Project Summary

Study Background
In face of shocks to exports and strong pressure to finance the fiscal deficit, the Government of Swaziland requested that the EC’s currently available uncommitted be utilised in the area of targeted budgetary support. The Guidelines for European Commission Support to Sector Programmes mandated a preliminary assessment of public financial management to ascertain the feasibility of such approach.

Mission Objectives
The objective of the consultancy was to assess the Public Finance Management (PFM) based on the Performance Measurement Framework of the Public Expenditure and Financial Accountability (PEFA) that has been developed by the World Bank, the IMF, the European Commission and other donors.

Mission Activities
For this purpose the mission assessed the Public Finance Management by means of the recently adopted Performance Measurement Framework (PMF) of the Public Expenditure and Financial Accountability (PEFA) Programme. The PEFA approach is based on a largely standardised PMF, which performs the risk assessment and identification of weaknesses in the Public Finance Management system on the basis of several pre-determined performance indicators.

The assessment covered three major areas, namely:

- Credibility of the budget: is the budget realistic and implemented as intended?
  - Comparison of budgeted with actual expenditures and revenues of the previous year
  - Composition of expenditures (actual against the originally planned budget)
  - Monitoring of expenditure payment arrears and the reliability of the data on stock
- Comprehensiveness and transparency.
  - Budget classification and documentation
  - Extra-budgetary expenditure which is unreported i.e not included in fiscal reports,
  - Capacity of central government to monitor the autonomous government agencies
- Budget Cycle
  - Policy based budgeting (adherence to minimum requirements, budget calendar etc.)
  - Predictability and control in budget execution (procedures and registration for taxes, monitoring of cash flows etc)
  - Accounting, recording, and reporting; external scrutiny and audit

Implementation Features
The study required close consultation with key members of staff of the Ministry of Finance (MOF), Ministry of Economic Planning & Development (MEPD), the EC Delegation in Swaziland and other donors. It included a ‘generic’ part in assessing the fit of PEFA and PFM with the local situation, and a specific part of budget scrutiny in respect of the request for transfer of funds.

Services Provided
- Systems analysis in respect of budget structure/ procedures and the tax system
- Assessment of Public Expenditure and Financial Accountability (PEFA) and the existing Performance Measurement Framework (PMF)
- Scrutinizing of budget, revenues and expenditures, especially transparency, documentation and accountability to the public
- Final Report including recommendations, discussed with NAO and EC Delegation prior to submission