

## PEFA 2021-22 REQUEST FOR RESEARCH PROPOSALS

**The role and impact of Public Financial Management in supporting fiscal transparency and public accountability: Lessons from the COVID-19 pandemic and beyond**

Deadline to submit Expression of Interest: [November 29, 2021 at 23:59 EST](#)

Deadline to submit proposals: [December 20, 2021 at 23:59 EST](#)

The PEFA program is calling for research proposals from interested public finance practitioners, scientists, researchers, and scholars to strengthen the understanding of the role and impact of Public Financial Management in supporting fiscal transparency and public accountability.

### I. BACKGROUND AND OBJECTIVES

#### I.1 Purpose

The Public Expenditure and Financial Accountability (PEFA) Secretariat is pleased to issue its 2021-22 Request for Research Proposals (RFP). PEFA invites research institutions, scholars, and academics to submit proposals for rigorous evidence-based research under the theme ***‘the role and impact of Public Financial Management (PFM) in supporting fiscal transparency and public accountability’***. The RFP solicits research services towards expanding the knowledge base on the performance and impact of PFM systems and related interventions on fiscal transparency and public accountability, central principles that underpin the effectiveness and integrity of PFM systems around the world. Research outputs should seek to address gaps in knowledge on fiscal management, improve understanding of how to strengthen the capacities of country PFM systems, or contribute to the practical implementation of PFM reform and capacity development actions that promote transparency and accountability in public finances.

#### I.2 About PEFA

The [PEFA Program](#) was initiated in 2001 to establish a uniform approach to assessing countries' PFM performance. The PEFA program partners are the European Commission, International Monetary Fund, World Bank, and the governments of France, Luxembourg, Norway, the Slovak Republic, Switzerland, and the United Kingdom.<sup>1</sup> To achieve its goals, PEFA provides a standardized methodology (and maintains quality assurance) for assessing and reporting on the performance of PFM at specific points in time. This methodology is called the PEFA Framework, and it can be replicated in successive assessments to document changes in performance over time.

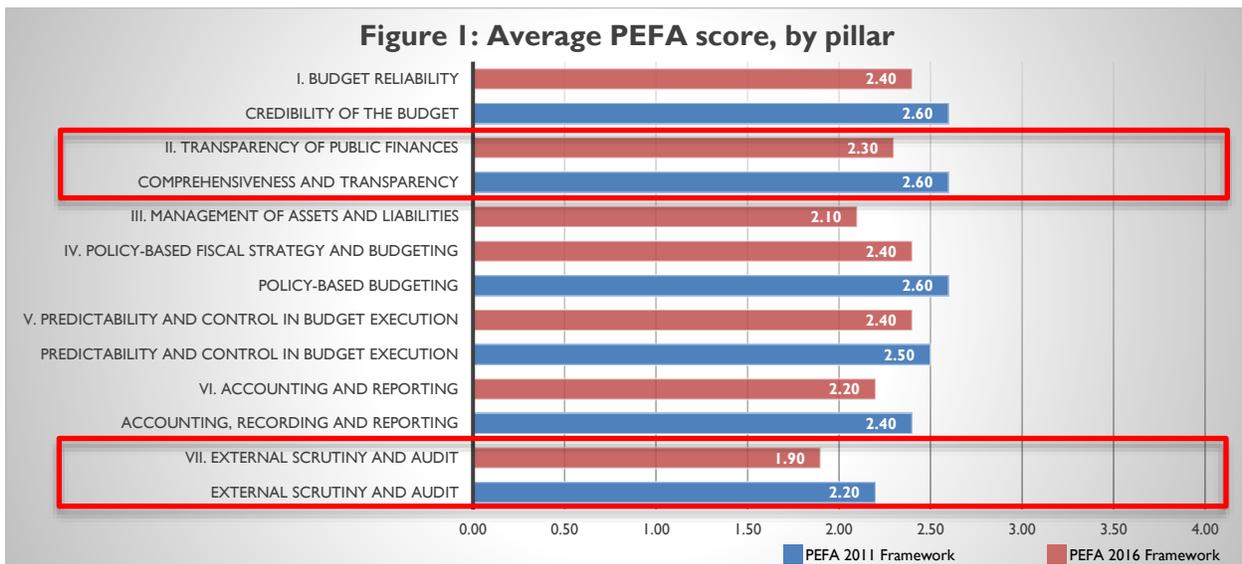
Since 2005, the PEFA Framework has been used in 155 countries to conduct over 700 assessments. Of these, data from 436 assessments are publicly available for download at [www.pefa.org/assessments](http://www.pefa.org/assessments). PEFA

<sup>1</sup> The PEFA Secretariat is housed at the World Bank.

also recently published the [2020 Global Report on Public Financial Management](#) that highlights key trends in PFM performance by region, income, time, and seven pillars of PFM. [Section 6](#) of the Global Report, entitled ‘A Call to Action’, includes a panel dataset of PEFA scores for publicly available assessments. Researchers are strongly encouraged to use the PEFA dataset where feasible. Section 2 of the Global Report describes the advantages and caveats related to performing quantitative analyses with PEFA data.

### 1.3 Thematic Focus

It is generally acknowledged that fiscal transparency benefits society by promoting public accountability through informing oversight bodies and civil society on government actions in public finances. However, evidence also suggests that transparency does not automatically lead to better accountability. According to PEFA data from the Global Report, PFM systems performed comparatively well in terms of the transparency of public finances before the pandemic (Figure 1). Despite this, the data also show that external scrutiny by Supreme Audit Institutions (SAIs) and Parliaments has been one of the weakest performing PEFA Pillars over time. This observation raises an important question: To what extent are weak accountability mechanisms limiting the potential benefits to be had from fiscal transparency?

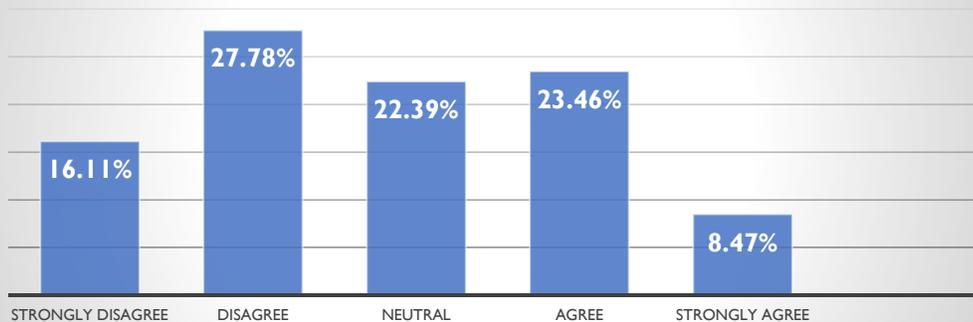


Source: *Global Report on Public Financial Management, 2020*. Access data charts at <https://www.pefa.org/global-report-2020/report/chart/47023/> and <https://www.pefa.org/global-report-2020/report/chart/47020/>

Further, governments are undertaking exceptional emergency measures to respond to the ongoing COVID-19 pandemic. Underlying all these activities is PFM, which is considered central for maintaining good governance outcomes when administering public policy and finance. However, a recent global survey by the ACCA (the Association of Chartered Certified Accountants) of over 1500 finance professionals (mainly from the public sector) shows that the scale and speed of the response to the pandemic have challenged governments’ ability to ensure fiscal transparency, safeguard public accountability, and maintain institutional legitimacy (Figures 2 & 3). For instance, the easing of expenditure control mechanisms to speed up the allocation and distribution of emergency pandemic-related resources has seemingly increased the risks of operational inefficiencies and budget shortfalls. Likewise, transparency in public procurement has weakened during the pandemic, providing opportunities for corruption and malfeasance. Also, COVID-19-related income support to individuals may be prone to corruption or theft, especially where

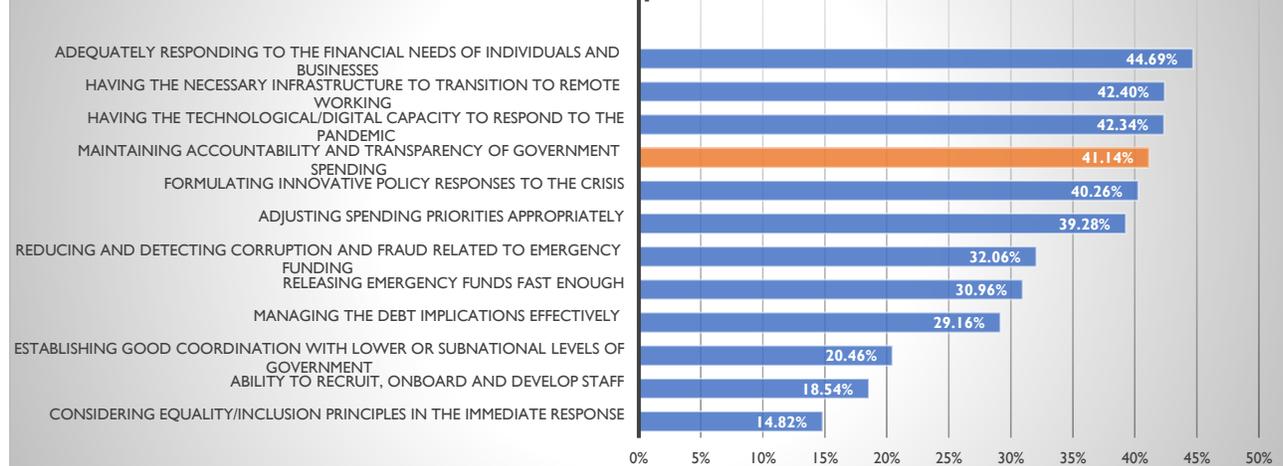
robust and accountable social protection systems are missing.<sup>23</sup> Consequently, the crisis calls into question the capability of traditional PFM to flexibly accelerate the implementation of large-scale public support packages while guaranteeing sufficient administrative controls and accountability to minimize risks of fraud, corruption, and wastage. What, then, is the role of PFM in fostering robust transparency and accountability mechanisms, and how can this be measured empirically?

**Figure 2: Government provided effective transparency on COVID-19 related spending**



Source: ACCA, 2021

**Figure 3: Main challenges faced by the public sector during the COVID-19 pandemic**



Source: ACCA, 2021

To develop evidence on these issues, the PEFA Secretariat is seeking to engage highly qualified vendors to conduct comparative assessments to empirically examine the role and impact of PFM on fiscal transparency

<sup>2</sup> See “[Keeping the Receipts: Transparency, Accountability, and Legitimacy in Emergency Responses](#)” by the Fiscal Affairs Department of the IMF

<sup>3</sup> See [Financial Integrity for sustainable development](#) by the FACTI Panel of the UN.

and public accountability. Vendors can explore this thematic issue from different angles, including through proposals that consider, but are not limited to, any of the following research questions:

1. Using the experiences and lessons learned from COVID-19, how can countries leverage their PFM systems to optimally balance necessary flexibility and adaptability while maintaining (and strengthening) both transparency and accountability?
2. What is the impact of PFM-related digital technologies on the speed or quality of recovery from fiscal shocks?
3. Does increase digitization and related services lead to improved fiscal outcomes and reduced corruption? What are the frontier areas of digitization (e.g., Artificial Intelligence, Big Data, etc.) where the potential for improvements is greatest?
4. What can the existing PEFA data and other relevant information tell us about transparency and accountability in PFM systems, e.g., the efficacy of internal controls, underlying reasons for poor accountability, possible solutions or reform actions to bolster fiscal resilience, etc.?
5. Does improved oversight through external scrutiny (via SAs, legislature, fiscal councils, civil society organizations, media, etc.) contribute to improved transparency and accountability in PFM (e.g., from the perspective of comparative studies)? What are the key obstacles and critical factors of effectiveness?
6. Did COVID-19 significantly increase public corruption in countries with weaker PFM systems? If yes, what aspects of PFM matter most for preventing corruption?

In addition to the above, other potential topics that could be analyzed include the research priorities that are outlined in Section 6 of the Global Report.

The proposed research should be relevant for PFM policy and operational discussions. It should draw out substantive messages for policymakers and practitioners, including ideally for the broader PEFA Program, if applicable. To the extent possible, PEFA will select a variety of research proposals on the above themes based on the originality, analytical rigor, effective use of PEFA (and other PFM data, as applicable), and relevance of the research proposals. Proposals may consider issues at the international, national, sub-national, or organizational level. Proposals may also focus on any aspect of the PFM cycle, including, for example, appropriation procedures, public procurement, internal and external audit, or accounting and reporting. In addition, vendors may propose to gather and analyze empirical evidence by using either quantitative research methods (e.g., experimental, correlational, longitudinal, cross-sectional, or comparative studies) or qualitative research methods (e.g., case studies, observational methods, interviews, focus groups, or text analysis).

## 2. SUBMISSION OF RESEARCH PROPOSALS

### 2.1 Expression of Interest

Interested vendors are invited to submit Expressions of Interest in English that respond to the following qualification criteria:

- Information on the proposed research topic and research questions
- Information showing qualification in the field of the assignment
- Information on the technical and managerial capabilities of the firm



- Information on the firm’s core business and years in business
- Information on the qualifications of key staff

Interested vendors should submit their Expressions of Interest electronically through World Bank Group eConsultant2 (<https://wbgeconsult2.worldbank.org/wbgec/index.html>). Once on the eConsultant2 webpage, this assignment can be located under ‘Business Opportunities’ using the Selection Number **1277482** or the title: *The role and impact of Public Financial Management in supporting fiscal transparency and public accountability: Lessons from the COVID-19 pandemic and beyond [Research Project]*. The deadline for submission of Expressions of Interest is **November 29, 2021 at 11:59 p.m. EST**. Any application received after this date will not be considered.

Following submission of the Expression of Interest, a shortlist of qualified vendors will be formally invited to submit research proposals. Only those vendors that have been shortlisted will receive notification. Shortlisted vendors should then submit their research proposals electronically through the eConsultant2 system. The specific requirements to be fulfilled by the proposal are presented in Subsection 2.2 below.

## 2.2 Research Proposal

The **Technical Proposal** for the proposed research project should include the following elements:

1. The title of the envisaged research and a concise abstract of no more than 100 words.
2. A description of the technical approach, methodology and work plan in no more than 1,500 words (excluding the bibliography). It is recommended that this section of the proposal be divided into the following subsections:
  - **Technical Approach and Methodology.** In this subsection, the proposal should explain the vendor’s understanding of the objectives of the assignment and the methodology for carrying out the planned activities and obtaining the expected results. The proposal should clearly indicate what the research aims to achieve, the research questions to be addressed, the hypotheses to be tested (and their relevance to PEFA, if appropriate), the data collection strategy, and a description of the empirical approach that will be adopted to analyze the data. Use of PEFA data is strongly recommended, although not mandatory. This subsection should also explain the broad background against which the research will be conducted and provide a clear and concise overview of the current state of knowledge and recent debates on the topic, including a brief bibliography (in APA style) of the most relevant studies.
  - **Work Plan.** In this subsection, the vendor should outline the main activities of the assignment, their content and duration, phasing and interrelations, milestones (including interim approvals by PEFA), and the delivery dates of the final outputs. The proposed work plan should be consistent with the technical approach and methodology, showing understanding of the Terms of Reference (TOR) and ability to translate them into a feasible working plan. A list of the final documents, including reports, datasets, and syntax to be delivered as final output, should be included here. The work plan should be consistent with the TOR (see Annex I).

The **Financial Proposal** for the proposed research project should include a summary of costs and a breakdown of daily fees with justifications where appropriate.



### 3. ADMINISTRATION OF THE REQUEST FOR RESEARCH PROPOSALS

#### 3.1 Funding and Support

PEFA will provide up to US\$50,000 per proposal to fund up to a maximum of three proposals in total. The funds must be used to undertake the research proposed by the vendor as articulated in its proposal. Financial proposals can include costs such as daily fees, travel, communication, and other direct expenses.

Contract award decisions will be based on Best Value Selection. This will involve a review of the technical and financial proposals along with the vendor's capabilities and experiences. Please note that US\$50,000 is the maximum threshold of funding. Proposals with budgets in the \$20,000 to \$40,000 range will be more favorably reviewed and allow funding for the greatest number of proposals. Successfully selected vendors will be engaged via consulting appointments with the World Bank Group (WBG).

#### 3.2 Eligibility of Applicants

The vendor will be a firm. Only vendors found to be responsible or conditionally responsible are eligible to be awarded WBG contracts and to bid on WBG solicitations. Pursuant to the WBG's Corporate Procurement Policies and Procedures, Responsibility Determinations are made prior to approving a vendor application and prior to contract award.

Researchers who are interested in applying as an individual can reach out directly to the PEFA Secretariat (at [services@pefa.org](mailto:services@pefa.org)) for additional information.

#### 3.3 Review Process

Research proposals will be reviewed by the PEFA Research Committee, which will comprise a panel of specialists from the PEFA Secretariat. The Committee may also include representatives of PEFA partners and/or members from academia. The PEFA Research Committee will evaluate all proposals in terms of originality, analytical rigor, and relevance.

#### 3.4 Timeline

**Anticipated research implementation timeline:** January to October 2022 (10 months)

**Proposal submission timeline:**

- Posting date of Expression of Interest: November 1, 2021
- Deadline for Expression of Interest: November 29, 2021
- Request for clarification deadline: December 6, 2021
- Proposal submission deadline: December 20, 2021, at 23:59 EST

It is estimated that applicants will be informed of the outcome of their submission by January 14, 2022.

#### 3.5 Contact

For questions, please contact Richard Sutherland at [rsutherland@pefa.org](mailto:rsutherland@pefa.org) or Tia Raappana at [traappana@pefa.org](mailto:traappana@pefa.org).

## TERMS OF REFERENCE

### Research Project on the role and impact of Public Financial Management in supporting fiscal transparency and public accountability

#### A. Background and Objectives

These Terms of Reference (TOR) are for a consultancy firm (hereafter referred to as “the vendor”) to investigate the role and impact of Public Financial Management (PFM) in supporting fiscal transparency and public accountability. The overall aim of the consultancy is to contribute to the knowledge base on the performance and impact of PFM systems and related interventions. Research outcomes should help to address gaps in knowledge on fiscal management, improve understanding of how to strengthen the capacities of country PFM systems, and/or contribute to the practical sequencing of PFM reform and capacity development actions. Research projects may consider PFM-related issues at the international, national, sub-national, or organizational level.

#### B. Scope of Work

This assignment is expected to be undertaken from January to October 2022 (10 months, approximately 43 weeks). The following indicative timetable of activities may be considered for the assignment:

Table: Indicative timetable of activities

Timeline	Indicative activities
• <b>Months 1-2:</b>	Conduct literature review, refine hypotheses, and finalize the methodological approach
• <b>Months 3-4:</b>	Carry out data collection and analysis
• <b>Months 5-6:</b>	Draft Research Paper
• <b>Month 7-8:</b>	Present draft Research Paper and submit it for peer review
• <b>Month 9:</b>	Update and finalize Research Paper based on feedback received
• <b>Month 10</b>	Disseminate research findings

#### C. Deliverables

The vendor will produce the following deliverables:

- **Inception Report:** The vendor will prepare and submit an Inception Report approximately four weeks after the contract start date. The Inception Report will include a detailed work plan with timelines for all the tasks to be undertaken by the vendor. The Inception Report must also include the research questions, clearly specified hypotheses, methodological approach, data collection strategy, and an indicative outline of the research paper and the other deliverables for this assignment.
- **Progress Report:** The vendor will prepare and submit a short interim progress report (around 5 pages) by about the end of week 16 that will include a brief status update of project activities

against the milestones specified in the work plan, and the activities scheduled for the following months. Also, the Progress Report must include a short summary of the main take-aways from the desk research/literature review, the preliminary questionnaire/interview questions (if any), and/or a list of all secondary data sources. Finally, the Progress Report will highlight any foreseeable issues and actions taken (or proposed) to solve them.

- **Draft Research Paper:** The vendor will prepare and submit a draft research paper by about week 26. In accordance with the Inception Report, the Draft Research Paper will explain what the vendor learned after exploring the research topic in depth. The Draft Paper is expected to undergo a peer review process and feedback will be provided. Please note that the PEFA Secretariat is housed at the World Bank and that all selected research projects will be peer reviewed in line with the World Bank’s internal peer review arrangements.
- **Final Research Paper.** The vendor will update the Draft Research Paper based on the feedback from the peer review process and resubmit it as a Final Research Paper by week 35. This submission should be accompanied by all data, syntax, questionnaires, and other outputs produced under this assignment. The Final Research Paper is expected to be presented in a suitable format to the PEFA Steering Committee.

Following the submission and acceptance of the final research paper, the PEFA Secretariat will engage closely and coordinate with the vendor to disseminate the research findings. This may include, but is not limited to, through presentations to the PEFA Partners, organizing webinars and other knowledge exchange events, and publishing the paper as part of PEFA’s research paper series on its website, or via other channels.

The following table provides an indicative payment schedule for key deliverables.

Deliverables	Indicative Timeframe (weeks)	Payment
Inception Report	4	10%
Progress Report	16	15%
Draft Research Paper	26	25%
Final Research Paper	35	50%

#### D. Organization and Reporting

The vendor will be engaged through a contract with the World Bank via the PEFA Research Project Task Manager(s). The vendor’s deliverables are subject to review and clearance by the Head of the PEFA Secretariat and/or the Task Manager(s).

The PEFA Secretariat will provide feedback on deliverables within ten (10) business days after submission. If no comments are received within the stipulated timeframe, the deliverable is to be considered automatically accepted on a no-objection basis. Upon receiving comments, deliverables should be resubmitted within one week if requested by the PEFA Secretariat and incorporate all suggestions from the Secretariat. Under exceptional circumstances, additional time may be allotted for re-submissions.

The Final Research Paper should be approved by the Head of the PEFA Secretariat or his/her designate as the condition for final payment. Under exceptional circumstances, alternate arrangements can be agreed upon for endorsement. All deliverables must be submitted in English. All data, syntax, and other research outputs produced under this assignment are the property of the PEFA Secretariat and cannot be published, copied, or otherwise disseminated without prior written approval from the Secretariat. The PEFA Secretariat may fully or partially publish the Final Research Paper, or edited versions of it, on its website or via other channels.

The vendor will be responsible for all costs associated with field visits to perform the activities described in this TOR. The vendor will be responsible for accommodation and logistic support, including any transportation services that may be required to carry out the assignment.

The vendor must keep the Head of Secretariat and the Task Manager(s) informed of any other PEFA or World Bank related work to avoid conflict of interest.

### **E. Qualification Requirements**

The assignment calls for a research firm, academic institution, Think-tank organization, or similar organizations with staff who have detailed knowledge of, and extensive research experience in, public financial management. The lead specialist(s) for the project must be affiliated with the vendor for the duration of the research project. The vendor must be able to fully demonstrate competence in the following areas:

#### *Qualifications*

- The project manager and lead specialist must have a relevant master's degree (or higher) and at least eight (8) years of professional experience in a research or analytical role in public finance or related fields.
- For all other specialists, not less than five years of relevant experience and a university degree (bachelor or higher) in fields related to the project.

#### *General Skills*

- Ability to develop and combine theoretical frameworks with applied research that are useful for public financial management.
- Sound understanding of public finance and the economics of development, including the nature of different challenges developing countries face.
- Extensive knowledge of statistical tools (e.g., Microsoft Excel, econometric packages such as eViews, Stata, SPSS, etc.), and presentation/graphic packages (Tableau, PowerPoint, etc.).
- Strong organizational skills.
- Strong skills in research methods, and quantitative and qualitative data analysis; keen attention to details and accuracy.
- Fluency in spoken and written English is essential. Writing skills should be of publication quality.

Research assistants may be included in the team as appropriate.