



# Project Information Document/ Identification/Concept Stage (PID)

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Concept Stage | Date Prepared/Updated: 28-Apr-2021 | Report No: PIDC237113



**BASIC INFORMATION**

**A. Basic Project Data**

Project ID	Parent Project ID (if any)	Environmental and Social Risk Classification	Project Name
P175749		Low	Public Expenditure Management Network in Asia - Phase 2
Region	Country	Date PID Prepared	Estimated Date of Approval
EAST ASIA AND PACIFIC	East Asia and Pacific	28-Apr-2021	
Financing Instrument	Borrower(s)	Implementing Agency	
Investment Project Financing	Korean Institute of Public Finance	Korean Institute of Public Finance	

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**PROJECT FINANCING DATA (US\$, Millions)**

**SUMMARY**

<b>Total Project Cost</b>	2.92
<b>Total Financing</b>	2.92
<b>Financing Gap</b>	0.00

**DETAILS**

**Non-World Bank Group Financing**

Trust Funds	2.92
Miscellaneous 1	2.92

**B. Introduction and Context**

Country Context

**Countries in East Asia have a substantial and varied history of pursuing public financial management reforms to support fiscal, growth, service delivery, and anti-corruption objectives.** They also represent a wide range of starting points, experience, and progress. For example, Malaysia and Thailand are pursuing relatively sophisticated performance-oriented budgeting reforms, while Lao and Myanmar are principally concerned with tackling budget management's fundamental aspects. In terms of treasury management, many countries in the region are involved with digitizing processes, both internally and in transactions with



taxpayers, suppliers, and transfer recipients. The COVID-19 pandemic has presented new challenges to countries, and they have expressed strong interest to learn from each other in adapting fiscal policy and PFM processes to respond appropriately.

**In many cases, the design of reforms involves adapting international best practices to a "good" local fit.** Typically, the reform design leans more towards incremental implementation than big bang. Adjustment to reform plans during implementation -- in response to issues arising and learning from experience -- has emerged as an essential feature in several countries' reforms. Countries also make a significant investment in change management, communication, and capacity building to support reform.

Sectoral and Institutional Context

**Improving Public Finance Management (PFM) is an essential, upstream contributor to improving resource allocation and service delivery quality in a country and enhancing shared prosperity.** Sound PFM systems should encourage strategic allocation of budget resources that accurately reflect the government's development priorities. They should also aim to achieve a high technical efficiency level, meaning that the resources efficiently and effectively contribute to the desired program outcomes.

**Since its inception in June 2012, PEMNA has encouraged and facilitated knowledge sharing that has influenced the adoption of sound PFM practices in its 14 member countries[1].** PFM officials from the PEMNA countries have consistently affirmed they have benefitted from the learning sessions and activities. The knowledge gained and peer learnings from neighboring countries of similar socio-economic-political context have motivated them to carry out their reform efforts. PEMNA partners also value the involvement of international development organizations and their ability to bring PFM practices and experiences from outside of the PEMNA countries.

Relationship to CPF

**PEMNA is aligned with the EAP regional strategy.** The most recent update of the EAP regional strategy identifies sound economic governance, including PFM, as one of the drivers of success in the region and it will continue to be. In addition, PEMNA contributes indirectly to one of the Policy Commitments under IDA: "Building Strong, Accountable and transparent systems".

The program is also aligned with the CPFs of several EAP countries

PEMNA2 and the CPFs in EAP

Country	Alignment with CPF
Cambodia	Aligned with Objective 2 of the CPF (FY19-23): <b>"Strengthen public sector accountability and public finance."</b> The discussions on the

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	Budget CoP will benefit the country's effort to improve budget execution.
China	Aligned with Objective 1.2 of the CPF (FY20-25): <b>"Achieving More Effective and Sustainable Subnational Fiscal Management and Infrastructure Financing"</b> .
Indonesia	PEMNA2 knowledge-sharing activities can support the efforts of the government to address one of the critical challenges identified in the SCD (June 2020): <b>weak harmonization between planning and budgeting.</b>
Lao PDR	Aligned with Objective 1.1 of the CPF (FY17-21): <b>Putting public finances on a sustainable path and supporting financial sector stability.</b> The program will inform Lao's efforts to strengthen their budget system.
Malaysia	Aligned with the mission of the <b>Inclusive Growth and Sustainable Finance Hub in Malaysia</b> . In particular, with the III Pillar of the Strengthening Public Sector Management PASA, which aims to improve PFM and enhance transparency.
Myanmar*	Aligned with Objective 1.3 of the CPF (FY20-23): <b>Strengthen the capacity of public institutions to make policies, plan, and deliver services more effectively, transparently, and equitably.</b>
Mongolia	Aligned with Objective 1.2 of the CPF (FY13-20*): <b>Supporting a more robust, equitable, and transparent management of public revenues and expenditures.</b> In addition, the program has synergy with two activities under implementation: Strengthening Fiscal and Financial Stability (SFFS) project and an EU-funded trust fund "Strengthening Governance in Mongolia".  *The CPF was extended until FY20
The Philippines	Aligned with the <b>Governance cross-cutting theme</b> in the CPF (FY19-23). The discussions in



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	the Budget and Treasury CoPs as well as the research produced by the network will help to inform the government's PFM reform plan.
Thailand	Aligned with Objective 2 of the CPF (FY20-24): <b>Improve financial and fiscal institutions' policy implementation.</b> PEMNA2 provides a forum for the government to inform its reforms efforts to strengthen the Budget Agency.
Timor-Leste	Aligned with Objective 1 of the CPF (FY20-24): <b>Strengthen the foundations of a market economy by establishing rules-based macroeconomic management and fortifying Governance through reforms in public financial management.</b> In addition, it can contribute to inform the Economic Reform and Public Financial Management DPO planned for FY22
Vietnam	Aligned with the <b>Governance</b> cross-cutting area of the CPF (FY18-22)

\* Due to the current situation as result of the military coup, any Bank facilitated engagement with Myanmar is subject to an ongoing assessment.

### C. Project Development Objective(s)

Proposed Development Objective(s)

The overall objective of PEMNA2 is to facilitate knowledge exchange among budget and treasury officials to increase their capacity for better Public Financial Management.

#### Key Results

The key results are: (i) PEMNA knowledge-sharing platform strengthened and (ii) knowledge-shared informs PFM reforms/actions in member countries.

### D. Preliminary Description



### Activities/Components

This RETF will finance the Secretariat's operation and the learning, research, advisory, and reporting activities under each of the components described below.

#### **Component 1: Peer-learning.**

This component includes the following activities:

- **Plenary Conference:** Held once a year, brings together the two CoPs to discuss PFM reforms on a broader scale. It generally lasts between 2.5-3 days and includes joint CoP sessions, separate CoP sessions, CoP Leadership Team (LT) meetings, and a Steering Committee (SC) meeting.
- **CoP Meeting:** Each CoP organizes at least two meetings per year either virtually or face-to-face to discuss specific PFM reforms. The duration of each CoP meeting is generally 2-3 days and includes meetings sessions and CoP Leadership Team meetings.
- **Study Visits:** Demand-driven, study visits match PEMNA members based on their reform needs and experience to learn from each other. The program will organize four study visits per year (2 per CoP) based on budget availability and the host country's capacity to accommodate.
- **Webinar:** Webinars, or online seminars, are organized periodically to supplement discussions after the face-to-face meetings and provide background information for upcoming learning events.

#### **Under Component 1, the Secretariat will be responsible, among others, for the following:**

- Provide funding, administrative and logistical support in the organization of knowledge-sharing activities such as Plenary Conference, CoP meetings, Webinars, and Study Visits.
- Ensure effective overall management of the knowledge sharing program under the guidance of the Head of the Secretariat.
- In coordination with CoP Chair and WB Facilitators, prepare and distribute agendas/minutes/summaries of knowledge-sharing events, Steering Committee (SC), and Leadership Team (LT) meetings,
- Provide technical inputs for knowledge sharing events and meetings.

#### **Component 2: Research Activities**

This component includes the following activities.

- **Policy Brief Series:** Policy Briefs drill down on a specific PFM issue/topic of interest to PEMNA members. The topic is selected based on the members' suggestions taken from post-event evaluations, member surveys, or the Leadership Team's guidance. Two policy briefs will be prepared annually (one per CoP).
- **Overview Sessions:** Overview Sessions provide background information on CoP selected topics, including international trends and frontier knowledge. A PFM practitioner will be responsible for delivering these sessions at the beginning of each CoP meetings.



- **In-Depth Research:** PEMNA will hire a PFM expert to prepare a research paper based on members' topic suggestions. The scope of the research paper can be regional, country-specific, or subnational. It can also be a comparative analysis of country case studies and can discuss issues either from a PFM framework, tool, or reform perspective.

**Under Component 2, the Secretariat will be responsible, among others, for the following:**

- Provide funding, administrative, and logistical support for the implementation of the research activities.
- In coordination with the CoP Chairs and the WB facilitators, identify the topics and potential experts.
- Hire and manage the experts responsible for conducting research activities.
- Review and conduct quality assurance of research products in the different research phases, including organizing an independent review of the In-depth paper and evaluating the level of satisfaction of PEMNA members with research outputs.

**Component 3: Advisory Services (AS)**

This component focuses on coordinating tailored policy advice from one member country to another to improve PFM performance. The Secretariat will receive, evaluate, and select two to four AS proposals through a competition to receive support from PEMNA. The Secretariat will be responsible for hiring, monitoring, and managing the expert that will provide advisory services.

**Under Component 3, the Secretariat will be responsible, among others, for the following:**

- Provide funding, administrative and logistical support for delivering the advisory services, including evaluating and selecting AS proposals and disseminating findings.
- Build a database of experts from PEMNA member countries.
- Design and implement advisory services competition.
- Advice on advisory services work plan and supervise its implementation.
- Conduct quality assurance of advisory services report.
- Evaluate individual advisory services and program as a whole.

**Component 4: Communication, Reporting, and M&E**

This component focuses on disseminating, monitoring, and evaluating PEMNA. Besides the web page ([www.pemna.org](http://www.pemna.org)) and the Facebook page, the program relies on the following communication and reporting tools.

- **Annual Report:** Provides a comprehensive assessment of the network's activities throughout the preceding year.
- **PEMNA e-Newsletters:** They feature recent CoP events, members' interviews, PFM reform news in member countries, and other network announcements. They are produced every four months.



- **Issue and Talk series:** A 2-page communication/knowledge product developed by the Secretariat examines specific PFM issues in a member country, together with a member interview.
- **A Look Back on PEMNA:** Originally envision as a compilation of e-newsletters, the "Look Back" is now a bi-fold infographic brochure, summarizing the progress made to showcase the progress made in the given year and the network's impact.

**Under Component 4, the Secretariat will be responsible, among others, for the following:**

- Develop the annual communication plan, including reporting on implementation progress
- Lead the management of internal and external communication.
- Manage the website, including overseeing any enhancement and regulating its content.
- Prepare annual reports for the SC.
- Evaluate and monitor PEMNA impact on member countries.

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**Environmental and Social Standards Relevance**

**E. Relevant Standards**

ESS Standards		Relevance
ESS 1	Assessment and Management of Environmental and Social Risks and Impacts	Relevant
ESS 10	Stakeholder Engagement and Information Disclosure	Relevant
ESS 2	Labor and Working Conditions	Relevant
ESS 3	Resource Efficiency and Pollution Prevention and Management	Not Currently Relevant
ESS 4	Community Health and Safety	Not Currently Relevant
ESS 5	Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	Not Currently Relevant
ESS 6	Biodiversity Conservation and Sustainable Management of Living Natural Resources	Not Currently Relevant
ESS 7	Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	Not Currently Relevant
ESS 8	Cultural Heritage	Not Currently Relevant
ESS 9	Financial Intermediaries	Not Currently Relevant

**Legal Operational Policies**

Safeguard Policies	Triggered	Explanation (Optional)
Projects on International Waterways OP 7.50	No	





Projects in Disputed Areas OP 7.60

No

Summary of Screening of Environmental and Social Risks and Impacts

The environmental and social risks are assessed to be low. The potential environmental and social impacts are expected to be minor and negligible. The project seeks to facilitate knowledge sharing among the member countries, so as to increase their capacity on PFM. The project activities are limited to peer-learning, research, advisory services, and reporting activities, and will not involve any civil works. The potential risks related to COVID-19 transmission during project implementation is considered minimal as most activities will be conducted virtually during the pandemic. In the case there are face-to-face activities in the secretariat, the activities will follow the existing national COVID-19 guidelines. The advisory services under component 3 focus on improving PFM performance and is not aimed to support the formulation/revision of policies, programs, or any legal frameworks, as such there is no foreseen potential downstream impact from this activity. The project will support the Secretariat for hiring, monitoring and managing the experts that will provide advisory services. The scope of work of the experts is limited to providing technical inputs to advisory services which is considered to have very low social risks concerning labor management and working conditions. The project will adhere to existing labor contract management under Bank procurement's guidelines and process. Environmental and Social Commitment Plan (ESCP) will be developed to ensure the implementation of these commitments.

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**Implementing Agencies**

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**FOR MORE INFORMATION CONTACT**



## The World Bank

Public Expenditure Management Network in Asia - Phase 2

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