

FAQs for Participating in the Second Monitoring Round of the GPEDC: **Indicators 9a & 9b**

This document presents frequently asked questions and answers on the second monitoring round of the GPEDC.

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FREQUENTLY ASKED QUESTIONS FOR INDICATORS 9a & 9b

The [Monitoring Guide](#) provides indicator factsheets (Annex II) and questions and definitions to guide data collection at the country level for each indicator (Annex III).

Indicator 9a: Quality of country Public Financial Management (PFM) systems

The [Monitoring Guide](#) provides a detailed factsheet on this indicator in Annex II.

Note: this indicator is NOT measured at the developing country level.

What does this indicator focus on?

The indicator looks at the quality of developing countries' PFM systems by assessing the extent to which there is a comprehensive and credible budget linked to policy priorities, effective financial management systems, and timely and accurate accounting and fiscal reporting, including timely and audited public accounts¹.

Strong public financial management (PFM) systems are essential for effective and sustainable economic management and public service delivery. States are effective and accountable when they are underpinned by good PFM institutions and systems. Good PFM systems are also indispensable in ensuring that aid is being used to achieve development goals².

What is a PFM system?

According to the Paris Declaration, "Country systems and procedures typically include, but are not restricted to, national arrangements and procedures for public financial management, accounting, auditing, procurement, results frameworks and monitoring (OECD/DAC, Paris Declaration, p. 4)³."

What is the data source for this indicator?

The data comes from the World Bank Country Policy and Institutional Assessment (CPIA) and is published for International Development Association countries.

What is the International Development Association?

The International Development Association (IDA) provides interest-free loans — called credits — and grants to governments of the poorest countries⁴.

¹ The indicator can be assessed through the World Bank website at:

<http://data.worldbank.org/indicator/IQ.CPA.FINQ.XQ>

² For more information on Public Financial Management systems, see:

<http://www.oecd.org/dac/effectiveness/pfm.htm>

³ See the following OECD document on the Paris Declaration: <http://www.oecd.org/dac/effectiveness/49066168.pdf>

⁴ For more information on the IDA, see <http://www.worldbank.org/en/about>

How is the indicator measured?

This indicator takes the form of a score ranging from 1.0 (lowest) to 6.0 (highest), scored in half-point increments (0.5).

The following three dimensions are rated by the World Bank using established criteria:

- a comprehensive and credible budget, linked to policy priorities;
- effective financial management systems to ensure that the budget is implemented as intended in a controlled and predictable way; and
- timely and accurate accounting and fiscal reporting, including timely and audited public accounts and effective arrangements for follow up.

All three dimensions are given equal weighting⁵.

Do I need to provide input to this indicator?

No, separate data collection for the Global Partnership is not required. Information from the World Bank CPIA will form the basis of the preparation of a provider profile and aggregation. This information will be disseminated prior to the report to countries so that they can comment on the results and inform the narrative text.

Indicator 9b: Use of country public financial management and procurement systems

The [Monitoring Guide](#) provides detailed information on this indicator in Annex III.

What does this indicator focus on?

This indicator combines the Paris Declaration 5a (use of PFM systems) and 5b (use of procurement systems) to offer a single composite indicator. It focuses on the use of developing countries' public financial management (PFM) and procurement systems when funding from providers of development co-operation is provided to the government sector, without applying safeguard measures. National systems for the management of funds are those established in the general legislation (and related regulations) of the country and implemented by the line management functions of the government.

How does the indicator relate to indicator 5 of the Paris Declaration?

Indicator 5 of the Paris Declaration also measured the use of partner country PFM systems by the use of budget execution, auditing, financial reporting, and procurement systems. However, the methodology presented the average amount of funding for the government sector through budget execution, auditing, and financial reporting. The amount of funding through country procurement systems was presented separately. For the Global Partnership, the indicator has been condensed to show the average amount of funding for the government sector that goes through the four systems.

Does any development co-operation modality automatically qualify as using country PFM and procurement systems?

No particular development co-operation modalities automatically qualify as using country PFM and procurement systems. Most modalities including project support can be designed to use country PFM and procurement systems. A set of criteria are presented in the [Monitoring Guide](#) to help providers of development co-operation determine when they are, and when they are not, using country PFM and procurement systems.

How is information collected for this indicator?

The national co-ordinator is responsible for the overall data collection and validation process, in liaison with colleagues from relevant government institutions/ministries and with providers' country offices. Where possible, data should be drawn from the country's aid management systems.

⁵ See <http://www.worldbank.org/ida/IRAI-2012.html> for detailed criteria underpinning each dimension.

What does the use of national budget execution procedures mean?

Providers of development co-operation use national budget execution procedures when the funds they provide are managed according to the national budgeting procedures established in the general legislation and implemented by government. This means that programmes supported by providers of development co-operation are subject to normal country budgetary execution procedures, namely procedures for authorisation, approval and payment.

What does the use of national financial reporting procedures mean?

Legislative frameworks normally provide for specific types of financial reports to be produced as well as periodicity of such reporting. The use of national financial reporting means that providers of development co-operation do not impose additional requirements on governments for financial reporting. In particular providers of development co-operation do NOT require: i) maintenance of a separate accounting system to satisfy the provider of development co-operation's reporting requirements, and ii) creation of a separate chart of accounts to record the use of funds from the provider of development co-operation.

What does the use of national auditing procedures mean?

Providers of development co-operation rely on the audit opinions, issued by the country's supreme audit institution, on the government's normal financial reports/statements as defined above. The use of national auditing procedures means that providers of development co-operation do not make additional requirements on governments for auditing.

What does the use of national procurement systems mean?

Providers of development co-operation use national procurement systems when the funds they provide for the implementation of projects and programmes are managed according to the national procurement procedures as they were established in the general legislation and implemented by government. The use of national procurement procedures means that providers of development co-operation do not make additional, or special, requirements on governments for the procurement of works, goods and services (where weaknesses in national procurement systems have been identified, providers of development co-operation may work with developing countries in order to improve the efficiency, economy, and transparency of their implementation).

How is information collected for this indicator?

The national co-ordinator is responsible for the overall data collection and validation process, in liaison with colleagues from relevant government institutions/ministries and with providers' country offices. Where possible, data should be drawn from the country's aid management systems.