

10 Years OF the PEFA program Implementing aid effectiveness agenda



The Public Expenditure and Financial Accountability (PEFA) Program originates from the aid effectiveness agenda. With its focus on country ownership, coordinated donor work and monitoring of improvements in country systems, the PEFA partnership's Strengthened Approach to Supporting PFM Reform, provides the underlying objectives for the program, and these are closely aligned with both the Paris Declaration and the Accra Agenda for Action. These international agendas focus on strengthening and using country systems, as well as measuring the quality of those systems. The PEFA Performance Measurement Framework provides a tool for monitoring these aspects of public financial management systems.

The PEFA Program has worked extensively with the DAC Working Party on Aid Effectiveness' Task Force on Public Finance Management, and the PEFA Performance Measurement Framework has been adopted by a wide range of partner countries and donor agencies. Furthermore, since its inception in 2001, the PEFA Framework has grown with the Aid Effectiveness agenda from a PFM diagnostic tool used by a limited group of donors into a global public good that can assist in PFM reform formulation and monitoring by countries themselves in collaboration with international development partners.

2011 is the 10 year anniversary of the PEFA program and this provides an important opportunity to review progress and lessons learned, and to develop a more inclusive and developing country-led strategy for the PFM reform agenda. With 245 assessments undertaken in 126 countries and 116 publicized reports, PEFA demonstrates that the shift from donor leadership to country ownership can be effective and can foster greater agency effectiveness and build mutual accountability. The overall conclusion of the recently published, independent evaluation of the PEFA program is 'resoundingly positive'. It used information from 25 countries that indicate widespread use of PEFA assessments for reform dialogue by both governments and development agencies. Government ownership of the assessment has proven to lead to government use of the report and indicators are often used to set medium to long term targets for performance improvements.

PEFA participation in the HLF4 in Busan provides an important opportunity to review the progress made and lessons learned from use of the PEFA Framework for public finance assessments and reform. The discussion in Busan may shed some light on the key criteria that will help develop a more inclusive vision about what needs to be done in the future to foster effective public financial institutions and policies, and the PEFA program's role in that respect.

Until recently, the discussion on PFM reform was dominated by analysis and action from developed countries and international development agencies. This is beginning to change, as increasingly low and middle-income countries are themselves shaping the debate on what good practices in financial governance should look like. This presents an opportunity for a more strategic and partner country-led vision for the PEFA program which can contribute to the orientations of the Program in its next phase. We therefore invite participants in the HLF4 to offer answers to the questions:

- “How to strengthen donor partner support to public financial management reforms in developing countries – what role can PEFA play in further facilitating joint analytical work and reducing transaction costs?”
- “PEFA has proven to create an effective platform for ownership in the reform dialogue - what more needs to be done to assist partner countries?”
- “What does PEFA tell us about public finance management and how better to hold governments accountable - how can the reports be used by legislatures and civil society?”

The recent Stocktaking Study on PFM Diagnostic Instruments, produced under the auspices of the Working Party on Aid Effectiveness with support from the PEFA Program, as an input for the HLF discussions, provides a number of entry points for the future, towards better alignment and harmonization of assessment work of PFM country systems and greater government leadership.

In the next phase, PEFA should strive to support the work of partner countries and donor agencies to implement the post-Busan paradigm of development effectiveness and focus on country capacity to strengthen public financial management systems.

We look forward to fruitful discussion and invite you to contact us or join the PEFA Secretariat team in Busan....

Frans Erik Ronsholt

Head of PEFA Secretariat

