



Improving public financial management.  
Supporting sustainable development.

## PEFA 2020 CALL FOR RESEARCH PROPOSALS

### The Interplay of Climate Change and Public Financial Management

The PEFA program is calling for research proposals from interested public finance practitioners, scientists, researchers, and scholars to strengthen the understanding of the interplay of climate change and public financial management.

#### I. BACKGROUND

The Paris Agreement, adopted in 2015 within the United Nations Framework Convention on Climate Change, has committed countries to limit the increase of the global average temperature to 1.5 °C, recognizing that this would substantially reduce the risks and impacts of climate change. The Paris Agreement has also acknowledged that to respond to climate change, public spending and decision making in countries need to address the climate change impacts.

Acknowledging the key role of central finance agencies in addressing climate change impacts, finance ministers from more than twenty countries launched a coalition aimed at driving stronger collective action on climate change and its impacts. The Coalition of Finance Ministers for Climate Action<sup>1</sup> endorsed the ‘Helsinki Principles’<sup>2</sup> that promote national climate action, especially through fiscal policy and the use of public financial management (PFM) systems. The Coalition recognized that national budget processes, budget planning, public investment management, procurement practices, and intergovernmental fiscal relations have a role to play in combating climate change.

Following the launch of the Coalition, the Santiago Action Plan<sup>3</sup> was established, setting out the efforts to work towards the Helsinki Principles. In the area of public financial management, this includes mainstreaming climate change mitigation and adaptation policies in macro-fiscal planning, budgeting, public investment management, and public procurement. But how exactly are climate change policies and PFM linked; and which areas of PFM play a specifically important role in mainstreaming climate change?

<sup>1</sup> To learn more about the Coalition, formed in April 2019, see the website: <https://www.capec4financeministry.org/>

<sup>2</sup> The Helsinki Principles of the Coalition of Finance Ministers for Climate Action can be obtained at: <https://www.capec4financeministry.org/sites/capec/files/inline-files/Helsinki%20Principles%20-%20final.pdf>

<sup>3</sup> The information on the Coalition of Finance Ministers for Climate Action: Santiago Sherpa Meeting, including the Santiago Action Plan, can be obtained at: <https://www.capec4financeministry.org/events/coalition-finance-ministers-climate-action-santiago-sherpa-meeting>

## **2. OBJECTIVES AND APPROACH**

The objective of the PEFA 2020 Call for Research Proposals is to identify research proposals that provide an evidence base for the interplay of climate change and public financial management. Research proposals may look at whether and how climate change interacts with public financial management and/or whether and how public financial management can play a role in climate change mitigation and adaptation.

Research can be carried out at multiple levels, including global, regional, country, and subnational levels. This can also include a research project at the level of cities, urban and rural centers, that often tend to have more proactive approaches to climate change mitigation.

Research proposals may adopt a holistic approach to viewing PFM and its interplay with climate change considerations and policies or can investigate specific aspects of PFM that potentially play a role in climate change. Aspects can include parliamentary oversight, public investment management, public procurement, changes to revenue policies, requirements for budget documentation to include information on climate change impacts, tracking of climate-related expenditure, climate change performance audits, etc.

Research proposals can also present specific cases of changes required to the PFM system to respond to climate change. This is particularly pertinent for countries that are prone to natural disasters. In such environments, having distinct natural disaster response PFM protocol rules is of key importance. This also includes clear operating rules to govern the accounting, reporting, and auditing of disaster related expenditures.

Research proposals may also focus on the role of specific PFM actors and their impact on climate change considerations, including line ministries, local governments, citizens, legislatures, and others.

Research proposals can also focus on specific climate change related PFM initiatives and not only systems, for example charging carbon offsets to travel budgets or adjusting procurement practices to privilege compostable throw-away items.

The research proposals are expected to contribute to current discussions on the relationship between climate change and PFM. The research may use the PEFA dataset available on [www.pefa.org](http://www.pefa.org) but this is not a requirement. However, researchers are encouraged to base their definitions of PFM on the PEFA framework. The research findings are also expected to contribute to potential future engagements of the PEFA program in presenting good practices in mainstreaming climate change in PFM.

## **3. SUBMISSION OF RESEARCH PROPOSALS**

All proposals should be submitted by clearly stating the following (not more than 10 pages):

### **A. RESEARCH PROPOSAL SUMMARY**

Please provide a one-page executive summary, up to 500 words. The summary should include:

- Rationale
- Objectives
- Methods, and
- Expected outcomes of the research project.

## B. BACKGROUND

Please provide a two-page background that includes a literature review of previous studies on the subject, stating its importance and rationale for proposing the study.

## C. OBJECTIVES

Please state the overall aim expected to be achieved from this research and specific objectives which break down the general objective.

## D. METHODOLOGY

Please describe activities and information on the general plan of work. The methodology section should describe the study design, data sources, and specify the approach to research and methods used.

## E. TIMEFRAME OF PROPOSED ACTIVITIES

Please indicate the activities to be conducted and the corresponding timing, including the submission of progress reports, first and final draft, as well as the final report including comments from the World Bank internal peer review process.

## F. PROPOSED BUDGET WITH JUSTIFICATIONS

Please include the research project budget breakdown with according justifications.

## G. REFERENCES CITED

Any references cited should be listed using standardized citation style.

## SUBMIT YOUR PROPOSAL!

Proposals should be submitted via email at [services@pefa.org](mailto:services@pefa.org) with a corresponding subject 'PEFA 2020 Call for Research Proposal'.

The deadline for submission of completed applications is **December 12, 2019**. Any applications received after this date will not be considered for funding.

Please note that the PEFA Secretariat is housed at the World Bank (<https://www.worldbank.org/>) and that all selected research projects will be peer reviewed in line with the internal World Bank peer review process arrangements.

## 4. ADMINISTRATION OF THE CALL FOR RESEARCH PROPOSALS

### A. SUBSIDIES AND DURATION

A total price amount for the research competition is USD 150,000 which will be distributed between several winners. The award amount will range from USD 5,000 to USD 50,000 per research proposal. The proposed duration for which support is requested must not exceed 10 months. Selected individuals or firms will engage in consulting appointments or contracts with the World Bank.

## B. ELIGIBILITY OF APPLICANTS

Public finance practitioners, scientists, researchers, and scholars are encouraged to submit proposals. Academic staff participating in the PEFA competition should be at the post-doctoral level. Main applicant should be affiliated with a research institution for the duration of the research project. While postgraduate students are not encouraged to submit research proposals on their own, they could support teams of main researchers.

## C. REVIEW PROCESS

Research proposals will be reviewed by the PEFA Research Committee, composed of the panel of representatives of PEFA partners as well as members from the academia. The PEFA Research Committee will evaluate all papers in terms of originality, analytical rigor, and policy relevance and agree on a shortlist of accepted papers.

## D. TIMELINE

Selected research proposals will be contacted by mid-February 2020 and will be required to produce an interim report outlining the initial research findings by June 30, 2020 and submit a final draft research paper for peer-review by October 9, 2020. The final papers are expected to be submitted by November 20, 2020 and presented at the PEFA Steering Committee meeting in December 2020.

### ABOUT PEFA

PEFA – Public Expenditure and Financial Accountability – is a partnership program managed by international development partners: the European Commission, International Monetary Fund, the World Bank, and governments of France, Luxembourg, Norway, Slovak Republic, Switzerland, and United Kingdom.

The PEFA program produced the PEFA framework which assesses the status of a country's public financial management. It measures the extent to which PFM systems, processes, and institutions contribute to the achievement of desirable budget outcomes: aggregate fiscal discipline, strategic allocation of resources, and efficient service delivery.

For more information on the PEFA program and framework, please see the website: [www.pefa.org](http://www.pefa.org).

### CONTACT

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