

WORK PROGRAMME JOINT VENTURE ON PUBLIC FINANCIAL MANAGEMENT

1. Following the Paris High Level Forum on Aid Effectiveness (2 March 2005) and in view of the mandate given to the OECD-DAC Working Party on Aid Effectiveness in “**tracking and encouraging progress at the global level among the countries and agencies that have agreed to the Declaration**”, the Joint Venture on Public Financial Management will seek to facilitate the implementation of the Paris Declaration as it relates to public financial management.

2. In particular, the Joint Venture will support activities relating to Public Financial Management issues aimed at (i) fostering implementation of commitments made at the High Level Forums in Rome and Paris, and (ii) sharing PFM knowledge and experiences among donors and partner countries. In doing so, the Joint Venture will coordinate its activities with relevant institutions and bodies established under the auspices of the Working Party on Aid Effectiveness.

WORK PROGRAMME

Scope of activities

3. The work of the Joint Venture will focus on five main areas:

- 3.1 *Monitoring adoption of harmonised frameworks* — Monitoring the adoption of harmonised performance assessment frameworks for public financial management systems, notably the Public Financial Management Performance Measurement Framework developed by the Public Expenditure and Financial Accountability (PEFA) Programme*.
- 3.2 *Good practice in supporting PFM reforms* – Synthesize and disseminate the experiences of partners in the design and implementation of PFM reforms, examine issues relating to the provision of donor support for such reform programs, including with regard to capacity development.
- 3.3 *Sharing knowledge on training in the area of PFM* — Identify good practices and sharing experiences of harmonisation and alignment in the training in public financial management of relevant actors in the donor community and among partner countries.
- 3.4 *Guidance on monitoring the Paris Indicators*—Offering technical support to the Group on Monitoring the Paris declaration with respect to the refinement of targets, the provision of guidance, the establishment of baselines and the collection and aggregation of information, notably with respect to indicators 2a (reliable country financial management systems) and 5a (use of country public financial management

* A multi-agency partnership programme, PEFA has developed a Public Financial Management Performance Measurement Framework in consultation with the Joint Venture as a contribution to the collective efforts of many stakeholders to assess and develop essential PFM systems. Having been endorsed by the PEFA members in June 2005, various applications of the Framework are currently on-going or being planned. A review based on these early experiences is planned in 2006. After that date, the PEFA secretariat is expected to continue operating primarily to provide coordinated technical support and review in the implementation of the Framework with the aim of facilitating the dissemination of the Framework and contributing to the consistency of its applications and the credibility of its results.

systems). In this context, the Joint Venture will investigate the needs and explore the means to ensure a coherence between indicator 2a and the assessments carried out under the harmonised performance assessment frameworks mentioned under 1.1 above.

- 3.5 *Accounting standards on external assistance* — Follow-up with the **International Public Sector Accounting Standards Board**¹ on an accounting standard on disclosure requirements for recipients of external assistance.

Working Arrangements

4. In order to carry out efficiently the activities identified above, the Joint Venture will:
- 4.1 Rely upon suitable organisational arrangements to ensure the development of the technical preparatory work required to support the activities identified above. In this respect, it is proposed that:
- a. For the activities described under 3.1, the Joint Venture will rely upon the work carried out by the PEFA programme, and notably its Secretariat.
 - b. For the activities described under 3.2 and 3.3, the Joint Venture will rely upon small informal sub-groups led by a member with outstanding experience in the specific area of enquiry. Subject to the availability of resources, the use of suitably qualified independent consultants may also be considered.
 - c. For the activities described under 3.4, organisational arrangements will depend upon the nature of the assistance demanded by the Group on Monitoring. However, given the technical nature of the potential requests and the need to ensure detailed knowledge on a wide geographical scale, preparatory work is likely to be led by multinational institutions and/or the OECD secretariat.
 - d. For the activities described under 3.5, the Joint Venture will rely upon the work carried out by the secretariat of the IPSAS Board programme with, where appropriate, support from small informal sub-groups led by members and/or the OECD secretariat.
 - e. For all activities, and wherever relevant, the Joint Venture will seek to draw links to and exploit synergies with the work of the WP-EFF as well as other OECD initiatives (such as, for instance, GOVNET)
- 4.2 Consider holding meetings in one or two partner countries members subject to their readiness to host such meetings. Prepared by a preceding joint technical mission, such a meeting would aim to hold a debate on (a set of) the issues described under point 3.2 on the basis of one concrete country case. While the meeting would neither aim to produce a full-fledged evaluation nor a comprehensive measurement of progress towards the Paris Declaration indicators, it would provide a useful check against reality

¹ In November 2001, the OECD wrote to the International Public Sector Accounting Standards Board (IPSASB) with a request for the IPSASB to develop a standard on Development Assistance. Since then the IPSASB has developed and issued an exposure draft of a proposed IPSAS. Exposure draft ED 24 “Financial Reporting under the Cash Basis of Accounting – Disclosure Requirements for Recipients of External Assistance” was issued in early February 2005. This ED was developed after extensive consultation with, and input from, a project advisory panel and the OECD-DAC Joint Venture on Financial Management.

and help identifying the actual obstacles against increased alignment and harmonisation. The meeting would therefore offer complementary insights to those provided by the more aggregated monitoring and learning activities undertaken by the Joint Venture.

- 4.3 Reconsider at the end of 2006 the opportunity of whether the Joint Venture should remain in existence and carry out planned activities for 2007 and 2008.

FORMAL ARRANGEMENTS

5. *Chairing arrangements* — The Group will be co-chaired by representatives of the European Commission, the World Bank and a partner country.

6. *Membership* — The Joint Venture is open to Members of the OECD-DAC Working Party on Aid Effectiveness who have relevant expertise in the area of PFM. Other organisations or representatives may be invited as deemed desirable by the members of the Joint Venture. In particular it is proposed to extend an open invitation for participation to a representative of the PEFA Programme secretariat.

7. *Time frame and reporting procedures* — The co-chairs of the Joint Venture will report to the OECD-DAC Working Party on Aid Effectiveness. Products emerging from the Joint Venture will be forwarded to the Working Party for discussion before they are finalised and disseminated.

8. *Support and finance* — The cost of operating the Joint Venture will be met by the Working Party on Aid Effectiveness. The Joint Venture will prepare a 3 year work programme and budget for consideration and approval by the Working Party. The Joint Venture will receive staff support from the OECD-DAC Secretariat while, if members agree to commission additional work not covered by initial budget, such work will focus on specific tasks that can realistically be done by individual Joint Venture members who have relevant expertise in PFM issues.

9. *Frequency and venue of meetings* — The Joint Venture will convene as often as members deem necessary and feasible. Meetings will generally be held at the OECD in Paris or can be hosted by any member of the Joint Venture, including partner countries. Appropriate use of electronic and remote forms of communication will be made so as to avoid unnecessary meetings.

OUTPUT-BASED CALENDAR OF ACTIVITIES

Activities	2006	2007	2008
3.1: Monitoring adoption of harmonised frameworks	Review implementation of harmonised PFM performance assessment frameworks	Review implementation of harmonised PFM performance assessment frameworks	Review implementation of harmonised PFM performance assessment frameworks
	Report to WP and provide feedback to PEFA on the review of the application of the framework.	Report to WP and provide feedback to PEFA as may be necessary.	Report to WP and provide feedback to PEFA on the review of the application of the framework.
3.2: Good practice in supporting PFM reforms	A. Synthesize experiences of design and implementation of PFM reform programs based around a sample of country case studies	A. Prepare report and disseminate findings through WP and JV	A. Prepare Good Practice Note based on findings and feedback from JV.
	B. Activity: Overview of donors' methodological approaches and activities regarding capacity development Output: Country studies (budgeting and expenditure management)	B. Activity: Overview of donors' methodological approaches and activities regarding capacity development Output: Country studies (alignment in capacity development)	B. Prepare Good Practice Note based on findings and feedback from JV.
3.3: Sharing knowledge on training in the area of PFM	Review of experience	Monitoring report	Monitoring report
			Good Practice Notes
3.4: Guidance on monitoring the Paris Indicators	Outputs to be determined in consultation with Group on monitoring.		
3.5: Accounting standard on external assistance	Together with IFAC, develop a framework for extending field testing on proposed standard.	Receive feedback from field tests, propose amendments to ED 24.	