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Organisation de Coopération et de Développement Economiques
Organisation for Economic Co-operation and Development

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DEVELOPMENT CO-OPERATION DIRECTORATE
DEVELOPMENT ASSISTANCE COMMITTEE

Working Party on Aid Effectiveness and Donor Practices

AGENDA FOR THE FIFTH MEETING OF THE JOINT VENTURE ON PUBLIC FINANCIAL MANAGEMENT

To be held in Room 5 at La Muette on 2-3 February 2006. Meeting will start at 14h00 on Thursday 2 February.

The main objectives of the meeting are to:

- 1. Finalise a work programme for the Joint Venture [DCD/DAC/EFF(2005)19/REV1]*
- 2. Identify leaders to take forward work on various areas of the work programme.*

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Joint Venture on Public Financial Management

AGENDA 2-3 February 2006

The meeting will be held at the OECD **La Murette Room 5**
19, rue Franqueville
75016 Paris

Day 1 (half-day): 14h00 to 18h00

	Indicative time	Agenda item	Documents
1	14h00- 14h30 (30 min)	Introduction & adoption of the agenda.	DCD/DAC/EFFA(2006)2 DCD/DAC/EFF(2005)19
2	14h30 – 16h30 (2h00)	Monitoring adoption of the harmonised PFM Performance measurement frameworks	Document 1
3	16h30 – 18h00 (1h30)	Accounting standards on external assistance	Document 2

Day 2 (half-day): 9h00 to 13h30

	Indicative time	Agenda item	Documents
4	9h00 – 11h00 (2h00)	Good practice in PFM reforms & sharing information on training	Document 3
5	11h00 – 13h00 (2h00)	Guidance on Paris indicators	Document 4
6	13h00 – 13h30 (30 min)	Next Steps & other business	

ANNOTATIONS TO THE AGENDA

Agenda item 1 – Introduction & adoption of the agenda

1. The Chair will introduce the agenda [DCD/DAC/EFF/A(2006)2] and set out the objectives of the meeting:

1. Finalise a work programme for the Joint Venture [DCD/DAC/EFF(2005)19].
2. Identify leaders to take forward work on various areas of the work programme.

Agenda item 2 – Monitoring adoption of the harmonised PFM Performance measurement frameworks.

2. A key message contained in the DAC Good Practice Paper on *Measuring Performance in Public Financial Management*, is the fostering of a shared agenda among government and the donor community on how to improve public financial management in a way that leads to the reduction of separate diagnostic reviews in partner countries.

3. The PEFA framework, launched in June 2005, seeks to do just this but the extent to which it will be successful in its aim depends on the extent to which donor partners are committed to working together. The JV, because of the unique composition of its membership, is particularly suited to fostering the deepening of such a shared agenda and accordingly it is proposed to strengthen its working relationship with PEFA. The PEFA Secretariat (Frans Ronsholt) will make a presentation on recent developments in implementing the PEFA Framework.

4. *Members will be invited to examine how best to strengthen the JV relationship with PEFA in order to:*

- *Monitor and support the adoption of harmonised performance assessment frameworks for public financial management systems, notably the Public Financial Management Performance Measurement Framework developed by the PEFA programme*
- *Collaborate in connection with:*
 - *Paris Indicators: approaches to shifting indicators 2 and 5 from being anchored in CPIA ratings to those based on PEFA assessments; (discussion on this area to be held as part of Agenda item 5)*
 - *PFM Reforms: collaborating in conducting studies and collecting of lessons learned and developing good practices based on experiences that are emerging as result of the application of harmonised performance assessment frameworks. (see also Agenda item 4).*

Agenda item 3 – Accounting standards on external assistance

5. 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. In February 2005 IPSASB issued Exposure Draft 24 (ED24) Financial Reporting under the Cash Basis of Accounting – Disclosure Requirements for Recipients of External Assistance after extensive consultation with, and inputs from, inter alia the JV-PFM.

6. At the last meeting of the JV (17-18 November 2004) it was agreed that there would be benefit in field testing ED24 in a number of aid recipient countries. However, the IPSAS Board recently made a presentation to a meeting of the MDB Financial Management Working Group in December 2005. While acknowledging the need for field testing, the MDB Group advised that in view of the consistent feedback that ED 24 is overly complex, it may be more appropriate to revise the ED on the basis of the feedback already received before undertaking field testing.

7. Philippe Adhémar, Chairman of the IPSAS Board will update members on latest developments.

8. *Members will be invited to:*

- *Confirm that field testing, on the basis of the existing ED, should go ahead;*
- *If so, to propose countries that would be prepared to participate in the field test and donor partners who would agree to support each nominee country for the purpose of the exercise.*

Agenda item 4 – Good practice in PFM reforms & sharing information on training

9. The Joint Venture good practice paper on capacity development in public financial management stressed the need to reflect on “*how*” capacity development in PFM takes place and called for greater attention to the “*process*” of developing capacity in PFM.

10. In order to take this work forward, it is proposed that the JV should now seek to synthesise experiences on design and implementation of reform programs based on a sample of country case studies.

11. At the same time, managing and supporting PFM reforms requires specific technical skills in a particularly complex field. It is therefore proposed that the JV should review donors’ methodological approaches and activities in the training provided on PFM issues given the importance of such activities in terms of the effectiveness of support to PFM reforms.

12. *Members are invited to volunteer to be included in one of two subgroups (PFM reforms and PFM training)*

Agenda item 5 – Guidance on Paris Indicators.

13. Following the Paris High-Level Forum on Aid Effectiveness (2 March 2005), the Joint Venture on Monitoring the Paris Declaration (JV-MPD) was tasked with designing a questionnaire and technical guidance in order to measure progress against 12 Indicators of Progress agreed in Paris. In this connection, a first baseline survey is to be launched in 2006 in a broad range of aid recipient countries.

14. Four of the indicators are of special relevance to the JV. These are:

- Indicator 2a: Reliable country public financial management systems.
- Indicator 3: Volume of ODA recorded on partner’s budgets.
- Indicator 5: Use of PFM systems at country level.
- Indicator 7: Predictability of in-year aid flows.

15. The OECD Secretariat will make a presentation on the process and methodology for the Survey.

16. *Members are invited to provide guidance on the proposed methodology.*