



PFM Performance Measurement Framework

Monitoring Report 2012

*An analysis of the use of and effectiveness of the quality assurance process for
CN/TORs by the PEFA Secretariat*

PEFA Secretariat

Final report

November 15, 2012

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List of Abbreviations

CI	Compliance Index
CN/TOR	Concept Note/Terms of Reference
DFID	UK Department for International Development
EC	European Commission
Framework	Public Financial Management Performance Measurement Framework
FY	Fiscal Year
IADB	Inter-American Development Bank
IMF	International Monetary Fund
MR-12	2012 Monitoring Report
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
PFM-PR	Public Financial Management – Performance Report
PFM-PR-SN	Public Financial Management – Performance Report – Sub-National
PI	Performance Indicator
SNG	Sub-National government
WB	World Bank Group

Executive Summary

1. The objective of the Monitoring Report 2012 (MR-12), the fifth report of this nature to be produced by the PEFA Secretariat, is to assess the extent to which (a) Concept Notes /Terms of References (CN/TORs) reach the Secretariat for review (b) the quality of the CN/TORs at the draft stage when the Secretariat provides their peer-review, and (c) the extent to which the PEFA Secretariat comments are integrated into the final CN/TORs. The results of the analysis will be of major importance for determining if the quality assurance processes in practice for CN/TORs by the PEFA Secretariat are effective.

2. The report considers the 129 reviews conducted of CN/TORs between September 2005 and June 2012, of which a sample of 39 are used for an in-depth analysis of their quality and the extent to which the PEFA Secretariat comments are considered. The Secretariat selected those CN/TORs for which it had already reviewed a draft version and was able to obtain the final version.

The Global Population of CN/TORs

3. **Of the 129 CN/TOR reviews conducted, 104 (81%) were of first reviews (the initial draft received by the Secretariat), and 25 (19%) were follow-up reviews (revised draft or final versions).**

4. Over the last seven years, **the PEFA Secretariat has on average received and reviewed 40% of the CN/TORs for assessment reports.** The percentage of CN/TORs reviewed have has fluctuated regardless of the number of assessment reports produced.

5. While some organizations more frequently submit their CN/TORs for review to the Secretariat, most were close to the 40% average submission rate, apart from **the government led assessments where only 25% of their assessments were submitted to the Secretariat for review.** There were no significant differences of CN/TOR submission rates across regions.

6. **Why does the Secretariat not receive more CN/TORs for review compared to assessment reports which is at nearly 100%?** There are several possible reasons: (i) the CN/TOR is a supporting document and not necessarily a deliverable to the client, therefore, it may be viewed primarily as an internal document that does not require a third-party review mechanism; (ii) some non-PEFA partners, such as government and other multilateral and bilateral organizations may be unaware that the Secretariat provides feedback on CN/TORs; and, (iii) similarly in vain to the first point, lead agencies may feel that their internal review mechanisms are strong enough to not require a third-party review mechanism.

Quality of CN/TORs

7. The Secretariat judges the quality of a CN/TOR based on the components listed in the *CN & TOR Checklist* and the discussion on CN/TORs section in the *Good Practice in Applying the PEFA Framework* (available on the PEFA website).

8. The Secretariat found that the “Background and context” the “Objective/Purpose of the assessment” and the “Scope/Coverage of the level of government” sections provided adequate detail and information per the suggestions of the CN/TOR Checklist and Good Practice document in **70% or more** of the CN/TORs.

9. The sections covering the “Scope/Coverage of the level of government”, “Stakeholders and their roles/Assessment team composition and inputs”, “Methodology for undertaking the assessment”, and “Resources” provided adequate detail and information per the suggestions of the CN/TOR Checklist and Good Practice document in **55% or less** of the CN/TORs.

Effectiveness of PEFA Secretariat Comments on CN/TORs

10. After reviewing the final CN/TORs of assessment reports for which the Secretariat had already conducted a review of the draft CN/TOR, the Secretariat made a comparison using a compliance index (CI) to see if the assessment manager took into account the feedback provided on the draft version. The Secretariat uses a 4-point ordinal scale: 1 is equal to adequate, 0.5 is equal to partial, 0 is equal to inadequate or missing.

11. **The feedback provided by the Secretariat to the assessment managers for CN/TORs was either positively received and revised or ignored without revisions. The revised CN/TORs rarely worsened. Of those CN/TORs that improved, in most cases the draft was already in fairly good condition, moving the CIs from a partial score (0.5) to adequate or better (1).**

Recommendations

12. The PEFA Secretariat might consider taking the following actions to improve the quality and process of reviewing CN/TORs:

- Ensure that the PEFA Check, the new comprehensive process review tool, is adequately distributed so lead agencies and Governments of assessments are sufficiently informed. This should ideally be done by various communication channels, e.g. the PEFA website, e-mail, trainings, and regional workshops.
- Provide some examples of good CN/TORs on the PEFA website for assessment managers to reference.

13. Lead agencies might consider taking the following actions to improve the quality and process of reviewing CN/TORs:

- Send draft and final CN/TORs more systematically to the PEFA Secretariat. The current rate of submission for CN/TOR review is on average 40%.
- The sample of 39 CN/TORs analyzed in this study indicate that the following areas could be improved:

- The involvement of the government, other development partner agencies, and the composition and roles of the assessment team.
- A realistic timetable for the stages and activities of the assessment from approval of the CN/TOR to publication of the assessment report, sources of information for the scoring of the indicators (including non-state sources) and means for collecting information and evidence, and, specification of the indicators to be used.
- Information regarding a previous assessment when applicable.
- The inclusion of drill-down tools when applicable.

Further Work

14. Is there a correlation between the compliance index score of PEFA assessment reports and whether or not the Secretariat provided feedback on the CN/TOR? This was a question originally proposed for this study; however, it was dropped due to the multitude of variables that exist in producing a quality assessment report.

Chapter 1 – Introduction and Methodology of the Study

15. The objective of the Monitoring Report 2012 (MR-12) is to assess the extent to which (a) Concept Notes /Terms of References (CN/TORs) reach the Secretariat for review (b) the quality of the CN/TORs at the draft stage when the Secretariat provides their first peer-review, and (c) the extent to which the PEFA Secretariat comments are integrated into the final CN/TORs.

16. The PEFA Secretariat is charged with providing third-party peer review of PEFA assessment reports and CN/TORs.¹ This task is a key input to the quality assurance process. The use and effectiveness of the third-party peer review process for PEFA assessment reports has been assessed in previous monitoring reports from various points of view – the quality of PEFA assessments via the compliance index and the quality assurance arrangements via the survey “Quality Assurance Mechanisms for PEFA Assessments².” While an analysis of CNs/TORs was included in the quality assurance paper a more thorough analysis had yet to be completed until now.

17. At the December 2010 meeting the Steering Committee suggested that, “*a future Monitoring Report will include the extent to which CN/TORs address comments made by the Secretariat.*” The quality assurance of CN/TORs has – perhaps understandably – received less attention than the PEFA assessment reports. However, assessment managers, the PEFA Secretariat, and the Partners agree that ensuring upstream planning mechanisms are in place will prepare the PEFA assessment process for greater downstream success.

18. The Monitoring Report 2009 and the Annual Program Progress and Budget Execution Report for FY10 indicate that the PEFA Secretariat was invited to review 20-40% of CN/TORs but close to 100% of assessment reports. The findings of the Quality Assurance Mechanisms for PEFA Assessments survey suggest that, “...if we assume that CN/TORs not sent to the Secretariat for review are also not reviewed by other third-party reviewers, the extent of third-party review of CN/TORs will be in the order of 20-25% (p. 6).”

19. The Secretariat has reviewed/contributed to 104 first reviews and 25 follow-up reviews of CN/TORs or similar planning stage documents, from the time the first review was received in September 2005 until June 2012. Follow-up reviews include subsequent draft and final CN/TORs. The below table provides a breakdown of the reviews by fiscal year, including a separate row for follow-up reviews.

¹ Concept Notes and Terms of References are considered similar documents and therefore are referred to simply as CN/TORs for the purpose of this report even if individual institutional differences exist between them and in some cases may be two separate documents whereby the TOR is separated and used specifically for an assessor’s work description.

² The survey, dated November 23, 2010, was presented at the December 2010 PEFA Steering Committee meeting in Berne. It is not publicly available.

Table 1: CN/TORs review by fiscal year

	2006 ³	2007	2008	2009	2010	2011	2012	Total
First Reviews	10	17	15	10	17	15	20	104
Follow-up Reviews	0	3	2	4	4	4	8	25
Total	10	20	17	14	21	19	28	129

20. When the Secretariat first received CN/TORs for peer review in September 2005 there was no review process structure in place. Feedback was provided in the body of an email or shared via track changes in the document. Over time, following the review process structure developed for assessment report reviews, the CN/TORs reviews also became more formalized with the use of review templates until finally in May 2012 a PEFA Check system was developed to provide structure to the entire review process from the inception phase when a CN/TOR is produced through the completion of the assessment process when a report is finalized.⁴

21. The evolution of the CN/TOR review methodology has been driven by a combination of past monitoring reports experiences, guidance received at the biannual Steering Committee meetings, and influence from the PEFA assessment report review evolution. The review templates provide a structured peer-review feedback mechanism that provides the basis for the official comments submitted to the agency requesting the review. This approach is similar to the PEFA Framework in that the same questions are asked and boxes are checked for each CN/TOR or assessment reviewed and then official comments are submitted to the requesting agency. From a monitoring perspective, this allows for tracking over time and across CN/TORs.

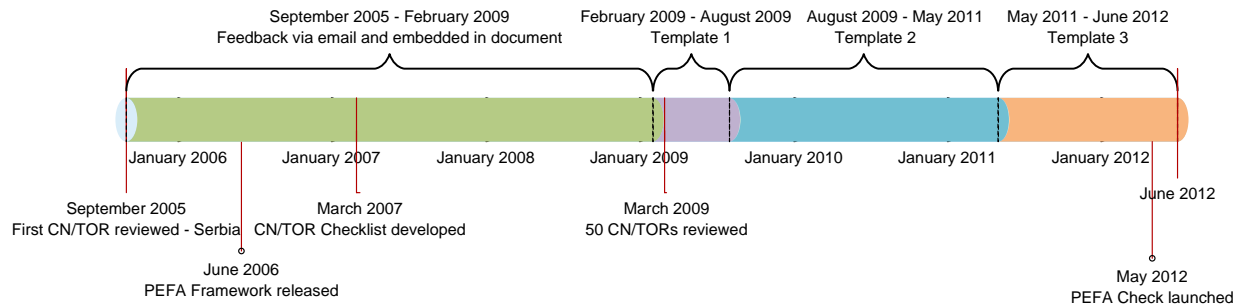
22. The technical development of the first CN/TOR review template was based on the combination of the TOR checklist which was produced in March 2007 and updated in June 2012 (available on our website) and experience with having reviewed nearly 50 CN/TORs as of March 2009. The TOR checklist provides a basic structure for which to draft a CN/TOR. And, it is no surprise that the review template used by the Secretariat nearly mirrors the checklist.

23. In September 2005 the first CN/TOR was reviewed for an upcoming PEFA assessment in Serbia. While the PEFA Framework had yet to be released until the following year in June 2006, the planning of PEFA assessments began well in advance as part of the testing of the Framework. In February 2009 the PEFA Secretariat developed the first CN/TOR review template, referred to as 'Template 1' in the below graph. A more detailed template, 'Template 2' was then developed in August 2009 (Annex A) and finally the current template in use, 'Template 3' was rolled out the beginning of May 2011 (also in Annex A). Below is a timeline showing the progression of the Secretariat review process of CN/TORs.

³ Fiscal year (FY) runs from July – June, e.g. FY 2006 would be July 2005-June 2006

⁴ The PEFA Check, introduced in May 2012, is a quality endorsement mechanism issued by the PEFA Secretariat to formally recognize those assessments which comply with good practices in the process of undertaking an assessment. Six criteria must be met in order for an assessment to be endorsed.

Graph 1: Timeline of the development of the CN/TOR review process and other milestones



24. Template 3 is identical to Template 1, except that it contains a numerical rating scheme rather than a categorical rating scheme as used in Template 1; additionally, Template 3 includes a compliance index (CI). The numerical scheme is simply a conversion of the categorical rating. Template 2 was similar to Template 1 and 3 but included more items for peer review. After utilizing Template 2 for nearly two years the Secretariat found that the additional observations did not provide more value to the review process – it simply added more time to conduct the review; as a result, Template 1 was reinstated with the addition of the CI to create Template 3.

25. Chapter 2 – The Global Population of CN/TORs

2.1 Overview

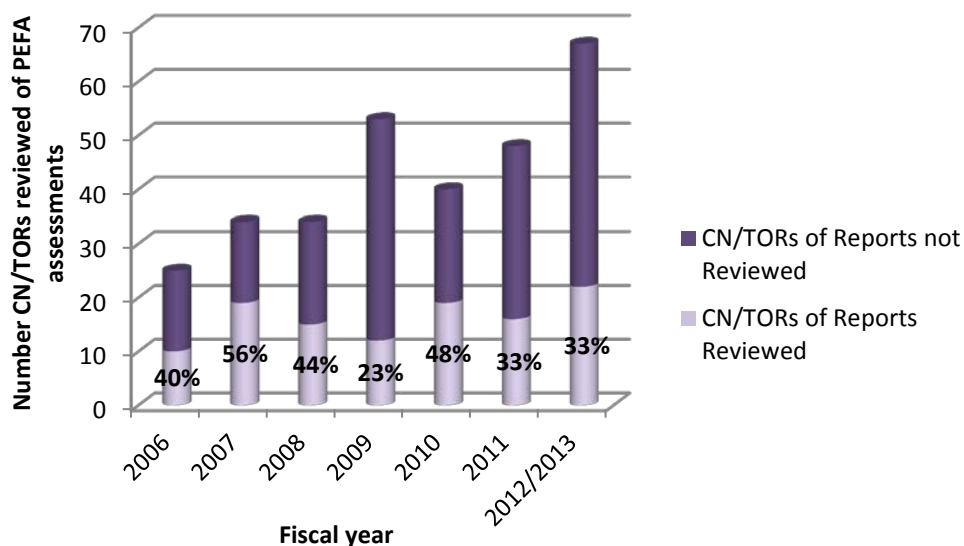
26. This section examines:

- How many CN/TORs has the Secretariat received for peer review?
- With what frequency does the Secretariat receive a revised CN/TOR for a follow-up review?
- Is there a lead agency or regional characteristic that may be linked to coverage of CN/TOR reviews?
- What are the possible explanations for those assessments reports received for peer review but not their CN/TORs.

2.2 Findings

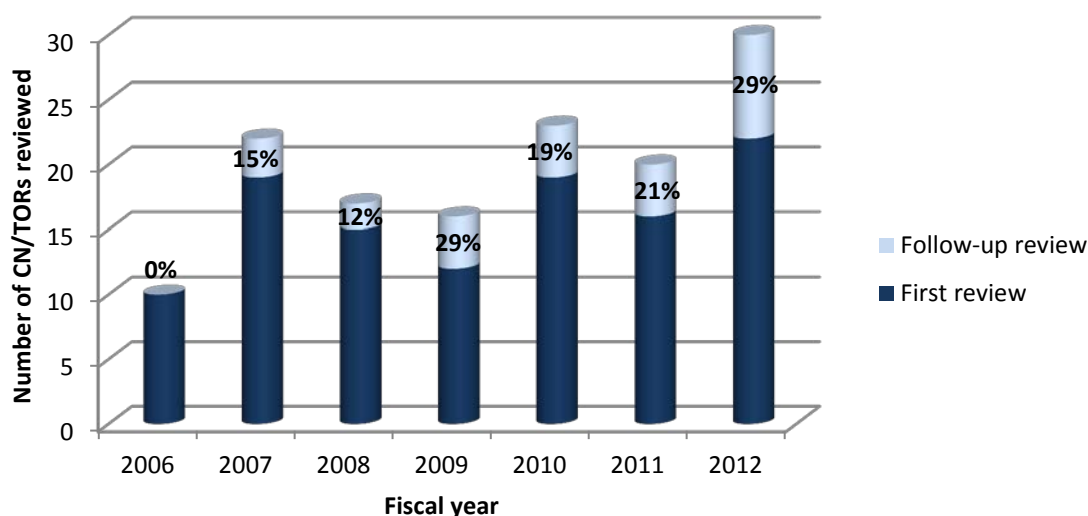
27. The PEFA Secretariat has received an increasing number of CN/TORs for assessment reports for review over the last two years; however, as a percentage of the total report population it has remained constant since September 2005 when the Secretariat first began reviewing CN/TORs. Graph 2 below shows the number of CN/TORs received and reviewed of planned/ongoing, draft, final, and public assessment reports. The assessment reports are organized by the date listed on the report. For those assessment reports that have yet to be drafted (referred to as planned/ongoing), the expected year of undertaking the assessment is used (e.g. 2012/2013).

Graph 2: CN/TORs reviewed each year of PEFA assessment reports



28. Overall, the PEFA Secretariat has on average received and reviewed 40% of the CN/TORs for assessment reports, however, the percentage of CN/TORs reviewed has fluctuated regardless of the number of assessment reports produced.
29. The PEFA Secretariat receives draft and final CN/TORs for review. While most of the CN/TORs received are drafts and only received once for review, on occasion the Secretariat will also receive requests for follow-up reviews.⁵ Whether a CN/TOR is at the draft or final stage, should the Secretariat receive a request to provide peer review, the Secretariat will oblige since the feedback provided may or may not be integrated – regardless of its status. Similarly, even if the feedback is not integrated into the CN/TOR it may still be considered later in the assessment process. In fact, many CN/TORs are received after the field work has already begun, however, the Secretariat does not systematically track such cases since they do not represent the majority. Graph 1 below shows the number of reviews received each fiscal year for first review, and follow-up review of draft and final versions.

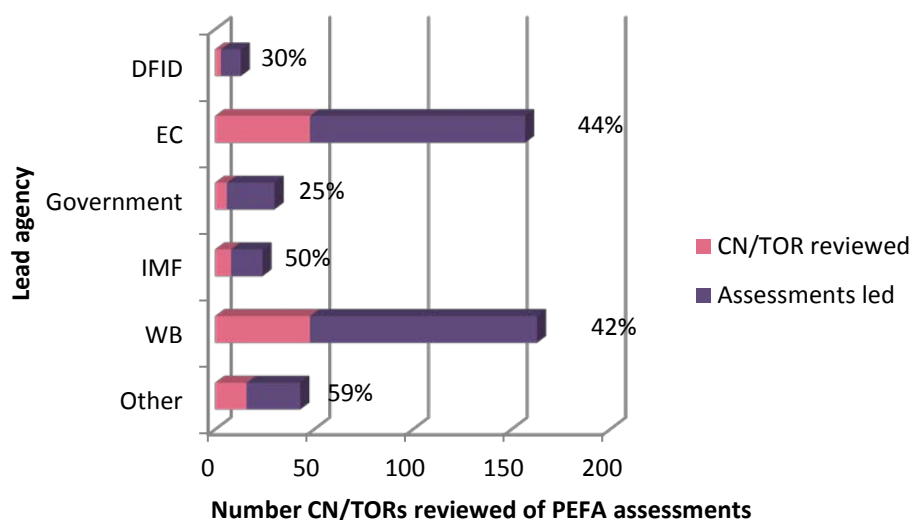
Graph 3: CN/TORs reviewed according to their status



30. On average 19% of the CN/TORs received are follow-up reviews. CN/TORs are received by the Secretariat for review from assessment managers of the lead or sometimes a supporting agency. The World Bank and the European Commission have led the most assessments and unsurprisingly have submitted the most CN/TORs to the Secretariat for review. The IMF, DFID, and host-country government have led 10 or more assessments and 11 other organizations have led 5 or less. With this in mind, graph 4 below considers the percentage of CN/TORs received for review compared to the assessments led by the listed organization. Those organizations that have led 5 or less assessments are lumped together under “Other”.

⁵ When the Secretariat provides comments on the draft CN/TOR, the lead agency is requested to forward the revised version.

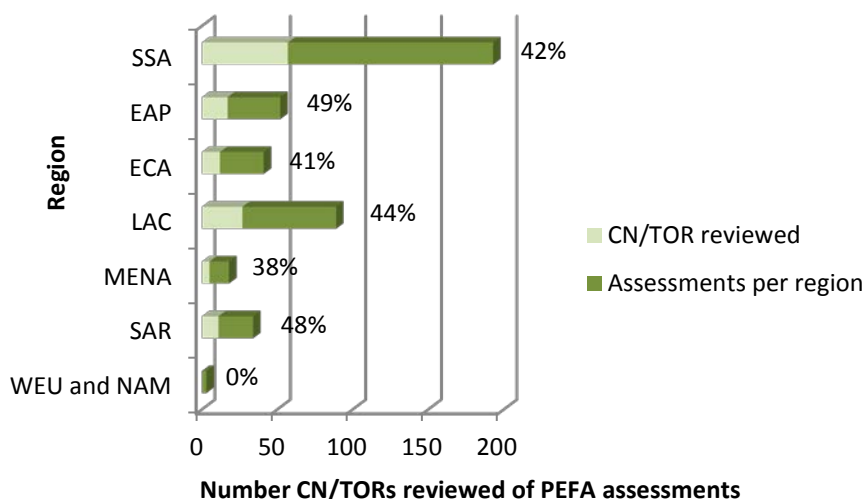
Graph 4: CN/TORs reviewed compared to PEFA assessments lead agency



31. The EC and World Bank have led nearly the same number of assessments and submitted CN/TORs to the Secretariat for review – 44% and 42% respectively. The country government submitted the fewest number of CN/TORs when they led assessments. This may be due to the Secretariat’s lack of country level dissemination of information. While the Secretariat may contribute to training events as to how to conduct assessments at a regional level, reaching the various ministries of finance heads in every country is not within the scope of the PEFA Program. Given this reality, a 25% rate of submission for feedback is understandable. On the other hand, the low submission rates of the EC and WB are somewhat surprising since they are partner institutions to the PEFA program, have led the most assessments and received the most training on conducting assessments.
32. Do lead agencies in some regions submit their CN/TORs for review to the Secretariat more so than others?⁶ Graph 5 below shows that there is little difference across the globe. Therefore, it is reasonable to conclude that increasing the rate of CN/TORs reviewed at the lead agency level will likely increase the number of reviews across all regions.

⁶ The following World Bank regional classification and abbreviations are used: Sub-Saharan Africa (SSA), East Asia and Pacific (EAP), Eastern Europe and Central Asia (ECA), Latin American (LAC), Middle East and North Africa (MENA), South Asia (SAR). In addition to the World Bank regional classification and abbreviations the PEFA Secretariat uses Western Europe (WEU), and North America (NAM).

Graph 5: CN/TORs reviewed compared to PEFA assessments led by region



33. Across years, lead agencies, and regions, the Secretariat reviews on average 40% of the CN/TORs for PEFA assessment reports. When broken down by the status of the CN/TOR, the Secretariat most frequently reviews CN/TORs only once (81% of the time) and on occasion (19% of the time) provides follow-up reviews.
34. Why does the Secretariat not receive more CN/TORs for review compared to assessment reports? There are several possible reasons: (i) the CN/TOR is a supporting document and not necessarily a deliverable to the client, therefore, it may be viewed primarily as an internal document that does not require a third-party review mechanism; (ii) some non-PEFA partners, such as government and other multilateral and bilateral organizations may be unaware that the Secretariat provides feedback on CN/TORs; and, (iii) similarly, lead agencies may feel that their internal review mechanisms are strong enough to not require a third-party review mechanism. To confirm the first and second point a survey would have to be conducted amongst the lead agencies that had led the most assessments. Such a survey is outside the purview of this monitoring report. The second point may in part be commented on based on the findings presented in graph 4. Governments submitted 25% of the CN/TORs of assessments they led to the Secretariat for review. The government, unlike the PEFA Partners and the organizations that belong to the OECD-DAC Task Force receive information from the PEFA Secretariat primarily through third-parties. It is therefore understandable that their percentage of submitting a CN/TOR for review (when compared to the number of assessments led) to the Secretariat is less than the organizations that have a more direct contact with the Secretariat.

Chapter 3 – Quality of CN/TORs

3.1 Overview

35. This section examines:

- What is the quality of the CN/TORs? How does the Secretariat judge the quality of a CN/TOR?
- Where there certain areas of weaknesses that stood out across the sample of CN/TORs?

3.2 Findings

36. When the PEFA Secretariat first began reviewing CN/TORs it did so with the hope of improving the downstream implementation of a PEFA assessment thereby improving the quality of the assessment report. In addition, the Secretariat hoped that reviewing CN/TORs would improve partner coordination and the standardization of introductory assessment workshops in country – all of which were considered good practices in implementing an assessment.

37. The Secretariat began the CN/TOR review process by sending comments via email and track changes in the CN/TOR document and then soon developed a review template, which is used for formulating the official comments sent to the requesting assessment lead agency. The template provides a standardized and structured review approach. The latest template version also includes a compliance index (CI). The CI score is used for internal monitoring purposes and is not shared with the lead agency assessment manager that requests the CN/TOR review. It provides a snapshot of the quality of the CN/TOR via an aggregated figure and also at a line by line observational level.

38. The Secretariat judges the quality of a CN/TOR based on the components listed in the *CN & TOR Checklist* and the discussion on CN/TORs section in the *Good Practice in Applying the PEFA Framework*. The main subject areas that a good quality CN/TOR should cover are: (i) background and context; (ii) objective/purpose of the assessment; (iii) scope/coverage of the level of government; (iv) manner of involvement of the stakeholders in the assessment; (v) assessment team composition and inputs; (vi) structure and guidance for undertaking the assessment; (vii) reporting procedures; (viii) consultation and follow up to the assessment; (ix) implementation schedule, timetable, and deliverables; and, (x) resources.

39. The Secretariat rates the subject areas using a 4-point ordinal scale: 1 is equal to adequate, 0.5 is equal to partial, 0 is equal to inadequate or missing and N/A is not applicable (see annex A). Table 2 below contains excerpts of CN/TORs followed by the Secretariat rating.

Table 2: Secretariat ratings of CN/TOR Excerpts

Draft CN/TOR	Subject area: Scope/Coverage of the level of government: Are levels of government to be assessed clearly defined on the basis of the structure of general government?	PEFA Secretariat Rating
Country A	The scope of the repeat assessment will be confined primarily to the Central Government. This comprises Line Ministries, Services and Agencies. Some performance indicators score some aspects of decentralization - such as PI 8 (Framework for inter government fiscal relations); PI 9 (Fiscal risks arising from sub national governments); and PI 23 (Availability of information on resources at front line service delivery units).	1
Country B	The assessment report would present a snapshot of current conditions and explain the government's reform agenda in the context of Country B's economic and institutional situation. It would draw on the functional review program, technical assistance to the MoPF, Court of Accounts, National Procurement Agency, and other entities involved.	0.5
Country C	No information provided on the level of government covered.	0

40. For the purposes of this monitoring report the Secretariat selected 39 assessment CN/TORs to review (see annex B for the list of CN/TORs used). While this is only a fraction (38% to be exact) of total CN/TORs initially reviewed the Secretariat selected those assessments for which it had already reviewed a draft version and was able to obtain the final CN/TOR pertaining to the period from September 2005 to June 2012.

41. The review of the first draft of sample CN/TORs yielded the following results presented below in Table 3. The scores are aggregated under each of the major subject areas specified above.

Table 3: CI scores of sample draft CN/TORs

CN/TOR Subject Area, (%)	Adequate (1)	Partial (0.5)	Inadequate (0)	Not Applicable (N/A)
Background and context	78	10	12	1
Objective/Purpose of the assessment	95	5	0	0
Scope/Coverage of the level of government	24	15	18	42
Stakeholders and their roles/Assessment team composition and inputs	55	33	11	1
Methodology for undertaking the assessment	52	21	12	15
Reporting, consultation & follow-up, timetable & deliverables	74	13	12	0
Resources	47	31	22	0

42. Most CN/TORs scored well on the “**Background and context**” section. The 1% N/A is the result of a single assessment for a country that does not have donor operations in country, therefore, the question, “Is the PEFA assessment linked to donor operations” does not apply.

43. The majority of the CN/TORs scored resoundingly well on the “**Objective/Purpose of the assessment**” section with a score of 95%, indicating that this section was adequately written.

44. The “**Scope/Coverage of the level of government**” received a mixed scoring with only 24% receiving an adequate score, 15% a partial score, 18% an inadequate score, and 42% a N/A score. In the case of the N/A score, the results are skewed by the question relating to subnational government (SNG) entities, “In case of a SNG assessment, where there are multiple agencies of a similar nature to be assessed (e.g. local governments), is the method of selection defined, or the actual selection explained?” Since there are only five SNG assessments included in the study, for the remaining 34 assessments or 87% of the sample, this question is N/A.

45. Under the “**Stakeholders and their roles/Assessment team composition and inputs**” section most CN/TORs were scored adequately (55%) but quite a few (33%) received a partial score or inadequate score (11%). This indicates that the involvement of the government, other development partner agencies, and the composition and roles of the assessment team in nearly half 44%, could improve this area by more fully describing the roles and composition of supporting agencies and the assessment team.

46. The “**Methodology for undertaking the assessment**” subject area of the sample CN/TORs scored adequately or better 52% of the time, received partial scores 21% of the time and shared nearly an equal amount of inadequate and N/A scores. Of the partially scored CN/TORs, the areas that need the most work are: having a realistic timetable for the stages and activities of the assessment from approval of CN/TOR to publication, sources of information for the scoring of the indicators (including non-state sources) and means for collecting information and evidence, and, specification of the indicators to be used, e.g. is reference made to the 31 standard PEFA indicators for central government and the guidelines in the case of SNG. Of

these three areas the first and second are of the most concern since understandably some assessment managers may assume that the 31 indicators will be used and therefore do not mention it in the CN/TOR. This however is not a good practice since many PEFA assessments are integrated into other PFM studies; additionally, some assessments have only partially used the Framework, hence the importance of including this information in a CN/TOR. The 15% N/A is driven by two questions, “In case of a previous assessment is the requirement to track and document changes over time adequately explained?” and “If any specific subject (e.g. procurement, debt management) is to be assessed separately, is it clear how the drill-down scores could be incorporated or coordinated into the PEFA assessment?” With over 130 countries having completed at least one assessment and around 50 having completed a repeat assessment, it is critical for information regarding a previous assessment to be included in the CN/TOR. Similarly, there are now drill-down tools that use PEFA as the beginning point for PFM analysis, while more in-depth work is then conducted on specific areas of interest. The most frequently used drill-down tool is the Methodology for Assessing Procurement Systems (MAPS), which was developed by OECD-DAC’s Task Force on Procurement. The MAPS tool will often be included with the PEFA as an integrated report or placed in an annex.

47. The sample CN/TORs overall scored well for the “**Reporting, consultation & follow-up, timetable & deliverables**” subject area. For those CN/TORs that received partial or inadequate scores, they were concentrated in two areas, “arrangements for quality assurance, e.g. donor peer review, review by PEFA Secretariat: review process management, reviewers organization, name or position, the review stages and the timeframe” and “arrangements for government clearance and distribution/ publication of the final report.” These process issues are useful for ensuring the assessment is managed well and the report is finalized and ultimately made public.

48. Just over half of the CN/TORs either partially or inadequately provided information on the “**Resources**” used for an assessment. The Secretariat suggests including, “specification of individual stages in implementing the assessment with a breakdown of time for each stage, number of man-days involved in each stage, and “budget and funding arrangements, i.e., the structure of budget for the PEFA assessment (e.g. number of assessors, trainers, quality assurance team, man-days, reimbursable costs such as accommodation, travel, per-diem, etc).” While some Partner organizations purposely do not include this information, sometimes for internal procurement reasons, it is important for planning purposes that this information exists and is shared with the Secretariat in order to provide accurate feedback to the lead agency of assessment.

Chapter 4 – Effectiveness of PEFA Secretariat Comments on CN/TORs

4.1 Overview

50. This section examines:

- To what degree did the final CN/TOR adequately address the comments provided by the Secretariat to the draft review?

4.2 Findings

51. As mentioned in the previous chapter, the Secretariat included a sample of 39 assessment CN/TORs to analyze the quality and effectiveness of the PEFA Secretariat comments. The basic requirement for inclusion in the sample was for the Secretariat to have reviewed the draft CN/TOR and have possession of the final CN/TOR so a follow-up review could take place for the purpose of this study. Of those CN/TORs that were conducted prior to the use of the Template 3, the follow-up reviewers for this study used the original review of the draft assessment to fill out Template 3 so that the draft and final reviews used the same template.

52. After reviewing the final CN/TORs of assessment reports for which the Secretariat had already conducted a review of the draft CN/TOR, the Secretariat compared the CIs to see if the assessment manager took into account the feedback provided on the draft version. Table 4 below provides a summary under the major subject areas as to whether or not adequate revisions took place.

Table 4: Change in CI scores from draft to final CN/TORs

CN/TOR Subject Area, by percentage	Improved			Stayed the same			Worsened		
	0 -> 0.5	0.5 -> 1	0 -> 1	1 -> 1	0.5 -> 0.5	0 -> 0	1 -> 0	1 -> 0.5	0.5 -> 0
Background and context	3	6	4	78	4	4	0	0	0
Objective/Purpose of the assessment	0	5	0	95	0	0	0	0	0
Scope/Coverage of the level of government	5	8	5	24	8	8	0	0	0
Stakeholders and their roles/Assessment team composition and inputs	2	22	7	54	11	2	0	1	1
Methodology for undertaking the assessment	2	12	5	52	8	5	0	0	0
Reporting, consultation & follow-up, timetable & deliverables	0	5	6	74	8	6	0	0	0
Resources	4	8	3	47	23	15	0	0	0

53. Table 4 demonstrates that the feedback provided by the Secretariat to the assessment managers for CN/TORs was either positively received and revised (“improved”) or ignored

without revisions. Only 1% of the time did the quality of the CN/TOR deteriorate. Of those CN/TORs that improved, in most cases the draft was already in fairly good condition, moving the CIs from a partial score (0.5) to adequate or better (1). Of those CN/TORs that contained inadequate CIs (0), most of them moved to adequate or better – which represents a significant improvement. Some CN/TORs partially improved from being inadequate (from 0 to 0.5).

54. Most of the CN/TORs were already in adequate condition and were therefore not revised. However, some assessments received significant partial (23%) or inadequate (15%) scores on the “Resources” subject area and did not revise their CN/TOR despite receiving feedback to do so by the Secretariat. As mentioned above, this is often a result of the internal procurement procedures whereby budget information for a project is used for internal purposes only.

Chapter 5 – Recommendations

55. A number of recommendations are provided below. They are divided by the agency that would be responsible for implementing them.

56. The PEFA Secretariat might consider taking the following actions to improve the quality and process of reviewing CN/TORs:

- Ensure that the PEFA Check, the new comprehensive review tool, is adequately distributed so lead agencies and Governments of assessments are informed. This should ideally be done by various communication channels, e.g. the PEFA website, e-mail, trainings, and regional workshops.
- Provide some good CN/TORs examples on the PEFA website for assessment managers to reference.

57. Lead agencies might consider taking the following actions to improve the quality and process of reviewing CN/TORs:

- Send draft and final CN/TORs more systematically to the PEFA Secretariat. The current rate of submission for CN/TOR review is on average 40%.
- The sample of 39 CN/TORs analyzed in this study indicate that the following areas could be improved:
 - The involvement of the government, other development partner agencies, and the composition and roles of the assessment team.
 - A realistic timetable for the stages and activities of the assessment from approval of the CN/TOR to publication, sources of information for the scoring of the indicators (including non-state sources) and means for collecting information and evidence, and, specification of the indicators to be used.
 - Information regarding a previous assessment when applicable.
 - The inclusion of drill-down tools when applicable.

Annex A: PEFA Secretariat CN/TOR Review Templates

Template 3 (Template 1 is not included since it is the same as Template 3 except that it contains a numerical rating scheme rather than a categorical rating scheme – which was used in Template 1)

Title/date: Country X: PEFA Assessment [Year] – CN/ToR/[Month and Year]		Coverage rating⁷
Overall impression		CR=X/X = X%
Background and context		
1) What PFM assessments have been made in recent years, including PEFA?		
2) Is the PFM reform context described? What is the status of the government’s PFM reform agenda?		
3) Monitoring and coordination of PFM reform activities described?		
4) PEFA assessment linked to donor operations (such as budget support)?		
Purpose of the assessment		
5) Statement of the purpose of the assessment and how it is to be used?		
Scope/coverage		
6) Are levels of government to be assessed clearly defined on the basis of the structure of general government?		
7) In case of a SNG assessment, where there are multiple agencies of a similar nature to be assessed (e.g. local governments), is the method of selection defined, or the actual selection explained?		
Stakeholders and their roles	Note: also covers Team composition and Inputs (in “Check list”)	
8) Involvement of government in the assessment, including nature of the		

⁷ A = Adequate ; P = Partial; I = Inadequate or missing ; N/A = Not Applicable ; For aggregation of compliance index: A=1; P=1/2; I=0; N/A excluded

assessment (self, joint, assisted), establishment of any Steering Committee, identification of any government liaison official or government team members?		
9) Involvement of oversight agencies (external audit, legislature, anti-corruption agency, civil society groups)?		
10) Involvement of development partners agencies and identification of lead donor agency in joint and assisted assessments? Development partners coordination on inputs to the Assessment team? Roles and responsibilities?		
11) Use of international and national consultants in undertaking the assessment?		
12) Is the assessment team defined (composition, qualifications)? Arrangements for assessment team's management particularly where a team is composed of members who are not under a unified contractual arrangement? Is their role described?		
Methodology for undertaking the assessment		
13) Realistic timetable for the stages and activities of the assessment from approval of Concept Note/TOR to publication of the final report? Individual stages in implementing the assessment (e.g. TOR/CN preparation, field mission(s), home office inputs before and/or after field missions).		
14) Review of standard documents and previous assessments prior to field mission?		
15) Arrangements for launch workshop(s)/training for government and donor officials for briefing, team-building and detailed planning of the work, and for		

meetings and interviews?		
16) Arrangements for end-of-mission presentation, post-mission workshops or meetings to discuss results or their implications for the prioritization and sequencing of reforms?		
17) Sources of information for the scoring of the indicators (including non-state sources) and means for collecting information & evidence (desk review, questionnaires, meetings with officials, submission of evidence, etc)?		
18) In case of a previous assessment is the requirement to track and document changes over time adequately explained?		
19) Specification of the indicators to be used, e.g. is reference made to the 31 standard PEFA indicators for central government and the guidelines in the case of SNG, and to the PEFA website for further guidance? Reasons for not applying a specific indicator (s).		
20) If any specific subject (e.g. procurement, debt management) is to be assessed separately, is it clear how the drill-down scores could be incorporated or coordinated into the PEFA assessment?		
21) Reference to the use of complementary PEFA assessment documents available at the PEFA website (e.g. guidelines for SNG).		
Outputs and outcomes	Note: also covers Reporting, Consultation & follow-up, timetable & deliverables (in “Check list”)	
22) Structure of the Performance Report (any variations or additions to standard PEFA Performance Report)?		
23) Specification of deliverables by Assessment Team, e.g. 1 st draft report, 2 nd draft report (if any), final		

report?		
24) Identification of to whom report(s) should be submitted, when and how?		
25) Arrangements for quality assurance , eg. donor peer review, review by PEFA Secretariat: review process management, reviewers organization, name or position, the review stages and the timeframe		
26) How comments are to be processed and followed up?		
27) Arrangements for government clearance and distribution/ publication of the final report?		
28) How the report will be discussed and used in the engagement on the PFM agenda?		
Resources		
29) Specification of individual stages in implementing the assessment with a breakdown of time for each stage, number of man-days involved in each stage.		
30) Budget and funding arrangements, i.e., the structure of budget for the PEFA assessment (e.g. nr of assessors, trainers, quality assurance team, man-days, reimbursable costs such as accommodation, travel, per-diem, etc).		
Other features (31) ⁸		

Template 2

Title/date:	
Background and context	
1) Is the need for the assessment clearly explained?	
2) What other PFM assessments have been made in recent years?	
3) When was the last PEFA assessment made, if any?	

⁸ If no such features are mentioned the coverage is 'n.a.'

4) Is the PFM reform context described?	
5) Is the PFM reform agenda set within a broader agenda (eg. civil service, public sector, governance or fiscal reforms)?	
6) Status of government's PFM reform agenda?	
7) Monitoring and coordination of PFM reform activities described?	
8) PEFA assessment linked to donor operations (such as budget support)?	
Purpose of the assessment	
9) Statement of the purpose of the assessment and how it is to be used?	
Scope/coverage	
10) Are levels of government to be assessed clearly defined?	
11) Is central government defined, including autonomous government agencies (distinguished from public enterprises)?	
12) Where there are multiple agencies of a similar nature to be assessed (eg. local governments), is the method of selection defined, or the actual selection explained?	
13) Any need to track progress from a previous PEFA based assessment (or any other assessment), and relate it to interventions such as reform activities?	
14) If progress is to be tracked, is Assessment Team to re-assess previous indicator assessments which appear to be inappropriate or not using information now available?	
15) Specification of the indicators to be used, eg. is reference made to the 31 standard PEFA indicators for central government and the guidelines in the case of SNG, and to the PEFA website for further guidance?	
16) Specification of any of the standard indicators <i>not</i> to be used and the reasons for their omission?	
17) If procurement is to be assessed separately, eg. using OECD/DAC methodology, is it clear how the procurement scores will be incorporated into the PEFA assessment?	

18) Definitions of key terms, such as SNG, domestic arrears, autonomous government agencies.	
19) Country-specific features?	
Stakeholders and their roles	
20) Identification of stakeholders and their roles and responsibilities in the assessment?	
21) Involvement of government in the assessment, including nature of the assessment (self, joint, assisted), establishment of any Steering Committee, identification of any government liaison official or government team members?	
22) Involvement of oversight agencies (external audit, legislature, anti-corruption agency, civil society groups)?	
23) Involvement of donor agencies (country offices and home offices), and identification of lead donor agency in joint and assisted assessments?	
24) Use of international and national consultants in undertaking the assessment?	
25) Is the assessment team defined (composition, qualifications, training requirements)?	
26) Other	
Methodology for undertaking the assessment	
27) Realistic timetable for the stages and activities of the assessment from approval of concept note and/or consultant TORs to publication of the final report?	
28) Desk review before field visit?	
29) Arrangements for launch workshop(s) for government and donor officials for briefing, team-building and detailed planning of the work, and for meetings and interviews?	
30) Training of stakeholders in PEFA methodology?	
31) Sources of information for the scoring of the indicators (including non-state sources) and means for collecting information and evidence (desk review,	

questionnaires, meetings with officials, submission of evidence, etc)?	
32) Assessment team's internal management arrangements, particularly where a team is composed of members who are not under a unified contractual arrangement?	
33) Donor coordination on inputs to the Assessment team and comments on draft report(s)?	
34) Arrangements for end-of-mission presentation, post-mission workshops or meetings to discuss results or their implications for the prioritization and sequencing of reforms?	
35) Arrangements for external validation, if appropriate?	
36) Arrangements for quality assurance, eg. donor peer review, review by PEFA Secretariat	
Outputs and outcomes	
37) Structure of the Performance Report (any variations or additions to standard PEFA Performance Report)?	
38) Specification of deliverables by Assessment Team, eg. first draft report, second draft report (if any), final report?	
39) Identification of to whom report(s) should be submitted, when and how?	
40) How comments are to be processed and followed up?	
41) Arrangements for government clearance and distribution/ publication of the final report?	
42) Other	
Inputs	
43) Identification of the staff and consultants' inputs required in the Assessment Team, covering the skills required to cover the range of PFM issues?	
44) Specification of expected period of the field mission(s) and other time involved as well as time set aside for home office inputs before and/or after field missions?	
45) Budget and funding arrangements?	

Annex B: CN/TORs of Assessments Included in the Study

Region	Country	Report cover date	Status of assessment report
EAP	Cook Islands	Jun-11	Draft
EAP	Indonesia	Sep-11	Draft
EAP	France-New Caledonia	-	Planned
ECA	Kyrgyz Republic	Dec-09	Public
ECA	Montenegro	Jul-09	Finalized
ECA	Romania	-	Planned
ECA	Ukraine	Jul-11	Draft
ECA	Uzbekistan	-	Planned
LAC	Belize	Jan-09	Finalized
LAC	Brazil	Dec-09	Public
LAC	Dominican Republic	Nov-10	Public
LAC	Guyana	-	Planned
LAC	Honduras-Tegucigalpa Municipality	-	Planned
LAC	Paraguay	Mar-11	Draft
LAC	Peru	Apr-09	Public
LAC	Peru-3 Regions	-	Planned
LAC	Uruguay	-	Planned
MENA	Jordan	Jun-11	Draft
SAR	Bhutan	Jun-10	Public
SAR	India-Himachal Pradesh State	Jun-09	Public
SAR	Pakistan	Jun-09	Finalized
AFR	Burkina Faso	Jun-10	Public
AFR	Burundi	Feb-12	Draft
AFR	Burundi	Feb-09	Public
AFR	Central African Republic	Jul-10	Public
AFR	Ghana	Jan-10	Public
AFR	Kenya	-	Planned
AFR	Liberia	-	Planned
AFR	Mozambique	Feb-08	Public
AFR	Sao Tome and Principe	Jan-10	Public
AFR	Senegal	Jun-11	Finalized
AFR	Senegal-Ville de Dakar	Jan-09	Public
AFR	Seychelles	Jun-11	Finalized
AFR	Seychelles	Dec-08	Finalized
AFR	Uganda	Jun-09	Public
AFR	Uganda	-	Planned
AFR	Uganda-local govt.	-	Planned
AFR	Zambia	-	Planned
AFR	Zimbabwe	Aug-11	Draft

Annex C: References

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