	
	<p><b>OC.1.1.</b> Number of governments and development partners that use PEFA in designing, implementing, or monitoring PFM-related projects, policy changes, or action plans.</p> <p><b>OC.1.2.</b> Number of central and subnational government finance agencies and development agencies that consider PEFA has been useful for their work on improving PFM</p>	<p><b>OC.2.1.</b> Number of major new international initiatives or global performance arrangements that reference or use PEFA and PEFA performance indicators.</p> <p><b>OC.2.2.</b> Number of references to PEFA framework or knowledge products in public documents or engagements by third parties (for example, references to assessment reports, data, frameworks, knowledge hub information, research papers, or webinars).</p>	
<b>OUTPUTS</b>	<i>OP.1. PEFA takes steps to ensure PEFA remains relevant, credible, and well used</i>	<i>OP.2. PEFA supports increased access and use of PEFA and PFM knowledge</i>	
	<p><b>OP.1.1.</b> Number of PEFA assessments completed (national, subnational, PEFA Gender, and PEFA Climate)</p> <p><b>OP.1.2.</b> Frequency of successive PEFA assessments</p> <p><b>OP.1.3.</b> Frequency of PEFA self-assessments</p> <p><b>OP.1.4</b> Quality of PEFA reports as evidenced by the compliance index achieved at dimension level.</p> <p><b>OP.1.5.</b> Number of final reports reviewed by the PEFA Secretariat that are awarded PEFA Check.</p>	<p><b>OP.2.1.</b> Number of inputs relating to PEFA and PFM that are delivered by the Secretariat at its own or other international PFM events; blogs or other publications and their usefulness</p> <p><b>OP.2.2.</b> Number of downloads and views on the PEFA Knowledge Hub</p> <p><b>OP.2.3.</b> An annual case study of PEFA research or knowledge product on its usefulness (pilot)</p>	
<b>ACTIVITIES</b>	<i>A.1. Strengthening and maintenance of PFM performance assessment tool and supplementary frameworks</i>	<i>A.2. Learning and outreach on full suite of PEFA products and their impact</i>	<i>A.3. Knowledge sharing and communication on PFM</i>
	<p><b>A.1.1.</b> Publication and maintenance of the PEFA guidance in three languages (English, French, and Spanish).</p> <p><b>A.1.2.</b> Number of reviews completed within standard timelines (to be revised in case of bundled products).</p>	<p><b>A.2.1.</b> Number of PEFA learning and outreach events, and their usefulness.</p> <p><b>A.2.1.</b> Usefulness of PEFA e-learning to learners</p> <p><b>A.2.2.</b> Number of PEFA ‘impact stories’ collected and shared on the website.</p> <p><b>A.2.3</b> Number of PEFA learning or outreach events with external accountability actors (legislature, SAIs, CSOs)</p>	<p><b>A.3.1.</b> Number of PEFA research or knowledge products conducted through the PEFA Program and published on the PEFA website.</p> <p><b>A.3.2.</b> Number of PEFA Global Reports on PFM published on the PEFA website.</p> <p><b>A.3.3.</b> Number of seminars, workshops or articles on PEFA research or knowledge products, and their usefulness.</p>

<sup>18</sup> A separate methodological note will provide details on the measurement of indicators, targets for each indicator, and baseline values, timeframes, responsibilities, and technical notes to facilitate the measurement and interpretation of the indicators.

## Appendix D. Costing of PEFA Phase 6 Program – Activity Cost Details

Activity	Staff costs	Consultants	Travel	Translation	Other G & S	Total	Contingency	Grand Total	Seconded staff
<b>Activity group 1. PFM performance framework</b>									
Client support, quality assurance, frameworks, guidance, refinement and development	4,077,365	440,000	84,000	302,400	1,131,200	6,034,965	75,880	<b>6,110,845</b>	<b>800,000</b>
<b>Activity group 2. Learning and outreach on PEFA full suite of products</b>									
Development and delivery of learning on PEFA full suite of products, knowledge network development and maintenance, peer learning development and support, outreach	3,286,351	40,000	644,000	67,200	16,800	4,054,351	36,400	<b>4,090,751</b>	<b>600,000</b>
<b>Activity group 3. Development and promotion of information on PEFA and PFM impact using the PEFA knowledge hub</b>									
Data base management and support, website, PEFA research products, analysis and dissemination of knowledge on PEFA and PFM strengthening	1,265,102	1,000,000	-	201,600	834,400	3,301,102	51,800	<b>3,352,902</b>	<b>800,000</b>
<b>Activity group 4. Program management and administration</b>									
Support for the PEFA steering committee and partner accountability, compliance with World Bank procedural requirements, secretariat management and administration, other communications and compliance	724,923	80,000	56,000	-	5,600	866,523	3,080	<b>869,603</b>	<b>300,000</b>
<b>GRAND TOTAL</b>	<b>9,353,742</b>	<b>1,560,000</b>	<b>784,000</b>	<b>571,200</b>	<b>1,988,000</b>	<b>14,256,942</b>	<b>167,160</b>	<b>14,424,102</b>	<b>2,500,000</b>

### Notes:

- PEFA Phase 6 cost estimates for all five years, by economic type, including 5 percent contingency.
- Estimates assume a 2 percent increase in salaries.
- Assumes service levels and standards will be similar to FY22 on average throughout Phase 6.
- Staff costs do not include in-kind staff activities or staff secondments that are not paid from financial contributions.

## Appendix E. Estimated PEFA Partner Shares in Total Funding for PEFA Phase 6

PEFA Partners	Estimate of possible financial contributions in pledged currency (Based on actuals for phase 5)	Estimate of possible financial contributions in USD (Based on actuals for phase 5)	Estimate of staff secondment (Based on phase 5)	PEFA phase 6 confirmed financial commitments	PEFA phase 6 confirmed in-kind commitments
European Union	EUR 5,000,000	\$ 5,644,650	\$ -	\$ -	\$ -
SECO	CHF 4,000,000	\$ 3,995,133	\$ -	\$ -	\$ -
France	EUR 1,900,000	\$ 2,170,142	\$ 1,250,000	\$ -	\$ -
Luxembourg	EUR 1,500,000	\$ 1,699,425	\$ -		
Slovak Republic	USD 1,500,000	\$ 1,499,950	\$ -		
NORAD	NOK 12,200,000	\$ 1,430,849	\$ -	\$ -	\$ -
FCDO		\$ -	\$ 1,250,000		
World Bank		\$ -		\$ -	\$ -
IMF		\$ -		\$ -	\$ -
<b>Total</b>		<b>\$ 16,440,150</b>	<b>\$ 2,500,000</b>	<b>\$ -</b>	<b>\$ -</b>

*Note:* Staff secondment estimate corresponds to funding of one staff per institution for the full phase.



## Appendix F. PEFA Phase 6 Program – Annual Deliverables and Cost Items,<sup>19</sup> Including 5 Percent Contingency in Each Activity and Year

	Carried over from Phase 5 with no change
	Carried over from Phase 5 with some changes
	New activities delivered/under development during Phase 5 and planned for Phase 6
	New deliverables

Activity	Deliverables (per year, includes in-kind inputs)	Assumptions	2023	2024	2025	2026	2027	Total	In-kind
<i>Activity group 1. Strengthening and maintenance of PFM performance assessment tool and supplementary frameworks</i>			<b>1,190,196</b>	<b>1,205,866</b>	<b>1,221,849</b>	<b>1,238,152</b>	<b>1,254,782</b>	<b>6,110,845</b>	800,000
Activity 1.1. Client support to prepare, design, implement, add to dialogue, assist engagement	Advice on at least 30 CN, <b>30 reports</b> , 100 other specific request for advice, meeting support, client and partner engagement	11 staff weeks 15 days of consultants	74,950	76,209	77,493	78,803	80,139	387,594	10,000
Activity 1.2. Quality assurance - advice, review, follow up	Review of at least 30 CN, <b>30 draft reports</b> , PEFA Check assessment for <b>30 reports</b> , discussion with clients. Review of 5 PEFA Gender reports Review of 5 PEFA Climate reports	47 staff weeks 70 days of consultants	343,950	349,709	355,583	361,575	367,686	1,778,503	250,000
Activity 1.3. Maintenance and development of the PEFA 2016 Framework and Handbook (includes Agile)	Refinement of 4 volumes of the PEFA Handbook. Update mobile versions (4 volumes) Volume IV: Additional guidance note for Gender and Climate.	14 staff weeks 15 days of consultants	97,308	98,826	100,374	101,954	103,565	502,027	60,000
Activity 1.4. Maintenance and development of supplementary frameworks (Gender, Climate)	Good practice for PEFA Gender (update). Translation Good practice for PEFA Climate. Translation.	12 staff weeks 10 days of consultants Translation Other G&S	97,112	98,612	100,142	101,703	103,294	500,863	280,000
	Ad hoc		576,876						

<sup>19</sup> Deliverables and cost items include contributions from staff secondment resources.

Activity	Deliverables (per year, includes in-kind inputs)	Assumptions	2023	2024	2025	2026	2027	Total	In-kind
Activity 1.5. Maintenance and development of additional guidance	E-PEFA Use of PEFA for fiduciary purpose (update as needed). Translation Use of PEFA for service delivery in sectors Use of PEFA for oversight bodies for higher transparency and accountability Use of PEFA for better internal control framework (identify and promote good examples and recommendations to improve reporting in PEFA reports) Review and identify how PEFA and its supplementary frameworks can be better used for SDG monitoring Use of PEFA for self-assessments Use of PEFA for monitoring progress of PFM reform implementation and projects	46 staff weeks Travels Translation Other G&S		582,510	588,257	594,118	600,097	2,941,858	200,000
<i>Activity group 2. Learning and outreach on PEFA full suite of products and their impact</i>			<b>792,380</b>	<b>805,010</b>	<b>817,893</b>	<b>831,033</b>	<b>844,436</b>	<b>4,090,751</b>	<b>600,000</b>
Activity 2.1. PEFA Learning materials development	Update of basic training for assessors, assessment managers and government officials Update of tutorials on key topics in video, online quizzes, games or other modes. Update of e-learning modules Adjusted or supplementary training material for oversight bodies Training material for self-assessments	32 staff weeks Translation Other G&S	202,512	206,280	210,123	214,044	218,042	1,051,001	150,000
Activity 2.2. Direct delivery of learning on the full suite of PEFA products and their impact	<b>IN PERSON: 4</b> training events and <b>4</b> outreach events per year. <b>IN PERSON: 1</b> Regional 3-day event outside USA per year <b>ONLINE: 1c.</b> An annual event for oversight bodies (one for SAls and one for legislature) - 3 languages <b>REMOTE: 18</b> training or outreach events per year	65 staff weeks 10 days of consultants Travels Other G&S	526,918	534,521	542,276	550,186	558,255	2,712,156	400,000
	Creation of PEFA success stories with government officials and development partners in 3 languages.	11 staff weeks	62,950	64,209	65,493	66,803	68,139	327,594	50,000

Activity	Deliverables (per year, includes in-kind inputs)	Assumptions	2023	2024	2025	2026	2027	Total	In-kind
Activity 2.3. PEFA network development and maintenance	Delivered online in suitable modes, e.g. text, video, infographics. Development and facilitation of information exchange between PEFA users including newsletter, case studies, success stories, lessons learned, FAQs, push social media. Delivered in 3 languages.								
<i>Activity group 3. Digital content management, knowledge, and communications on PEFA and PFM</i>			<b>660,660</b>	<b>665,522</b>	<b>670,481</b>	<b>675,540</b>	<b>680,699</b>	<b>3,352,902</b>	<b>800,000</b>
Activity 3.1. Digital content management	Recording of data base information for new assessments and refinement of data for existing assessments.	2 staff weeks 80 days of consultants Other G&S	74,776	74,968	75,164	75,364	75,567	375,839	200,000
	Expansion of data base to incorporate new tracking elements (e.g. PEFA Climate) and other key monitoring points	12 staff weeks 36 days of consultants	39,576	39,768	39,964	40,164	40,367	199,839	
	Client support service, at least 10 substantial data packaging tasks, refining and strengthening online data base content. Data visualization and interactive report formats and content.	2 staff weeks 20 days of consultants Other G&S	25,600	25,792	25,988	26,188	26,391	129,959	
	Promotion of PEFA data and applications through the website and social media	5 staff weeks	25,450	25,959	26,478	27,008	27,548	132,443	
	Update of the PEFA website to include a "PFM Knowledge Hub" page	5 staff weeks Other G&S	30,880	31,380	31,890	32,410	32,941	159,501	50,000
Activity 3.2. Management of PEFA and PFM knowledge	Preparation and publication of stocktake of PFM diagnostic tools, in consultation with tool owners.	6 staff weeks 20 days of consultants Other G&S	109,400	110,092	110,798	111,518	112,252	554,060	500,000
	SDG 16.6.1 data collection	2 staff weeks 34 days of consultants	43,050	43,367	43,690	44,020	44,357	218,484	
	Research competitions	7 staff weeks 20 days of consultants Other G&S	127,410	128,227	129,060	129,910	130,777	645,385	
	PEFA Global report on PFM	5 staff weeks 40 days of consultants Other G&S	109,742	110,309	110,887	111,477	112,079	554,495	

Activity	Deliverables (per year, includes in-kind inputs)	Assumptions	2023	2024	2025	2026	2027	Total	In-kind
	Identification and collection of relevant PFM information to improve the Knowledge Hub page content	4 staff weeks Other G&S	39,112	39,612	40,122	40,642	41,173	200,661	
Activity 3.3. Communication and dissemination	Webinars, seminars, and other marketing campaigns to promote PEFA Program and research studies	4 staff weeks 10 days of consultants Travels Other G&S	35,664	36,048	36,440	36,839	37,247	182,238	50,000
<b>Activity group 4. Program management and administration</b>			<b>168,236</b>	<b>171,022</b>	<b>173,864</b>	<b>176,762</b>	<b>179,719</b>	<b>869,603</b>	<b>300,000</b>
Activity 4.1. Steering committee support	1 semi-annual one annual financial and narrative report on PEFA program operations. Support for 2 steering committee meetings, 1 in DC and 1 in Europe. Support for 1 ad-hoc SC meeting	10 staff weeks 20 days of consultants Travels Other G&S	79,836	80,854	81,892	82,951	84,032	409,566	200,000
Activity 4.2. Partner accountability and support	Special reports and services for individual partners. Participation in partner planning and operations meetings on request. Communications and coordination with partners separate to SC business	4 staff weeks	22,100	22,542	22,993	23,453	23,922	115,009	100,000
Activity 4.3. World Bank administration and procedures compliance	Internal compliance obligations on HR, trust funds, planning, organization, meetings, training and communication relating to world bank requirements and procedures	4 staff weeks	22,100	22,542	22,993	23,453	23,922	115,009	-
Activity 4.4. Secretariat management and administration	Management of staff and work program, planning, coordination, communication, recruitment, contract management	4 staff weeks	22,100	22,542	22,993	23,453	23,922	115,009	-
Activity 4.5. Other communications and compliance	Residual activities not covered by other elements of program management, including ad-hoc translations, printing, shipping, communications	4 staff weeks	22,100	22,542	22,993	23,453	23,922	115,009	
<b>Total cost</b>			<b>2,811,472</b>	<b>2,847,420</b>	<b>2,884,087</b>	<b>2,921,487</b>	<b>2,959,636</b>	<b>14,424,102</b>	<b>2,500,000</b>

## Appendix G. PEFA Program Governance Arrangements

### G.1. Governance Structure

**Management of the PEFA Program's Phase 6 builds on the governance arrangements in place during Phase 5 and the administrative arrangements which have evolved during that phase.**

**PEFA is a partnership program established in 2001.** Its constituent partners ("the partners" or "PEFA partners") are:

- European Commission,
- Foreign Commonwealth & Development Office,
- French Ministry of Foreign Affairs, in cooperation with Agence Française de Développement,
- International Monetary Fund,
- Luxembourg Ministry of Finance
- Norwegian Ministry of Foreign Affairs, in cooperation with NORAD
- Slovak Ministry of Finance
- Swiss State Secretariat for Economic Affairs,
- World Bank

**Each partner contributes to the PEFA Program financially, through in-kind contributions, or both.** Inclusion in the PEFA partnership is determined by consensus decision of the existing PEFA partners.

**The PEFA partners jointly establish the objectives and scope of the PEFA Program,** define the content of PEFA and criteria for its use, provide institutional support for its implementation and mobilize the necessary resources for its activities.

**The PEFA Program is managed and implemented through a structure involving the PEFA Steering committee,** which directs and monitors the PEFA Program, the PEFA Secretariat, which implements the program's activities, and the trustee, which is the World Bank. The structure and responsibilities for each component of these arrangements are described below.

### G.2. PEFA Steering Committee

#### G.2.1. Membership

- **The Steering committee comprises representatives from each of the PEFA partners.** A small number of members with close involvement and a consensus decision-making process is considered one of the important features of the initiative.
- **Each partner identifies up to three members of the Steering Committee** (members) and additionally one alternate per member (which may be the same for one or more members) (alternates), and ensures that its members and alternates are duly authorized to make decisions on behalf of their agency and provide a comprehensive and balanced perspective on PEFA related issues.
- **Other representatives of partners may attend Steering Committee meetings as observers.**
- **The chair of the Steering Committee rotates among the partners every six months** in accordance with the schedule of ordinary Steering Committee meetings. A schedule of rotations for Phase 6 will be adopted at the last Steering Committee meeting in Phase 5.

- **The Steering Committee is chaired by the partner who hosted the most recent, ordinary Steering Committee meeting**, until two months before the following ordinary Steering Committee meeting is scheduled, at which time the hosting partner of the following ordinary meeting will assume the chairmanship.

### G.2.2. Responsibilities

**The Steering Committee's responsibilities are to:**

- **Approve the objectives, targets, and scope of activities for the PEFA Program**, including any changes to Phase 6 during implementation and preparations for the continuation or exit after Phase 6
- **Mobilize the resources necessary to implement the PEFA Program**
- **Decide on operational strategies and procedures for the program's activities**
- **Approve the annual work plans and budgets for the PEFA Program** covering the PEFA trust fund, in-kind contributions including seconded staff, complementary support from partners, and other resources provided to the PEFA Program, for example through externally funded outputs (EFOs), sponsorships, and other external contributions. Approval of the budget is given at the level of the program, which is presented at the output level in the work plans and budgets submitted by the secretariat. Within the total funds allocated to the program, the PEFA Secretariat has the flexibility to reallocate between outputs
- **Review implementation of the PEFA Program**, including through consideration of the PEFA Secretariat's progress and budget execution reports, partners' individual progress reports, the Secretariat's monitoring reports as well as periodic studies and independent evaluations
- **Decide on research activities**
- **Provide explicit reporting of success stories and links to PFM reforms within partner reports** on PEFA related activities to the Steering Committee and discuss those matters during Steering Committee meetings
- **Decide the criteria for use of the PEFA brand name**
- **Approve terms of reference for the chair of the Steering Committee** and the specialist working groups
- **Decide if and when any addition of partners or associates is desirable**, and the criteria that may apply

**Consistent with the partnership aspects of the PEFA collaboration, members undertake to keep each other informed on relevant progress**, in particular by providing information to other members based on procedures agreed by the Steering Committee related to:

- Upstream planning of all PFM analytical work
- Implementation of PEFA assessments, whether led, financed, or otherwise supported by the partner
- Publication of PEFA assessment reports, with agreement from governments, when in the lead
- Internal use of PEFA assessment reports sponsored by other partners and access to unpublished material by non-partner individuals or organizations (general policy and procedures, aid considerations, inputs to other processes, and others)
- Training planned and undertaken on the PEFA framework
- The development and use of any other analytical/diagnostic methods related to PFM issues
- Development and use of methodological approaches to support countries' PFM reforms

- Lessons emerging from PEFA and other PFM activities and dissemination of these lessons within their institution
- Planning of and findings from review/evaluation of partners’ strategies, programs, and projects with the purpose of supporting PFM systems improvement at country, regional and global levels

**The Steering Committee does not have responsibility for or purview over the operations of any of the partners.**

### G.2.3. Meeting Schedule

- Ordinary Steering Committee meetings take place twice per year
- Each ordinary meeting is hosted by one of the partners on a rotational basis
- The meeting is normally chaired by the host partner
- At the end of each meeting, the Steering Committee agrees on the host, location/mode, and tentative timing of the next meeting
- Additional extraordinary meetings may be agreed upon by the Steering Committee as needed
- Between meetings, ongoing consultation and coordination among the partners and with the Secretariat takes place

A preliminary schedule for Steering Committee meetings during Phase 6 is provided in the following table. Dates and locations may be changed in advance, subject to agreement by all members.

**Table G.1. Meeting Schedule, Location, and Host**

Date	Location	Host
June 2023	Bern, Switzerland	SECO
December 2023	Washington, DC, USA	IMF
June 2024	London, UK	FCDO
December 2024	Oslo, Norway	NORAD
June 2025	Bratislava, Slovakia	Slovak Ministry of Finance
December 2025	Brussels, Belgium	EU
June 2026	Paris, France	French Ministry of Foreign Affairs
December 2026	Washington, DC, USA	World Bank
June 2027	Luxembourg	Luxembourg Ministry of Finance
December 2027	TBD	TBD

### G.2.4. Decision Making

- **Decisions are reached through consensus by the partners during the Steering Committee’s meetings or via email correspondence.** Consensus during a meeting means no objection to agreement but does not preclude the ability to dissent on the record without objecting



- **For decisions that are made via email, a proposal is sent by the Secretariat or the chair to all members and all alternates** (as identified in the current list maintained by the Secretariat) with a reasonable time period specified for comment, considering the decision to be made. If a member or alternate does not reply or request an extension within that specified time period, the partner's agreement is deemed to have been given. For decisions via email, consensus occurs when no member or alternate objects to a decision within the specified time, as recorded in writing by the Secretariat

#### G.2.5. PEFA Working Groups (PWG) or Subcommittees

- **A PWG is a subcommittee of the Steering Committee** for the purpose of technical and specific nontechnical aspects of the development and maintenance of the PEFA framework
- **A PWG comprises technical representatives from partners as its members.** A PWG includes the PEFA Secretariat which is responsible for technical input, coordination, and administration of a PWG's tasks in accordance with the PEFA Program's annual work plans and budgets approved by the Steering Committee. Other participants may be included as required for the tasks at hand, and with respect to specific interests of other partners in any part of a PWG's work
- **The chair of a PWG is decided by the members of the PWG**
- **A PWG acts under terms of reference approved by the Steering Committee**

### G.3. PEFA Secretariat

The PEFA Secretariat plans and implements the core of the PEFA Program. It comprises a head, a number of technical experts, and administrative support staff.

#### G.3.1. Responsibilities

- **Providing secretarial support to the Steering Committee**
- **Proposing operational strategies and procedures for Steering Committee approval**
- **Proposing the annual PEFA work plan and budget for Steering Committee approval** and implementing the approved plans
- **Performing the custodial role of the PEFA brand**
- **Providing quality assurance** in accordance with policies and procedures approved by the Steering Committee
- **Maintenance of PEFA assets**, including the framework, guidance, learning materials, database, and website
- **Providing the agreed services to the partner organizations and to other stakeholders** as agreed by program procedures
- **Consulting and coordinating with the partners and other stakeholders on PEFA**
- **Implementing decisions and performing activities** when agreed by the Steering Committee
- **Managing utilization of resources** of the PEFA Program
- **Reporting to the Steering Committee** on progress in implementing the annual work plans and budgets through the progress and budget execution reports, as well as progress against results targets through periodic monitoring reports and special studies
- **Representing PEFA externally**, in consultation with the Steering Committee chair as relevant

### G.3.2. Staffing

- **The PEFA Secretariat is managed by the Head of Secretariat.** The Head of Secretariat is also the secretary to the Steering Committee and attends committee meetings as an observer. S/he prepares and presents on issues concerning planning and implementation of the PEFA Program for Steering Committee discussion and decision
- **The Head of Secretariat is answerable to the Global Director, Governance Global Practice, World Bank,** or their delegate, for compliance with World Bank procedures
- **The Head of Secretariat is the task team leader (TTL) for the PEFA trust fund**
- **S/he is responsible for operational administration,** under direction from the Steering Committee, and coordinating the Secretariat's activities, proposing staff composition, and allocating tasks to staff members
- **The number of staff of the Secretariat is determined by what is necessary for effective and efficient implementation of the PEFA Program's activities.** The staff resources are supplemented by consultants for discrete tasks and to assist the Secretariat in coping with fluctuations in demand for services
- **The PEFA Secretariat functions are managed in accordance with World Bank policies** and procedures, jointly by the Head of Secretariat and the World Bank's Governance Global Practice management delegate, including with respect to recruitment, appointment, remuneration, leave, travel, performance evaluation, promotion, and termination
- **The PEFA Secretariat's staff are appointed and retained as staff of the World Bank.** PEFA Secretariat staff may be appointed through the World Bank's staff exchange, secondment, or intern programs. All staff of the PEFA Secretariat are funded from the PEFA trust fund, except for seconded staff for which the seconding partner bears the associated staff costs, and other staff engaged with no staff cost implications to PEFA Program under normal practices of the World Bank like internships and others

### G.3.3. Location and Legal Status

- **The PEFA Secretariat is located in and administered by the World Bank, Washington, DC**
- **It legally operates as a part of the World Bank,** thus having no separate legal identity and thereby complying with the World Bank's policies and procedures
- **The Secretariat is fully funded from the resources of the PEFA Program**
- **The Secretariat and its staff externally represent the PEFA Program** and shall present, brand, register, and display themselves as such, as long as this does not contravene their legal obligations as part of the World Bank Group, including with respect to their status as World Bank staff

## G.4. World Bank Management Role

- **The PEFA Secretariat is attached to the Governance Global Practice** under the EFI Vice-Presidency.
- **The World Bank is the trustee of the PEFA trust fund.**
- **The World Bank will appoint a member of its staff to be responsible for overseeing that the management of the resources of the PEFA Secretariat conforms to World Bank policies and procedures.** The World Bank staff will not have a role in operational management of the PEFA Program.
- **The World Bank will allocate adequate office space for the Secretariat, including usual office equipment and related services, as well as standard human resources services.** The cost of those

facilities and services will be recovered through the PEFA trust fund in accordance with the World Bank's cost recovery policy. The PEFA Program is also subject to standard World Bank cost recovery and fee policies.

## G.5. Reporting and Evaluation

**Toward the end of Phase 6, a comprehensive and independent evaluation will take stock of the achievement of the planned results of the program** under this phase, that is, a follow-up to the independent evaluation completed in 2022.

**In the interim, the gradual progress toward the provision of financial and in-kind contributions and achievement of the program's results targets will be monitored and reported** on as part of the Secretariat's semi-annual and annual progress reports, in a standard format approved by the PEFA Steering Committee. The semi-annual and annual reports will include information on results achieved against indicators for key targets, outputs, major activities, and other results.

Semi-annual and annual reports will provide information on financial progress including sources and uses of funds, revenue, and expenditure inside and (if any) outside the trust fund, revenue, and expenditure commitments. Major planned activities will be discussed in the reports to the extent that they are known. The World Bank cost recovery fees for administrative and operational support (currently 17 percent of personnel costs, including staff and consultant costs) will be included as part of the cost for each relevant expenditure type.

The annual reports will include an assessment of progress on outcomes and discuss the effectiveness of the program's contribution to outcomes and their intended impact. It will discuss any significant risks to the achievement of the development objective and how those well those risks are being addressed.

The Secretariat will also prepare program monitoring reports that each will explore a particular aspect of the program practices and results.

# Appendix H. Transparency and Accountability in PEFA: How to Use the Existing PEFA Frameworks and Guidance for Further Analysis

June 6, 2022

Transparency of public finances supports strategic allocation of resources and efficient service delivery. It enables external scrutiny of government policies and programs and their implementation. In other words, transparency gives the legislature and civil society the information they need to hold the government accountable. Transparent and comprehensive information allows decision makers and other stakeholders to make balanced and well-informed decisions.

PEFA provides a wealth of information on transparency and accountability of PFM systems. This document clarifies the scope presented in those topics in the program document and provides more detailed information on the existing elements in the PEFA framework related to those topics.

## 1. Clarifications on Scope of Proposal and Areas of Engagement

All proposed areas of engagement solely use the PEFA Framework, the supplementary frameworks, and guidance notes that already exist. The thematic focus on the proposed topics (transparency, legislature, SAs, and internal control) is based on PEFA existing elements in order to capitalize on existing information and enhance the impact of PEFA throughout the PFM cycle. The proposed new areas recognize the existence of other PFM actors in addition to the central government that have also an important role in the PFM cycle and can contribute to improving PFM performance. Important as well is to take into account nonstate actors, civil society organizations, and knowledge on PFM performance, to empower participation in the public oversight and public accountability. Accountability is an important element of good governance. It is about the relationship between the government and its citizens, and the extent to which the former is accountable for its actions; reporting, auditing, and oversight are key elements of accountability. Good internal controls systems provide assurance that resources are used as intended and operations meet control objectives. The proposed new areas also seek to enhance the use of transparency and internal controls as assessed in PEFA to contribute effectively to improving the PFM system performance. Individual activities will be presented and discussed with the Steering Committee before their inclusion in the work program.

*PEFA Global Report 2020* shows as a global trend in PFM performance that governments perform strongest on budget preparation and weakest on the effectiveness of internal audit and external audit and scrutiny.

The following examples illustrate the type of engagement that is suggested in the Program Document regarding transparency and accountability.

Transparency: Using PEFA existing information to emphasize and disseminate transparency aspects of the PFM cycle. For example, including in the annual *PEFA Global Report on PFM* a chapter on trends in global transparency and scrutiny making use of (or capitalizing on) the extensive PEFA database. Recognizing the public oversight role of civil society, presentations/outreach events to civil society organizations (for example, think-tanks, regional and global networks, and fora) will continue to be provided where suitable opportunities and interest arise.

Legislature: Include the legislature as a targeted audience with customized training/outreach events regarding PEFA and to improve understanding and use of PEFA reports for a PFM-related legislature oversight role. This would include training on PEFA Gender and Climate perspectives.

Supreme Audit Institutions (SAIs): Include SAIs, as a targeted audience that has an important role in the PFM cycle, with customized training/outreach events to improve understanding and the use of PEFA reports for SAIs purposes including training on PEFA Gender and Climate perspectives.

Internal Control: Identify in PEFA reports good description examples of the effectiveness of the internal control framework and how/ways to better provide an overview of how effectively the internal control system operates as well as to better present the summary of observations on the internal control framework. Promote and disseminate these good examples and recommendations for improving the presentation and narrative of these internal control sections in PEFA reports.

The aim of transparency and accountability areas is to help to enhance the impact of PEFA in those important areas and contribute to improving performance over time. More specifically, outreach and training to legislatures and SAIs is a potentially effective way to enhance the interest, capacity, and awareness to use the PEFA framework and assessments in their work for better accountability and contribute to informing and educating them to play their role in the PFM system.

On internal control, the objective is for PEFA assessments to provide a better summary narrative on how elements of the internal control are doing based on the findings of the assessment of specific dimensions/indicators. This will contribute to reports providing a better and clearer picture of how a country's internal control operates and its challenges and better inform the country's reform dialogue.

#### **Example of Training/Outreach to Legislature**

##### **Reinforcing the Role of Parliament in the Budgeting Process – Webinar delivered by the PEFA Secretariat in collaboration with the Center of Excellence in Finance (CEF)**

In October 2020 as part of a set of learning initiatives organized jointly with CEF around different PEFA topics, a specific session was designed and delivered for parliaments in Southeast Europe.

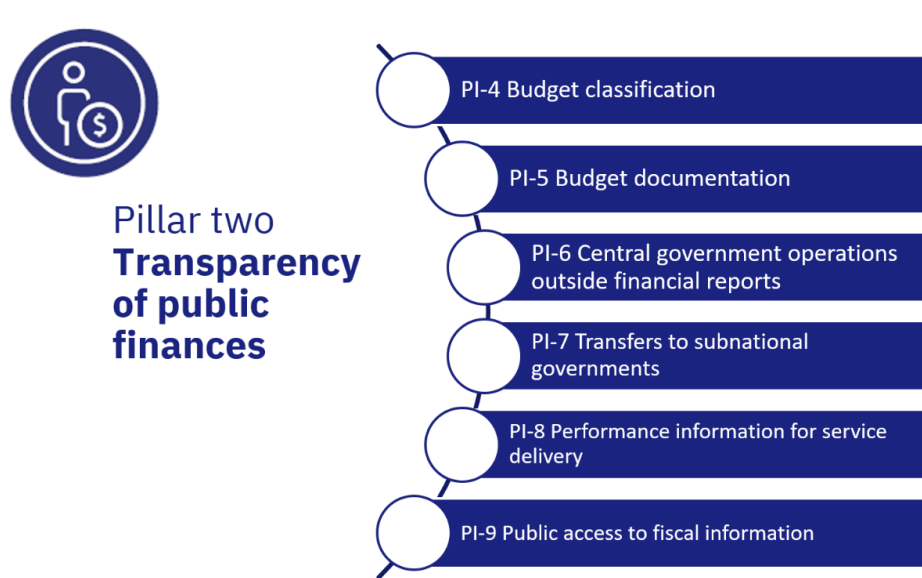
The target audience was members of parliament involved in public finance deliberations, administrative staffers assigned to preparation of parliamentary deliberations of public finance related matters, staffers of the parliamentary budget offices, ministries of finance officials assigned for regular communication with parliaments, representatives of the supreme audit institutions, and civil society representatives.

The session discussed the PEFA framework and its indicators and the role of parliaments in improving PFM. The session examined the PEFA indicators relevant for parliament's role in the budget process and decisive mechanisms and practices that allow for efficient discharge of parliament's rights and duties in the budget process. Three parliament members shared their parliament experiences.

## 2. Analyzing Transparency Using PEFA Assessments

### 2.1. PEFA 2016 Framework

**Pillar 2 on transparency of public finances** in PEFA 2016 was carried over from the previous versions of the PEFA framework. Transparency is achieved through comprehensive budget classification, the transparency of all government revenue and expenditure data including intergovernmental transfers, published information on service delivery performance, and ready access to fiscal and budget documentation.



**Beyond Pillar 2, transparency has been considered throughout the PEFA 2016 Framework** by introducing information made available to the public (P) or/ and to the legislature (L) for a certain number of indicators and/or dimensions.

In PEFA 2016, the terms *public access*, *made available to the public*, *publicly reported*, and *publicized* means that a document is available without restriction, within a reasonable time, without a requirement to register, and free of charge, unless otherwise justified in relation to specific country circumstances. Justification provided by government for limits on access, where applicable, should be noted in the report. *Publication* and *published* means that the document has been made available to the public either in print or in readable form on a publicly accessible website. It also involves an expectation that users are made aware of the document's availability and how they can access it.

Timeframes with respect to these terms are specified in the relevant indicators.

Transparency in PEFA 2016			
Dimension	A score	B score	C score
PI-5.1 Budget documentation	L	L	L
PI-8.1 Information on performance plans for service delivery	P	P	P
PI-8.2 Information on performance achieved	P	P	P
PI-8.4 Evaluations of the efficiency and effectiveness of service delivery	P	P	
PI-9 Fiscal information	P	P	P
PI-10.1 Public corporations' financial statements	P	P	
PI-10.1 Report on the financial performance of PCs	P		
PI-10.2 SNGs financial statements	P	P	P
PI-10.2 Report on the financial position of SNGs	P		
PI-10.3 Report on contingent liabilities and other fiscal risks	P		
PI-11.1 Results of analysis of investment projects	P	P	
PI-11.3 Medium-term projection of investment project costs	L	L	L
PI-11.4 Information on the implementation of investment projects	P	P	
PI-12.1 Information on the portfolio of financial assets	P	P	
PI-12.2 Register of non-financial assets	P	P	
PI-12.3 Information on transfer and disposal of assets	P	P	P
PI-13.3 Debt management strategy	P	P	P
PI-13.3 Report against DMS	L		
PI-14.1 Forecasts of key macroeconomic indicators	L	L	
PI-14.2 Fiscal forecasts	L	L	
PI-14.3 Fiscal forecast scenarios/sensitivity analysis	P	L	
PI-15.1 Estimates of the fiscal impact of policy proposals	P		
PI-15.2 Fiscal strategy	P	L	
PI-15.3 Report describing progress against fiscal strategy	P	L	
PI-19.1 Information on revenue obligations and rights	P	P	P
PI-24.3 Procurement information	P	P	P
PI-30.2 External audit reports	L	L	L
PI-31.4 Legislative committee reports	P	P	P

## 2.2. PEFA Guidance for Subnational Governments

In addition to the existing dimensions retained from PEFA 2016, the revised guidance for subnational governments introduces a new indicator on public consultation that includes three different focuses:

- PI-9bis.1 Public consultation in budget preparation
- PI-9bis.2 Public consultation in the design of service delivery programs

- PI-9bis.3 Public consultation in investment planning

### 2.3. PEFA Supplementary Framework on Gender-Responsive PFM (PEFA Gender)

As PEFA Gender builds on PEFA 2016, it retains the same approach on transparency by introducing information made available to the public (P) or/and to the legislature (L) for a certain number of indicators and/or dimensions.

<b>Transparency in PEFA Gender</b>			
<b>Dimension</b>	<b>A score</b>	<b>B score</b>	<b>C score</b>
GRPFM-2.1 Results of analysis of investment projects that include an analysis of the impacts on gender	P	P	
GRPFM-4.1 Gender responsive budget proposal documentation	L	L	
GRPFM-5.1 Sex disaggregated performance plans for service delivery	P	P	P
GRPFM-5.2 Sex-disaggregated performance achieved for service delivery	P	P	P
GRPFM-7.1 Gender responsive government annual reports	P	P	P
GRPFM-8.1 Evaluation of gender impacts of service delivery	P	P	
GRPFM-9.1 Gender-responsive legislative scrutiny of budgets that includes public consultation	P		

### 2.4 PEFA Supplementary Framework on Climate-Responsive PFM (PEFA Climate)

As PEFA Climate builds on PEFA 2016, it uses the same way of assessing transparency.

<b>Transparency in PEFA Climate</b>			
<b>Dimension</b>	<b>A score</b>	<b>B score</b>	<b>C score</b>
CRPFM-2.1 Climate related expenditure (CRE) and expenditure counter to climate disclosed in budget and end-of-year budget execution report. CRE disclosed in in-year reports	P	P	P
CRPFM-4.1 Public consultation that includes a specific focus on climate and a corresponding report that is published	P	P	P
CRPFM-5.2 Climate assessment and prioritization criteria	P		
CRPFM-5.3 Appraisal results with the evaluation of climate change impacts of new investment projects	P		
CRPFM-7.1 Report consolidating climate related fiscal risks	P		



Transparency in PEFA Climate			
Dimension	A score	B score	C score
CRPFM-8.4 Report on climate responsive procurement that includes statistics and refers to the targets and priorities set in the national framework. Report on the compliance with procedures and rules requiring emergency procurement operations.	P/L	P/L	
CRPFM-11.1 Evaluation of the implementation of SNG mandates and competencies	P/L		
CRPFM-12.1 Information on performance plans	P/L	P/L	
CRPFM-12.2 Reports on performance	P		
CRPFM-13.1 Evaluation of climate related programs and activities	P	P	
CRPFM-13.2 Evaluation of the contribution of the tax policy to climate change	P	P	

### 3. Supporting Legislatures and Supreme Audit Institutions Using PEFA Assessments

PEFA assessments examine the systems of controls used by governments to ensure that resources are obtained and used as intended. PEFA provides a framework for assessing transparency and accountability in terms of access to information, reporting and audit, and dialogue on PFM policies and actions. PEFA considers the institutions, laws, regulations, and standards used by governments in the PFM process.

The PEFA 2016 methodology was designed to cover central government, including related oversight and accountability institutions, such as the legislatures and supreme audit institutions. PEFA provides information on the role in the PFM cycle played by SAIs and Legislatures, and it also provides information on the overall PFM system. Both should serve SAIs and Legislatures on their performance and on implementing their oversight role.

#### 3.1. Legislature

External scrutiny is crucial for accountability and transparency in a PFM system. Effective external audit and scrutiny by the Legislature are enabling factors for holding the government accountable for fiscal and expenditure policies and their implementation. The Legislature plays a critical role in the process of the budget cycle and regarding budgetary oversight.

**The role of the legislature is considered throughout the PEFA 2016 Framework** by making reference to a) the role or involvement of the legislature in the process of defining the PFM function assessed by the dimension (D), b) as a reference in the description (R), or c) as part of the requirements in a number of dimensions or being the main focus of the dimension (F).

Additionally, legislatures can use the information on PFM systems in PEFA reports to support their oversight role.

Performance indicator		1	2	3	4
<b>I. Budget reliability</b>					
PI-1	Aggregate expenditure outturn	D			
PI-2	Expenditure composition outturn	D	D	D	
PI-3	Revenue outturn	D	D		
<b>II. Transparency of public finances</b>					
PI-5	Budget documentation	D			
PI-6	Central government operations outside financial reports	D			
PI-8	Performance information for service delivery	R	R	R	
PI-9	Public access to fiscal information	R			
<b>III. Management of assets and liabilities</b>					
PI-10	Fiscal risk reporting			D	
PI-11	Public investment management		F		
PI-12	Public asset management			F	
PI-13	Debt management		F	F	
<b>IV. Policy-based fiscal strategy and budgeting</b>					
PI-14	Macroeconomic and fiscal forecasting	F	F		
PI-15	Fiscal strategy	F	F	F	
PI-16	Medium term perspective in expenditure budgeting	D	D	D	D
PI-17	Budget preparation process	D	D	F	
PI-18	Legislative scrutiny of budgets	F	F	F	F
<b>V. Predictability and control in budget execution</b>					
PI-21	Predictability of in-year resource allocation				D
<b>VI. Accounting and reporting</b>					
PI-29	Annual financial reports		D		
<b>VII. External scrutiny and audit</b>					
PI-30	External audit		D		
PI-31	Legislative scrutiny of audit reports	F	F	F	F

A research paper produced by Westminster Foundation for Democracy's (WFD) with the support of FCDO focuses on how PEFA can be used to assess the role of parliament in the budget process. It concludes that: "As a comprehensive PFM assessment tool, the methodology and published results from the PEFA Framework can be used for a multiplicity of reasons. This includes homing in on parliament's role in the budget process, both ex-ante and ex-post."

The role of the legislature is also assessed in similar way on the related indicators developed in the supplementary frameworks PEFA Gender and PEFA Climate.

In PEFA Gender, GRPFM-9. Legislative Scrutiny of Gender Impacts of the Budget examines the extent to which the legislature's budget and audit scrutiny include a review of the government's policies to

understand whether policies equally benefit men and women by ensuring the allocation of sufficient funds.

In PEFA Climate, CRPFM–4. Legislative Scrutiny measures how climate change aspects are included in the legislature’s scrutiny of budgets and audit reports.

### 3.2. Supreme Audit Institutions (SAIs)

The role SAIs play in PFM is examined in PEFA assessments. An external audit is a key component of the PEFA measurement framework.

**The role of the SAIs is considered throughout the PEFA 2016 Framework** by making reference to a) the role or involvement of the SAI in the process of defining the PFM function assessed by the dimension (D), b) as a reference in the description (R), or c) as part of the requirements in a number of dimensions or being the main focus of the dimension (F), or d) source of information to verify and triangulate information (T).

Performance indicator		1	2	3	4
<b>II. Transparency of public finances</b>					
PI-6	6. Central government operations outside financial reports	T	T		
PI-8	8. Performance information for service delivery				T
<b>III. Management of assets and liabilities</b>					
PI-10	10. Fiscal risk reporting	T			
PI-11	11. Public investment management	R	R	R	R
<b>V. Predictability and control in budget execution</b>					
PI-23	23. Payroll controls	T	T	T	T
PI-25	25. Internal controls on non-salary expenditure	T	T	T	
PI-26	26. Internal audit	T	T	T	T
<b>VI. Accounting and reporting</b>					
PI-27	27. Financial data integrity	T	T	T	T
PI-28	28. In-year budget reports	T	T	T	
PI-29	29. Annual financial reports		D		
<b>VII. External scrutiny and audit</b>					
PI-30	30. External audit	F	F	F	F
PI-31	31. Legislative scrutiny of audit reports	D	D	D	D

PEFA also highlights the role SAIs and their reports play in supporting PFM systems. For instance, SAIs can provide information on performance in several areas assessed by PEFA, for example, through audit findings on procurement, cash management, revenue administration, internal controls, financial reporting, and service delivery performance. SAIs also have an important role in the discussion on how

to use PEFA findings in the dialogue to improve PFM performance. Their knowledge of PFM systems, risks, and the consequences of weaknesses in those systems is an important element to consider for effective and lasting reforms. Moreover, the SAIs can use PEFA reports as part of the information gathering and SAI assessment of the PFM system.

Regarding Gender Responsive PFM, the Supplementary Framework acknowledges that in some countries, the SAI carries out independent evaluations in the form of an audit. Most SAIs have a mandate to provide independent external oversight and report on the economy, efficiency, and effectiveness of government efforts to implement nationally agreed targets related to gender equality. SAIs may fulfill their mandate by including gender equality as a cross-cutting theme in performance audits. They may also conduct audits of entities, projects, programs, and activities related to gender equality or audit a nation's progress toward outcome-based targets using a whole-of-government approach, as in the case of the SDGs.

The same regarding the Climate Responsive PFM and the role of SAIs. The CRPFM supplementary framework specifically includes reference to SAIs in CRPFM 5.1 climate-related provisions in regulatory framework for public investment management, and CRPFM 13.1 climate-related evaluation of expenditure.

### 3.3. Internal Control

The PEFA framework has a specific pillar, Pillar V – Predictability and control in budget execution. The focus of the pillar is to look at how the budget is implemented within a system of effective standards, processes, and internal controls, ensuring that resources are obtained and used as intended. The PEFA report structure recognizes the importance of effective internal controls and provides specific sections to report on the effectiveness of the internal control framework.

The PEFA Secretariat will analyze the existing PEFA reports and how the sections on internal controls are handled in order to identify good practices. Based on the analysis, good examples will be promoted, and recommendations will be made to improve the existing sections.

## Appendix I: PEFA Knowledge Hub: Executive Summary

June 6, 2022

**Objective:** The PEFA Knowledge Hub aims to facilitate access to relevant PFM information to inform the PEFA users about their work around PEFA and PEFA assessments, including in PFM reform planning, design, implementation, and dialogue as well as other PFM activities. It will fulfill the PEFA principles, including the provision of an objective, shared, and coordinated information pool on PFM—supporting strengthened and wider country leadership and ownership of PFM reform activities. The PEFA website will be enhanced for this purpose as part of its next update.

**Value-added:** The PEFA Knowledge Hub will be unique in comparison to any other current PFM website or ‘knowledge hub.’ In line with the PEFA principles, it will be:

1. **A comprehensive and up-to-date source of PFM information, specifically tailored to PEFA users and their needs.** The PEFA Knowledge Hub will be the only digital platform that connects PEFA users to PEFA-relevant PFM information that is consolidated and structured, as much as possible, around the PEFA framework. In addition, it will be the only comprehensive, up-to-date source of PFM information around the whole PFM cycle.
2. **A global public good.** In line with the PEFA’s foundational principle as a neutral, global public good, the hub will be a connection point where PFM information from many leading sources (including from other relevant PFM websites) converges and is then made easily accessible to a diverse range of PEFA users. This approach differs from the most existing PFM resource websites that focus on presenting information produced by a specific institution rather than connecting users to information generated by multiple sources.

**Target users and expected impact:** The hub will be aimed at serving all PEFA users (assessors, development partners, researchers, accountability actors, and civil society). A particular target group will be governments and public institutions using or interested in using PEFA assessments, as they are the ultimate owner of the PFM reform and the ultimate customer of PFM knowledge. The wider PFM community is also likely to find the hub useful. The expected result of the hub is to help PEFA users to get easier access to PFM information. In turn, easier access to relevant PFM information is expected to help the PEFA users, particularly governments, in their work around the PEFA assessments, including in planning, prioritizing, designing locally led, relevant, and evidence-based PFM reform and other activities, as well as reform dialogue around it. Therefore, the Knowledge Hub would be expected to complement PEFA’s role as the guardian of the PEFA assessment framework.

## Rationale and Demand for the PEFA Knowledge Hub

**There is a significant opportunity to capitalize on the PEFA brand to simplify PEFA users' access to PFM knowledge.** A wealth of very useful information exists on PFM, especially concerning good practices, lessons learned, reform approaches, and guidance materials. Information sources vary considerably and include knowledge generated by PEFA partners and the PEFA Research Competition. Initial scoping work undertaken by the Secretariat revealed that PFM information is publicly available on more than 80 websites, including from the World Bank, the IMF, and the OECD.

**However, the initial stock-take by the PEFA Secretariat also confirmed there is currently no centralized source that provides easy access to comprehensive, searchable information on PFM across institutions.** Some institutions have attempted to ease the PFM community's access to information (for example, the [IMF](#), the [World Bank](#), and the [OECD](#)). However, most websites are focused on a particular institution or functional area (for example, the EITI website focuses on the transparency of revenues from extractive industries). The OECD's Finance Data Portal and its budgeting and public expenditure websites offer information for some areas of the PFM cycle but are not comprehensive. The OECD websites do not generally give access to information produced by entities other than the OECD. The World Bank PFM data portal used to refer to useful country case studies around the main stages of the budget cycle, but the website is no longer updated. Hence, information on PFM remains scattered across different sources and websites. Annex A summarizes the most relevant existing sources of PFM information.

**At the same time, PEFA users have an unmet demand for easy access to information on PFM reforms that they can use to inform PFM reform planning and implementation.** A recent, initial survey of PEFA users<sup>20</sup> revealed that as many as 77% of respondents did not find it easy to access relevant PFM information. The most common challenges that limit PEFA user's access to relevant PFM information include (i) difficulty in finding the information (27%), (ii) perceptions that relevant PFM information does not exist (17%), and (iii) suggestions that information is available but too technical to inform practical considerations (10%). PEFA will continue to survey PEFA users' knowledge needs.

**As a globally recognized evidence-based and neutral body dedicated to PFM, PEFA is well positioned to address the lack of easy and user-friendly access to existing PFM knowledge.** Please see Annex B on how the knowledge hub supports all PEFA principles defined in the PEFA charter. PEFA users are important consumers of PFM information. PEFA partners themselves are major producers of PFM knowledge. The PEFA website already provides PFM information to PEFA users mainly under its "Resources" submenu: there are currently 40 PFM documents published on the PEFA website that include information beyond the PEFA assessment framework or guidance related to it. However, there is ample scope to expand and improve what information is included in this section of the PEFA website, how it is structured and presented, and how it is communicated to PEFA users. The PEFA Knowledge

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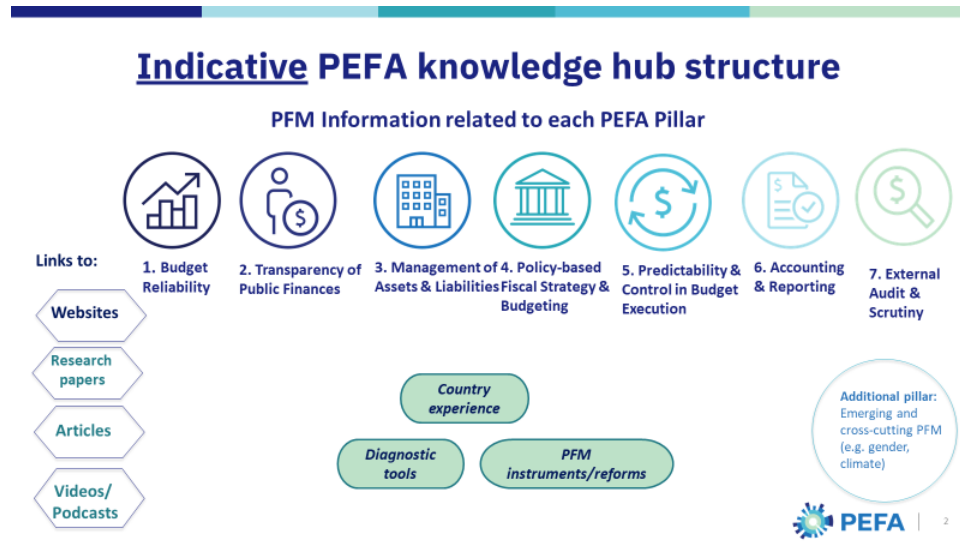
<sup>20</sup> Thirty PEFA users responded to this online survey. Twenty-eight percent of the respondents were government officials and 28% were PEFA assessors. Fifty-four percent of respondents used PFM information for PFM reform planning and implementation, and 13% for dialogue and advocacy.

Hub will address these specific issues.

## Design of the PEFA Knowledge Hub

**Scope:** The specific sections of the PEFA website will be modernized and promoted as a PFM Knowledge Hub. Specifically, the website’s user interfaces, specific content (especially the “[Catalog](#)” submenu), and databases will be redesigned as part of the website update to facilitate easy and user-friendly digital access to PEFA and PFM knowledge. The scope of the Knowledge Hub will be consistent with the PEFA framework and as much as feasible, be organized around the [seven] PEFA pillars (see Graph 1). It will include relevant PFM information (linked to each PEFA pillar/indicator) that would be useful before, during, or after a PEFA assessment, or for other PFM-related research or capacity building initiatives.

Graph 1: Indicative Overall Structure of the PEFA Knowledge Hub



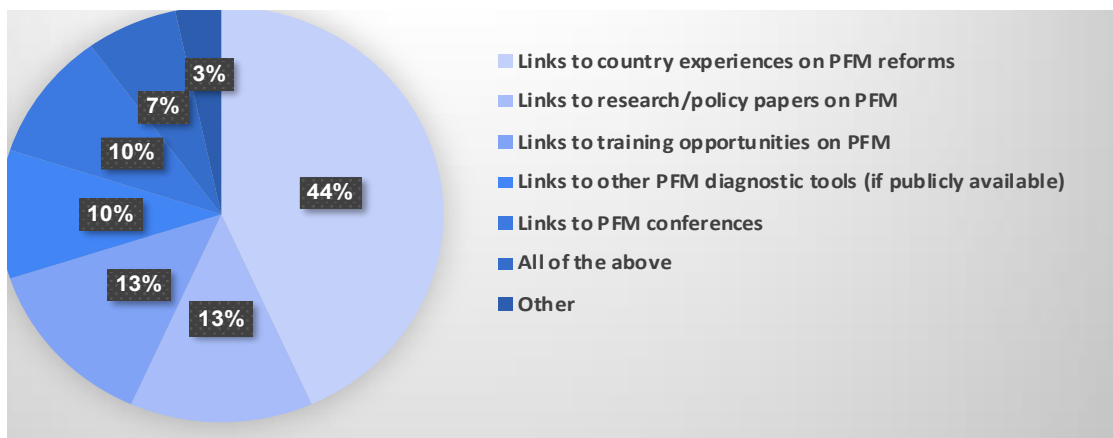
**Selection of information:** In selecting information to include in the hub, it is suggested that the following criteria be applied:

- **Structure:** The aim is to structure the information under each PEFA pillar, and as much as possible, linked to specific PEFA indicators or PFM functions to ensure that the data are easy to find and respond to users’ needs. Separate categories could be included for information relevant

to PEFA Gender, PEFA Climate, and other emerging PFM issues that PEFA users have flagged as areas of interest, including in the PEFA survey.

- **Source:** In addition to PEFA-generated information, the Knowledge Hub will incorporate and provide links to publicly available information from reputable organizations involved in PFM work, such as the IMF, the World Bank, other PEFA partners as relevant, and the OECD.<sup>21</sup> All copyright and intellectual property will be respected.
- **Relevance:** The relevance of the information will be determined by the extent to which it can be clearly linked to analytical or capacity development work on PFM-related topics, including the preparation, implementation, or follow-up of PEFA assessments. The format will be, as much as possible, easy to digest, and it may also include podcasts or short articles and blogs.
- **Information type:** Analytical data of various kinds on PFM-related topics; published academic or operational studies; country notes on PFM reform experiences (in general or on a specific PFM function); and information on and derived from PFM diagnostic tools on specific pillars and PFM areas (assessment reports themselves would not be included). The PEFA survey revealed that country case studies would be particularly useful for PEFA users (see Graph 2). Databases<sup>22</sup> would not be included at this stage.

Graph 2: PEFA Survey (2022): What Additional Information Would Be Useful to Get Access via the PEFA Website?



<sup>21</sup> PEFA will be not responsible for the content of the Knowledge Hub beyond information that is supplied directly from PEFA’s own resources.

<sup>22</sup> There are around 10 websites publishing data related to their work. The OECD for instance has 7 databases on different surveys they conduct (for example, on green budgeting or on accrual accounting). See <https://www.oecd.org/governance/budgeting/budgeting-databases.htm>



**Activities.** The Knowledge Hub will be developed and rolled out in stages. First, a concept note and work plan will be presented to PEFA Steering Committee for approval at the start of Phase 6 of the PEFA Program.

- Once approved, the work will start with **stage 1**, which involves technological updates to the website and content mapping. The tasks include developing a suitable webpage on the PEFA website that will serve as the Knowledge Hub. The existing content under the “Resources” menu of the PEFA website will be reclassified according to the seven PEFA pillars, or other relevant structure. Existing knowledge will be linked to the website where there are gaps. Most of this work will occur in year 1 of Phase 6 of the PEFA Program.
- During **the second stage**, the PEFA knowledge hub will be tested to confirm its functionality and usefulness and adapted as necessary. In-depth information on PEFA user needs will be gained from structured interviews with these users. The most basic and critical information for PEFA users for PEFA pillars and indicators would be identified. The page will be updated on its content on an as-needed basis.
- During **the third stage**, the Knowledge Hub will be maintained and updated to ensure the relevance of the information, that it meets the needs of the PEFA users, and that it reflects the most up-to-date knowledge. The hub will also include technological functionalities such as automatic pulls. This feature will extract and display relevant PFM digital content and automatically redirect users to reputable sources of PFM knowledge. A member of the support staff will review the hub at least once per quarter to ensure the website is functional and up to date, and that links to external information are working.

The Knowledge Hub will be marketed via social media and other platforms to promote awareness and use. Use of the hub will be monitored through regular surveys that will consider questions such as: How often is the hub accessed, and by whom? Does the hub provide easy access to the most relevant PFM information? How useful is this information for PFM practitioners and government officials? If needed, further assessments of the impact of the hub could be also made via structured interviews, or engagement with the Steering Committee Advisory Board. Where relevant information on PFM topics does not exist, PEFA could also consider help fill in any relevant knowledge gaps through commissioning knowledge work or cooperating with relevant PFM stakeholders.

## Resources needed

Developing the Knowledge Hub would require technical PFM staff or consultant time (for example, to locate, catalog, organize, and update the information) as well as administrative and communication staff or consultant time to ensure and maintain the functionality of the hub and to promote its use among PEFA users. Financial resources will also be required. The estimated additional cost to develop and maintain the hub for the entire duration of Phase 6 is approximately \$400,000.

## Annex 1: Summary of the Most Relevant Existing Sources of PFM Knowledge

<p><b><u>OECD Finance Data Portal</u></b></p> <p><a href="https://publicfinance.oecd.org/">https://publicfinance.oecd.org/</a></p> <ul style="list-style-type: none"><li>• OECD publications on 6 themes: i) spending revenues and fiscal balances, ii) expenditure components, iii) revenue components, iv) debt and assets, v) fiscal decentralization, and vi) public governance.</li><li>• However, the focus is on OECD countries' best practices. No regular publication. Publications by OECD, not external sources.</li></ul>
<p><b><u>OECD budgeting and public expenditure</u></b></p> <p><a href="https://www.oecd.org/gov/budgeting/#">https://www.oecd.org/gov/budgeting/#</a></p> <ul style="list-style-type: none"><li>• OECD publications on 14 PFM themes including spending trends, parliaments, and fiscal councils, financial management and reporting, performance budgeting, green budgeting, budget transparency, health budgeting, monitoring and evaluation, spending reviews, and others.</li><li>• However, the focus is on OECD country best practices. No regular publication. Publications by OECD, not external sources.</li></ul>
<p><b><u>WB PFM reform database</u></b></p> <p><a href="http://web.worldbank.org/archive/website01531/WEB/0_CO-24.HTM">http://web.worldbank.org/archive/website01531/WEB/0_CO-24.HTM</a></p> <ul style="list-style-type: none"><li>• Collection of PFM reference material classified around the main aspects of the budget cycle: budget preparation, execution, and oversight. It is focused on country case studies and includes good practices and reference models.</li><li>• However, the website is no longer updated, and most of the links are broken. Most of the information is at the general level.</li></ul>
<p><b><u>IMF PFM Blog</u></b></p> <p><a href="https://blog-pfm.imf.org/pfmblog/">https://blog-pfm.imf.org/pfmblog/</a></p> <ul style="list-style-type: none"><li>• The core focus is to publish interesting, new blogs or articles from IMF/FAD and from external sources. Around 7–9 articles per month are published.</li><li>• There are also some other links and references; however, the current (and expected future) focus is not to provide comprehensive information on PFM around the budget cycle but to serve as a blog publication.</li></ul>

## Annex 2: PEFA Principles Defined by PEFA Charter: The Role of the PEFA Knowledge Hub

### PEFA Principles Defined by PEFA Charter

#### The Role of the PEFA Knowledge Hub

- **Comprehensive coverage:** The PEFA Knowledge Hub provides access to comprehensive information on all aspects of PFM, including revenue and expenditure, as much as feasible, according to PEFA pillars.
- **Shared global public good:** The outputs from the initiative should benefit all domestic and international stakeholders and be freely available and widely accessible. Also, the PEFA Knowledge Hub constitutes an independent webpage not affiliated with any single institution or focused on information from any particular institution.
- **Shared information pool on PFM.** The PEFA Knowledge Hub initiative enhances the existing PEFA website to give better access to information on PFM systems and their performance.
- **Neutrality of assessment:** The PEFA Knowledge Hub provides an objective directory of PFM information based on clearly defined and well-known PEFA pillars.
- **Best practices and international standards:** The PEFA initiative as well as its knowledge hub are informed by best practices and international standards that underpin the assessment framework's criteria for evaluation.
- **Country ownership, commitment, and leadership:** The PEFA Knowledge Hub will support government-led PFM assessments, engagements, and activities through the provision of relevant, easily accessible PFM information to governments as well as accountability actors, including examples of country case studies.
- **Platform for coordination and dialogue:** The PEFA Knowledge Hub provides the basis for governments and partners to engage with a variety of relevant PFM information at global, regional, and country levels to create support, synergies and accountability around PFM performance assessments and reform activities.
- **Global knowledge leadership.** The PEFA Knowledge Hub shares reliable, up-to-date lessons on PFM systems and their performance in contribution to development impacts at global, regional, and country levels.

Source: PEFA Charter (November 2020).