



## Macro Assessment

**T**he Macro Assessment is one of the key elements of the new Harmonized Approach to Cash Transfer to Implementing Partners that will need to be carried out by UNDP, UNFPA, UNICEF and WFP, i.e. the undg Executive Committee, or ExCom, agencies. It is basically a review of a country's public financial management system.

Offices are not required – and in fact should not – conduct a review themselves. The best approach in this situation is for Agencies to advocate with Government partners, the World Bank and relevant bilateral organisations for one to be carried out.

### Why Do an Assessment ?

There are two reasons for carrying out the Assessment:

- **Development:** to help United Nations agencies and government identify strengths and weaknesses in the public financial management system that they can flag for follow-up assistance
- **Financial Management:** to help United Nations understand more fully the financial environment within which they are operating.

**The Macro Assessment does not give a grade, and does not lead to a “pass” or “fail”, nor is it used to impose conditionality.** Instead it helps Agencies and partners decide, in conjunction with the Micro Assessment, on the most appropriate assurance methods and the best procedures to use for transferring cash.

### Use Existing Reviews

The aim of the Assessment is an **open and transparent review of existing assessments** that have been carried out by multilateral or bilateral development partners in the previous five years. It is important to stress that country teams are not being asked to do primary research and put together an original assessment themselves. The World Bank for example, carries out a variety of reviews that can be used including the

Country Financial Accountability Assessment, the Public Expenditure Review, the Country Procurement Assessment Review, and the Institutional and Governance Review. Visit their website for further information on this area. The International Monetary Fund (IMF), the European Commission, the Regional Development Banks and bilateral partners such as DfID and CIDA also carry out such assessments.

### Areas to Look At

The Macro Assessment should look at the following areas:

- National budget development and execution
- National compliance with public sector accounting standards and internal control mechanisms

- Control of cash and assets
- Audit and oversight
- Systems and staff

### Role of Government

In keeping with the developmental objective of the review, government should be fully briefed, informed, and involved throughout the process.





## Macro Assessment (continued)

### Who Does the Work ?

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The review can be carried out either by staff nominated by the Agencies or by a consultant who should be selected and paid for by shared Agency contributions. One of the Technical Notes that accompanies the

Framework outlines draft Terms of Reference for conducting a review of Assessments of a country's public financial management system, including the recommended qualifications for a consultant.

### Lack of Data?

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So what if no reviews have been carried out before ? If this is the case then Country Offices are not required – and in fact should not – conduct a review themselves. The best approach in this situation is for Agen-

cies to **advocate** with Government partners, the World Bank and relevant bilateral organisations for one to be carried out.

### Inside the Report

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The Assessment Report should be up to four pages long, excluding the annexes. It should contain a **summary** of the findings of the review, and any **key risks** the public financial management system poses to the operation of the cash transfer framework. It should also have an assessment of the capacity of the

Supreme Audit Institution to undertake the audits that are part of the Framework. And it should look at **opportunities to strengthen the system**, if so required. More details as to what should be in the report are outlined in Annex Two of the Framework.

### Timing

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The Macro Assessment will normally take place when the CCA is being prepared. The rationale behind this scheduling is that any findings suggesting that there is room for capacity building and strengthening of public financial systems can then be fed into the CCA and subsequently the UNDAF. Many countries have of course completed their CCA or are in mid-cycle. In that case, the review needs to be done before the harmonized cash transfer procedures are introduced.

The Framework suggests that only one Macro Assessment needs to be done every programme cycle. However this is only a suggestion, and the country team may feel that changes in the operating environment or the issuance of a new review of the public financial management system necessitates a fresh Assessment.

### For More Information

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The Framework for Cash transfer to Implementing Partners give more information on Macro Assessments – turn to Annex II for more detail.

