Social protection and public finance management: an assessment tool

Final report[1]

September 2023

1. Background

The ILO, UNICEF and GCSPF are co-implementing an EU-funded project to better understand the interplay between social protection and fiscal policies, the “Improving Synergies between Social Protection and Public Finance Management” programme. The project combines research, technical assistance and training activities aimed at streamlining the use and impact of resources allocated to social protection programmes.

Tri-partite dialogue is a critical element in the design and implementation of social protection policies, a practice long promoted and endorsed by the ILO. Such an approach needs to be further complemented by an additional dimension for dialogue within the government, a feature that sometimes is overlooked in social protection, particularly in developing economies. Insufficient and ineffective mechanisms for communication between the Ministry of Finance and line ministries and social security agencies in charge of actual implementation of social protection programmes have been identified as key stumbling blocks that prevent the maximization of programme’s impact and value-for-dollar.

Public finance management (PFM) does indeed relate to the rules and processes that govern such communication, the budget cycle. PFM is at the heart of the budget cycle that runs from formulation, implementation, accounting, reporting and control. Good PFM is instrumental in ensuring that revenues are collected efficiently and used appropriately and sustainably.[2] In particular, an effective PFM system is conducive to fiscal discipline, strategic allocation of resources and operational efficiency. Although PFM was initially restricted to particular processes -such as budgeting, procurement, cash and debt management, accounting, auditing- a modern view sees PFM as a governance system that also addresses strategic planning, risk management and impact and performance evaluation.[3] Even more, PFM is a system of governance for the policy-making process in the sense that it serves the

[1] Report prepared by Pablo Souto (ILO consultant). I would like to thank the assistance, technical support and valuable comments from the ILO team, namely Carlos Galian Barrueco, Verónica Herken, Guillermo Montt, and Yessica Villalba. Without the engagement, support and coordination efforts from the General Budget Directorate (Dirección General de Presupuesto or DGP) led by Teodora Recalde this project would have not succeeded; so special thanks to Amada Silguero, Rosa Coronel, María Cecilia Facetti, Jorge Fernández and Jorge Paredes. Would rather prefer otherwise, but all disclaimers apply

[2] PEFA Secretariat (2022), “Global Report on Public Financial Management”, Appendix A

[3] Jens Kromann Kristensen, Martin Bowen, Cathal Long, Shakira Mustapha, and Urška Zrinski (2019), “PEFA, Public Financial Management, and Good Governance”. World Bank, Washington, DC

purpose of facilitating the interaction between and within stakeholders (e.g. policy-makers, government officials, etc.).[4]

This view recognizes that PFM is also concerned with the policy- making process— that is, the interaction within and between technicians (economists, accountants, and auditors) and policy makers (cabinet members, parliamentarians, and advisers) in the formulation of fiscal policy.

The Public Expenditure Finance Assessment (PEFA) framework is a tool designed in 2005 to diagnose the functioning of the PFM system, foster dialogue to reform and monitor implementation. The PEFA framework is a quantitative methodology that assesses PFM performance through the analysis of 94 indicators (labeled as dimensions) that are grouped into seven pillars, namely: i) budget reliability, ii) transparency of public finances, iii) management of assets and liabilities, iv) policy-based fiscal strategy and budgeting, v) predictability and control in budget execution, vi) accounting and reporting, and vii) external scrutiny and audit.

In the realm of social protection, a governance approach to social security -as a component of social protection- has long been promoted by the International Social Security Association (ISSA); good governance is essential for the delivery of social security. Back in 2010, such an approach got a boost when ISSA issued the Good Governance Guidelines for Social Security institutions (SSI), a set of good practices and references that draw from international standards and the SSIs experiences; importantly, they take into account that governance frameworks within countries are heavily dependent upon their political, social, economic and cultural idiosyncratic factors. The ISSA GGG have been revised and updated in 2013 and 2019 to reflect lessons learnt and advances made by SSIs in their governance frameworks. The guidelines have established themselves as the internationally recognized professional standards in social security administration.

The ISSA GGG are structured around five principles, namely accountability, transparency, predictability, participation and dynamism. Those basic principles lay the foundation for the effective functioning of the SSIs involving the relationships between the board and management of SSI, external stakeholders, and the Executive and Legislative powers.

In addition, the GGG also provide a set of guidelines in nine specific administration areas that are of common concern to social security institutions: i) strategic planning, ii) risk management, iii) internal audit, iv) financial sustainability, v) investment management, vi) prevention and control of error, evasion and fraud, vii) service standards, viii) human capital policies, and ix) ICT governance.

[4] Andrews, M., Cangiano, M., Cole, N., de Renzio, P., Krause, P., and Seligmann, R. (2014), “This Is PFM.” Center for International Development Working Paper #285, Harvard University, Cambridge, MA

Against that backdrop, the proposed dialogue between the Ministry of Finance and social protection implementing units requires the use of a common language, a framework. Whereas the former is familiar with public finance management practices, the latter are familiar with social protection policies. As is evident just from the reading of the components of the PEFA framework and the GGG, there exist a number of commonalities between them in terms of guiding principles and working areas.

The current tool we are presenting here is intended to fill that communication gap by merging those two worlds and combine the salient elements of a good PFM system with due consideration to the governance frameworks that shape the functioning of social security institutions. Albeit the GGG were developed to the traditional social security agencies, the set of references could be easily replicated and implemented by other types of public organizations, such as line Ministries with a social protection mandate.

2. Objective

The *Transparency and accountability of social protection resources (TASPR)* is a quantitative tool to assess the performance of the governance framework in social protection implementing units at a programme-level. It provides a framework to diagnose public finance management practices (systems and processes) in social protection that could be objectively verifiable. The tool is expected to be more than a diagnostic device and serve as an input for strategic planning in social protection. The final disposal of the results -whether to be disclosed to the public or not- is a decision to be made by the government authorities.

Based on a sample of social protection programmes, the components of the TASPR will diagnose the alignment of actual practices with international standards. The identification of gaps will facilitate the dialogue within the government to design an improvement plan, and monitor implementation progress; even more, it is expected to serve as a reference of public finance management in social protection in countries where international institutions and donors are providing (or planning to provide) technical assistance and budgetary support in social protection.

Given the diversity of social protection programmes, the tool takes into account the differences in the public finance management and institutional arrangements between contributory and non-contributory programmes. By doing so, a subsidiary goal of the TASPR is to promote accountability and ownership at the unit(s) level responsible for actually planning, implementing, controlling, reporting and evaluating social protection policies.

The current format of the tool -as of September 2023- has been adjusted in consideration of a pilot testing that an ILO team conducted in Paraguay. Continuous improvement -upon users’ experiences- is expected to take place as the tool is piloted in other countries exhibiting different institutional frameworks, economic development levels, social and cultural factors and public sector skills and capabilities.

3. Description

In any area of public policy, programmes should be structured in a way that maximizes the impact of available resources. Figure 2 presents a standard cycle and sequence of actions for programmes:

Figure 1: Standard cycle and sequence for a program

The proposed tool has been developed using such sequence as a reference for its different components. Ultimately, it would be possible for governments to use the tool to identify strengths and weaknesses of the different links within such sequence in the area of social protection.

Accordingly, the TASPR is composed of six governance modules as per figure 2.

Figure 2: Governance modules

Each module encompasses a number of performance indicators which, in turn, are composed of dimensions which are the granular element to be assessed. On aggregate, the six modules contain 19 indicators and 60 dimensions. For indicators containing multiple dimensions, the PEFA methodology is applied, namely the weakest link method (WL) or the averaging method. Annex I presents the description of both methodologies.

The first module (Strategic planning and risk management, figure 3a) analyzes the existence of a comprehensive, systematic and consistent approach to social protection. The diversity of programmes, institutions and stakeholders that exist in the realm of social protection calls for such a type of policy approach to make the better use of the limited resources. Having a strategic plan for social protection that is aligned with a multi-year budgeting process will be conducive in facilitating that purpose.

Figure 3a: Module I (Strategic planning and risk management)

PI-1. Social protection strategy

- Dimension 1.1 Strategy formulation
- Dimension 1.2 Strategic planning
- Dimension 1.3 Social protection strategy and budgeting
- Dimension 1.4 Reporting on social protection strategy

PI-2. Coordinated fiscal and budgeting strategy

- Dimension 2.1 Alignment of strategic plans and fiscal forecasts
- Dimension 2.2 Risk management
- Dimension 2.3 Budget submission

In this module, all dimensions are assessed for both contributory and non-contributory programmes. Both performance indicators should be calculated using the AV method.

The second module (Budget reliability, figure 3b) assesses the importance that proper estimation of available resources and their use are critical for the actual delivery of social protection services. The more accurate budgetary estimations are the easiest it is for implementing units to for planning and for stakeholders to engage (the buy-in from stakeholders).

Figure 3b: Module II (Budget reliability)

PI.3. Aggregate expenditures

- Dimension 3.1 Aggregate expenditure outturn

PI-4. Expenditure composition

- Dimension 4.1 Expenditure composition outturn by programme
- Dimension 4.2 Expenditure composition outturn by economic type
- Dimension 4.3 Expenditure from contingency reserves

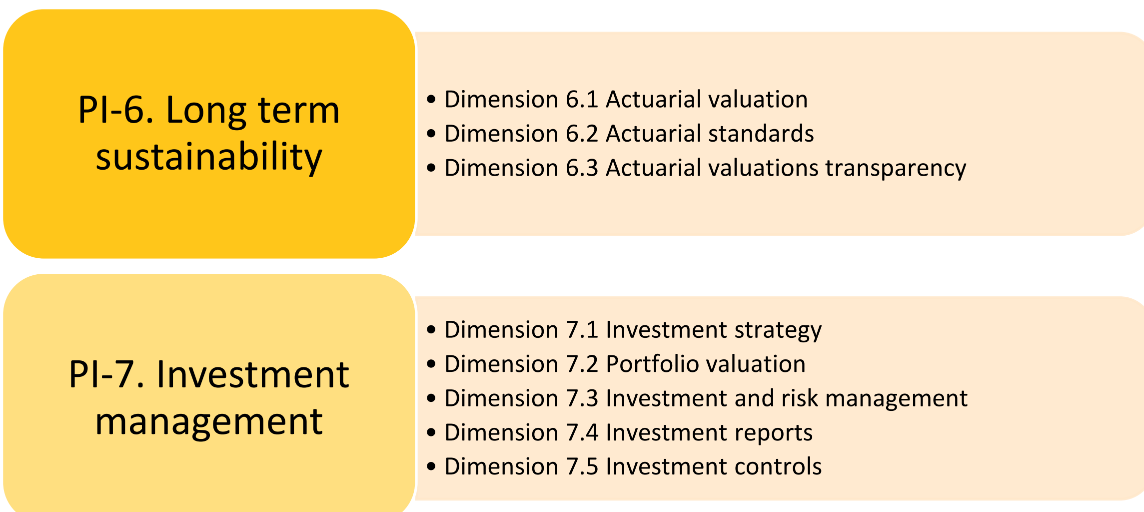
PI-5. Revenue

- Dimension 5.1 Aggregate revenue outturn
- Dimension 5.2 Revenue composition outturn by programme
- Dimension 5.3 Revenue composition outturn by category (contributions, government transfers, income from assets, etc.)

In this module, all but dimension 5.3 are assessed for both contributory and non-contributory programmes; dimension 5.3 is assessed only for selected contributory programmes. Importantly, the assessment of dimensions 4.1 and 5.2 is conducted at the programme-level albeit the remaining dimensions are assessed at an aggregate level, e.g. using data at the level of implementing units of the above mentioned programmes. Performance indicators 4 and 5 should be calculated using the WL method.

The third module (Financial sustainability, figure 3c) captures that -for contributory programmes- assurance of the financial sustainability of programmes is critical for programme members to have incentives to participate. Such participation then increases contributions, which in turn makes programmes more sustainable creating a virtuous circle of predictability and participation. The design of the programme, the actuarial assessment that supports it and the management of reserve funds are the pillars for sustainability.

Figure 3c: Module III (Financial sustainability)



In this module, all dimensions are assessed for contributory programmes and, if applicable, to reserve funds managed by the agencies running those programmes. Performance indicator 6 should be calculated using the AV method and the performance indicator 7 using the WL method.

The fourth module (Transparency and service delivery, figure 3d) assesses the importance of a transparent framework in the collection and use of resources. The disclosure of key information (budget, outputs, outcomes) is not only a basic requirement in a democratic setting for contributors and beneficiaries, but also frames an environment where accountability is fostered.

Figure 3d: Module IV (Transparency and service delivery)

PI-8. Budget classification

- Dimension 8.1 Budget classification

PI-9. Integration of social protection

- Dimension 9.1 Expenditures outside financial reports
- Dimension 9.2 Revenues outside financial reports
- Dimension 9.3 Social Protection Extrabudgetary Report

PI-10. Performance information for service delivery

- Dimension 10.1 Performance plans for service delivery
- Dimension 10.2 Performance achieved for service delivery
- Dimension 10.3 Resources received by service delivery units
- Dimension 10.4 Performance evaluation of service delivery

PI-11. Public access to information

- Dimension 11.1 Public access to social protection data
- Dimension 11.2 Members' rights and privileges
- Dimension 11.3 Members' duties and responsibilities

In this module, all dimensions are assessed for both contributory and non-contributory programmes. Performance indicators 9 and 11 should be calculated using the WL method and the performance indicator 10 using the AV method.

The fifth module (Programme implementation and internal control, figure 3e) deeps dive into operational aspects during programme implementation. How contributions are collected, benefits paid, payroll controlled, and goods and services needed to deliver social protection benefits purchased are the components of this module; in addition, an assessment of the control procedures within such processes is included.

Figure 3e: Module V (Programme implementation and internal control)

PI-12. Contributions administration	• Dimension 12.1 Rights and obligations of contributors • Dimension 12.2 Contributions risk management • Dimension 12.3 Contributions collection audit and investigation • Dimension 12.4 Contributions arrears monitoring
PI-13. Accounting for revenue	• Dimension 13.1 Information on contributions collection • Dimension 13.2 Transfer of contributions collection • Dimension 13.3 Revenue accounts reconciliation
PI-14. Benefits administration	• Dimension 14.1 Rights and obligations of beneficiaries • Dimension 14.2 Benefits risk management • Dimension 14.3 Benefits administration audit and investigation • Dimension 14.4 Stock of benefits arrears • Dimension 14.5 Benefits arrears monitoring
PI-15. Predictability of in_year resource allocation	• Dimension 15.1 Consolidation of cash balances • Dimension 15.2 Cash forecasting and monitoring • Dimension 15.3 Significance of in-year budget adjustments
PI-16. Programme management expenditures	• Dimension 16.1 Payroll expenditures • Dimension 16.2 Procurement policy • Dimension 16.3 Procurement processes • Dimension 16.4 Public access to procurement information

In this module, all dimensions composing performance indicators PI-12 and PI-13 are assessed for contributory programmes, whilst the remaining dimensions are assessed for both contributory and non-contributory programmes. Performance indicators 12 and 14 should be calculated using the WL method and performance indicators 13, 15 and 16 using the AV method.

Finally, the sixth module (Audit and external scrutiny, figure 3f) assesses the functioning of the third line of defense in the control system, e.g. the audit. In this module we include additional mechanism of control such as the role played by the Legislature provided its responsibility in setting strategic budgetary priorities and ensuring the Executive (through the units implementing social protection programmes) is hold accountable.

Figure 2f: Module VI (Audit and external scrutiny)

PI-17. Internal scrutiny

- Dimension 17.1 Coverage of internal audit
- Dimension 17.2 Internal audit standards
- Dimension 17.3 Implementation of internal audits and report
- Dimension 17.4 Response to internal audit findings

PI-18. External scrutiny

- Dimension 18.1 Coverage of external audit
- Dimension 18.2 External audit follow up

PI-19. Legislative scrutiny

- Dimension 19.1 Submission of audit reports to the Legislature
- Dimension 19.2 Hearings on social protection policies

In this module, all dimensions are assessed for both contributory and non-contributory programmes. Performance indicators 18 and 19 should be calculated using the AV method and performance indicator 17 using the WL method.

As stated, every dimension is mostly assessed at a programme-level albeit some of them require a more aggregate analysis at the government agency responsible for implementing the selected programmes. For every dimension a common structure has been designed to facilitate the assessment and harmonize the methodology. The structure contains the following six elements:

- PEFA goal: the public finance management rationale; it's a descriptive element that provides the PFM background in relation to the importance of assessing the corresponding dimension. It usually refers to specific dimensions used in the PEFA methodology.
- ISSA GGG: the social protection rationale; it's a descriptive element that provides the social protection background in relation to the importance of assessing the corresponding dimension. The rationale is supported with specific reference to the relevant guidelines, as per the 2019 edition. In some cases, there is no specific guideline to be referred to and therefore the dimension is included solely due to its PFM rationale.
- Guidance: this element contains a step-by-step description of the process to assess the dimension. It includes a roadmap to select the relevant information, how to conduct the assessment under the most common likely scenarios, and the caveats that apply in some circumstances. It also provides recommendations to include certain information and/or description of particular situations in the narrative

report. Since it is not possible to anticipate all the possible states of nature, this particular element is the one that would require further refinement and adjustments upon the lessons learnt during future pilot assessments. This element also contains the possible situations in which a not applicable (N/A) assessment should be granted.

- Format: a list of the time period(s) to be analysed and for which supporting documentation should be provided, the coverage and scope of the dimension (type of programmes, implementing units, etc.), data requirements (the specific piece or pieces of information needed to assess the dimension), calculation method (for each system or process at the programme- or unit-level, how to assess full, partial or non-compliance with the requested standard) and data sources that provides a reference for assessors to look upon particular documents in which the required data could be found.
- Scoring: a description of the method for scoring each dimension according to the result of the calculation (previous element). The scoring range goes from A to D (with A the highest score) and is dependent upon the results obtained at the programme- or unit-level. As a reference, in most dimensions the score is defined based on a percentage of programmes or units that have implemented certain systems, processes and/or practices; typical thresholds are 90% (regarded as ALL) for an A, 70% (regarded as MOST) for a B, and 50% (regarded as MAJORITY) for a C.

Enclosed to this document, there are six files -each one for every module- containing such detailed structure for all 60 dimensions.

4. Methodology

The possibility of having an accurate snapshot of the governance framework that is ruling the social protection strategy is an attractive feature of this tool, in particular for countries in which social protection is -by far- the largest component of public spending. However, governments should be aware that conducting this type of assessments would require an effective engagement from different government units; those units will be responsible for conducting a self-evaluation of their own practices at the programme-level. The whole process is time demanding and requires the allocation of human resources spanning a time period of -approximately- at least nine months.

That said, once there is broader understanding between the government and the assessors of the scope, advantages, costs and limitations of this assessment, the methodology should be structured following a sequential approach that goes over the following phases, each one of them containing an estimate of the time needed to complete it:

Phase 1: Identification of the focal point

Since the assessment requires the participation of different government units with different legal status, budgetary independence and technical capabilities, it is critical to appoint a single government agency, similar to a one-stop-shop for the purpose of the assessment. This agency should coordinate all activities in relation to the assessment and serve as a contact point between the assessors and the units being evaluated. The selected unit should be knowledgeable of the budget cycle, budgetary procedures and governance practices, and also have the big picture of the functioning of the general government and its components. As with PEFA, the likely candidate will be a unit within the Ministry of Finance or similar albeit an agency that has a broader mandate for social protection could also be suitable as long as it has sufficient experience on budgetary matters.

Time frame: one week

Phase 2: Selection of programmes

As has been already mentioned, the assessment is conducted at a programme-level. The sample of social protection programmes to be evaluated should reflect the country's priorities. In this sense, selected programmes should -in principle- be relevant from a spending perspective (avoid small-scale programmes), represent both contributory and non-contributory ones, and include the implementing units that have a social protection mandate. Since the scoring thresholds mentioned in the previous section are integers, it is recommended the sample be composed of ten (10) programmes; this would clearly facilitate the scoring methodology.

The selection of the programmes should be done jointly by the government and the assessor in order to minimize the risk of sample bias, e.g. the government selectin those programmes for which it has a prior of being largely compliant with best practices. Again, the use of the criteria mentioned above should help in reducing this risk.

The definition of social protection and its components varies significantly across countries; in some, there may not even be a clear definition of what type of programmes are regarded as part of the social protection package. True, the IMF Government Finance Statistics provide a benchmark to earmark expenditures in categories such as Social Benefits (economic classification #27) or Social Protection (functional classification #710 of COFOG[5]). However, both could not necessarily reflect what is labeled as social protection in every

[5] The Classification of the functions of government, abbreviated as COFOG, was developed in its current version in 1999 by the Organization for Economic Co-operation and Development (OECD) and published by the United Nations Statistical Division as a standard classifying the purposes of government activities.

country. Hence, it is important that the programme's sample is selected from a population of social protection programmes that are defined as such by the respective country[6].

Time frame: two weeks

<u>Phase 3: Engagement with implementing units</u>

The focal point shall establish the initial contact with the government agencies (implementing units) responsible for the selected programmes and make sure that those agencies appoint an official for all matters in relation to the assessment. Then, it is the responsibility of the assessors to conduct a technical session with them to explain the purpose of the assessment, the data gathering and respective sources of information, the methodology for them to self-evaluate each of the dimensions, the format of the responses (practice implemented, not implemented, not applicable, etc.) and the supporting documentation. It should be emphasized that the final scoring for each dimension is an aggregate result based on individual assessments, and therefore there will be not a score for each programme or implementing unit.

Although an initial (awareness raising) session in which all implementing units -along with the focal point- participate could be envisioned, it is important that the sessions referred to in the previous paragraph are conducted on a bilateral basis. These sessions are critical to minimize misunderstandings about the tool, errors in the self-evaluation process and therefore effective communication, interaction and Q&A with implementing units is needed. Officials at those units would be more favorable to this type of open exchanges the more limited participation is; exposing themselves (and the unit they represent) to a broader audience works as a deterrent for the success of this technical sessions.

Time frame: four weeks

<u>Phase 4: Self-evaluation by implementing units</u>

The assessors -jointly with the focal point- would distribute the modules and the structures to the respective implementing unit, taking into account that Module III applies only to contributory programmes. Module II (Budget reliability) may not need to be assessed by the respective units but rather the assessors (based on publicly available budgetary data) or the focal point could complete this module.

As it is clear from the structures of the modules and the requirement for the assessment to be objectively verifiable, for each dimension the tool requires inputs (quantitative and

[6] The assessment is not intended to neither provide nor enforce a particular definition of social protection programmes. It is upon each country to provide such definition to the assessors.

qualitative data) to be robust, reliable, homogenous and frequent. Assurance on this should rely primarily with the self-evaluators and be double-checked by the assessors.

During this phase, implementing units should be granted the possibility to make direct inquiries to the assessors; there is no need for the focal point to actively engage in these interactions although should be passively informed about them occurring. In-depth explanations of the dimensions, clarifications on the criteria for the self-evaluation will certainly be demanded by the implementing units. Readily access to responses and suggestions on how to proceed should be provided. In certain situations, it could be the case that a particular system or practice is not under the responsibility of the implementing unit but corresponds to a central or general government decision in which case the implementing unit should mention this situation and clearly explain whether a N/A should be used, or another government unit should be contacted to clarify that particular issue. Specific deadlines should be established for implementing units to submit their self-evaluation reports and supporting documentation.

Time frame: fourteen weeks

Phase 5: Analysis and compilation of information

The assessors should first analyze the self-evaluation exercises and ensure that the system or practice being evaluated is in place and such compliance is supported by the corresponding documents, policies or general laws and norms. If a dimension can't be assessed and verified with certainty, then for each programme a list of pending issues should be elaborated.

Clarifications on those pending issues should be requested from the implementing units. Again, these interactions should be conducted on a bilateral basis with the officials responsible for completing the self-evaluation. Formal responses (updating the original report that was submitted) and/or facilitation of new documents to support the resolution of the pending issues are the mechanisms to finalize the compilation phase.

Once all issues have been resolved, the analytical phase consists in using the Excel template sheets to fill the respective cell for each dimension for each programme. In most cases, the templates were designed in a way that filling the cells with the self-evaluation outcomes would directly calculate the score for each dimension based on those outcomes following the scoring methodology. In those cases where this calculation was not possible, the assessor should compile the information and calculate the final score. In Modules III and IV, there are two extra sheets to be filled with information already included for Module II, such as latest actual expenditures and revenues by programme.[7]

[7] This information is needed to calculate the final score based on the "weights" of each programme

Time frame: ten weeks

Phase 6: Elaboration and presentation of the final report

An assessment report should be prepared following the suggested structure: i) an executive summary that highlights key findings and issues, ii) a description of the context in which social protection policies take place (the institutional framework, the strategic plan, institutions involved, resources and spending, etc.), iii) the presentation of the tool, the programmes that were selected, the key phases of the assessment process, and the data and sources that were used, iv) a listing and an analysis of the quantitative results at an aggregate level (not disclosing data at the programme-level) and the performance for each indicator and module; a qualitative narrative to explain those results and the caveats that could apply should be elaborated for each performance indicator, and v) a concluding section in which strengths, weaknesses, and opportunities for improvements in the governance and public finance management in social protection are presented.

The report should serve policy-makers to identify gaps and develop a roadmap for reform. The key findings could also serve as an input for the planning of social protection policies (the strategy). If the assessors consider that the number of responding units is insufficient to provide conclusive assessments for the elements of the concluding section, then stylized facts and findings should be presented and the limited scope of the assessment be noted.

A draft version of the report should be submitted to the focal point for their evaluation and discussion with the assessors. If the assessors evaluate that certain parts of the report and the results obtained merit further revision, then the draft should be adjusted accordingly. Once the revision is completed, the final report should be submitted to the authorities and, if agreed with them, be presented in a final session with all implementing units. This final activity will facilitate the advance of an agenda reform that will certainly involve those units that have been assessed.

Time frame: six weeks

Annex I: Scoring of performance indicators with multiple dimensions[8]

Weakest link method (WL). This method is used for multidimensional indicators where poor performance on one dimension is likely to undermine the impact of good performance on other dimensions of the same indicator. In other words, this method is applied where there is a 'weakest link' in the connected dimensions of the indicator. The steps in determining the aggregate indicator score are as follows:

- Each dimension is initially assessed separately and given a score on the four-point calibration scale.
- The aggregate score for the indicator is the lowest score given for any dimension.
- Where any of the other dimensions score higher, a '+' is added to the indicator score.

Averaging method (AV). The aggregate indicator score awarded using this method is based on an approximate average of the scores for the individual dimensions of an indicator, as specified in a conversion table below (Table 3.1 in PEFA 2018 op.cit.). Use of this method is prescribed for selected multidimensional indicators where a low score on one dimension of the indicator does not necessarily undermine the impact of a high score on another dimension of the same indicator.

[8] Extracted from PEFA (2018), "PEFA Handbook Volume II: PEFA Assessment Fieldguide". Second edition, PEFA Secretariat, Washington DC

Conversion table for indicator scores using the AV method

Dimension scores			Overall M2 (AV) score
2-DIMENSIONAL INDICATORS			
	D	D	D
	D	C	D+
	D	B	C
	D	A	C+
	C	C	C
	C	B	C+
	C	A	B
	B	B	B
	B	A	B+
	A	A	A
3-DIMENSIONAL INDICATORS			
D	D	D	D
D	D	C	D+
D	D	B	D+
D	D	A	C
D	C	C	D+
D	C	B	C
D	C	A	C+
D	B	B	C+
D	B	A	B
D	A	A	B
C	C	C	C
C	C	B	C+
C	C	A	B
C	B	B	B
C	B	A	B
C	A	A	B+
B	B	B	B
B	B	A	B+
B	A	A	A
A	A	A	A

NOTE: Dimension scores can be counted in any order. It is only the quantities of each score that are important for aggregation.

Dimension scores				Overall M2 (AV) score
4-DIMENSIONAL INDICATORS				
D	D	D	D	D
D	D	D	C	D
D	D	D	B	D+
D	D	D	A	D+
D	D	C	C	D+
D	D	C	B	D+
D	D	C	A	C
D	D	B	B	C
D	D	B	A	C+
D	D	A	A	C+
D	C	C	C	D+
D	C	C	B	C
D	C	C	A	C+
D	C	B	B	C+
D	C	B	A	C+
D	C	A	A	B
D	B	B	B	C+
D	B	B	A	B
D	B	A	A	B
D	A	A	A	B+
C	C	C	C	C
C	C	C	B	C+
C	C	C	A	C+
C	C	B	B	C+
C	C	B	A	B
C	C	A	A	B
C	B	B	B	B
C	B	B	A	B
C	B	A	A	B+
C	A	A	A	B+
B	B	B	B	B
B	B	B	A	B+
B	B	A	A	B+
B	A	A	A	A
A	A	A	A	A