

Mapping HIPC Expenditure Tracking Indicators to PEFA Public Financial Management Performance Indicators

Background

HIPC Expenditure Tracking Indicators¹ have been applied primarily in 27 African and Latin American countries between 2000 and 2005,² though the instrument was also used in several other countries as well.³

A new indicator set 28 indicators, the PEFA Public Financial Management Performance Measurement Framework, has been developed for broader use and replaces the HIPC indicators.⁴ While based upon the 16 HIPC expenditure tracking indicators, the new indicator set does include some modifications.

For countries and staff wanting to track public financial management system performance over a longer period of time, starting from the HIPC indicators, Table 1 provides a mapping from the HIPC expenditure tracking indicators to the PEFA indicators.

Types of Changes to Indicators

In some cases, one HIPC expenditure tracking indicator was split into two PEFA Indicators. For example, the HIPC Indicator 3 (Reliability of the budget as a guide to outturn) became PEFA Indicators PI-1 (Aggregate out-turn compared to original budget) and PI-2 (Composition of expenditure out-turn compared to original approved budget). The same information is needed to make either assessment, so moving between the two is relatively straightforward.

In other cases, two HIPC Indicators have been folded into one PEFA Indicator. For example, HIPC Indicator 6 (Identification of poverty-reducing expenditure) was combined with HIPC Indicator 5 (Classification of budget transactions) to form PEFA Indicator PI-5 (Classification of the budget). Again, similar information is needed for both assessments, but in this case, PEFA information would need to be used to separately judge whether poverty-reducing spending is adequately identified in the budget for transparency and monitoring purposes.

¹ See <http://www1.worldbank.org/publicsector/pe/hipcpapers.htm#completed> for the Guidance and Indicators, as well as completed Board papers and individual country assessments.

² These were Benin, Bolivia, Burkina Faso, Cameroon, Chad, Democratic Republic of Congo, Ethiopia, The Gambia, Ghana, Guinea, Guinea-Bissau, Guyana, Honduras, Madagascar, Malawi, Mali, Mauritania, Mozambique, Nicaragua, Niger, Rwanda, São Tomé and Príncipe, Senegal, Sierra Leone, Tanzania, Uganda, and Zambia.

³ There were Cambodia, Comoros, Kenya, Laos, Lesotho, Peru, and Timor-Leste.

⁴ Available at: <http://www1.worldbank.org/publicsector/pe/strengthenedapproach/4PFMIndicators.pdf>

Table 1: Mapping HIPC Expenditure Tracking Indicators to PEFA Indicators

HIPC Indicators		PEFA Indicator
Formulation	1. Composition of the budget entity	PI-6 Comprehensiveness of information included in budget documentation
	2. Limitations to use of off-budget transactions	PI-7 Extent of unreported government operations
	3. Reliability of budget as guide to outturn	PI-1 Aggregate expenditure out-turn compared to original approved budget
		PI-2 Composition of expenditure out-turn compared to original approved budget
	4. Data on donor financing	PI-7 Extent of unreported government operations
		D-2 Financial information provided by donors for budgeting and reporting on project and program aid
	5. Classification of budget transactions	PI-5 Classification of the budget
6. Identification of poverty-reducing expenditure	Incorporated into PI-5	
7. Quality of multiyear expenditure projections	PI-12 Multi-year perspective in fiscal planning, expenditure policy and budgeting	
Execution	8. Level of payment arrears	PI-4 Stock and monitoring of expenditure payment arrears
	9. Quality of internal audit	PI-18 Effectiveness of payroll controls
		PI-20 Effectiveness of internal controls for non-salary expenditure
		PI-21 Effectiveness of internal audit
	10. Use of expenditure tracking surveys	PI-23 Availability of information on resources received by service delivery units
11. Quality of fiscal/banking data reconciliation	PI-22 Timeliness and regularity of accounts reconciliation	
Reporting	12. Timeliness of internal budget reports	PI-24 Quality and timeliness of in-year budget reports
	13. Classification used for tracking poverty-reducing expenditures	PI-24 Quality and timeliness of in-year budget reports
	14. Timeliness of accounts closure	PI-25 Quality and timeliness of annual financial statements
	15. Timeliness of final audited accounts	PI-26 Scope, nature and follow-up of external audit
Procurement	16. Effective procurement	PI-19 Competition, value for money and controls in procurement