



Public Expenditure and Financial Accountability (PEFA) program

Contribution to improving public financial management (PFM) systems and providing basis for reform strategies

PEFA is an evidence-based diagnostic tool to identify strengths and weaknesses of PFM systems covering both the entire budget cycle as well as national and sub-national levels of government. The analysis allows for identification of priority reform areas with a view to enhance public service delivery, fiscal sustainability, transparency and accountability.

Rationale

Effective institutions and PFM systems play a critical role in the implementation of national development and poverty reduction policies. The centrality of strong PFM capacities for development has been acknowledged in many forums including United Nations commitments on financing for development and the Sustainable Development Goals. PFM systems are instrumental in a government's ability to deliver macro-fiscal stability, policy-based allocation of resources and operational efficiency in the use of resources for service delivery. In addition, sound PFM systems are fundamental to the appropriate use and effectiveness of donor assistance since aid is increasingly provided through modalities that rely on well-functioning systems for budget development, execution and control.

Objectives and activities

The PEFA Program aims to strengthen the ability of partner countries and donor agencies to:

- assess the condition of country public expenditure, procurement and financial accountability systems, and
- develop a practical sequence of reform and capacity-building actions.

To achieve these aims, PEFA partners developed the PFM Performance Measurement Framework. The Framework includes a set of indicators in seven broad areas of activity measuring and monitoring performance of PFM systems, processes and institutions. A PFM Performance Report provides a framework to report on PFM performance as measured by the indicators at national and sub-national level and with an optional thematic focus on gender responsive budgeting, service delivery or interdependencies among different tiers of government.

The PEFA initiative provides (i) the maintenance and further development of the framework; (ii) support and guidance to the user community; (iii) training; and (iv) research on PFM topics.

Country/region
Global

Executing agency
World Bank (PEFA Secretariat)

Partners
World Bank, IMF
EC, Norwegian Agency for Development Cooperation (Norad), Ministry of Foreign Affairs (France), Department for International Development (UK), Slovak Ministry of Finance, Ministry of Finance of Luxembourg

Project duration
2017–2022 (Phase V)

Total budget
USD 15'448'222
(core PEFA Program, phase V)
CHF 1'250'000
(country activities)

SECO contribution
CHF 4'000'000 (core PEFA Program)
CHF 1'250'000
(country activities)

Governance Structure

The PEFA Program is a multi-donor partnership that was founded in December 2001 between the World Bank, IMF, EC, DFID, the French Ministry of Foreign Affairs, Norad, and SECO. The Ministries of Finance of the Slovak Republic and the Grand Duchy of Luxembourg both joined the program in 2019. A Steering Committee comprising these agencies oversees the Program, while the PEFA Secretariat implements the PEFA activities. SECO joined the program in 2002 and has been since then an active member in the Steering Committee. The PEFA Program cooperates closely with other international bodies working on Public Financial Management issues.

Results so far

To date, PEFA is considered the most successful initiative in the domain of public finances and a concrete contribution to the Harmonization & Alignment agenda. The Framework was issued in June 2005 and as of April 2020 there have been 637 PFM assessments substantially completed. 269 of these assessments were carried out at subnational level. SECO was directly involved as donor agency in 81 assessments carried out in 27 countries by April 2020.

The PEFA framework was upgraded in 2016. The new methodology, known as PEFA 2016, strikes a balance between continuity and strengthened relevance. PEFA 2016 acknowledges the changing landscape of public finance management reforms and the evolution of good practices over the last decade. PEFA 2016 indicators are internationally recognized benchmarks, as demonstrated by their use in the UN sustainable development goals (SDGs) reporting, the World Bank IDA18 dashboard, and the OECD effective institutions platform (EIP) monitoring of development effectiveness indicators. The PEFA methodology includes guidance for subnational PEFA assessments for which an update has been developed and is scheduled to be tested in a number of countries in 2020. In addition, partners recently endorsed the PEFA supplementary framework for gender responsive budgeting aimed at collecting information on gender responsive public financial management practices. A similar module comprising a set of supplementary questions built on the PEFA framework has been drafted for assessing climate responsive PFM.

How to get involved

The PEFA Program has a demand-driven approach. The decision to undertake a PEFA assessment must be taken at country level, by the government, often in collaboration with international finance agencies and donors that provide advice, technical assistance and financing for the reform programs or for the government's budget at large.

In addition to contributing to the core PEFA program, SECO has a bilateral line for supporting PEFA assessments and follow up dialogue in priority and complementary measures countries. Information for cooperation offices/embassies on how to request support through this line can be obtained from SECO Headquarters.

Further information and contact details

Website: www.pefa.org

Email: pefa@worldbank.org

PEFA Coordinator at SECO:

Tel.: +41 58 483 95 98

Email: wemu.sekretariat@seco.admin.ch