



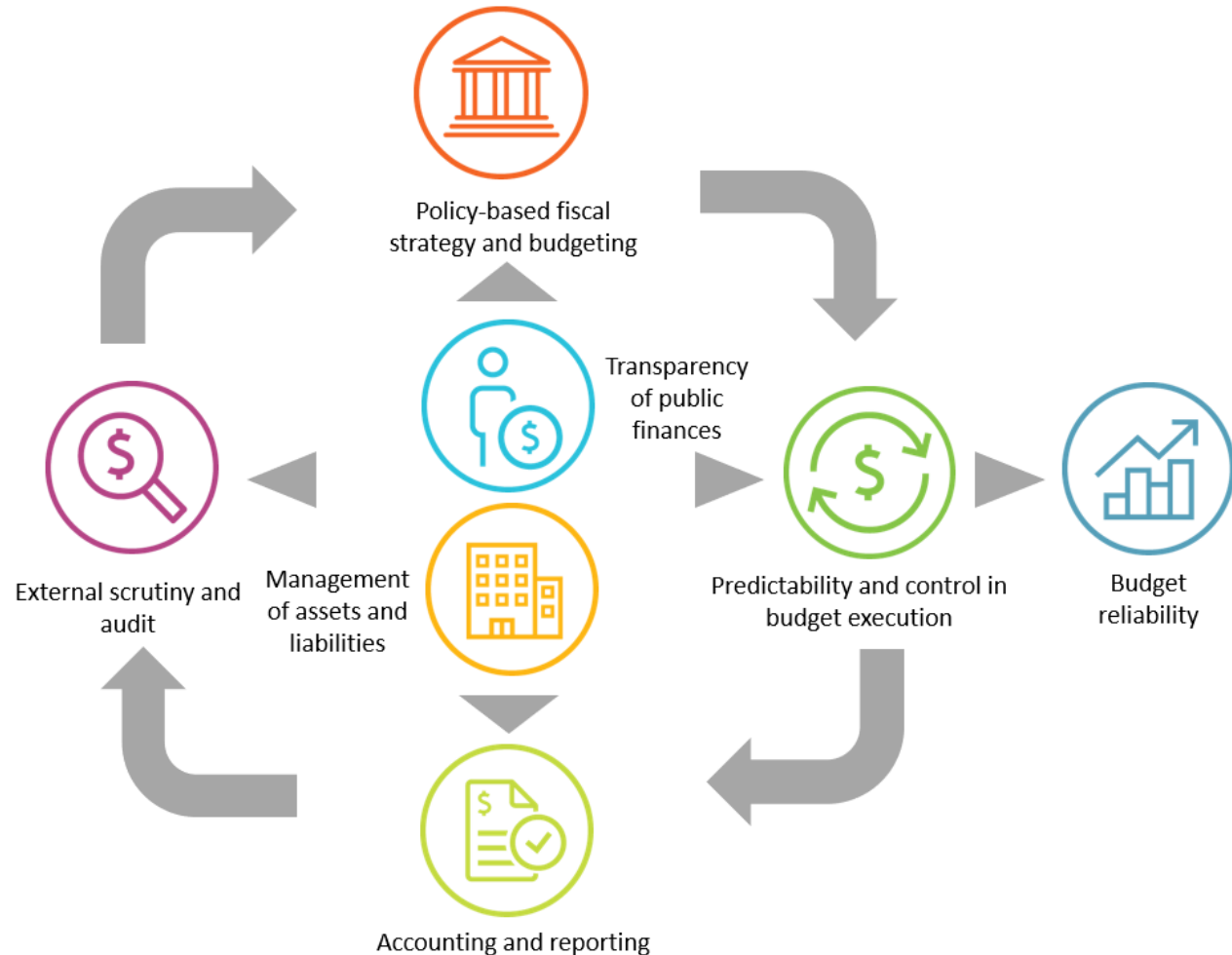
# Fiscal Reforms and Governance – a PEFA Perspective

G-24 Technical Group Meeting  
Lima, Peru, March 14-15, 2019

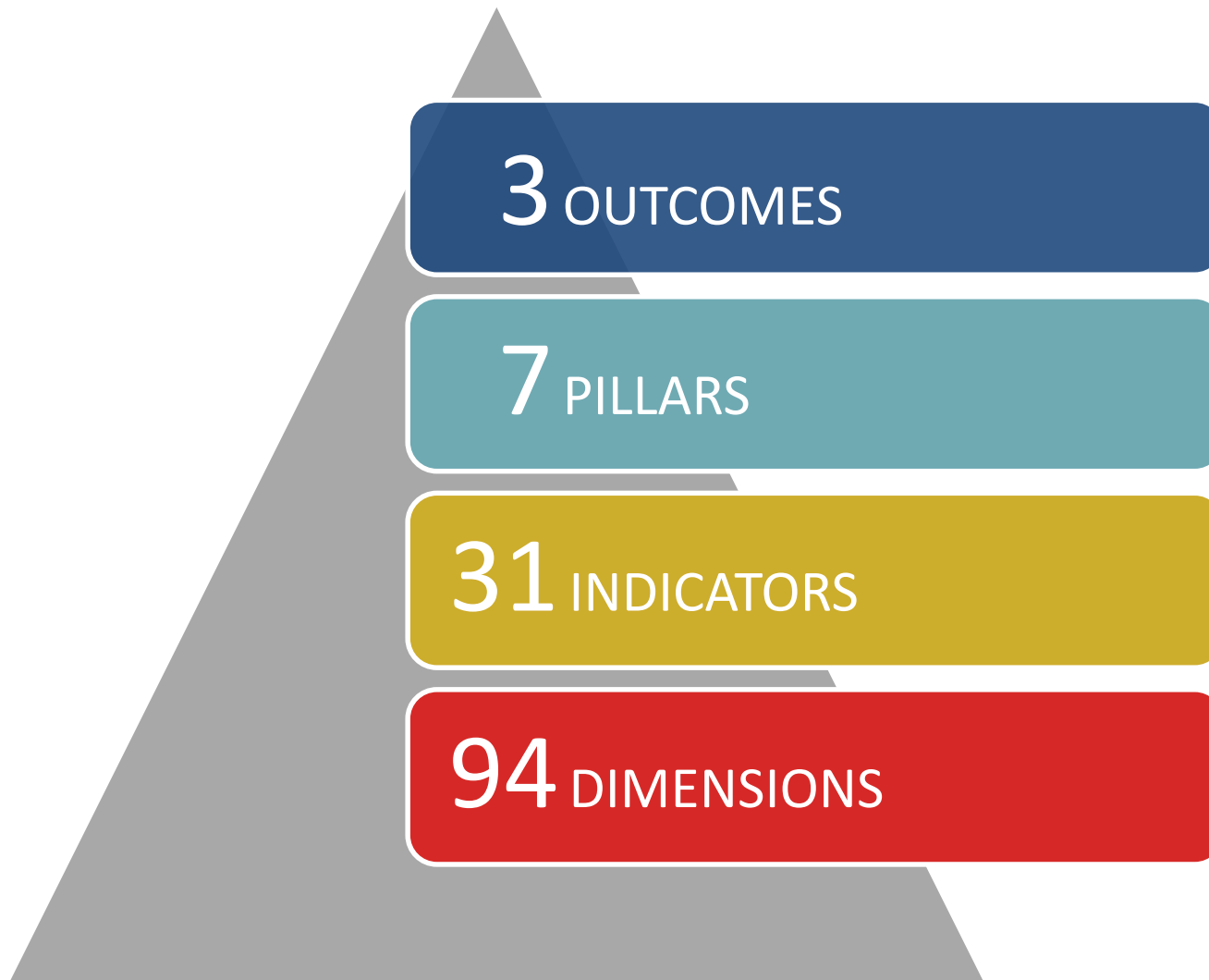
Jens Kromann Kristensen, Head of the PEFA Secretariat



# What is the Public Expenditure and Financial Accountability (PEFA) Program and Framework ?

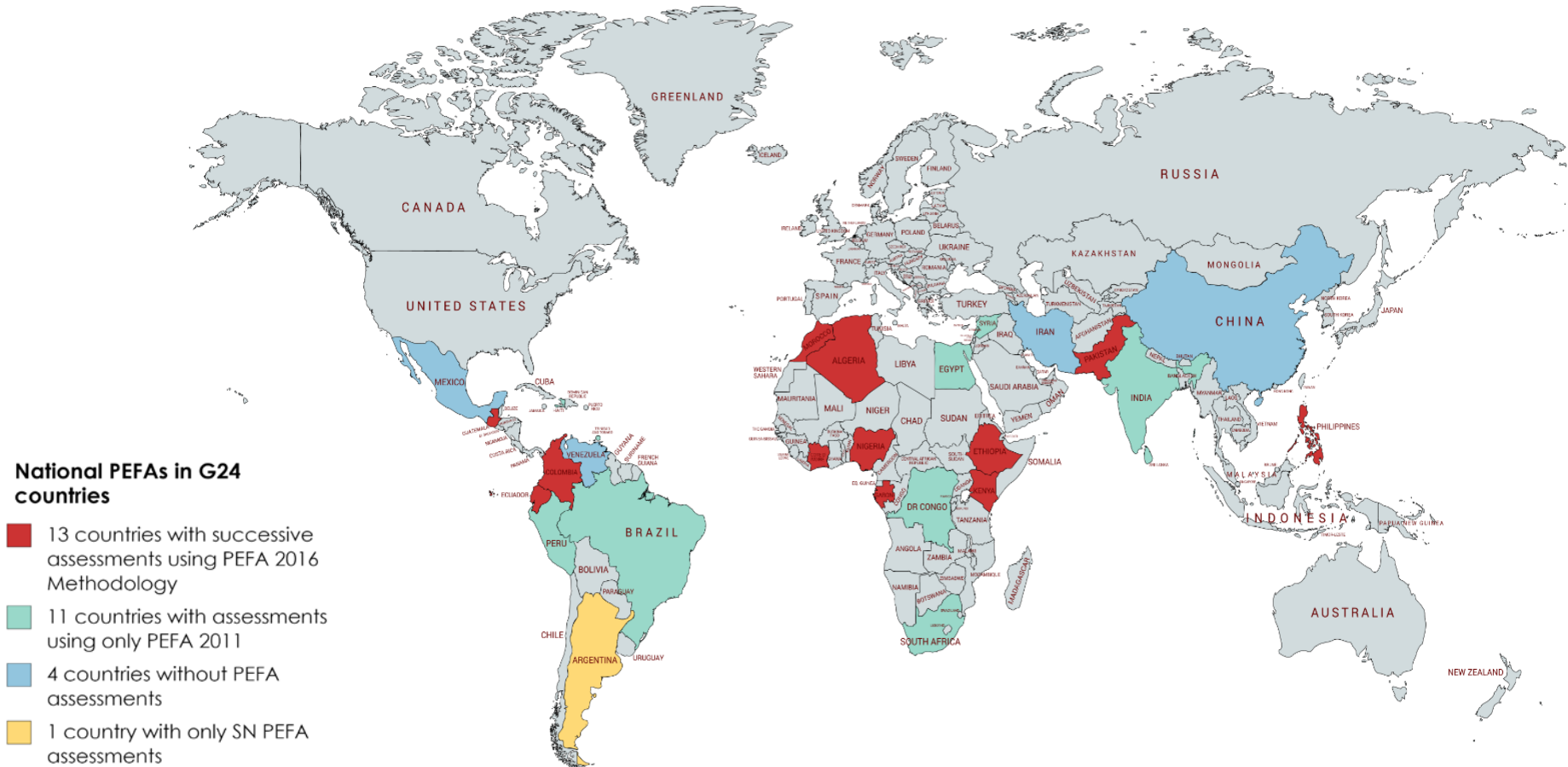


# PEFA Public Financial Management performance assessment

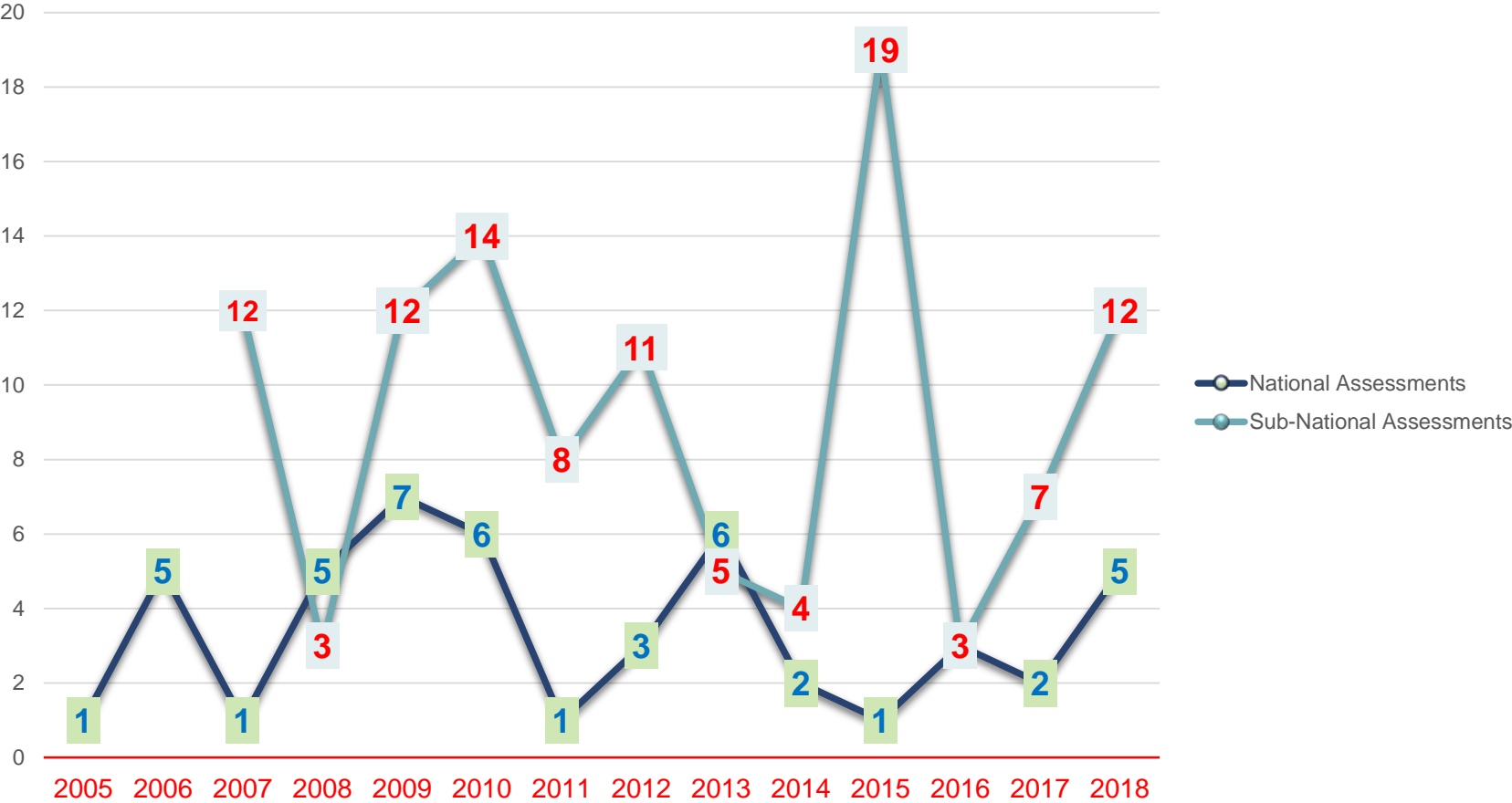




# G24 Member countries with PEFA assessments – march 2019



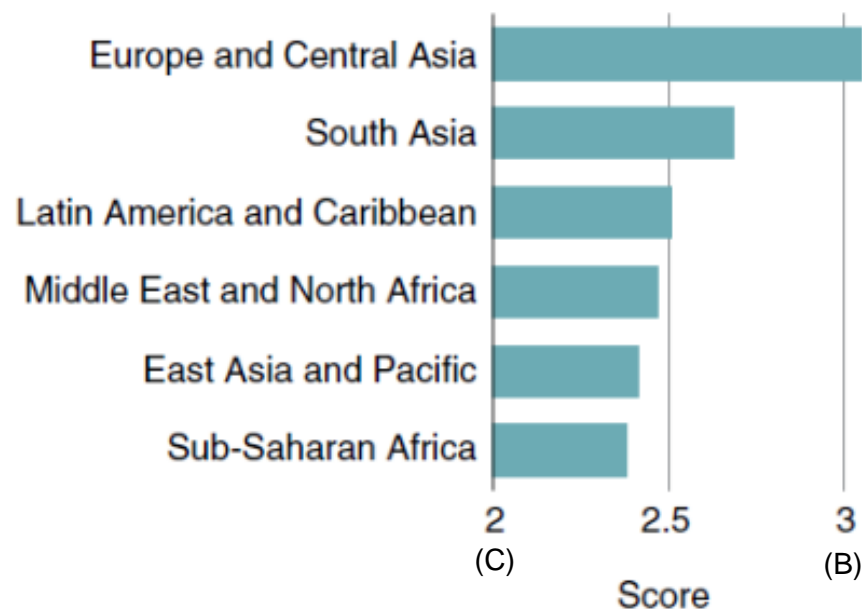
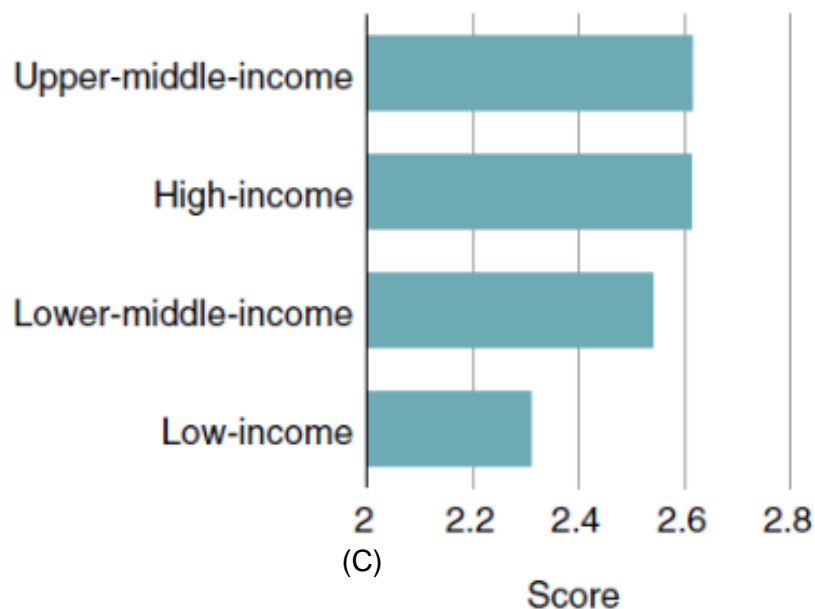
# National and Sub-national PEFA Assessments in G24 member countries



# Fiscal Reforms and Governance



Average PEFA score, by country income level and region (most recent)

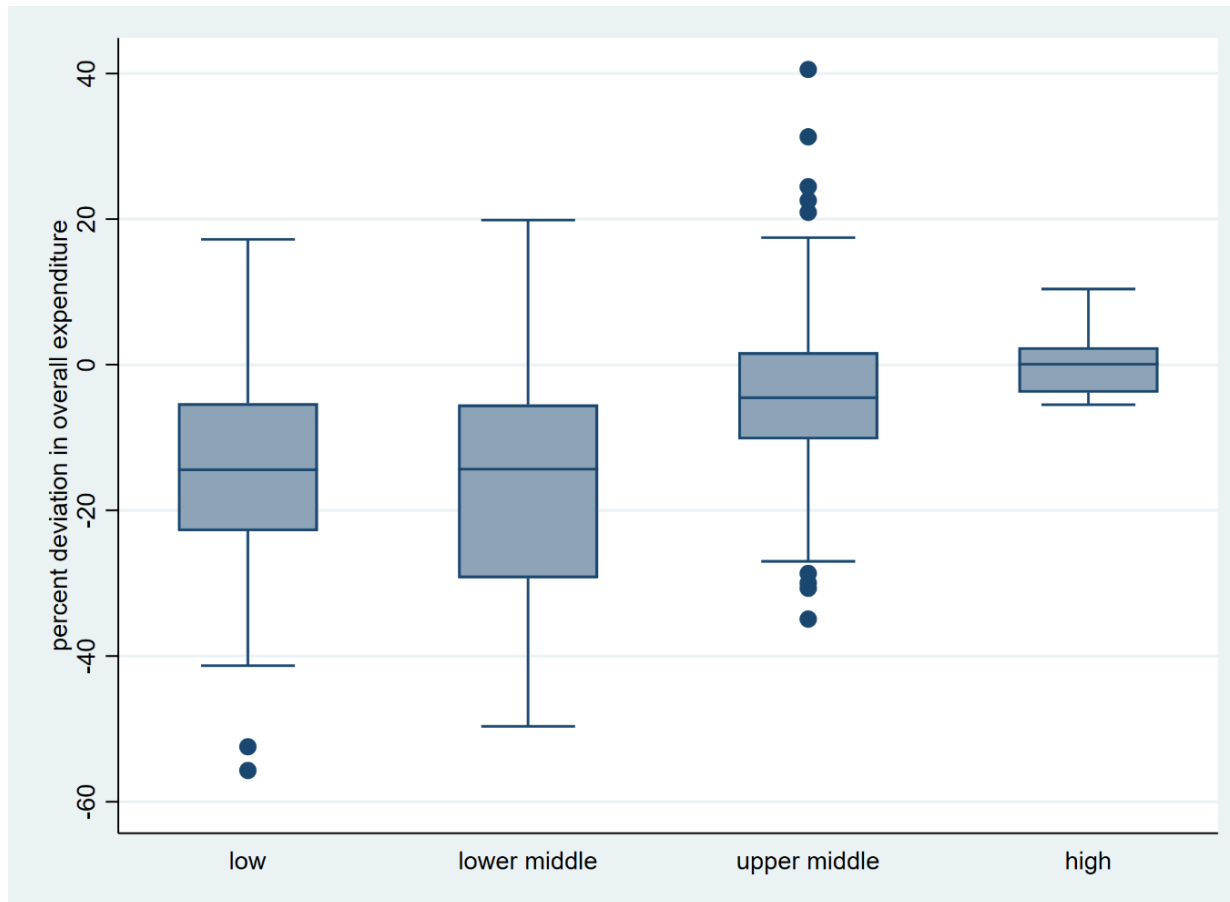


# Fiscal Reforms and Governance



Budget  
reliability

Deviation in overall expenditure by income group, BOOST data



Source: IBP, 2019, Can You Believe It? Tracing the Contours of the Budget Credibility Challenge. Presentation at Community of Practice Meeting, Feb 7-8, 2019 Washington D.C

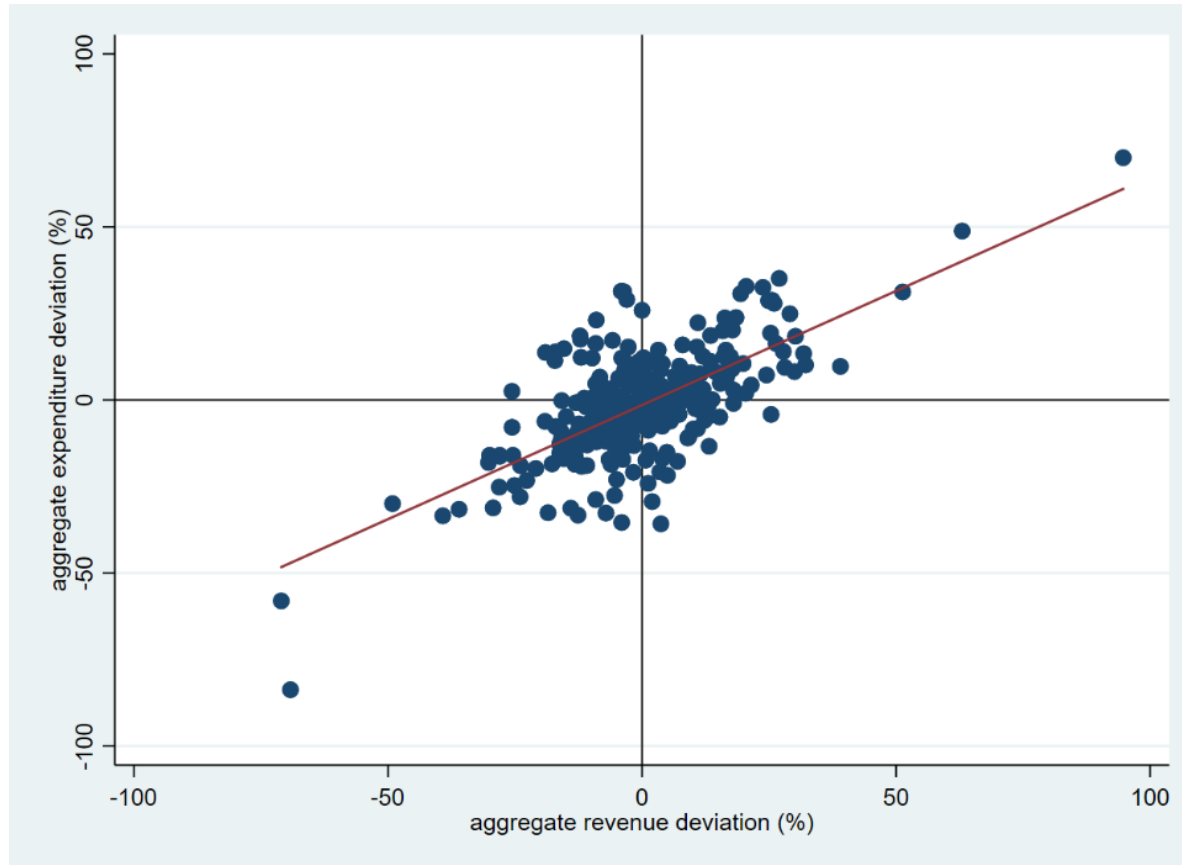


# Fiscal Reforms and Governance

Deviation in overall expenditure and revenue PEFA Data



Budget  
reliability

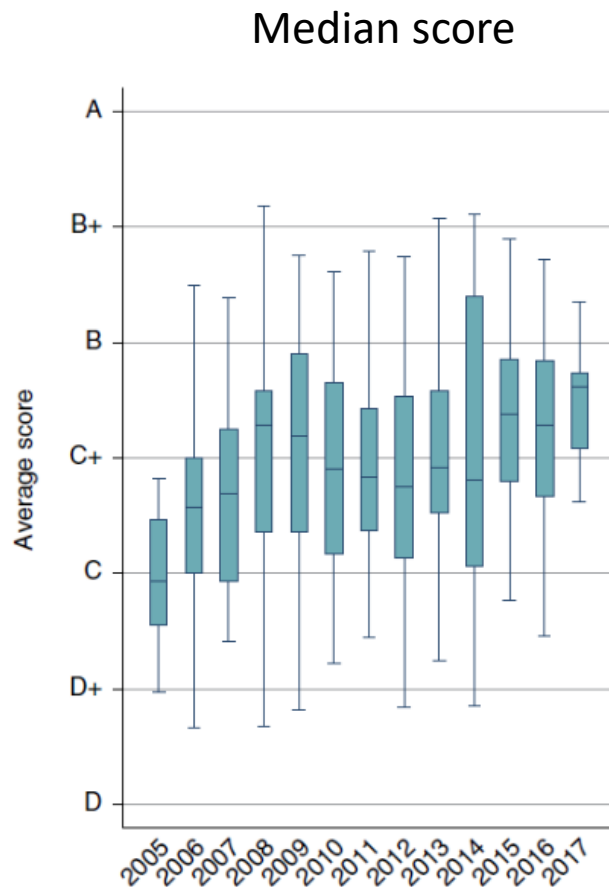
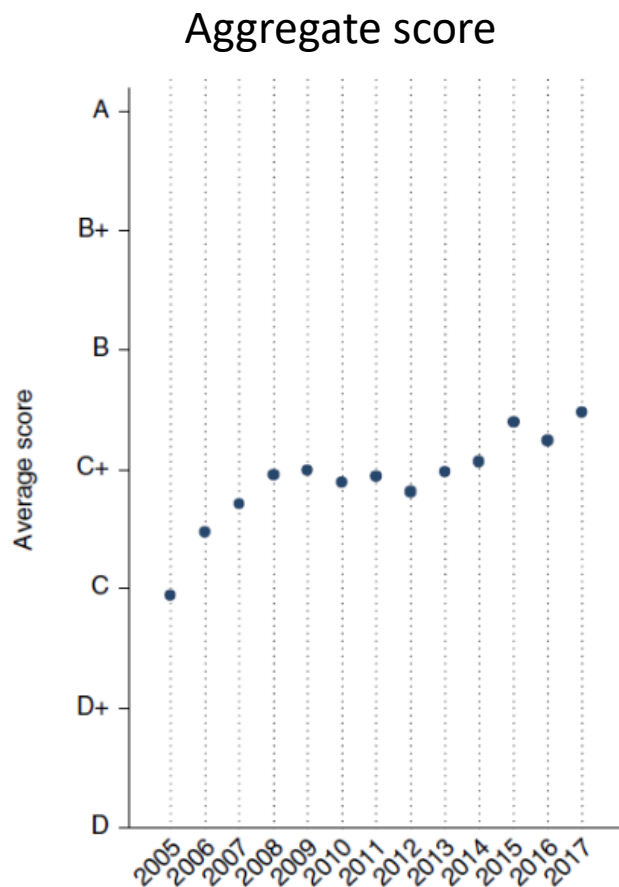


Source: IBP, 2019, Can You Believe It? Tracing the Contours of the Budget Credibility Challenge. Presentation at Community of Practice Meeting, Feb 7-8, 2019 Washington D.C



# Fiscal Reforms and Governance

Average overall PEFA score, 2005–17





# Fiscal Reforms and Governance



**The highest scoring countries since 2016  
(public reports – simple average of scores)**

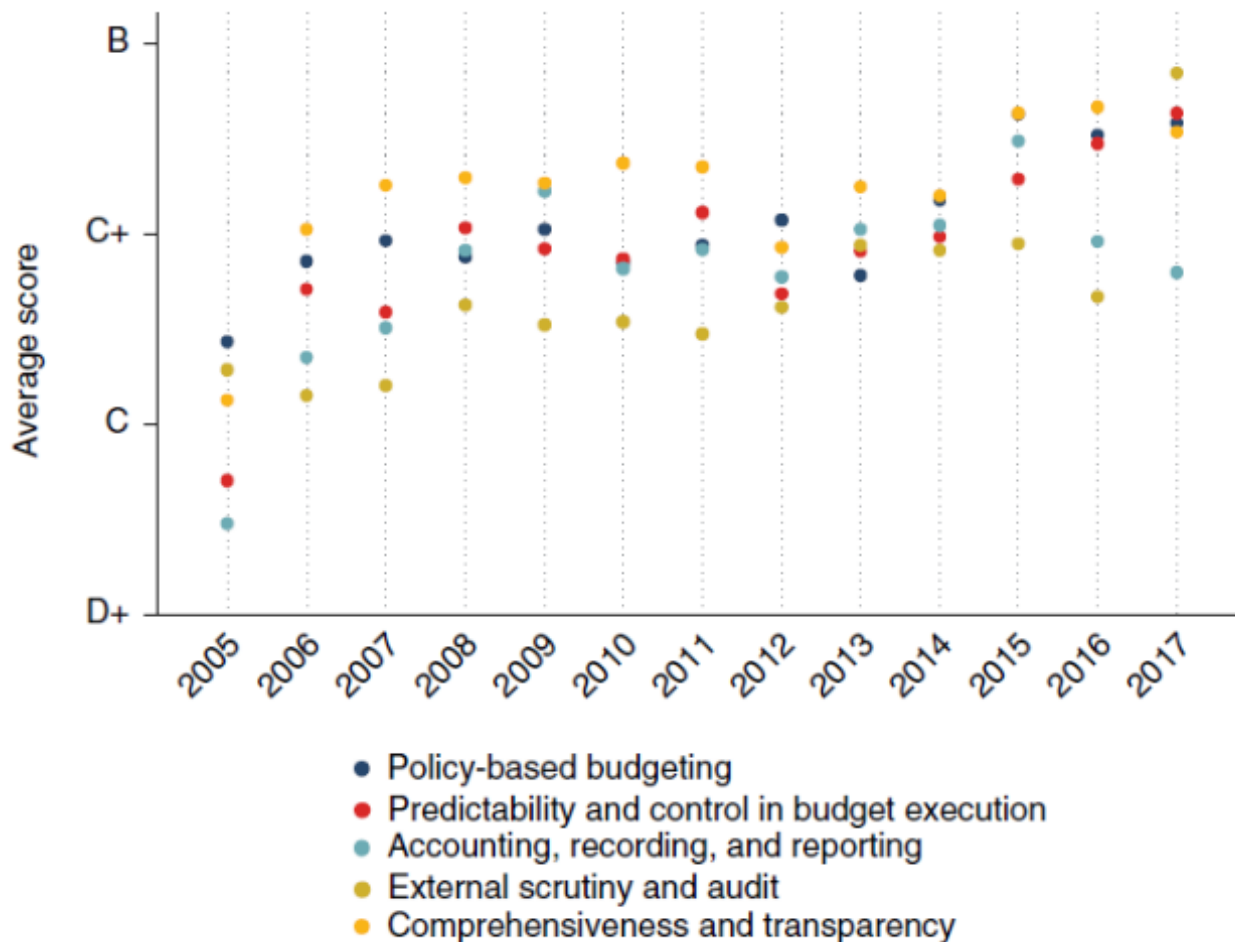
- Georgia
- Rwanda
- Philippines and Indonesia
- Albania
- Kazakhstan

**The most improved countries since 2016  
(public reports – simple average of scores)**

- Philippines
- Tajikistan
- Uganda
- Rwanda
- Togo

# Fiscal Reforms and Governance

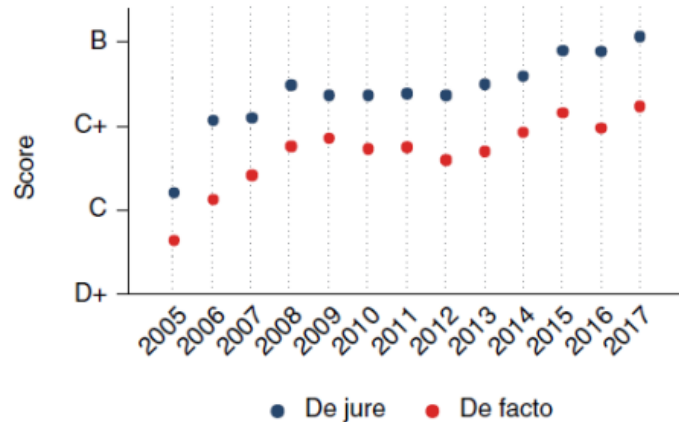
Average overall PEFA score, by pillar, 2005–17



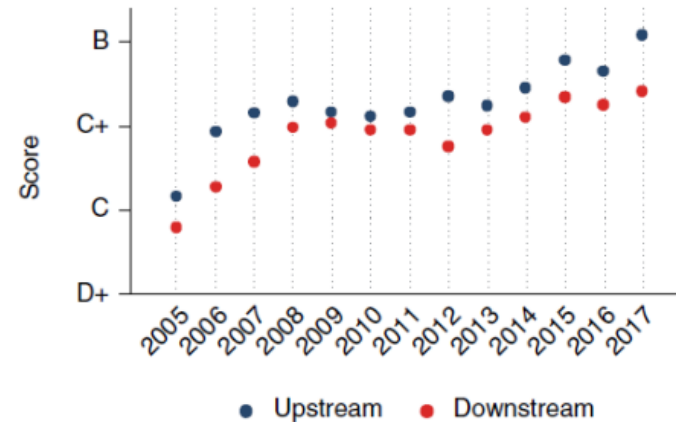
# Fiscal Reforms and Governance

PEFA performance on “form” versus “function, 2005–17

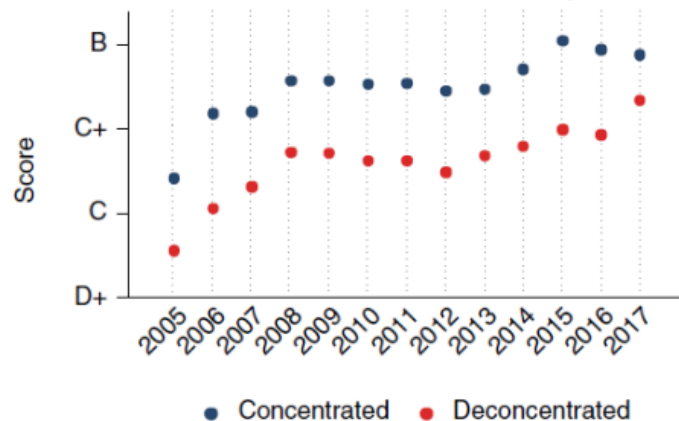
a. De jure and de facto performance



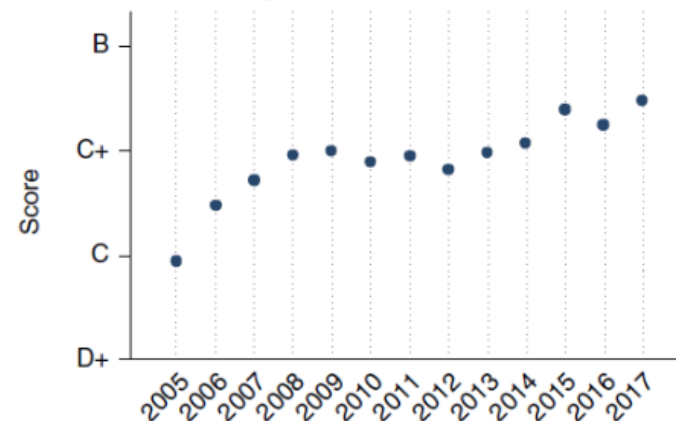
b. Upstream and downstream performance



c. Concentrated and deconcentrated performance



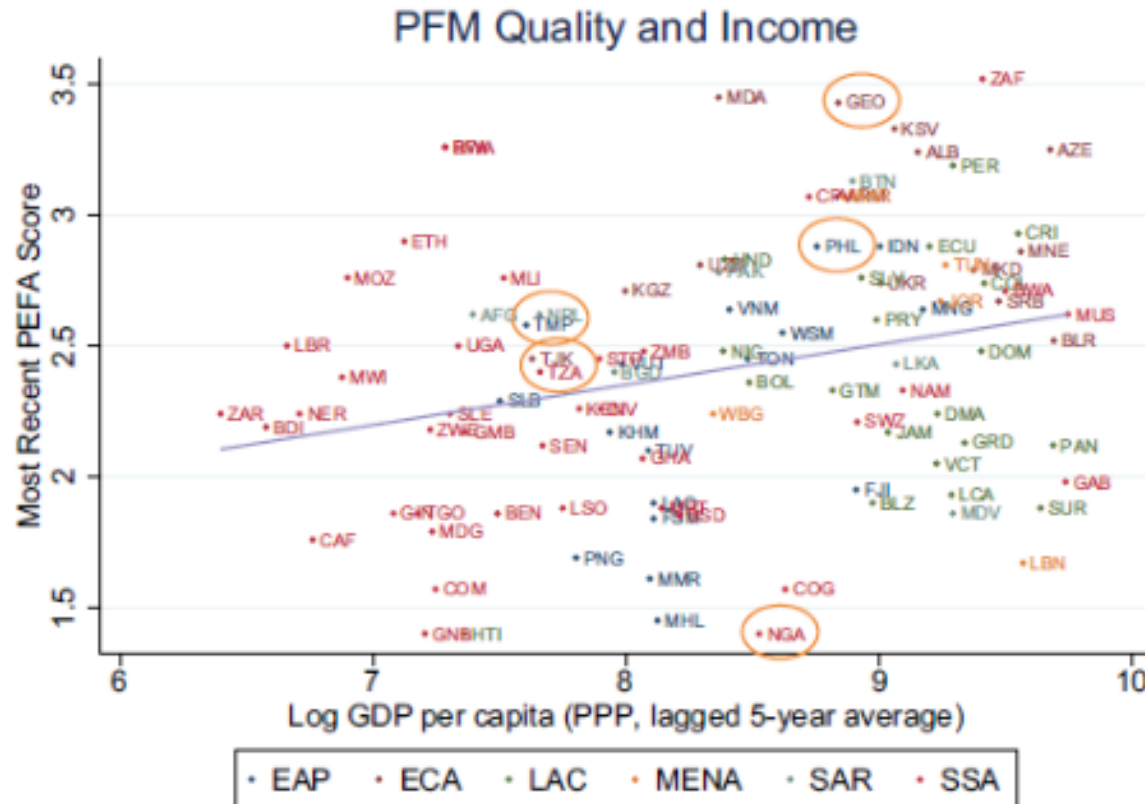
d. Overall performance





# Fiscal Reforms and Governance

What drives performance: PEFA performance and income ?



# PFM trends mirror development priorities

- **Service delivery focus – human capital as driver of growth**
  - PFM as enabler of service delivery
  - Focus on the “handover” between cross cutting PFM systems and PFM in delivering agencies
  - Prioritizing PFM reforms that deliver on policy objectives
- **Public investment management – infrastructure as a driver of growth**
  - Alternative financing (PPP, concessions, private provision, SOE governance),
  - Re-introducing “the project” and “the project cycle” in budgeting and management
- **GovTech (e-Government) – technological disruption as a driver of growth**
  - IFMIS, e-procurement, HRMIS and beyond
  - Open data, feedback, transparency and dialogue
  - Cloud, AI, big data
  - Robotic process automation, internet of things, blockchains, etc. (TBD)

# PFM trends mirror development priorities

- **PFM and climate change – climate change as a risk to growth**
  - International focus (the 2019 Helsinki Declaration, ongoing OECD working group)
  - Tax policy
  - Public Investment Management, fiscal policies, etc.
- **PFM reform evergreens/foundations – macro fiscal pressures, assurance, anti corruption...**
  - Debt management and debt transparency
  - Transparency and disclosure
  - MTEF, PPP, Accounting standards, cash management etc.
- **New ways of prioritizing and implementing PFM reforms**
  - Open source, project management approaches
  - Problem Driven Iterative Approaches (PDIA)
  - Political Economy, stakeholder analysis, working with the grain



# How can countries and their partners do better on Fiscal Reforms and Governance?

There is no PFM reform without solid technical foundation, but...

- Non-technical factors of ownership and interest should be understood, factored in and worked on. Continuously.
- Involve broader stakeholders groups before, during and after reforms
- Agility is key to relevance and impact
- Link and prioritize PFM reforms that support achievement of development policy objectives
- Ongoing monitoring, learning, feedback and adjustment during implementation is key to countering and/or leveraging the unforeseen
- For PEFA, the assessment process (end-to-end) should be leveraged to build capacity and common understanding of reform needs and goals

# Stay in touch with the PEFA Secretariat



[www.pefa.org](http://www.pefa.org)

