

Annual  
Report

2020

# PEMNA

Public Expenditure Management Network in Asia



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## Abbreviations and Acronyms

<b>B-CoP</b>	Budget Community of Practice
<b>CoP</b>	Community of Practice
<b>CSO</b>	civil society organizations
<b>DP</b>	Development Partner
<b>EU</b>	European Union
<b>IBP</b>	International Budget Partnership
<b>IMF</b>	International Monetary Fund
<b>KIPF</b>	Korea Institute of Public Finance
<b>LT</b>	Leadership Team
<b>MDTF</b>	Multi-Donor Trust Fund
<b>MOEF</b>	Ministry of Economy and Finance
<b>MTSP</b>	Medium-Term Strategic Plan
<b>OBS</b>	Open Budget Survey
<b>PEMPAL</b>	Public Expenditure Management Peer Assisted Learning
<b>PEMNA</b>	Public Expenditure Management Network in Asia
<b>PFM</b>	public financial management
<b>ROO</b>	Rules of Operations
<b>SC</b>	Steering Committee
<b>T-CoP</b>	Treasury Community of Practice
<b>TTL</b>	Task Team Leader
<b>USOTA</b>	United States Treasury Office of Technical Assistance
<b>VST</b>	Vietnam State Treasury

# Executive Summary

# Executive Summary

This report, the *2020 PEMNA Annual Report*, summarizes the progress and impact of the Public Expenditure Management Network in Asia (PEMNA) during the period of January to December 2020.

## Adjusting to the Members' Needs

The year 2020 has been a year of great uncertainty. The Coronavirus (COVID-19) pandemic has led to drastic changes in every aspect of our lives, demanding the governments around the world to respond to these unprecedented challenges effectively and efficiently. Governments introduced a wide variety of measures—including measures for healthcare, education, and businesses—to mitigate the social and economic consequences of the pandemic. PEMNA likewise had to adjust its workplans to accommodate the newly rising public financial management (PFM) challenges in the member countries. All face-to-face peer-learning events scheduled in 2020 were canceled. Some events were postponed to later in the year and were eventually switched to online events.

In addition, PEMNA quickly modified the targeted PFM outcomes set for the year and the two communities of practice (CoPs)—for budget and treasury—focused its discussions on the most urgent issues that the member countries were facing. The network originally aimed to focus on two PFM outcomes in 2020 as set in its Medium-Term Strategic Plan (MTSP): (i) enhancing the timeliness and effectiveness of capital expenditure (Budget CoP); and (ii) strengthening planning and execution of capital expenditure plans and public investment (Treasury CoP). However, with the spread of the pandemic, PEMNA learning events were refocused on sharing country experiences in responding to the crisis to better help member countries address challenges that they were facing.

## Key Achievements in 2020

PEMNA continued to show strong performance by supporting more than 450 PFM practitioners—including officials from PEMNA member countries, international experts, civil society actors, and academics—through virtual knowledge sharing opportunities in the course of 2020.

In 2020, PEMNA organized a total of four learning events—one plenary conference and three online webinars—facilitating peer-to-peer knowledge exchanges among its members. PEMNA member countries and international experts shared presentations and country updates on responding to COVID-19 from the budget and treasury perspective. The Budget community also shared their experience in budget transparency and public participation through the two PEMNA-

IBP Webinars. The event had been planned before the major outbreak of COVID-19 but the topics were still a relevant concern during the pandemic period. The post-event evaluation survey results provide strong evidence that members were highly satisfied with the events organized throughout the year. Many participants appreciated the effectiveness of how the presentations were delivered and found the knowledge shared at these events relevant to their daily work.

During this reporting period, PEMNA also increased its focus on developing PFM knowledge products that were designed to enrich the members' learning experiences. This year's publications include three knowledge products—*Fiscal Transparency in PEMNA*, *COVID-19 Updates: Policy Responses in PEMNA*, and *Issue and Talk: Korea*.

The new PEMNA website, since its launch in 2019, has continued to serve as an online platform to present the network's peer-learning activities, disseminate PEMNA outputs to the members, and to provide information about non-PEMNA materials that are of interest to members. The network also continued to issue periodic newsletters and provided engagement opportunities through the social media outlet to keep the community in touch with its members.

## Plans for PEMNA 2021 and Beyond

Like many other parts of the world, PEMNA had to adjust to the new challenges brought upon by the pandemic. PEMNA delivered its activities in 2020 through online platforms so that members could stay connected and continue sharing their knowledge and experience. It is very likely that PEMNA will continue to meet virtually for most of 2021, until the safety of face-to-face meetings is ensured. However, PEMNA will continue to provide various peer-learning activities in 2021, such as CoP Meetings, a plenary conference, study visits, and webinars.

The network is also planning a new set of activities to start in 2021—the Policy Brief Series, Overview Sessions, In-Depth Research, and the Advisory Services Program. These new activities are expected to further elevate the knowledge sharing capabilities of the PEMNA network.

As the pandemic continues to persist, it is expected to affect how PEMNA provides support to its member countries. However, PEMNA will continue to evolve and adapt to these new conditions and seek innovative modalities to support its member countries build resilient and responsive PFM systems in times of crisis and beyond.

The *2020 PEMNA Annual Report* highlights how the network supports its members to strengthen the PFM systems in their countries. Chapter 1 provides an overview of the network in general. Chapter 2 examines the network's knowledge sharing impact. Chapter 3 reviews the results of peer-to-peer learning activities as well as highlighting the network's publication activities. Chapter 4 illustrates the knowledge dissemination and communication operations of the network. Chapter 5 provides an insight into the network's recent development in the PEMNA members' engagements and the support provided by the leadership and Secretariat. Chapter 6 is a report on the 2020 expenditures of PEMNA. In Chapter 7, the Workplan for 2021, new PEMNA activities, and next steps are laid out.



# 1

## About PEMNA

1.1. Background

1.2. Peer-Learning and New PEMNA Activities

# 1. About PEMNA

## 1.1. Background

The Public Expenditure Management Network in Asia (PEMNA), is a peer-learning network of public financial management (PFM) officials and experts in the Asia-Pacific region. The network aims to strengthen efficiency, effectiveness, and transparency of PFM systems in the region by helping individual officials to better understand the attributes of a sound PFM system.

Established in 2012, PEMNA offers learning environments in which officials from fourteen member countries discuss the challenges they face in their PFM reform implementation efforts via face-to-face meetings and online seminars. Members learn from their peers who share similar concerns and/or have gone through similar stages of PFM reforms. The knowledge and experiences exchanged at each of these activities foster the professional capacities of individual members and ultimately, feed into the reform policy formulation of the member countries on a broader level.

### Who We Are: Membership and Governance

The PEMNA **membership** largely consists of fourteen member countries and Development Partners (DPs).

Brunei, Cambodia, China, Indonesia, Korea, Lao PDR, Malaysia, Mongolia, Myanmar, the Philippines, Singapore, Thailand, Timor-Leste, and Vietnam are the member countries of PEMNA (in alphabetical order). PFM officials from these countries are the core members who form the PEMNA community.

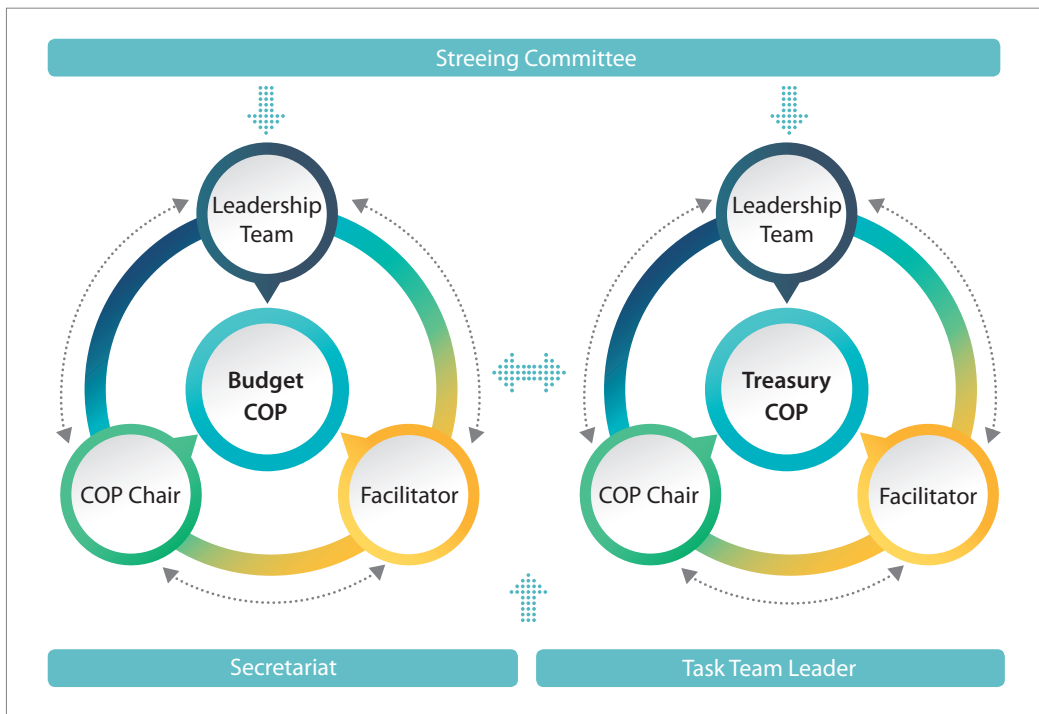
Supporting the community, there are PEMNA DPs. The PEMNA DPs refer to any countries, institutions, or international organizations which contribute resources to PEMNA activities on an on-going basis as defined in the Rules of Operations (ROO) for PEMNA. The DPs may engage in the network through the provision of financial contributions as well as technical expertise.

The PEMNA DPs include the Ministry of Economy and Finance (MOEF) of Korea, the European Union (EU)—donors of the Multi-Donor Trust Fund (MDTF) for PEMNA—as well as the Korea Institute of Public Finance (KIPF), the World Bank Group, and the International Monetary Fund (IMF) which are core partners of the network.

The Federal Treasury of Russia and the U.S. Treasury Office of Technical Assistance (USOTA) also actively participate in the PEMNA learning events as observers.

Placing the fourteen member countries at the very core of the governance, PEMNA invites the member countries to take the lead in shaping the network's strategies and activities, reinforcing their sense of ownership of the network. Figure 1 depicts the organizational structure of PEMNA.

**Figure 1. Organizational Structure of PEMNA**



The PEMNA Steering Committee (SC), which oversees the entire network, is the principal decision-making body of the network. The Committee is composed of representatives from member countries, CoP Chairs from member countries, CoP Facilitators from the World Bank, the Secretariat, and DPs. The SC provides overall guidance on the network's policies, plans, and budget of PEMNA.

At the heart of PEMNA are two communities of practice (CoPs) for budget and treasury, each composed of PFM practitioners from the fourteen member countries. CoPs provide an open-learning platform for the members to exchange knowledge and experiences on specific, high-priority PFM reforms and lessons learned from their implementation through regular meetings.

Each CoP is governed by a CoP Leadership Team (LT) comprised of a small group of members who volunteer to represent the community. The members of the CoP LTs meet regularly both

face-to-face and online to discuss the overall work programs. The members of the LT elect a chairperson for each CoP. The representatives from the Philippines and Indonesia, who have actively participated in PEMNA from its inception, served as the first CoP Chairs of the network and contributed to building this collective governance structure of the network. Following these two CoP Chairs, representatives from Indonesia and Vietnam were confirmed as new chairpersons for Budget and Treasury CoPs, respectively, in 2019, and are continuing to strengthen the members' participation in the network's governance. The chairpersons represent the CoP membership at the SC, lead the development of the work programs and budget, organize CoP activities together with the CoP Facilitators, and promote accountability and participation among members.

The CoP Facilitators, appointed by the World Bank, also support CoP activities. The Facilitators assist the CoPs with developing the learning agenda, facilitating the activities, and identifying strategies for the development of CoPs.

The Task Team Leader (TTL) is a representative of the World Bank who is responsible for overseeing the World Bank administered funds in accordance with the PEMNA program objectives. The TTL works closely with the PEMNA Secretariat to ensure sound management of the network's resources and achievement of broader program goals. The TTL is supported by an Operations Officer for facilitating adherence to the World Bank policy guidance on procurement and financial management.

Supporting the overall operation of the network is the PEMNA Secretariat. The Secretariat provides the overall management and administrative support involved in building and sustaining the PEMNA community. It ensures that each PEMNA activity delivers desirable outcomes to the network as a whole. The Secretariat is currently housed at the Korea Institute of Public Finance.

## **How We Work: Funding**

PEMNA is supported by contributions from its member countries and DPs. Financial contributions for PEMNA are collected through the World Bank MDTF which is then disbursed to the KIPF ('Secretariat') for execution. The Secretariat uses the recipient executed trust fund for PEMNA, disbursed from the World Bank MDTF, to plan and execute the annual budget for the network.

The MDTF for PEMNA is currently funded by the Republic of Korea and the European Union. In 2020, the Republic of Korea made an additional contribution of 2.3 million US dollars and the European Union contributed 2 million euros to the PEMNA MDTF.

Ownership is reflected in a broader range of contributions. In addition to the financial contributions, member countries support the network through in-kind contributions. In-kind contributions may include countries hosting an event, covering their travel expenses, providing technical expertise, and other means of non-financial contributions.

## 1.2. Peer-Learning and New PEMNA Activities

### Peer-Learning Activities

PEMNA hosts a variety of peer-learning events for its members, both face-to-face and online; however, due to the travel limitations amid the global pandemic, this year's learning events have been held online, with hope to continue the face-to-face events in the near future. The network offers learning events in several different formats to respond effectively to the diverse needs of its members. Figure 2 shows the different types of learning activities offered by the network: plenary conferences, CoP meetings, study visits, and webinars.<sup>1</sup> Each CoP organizes these events throughout the year to address topics and issues most relevant to the PFM reform priorities in the member countries. The results of different learning events held during 2020 are summarized in the following chapters.

Figure 2. Peer-Learning Activities of PEMNA

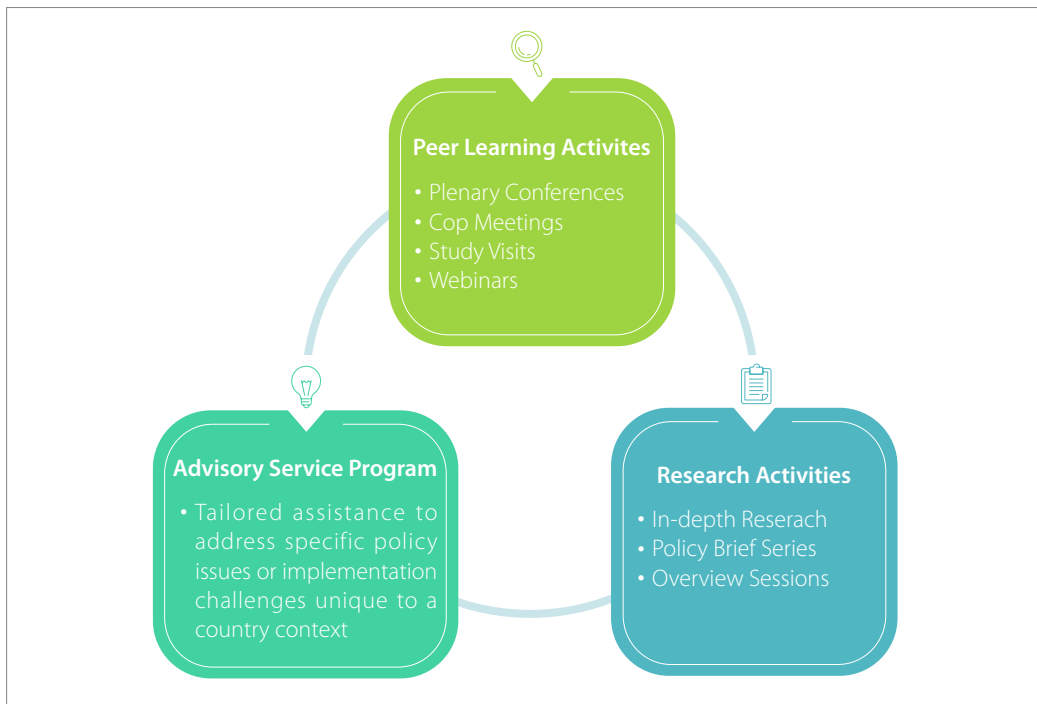


<sup>1</sup> In 2020, study visits were cancelled and all other events were held online due to the world-wide pandemic.

## PEMNA Activities for 2021 and Beyond

During the 2020 PEMNA Online Plenary Conference, the Secretariat introduced a new set of activities—the In-depth Research, Policy Brief Series, Overview Sessions, and the Advisory Services Program (Figure 3).<sup>2</sup> Along with the traditional peer-learning activities, these newly planned research and advisory activities will open up the opportunity for PEMNA’s government officials to closely examine current PFM systems and policies of member countries and seek customized consultation on PFM issues and challenges. Further details on the new PEMNA activities are provided in Chapter 7.

Figure 3. Activities for PEMNA Phase 2



<sup>2</sup> These new activities have since been discussed at the PEMNA Steering Committee (SC) Meeting on January 21, 2021, and endorsed by the PEMNA SC on February 11, 2021.

# 2

## **Promoting Knowledge Sharing in the Region**

**2.1. Providing Quality PFM Knowledge in the PEMNA Region**

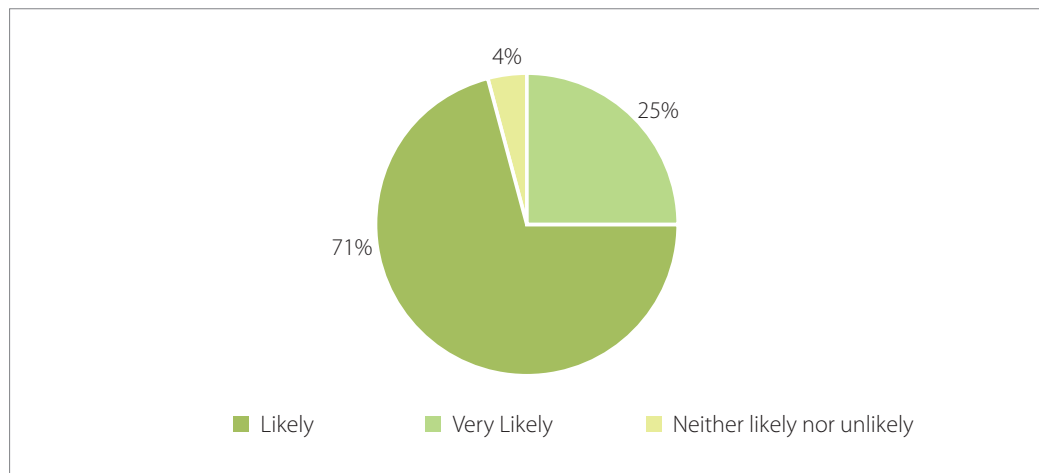
**2.2. Value Realization: Member Testimonials**

## 2. Promoting Knowledge Sharing in the Region

### 2.1. Providing Quality PFM Knowledge in the PEMNA Region

To capture the value creation of the PEMNA network, the Secretariat conducts a post-event evaluation survey after the conclusion of each peer-learning activity and participants are asked to disclose how they intend to share the knowledge acquired from the event. According to the results of this survey, the PEMNA network continued to elevate the level of PFM knowledge sharing in the region by providing quality learning experiences relevant to its members on PFM practices. An overwhelming majority of the members (96%) responded that it was 'very likely' or 'likely' to apply the knowledge acquired from PEMNA events to their daily work (Figure 4).

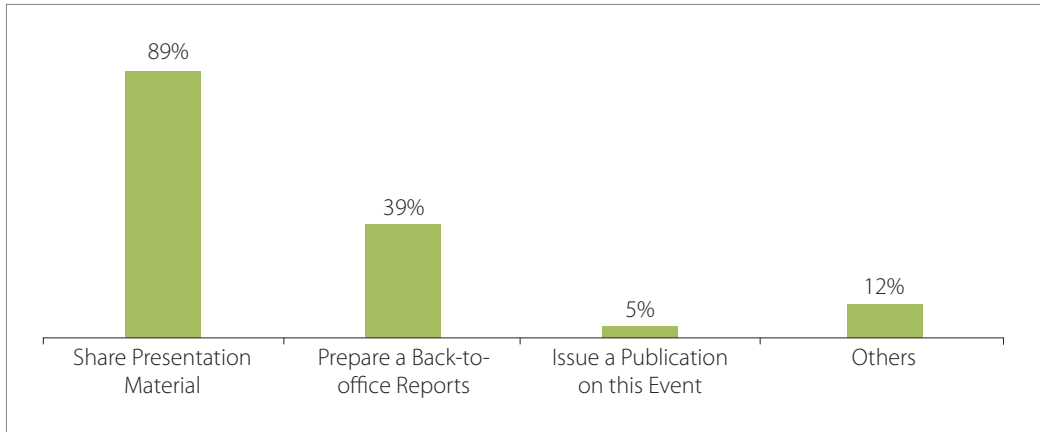
Figure 4. Opportunities to Apply Knowledge Acquired



According to the evaluation survey results, 99% of the respondents answered that they plan to share the knowledge gained from PEMNA events with other PFM officials in their ministries. Figure 5 shows how the members plan to share the knowledge and experience from PEMNA learning events with officials that did not participate in the event. Most members responded that they share the presentation materials from the meeting (89%). Members also prepare back-to-office reports (39%)—summarizing the knowledge they acquired from events—and several members issue separate publications (5%) such as, articles in budget journals. There were also some members that prepare a presentation for their colleagues back home or have internal discussions

and meetings within their ministry regarding the topics and knowledge they obtained from events (these responses are included in 'others').

**Figure 5. Methods of Knowledge Sharing Back Home**



Note: Respondents were allowed to choose more than one answer.

## 2.2. Value Realization: Member Testimonials

**Value Realization.** Members' comments taken from the post-event feedback surveys further affirm the value of the network and provide examples of how the knowledge exchange from PEMNA can assist the members in their daily work. The comments in table 1 are some of the key takeaways from the PEMNA learning events as identified by the members. As described in the testimonials, members appreciated the opportunities to learn the experiences of their peers, especially in time of the world-wide pandemic. Many members stated that they have acquired useful learnings from their peers through the PEMNA learning events.

**Table 1. Member Testimonials**

*"Fiscal impact and fiscal measures from PEMNA survey results are very knowledgeable for preparing stimulus packages. I have learnt the impact on state budget and state budget execution measures from the Vietnamese presentation. It is also important for our government's 2019-20 revised budget and next year's budget forecasting."*

From the 2020 PEMNA B-CoP Webinar

*"Policies and responsive measures used in Myanmar, the Philippines and Vietnam are very useful for reducing the impacts of COVID-19."*

From the 2020 PEMNA T-CoP Webinar

*"Learning from other country's sharing [will be helpful] to create a new framework on treasury management."*

From the 2020 PEMNA T-CoP Webinar

*"Experiences of countries which are implementing participation mechanisms presented are very helpful for our effort in this area."*

From the PEMNA-IBP Webinar Series

*"[I gained] ideas from other countries' new initiatives that may be adopted to my country."*

From the PEMNA-IBP Webinar Series

*"We could learn how the governments contribute and support to mitigate the COVID-19 pandemic with different measures and methods among PEMNA members countries, as well as tracking the expenditure for effective spending."*

From the 2020 PEMNA Online Plenary Conference

*"Every country has a different approach to handling the pandemic, but all have the same goal for national economic recovery. From different approaches, we can learn and adopt for better future policy."*

From the 2020 PEMNA Online Plenary Conference

# 3

## **PEMNA Activities During a Time of Urgency**

3.1. Peer Learning Events

3.2. PEMNA PFM Knowledge Products

## 3. PEMNA Activities During a Time of Urgency

### 3.1. Peer Learning Events

#### Overview

During this reporting period, the Budget CoP (B-CoP) and Treasury CoP (T-CoP) held *five* online meetings, involving more than 450 PFM officials and experts in the region. Box 1 shows a list of learning events organized from January through December 2020.



#### Box 1. PEMNA Learning Events in 2020

- PEMNA Budget CoP Webinar (May 7, 2020)
- PEMNA Treasury CoP Webinar (June 3, 2020)
- PEMNA-IBP Webinar (September 9, 2020)
- PEMNA-IBP Webinar (September 23, 2020)
- 2020 PEMNA Online Plenary Conference (December 17–18, 2020)

Due to the ongoing global pandemic, PEMNA had to adjust its workplans to accommodate the newly rising PFM challenges in the member countries. All face-to-face peer-learning events scheduled in 2020 were canceled. Some events were postponed to later in the year and were eventually switched to online events. PEMNA quickly modified the targeted outcomes set for the year and focused its discussions on the most urgent issues that the member countries were facing. The network originally aimed to focus on the two PFM outcomes set for 2020 in its Medium-Term Strategic Plan (MTSP): (i) enhancing the timeliness and effectiveness of capital expenditure (B-CoP); and (ii) strengthening planning and execution of capital expenditure plans and public investment (T-CoP). However, with the spread of the pandemic, PEMNA learning events were refocused on sharing country experiences in responding to the crisis to better help member countries address challenges that they were facing.

Table 2 summarizes the topics that PEMNA members and international experts discussed in the 2020 PEMNA learning events.

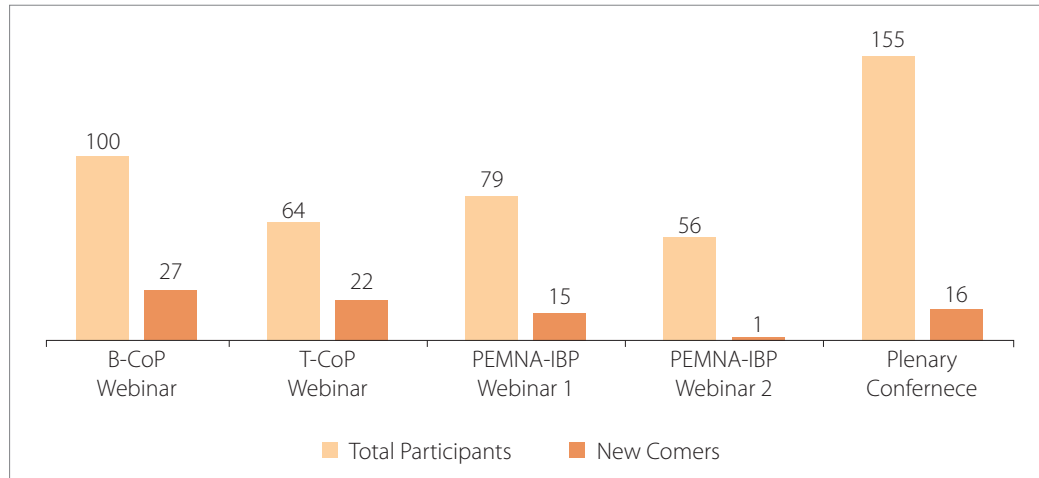
**Table 2. Topics Addressed by PEMNA CoPs in 2020**

Budget CoP	
B-CoP Webinar (May 2020)	Asia-Pacific Region's Fiscal Response to COVID-19 Crisis
PEMNA-IBP Webinar 1 (Sep. 2020)	Open Budgeting Practices in the Asia-Pacific region: Results of the Open Budget Survey 2019
PEMNA-IBP Webinar 2 (Sep. 2020)	How can PEMNA Countries Foster Budget Transparency and Participation?
Plenary Conference (Dec. 2020)	Enhancing the Effectiveness and Sustainability of Public Finance to COVID-19 <ul style="list-style-type: none"> <li>• Monitoring and reporting on the uses and impact of COVID-spending focusing on whether the money is spent on those who need it and assessing the impact</li> <li>• Expenditure reforms</li> </ul>
Treasury CoP	
T-CoP Webinar (June 2020)	Impact of COVID-19 on the core functions of treasury and the governments' responses
Plenary Conference (Dec. 2020)	Enhancing the Effectiveness and Sustainability of Public Finance to COVID-19 <ul style="list-style-type: none"> <li>• Monitoring and reporting on the uses and impact of COVID-spending from a chart of account perspective</li> <li>• Developing more resilient and agile treasury systems</li> </ul>

The topics for 2020 mainly focused on the urgent needs of members in responding to the Coronavirus (COVID-19) global pandemic. The B-CoP shared their experience on topics of COVID-19 fiscal responses from the budget side as well as topics on budget transparency and public participation. The T-CoP concentrated on the core treasury functions and building an agile treasury system in response to the pandemic.

Figure 6 shows the number of total participants by event and the number of PFM practitioners new to PEMNA. On average, over 50 PFM officials and experts participated in each of the learning events to discuss topics on current PFM reforms and fiscal policies of the member countries. The network also saw a continuous inflow of PFM practitioners new to PEMNA, further widening its membership base.

Figure 6. Number of Participants by Event



### Knowledge Sharing Champions

More than 38 case studies,<sup>3</sup> either in the form of a presentation or a country update, were shared by PEMNA member countries at these meetings. The top knowledge sharing countries of 2020 were the Philippines and Vietnam. These two countries actively shared their knowledge and experiences with their peers by delivering presentations or country updates at the learning events held during this reporting period. In addition to these two countries, a great number of the member countries contributed by sharing their country cases, as demonstrated in table 3.

Table 3. Country Case Studies Shared in Events

	BN	KH	CN	ID	KR	LA	MY	MN	MM	PH	SG	TH	TL	VN
1				○	○		○		○	○		○		○
2									○	○				○
3										○				○
4				○				○						
5		○		○	○	○	○		○	○		○		○

Country Acronyms: Brunei (BN), Cambodia (KH), China (CN), Indonesia (ID), Korea (KR), Lao PDR (LA), Malaysia (MY), Mongolia (MN), Myanmar (MM), Philippines (PH), Singapore (SG), Thailand (TH), Timor-Leste (TL), and Vietnam (VN)

1: B-COP WEBINAR; 2: T-COP WEBINAR; 3: FIRST PEMNA-IBP WEBINAR;

4: SECOND PEMNA-IBP WEBINAR; 5: 2020 PEMNA ONLINE PLENARY CONFERENCE

<sup>3</sup> The number of country cases include the presentations and country updates delivered by member countries.

**The Philippines** delivered a total of six country cases in four of the events held during this reporting period. The treasury officials shared their experiences on the role of the treasury during the pandemic, explaining the challenges and responses as well as providing insight into the fiscal trade-offs imposed by the pandemic. The budget officials also shared the nation's experience on responding to the pandemic from the budget perspective. They also introduced the government's efforts for a transparent budget system and elevating public participation, especially providing a snap shot of the government's many engagements with the public and civil society organizations (CSOs) as well as programs designed to raise public awareness on the budget.

**Vietnam** also delivered six country cases in four of the events held during this reporting period. Active in both the B-CoP and the T-CoP webinars held in May and June, the Vietnam budget officials provided insight on the fiscal measures in response to the pandemic, while from the treasury side, they explained the treasury functions and measures to mitigate the COVID-19 impacts. Vietnam also shared their budget transparency efforts, focusing on why budget transparency is required along with the advantages and challenges. During the plenary conference in December, Vietnam shared two presentations, one from each CoP on the topic of budget responses and new priorities; and developing a more resilient and agile treasury.

Many other member countries, such as **Cambodia, Indonesia, Korea, Lao PDR, Malaysia, Mongolia, Myanmar, and Thailand**, contributed significantly to the knowledge sharing in the region through presentations or country updates during the events held in 2020.

### **Quality of PEMNA Learning Events**

The PEMNA Secretariat conducts post-event evaluations at the end of each event to monitor the quality of the learning experience. Through these evaluations, the participants are asked to provide feedback and rate their level of satisfaction of the learning event on a scale of 1('poor') to 5 ('excellent'). The results of the post-event evaluations conducted for 2020 PEMNA learning events are summarized in the following paragraphs.

According to the results, the events organized in 2020 fulfilled the expectations of participants. Figure 7 indicates that the overall performance remained strong across events in 2020, with 99.2% of respondents answering either 'good' (21%), 'very good' (49.6%) or 'excellent' (28.6%). The results provide solid evidence of high levels of member satisfaction with the quality of resources and services delivered at the network's learning events.

Figure 7. Strong Overall Performance

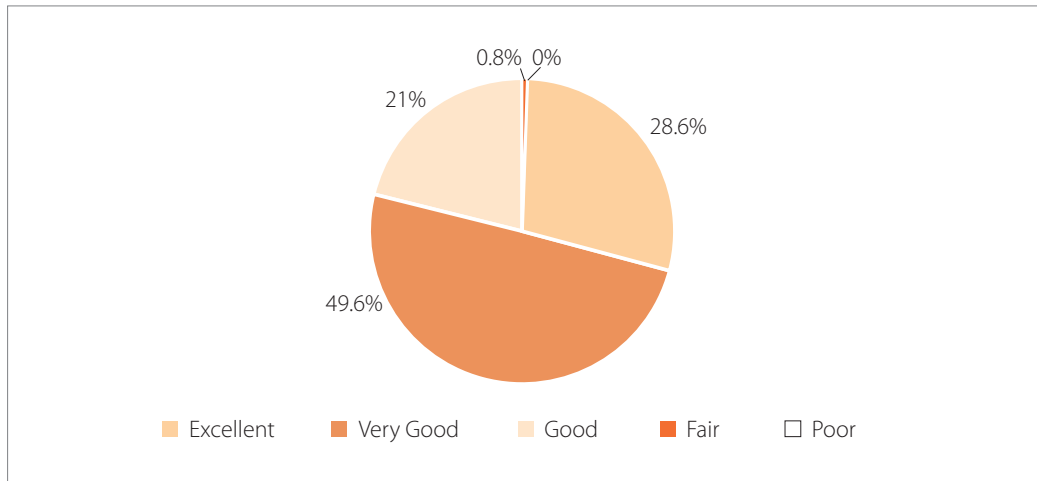
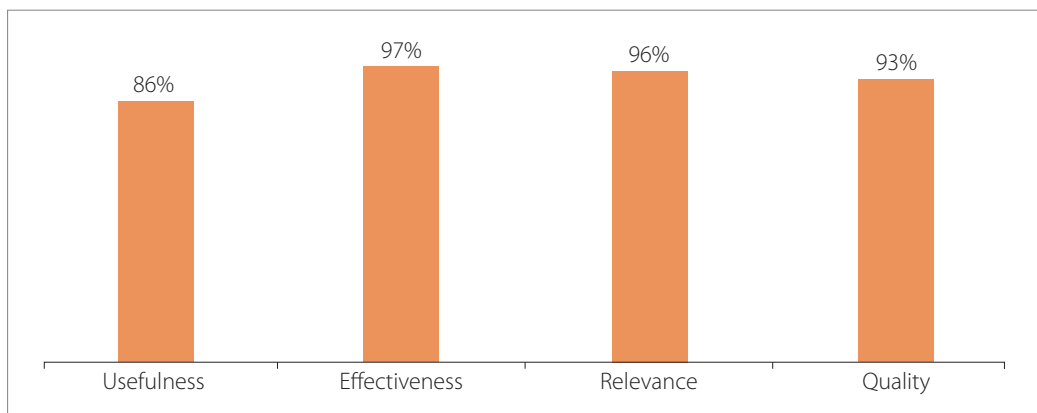


Figure 8 shows the results of four key performance indicators: (i) usefulness of knowledge, (ii) effectiveness of presentations, (iii) relevance to members' daily work, and (iv) quality of discussions. A majority of the participants showed high levels of satisfaction ('satisfied' or 'very satisfied') in all fields, with the effectiveness of the presentations and relevance to their daily work among the highest.

Figure 8. Member Satisfaction



The post-event evaluation surveys also solicit a set of written comments from the participants on the quality of PEMNA events, including suggestions for further improvements. Box 2 shows some of the feedback provided by the members.



### Box 2. Suggestions for Future Improvements

*"I would appreciate receiving more training or webinars like this to help broaden my knowledge on the sector."*

2020 PEMNA B-CoP Webinar

*"[Provide] relevant publication and/or reading materials that can serve as further reference/learning."*

2020 PEMNA B-CoP Webinar

*"[Organize] bilateral online meetings, in case [member countries require] more detailed discussion."*

2020 PEMNA T-CoP Webinar

*"Providing real experience from the field will make the discussion more interesting and give a picture to other countries on how they address the problem."*

2020 PEMNA T-CoP Webinar

*"I think PEMNA already did a good job as a moderator. However, I like to suggest an idea of changing 15-minute presentation to 5 to 10-minute [presentation] instead and focusing on a single question per presentation. The aim is to have more countries participate in one question/issue and lessen time for each country."*

2020 PEMNA Online Plenary Conference

*"Due to COVID-19, it is better to stay online, but if the conditions return to normal, an offline conference is more preferable because during the break or outside the conference [participants can bond together, which helps] to share the experiences and idea outside the conferences."*

2020 PEMNA Online Plenary Conference

The following paragraphs provide more details of learning events for both the Budget and Treasury CoPs.

## Budget CoP in 2020

**Peer-Learning Events.** Under the leadership of Kunta Wibawa Dasa Nugraha<sup>4</sup> (B-CoP Chair) and the quality guidance of Bernard Myers<sup>5</sup> (B-CoP Facilitator), the budget community continued the tradition of active peer-learning using webinars, despite the difficulties posed by the COVID-19 pandemic.

The B-CoP organized four learning events, including the plenary conference, which were organized around two themes: Budget Transparency and Fiscal Responses to COVID-19. B-CoP had originally set *Enhancing the Timeliness and Effectiveness of Capital Expenditure* as its high-level PFM outcomes for 2020 and planned to organize its meetings around this topic. However, to provide members with timely services, the B-CoP shifted the focus of its discussions. Members exchanged economic and fiscal responses to the pandemic, especially on the roles of budget

4 Kunta Wibawa Dasa Nugraha is the Assistance of the Minister for State Expenditure, Indonesia Ministry of Finance.

5 Bernard Myers is a Senior Public Sector Specialist at the World Bank and the Task Team Leader for PEMNA.

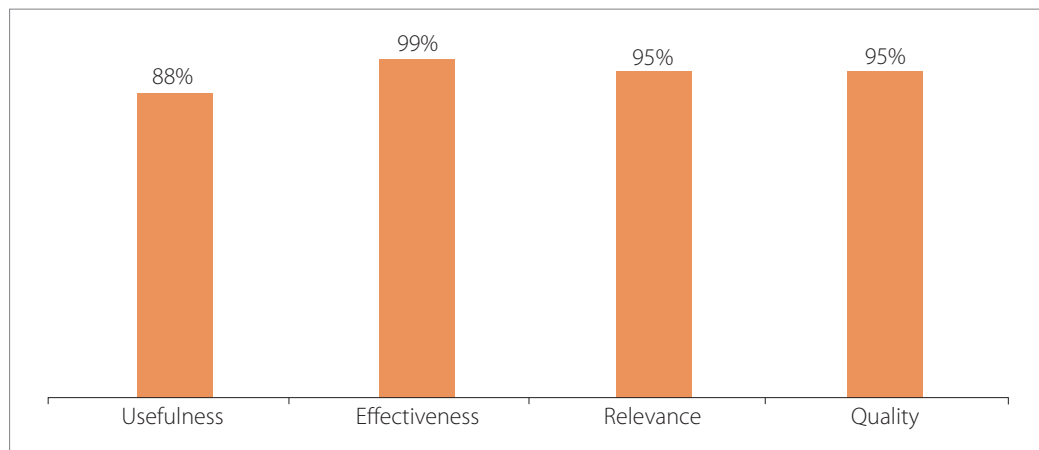
authorities to mitigate, contain, and manage the spread of the pandemic and to recover from the crisis. The two PEMNA-IBP webinars focused on budget transparency and public participation. This event was originally planned before the global outbreak of COVID-19 as a regional launch of the Open Budget Survey (OBS) 2019 in May 2020; however, the event was delayed then later shifted to a virtual meeting due to the pandemic. But the aim was to keep budget transparency at the forefront, as it was a relevant concern in a period of COVID-19.

The following is a list of themes discussed by the B-CoP during this reporting period:

- Asia-Pacific region's fiscal response to COVID -19 crisis
- Open budgeting practices in the Asia-Pacific region
- Fostering budget transparency and participation?
- Monitoring and reporting on the uses and impact of COVID-19 spending
- Expenditure reforms

Overall, the B-CoP members expressed a high level of satisfaction with the learning events held. Figure 9 shows the results of the post-event feedback surveys conducted in 2020. The respondents indicated that the subject matter was delivered effectively (99%) during these events. The B-CoP members were also highly satisfied with the quality of discussions (95%) exchanged at the learning events. They also found the knowledge and experiences shared at these events very much relevant (95%) and helpful to their daily work (88%).

Figure 9. B-CoP Member Satisfaction



**COVID-19 Surveys.** To facilitate more fruitful exchange among members, the PEMNA Secretariat conducted surveys investigating fiscal measures implemented by the PEMNA member countries.

The first round of the survey was conducted in May 2020 prior to the B-CoP webinar, and the second one was conducted in December 2020 before the plenary conference. The surveys asked the members to identify (i) the economic and fiscal impact of the COVID-19 pandemic, (ii) health and fiscal measures implemented in their country, and (iii) the roles of budget authorities in implementing these measures. These two surveys were well-received by the members, as evidenced by the high level of member participation. Ten member countries participated in the first survey and seven member countries took part in the second survey. The Secretariat shared the survey results with the members during the two learning events which contributed to enriching the discussions. In addition, based on the information and data gathered in May, the PEMNA Secretariat published the *COVID-19 Update: Policy Responses in PEMNA* in June 2020.<sup>6</sup> This brief summarizes the member countries' fiscal responses to contain the pandemic, serving as a knowledge product for the network.

**Collaboration with the IBP.** The B-CoP deepened its discussions on budget transparency and public participation by collaborating with the International Budget Partnership (IBP). As introduced above, the PEMNA B-CoP and the IBP co-organized the PEMNA-IBP Webinar Series in September 2020. Before the COVID-19 situation worsened, the event was originally planned for May 2020 as a regional launch of the OBS 2019; however, it was shifted to a virtual meeting due to the pandemic. The first webinar focused mainly on reviewing the OBS 2019 results in the PEMNA member countries as well as discussing the advantages and challenges of having a transparent budget system. The second webinar enabled members to share their open budgeting practices, including public participation, and learn more about the use of OBS tools to improve budget transparency. Adding to interesting conversations shared during the webinars, the PEMNA Secretariat, together with the IBP, prepared the *Open Budgeting Practices in the Asia and Pacific Region*. The brief gives an overview of the OBS 2019 results and includes a summary of feedback received from the webinars as well as country cases that introduce the government's effort in enhancing budget transparency and public participation.<sup>7</sup>

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6 The brief is available on the PEMNA website at: [https://www.pemna.org/bbs/BBSMSTR\\_000000000037/list.do](https://www.pemna.org/bbs/BBSMSTR_000000000037/list.do)

7 This brief is available on the PEMNA website at: [https://www.pemna.org/bbs/BBSMSTR\\_000000000037/list.do](https://www.pemna.org/bbs/BBSMSTR_000000000037/list.do)

## 2020 PEMNA B-CoP Webinar

### Asia-Pacific Region's Fiscal Response to COVID-19 Crisis

May 7, 2020

Videoconference



Around 100 participants from 11 B-CoP member countries and international experts joined this webinar to share their experiences in addressing the COVID-19 crisis. The agenda of the meeting was the Asia-Pacific region's fiscal response to COVID-19. The main focus of the meeting was (i) the impact of the COVID-19 on PFM at the regional level; and (ii) a summary of the government's fiscal responses to the COVID-19 survey results, with key takeaways such as economic impact, financing of measures, and fiscal measures. Four countries—the Philippines, Myanmar, Thailand, and Malaysia—provided country updates on their measures in responding to the COVID-19 pandemic.

## 2020 PEMNA-IBP Webinar 1

### Open Budgeting Practices in the Asia-Pacific region: Results of the Open Budget Survey 2019

September 9, 2020  
Videoconference

PowerPoint Slide Show - PEMNA and IBP Webinar - Using the OBS results - PowerPoint

## Using the OBS 2021 Calculator

2019	Score: 60
2021	Score: 57

Question 10: Does the Executive's Budget Proposal or any supporting budget documentation present the individual sources of non-tax revenue (such as grants, property income, and sales of government-produced goods and services) for the budget year?

A: Yes, individual sources of non-tax revenue accounting for all non-tax revenue are presented.  
 B: Yes, individual sources of non-tax revenue accounting for at least two-thirds of, but not all, non-tax revenues are presented.  
 C: Yes, individual sources of non-tax revenue accounting for less than two-thirds of all non-tax revenues are presented.  
 D: No, individual sources of non-tax revenue are not presented.  
 E: Not applicable/other.

View the OBS 2021 Calculator Here:  
<http://survey.internationalbudget.org/#calculator>

International Budget Partnership

The first webinar, in this two-part webinar series co-hosted by PEMNA and the IBP, was held on September 9, 2020. The webinar was aimed to explore open budgeting practices in the Asia-Pacific region. The main topics of the sessions included: (i) progress in the Asia-Pacific region and the results of OBS 2019, (ii) how civil society can collaborate with governments on open budgets, (iii) the challenges and benefits of greater collaboration, and (iv) using the OBS recommendations to make progress on open budgeting practices. Over 70 participants, including officials from 11 PEMNA member countries, CSOs, and international experts, joined this webinar.

## 2020 PEMNA-IBP Webinar 2

### How can PEMNA Countries Foster Budget Transparency and Participation?

September 23, 2020

Videoconference



The Second webinar organized by PEMNA and the IBP was held on September 23, 2020, to discuss how to foster budget transparency and public participation. The first session focused on discussing the ways to improve on the Open Budget Survey. The main topic of the second session was the various forms of public participation. During the session, the expert from the IBP shared public participation mechanisms of three different countries: Sierra Leone, Bulgaria, and Guatemala. Over 50 participants, including officials from nine PEMNA member countries, CSOs, and international experts, joined this webinar.

## 2020 PEMNA Online Plenary Conference

### Enhancing the Effectiveness and Sustainability of Public Finance to COVID-19

December 17–18, 2020

Videoconference



More than 150 PFM practitioners joined the 2020 PEMNA Online Plenary Conference to discuss topics under the theme of *Enhancing the Effectiveness and Sustainability of Public Finance to COVID-19*.

Joint CoP Sessions were held on the first day of the conference, focusing on fiscal adaptation to the COVID-19 and balancing fiscal sustainability and short-term stimulus followed by a separate B-CoP session on the second day of the conference. During the B-CoP sessions on Day 2, members of the B-CoP had a chance to discuss the following topics in detail: (i) monitoring and reporting on the uses and impact of COVID-19 spending, focusing on finding out whether the money is spent on those who need it and assessing the impact; and (ii) expenditure reforms on consolidating spending programs to focus on value-for-money.

## Treasury CoP in 2020

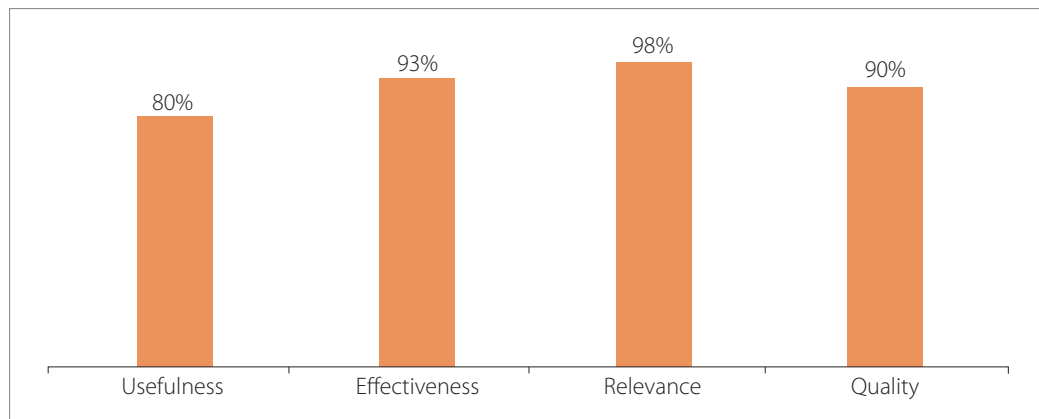
**Peer-Learning Events.** With the support of Ta Anh Tuan (T-CoP Chair) and Dang Thi Thuy<sup>8</sup> (Acting T-CoP Chair) as well as the guidance of Fabian Seiderer<sup>9</sup> (T-CoP Facilitator), the T-CoP successfully held two learning events, including the Plenary Conference, during this reporting period. Given the current situation, the T-CoP also had to re-organize its work plan for the year 2020. The T-CoP originally targeted *Strengthening Planning and Execution of Capital Expenditure Plans and Public Investment* as the high-level PFM outcome for the year. However, due to the circumstances, the T-CoP focused on exploring the impacts of the pandemic on core functions of treasury and the relevant government responses. The T-CoP members shared how their treasury functions had adapted to the times of crisis and discussed ways to build a more resilient and agile treasury system in their countries.

Below are some of the themes discussed by the T-CoP during this reporting period:

- Impact of COVID-19 on the core functions of treasury and the government's responses
- Monitoring and reporting on the uses and impact of COVID-19 spending from the chart of account perspective
- Developing more resilient and agile treasury systems

The treasury community continued to provide meaningful learning opportunities to its membership. According to the 2020 post-event survey results, around 80% of the respondents replied that they were satisfied with the overall performance of the T-CoP events. Figure 10 illustrates the survey results in detail.

Figure 10. T-CoP Members Satisfaction



<sup>8</sup> As of November 2020, Dang Thi Thuy, Deputy Director General of the Vietnam State Treasury (VST), assumed the role of Acting T-CoP Chair due to Ta Anh Tuan's departure from the VST.

<sup>9</sup> Fabian Seiderer is a Lead Public Sector Specialist at the World Bank.

**COVID-19 Survey.** Before the 2020 PEMNA Online Plenary Conference, T-CoP member countries participated in a survey asking the member countries to give an update on their efforts to mitigate the impacts of the pandemic on the treasury operations. In particular, the survey asked members about (i) the challenges that the treasury departments have faced in providing COVID-19 related emergency spending, (ii) cash flow forecasting, and (iii) their plans on building a more resilient and agile treasury system. In total, 10 member countries provided answers to the survey questionnaires. The findings from this survey was shared with the members of the PEMNA community at the 2020 PEMNA Online Plenary Conference held in December.

**Knowledge Exchange with PEMPAL.** Since the first exchange at the T-CoP Moscow Meeting in October 2019, the treasury community continued to foster its collaboration with the Public Expenditure Management Peer Assisted Learning (PEMPAL) network, a sister network operating for PFM practitioners in Eastern Europe and Central Asia. After the PEMNA T-CoP Moscow Meeting, the collaboration with PEMPAL was well-received by the T-CoP members. Engagement with PFM officials and experts from outside the Asia-Pacific region contributed to broadening the scope of discussions of at the T-CoP learning events. The two networks agreed to facilitate more PFM knowledge exchange and learning with each other.

The PEMPAL network invited PEMNA members to attend their video conferences (Box 3). Most recently, PEMNA T-CoP invited members of PEMPAL, including the Federal Treasury of Russia, to join the 2020 PEMNA Online Plenary Conference. One of the PEMPAL advisors participated as a resource person for a T-CoP session, further strengthening the partnership between the two networks. PEMPAL likewise extended invitations to the PEMNA T-CoP members on many occasions to attend their online learning events held in 2020. The two networks will continue to seek further engagement going forward.



### Box 3. Interactions Between PEMNA and PEMPAL (2020)

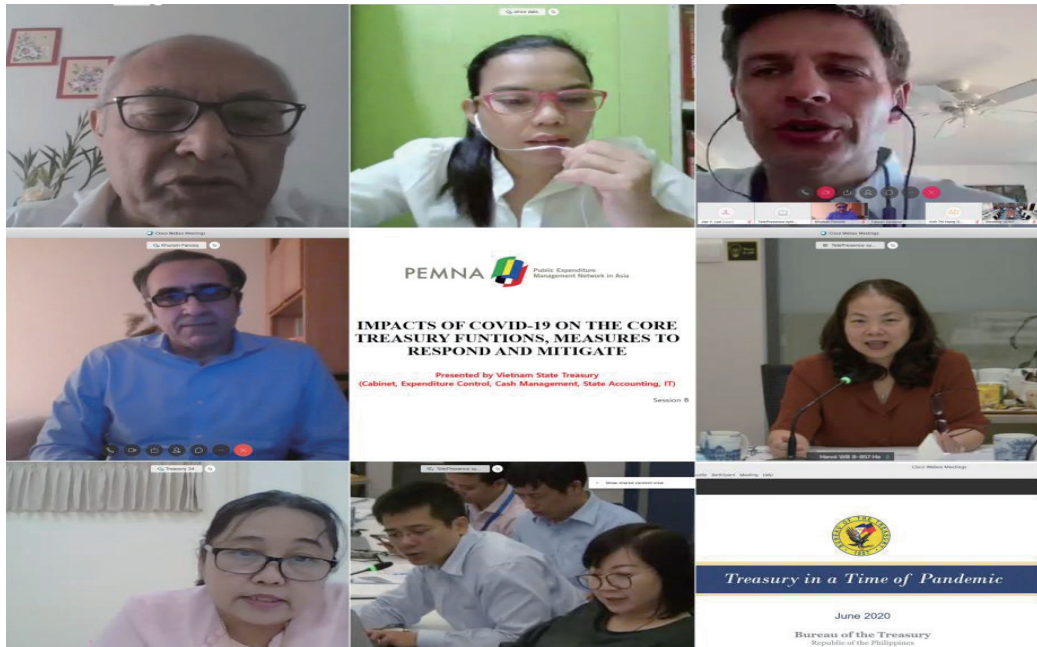
- PEMPAL Videoconference (VC) on Evolution of the Role and Functions of the Treasury (February 27, 2020)
- PEMPAL Treasury COP VC with the Swiss Federal Treasury (June 24, 2020)
- PEMPAL Treasury COP VC with the Kazakhstan Treasury Committee (September 15, 2020)
- PEMPAL Treasury COP VC on the New Albanian IFMIS (November 19, 2020)
- 2020 PEMNA Online Plenary Conference (December 17–18, 2020)

## 2020 PEMNA T-CoP Webinar

### Impact of COVID-19 on the Core Functions of Treasury and the Governments' Responses

June 3, 2020

Videoconference



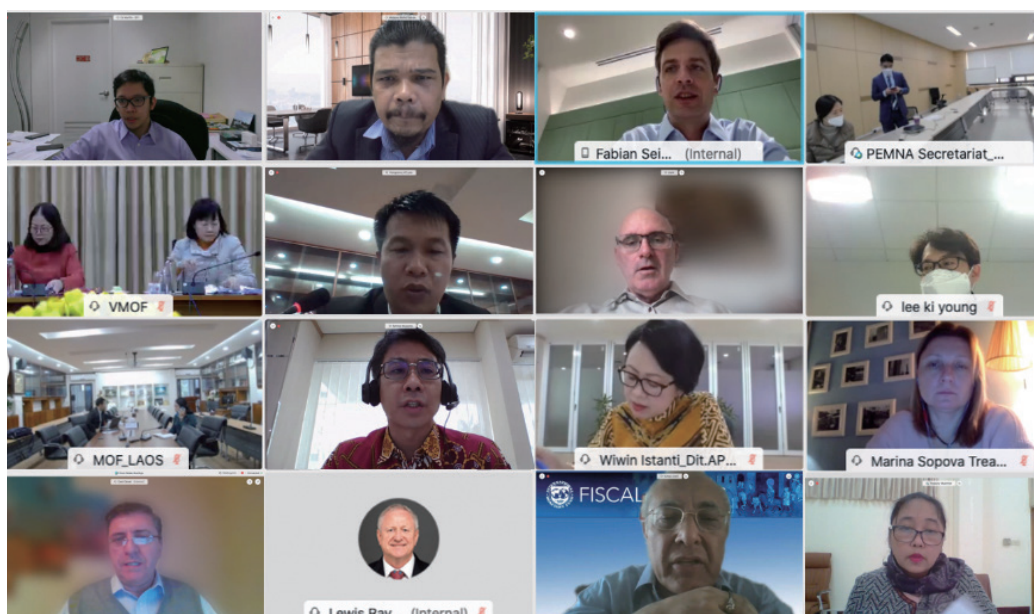
The first PEMNA T-CoP Webinar was held via videoconference to discuss the impacts of COVID-19 on the core functions of the treasury as well as the government's responses. The expert from the World Bank and officials from three PEMNA member countries—Myanmar, Philippines, and Vietnam—each gave a presentation on the impact and treasury response to the COVID-19 pandemic. Over 60 PFM officials from nine member countries as well as international experts attended the webinar.

## 2020 PEMNA Online Plenary Conference

### Enhancing the Effectiveness and Sustainability of Public Finance to COVID-19

December 17–18, 2020

Videoconference



The 2020 PEMNA Online Plenary Conference was held online from December 17–18, 2020. Around 150 participants from 11 PEMNA member countries as well as PEMNA Development Partners and observer organizations joined the event.

The theme of the conference was *Enhancing the Effectiveness and Sustainability of Public Finance to COVID-19*. This two-day online conference was held in two parts. On Day 1, the B-CoP and the T-CoP came together in joint sessions to discuss the common issues on enhancing public financial management. On Day 2, members of the T-CoP had a chance to discuss the following topics in detail: (i) monitoring and reporting on the uses and impact of COVID-19 spending, emphasizing the reporting side from a chart of account perspective; and (ii) developing more resilient and agile treasury systems.

### 3.2. PEMNA PFM Knowledge Products

Converting knowledge into tangible outputs is one of the key objectives of the network. In line with this objective, PEMNA increased its focus on developing PFM knowledge products during this reporting period. The Secretariat published *three* knowledge products in total in which each product was designed to enrich the members' learning experiences in PEMNA.

The paragraphs below provide a brief description of each PEMNA Knowledge Product. The products are presented in order of publication.

***Fiscal Transparency in PEMNA.*** PEMNA published an extensive research paper on the topic of fiscal transparency in May 2020. This report reviews fiscal transparency practices in the PEMNA member countries. A consultant was hired to produce this paper as endorsed by the B-CoP LT in November 2019. For the research, the consultant conducted a survey assessing the fiscal transparency practices in the member countries. The survey data identified the motivations and challenges of member countries for improving transparency together with the plans of PEMNA member countries on increasing budget transparency. The findings from this survey, together with the OBS 2017 results, are analyzed in this research paper. The final product has been shared with the members of the PEMNA community and is available on the PEMNA website.<sup>10</sup>

***COVID-19 Updates: Policy Responses in PEMNA.*** Based on the survey findings collected by the PEMNA Secretariat, PEMNA published a brief on the policy responses in the PEMNA region to mitigate impacts of the COVID-19 pandemic. The brief first identifies the economic and fiscal impact that the pandemic has had on each country as well as the fiscal measures that the member countries have implemented in response. Member countries were invited to review their respective part of the report prior to its publication. The brief, published in June 2020, was well-received by the members, as evidenced by the high level of member participation in the survey, and is available on the PEMNA website.<sup>11</sup>

***Issue and Talk: Korea.*** The PEMNA Secretariat produced *Issue and Talk: Korea*, the fourth in the series, in October 2020. This issue gives an overview of the Korean New Deal, a key strategic document to guide Korea in the post-COVID-19 era. The issue also features an interview with a director general working at the forefront of implementing this policy. The interview includes challenges in developing policies in preparation for the post-pandemic era and Korea's plans to support these newly introduced initiatives. The product aims to provide readers who may be going through similar phases in their work with helpful insights.<sup>12</sup>

10 *Fiscal Transparency in PEMNA* available at: [https://www.pemna.org/bbs/BBSMSTR\\_00000000037/view.do?nttlId=B000000000743Wl6oT1l&mno=sub03\\_04](https://www.pemna.org/bbs/BBSMSTR_00000000037/view.do?nttlId=B000000000743Wl6oT1l&mno=sub03_04)

11 *COVID-19 Updates: Policy Responses in PEMNA* available at: [https://www.pemna.org/bbs/BBSMSTR\\_00000000037/view.do?nttlId=B000000001006Qu4sR9z&mno=sub03\\_04](https://www.pemna.org/bbs/BBSMSTR_00000000037/view.do?nttlId=B000000001006Qu4sR9z&mno=sub03_04)

12 *Issue and Talk: Korea* available at: [https://www.pemna.org/bbs/BBSMSTR\\_00000000036/view.do?nttlId=B00000001019Hc2tJ4g&mno=sub03\\_03](https://www.pemna.org/bbs/BBSMSTR_00000000036/view.do?nttlId=B00000001019Hc2tJ4g&mno=sub03_03)

# 4

## Disseminating PEMNA Results

4.1. Online Communication

4.2. Reporting its Progress to the PEMNA Community

## 4. Disseminating PEMNA Results

### 4.1. Online Communication

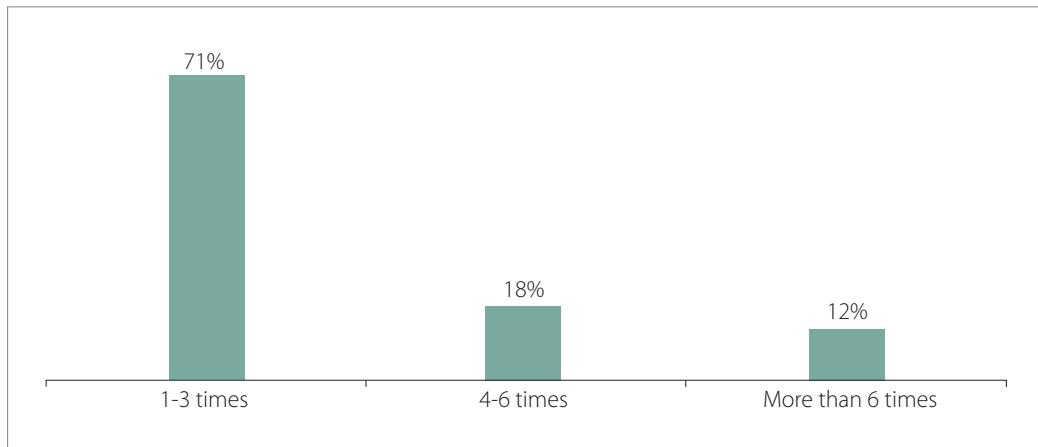
#### New PEMNA Website

Entering the second year since its launch in 2019, the new PEMNA website is successfully serving the PEMNA members as an online platform to present the network's peer-learning activities and to disseminate PEMNA outputs. Through a complete overhaul of the website, PEMNA was able to enhance its online archiving capabilities to better present the contents of PEMNA activities and further expand the online presence by improving accessibility.

Throughout 2020, a total of 81,973 users visited the new PEMNA website. The website recorded 746 downloads and had 33,934 pageviews spread across 24 countries around the world. To accurately measure the members' satisfaction of the new website, the Secretariat conducted a website user experience survey in February 2021.

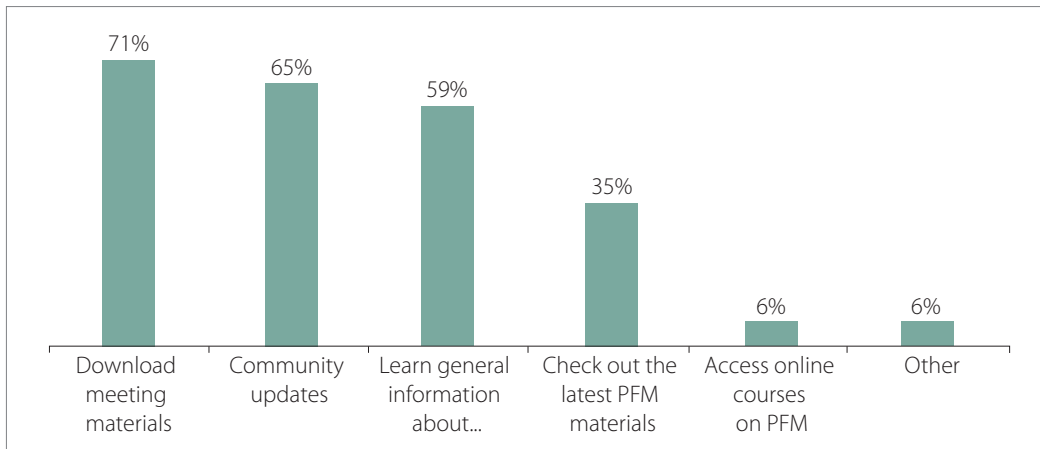
Among respondents that visited the PEMNA website, 30% of them visited the website frequently, at least four times a month (Figure 11).

Figure 11. Frequency of Visits (per Month)



It was found that the users visit the website for various purposes such as accessing meeting materials, finding updates on the community, and acquiring general information about PEMNA (Figure 12).

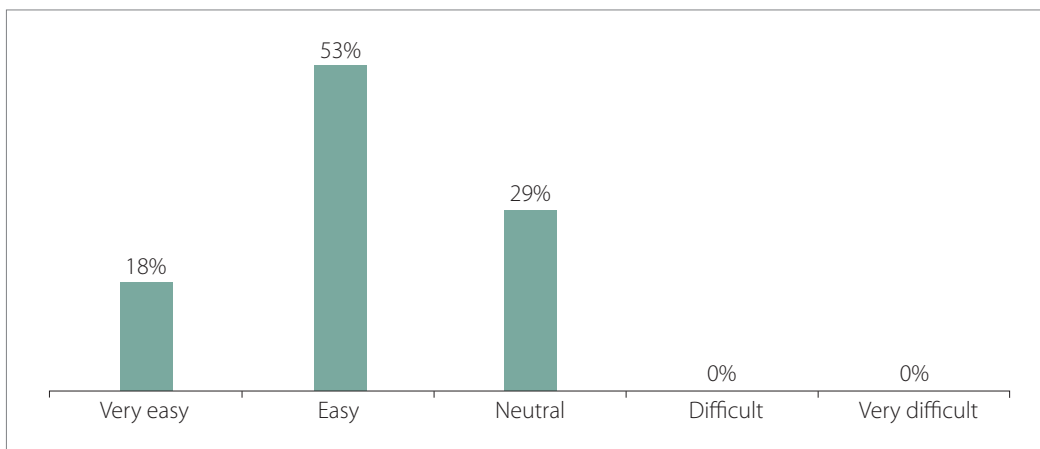
**Figure 12. Purpose of Visits to the PEMNA Website**



Note: Respondents were allowed to choose more than one answer.

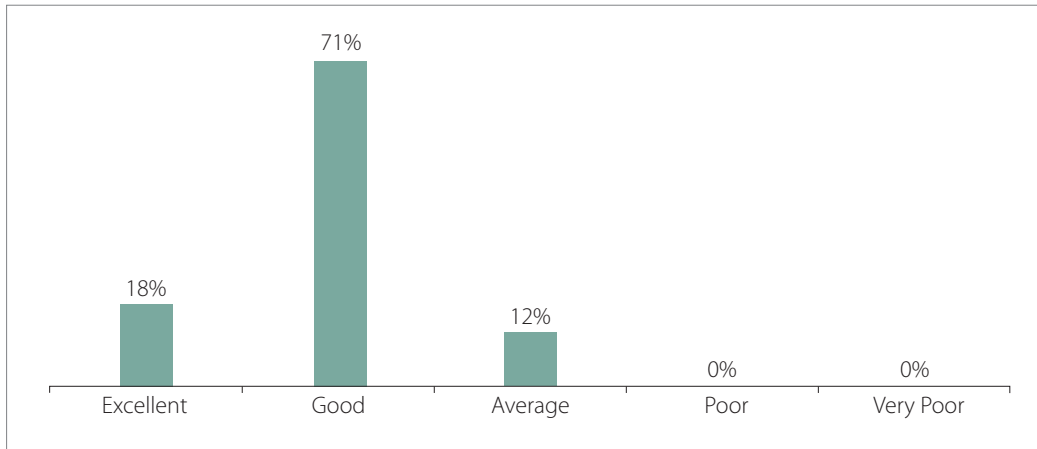
When asked about how easy it was to find what they were looking for, 71% of the respondents answered that it was either 'very easy' or 'easy' and none of them found it difficult (Figure 13), showing that the website design and interface of the website is very intuitive, or user-friendly.

**Figure 13. Finding Information on the Website**



The overall satisfaction of the new website is shown throughout the survey results. For example, 89% of the respondents answered 'excellent' or 'good' to a question on the overall satisfaction of the website in terms of accommodating user needs (Figure 14).

Figure 14. Accommodation of the User Needs



On ease of accessing the website, 76% of the respondents indicated it was 'very easy' or 'easy' to access the website (Figure 15). Similarly, 71% of respondents answered that it was either 'very easy' or 'easy' to access the website from their mobile phones or tablets (Figure 16).

Figure 15. Accessing the Website (in general)

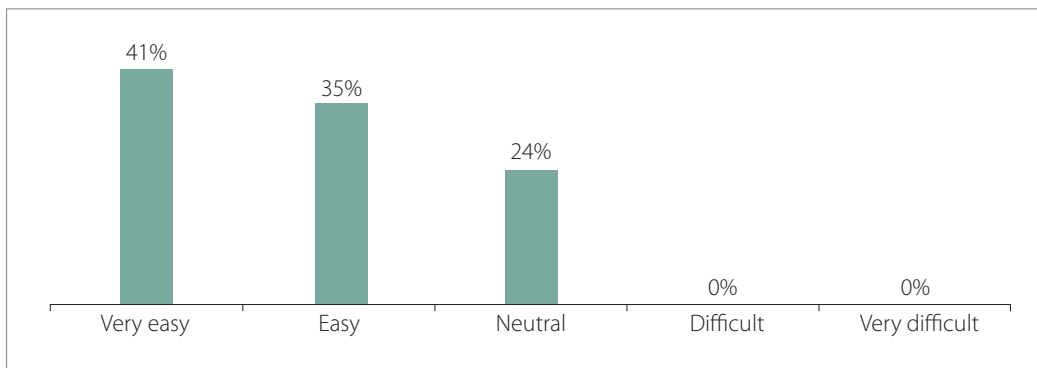
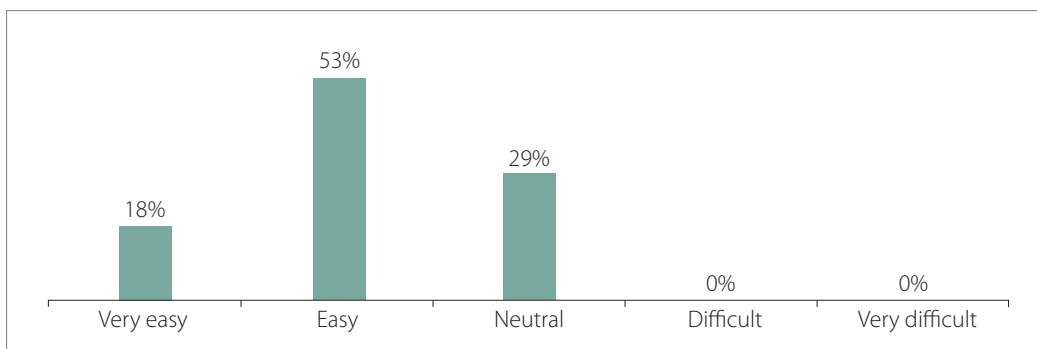


Figure 16. Accessing the Website (via mobile)



As a great number of users were expected to access the website through their mobile devices, the new website was designed for a 'mobile-friendly' experience, which is one of the major enhancements compared to the previous website. As it has become easier for users to access the website regardless of the device they are using, a greater number of users are expected to visit the website.

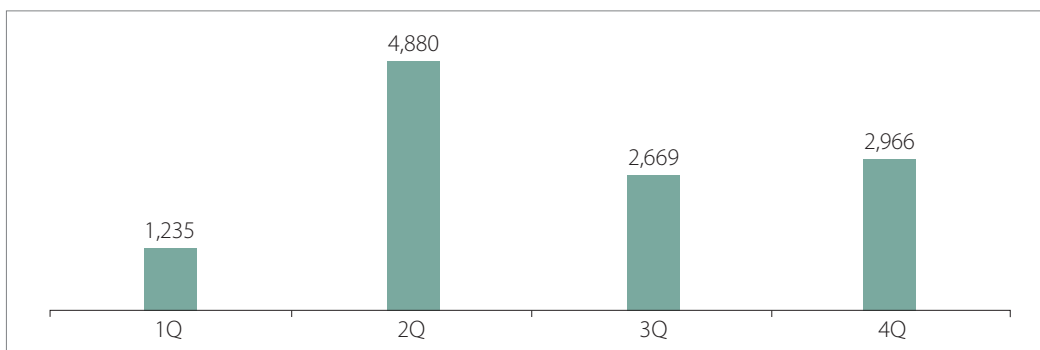
The survey results provide strong evidence that the new website was able to better accommodate the needs of various users. However, there still remains room for improvement. In particular, while the 'Resource Menu' of the website currently provides online courses on PFM and reference materials, only 50% of the respondents replied that they had visited this menu. Ranging from COVID-19 related materials to reports on global PFM practices, many respondents provided their ideas on what to further include in the Resources Menu. In addition, as more materials on a diverse number of topics are expected to be uploaded on the website, improvements in the search function within the website needs to be accompanied to help users efficiently and accurately acquire the information that they seek. The Secretariat plans to further improve the website in 2021 based on feedback from the PEMNA members and data collected from the website analytical tools.

## Social Media

To better facilitate the interactions among the members and promote a sense of community in the network, PEMNA also manages a social media channel on Facebook. The **PEMNA Facebook Page**<sup>13</sup> is not only used to provide PEMNA members with the most recent PEMNA news but is also intended to share PFM-related reports that could be of interest to them. The Facebook page effectively serves as an interactive platform to complement such PEMNA activities.

Despite the absence of face-to-face meetings due to the outbreak of the COVID-19 pandemic, a total of 77 posts reached 11,750 people throughout this reporting period (Figure 17).

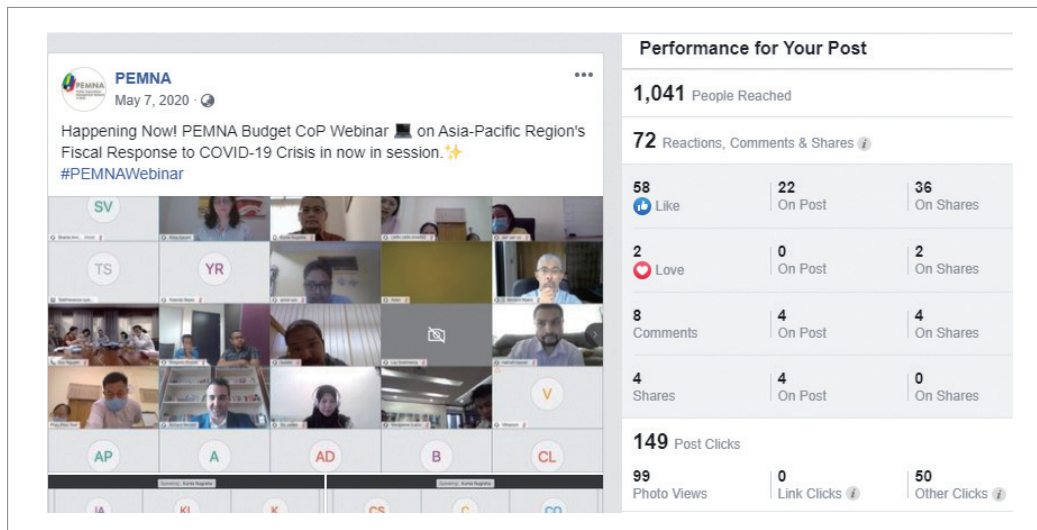
Figure 17. Total Number of People Reached by Quarter (2020)



13 [www.facebook.com/pemnasec](https://www.facebook.com/pemnasec)

Looking into the composition of the Facebook page users, **Cambodia** stood out as the member country with the greatest number of people reached through the PEMNA Facebook Page, reaching 2,635 people. The most popular post of the year came from the PEMNA B-CoP Webinar, which took place in May, reaching over 1,000 people (Figure 18).

Figure 18. Most Popular Facebook Post in 2020



Source: PEMNA Facebook page. Facebook. Screenshot by Author.

While PEMNA's social media presence stayed somewhat less than the previous year, possibly due to the reduced number of activities amid the pandemic, the analysis still proves that the Facebook page has continued to serve as a main platform for the members to interact with each other. With the launch of PEMNA's new activities in 2021,<sup>14</sup> PEMNA plans to generate a greater variety of contents in the coming years and thereby utilizing the social media outlets to disseminate the information and knowledge in the region.

## 4.2. Reporting its Progress to the PEMNA Community

### Community Reporting and Communication

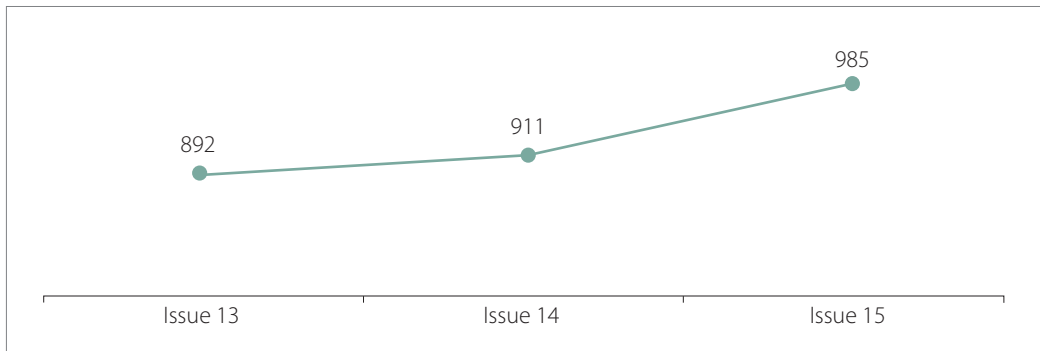
As a network of peer practitioners, keeping its members in touch with the community is considered one of the main priorities for PEMNA. With the ongoing pandemic making it increasingly difficult to keep members up-to-date on the network's progress, PEMNA kept its momentum going by engaging the network members through various reporting and communication products such as the Annual Report, e-Newsletters, and A Look Back on PEMNA.

<sup>14</sup> See footnote 2.

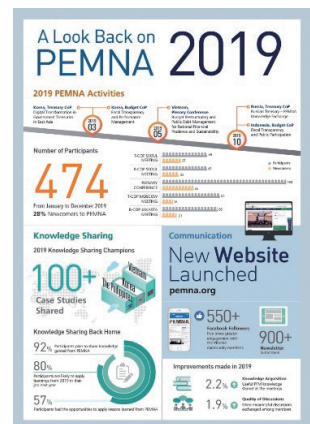
The **PEMNA Annual Report** provides a comprehensive summary of PEMNA's activities that took place throughout the preceding year. Normally, the annual reports are distributed to members as printed versions during the plenary conference as well as making it available on the PEMNA website. However, due to the travel limitations in 2020, the *PEMNA Annual Report 2019* was distributed online only through the PEMNA website.<sup>15</sup>

**PEMNA e-Newsletters** are disseminated to all members three times a year to provide them with recent information on publications, upcoming events, and many other activities. In 2020, PEMNA distributed three e-Newsletters—Issue 13, 14 and 15—via email and all of the released e-Newsletters are archived on the PEMNA website as well.<sup>16</sup> PEMNA steadily raised its pool of subscribers by continuously adding new members from recent PEMNA events—the total number of subscribers reached over 980 by the end of the year (Figure 19).

Figure 19. Number of Subscribers by Issue



**A Look Back on PEMNA** is a communication product produced at the beginning of each year that highlights the PEMNA network's key achievements and activities of the previous year using infographics. *A Look Back on PEMNA 2019*, produced in early 2020, shows how PEMNA carried out its activities and knowledge sharing programs during 2019 and also provides information on the new website and online communication activities.<sup>17</sup>



15 Annual Reports available at: [https://www.pemna.org/bbs/BBSMSTR\\_000000000035/list.do?mno=sub03\\_02](https://www.pemna.org/bbs/BBSMSTR_000000000035/list.do?mno=sub03_02)

16 e-Newsletters available at: [https://www.pemna.org/bbs/BBSMSTR\\_000000000039/list.do?mno=sub04\\_03](https://www.pemna.org/bbs/BBSMSTR_000000000039/list.do?mno=sub04_03)

17 A Look Back on PEMNA Series available at: [https://www.pemna.org/bbs/BBSMSTR\\_000000000065/list.do](https://www.pemna.org/bbs/BBSMSTR_000000000065/list.do)



# 5

## Ensuring a Vibrant Network of Peers

5.1. Member Engagements and Leadership in Challenging Times

5.2. Attending to the Needs of the Network

## 5. Ensuring a Vibrant Network of Peers

### 5.1. Member Engagement and Leadership in Challenging Times

The PEMNA community has come closer together and made great impact despite the hardships and unprecedented challenges of the ongoing global pandemic in 2020. At the core of the network was its members and its leadership.

During these challenging times, members have continued to actively participate in PEMNA events held throughout 2020, sharing their experiences and discussing new ideas. The members also furnished information for research projects by participating in PEMNA COVID-19 Surveys and providing suggestions on future PEMNA activities and potential topics. With the collective participation of its members, PEMNA was able to carry out the knowledge sharing efforts in the region.

The active leadership of the SC Co-Chairs, CoP Chairs, and the LTs for both CoPs have also played a crucial role in moving PEMNA forward.

The SC Co-Chairs Kyoung-Ho Han<sup>18</sup> and Alma Kanani<sup>19</sup> helped the network reach its potential by providing their leadership and expertise in shaping the overall direction of PEMNA's new activities and offering insight for potential topics for the next phase of PEMNA as well as energetically engaging with PEMNA members during conferences.<sup>20</sup>

The leadership of Kunta Wibawa Dasa Nugraha (B-CoP Chair) and Ta Anh Tuan (T-CoP Chair)<sup>21</sup> as well as quality guidance provided by the CoP Facilitators, Bernard Myers (B-CoP Facilitator) and Fabian Seiderer (T-CoP Facilitator), were essential in helping PEMNA hold five successful peer-learning events.

Throughout the year, the CoP Chairs and LTs took the initiative to devote their effort and time towards enriching PEMNA's activities and communicated actively and openly with the Facilitators

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18 Kyoung-Ho Han is the Director General for Fiscal Performance Management at the Korea Ministry of Economy and Finance.

19 Alma Kanani is the Practice Manager for Governance Global Practice at the World Bank.

20 PEMNA has held SC meetings every year; however, in 2020, the SC meeting was postponed to January 21, 2021, due to the pandemic.

21 See footnote 7.

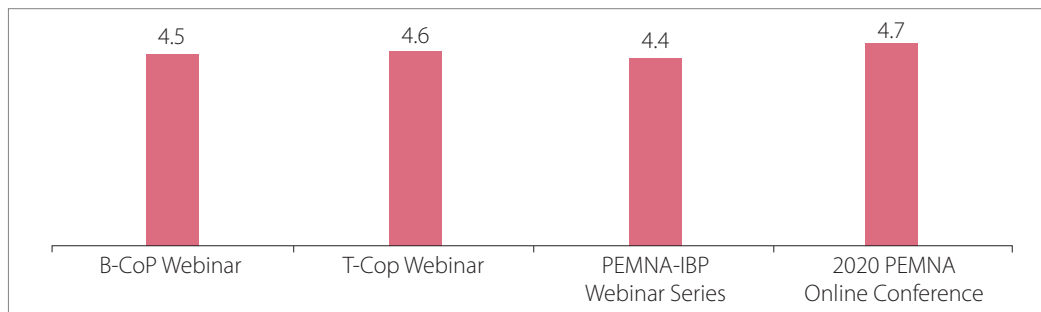
and the Secretariat. The CoP Chairs brought ideas to the table when setting the agenda, initiated lively discussions with the LTs, and provided guidance and knowledge during the conferences. Their hard work and performance are very much appreciated.

## 5.2. Attending to the Needs of the Network

The PEMNA Secretariat, under the leadership of Dr. Kyoungsun Heo,<sup>22</sup> continued to seek methods to enhance the network's peer-learning opportunities by offering a variety of research options and delivering services that attend to the needs of the members of the community.

The results of meeting evaluations conducted after each event display the level of satisfaction of PEMNA's members. For all five online conference and webinars that were held in 2020, members rated the overall Secretariat support as satisfied (over 4 out of 5 points), in which the Secretariat on average earned 4.5 out of 5 points for the entire year.<sup>23</sup> Figure 20 shows the members' satisfaction with the Secretariat's support by event.

**Figure 20. Quality of the Secretariat's Support by Event (2020)**



During the 2020 PEMNA Online Plenary Conference, the Secretariat introduced a new set of activities, which are the Policy Brief Series, Overview sessions, In-depth Research, and the Advisory Services Program. Along with the traditional peer-learning activities, these newly planned research and advisory activities will open up the opportunity for PEMNA's government officials to closely examine current PFM systems and policies of member countries and seek customized consultation on PFM issues and challenges. These services will not only offer a wide variety of learning opportunities for PEMNA members but will also help the network to expand its scope of abilities and further strengthen its basis in PFM within the Asia-Pacific region.

The Secretariat will continue to communicate with the members and stakeholders to engage actively and receive feedback from the entire community in order to create a productive PFM learning environment.

<sup>22</sup> Head of the PEMNA Secretariat & Director of Center for Asia Pacific Fiscal Affairs at the Korea Institute of Public Finance.

<sup>23</sup> Scale: 1-Very dissatisfied, 2-Dissatisfied, 3 Neither satisfied nor dissatisfied, 4-Satisfied, 5-Very Satisfied.



# 6

## **Expenditure Report for 2020**

6.1. Overview

6.2. Expenditures in 2020

6.3. Diverse Expenditure Patterns

## 6. Expenditure Report for 2020

### 6.1. Overview

Chapter 6 is a report on the expenditures for 2020.<sup>24</sup> During this reporting period, PEMNA provided five peer-learning activities to its members, one plenary conference and four webinars, as well as expanding the network's scope to research and dissemination of knowledge products.

The following paragraphs illustrate the expenditures for 2020 in detail.

### 6.2. Expenditures in 2020

Due to the unprecedented global outbreak of COVID-19, all five learning activities were held online in 2020 and the total expenditure for PEMNA was recorded at \$75,081 for the year. Compared to the previous year, 2020 shows a sharp decrease in expenditures resulting from this switch to virtual meetings. Table 4 shows a breakdown of 2019 and 2020 expenditures by each category.

**Table 4.** Expenditures for PEMNA (2019 – 2020)

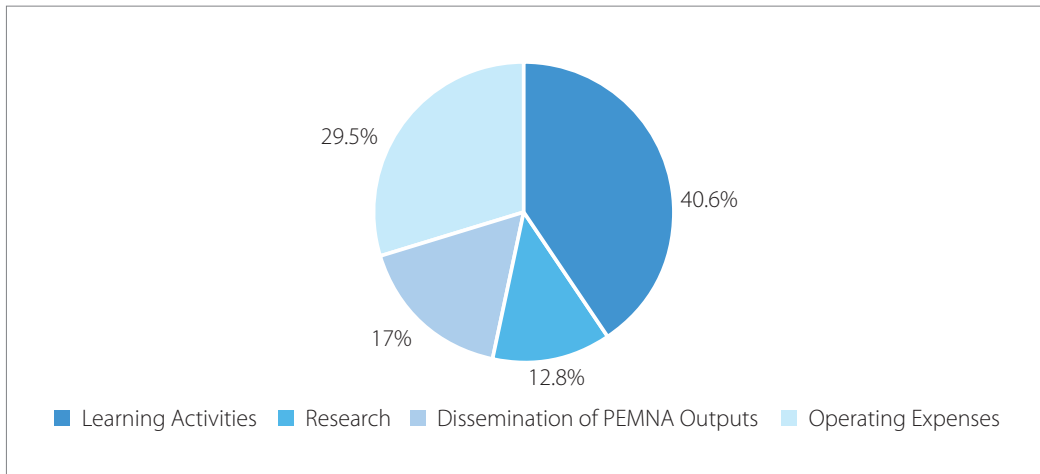
Expense Category	Expenses (US\$)	
	2019	2020
<b>A. Total Direct Expenses</b> (incl. logistical expenses related to event organization)	<b>595,351</b>	<b>52,918</b>
a. Learning Activities	535,833	30,502
b. Research	2,540	9,638
c. Dissemination of PEMNA Outputs	56,977	12,778
<b>B. Operation Expenses</b>	<b>103,809</b>	<b>22,163</b>
<b>Total Expenditures from Jan. to Dec.</b> (incl. event expenses, costs of the secretariat and other administrative expenses not attributable to individual events)	<b>699,160</b>	<b>75,081</b>

Note: Exchange rate calculations based on U.S. Treasury Reporting Rates of Exchange

<sup>24</sup> From January 1, 2020, through December 31, 2020.

As indicated in table 4 and figure 21, the largest expenditure item for 2020 was Learning Activities, amounting to \$30,502, or 40.6% of all expenditures. This item includes the expenses for the PEMNA B-CoP Webinar, PEMNA T-CoP Webinar, PEMNA-IBP Webinar 1 and 2, and the 2020 PEMNA Online Plenary Conference (December 2020) as well as expense that occurred because the February B-CoP Dili Meeting was canceled due to the global outbreak of COVID-19.

**Figure 21. PEMNA Expenditures by Category (2020)**



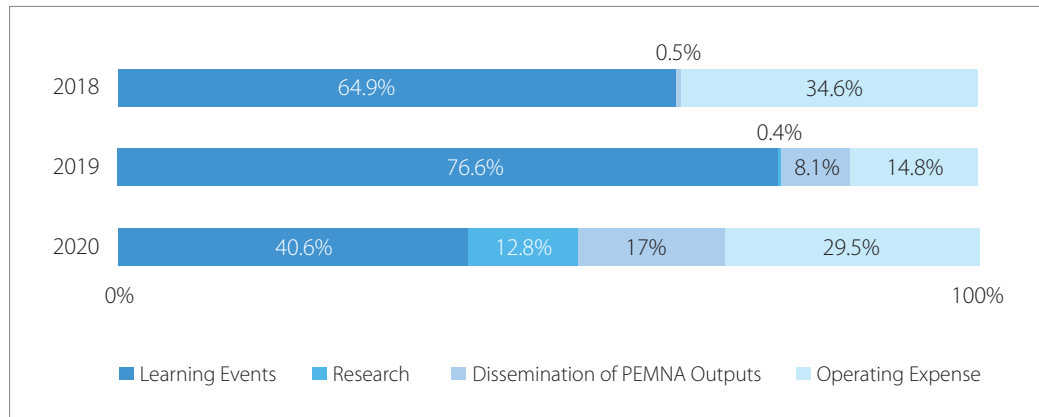
PEMNA also published a research paper, *Fiscal Transparency in PEMNA*, by hiring a consultant where the expense incurred for this project in 2020 was \$9,638. This is 12.8% of all expenditures.

The expenditure for Dissemination of PEMNA Outputs include expenses for publishing PEMNA knowledge products, maintenance costs for the newly launched website, and expenses for the PEMNA Completion Report. These items amount to \$12,778, which is about 17% of all expenditures.

### 6.3. Diverse Expenditure Patterns

Comparing the three recent years, from 2018 to 2020, the structure of PEMNA expenditures has made a shift towards various other types of activities (Figure 22).

Figure 22. PEMNA Expenditures by Category (2018 – 2020)



Up until 2018, PEMNA had focused most of its resources towards providing quality peer-learning activities, such as plenary conferences, CoP meetings, study visits, and webinars. As illustrated in figure 22, 2018 saw that the majority of expenses were related to these learning activities. However, since 2019, PEMNA has been gradually widening its scope to other types of activities such as Dissemination of PEMNA Outputs and Research.

As PEMNA enters its second phase in 2021, members will see that the expenditures will be further diversified. Peer-learning activities will remain as the core of PEMNA operations, but the new PEMNA activities will act as reinforcements to the ongoing knowledge sharing in the region.

# 7

## Looking Ahead

7.1. Maintaining PEMNA's Partnership Outside of the Region

7.2. Work Plan for 2021 and New PEMNA Activities

7.3. Next Steps

## 7. Looking Ahead

### 7.1. Maintaining PEMNA's Partnership Outside of the Region

Despite the unprecedented challenges and difficulties in organizing in-person meetings, PEMNA sought other modalities to provide the members with knowledge sharing opportunities. Through online platforms, the network was able to share experiences on PFM practices beyond the regular PEMNA community. These technical collaborations with other organizations and networks further widened the scope of learning that PEMNA provides.

PEMNA in collaboration with the IBP delivered two webinars in 2020 on fiscal transparency and public participation. Based on these events, PEMNA and IBP are co-authoring a report on the OBS 2019 results as well as fiscal transparency and public participation practices in the PEMNA region.

PEMNA's partnership with PEMPAL had also remained strong amid the pandemic. PEMNA members were invited to PEMPAL activities while PEMNA also invited the PEMPAL region to share their experience and exchange ideas at events. In addition to the virtual peer-learnings, PEMNA plans to look for other means of collaboration with PEMPAL, possibly on research projects starting in 2021.

Furthermore, the EU became a DP of the PEMNA network by making a financial contribution to the PEMNA MDTF in 2020. The expected outcome from this partnership with EU is that it opens the possibility for PEMNA members to explore policy recommendations and innovative tools from the EU region as well.

Although peer-to-peer learning among the PEMNA member countries will remain as the core of PEMNA operations, bringing in experience from outside of the PEMNA region is expected to provide members with a wider range of tools to respond to PFM challenges they face. PEMNA hopes to continue seeking ways to collaborate with peers outside of the region to further enhance the knowledge sharing experience for the years to come.

## 7.2. Work Plan for 2021 and New PEMNA Activities

For 2020, PEMNA delivered its activities through online platforms so that members could stay connected and continue sharing their knowledge and experience. It is highly likely that PEMNA will continue to meet virtually for the most part of 2021 until the safety of face-to-face meetings is ensured.

PEMNA will organize its 2021 activities as presented in table 5. The first half of the year will start with online webinars for both CoPs. During the second half, PEMNA will have its Online Plenary Conference as well as CoP Meetings and Study Visits for each CoP.

**Table 5. Workplan for 2021**

	Budget CoP	Treasury CoP
Learning Activities (CoP Meetings, Plenary, and Study Visits)		
1 <sup>st</sup> half of 2021	B-CoP Webinar	T-CoP Webinar
2 <sup>nd</sup> half of 2021	2021 Online Plenary Conference*	
	B-CoP Meeting (TBD)	T-CoP Meeting (TBD)
	B-CoP Study Visit(s)	T-CoP Study Visit(s)
Others		
2021	Advisory Service(s), Research Activities	

Note: This workplan is subject to change.

\* To better prepare for the Plenary Conference, it was proposed and agreed by the SC to postpone the conference to September.

Alongside the normal peer-learning activities, PEMNA members will see a new set of activities implemented in 2021—the Policy Brief Series, Overview sessions, In-depth Research, and the Advisory Services Program (Table 6)—introduced by the PEMNA Secretariat during the 2020 PEMNA Online Plenary Conference.<sup>25</sup> These activities are expected to reinforce PEMNA's knowledge sharing experience and provide the member countries with customized solutions on their respective PFM issues and challenges.

<sup>25</sup> See footnote 2.

Table 6. New PEMNA Activities

New Activity		Expected Annual Output
<b>Research Activity</b>		
Overview Session	Sessions providing background knowledge on the overall theme of a CoP meeting. It will aim not only to cover the background of PFM issues and terminologies but also to offer information on current trends in relations to the selected topic and on policy implications.	Presentation(s) covering the meeting topic(s) and/or a video recording of the session for each CoP meeting
Policy Brief	A knowledge product series that will allow the PEMNA community to drill down on a specific PFM issue/topic of interest to the members.	One policy brief per CoP
In-Depth Research	A research carried out at multiple levels, including regional, country level, and level of subnational governments. It could take a holistic approach viewing PFM or it can investigate different PFM tools as well as different approaches to PFM reforms. It could also be a comparative analysis of country case studies and data collection.	A compilation of in-depth research papers on selected topic(s) per CoP
<b>Advisory Services Program</b>		
<p>Tailored assistance to address specific policy issues or implementation challenges unique to their country context.</p> <p>Through consultancy in multiple parts, the advisor(s) will review and analyze an existing PFM policy or process in the advisee country, and propose reliable, realistic, and tailored solution to enhance the advisee's PFM system, including specific guidance on how the reforms can be implemented.</p>		<p>Presentation materials during workshops and a report covering analysis of the existing PFM process in the advisees' country, recommendations of policy solutions tailored in the advisee's context, discussions between the advisor(s) and advisee(s), and steps that the advisee(s) will take after the completion of the project</p>

### 7.3. Next Steps

More than a year into the COVID-19 pandemic, PEMNA has been utilizing online platforms to continue its operations, which has the benefit of reaching a wider audience despite the social distancing. However, unlike offline meetings, virtual activities can be difficult to keep the participants engaged throughout the meetings. Also, new ideas are often sparked not only during a session but also through the many face-to-face interactions in between sessions. PEMNA has been adapting to the situation, delivering quality learning experiences for the members in an online setting but will continue to seek and evolve its operations to overcome these limitations.

Moving forward, the PEMNA MTSP, a key part in providing the overall direction of the network, will be updated to reflect the changing needs of the member countries in response to the ongoing pandemic and its aftermath. This work will be led by the World Bank in collaboration with the CoP LTs, DPs, and the PEMNA Secretariat.

In the coming years, the PEMNA Secretariat will also strengthen its monitoring and evaluation by exploring innovative techniques to assess and capture the impact of PEMNA on PFM practices in the region. This will enable the network to better design future activities, allowing the network to achieve a higher state of knowledge sharing and peer-learning for its members.

As the newly introduced research and advisory activities gradually melt into the system and are combined with the traditional peer-learning activities, PEMNA hopes to see positive results and feedback from the community. This will not only offer rich learning opportunities for PEMNA members but will also help the network to expand its scope of PFM knowledge sharing capabilities.



# 8

## Annex

Summary of Discussions

## 8. Annex: Summary of Discussions

### Summary of Discussions 2020 PEMNA Budget CoP Webinar

## THE ASIA-PACIFIC REGION'S FISCAL RESPONSE TO THE COVID-19 CRISIS

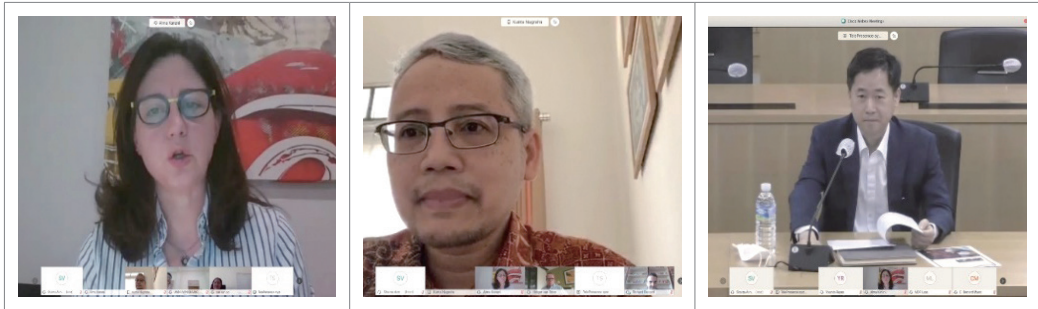
May 7, 2020 | Videoconference

### Opening Session

1. The first ever PEMNA B-CoP Webinar was held via videoconference on the 7<sup>th</sup> of May 2020. The event was attended by Budget Community of Practice (B-CoP) members from eleven countries<sup>26</sup> as well as experts from international organizations. Participants shared their experiences in tackling the unprecedented COVID-19 pandemic which has not only created a global health emergency, but also an extraordinary economic crisis.
2. **Ms. Alma Kanani**, PEMNA Steering Committee Co-Chair and Governance Practice Manager at the World Bank moderated the conference and thanked everyone for taking the time to attend the webinar despite the circumstances. In his opening remarks, **Mr. Kyoung-Ho Han**, PEMNA Steering Committee Co-Chair and Director General for Fiscal Performance Management at the Ministry of Economy and Finance in Korea, emphasized the importance of sharing knowledge and experience in a timely manner during this unprecedented time, so that members can learn from each other and form policy options that can be swiftly implemented. **Mr. Kunta W. D. Nugraha**, PEMNA B-CoP Chair and Assistant to the Minister for Government Expenditure Affairs at the Ministry of Finance in Indonesia, expressed hope that the webinar will leave participants with fresh ideas on how to contain COVID-19 and accelerate economic recovery. Both Mr. Han and Mr. Nugraha expressed hope for member

26 Brunei, Cambodia, Indonesia, Korea, Lao PDR, Malaysia, Myanmar, the Philippines, Thailand, Timor-Leste, Vietnam

countries to successfully overcome the crisis and for members to be able to meet again in person during the next PEMNA meeting.

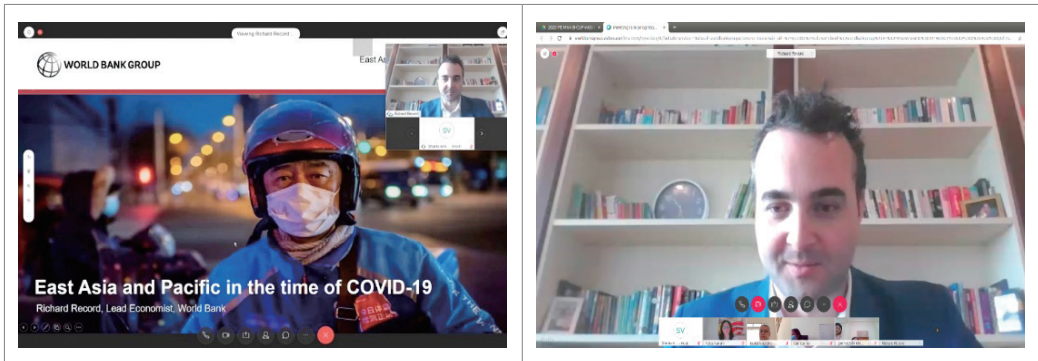


### Session A: Overview of COVID-19 Impact on PFM on a Regional Level

3. **Mr. Richard Record**, Lead Economist at the World Bank gave a presentation of the key messages from a recent World Bank report entitled “East Asia and Pacific in the time of COVID-19”, with emphasis on the fiscal response to the crisis from both emerging and advanced countries in the region.
4. The pandemic is causing a severe global shock and a major global recession. While the region has had experience in handling external shocks, it is less familiar in handling both a supply and demand shock resulting from the social isolation policies that prevent collective high-density production, consumption and face-to-face contact. Because the depth and duration of the shock is uncertain, it is also evolving into a financial shock that affects all countries simultaneously. As a result, global economic activity is contracting sharply in response to the crisis, significantly affecting the manufacturing and services industries, as well as global trade. Most of the region is currently under a lockdown of some sort, and consensus growth forecasts for all countries are sharply down, with most economies forecasted to experience depressed activity for at least three months before recovering in 2021. Risks are also heavily tilted to the downside, with a chance of both a deeper downturn and slower recovery if the pandemic lingers and countries are unable to respond effectively.
5. The pandemic will require an integrated policy response to flatten the pandemic curve first through containment policies, and second, the recession curve, through macroeconomic policies. Countries in the region have undertaken a mixed range of policies for both the real and financial sectors across three dimensions: (i) households, to smooth consumption; (ii) firms, to avoid bankruptcy; and (iii) financial institutions, to avoid financial instability. Fiscal policy is central to the COVID-19 response and most advanced and emerging market economies have loosened their fiscal policy since the crisis began. However, the scale of response varies mostly in line with fiscal space. Countries constrained by larger debt have limited policy choices and less space to maneuver through the situation.

6. During the Q&A session, Mr. Record added that many countries are also undertaking dramatic and unconventional monetary policy responses in addition to fiscal policy measures. For example, interest rates are being dramatically cut across the world, and existing macro prudential measures are being relaxed. These measures preserve liquidity for businesses but at the expense of potentially building risks in the medium term.
7. Mr. Record emphasized the need for speedy decisions and transparent responses on both the country and global levels. During the mitigation period, policies to sustain activity, such as providing budget support and liquidity to households and firms for essential services is needed at the country level, while policies to support the most vulnerable and mitigate the pandemic, such as the implementation of debt initiatives for vulnerable countries, coordination of policies and the easing of trade restrictions for critical goods is needed on the global level. During the *recovery* phase, policies to support recovery and strengthen growth, such as a carefully calibrated withdrawal of policy stimulus and structural reforms are vital at a country level, while policies to facilitate faster, more resilient and more equitable growth, such as the removal of trade restrictions when the pandemic subsides, and the putting in place of early pandemic management systems can be done on the global level.
8. In response to a question raised on how the pandemic affects the Medium-term Revenue and Expenditure frameworks of developing countries, Mr. Record explained that one approach to medium-term planning would be to consider a range of scenarios on the pace of recovery, and the likely fiscal response to these different scenarios. As many of the stimulus packages are still preliminary in terms of costing, Ministry of Finance (MOF) and Budget staff should continue to re-estimate and update the components of these packages. There also remain large uncertainties on the uptake of programs and revenue, and the impact of automatic stabilizers on the economy. Still, even during a recovery phase it is likely that governments will need to continue supporting the economy through fiscal measures – both supporting incomes among vulnerable households and SMEs and stimulating demand through public investment if demand is slow to recover.
9. A key priority is also for governments to ensure that crisis-response fiscal measures are clearly timebound, specific and implemented in a transparent manner. After the 2008-09 Global Financial Crisis, many countries took a long time to rebuild revenues as a number of tax measures were hard to withdraw, even well after the crisis had passed.
10. Additionally, it is important to not to miss opportunities for structural reform to improve the efficiency of revenue collection, even during the crisis. For example, many countries were already shifting consumption patterns towards e-commerce, and this will accelerate now given the emphasis on social distancing. Many revenue intensification measures being adopted in developing countries, such as automation and digitalization of tax and customs collection, and the greater use of risk-based compliance mechanisms, will be even more important in a post COVID-19 world.

11. Lastly, Mr. Record also reminded members that while the region may face slower growth and a recession during this time, the fundamentals that have underpinned East Asia's strong growth over the recent years, such as strong and diversified economic structures, resilient financial institutions, and a continuous commitment in human capital investment remain strong and unchanged, and supportive of growth beyond the crisis.



### Session B: Summary of Government's Fiscal Responses to COVID-19 Survey Results

12. Prior to the conference, the PEMNA Secretariat had administered a survey on the impact of COVID-19 on the public financial management (PFM) activities of member countries. The survey was conducted between the period of 22 April to 6 May, and covered questions regarding the economic and fiscal impact of the pandemic, health and fiscal measures undertaken, and the roles of the MOF and Budget staff during this time. The Secretariat received responses from 10 out of 14 member countries, which included Brunei, Indonesia, Korea, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam.



13. The survey results were presented by **Dr. Kyongsun Heo**, Head of the PEMNA Secretariat and Center for Asia-Pacific Fiscal Affairs at the Korea Institute of Public Finance (KIPF), during the webinar, with the following key takeaways:

### Economic Impact

- Based on data from the International Monetary Fund (IMF), the pandemic is expected to adversely affect PEMNA member countries, with GDP growth of all countries expected to fall in 2020 relative to the previous year, and their unemployment rates projected to rise. When asked which are their most affected industries, all of the member countries selected tourism (100%), while most also selected aviation and transportation (60%) and manufacturing (60%). This is followed by retail and trading (30%), and agriculture (20%).
- As expected, the revenues of most member countries are expected to fall due to the crisis. Indonesia's estimated revenue, for example, is projected to fall by 21.1%, and Lao PDR's by 30%. At the same time, some member countries have revised total expenditure upward, accounting for the health and fiscal measures that have to be undertaken to overcome the crisis. Thailand, for example has revised its estimated total expenditure for 2020 up by more than 30%, while Malaysia has revised its estimated expenditure by 15%.

### Financing of Measures

- 90% of the countries plan to finance the COVID-19 health measures using the existing resources allocated for the "health" sector in the 2020 budget, as well as through a reallocation of the overall budget. 80% are drawing from their 2020 Budget's reserve fund, while 50% are using financial aid from foreign countries or international institutions.
- 80% of the respondent countries are implementing Supplementary Budgets, the biggest being Korea's, valued at USD 62 billion. The countries plan to finance the Supplementary Budgets through a mix of options, which include government borrowing (50%), a reduction in capital spending (50%), issue of government bonds (40%), and financial aid from foreign countries and international institutions (30%).

### Fiscal Measures

- All of the respondent countries had implemented stimulus packages, 90% of which implemented 3 or more packages. 80% of these countries had provided cash handouts, half of which are providing one-off handouts, 12.5% provided continuous handouts, and 37.5% provided both kinds. The main channel for these transfers is deposits to individual bank accounts, although some member countries also use other methods, such as real cash payments from local administrative offices and regional gift certificates, vouchers or checks.
- Most member countries had also implemented tax relief measures, amongst which are tax reductions (90%), deferrals (90%), exemptions (80%), and rebates (50%). All of the respondent countries provided financial aids for households, mostly in the form of loan restructuring schemes and loan deferments. For example, Malaysia, Philippines and Thailand have provided soft loans, restructured loan schemes and offered loan deferments, while Indonesia

and Lao PDR have relaxed loan regulations. In a more unusual move, Korea provided “Disaster Relief Money” to households.

- Assistance to small and medium sized businesses (SMEs) mainly took the form of soft loans (90%), wage subsidies (60%), and support for training or education programs (50%). Other type of SME support included cash handouts (Lao PDR, Malaysia and Singapore), as well as support for market development and innovation (Lao PDR, Korea and Malaysia).
  - For all of the respondent countries, the role of the MOF or Budget staff now includes cooperation with the relevant ministries and local governments to accelerate spending approvals and reallocate funds within the ministry budgets. Most of the countries also reported roles that include: reallocating the 2020 Budget by refocusing priorities to manage the crisis (80%), monitoring the execution of spending relevant to the pandemic (80%), preparing supplementary budget estimates for COVID-19 (70%), and providing immediate updates of the revenues and expenditures affected by the crisis (70%). The challenges faced by staff in undertaking these new roles include difficulties in estimating economic damages resulting from the pandemic, financing the fiscal measures undertaken, negotiation and selection of policy options, swift implementation of the approved measures, and monitoring the approved policy responses.
14. While the pandemic has posed similar challenges for most countries in the region, policy responses have been varied, providing valuable lessons and experiences for members. Participants emphasized the need to continue obtaining information and to update the survey results throughout the crisis in order to enrich the analysis. It was also suggested that the survey be enhanced with more questions as the situation unfolds and countries implement additional stimulus.

### Session C: Country Updates by Participating Member Countries

15. In the third session of the webinar, the Philippines, Myanmar, Thailand and Malaysia provided brief updates to the audience on the measures that they have been taking in response to the crisis.
16. **The Philippines** is utilizing its original budget disbursement of USD 82.2 billion to implement priority programs for the health sector, as well as social-protection related activities to contain the COVID-19 situation and assist virus-affected industries to recover from the economic slowdown.

To strengthen the government’s capacity to address the crisis, the Republic Act No. 11469 was enacted in March 2020, granting the President additional authority to reprioritize the budget to address the emergency. Thus far, USD 6.9 billion has been spent on policy responses to the crisis, including for subsidies to 18 million low-income households and USD 1 billion for wage subsidies for 3.4 million employees in small businesses over the two-month lockdown duration.

Moving forward, the government has set up a Technical Working Group for Anticipatory and Forward Planning, which is tasked to strategize for the “new normal” with the objective of rebuilding the economy and facilitating the recovery of most affected sectors. Currently, the government is working on a new economic stimulus package.

17. In **Myanmar**, the government has launched a COVID-19 Economic Relief Plan, comprising seven goals, ten strategies, 36 action plans and 76 actions that cover a broad range of extraordinary fiscal measures and human-focused policy responses. As an example, the government established a relief fund of USD 71 million to provide low-interest rate loans to SMEs and other businesses in heavily impacted industries such as tourism. Some of the other measures outlined in this plan include exemptions of tourism license renewal fees, household electricity bills of up to 150 units, and the 2% income tax on exports till the end of the fiscal year.

Thus far, the state and regional governments have been allowed to draw from the state budget’s contingency fund for purposes related to the control and treatment of COVID-19. The government of Myanmar is also coordinating with donor countries and international organizations for the necessary financial assistance.

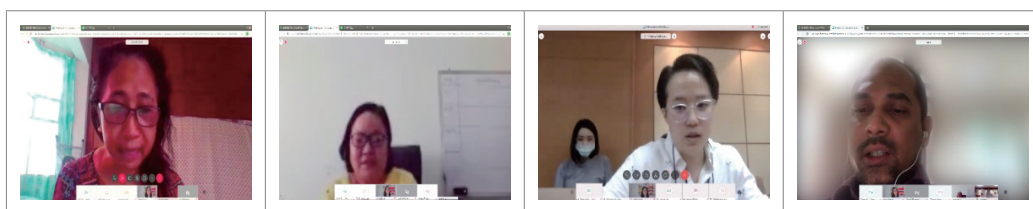
18. In **Thailand**, the government has launched three phases of fiscal packages of USD 65 billion to combat the COVID-19 pandemic. The first two phases were introduced in March, and mostly comprised tax relief measures and soft loans for SMEs. The third and largest phase which commenced in April, is estimated to cost USD 57.5 billion. Of this 60% will be used for healthcare, economic and social rehabilitation, and financial assistance, such as the cash handouts to 16 million people and an additional 10 million farmers. Another 20% will be used to set up a corporate bond stabilization fund, and the remaining 20% is allocated for soft loans for SMEs.

In response to a question raised on how cash handouts can be effectively provided to informal sector workers, Thailand clarified that its cash handout mainly targets informal sector workers and is only approved for applicants who are outside of its social security system and who are not government employees. The transfers are made directly to each individual’s bank account, using National IDs for identification and verification.

The Thai government plans to borrow up to USD 31 billion to finance the stimulus packages, and source the remaining expenditure through a reallocation of the 2020 and 2021 fiscal year budgets.

19. **Malaysia** has also announced a comprehensive stimulus package worth USD 2.3 billion or 18% of its GDP. The package is almost four times bigger than the stimulus package introduced during the global financial crisis given the unprecedented scale of the crisis. The plan has a two-prong approach, which is to assist those directly affected due to a loss of income, and to revive the domestic economy during recovery. The three main thrusts

of the package is to (i) *Protect People*, through measures such as direct cash assistance to the Bottom-40 and Middle-40 households; (ii) *Support Businesses*, through wage subsidies that will allow SMEs to retain employees and deferment of tax payments for SMEs; and (iii) *Strengthen the Economy*, by focusing on small infrastructure projects to support economic activity. While Malaysia is prioritizing these policies in the current situation, the government views these measures as one-off and temporary and plans to resume its fiscal consolidation and debt stabilization path post-crisis.



### Session D: Country Cases

20. The final session of the webinar covered three country presentations by Korea, Vietnam and Indonesia on their fiscal responses to the COVID-19 crisis.
21. **Korea's** case was presented by **Mr. Kyungchul Nam** (Director of Fiscal Management Coordination Division, Ministry of Economy and Finance). As Korea quickly developed into one of the COVID-19 hotspots after China, the government swiftly responded by reallocating its current budget to implement its first and second supplementary budgets to fight the pandemic. The policy and containment measures have led to a flattened curve, with single-digit daily new cases and rare cases of domestic contamination.

While Korea's economy is in the midst of reopening, the impact on it has been significant. Close to 200,000 jobs were lost in the month of March, mostly in the services sector, and in industries such as tourism, food, and education. The stock market dropped by close to 12% in the same month, and GDP contracted by 1.4% in the first quarter of the year relative to the previous quarter.

To combat the pandemic and mitigate the effects on the economy, major fiscal measures of KRW 245 trillion (USD 200 billion) or 12.4% of its GDP have been unveiled, focusing on stimulating the real economy, stabilizing market volatility, and providing funding to key industries. Its first Supplementary Budget, enacted on the 17<sup>th</sup> of March, allocated KRW 11.7 trillion (USD 9.5 billion) to disease control, assisting small businesses, reviving households and helping local economies. In addition, the Korean government also provided KRW 135 trillion (USD 110 billion) worth of financial support to provide liquidity to businesses and to stabilize financial markets. Low interest rate loans and special guarantees, for example, were offered to SMEs, and funds were injected into Korea's bond and stock market stabilization funds.

The Korean government also allocated KRW 3.3 trillion (USD 2.7 billion) of its existing budget to reinforce its role as “Buyer of Last Resort”, assisting the economy by encouraging public sector agencies to execute their budgets quickly. The money was used for pre-consumption of services such as food and beverages and airlines, pre-acquisition of supplies such as vehicles, masks, and smart devices, and pre-investment in the infrastructure and energy sector. As a result, government consumption in the first quarter of 2020 had expanded by 0.9%, even though private consumption declined by 6.4%.

In an unprecedented and controversial move, the Korean government also provided Disaster Relief Money of KRW 1 million (USD 816) per four-person family to all its citizens. Households who are in the lowest income bracket (13% of the total) received their relief money to the bank accounts that they are already using to receive the government subsidies. For the remaining households, the funds are provided through digital currency or coupons. This policy was funded by Korea’s 2<sup>nd</sup> Supplementary Budget of KRW 12.2 trillion (USD 10 billion), through the issuing of national bonds and the re-allocating of funds.

In Korea’s overall response, it sought to (i) apply its own, as well as other countries’ past experience in overcoming crises into its policy-making; (ii) implement preemptive, comprehensive and targeted policies on a grand scale; (iii) be open to new policy ideas in new circumstances; and (iv) provide space for wide social discussion through the implementation of major policies. Korea is currently in the process of preparing its third supplementary budget.

22. **Vietnam’s** case was presented by **Mr. Nguyen Minh Tan** (Deputy Director of State Budget Department, Ministry of Finance of Vietnam). Like most countries in the region, Vietnam undertook lockdown and containment measures, such as the closing down of schools, social distancing, increased procurement of medical supplies, and the enforcement of isolation for highly exposed persons to prevent the spread of the virus. These measures have negatively affected Vietnam’s socio-economic development, as supply chains and trade flows are disrupted, and economic activity stagnates. In the first quarter of 2020, Vietnam recorded a slower pace of GDP growth of 3.8% compared to its target of 6.8%, and 153,000 jobs lost.

Vietnam’s fiscal policy response to the crisis is two pronged. First, it has allocated close to USD 10 billion for tax measures, which include the deferment of tax payments and land rent, exemption of import duties for medical supplies, cutting back on fees and charges, and lowering corporate income tax for micro and small enterprises. Second, Vietnam is spending close to USD 3 billion on social protection measures, which include monthly payments to workers experiencing job losses or forced leaves, as well as to poor households.

While Vietnam anticipates a significant rise in its budget expenditure to account for these policy measures, it also acknowledges that its budget revenue will be negatively impacted due to the slower economic growth, lower oil prices, as well as the tax policy adjustments made to ease hardship for businesses. To ensure the country’s needs are met, Vietnam is

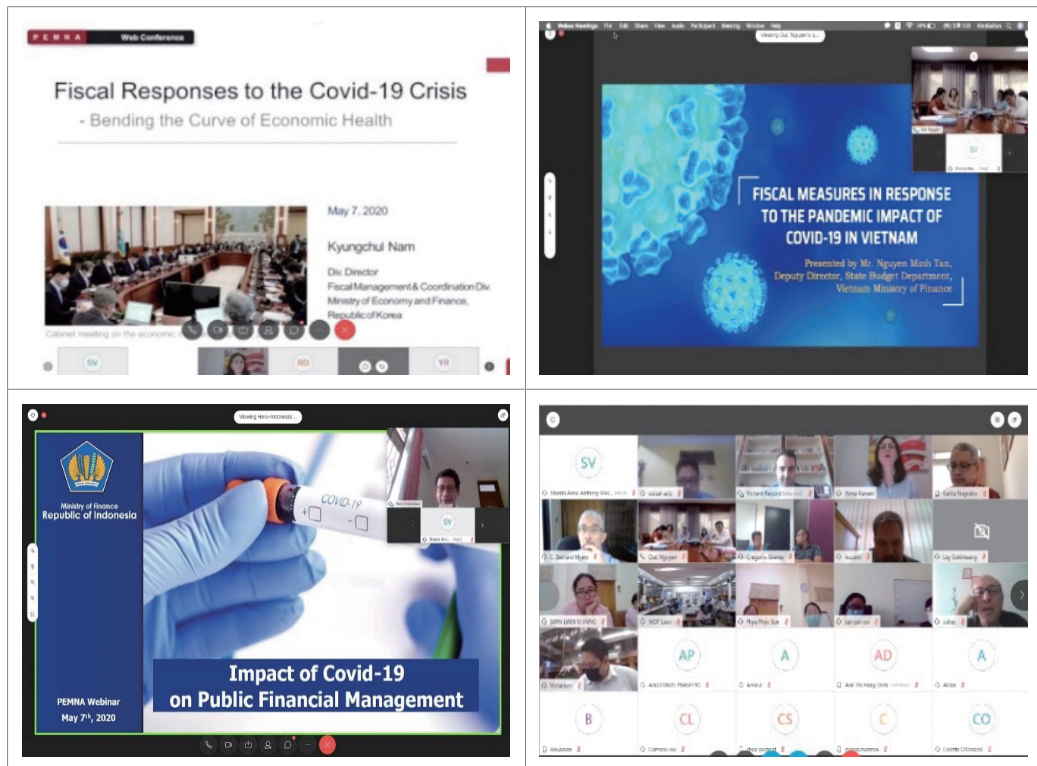
undertaking budget execution measures from now to year-end, which include striving to achieve its budget revenue target for the year, fully disbursing its public investment plan for 2020, cutting back 20% of its budget for conferences, workshops and in-country and overseas travel, capitalizing on over-realized revenues and savings from the previous year, and accessing low-cost finance from international organizations.

23. **Mr. Heru Wibowo** (Head of Sub-directorate of Financing and Fiscal Risk Budgeting, Directorate General Budget, Ministry of Finance of Indonesia) presented **Indonesia's** case. With more than 11,000 COVID-19 cases recorded, Indonesia's economy has been adversely impacted by the pandemic, recording more than 2 million job losses as of April 16<sup>th</sup> and a contraction in its Purchasing Managers Index (PMI) from 45.3 points in March to 27.5 in April. In response, the government has implemented a fiscal stimulus plan, "Acceleration of COVID-19 Handling and Economic Recovery" to protect, maintain, and improve business actors in the real and financial sectors. A government regulation in lieu of law (Perppu) was issued to legitimize the additional state spending for the fast and extraordinary measures needed to deal with the pandemic and to prevent the threat of an economic crisis and disruption to financial system stability.

Indonesia has implemented the stimulus in three phases, with the first one (IDR 8.5 trillion) aimed at strengthening the domestic economy, the second (IDR 22.5 trillion) aimed at maintaining the people's purchasing power and easing imports and exports, and the third (IDR 405.1 trillion) aimed at rescuing national health, the economy and the financial sector.

The fiscal policy responses covered four broad areas; (i) health interventions to overcome the pandemic; (ii) social safety nets such as additional cash transfers, provision of groceries and electricity tariff exemptions; (iii) industrial support, such as government-borne import duties and credit stimulus for small businesses; and (iv) economic recovery programs for SMEs. Incentives for businesses, such as the exemption of alcohol excise in handling COVID-19, and the postponement of excise duty for some industries were also implemented to mitigate decline in economic activity. In addition, transfers have been made to "village funds" for village authorities to conduct cash transfers to poor families who are affected by the pandemic, and who are not recipients of other government cash transfers. This program also enables the updating of village databases by village volunteers and reporting of this data to the Head of District.

Overall, the additional spending is expected to widen Indonesia's state budget deficit by 5%. In response to a question raised regarding the changes that governments have to undertake to accrue additional debt, Indonesia responded that the Parliament had voted to relax the state budget deficit limit for three years from its pre-COVID-19 legal limit of 3% of GDP to accommodate this change in circumstances. Rules were also relaxed to allow Indonesia's central bank to buy sovereign bonds directly in the primary market during this crisis, while previously prohibited.



## Wrap-up

24. Ms. Kanani concluded the meeting by congratulating the members for a rich exchange of ideas and she encouraged them to consider making this webinar the first—and not the last one—for exchanging experiences on COVID-19 policy responses.

## Summary of Discussions 2020 PEMNA-IBP Webinar Series

# OPEN BUDGETING PRACTICES IN THE ASIA-PACIFIC REGION

September 9 & 23, 2020 | Videoconference



## Overview

1. PEMNA, in collaboration with the International Budget Partnership (IBP) held a series of webinars on the 9<sup>th</sup> and 23<sup>rd</sup> of September 2020 on the Open Budget Survey (OBS) 2019 results for the Asia-Pacific region and to share country experiences in open budgeting reforms. The webinars were held via videoconference and were attended by Public Expenditure Management Network in Asia (PEMNA) Budget Community of Practice (B-CoP) members from twelve out of fourteen member countries, as well as experts from international organizations and researchers from Civil Society Organizations (CSOs).<sup>27</sup>

<sup>27</sup> Attendees were from; i. PEMNA Member countries: Brunei, Cambodia, Indonesia, Korea, Lao PDR, Malaysia, Mongolia, Myanmar, the Philippines, Thailand, Timor-Leste, Vietnam, ii. International organizations: World Bank, IMF, IBP, iii. PEMNA Secretariat and the Korea Institute of Public Finance (KIPF), and iv. CSOs.

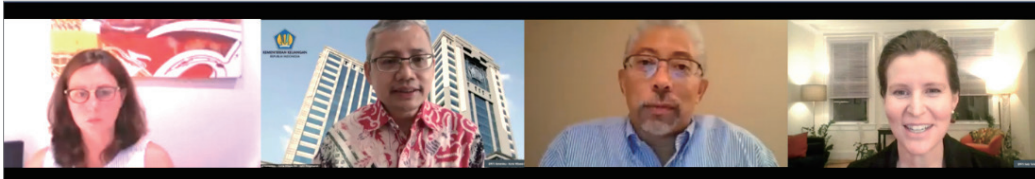
2. The series aimed to (i) share good practices in budget transparency and public participation and discuss how the OBS results can help shape the reform agenda, (ii) discuss country experiences on achieving tangible results, and (iii) explore opportunities for open budgeting reform in the Asia-Pacific region. The first webinar on the 9<sup>th</sup> of September focused on the OBS 2019 results and methodology, as well as opportunities for PEMNA members to support reforms from inside and outside of government. The second webinar dove deeper into ways PEMNA countries can foster better budget transparency and participation.

## WEBINAR 1:

# OPEN BUDGETING PRACTICES IN THE ASIA-PACIFIC REGION

Results of the Open Budget Survey 2019  
September 9, 2020 | Videoconference

## Introduction and Opening Remarks



3. The first webinar of the series drilled down into the 2019 OBS results that were released in April 2020 and explored opportunities to improve open budget practices in the Asia-Pacific region. **Mr. Bernard Myers**, PEMNA B-CoP Facilitator and Senior Public Sector Specialist at the World Bank, started off by welcoming members to the webinar and providing a brief recap of the PEMNA B-CoP meetings in 2019 that were dedicated to the theme of fiscal transparency and public participation. **Ms. Sally Torbert**, Program Officer at the International Budget Partnership, introduced the IBP team, and thanked PEMNA for inviting them to be a part of this webinar series. The IBP is an international organization that collaborates with civil societies globally to analyze and influence public budgets in order to reduce poverty and promote equity.
4. In her opening remarks, **Ms. Alma Kanani**, PEMNA Steering Committee Co-Chair and Governance Practice Manager at the World Bank, welcomed everyone to the webinar and highlighted the importance of fiscal transparency, especially in current times. As a growing number of countries in the East Asia region look to the digital economy for innovation and growth, opening up public finance data can have a tremendous effect in improving service delivery, creating more transparent and accountable governments, and fostering economic growth. Over the years, the World Bank has reinforced its commitments to encourage

countries to open up their budgets, through the support and work that it does on public finance management reform systems, as well as through partnerships, such as this one with the IBP, to advocate greater transparency. Ms. Kanani cited the reasons that the Bank will continue to support these efforts, which are that; (i) budgets are one of the most important public policy instruments through which governments influence and impact economic and social development, and thus affect the daily lives of citizens; (ii) countries that have undergone budget transparency reforms have been able to improve their fiscal performance, and lower borrowing costs and levels of waste and corruption, and (iii) transparency efforts coupled with participatory mechanisms enable governments to provide information on the impacts of policy responses, allowing them to better address people's needs in ways that will improve their lives.

5. In his remarks, **Mr. Kunta W. D. Nugraha**, PEMNA B-Cop Chair and Assistant of the Minister for State Expenditure in Indonesia, echoed Ms. Kanani's views and stressed that the current focus on handling the COVID-19 pandemic should not be at the expense of good fiscal management, including fiscal transparency. This is even more important in recent times as many governments have undertaken substantial fiscal stimulus packages to address and to mitigate the adverse effects of this global health emergency. As such, citizens and taxpayers need to not only understand what the policy measures are, but also how resources are being raised and allocated. Mr. Nugraha encouraged participants to take this opportunity to learn more about how to improve their fiscal transparency practices from other countries' experiences, as well as directly from the experts from IBP and the World Bank.
6. To begin, a quick poll was conducted to ask members about how they felt about the open budgeting practices in their country at the current moment. Most participants responded that they felt the open budgeting practices in their country were currently good, but could be better (68%); some said a lot more progress was needed, while only one respondent answered that it was great. Ms. Torbert also shared the responses from the pre-webinar questionnaire sent out to participants. The responses indicated interest to learn more about the OBS methodology and process, obtain more detailed information on the OBS results, strategies that countries have used to make rapid progress in the OBS, and how to improve on transparency and participation practices. These topics were covered over the two webinars of the series.

## Session 1: Progress in the Asia-Pacific region in the results of OBS 2019

Speaker: Ms. Cosette Wong Highfill, Program Associate, International Budget Partnership



7. In her presentation, Ms. Wong shared the OBS 2019 results of the Asia-Pacific region, while also guiding members through the concepts, process, and methodology of the survey. The OBS, she explained, is an international comparative measure of budget transparency and oversight of central governments. The OBS 2019 covers 117 countries and presents a snapshot of budget transparency at a particular point in time. To standardize research and ensure comparability, the survey is based on budget information released before a set cut-off date. The research process takes place over an 18-month period, and is undertaken by independent experts, often CSOs and academics, and peer-reviewed by anonymous experts and members of government in each country. The peer review comments are taken into account in the final survey and made publicly available. The IBP also runs consistency checks and quality control for cross-country comparability. 11 PEMNA countries have been part of the OBS since 2012, with the exception of Lao PDR, Brunei, and Singapore.
8. The OBS is measured on three key areas;

### a. Transparency

Budget transparency in the OBS is measured through 109 questions on eight key budget documents, including on the availability and comprehensiveness of information disclosed. Over time, there has been steady improvement in the budget transparency scores of PEMNA countries, with the average score of members rising above the global average of 45 points to 48 points for the first time in 2019. Alongside regions of eastern Europe and Central Asia, and Latin America and the Caribbean, PEMNA countries stand out in achieving consistent improvements on transparency over the last four rounds of the survey. The improvements have been driven by efforts to increase availability of key budget documents and strengthen their contents. Across the 11 PEMNA countries, there has been a net increase of 12 additional

budget documents made publicly available, and 81% of the documents that should be released are now accessible. More than three quarters of member countries have also enhanced their budget information by reporting on the linkages between their policy goals and annual budgets.

However, the average budget transparency score of PEMNA members still remains below the OBS benchmark of 61 points, which is considered the minimum level of budget transparency that allows for meaningful public engagement throughout the budget process. There remains room for improvement in several areas. For example, many countries in the region still produce documents that do not contain the core information required by international standards, reflecting a need for countries to review the content of their budget documents and include additional information needed by the public to understand budget decisions, including details on government revenues and debt.

Sharing global practices that have led to sustained improvements, Ms. Wong explained that governments make progress when they:

- establish new websites or portals for budget documents and data (e.g., efforts in Indonesia, and Vietnam);
- revise budget document templates to include more information, using OBS indicators to identify where information can be strengthened;
- create action plans to improve budget transparency, including to embed good transparency practices in laws and regulations; and
- partner with civil society and international organizations on reforms, which is crucial in knowing how to produce information that citizens want and understand, and conforms to norms and standards in the international community.

During the Q&A, a question was raised on whether the accuracy of budget documents is measured in the OBS. Ms. Torbert explained that while the OBS only assesses the availability and comprehensiveness of documents for budget transparency, it can be complemented by other fiscal transparency assessments and tools, such as the Fiscal Transparency Evaluations (FTEs) and the Public Expenditure and Financial Accountability (PEFA) program conducted by other international bodies, which look into questions such as accuracy.

### **b. Public Participation**

Another area that the OBS measures is public participation, with 18 questions about formal opportunities for the public to directly engage with the executive, legislature, and audit institutions during the budget process. The questions are based on the Global Initiative for Fiscal Transparency's (GIFT) Principles of Public Participation in Fiscal Policies, and assess

whether governments provide meaningful opportunities for participation, such as those that are open for anyone to participate, inclusive of vulnerable and under-represented groups, provide clear information on the purpose, scope, and intended outcomes, as well as offer feedback to the public on the input received and how it is used.

In PEMNA countries, current opportunities for participation in national budgets are limited, with an average score of only 16 out of 100 in 2019 (only marginally better than the global average of 14). It was noted that many participative mechanisms in member countries are not yet well-established or inclusive, and none make active efforts to reach out to the poorest and most vulnerable groups. The recent OBS also found that PEMNA countries are more likely to have participative mechanisms at the budget implementation stage, as compared to the budget formulation, approval or audit stages. This differs from the global trend, where more opportunities for participation are embedded in the budget formulation and approval stages.

During the Q&A, a question was raised about where participative mechanisms should exist in the budget process. Ms. Torbert explained that based on the GIFT standards, which are widely accepted as good practice, meaningful public participation should exist at all stages of the budget process where critical budget decisions are being made. This is to ensure citizens are able to provide inputs at every stage for the executive, legislature, and supreme audit institution. A participant also asked for examples of good public participation mechanisms at the formulation stage. Ms. Torbert provided the examples of the Republic of Korea, which had recently launched a robust and engaging participatory budgeting mechanism at the central government level, as well as Sierra Leone, which started by including CSOs in the budget formulation stage, and then expanding this to the wider public later. This example was further described in the 2<sup>nd</sup> webinar of the series (*see Webinar 2 Session 2 below*).

There are several ways in which member countries can innovate and strengthen their public engagement practices, which include to

- continue institutionalizing newly introduced mechanisms to avoid volatility and regression;
- pilot new public participation mechanisms, particularly in the budget formulation stage; and
- make greater outreach efforts to include vulnerable and/or under-represented members of the public.

### c. Oversight

The OBS also assesses the formal budget oversight practices by legislatures and supreme audit institutions, with 18 questions on the role of the legislature during budget formulation, approval, implementation, and review of the audit report, as well as the sufficiency of

funding, scope, and independence of the supreme audit institution. The survey also includes four additional un-scored questions on the role of independent fiscal institutions in oversight practices.

Overall, PEMNA countries obtained relatively strong oversight scores in the OBS 2019, with an average score of 62 (compared to a global average of 54). However, more than half of the PEMNA countries have gaps or weaknesses in either their legislature or supreme audit institutions. While ministries of finance may not play a direct role in strengthening oversight of the legislature and audit institution, they can take a more proactive role by tracking responses to audit recommendations in a publicly available report, an effort currently only practiced by two executive governments in PEMNA. These reports are an important tool to help ensure governments are responsive to issues raised by auditors and that corrective action is being taken.



- During the discussion, a participant pointed out that the current COVID-19 pandemic presents an opportunity for members to identify the stress points in the budgeting process in times of crisis. Ms. Torbert added that the current crisis had already produced visible pressure points on open budgeting in many countries, particularly on transparency and public participation. Many countries, for example, are funding health measures, recovery, and stimulus packages using extra budgetary funds. The OBS has found that globally, there is less transparency in the release of information surrounding these. Making the information publicly available, Ms. Torbert explained, can increase public trust in the government in utilizing funds for the public interest. She cited the example of the Ebola crisis, which saw many of the affected governments performing expedited audits and releasing them in a timely manner. The current pandemic could also make public participation very challenging in some countries, although this presents opportunities for governments to undertake interesting innovations in online and social media efforts, to try to get a sense of things on the ground.

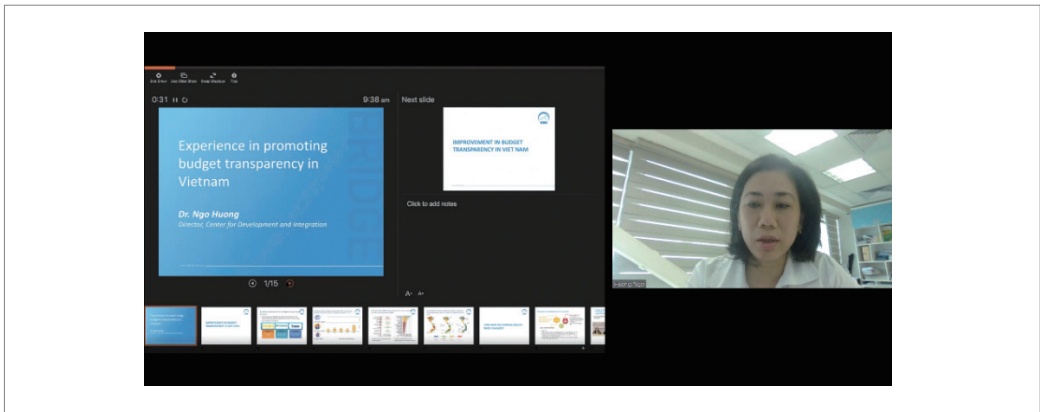
## Session 2: How can civil society collaborate with governments on open budgets?

Speaker: *Dr. Huong Ngo, Founder, Director of the Center for Development and Integration, Vietnam*



10. In the second session, Dr. Huong Ngo, Director of the Center for Development and Integration (CDI), a CSO in Vietnam, shared the CDI's experience in collaborating with the Vietnamese government on open budget reforms. The CDI has been promoting budget transparency in Vietnam since 2012, and together with the Budget Transparency, Accountability, and Participation (BTAP), a network of CSOs and research institutions, have also adopted the OBS methodology to measure and institutionalize budget transparency at the ministry and provincial levels. In 2019, Vietnam's OBS score for transparency made a sharp improvement to 38 points, after consistently remaining below 20 points since 2010. This is in line with the increases in the CDI and BTAP's ministerial and provincial open budget indexes, which increased to 21.2 and 65.6 points in 2019 respectively, as compared to 11 and 51 points in 2018.
11. Over the years, CSOs in Vietnam have contributed to improvements in budget transparency in several ways, including through participation in the state budget law reform process, promotion of public discussions on state budget issues, monitoring of public investment at local levels, and raising awareness and demand for budget transparency reforms through traditional and social media. Over the past five years, the CDI and BTAP network have also continued to engage and advise the Vietnamese government and National Assembly on using the OBS results and recommendations to identify opportunities for reform. CSOs in Vietnam have also helped introduce and pilot budget transparency initiatives at the sector level, such as results-based financing in healthcare at the commune level, and disclosure of revenues from extractive industries through the Extractive Industries Transparency Initiative (EITI).

12. Overall, Dr. Huong Ngo explained that there are many ways in which CSOs can facilitate open budget reforms, which include providing feedback to the government on public needs and priorities through their connections with citizens, communities, and businesses; holding the executive accountable for how public resources are used; promoting access to budget information and public participation mechanisms; providing in-depth knowledge on policy issues; strengthening civil society's ability to analyze budgets and participate effectively; and promoting budget transparency at the sector and sub-national levels.



### Session 3: How can governments support reforms from inside and outside of government: The challenges and benefits of greater collaboration

*Speakers: Ms. Dinh Thi Mai Anh, Deputy Division Head, State Budget Department, Ministry of Finance, Vietnam, and Mr. Crispin Abacan, Information Officer III, Department of Budget and Management, The Philippines.*

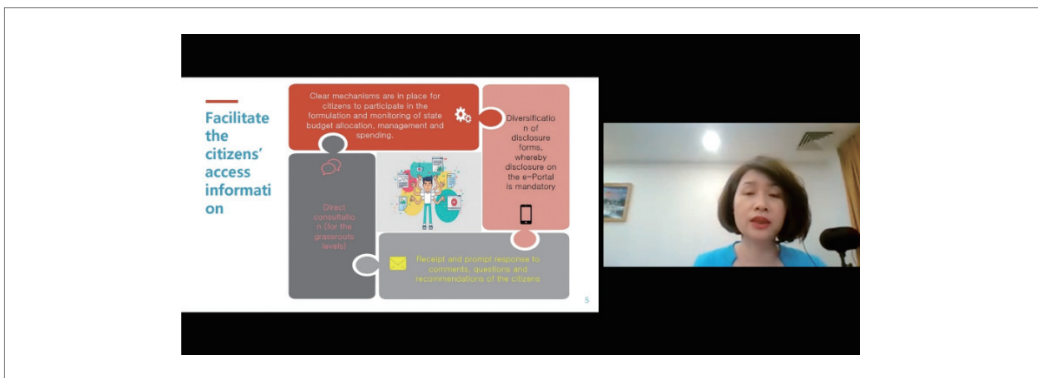


13. Members from Vietnam and the Philippines also shared their country's experiences on building support for open budget reforms with both external and internal stakeholders. In **Vietnam**, the MOF has formulated comprehensive legal provisions in budget transparency, such as the laws on state budget and access to information, the ordinance on grassroots democracy, and sector-specific specialized legal documents, in which the content of budget documents and their timelines are regulated. The ministry issues seven out of eight of the key budget documents required by the OBS, with the exception of the interim budget reports, which it is working on publishing in its mid-year update. The ministry also informs the public on how and when they can participate in the budget process and has created opportunities for the provision of direct feedback from citizens, such as through e-portals and direct consultation at the grassroots levels. To create better transparency and accountability, Vietnam's MOF has also worked to strengthen the coordination and synergy between the organizations and individuals in the budget process, from the budget spending units at the lower levels, to the oversight and supervision bodies at the top, such as the MOF, National Assembly, and the State Audit of Vietnam.
14. Two weeks prior to the webinar, Vietnam's MOF had launched a state budget transparency portal to provide the public with access to the information in its budget documents. The portal features a visual dashboard for budget statistics, and the monitoring of budget transparency efforts by local authorities using traffic light charts. When asked about the public's response to the portal, Ms. Dinh Thi Mai Anh explained that in the past two weeks since the portal had launched, it had been visited by 43,000 users, which also included representatives from international organizations such as the World Bank and IMF who have provided direct feedback for improvement to the officers managing the portal. While interest from the general public has remained limited due to a lack of awareness, the MOF is still working on improving the portal's features and hopes to receive the support of CDI and other CSOs to promote the initiative to different groups in the community.



State Budget Transparency Portal: <https://ckns.mof.gov.vn/SitePages/home.aspx>

15. While these efforts have yielded many advantages and achievements, Vietnam still faces several challenges, such as a lack of public interest in open budget reforms. Ms. Dinh Thi Mai Anh also acknowledged that it is difficult to apply some international standards to current budget practices, because of timelines required and adequacy of IT infrastructure. There is also room for CSOs to be further empowered and strengthened, in order for them to effectively monitor budget activities and facilitate public participation. To overcome these challenges, Ms. Dinh Thi Mai Anh highlighted the importance of communicating and educating the public on open budgets, enhancing the capacity of CSOs entrusted by the community to monitor budget activities, and collaboration among agencies within and outside the government in supporting budget reforms.



16. In **the Philippines**, the government reorganized its Cabinet Cluster in 2017 to add a Participatory Governance Cluster (PGC). The PGC aims to enhance transparency and engagement by setting up mechanisms and consultation platforms that will enable the public to understand and participate in the formulation and implementation of programs and projects both at the national and local levels. Since then, many open budget efforts have been undertaken, such as the development of a mobile application for citizen feedback that was tested by the UNDP and Department of the Interior and Local Government. As of February 2020, the application registered approximately 2,000 mobile users from 275 local government units and received more than 5,000 feedback for over 1,000 projects. The 5% of which were negative and they were forwarded to the Project Management Office for further review and action. In 2019, the PGC also approved and rolled out Dabayaw, a nationwide campaign to promote and disseminate information on open government and participatory governance initiatives, and a platform for regular citizens to discuss and raise local concerns directly with senior officials of various agencies. The Philippines also allows for citizens to be part of the auditing team through the Citizen Participatory Audit (CPA), where partner CSOs nominate members for the CPA team for specific duties and responsibilities, such as to validate the implementation of audit recommendations or to develop simplified audits reports and learning materials.

17. Participatory budget mechanisms are also in place at the local and regional levels. At the local level, 20% of the Internal Revenue Allotment automatically received by local governments is spent on programs identified under the Local Development Investment Plan, which is crafted by the local development councils consisting of both government and non-government representatives. At the regional level, the Regional Development Council, where private sector and NGO representatives comprise a quarter of its membership, coordinates and sets the direction of economic and social development efforts. The federal government has also set up the Local Government Support Fund, which can only be accessed by local government units that abide by the good and participatory governance criteria set by the national government. A recent announcement by the Philippines Congress had also revealed that it would allow the public to directly participate in the 2021 national budget deliberations for the first time.
18. Mr. Abacan also shared four lessons that the Philippines has learned in implementing these efforts. First, successful open budget reforms require demand from civil society and development partners. This ensures that there is pressure for the government to actively keep its commitment to budget transparency and public participation. Second, political will and the support of the bureaucracy is vital in pushing these reforms through, as government agencies may find the additional workload time consuming or may not fully appreciate their importance. Third, overcoming resistance through financial incentives can facilitate compliance to the open government regulations set by the government. Upon implementing an incentive whereby annual performance bonuses are only released if government employees fulfilled the Transparency Seal policy by disclosing specific information and documents, compliance of the policy increased to almost 100%. Lastly, outreach efforts to key leaders and active participation on international platforms on open budgeting can help ensure reforms are sustainable in the event of political transitions.



## Session 4: Using the OBS recommendations to make progress on open budgeting

Speaker: Ms. Sally Torbert, Program Officer for Asia, International Budget Partnership

19. In the final session of the first webinar, Ms. Torbert shared ways in which member countries can use the OBS tools and recommendations to make progress on open budgeting. Over the years, the IBP has seen progress on budget transparency, but not at a fast-enough pace, as many countries still remain far below the OBS standards for adequate levels of budget transparency and oversight. As part of the OBS 2019, the IBP launched an initiative called the Call to Action (CTA), to help facilitate countries to use the OBS to promote open budget reforms. The CTA outlines four ambitious but attainable targets to achieve within the next 5 years, which are to (i) provide sufficient levels of budget information, (ii) increase public participation in the budget, (iii) strengthen monitoring and oversight of budget execution, and (i) sustain improvements on open budgeting. Thus far, over 100 civil society groups have signed on to this initiative.
20. While it is difficult for these changes to happen in the short-term and can prove especially challenging in these times, the CTA encourages countries to think about reforms in a medium term. To facilitate this, the OBS has some tools and resources that governments and civil societies can use to have discussions around specific targets that can be set and achieved within the next five years. The OBS country summaries, for example, can be used to identify specific things, such as the budget documents that have yet to be released or that do not provide complete information, and the scores for public participation at each stage of the budget process, so that countries can identify opportunities for piloting new mechanisms. The country summaries also include recommendations on what governments can do to improve on these practices. Another available resource is the OBS questionnaire, which contains all the details of the survey, including the responses from researchers and reviewers, as well as clarifications from the IBP on the decisions made. Ms. Torbert also described the OBS calculator, which is an interactive tool that shows where countries currently stand on the OBS, and how their scores would change if they made certain improvements. These tools and how countries can leverage them were discussed in further detail in the second webinar.

The screenshot displays a presentation slide titled "Using the OBS 2021 Calculator". On the left, there are two columns of colored circles representing scores for 2019 (Score 98) and 2021 (Score 97). The main content area contains a table of questions and answers regarding non-tax revenue accounting. The questions are:

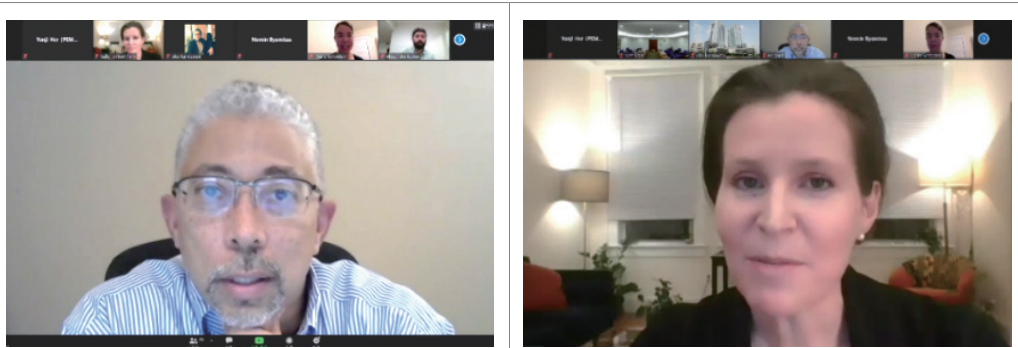
- Question 10: Does the Executive's Budget Proposal (or any supporting budget documentation) present the individual sources of non-tax revenue (such as gifts, property income, and sales of government-produced goods and services) for the budget year?
- A: Yes, individual sources of non-tax revenue accounting for at least one-third of, but not all, non-tax revenues are presented.
- B: Yes, individual sources of non-tax revenue accounting for less than one-third of all non-tax revenues are presented.
- C: No, individual sources of non-tax revenue are not presented.
- D: No, individual sources of non-tax revenue are not presented.
- E: Not applicable.

At the bottom of the slide, there is a link to view the OBS 2021 Calculator: <http://survey.internationalbudget.org/calculator>. The International Budget Partnership logo is visible in the bottom left corner. On the right side of the slide, there is a grid of small video feeds showing participants in the webinar.

## WEBINAR 2:

## HOW CAN PEMNA COUNTRIES FOSTER BUDGET TRANSPARENCY AND PARTICIPATION?

September 23, 2020 | Videoconference



**PEMNA-IBP Webinar 2**  
*How can PEMNA countries foster  
 Budget Transparency and Participation?*  
**September 23, 2020**

### Introduction

21. Building on conversations from the first webinar, the second webinar of the series was held two weeks later on the 23rd of September 2020. Mr. Bernard Myers provided a recap of the first webinar, and Ms. Sally Torbert walked participants through the agenda and objectives of the second webinar. The second webinar was organized into two main sessions; transparency and participation. It aimed to continue the discussion on how to improve budget transparency using the tools and resources that the OBS provides, and on how to pilot public participation mechanisms using examples from around the world.
22. The webinar opened with a poll on how the COVID-19 pandemic has impacted open budgeting practices in member countries. The poll results showed that the greatest impact that the COVID-19 crisis has had is on budget oversight practices (35%), followed by the

timeliness of budget documents and participation practices (24%). Only 12% of participants indicated that the pandemic had none or little impact on their open budget practices. Ms. Torbert stressed the importance of ensuring public accountability and trust during the time of crisis and informed the participants that the IBP is conducting additional research on how governments around the world are reacting during this pandemic.

### Session 1: How to improve on the OBS: Using OBS tools with the example of medium-term budgeting indicators

Speaker: Mr. Alex Kreko, Program Officer, International Budget Partnership



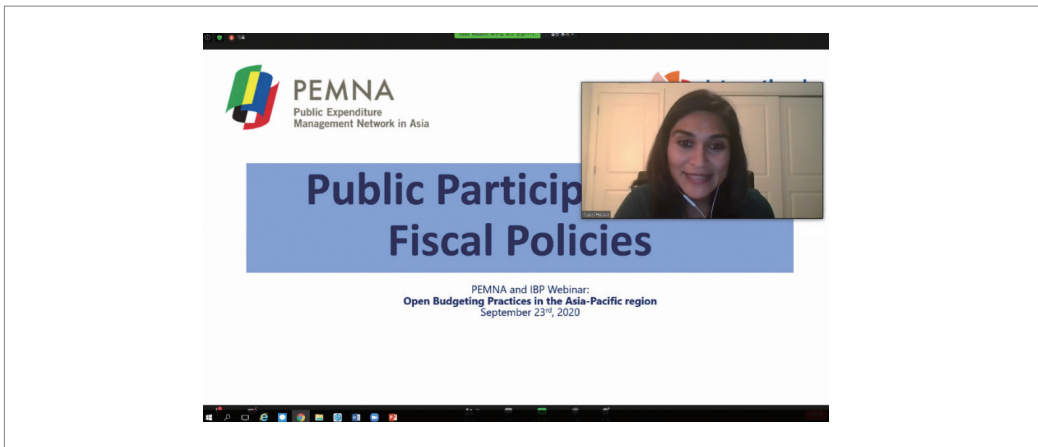
23. Expanding on the discussions in the previous webinar (see Webinar 1 Session 4), Mr. Alex Kreko further dived into the ways that governments can improve on budget transparency using OBS tools and indicators, with the example of medium-term budgeting. Countries can improve on budget transparency through their publication practices, by ensuring timely publication, publishing new documents and those produced only for internal use, and making all eight key budget documents publicly available. He noted that countries can also improve on the contents of their budget documents: by identifying information that their government already collects and adding those to existing documents, in addition to developing new systems for collecting and reporting budget information.
24. To look at potential areas for improvement and reform, countries can turn to the individual country summaries that the IBP releases for each of the 117 countries it assesses. For example, the country summaries list sub-scores that reflect the comprehensiveness of each budget document. For countries with a score of 60 and below, which is the threshold for sufficient information, the OBS country summaries lay out recommendations on what additional information can be included in budget documents and how to make them more useful for civil societies and citizens.

25. The OBS also focuses on information in medium-term fiscal, budgetary, or expenditure frameworks, as the tools help inform the public about (i) how policy, planning, and budgeting are connected over a multi-year period; (ii) how budget decisions in the current year will affect future years; (iii) if specific sectors are likely to have changes in funding, over time and as compared to other sectors; and (iv) how the government expects, or is planning for revenues to change in the future. The OBS transparency standards for medium-term budgeting cover both the pre-budget statement and the executive's budget proposal. For example, benchmarks include whether or not estimates for expenditures are over a multi-year period of at least two years, if expenditure estimates are by administrative, economic, and functional classification, if multi-year revenue expenditures are by category and individual source, and if there are linkages between the proposed budget and policies over a multi-year period.
26. Mr. Kreko also discussed ways in which countries can identify opportunities in the short- and medium- terms to move towards better budget transparency. In the short- and medium-term, for example, he recommended that policy makers can look at the kind of information that the finance ministry already collects, such as prior-year revenues and expenditures, that can be published in documents quickly. In the long-term, opportunities may lie in broader reforms, such as in understanding and publishing the type of information that the public and civil society need to understand budget decisions and trade-offs, and prioritizing efforts to better collect and share this information in a more useful and accessible form for ordinary citizens. Mr. Kreko also demonstrated the use of the OBS 2021 calculator, where the public can calculate the possible outcomes on the OBS score of any country through improvements on specific indicators.
27. Following the presentation, participants were organized into small groups to discuss two questions (i) How would you prioritize areas to improve on budget transparency? and (ii) What are some of the challenges for the government in publicly reporting this information? The discussions revealed common challenges among member countries in publicly reporting budget information, which include a lack of coordination between the different departments that handle the various aspects of the budget (e.g., planning, expenditure, and revenues), a lack of public demand or understanding of budget information, and struggles in publishing medium-term projections during times of uncertainty.
28. Mr. Eko Kurniawan, a representative from the Ministry of Finance of Indonesia, shared the ways Indonesia had managed to improve its budget transparency score from 64 in 2018 to 70 in 2019 through its efforts and collaboration with the IBP. Indonesia improved the availability and comprehensiveness of its budget documents by ensuring timeliness of publishing its budget documents, posting them on government websites and social media, and improving on its citizen budget, which is a summary of the national budget document for the public. In 2019, the government also provided more details in their budget documents, adding information such as medium-term forecasts and explanations on debt sustainability. In terms of public participation, the government created a one-stop website

that is fully dedicated to publishing budget documents, data and summaries for the public's consumption. In 2019, the Ministry of Finance also engaged young Indonesians by inviting high school students to participate in a "Budget Olympics," an event aimed at promoting a better understanding of budget data, as well as active discussion and engagement on budget issues from a young age. In 2020, the event more than doubled its participants to 3,300 teams, from 1,500 teams in the previous year.

## Session 2: Piloting new forms of public participation: Lessons from around the world and three case studies

*Speaker: Ms. Suad Hasan, Program Officer, International Budget Partnership*



29. Ms. Suad Hassan explained the different types of public participation mechanisms seen globally, such as pre-budget hearings, calls for pre-budget proposal submissions, public councils, policy consultations, and participatory budgeting. She also showcased the public participation mechanisms of three countries – Sierra Leone, Bulgaria, and Guatemala – and how they have progressed since inception.
30. In **Sierra Leone**, participation in the budget process was initially limited to CSOs through the introduction of the Government Budgeting and Accountability Act of 2005. The Public Financial Management Act of 2016, however, eventually broadened and deepened the space for all citizens to participate in mandatory and annual policy hearings, as well as in bilateral budget discussions. The hearings and discussions are publicly announced on radio and on TV, and Ministries, Departments, and Agencies (MDAs) are instructed by the MOF through the Budget Circular to engage with citizens ahead of their budget submissions. For the preparation of the 2019 budget, the consultation process started with a broad day-long "Policy Hearing" that was held for central government ministries, local government, and SOEs to engage with the public on the proposed Medium-Term Expenditure Framework, key sectoral priorities and policy proposals. More focused bilateral budget discussions were then

organized over a period of almost a month, for the public to engage separately with State-Owned Enterprises (SOEs), MDAs, and 22 local councils on various budget topics. These public participation activities give citizens the opportunity to express views on budget proposals and service delivery, as well as ensure that the budget incorporates the feedback provided. While the activities entail large budget resources, the government sees value in the inputs received and utilizes these mechanisms as a channel to bring neglected issues to its attention. Apart from participating in the discussions, CSOs in Sierra Leone have also undertaken a significant role in mobilizing vulnerable groups and other stakeholders for the discussions, and in sharing technical knowledge with citizens.

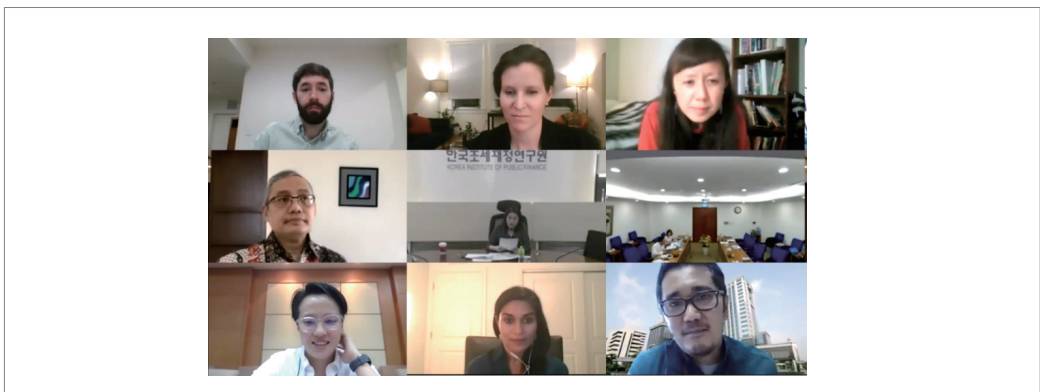
31. In **Bulgaria**, an integrated online portal is used as a one-stop platform for strategic planning and public consultations. MDAs are required to upload their draft proposals and strategic planning documents to the portal, where civil society, public servants, academics, and experts can review them and submit their own assessments. The portal features three main sections; public consultations, strategic documents, and a section called “Today Society Decides,” where the public can submit their thoughts. The contributions are moderated for relevance by the relevant institutions and anonymized before being published alongside the proposals to be tabled at parliament. The main advantages of this one-stop platform are that the public consultation activities are all centralized, and that there is consistency in the way MDAs receive and use feedback. The platform has also enabled the government to not only provide information on budget documents, but also keep the public updated on any changes in plans. While most of the bills at the national level go through consultations on this platform, the number of registered users on the portal is still small. Going forward, the portal may be extended to include plans and documents from municipalities.
32. As part of its commitment to its Open Government Partnership National Action Plan, **Guatemala** holds Open Budget Workshops, where every public institution is required by its Finance Ministry to present and justify their budget projects and allocation of resources to invited CSOs, academics, and other experts. A Guatemalan CSO called *Red Ciudadana* (Citizen Network), has also developed an electronic platform where the public can tune in to the presentations live and provide comments via Facebook. While the workshops have been formalized and have attracted a lot of attention in recent years, only six workshops were developed for the 2019 budget, as compared to 23 workshops in previous years. There remains scope for further institutionalization, clarity, and formalization of the inputs received.
33. In their efforts to increase public participation, Ms. Hasan also shared that GIFT and IBP had recently been rewarded a grant to pilot public participation mechanisms in Benin, Liberia, Nigeria, Senegal, and South Africa. These projects include the provision of technical assistance to establish goals, identify audiences, and develop workplans with each country to outline concrete timelines and steps to execute the mechanisms.
34. During the discussion, a question was raised about whether participatory mechanisms at the local levels are considered in the OBS. Ms. Torbert clarified that while open budget reforms at

sub-national levels are encouraged, the OBS only assesses those undertaken at the national level. She also highlighted that countries with mechanisms at the local levels can take the opportunity to elevate them to the national level, as has been done in Portugal and the Republic of Korea.

35. Following the presentation and Q&A, participants broke up into small group discussions where they discussed the steps that can be taken to pilot new participation mechanisms. Ms. Nomin Byambaa, a representative from the Ministry of Finance of Mongolia, shared their experience in carrying out public participation at the local level through their local development fund. The fund provides monetary assistance directly to local governments in rural areas to implement projects that are chosen based on the votes of local citizens. The Mongolian government has also increased efforts to encourage participation in other ways, such as by publishing citizen budget booklets and starting an interactive web portal for budget information that is set to launch at the end of the year. The government is planning to encourage use of the portal by students and researchers in creative ways, such as through hackathons.

### Closing Remarks

36. The webinar ended with a poll which asked the participants, “What type of support would you like to see from IBP and PEMNA colleagues in the future to strengthen your country’s open budgeting?” The IBP team took note of the responses, which included requests for one-on-one calls with IBP, future training programs, as well as exposure to more case studies on open budget reforms.
37. In her closing remarks, Dr. Kyoungsun Heo, the Head of PEMNA Secretariat (Korea Institute of Public Finance), provided a brief recap of the discussions and thanked the participants from member countries and international organizations for taking part in the webinar series. She also took the opportunity to thank the IBP team and Mr. Bernard Myers for organizing and facilitating the webinars. Members were encouraged to continue the conversation on open budget reforms and to reach out to IBP for assistance if needed.



## Summary of Discussions 2020 PEMNA ONLINE PLENARY CONFERENCE

# ENHANCING THE EFFECTIVENESS AND SUSTAINABILITY OF PUBLIC FINANCE TO COVID-19

December 17 – 18, 2020 | Videoconference



### Introduction and Opening Remarks

1. The 2020 PEMNA Online Plenary Conference was held online from December 17 – 18, 2020. The theme of the conference was *Enhancing the Effectiveness and Sustainability of Public Finance to COVID-19*. This two-day online conference was held in two parts. On Day 1, the two Communities of Practice (CoPs) –Budget and Treasury– came together in joint sessions to discuss the common issues on enhancing public financial management (PFM). On Day 2, each CoP held their own meetings in parallel and reconvened later for a joint wrap-up session. 156 participants from 11 PEMNA member countries as well as PEMNA Development Partners and observer organizations joined the event.<sup>28</sup>

<sup>28</sup> Attendees were from (i) PEMNA Member countries: Cambodia, Indonesia, Korea, Lao PDR, Malaysia, Mongolia, Myanmar, the Philippines, Thailand, Timor-Leste, Vietnam; and (ii) Development Partners and Observers: Korea Institute of Public Finance, the World Bank, European Union, International Monetary Fund, U.S. Department of the Treasury's Office of Technical Assistance, Treasury of Russia.

## Joint sessions (Day 1): December 17, 2020 | Videoconference

### Opening session: Welcoming Remarks

2. **Ms. Alma Kanani**, PEMNA SC Co-Chair and Practice Manager at the World Bank, opened the conference by welcoming participants to the 2020 PEMNA Online Plenary Conference. She highlighted the importance of continuing the tradition of having joint meetings between the two CoPs. She also mentioned the challenges faced by budget and treasury offices globally in responding to the adverse impacts of COVID-19 on the health sector and economy, and stressed that coordinating the approach around public financing issues and increasing the effectiveness and sustainability of PFM responses are pressing issues with difficulties from both a policy as well as from an implementation perspective.
3. Ms. Kanani recalled that the B-CoP and T-CoP webinars that were held earlier in the year had discussed COVID-19 responses, where member countries shared the initial policies and programs that they were taking to support the health sector and to address some of the economic issues that had impacted them. Countries adopted innovative and remarkable tools to address the situation, such as intermediate and short-term measures to reallocate budgets, drastic tax policies to stimulate demand, and advance payments to suppliers.
4. She continued to describe the key objectives of the plenary conference, which included to look back on how countries adopted policies and PFM processes during the second half of 2020 to cope with the prolonged pandemic impact, and to look ahead at the opportunities and prospects for the year ahead.
5. She explained that PFM systems not only have to become more flexible to support the emergency spending, but also strive to maintain transparency and accountability, both of which are important features in difficult times to build trust in the government. With pressure to spend quickly, there is a risk of control systems being compromised unnecessarily. Along these lines, Ms. Kanani stressed the importance of maintaining sound fiscal management in the midst of the pandemic and asserted the need to maintain integrity during and after the COVID-19 pandemic. She reiterated that building public trust and support for government is vital in preserving the legitimacy of policy objectives.
6. **Mr. Kyoung-ho Han**, PEMNA SC Co-Chair and Director General at the Korea Ministry of Economy and Finance (MOEF), began his remarks by thanking Ms. Alma Kanani, Mr. Kunta Wibawa Dasa Nugraha (PEMNA B-CoP Chair), Ms. Thi Thuy Dang (Acting PEMNA T-CoP Chair) and all participants of the conference for taking their time to participate in the event. He also expressed his appreciation to the PEMNA Secretariat and the World Bank for organizing PEMNA's first online plenary conference.

7. He stressed the importance of discussing where we are and where we should be heading after implementing the unprecedented fiscal interventions in response to the COVID-19 pandemic. He described that the impact of the virus on economic activity was far greater than expected, which placed the central budget authority under a disproportionate burden. In many PEMNA countries, budget authorities have prepared supplementary budgets to release stimulus packages with measures to tackle the situation. Mr. Han pointed out that this massive fiscal support, which is a result of the hard work and efforts of the budget officials, saved the lives and livelihood of many. He also stated that the IMF economic outlook, published in October 2020, showed that PEMNA member countries had accomplished relatively fair economic results in the period of the COVID-19 crisis.
8. Mr. Han also stated that now is the time to discuss fiscal sustainability and new fiscal responses in the context of the post-COVID-19 era. Mr. Han further described that securing efficiency in fiscal spending had become more important and that the online plenary conference will serve as a platform for officials to look back on the fiscal actions they took and to discuss the sustainability of these actions going forward, given the fiscal constraints. Mr. Han ended his remarks by expressing his wishes for all member countries to overcome the COVID-19 pandemic quickly and successfully, so that they can return to their normal lives.

### Joint Session 1: Fiscal Adaptation to COVID-19

*Moderator: Mr. Kunta Wibawa Dasa Nugraha, PEMNA B-CoP Chair / Assistance of the Minister for State Expenditure, Ministry of Finance Indonesia*

9. The topic for Joint Session 1 was *Fiscal Adaptation to COVID-19*, focusing on looking back and looking ahead on the budget responses since June 2020 that were implemented to mitigate the pandemic's impacts, and new budget priorities for 2021 and the post-COVID-19 era. Moderated by the B-CoP Chair, **Mr. Kunta Wibawa Dasa Nugraha**, the session was organized around member country presentations from Korea, Thailand, and Vietnam.

### Country Cases

#### Korea

*Presenter: Ms. Soon-young Kwon, Deputy Director, Fiscal Management and Coordination Division, Ministry of Economy and Finance*

10. **Ms. Soon-young Kwon's** presentation focused on Korea's four supplementary budgets implemented in 2020, the key objectives of the 2021 Budget Plan, and the challenges pertaining to the increase in expenditure and the safeguards in place to respond to these challenges.

11. Ms. Kwon explained that although Korea was able to keep the number of COVID-19 cases relatively low, negative signs appeared on the macroeconomic side: while the employment rate was gradually increasing since April, the number of employed was still lower in 2020 as compared to the corresponding month in 2019; and the GDP growth rate decreased significantly, especially during the second quarter of 2020. In order to recover from these economic difficulties, the Korean Government executed four major rounds of supplementary budgeting, totaling at USD 66.7 billion, which amounted to 13% of the original budget for 2020.
12. The 1<sup>st</sup> Supplementary Budget (approved March 2020, total of USD 11.7 billion) focused on disease prevention and economic recovery. The 2<sup>nd</sup> Supplementary Budget (approved in April 2020, total of USD 12.2 billion) focused on distributing disaster relief money, all of which was disbursed to almost all of the citizens within two months. The 3<sup>rd</sup> Supplementary Budget (approved in July 2020, total of USD 35 billion) focused on giving all-round support to the economy, social welfare system, and health sector. The Korean Government considered that the recovery plan itself in the current situation was not significant enough to improve the nation's economy. In order to set a new driving force for the economy, the Korean New Deal was planned and announced. It consisted of three main pillars: (i) the Digital New Deal which promotes digital technology and innovation (USD 2.6 billion), (ii) the Green New Deal which is concentrated on funding eco-friendly infrastructure (USD 1.2 billion), and (iii) consolidating social protection (USD 2.4 billion). In addition to funding the Korean New Deal, the 3<sup>rd</sup> supplementary budget also allocated USD 9.1 billion to support the labor market and USD 2.4 billion for disease prevention. The main focus of the 4<sup>th</sup> Supplementary Budget (approved in September 2020, USD 7.8 billion) was to provide better social protection to those that were vulnerable during the pandemic. The government considered that the extra support for small and medium-sized enterprises (SMEs) was crucial in keeping the economy afloat. Among the USD 7.8 billion, USD 3.9 billion was allocated to support SMEs, USD 1.5 billion to stabilize the labor market, USD 400 million to support low-income households, and USD 1.8 billion for childcare support.
13. Ms. Kwon summarized the key points of the Korean Government's fiscal response to COVID-19: (i) fiscal support was provided multiple times and on massive scales; (ii) the funds were injected into the economy swiftly, especially for the 2<sup>nd</sup> Supplementary Budget; (iii) each budget had a specific target group, such as vulnerable citizens and industries; and (iv) policies such as the Universal Cash Transfer Scheme has opened the doors to exploring other universal welfare policies. She also stated that according to recent IMF and OECD reports, although Korea's growth rate is expected to be less than previous years, the government's active and massive fiscal measures have prevented the economy from being in a far worse situation as compared to other countries.
14. Going forward, Korea has planned its 2021 budget around four main pillars that aim to provide social protection and boost the economy: (i) Consolidating Social Protection, (ii) Support for a Swift Economic Recovery, (iii) Health and Environment, and (iv) Investment on

Future Key Industries. Social welfare, environment, energy, and infrastructure are the main sectors with significant increases of over 10% to their budgets. This reflects the government's focus on concentrating its resources on welfare and developing new potential leading industries.

15. Before ending her presentation, Ms. Kwon mentioned that one of the challenges was that there had been some concerns over the significant increase in government expenditure, which could cause Korea's future 5-year national debt ratio to rise and its fiscal balance to fall. In response to these concerns, the Korean Government is preparing a new Budget Balance Rule (BBR) to ensure fiscal sustainability. Through the new BBR, Korea plans to maintain fiscal soundness by ensuring that the national debt ratio remains under 60% and that the consolidated fiscal deficit does not exceed 3% of GDP, starting in 2025.<sup>29</sup>

### Thailand

*Presenter: Ms. Pongpim Chaisiri, Budget Analyst, Professional Level, Budget Strategy Office, Budget Bureau*

16. **Ms. Pongpim Chaisiri** delivered her presentation on Thailand's COVID-19 response. Ms. Chaisiri's presentation could be broken down into two parts, with part one on the overview of the government measures and part two on the budget responses to COVID-19.
17. Ms. Chaisiri started by providing an overview of how the Ministry of Finance (MOF) introduced the Thai Government's measures to soothe the impact of COVID-19 in three phases. In Phase 1, Thailand implemented financial and tax measures, including soft loans, tax credits, and also measures for disease prevention. This phase mostly focused on supporting business owners during the pandemic, as many small businesses, including restaurants, were required to close during the shutdown. Phase 2 measures targeted the general public, especially temporary workers, free-lancers, and also healthcare workers. In Phase 3, the key measures were healthcare, remedial, and economic recovery measures. This phase focused more on reviving the tourism industry and private consumption. For example, to increase domestic travel, the government provided subsidies for hotel rates, airfares, and dining expenses. Also, the "Half-and-half project" was implemented where the government subsidized 50% of the daily living expenses for the Thai citizens.
18. Ms. Chaisiri explained that the Thai Government responded to the COVID-19 situation in April 2020 by reallocating the budget, mainly by reducing undisbursed current expenditure (by 10%) and using this to support small manufacturers and businesses. Undisbursed capital expenditure was also redirected to fund COVID-19 measures. In addition, the government, through the Budget Expenditure Transfer Act (2020), reallocated the functional budget (USD 1.3 billion), agenda-based budget (USD 440 million), and programs on management of

<sup>29</sup> Budget Balance Rule Formula: National Debt Ratio  $60\% \times$  Fiscal Balance Ratio  $-3\% \leq 1.0$

public debt (USD 1.2 billion) to form a central fund of around USD 3 billion and used these funds to mitigate impacts of COVID-19 and natural disasters, as well as providing support to other unexpected but urgent problems. Ms. Chaisiri also shared that the government had already prepared the FY2021 Budget by May 2020, but upon seeing that the COVID-19 pandemic seemed to persist, the Budget Bureau proposed for the cabinet to approve adjustments to the budget to mitigate the COVID-19 situation. This resulted in a reallocation of USD 1.3 billion to the central fund.<sup>30</sup>

19. Looking ahead to FY 2022, Ms. Chaisiri explained that the Thai Government has set new budget priorities under its *Specific Master Plan on National Budget Strategy (2021-2022)*. The four priorities are: (i) strengthening the local economy, (ii) enhancing national competitiveness for sustainable future growth, (iii) developing human capital and quality of life to drive national development, and (iv) improving and advancing basic enabling factors for supporting the national recovery and development. These goals and indicators of the specific master plan are specified in the national budget strategy so that the government can monitor and evaluate the results directly.

### Vietnam

*Presenter: Mr. Chung Van Vu, Deputy Head of Division, State Budget Department, Ministry of Finance*

20. The last presentation for Joint Session 1 was delivered by **Mr. Chung Van Vu**. Through his presentation, Mr. Vu provided an overview of the COVID-19 situation in Vietnam, identified the main areas of fiscal responses that were implemented as well as the results and challenges, and also the fiscal measures planned for fiscal year 2021.
21. Mr. Vu shared that like many other countries, Vietnam experienced an economic slowdown due to the COVID-19 pandemic. In response, the Government of Vietnam implemented the following measures: (i) re-scheduling tax payments and land rent (USD 8.6 billion); (ii) introducing tax relief and fees (USD 2.2 billion); (iii) incurring State budget spending to support citizens and combat the pandemic (USD 2 billion); (iv) lending to employers to help maintain the wages for employees (USD 770 million); and (v) deferring pension and mortality contribution payments for both employees and employers (USD 280 million).
22. The presenter went on to describe the results and challenges of the fiscal measures that had been implemented. Mr. Vu explained that as of November 2020, the government considers that some fiscal packages have been implemented quite well, including (i) entitlement for personnel directly engaged in COVID-19 controls; (ii) deferment of excise for domestically manufactured or assembled automobile vehicles; and (iii) tax relief, fees, charges and land rent. Mr. Vu noted that although some packages may not be doing

<sup>30</sup> Local currency unit converted to US dollars using the following exchange rate: USD 1 = THB 29.904 (Dec. 17, 2020, weighted-average interbank exchange rate, Bank of Thailand)

too well, all fiscal packages were still making positive contributions to achieving the dual objectives of “containing the pandemic while continuing socio-economic development” with Vietnam’s economic growth at 2 to 3%, relatively better than most countries around the globe. However, he stated that there are some challenges that still need to be addressed, including (i) the ability to accurately project the developments and impacts of the COVID-19 pandemic, (ii) targeting of beneficiaries and use of agencies to deliver the policies to the informal sector, and (iii) monitoring of policy implementation.

23. On the tentative fiscal measures for fiscal year 2021, Mr. Vu explained that the main focus was on measures dealing with the COVID-19 pandemic, including to (i) continue to reduce environmental protection tax (EPT) on aviation fuel; (ii) continue to consider reducing the rates of some fees and charges; and (iii) re-consider revenue measures on taxes, fees and charges to be relevant to actual developments. Mr. Minh Tan Nguyen, Deputy Director General at Vietnam Ministry of Finance, provided further details on the budget for 2021. He informed the participants that the government had restructured the state budget by giving high priority to development, with the proportion for investment development in Vietnam amounting to 28% of the 2021 state budget expenditure. This is intended to create conditions to maintain economic growth. Also, high priority was given to enhancing the capacity of the national reserve as well as budget provisions at different levels of government to ensure that the response to the pandemic and natural disasters was effective. Another priority was to increase spending for the healthcare sector, including COVID-19 vaccination as well as to purchase more medical equipment for frontline medical facilities, and also to support doctors and medical workers participating in healthcare activities.

## Joint Session 2: Balancing Fiscal Sustainability and Short-Term Stimulus

*Moderator: Ms. Dang Thi Thuy, Acting PEMNA T-CoP Chair / Deputy Director General, Vietnam State Treasury, Vietnam Ministry of Finance*

24. Moderated by **Ms. Dang Thi Thuy**, Joint Session 2 was convened under the theme of Balancing Fiscal Sustainability and Short-Term Stimulus. Opening the session, Ms. Thuy introduced the session format, which consists of two presentations and three country updates, followed by the PEMNA Secretariat’s presentation on the results of the PEMNA COVID-19 survey.

## Country Cases & Global Trends

The World Bank

*Presenter: Mr. Ergys Islamaj, Senior Economist, East Asia and Pacific Chief Economist Office*

25. **Mr. Ergys Islamaj** delivered the first presentation of the session on the COVID-19 impact on the East Asian economy and the governments’ fiscal responses. In explaining the significance

of the COVID-19 crisis in the region, Mr. Islamaj made comparisons with other major financial crises in history, such as the Asian Financial Crisis in 1998 and the Global Financial Crisis in 2008. He pointed out that the region, in general, entered this economic crisis with better macroeconomic frameworks established compared to in previous crises, but some weaknesses remain, such as low revenue mobilization and high reliance on indirect taxes. He also highlighted the importance of meaningful reform, as such weaknesses could potentially result in 1% lower growth rates every year for the next ten years in the region.

26. Despite the differences among regions in dealing with the COVID-19 pandemic, its economic impact rippled throughout the world and the World Bank estimates that more than 90% of the economies in the world would be in recession in 2020. Further emphasizing the severity of this crisis, he shared that a high-frequency survey undertaken by the World Bank found that most firms reported a drop in their sales and a large proportion of households in many countries have experienced earning losses, ranging from 85% in Myanmar to 33% in Vietnam.
27. Governments in East Asia have committed approximately 5% of their GDP on average to provide fiscal support to the affected firms and households, most of which was directed towards income and revenue support. This implies that fiscal positions are expected to deteriorate in 2020 for most countries in the region. With government debts in the region expected to increase by an average of 7% of GDP, governments are adopting a wide range of fiscal measures to finance the deficit. Domestic borrowing, for example, is one of the most common methods used by regional governments to finance the deficit. Other measures include external borrowing, use of sovereign assets, and the purchasing of government bonds by the central bank. Overall, the improved economic fundamentals and the positive market perceptions of the region allowed governments to handle this economic crisis better than during the Asian Financial Crisis of 1997.
28. Explaining the potential risks to the recovery, he pointed out that the narrowed fiscal space could lead to reduced investment in public infrastructure and projects, which could in turn undermine the region's growth by 1 percentage point every year over a decade. Wrapping up his presentation, Mr. Islamaj provided an integrated view of policy recommendations for the region going forward, which includes (i) building capacity for smart containment; (ii) initiating fiscal reforms towards more progressive taxation and less wasteful spending on subsidies; (iii) widening social protection to cover both existing and the new poor; (iv) supporting firms to prevent bankruptcies and unemployment; and (v) deepening trade reform in goods and services sectors.

### The Philippines

*Presenter: Mr. Eduardo Anthony G. Mariño III, OIC - Director, Asset Management Service, Bureau of the Treasury*

29. **Mr. Eduardo Anthony G. Mariño III** delivered the second presentation of the session on *Fiscal Trade-offs Imposed by COVID-19*. In particular, he shared the Philippines' fiscal trade-offs from the point of view of the treasury, which mainly concerns fund-raising during the COVID-19 crisis.
  
30. In describing the impact of COVID-19 on the Philippines' fiscal position, he showed how the government debt-to-GDP ratio has surged as a result of the pandemic, seriously undermining the government's fiscal consolidation efforts over the past 10 years. Despite this, he stressed that the government has both moral and economic imperative to respond to the crisis in the most effective manner. However, there remain constraints to increase government spending, such as (i) access to financing, (ii) perceptions of fiscal sustainability, and (iii) legal and regulatory framework. Mr. Mariño further elaborated on each constraint.
  - i Access to financing: Mr. Mariño identified access to financing as a primary constraint, saying that "no good stimulus measure can be implemented without the hard cash in hand." He explained that the government has to currently rely on debts to finance the stimulus programs, as government revenue has significantly decreased during the pandemic. In this respect, he emphasized the importance of partnering with the central bank and shared how the Government of the Philippines immediately engaged with the central bank in a Repurchase Agreement (Repo) transaction, totaling USD 6.25 billion, at the onset of the pandemic in March 2020. This was increased to USD 11.25 billion at the time of renewal in October 2020. However, there is a strict maximum cap to how much the government can borrow from the central bank, which is 20% of average revenues over the last three fiscal years, preventing the government from overly relying on the central bank. Early engagement with the central bank had also led to the stabilization of the domestic interest rate, which had hiked at the beginning of the pandemic.
  
  - ii Perceptions of fiscal sustainability: Compared to 2019, the government revenues are expected to decrease from 16.1% to 13.4% of GDP in 2020, while its disbursements increased from 19.5% to 23% of GDP, translating into an increased fiscal deficit from -3.4% to -9.6%. This exacerbated fiscal deficit may concern the public, so one of the government's task is to convince the public that this deficit represents the government's commitment to mitigate the economic impact of the COVID-19 pandemic by increasing expenditures where needed. Recognizing the need to also demonstrate that the government has the right plan to consolidate the fiscal space in the longer term, the Philippine Government has also put a cap on its borrowings.
  
  - iii Legal and regulatory framework: To illustrate the legal constraints to increasing spending, Mr. Mariño shared Article VI section 25 (4) of the Philippines' 1987 Constitution, which

requires that “a special appropriations bill be supported by funds actually available as certified by the National Treasurer, or be raised by a corresponding revenue proposed therein.” He explained that the first condition of the Article is difficult to meet, as it is challenging to take out funds which have already been allocated to finance specific projects. The second condition is also hard to meet, since it is difficult to predict any new incoming revenues, given the uncertainty of the pandemic. Lastly, he added that the size and the nature of the stimulus packages for the coming years would depend on what the government is able to do under these constraints.

## Country Updates

31. Following the two full presentations, short country updates were presented by Vietnam, Indonesia, and Myanmar.

**Vietnam Updates** delivered by Ms. Nguyen Thi Ngoc Hieu, Vietnam State Treasury, Ministry of Finance

32. **Ms. Nguyen Thi Ngoc Hieu** shared the Vietnam State Treasury (VST)’s policy responses and its measures to address the budget deficit brought by the COVID-19 pandemic. The pandemic has slowed down business and production activities, and according to the government evaluation, it is estimated that Vietnam will experience an increase in budget spending of 3.5%, as well as a 12.5% decrease in revenue collection compared to the original volumes enacted by the National Assembly at the beginning of the year. In order to offset the budget deficit, Vietnam has various measures and mechanisms put in place such as (i) an additional issuance of about USD 1.3 billion worth of government bonds; (ii) maintaining sufficient liquidity by fully applying its Treasury Single Account (TSA) mechanism in cash management and any payment requests; (iii) re-scheduling the tax payments such as value added tax, excise, personal income tax, and corporate income tax; and (iv) applying tax relief to support the citizens and the sectors affected by the pandemic.
  - In terms of the public debt security, Vietnam’s public debt safety indicators are still manageable within the range of 56 to 57% of GDP, which is lower than the 65% (of GDP) safety threshold that has been approved by the National Assembly.
  - With its foremost priority still on the safety and health of society, the Government of Vietnam has also promoted public investment to create momentum and the foundation for the economic recovery in the post-pandemic era. Up to now, the epidemic in Vietnam has been under control, socio-economic activities are carried out in a prudent manner, and it is estimated that Vietnam will record a GDP growth of 2.5 to 3% in 2020.

**Indonesia Updates** *delivered by Mr. Heru Wibowo, Directorate General of Budget, Ministry of Finance*

33. **Mr. Heru Wibowo** shared a country update on how the Government of Indonesia is responding to revenue gaps, cash and debt limits, and demand for more spending. Since the COVID-19 outbreak, the government has provided fiscal stimulus to mitigate the adverse impact of the pandemic and set up a legal framework in a way that its economy can better absorb the damage. For example, he mentioned a state budget adjustment of 'Perppu No.1 (2020) to Law No.2 (2020);' which was aimed at creating fiscal space to finance the extensive funding needs in combating the pandemic. He also added that the government reallocated its budget under the government regulation in lieu of Law No. 1 (2020) towards COVID-19 measures. As a result of the pandemic, government revenues are expected to decrease to USD 39 billion (or by 2% of GDP) in 2020, as compared to the estimation for the initial 2020 budget. Yet, the Government of Indonesia is pursuing expansionary fiscal policy under the National Economic Recovery Program (PEN), disbursing USD 49 billion<sup>31</sup> towards six important pillars, which include (i) health, (ii) social protection, (iii) SMEs, (iv) corporation, (v) business, and (vi) regional government. He wrapped up by adding that although the government debt-to-GDP ratio has increased from 29.4% at the beginning of 2020 to 38.7% by the end of the year, and all major economic indicators, such as the quarterly economic growth rate, consumption, investment, and exports have declined, the Government of Indonesia is confident that its fiscal stimulus has contributed towards a turning point in the future and will strengthen the country's economy.

**Myanmar Updates** *delivered by Ms. San San Oo, Ministry of Planning, Finance and Industry*

34. **Ms. San San Oo** shared Myanmar's country update on its COVID-19 responses. To begin with, she highlighted the fact that the COVID-19 pandemic is still escalating in Myanmar. Since the first confirmed COVID-19 case was reported on March 23, 2020, there have been 110,667 confirmed cases, 2,319 deaths, 89,418 recovered, and 18,930 active cases as of December 15, 2020. To mitigate the economic and social impact of the pandemic, the Government of Myanmar has launched the COVID-19 Economic Relief Plan (CERP) on April 27, 2020, which is composed of ten strategies, carried out by 36 detailed action plans, to achieve seven main goals as below:
- Improve macroeconomic environment through monetary stimulus
  - Ease impact on private sector through investment, trade and banking sector
  - Ease impact on laborers and workers
  - Cash and in-kind transfer programs
  - Promote innovative product
  - Strengthen healthcare system
  - Creating fiscal space for COVID-19 response financing

31 Local currency unit converted to US dollars using the following exchange rate: USD 1 = IDR 14,152 (Dec. 17, 2020, mid-market rate, Bank Indonesia).

35. In explaining the financing sources of the CERP, she identified various sources such as reallocations from the state budget, supplementary budgets, contingency funds, external financing, restructuring of existing loans, and donations from both abroad and from citizens. The COVID-19 pushed the Government of Myanmar to increase expenditure despite the decreased government revenue, which exacerbated the fiscal deficit from 5.7% of GDP at the beginning of 2020 to 6.2% by the end of the year. With a brighter economic outlook for next year, she identified Myanmar's two priorities for the fiscal year 2020-2021 as (i) management of electricity and energy, transport and communication, road, bridges, education, health and social protection expenditures; and (ii) allocation of expenditures for the economic recovery during and beyond the pandemic.

### Results of the PEMNA COVID-19 Survey

*Presenter: Dr. Kyoungsun Heo, Head of the PEMNA Secretariat/Director of Center for Asia-Pacific Fiscal Affairs, Korea Institute of Public Finance*

36. Lastly, **Dr. Kyoungsun Heo** shared the results of the PEMNA COVID-19 survey, which was conducted among the PEMNA member countries prior to the 2020 PEMNA Online Plenary Conference (as of December 16, 2020, seven countries from each CoP completed the survey). Providing the background of this survey, she described this was a 'follow-up survey' of the previous survey conducted in May 2020 for the B-CoP Webinar. While much of the questionnaires had been drawn from the previous survey to track the progress of submitted responses, some additional categories had been newly added such as the government performance assessment, treasury functions in the time of COVID-19, and future plans. Overall, Dr. Heo explained that the survey is composed of five main categories: (i) Economic and Fiscal Impact, (ii) Policy Response, (iii) Government Performance Assessment, (iv) Going Forward (future plans), and (v) Treasury functions in the time of COVID-19, respectively in the order of the survey questionnaire.
- Economic and fiscal impact: Compared to the previous B-CoP Webinar in May, when many members had thought that the situation surrounding the pandemic would improve by the end of the year, the number of COVID-19 confirmed cases have constantly gone up for all member countries. Amid the ongoing crisis, all fourteen PEMNA members experienced a significant decrease in their GDP growth rates, ranging from -3.9% to -14.5% across the members. In terms of the most affected industries, tourism, transportation, and manufacturing industries have been identified as the three most affected industries by the pandemic. As for the fiscal impact, government revenues decreased while expenditures increased for most of the surveyed countries, which led to exacerbated fiscal balances. The growing size of government debt has become concerns for the countries that have been promoting and practicing fiscal sustainability.
  - Fiscal measures: Six out of seven countries answered that they have more than one stimulus package put in place, which also shows the governments' continued efforts to support the

affected industries and households.

- Government performance assessment: This part of the survey put together the governments' perceptions on the effectiveness of fiscal measures implemented. The questions under this category have been divided into three aspects of (i) implementation, (ii) economic recovery, and (iii) supporting vulnerable households and businesses. While most governments, in general, responded that they perceive their performances as 'somewhat effective', the implementation category scored lower than the other two categories. As for the monitoring and evaluation section, five out of seven countries indicated that they have monitoring and evaluation frameworks carried out by their governments. Among the five that answered yes, three countries carry out their monitoring and evaluation at both national and sub-national level while the other two countries only cover the national level.
  - Going forward: Six out of seven countries indicated that they have recovery plans prepared for the coming year(s). While the size and goals of the recovery plans vary across the countries, most countries answered that health, education, and boosting the economy will take integral parts of their recovery plans.
  - Treasury functions: Each country indicated its country-specific challenges when asked about the challenges for treasury. However, one aspect they shared in common was the decreased revenues and increased spending, as well as finding ways to finance the stimulus packages and recovery plans.
37. Following the last presentation of the second joint session, Ms. Thuy gave a short overview of each presentation and opened the floor for questions and answers (Q&A).
- Touching upon the Philippines' presentation on the legal and regulatory constraints to increasing the budget, the first question of the Q&A session was raised by **Mr. Suhas Joshi** from the IMF on what kind of constraints do countries face in dealing with the pandemic. **Mr. Kim Robert de Leon** from the Philippine Department of Budget and Management provided additional information regarding the constraints that the government faces, explaining that the Philippines has legal provisions and the regulatory framework that limits the sources of any supplementary budgets to new revenues or additionally-imposed taxes, neither of which are prudent methods to pursue during the COVID-19 crisis. To address this problem, the Congress has enacted the Bayanihan Laws, with two stimulus measures that authorize the President and the executive branches to implement fiscal measures by re-aligning, re-prioritizing, and re-programming the existing budget to finance more urgent requirements of the pandemic.
  - **Ms. Soon Young Kwon** from Korea MOEF shared the constraints that Korea experienced during the pandemic while Korea faced a similar situation as the Philippines –it does not have any legal constraints on government expenditure. However, due to the steep increase in the government spending during the pandemic, the government is now drafting a

budget balance rule that puts self-constraint upon the fiscal balance ratio and the national debt ratio.

- **Mr. Heru Wibowo** from Indonesia MOF raised a question on ways to minimize the risks to governments' fiscal sustainability during the pandemic. **Mr. Ergys Islamaj** of the World Bank explained that it would be an inadequate policy recommendation to suggest that governments stop spending or carry out fiscal consolidation in the middle of the crisis, but that governments should consider, down the road, how it is going to maintain its fiscal balance. Many regulators of governments have been advised to practice 'forbearance,' meaning not to worry too much about the non-performing loans but to let the resources be spent on the damaged sectors. While this is the right approach, he added, governments should also make sure they are closely monitoring and reporting the situation and their spending in a transparent manner.

## Budget Community of Practice sessions (Day 2):

December 18, 2020 | Videoconference

### Session 1: Monitoring and Reporting on the Uses and Impact of COVID-Spending

*Moderator: Mr. Bernard Myers, PEMNA B-CoP Facilitator/Senior Public Sector Specialist, The World Bank*

#### Introduction

38. The first session of the Day 2 B-CoP session was organized around a presentation from the World Bank followed by country updates from Korea, Malaysia, Myanmar, the Philippines, and Cambodia. **Mr. Bernard Myers** provided a brief recap of the joint sessions from the previous day then introduced the topic for B-CoP Session 1– *Monitoring and Reporting on the Uses and Impact of COVID-Spending*. He explained that the session aims to explore more about the monitoring and reporting of public expenditures that were designed in response to the COVID-19 crisis, and also the role of budget offices in ensuring transparency and clarity in communicating to their citizens on how the government is responding.

#### Country Cases

The World Bank

*Presenter: Mr. Arun Arya, Senior Public Sector Management Specialist, The World Bank*

39. **Mr. Arun Arya** presented Indonesia's experience in enhancing budget transparency and participation with a focus on COVID-19 mitigation. Mr. Arya explained that according to the 2019 Open Budget Survey, while Indonesia is ranked highly at 18<sup>th</sup> place on budget transparency, its score for citizen participation shows that there is room for improvement.

Mr. Arya provided a brief background on the Indonesian Government's efforts, particularly surrounding a new mobile app –the APBN Transparency App.

40. Indonesia was able to make tremendous progress in budget transparency over the last five years after its financial management information system, called SPAN, was installed. This gave the digital data base to the government, enabling them to provide timely information to citizens through its websites. To further enhance transparency and participation, Indonesia has a strong database of government revenues and expenditure. SPAN records every transaction that comes in or goes out of the state treasury, which is a remarkable achievement. The system can provide real-time information of revenues and expenditure, which allows the government to prepare timely financial reports in any form.
41. OM-SPAN, a software that had been developed for the government, is being used by government employees to track expenditures related to their spending units. This is also available on mobile phones, allowing government employees located in different spending units to have access to online real-time information on expenditure related to their spending units and also the allocation of each budget. While this enabled better monitoring and transparency, citizen participation remained low with room for improvement.
42. In order to increase the public participation while also being transparent, the Indonesia MOF developed the APBN Transparency App for mobile phones with close collaboration with the World Bank. Mr. Arya further explained that the technological landscape of Indonesia requires the use of smart phones to reach out to citizens rather than through traditional websites or other mediums. This was mainly because most of the public has access to the internet via their mobile phones rather than on laptops or desktop computers.
43. Mr. Arya went on to explain the mobile application in detail. Through the app, the public can access budget information on any district they are interested in. The user can search either by budget or by contract information. Also, the user can search contracts either nationwide or select a specific province or district. Users can also scan through a line ministry's expenditure, budget, realization, transfers received from the sector, and the income of a particular spending unit. Items such as budget documents, news, infographics, and citizen's feedback can be downloaded as well. Another key feature of the app is that the citizens can monitor the allocated budget and expenditures related to COVID-19.
44. The presenter highlighted that the app is expected not only to enhance transparency, but also raise the public participation. For example, if a citizen looks at one of the contracts and feels that there may be some irregularities in the data, they can immediately give feedback through the app, which the MOF reviews, follows up with the related line ministry, and then responds to the citizen. At any point, citizens can monitor the budget and spending and give feedback for any concerns.

## Country Updates

**Korea Updates** *delivered by Ms. Soon-young Kwon, Ministry of Economy and Finance*

45. **Ms. Soon-young Kwon** informed the participants on how the Korean Government was tracking the implementation of COVID-19 response policies and how the government targets those that are in critical need of the funds.
46. Regarding budget expenditure, the government can normally track the implementation status of all policies through the dBrain<sup>32</sup> system. However, dBrain is used internally by government officials. Citizens, on the other hand, can check the monthly implementation rate through the Open Fiscal Data portal<sup>33</sup> set up by the government. For the overall budget, the MOEF and the Ministry of Interior and Safety hold monthly implementation meetings in order to coordinate quarterly goals, and check whether line ministries and local governments are on track. If not, staff ministries try to figure out what is holding them back from implementation and seek the appropriate solutions. In order to track how COVID-19 policies are spent, numerous implementation meetings are held. These meetings focus on tracking and monitoring the implementation of supplementary budgets, as all of Korea's supplementary budgets were targeted to mitigate COVID-19.
47. For supplementary budgets, the MOEF focused on the speed of implementation because the COVID-19 crisis demanded a swift response from the government. Also, the Government of Korea considered different circumstances of different segments of the society to effectively implement the budget. For example, when disbursing disaster relief money, preparation for distribution to the elderly or people who faced digital technology obstacles were done in advance, because the disaster relief money was distributed through a mobile app or in the form of credit cards. For those groups, off-line procedures to apply for disaster relief money were prepared. This helped disburse funds to almost all citizens very swiftly. For each supplementary budget, the government categorized projects by similar sectors or policy beneficiary groups, and also set different implementation goals for each group or category. This way, the government is able to track how much each group of society was receiving. The Korean Government also discloses monthly updates on the implementation of each supplementary budget and how much is being spent on each group.

**Malaysia Updates** *delivered by Mr. Mohd Zahrain Mohd Nor, Ministry of Finance*

48. The Government of Malaysia introduced a total of USD 75.5 billion worth of stimulus packages to address the impact of the COVID-19 pandemic. These stimulus packages that cover beneficiaries across the people, businesses, and the economy will be delivered throughout the end of 2022. In his country update, **Mr. Mohd Zahrain Mohd Nor** explained

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32 Digital Budget Accounting System (dBrain)

33 Open Fiscal Data portal: <https://www.openfiscaldata.go.kr/portal/maineng.do>

that a unit, called the Economic Stimulus Implementation and Coordination Unit Between National Agencies (LAKSANA) was set up to coordinate and monitor the implementation of the nation's stimulus packages.<sup>34</sup>

49. To ensure effective and timely implementation of the stimulus packages, LAKSANA was set up under the MOF. In addition, LAKSANA is also mandated to assess and improve the government's delivery channels as well as provide transparent and reliable communication of the stimulus packages. In facilitating effective and timely implementation, LAKSANA coordinates monitoring and reporting of COVID-19 spending via the following 3 key approaches:
- i. Act as a control tower to engage implementing agencies (IAs), including line ministries, in a centralized and integrated approach:
    - 53 IAs are onboard to set expectations and agree on the progress update reporting process.
    - Engage IAs on a weekly basis to obtain progress updates and address implementation issues.
    - Facilitate cross-IA coordination in order to address issues in an integrated manner.
  - ii. Provide a Digital Dashboard to facilitate centralized data repository and reporting
    - The Digital Dashboard has been developed as a central point of data repository and reporting which enables the government to drill-down on the beneficiary data at various levels (e.g., state, sector, income levels, etc.). This in turn allows LAKSANA to track the delivery status of COVID-19 initiatives to the target beneficiaries.
  - iii. Survey and join activities to assess the impact of the COVID-19 initiatives
    - Surveys are conducted to assess how COVID-19 initiatives have benefited recipients and to identify areas for delivery enhancement. More than 11,000 Malaysians and 2,000 businesses have been covered in these surveys so far.
    - Based on analysis of survey responses, selected respondents are engaged by LAKSANA to deep dive on key issues. This allows LAKSANA to identify key insights and provide recommendations on COVID-19 initiatives refinement, as well as use the information as input to the Budget 2021 initiatives.

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34 Local currency unit converted to US dollars using the following exchange rate: USD 1 = MYR 4.0375 (Dec. 18, 2020, mid-market rate, Central Bank of Malaysia).

**Myanmar Updates** *delivered by Ms. San San Oo, Ministry of Planning, Finance and Industry*

50. **Ms. San San Oo** provided insight on the Government of Myanmar's COVID-19 responses, monitoring and reporting processes, and future plans. To mitigate the impact of the pandemic, the government launched the CERP in April 2020. According to Ms. San San Oo, the CERP consists of seven goals, 10 strategies, 36 action plans, and 76 actions for recovery through fiscal measures and policy responses. This plan involves (i) monitoring stimulus for improvements in the investment, trade, and banking sectors; (ii) providing benefit extensions; (iii) providing cash and in-kind transfers to vulnerable households; (iv) promoting the use of available mobile payment services; (v) allocating expenditure on medical readiness; and (vi) other financial responses to the COVID-19 pandemic.
51. On monitoring and reporting, Ms. San San Oo mentioned that the CERP monitoring matrix includes indicators to monitor the performance of each responsible entity and the government plans to constantly monitor the performance based on these indicators. The government also formed a CERP monitoring committee headed by the Deputy Minister of MOPFI. Through the meetings of this committee, the MOPFI will gather information from the line ministries on the progress of CERP implementation and provide monitoring reports. Currently, the government can monitor the performance based on the accomplishment of CERP action plans. Also, the MOPFI is committed to publishing COVID-19 related expenditures on the MOPFI website on a quarterly basis. The third quarter report (April to June) for fiscal year 2019-2020 has been published and the fourth quarter report was to be published in December 2020.
52. Going forward, Myanmar is currently drafting the Myanmar Economic Resilience and Reform Program (MERRP). This is a comprehensive and inclusive medium to long-term plan, intended to sustain the economic reforms, highlight the need to continue some of the CERP's action plans, and also promote the notion of environmental sustainability as part of a truly sustainable economic recovery.

**The Philippines Updates** *delivered by Mr. Kim Robert C. De Leon, Assistant Secretary of the Philippine Department of Budget and Management*

53. **Mr. Kim Robert C. De Leon** provided updates on the Philippine Government's COVID-19 spending and efforts in promoting transparency and accountability in COVID-19 spending. He provided a background of the economic situations in the country followed by an illustration of the two stimulus packages, *Bayanihan I* and *Bayanihan II*, as well as explaining the steps moving forward.
54. Assistant Secretary De Leon stated that with the weaker economic outlook, revenue collections for the year were projected to be significantly lower, by around USD 18.5 billion, as compared to the pre-COVID-19 estimates in December 2019. The government embarked on an aggressive spending program, characterized by higher fiscal deficit while consciously

aiming to maintain a sustainable level of debt over the medium-term.

#### 55. Key Points of the *Bayanihan I*

- The first major recovery measure refers to Republic Act No. 11469 or the Bayanihan to Heal as One Act. This gave the President emergency and special budget powers to reprioritize, reprogram, and realign the continuing FY2019 and current 2020 Budgets in order to immediately respond to the pandemic. These emergency powers took effect from March to June of 2020.
- As of December 11, 2020, the total releases under the said law amounted to USD 7.7 billion. The bulk of these funds went to programs that provided assistance to low-income households, displaced formal and informal workers, distressed overseas Filipino workers, and affected farmers and fisherfolks. This includes the USD 4.3 billion subsidy for 18 million low-income households, who were affected by the country's strict Enhanced Community Quarantine, as well as the USD 1 billion wage subsidy for 3.4 million employees in small, medium, and micro enterprises, for two months.
- In terms of transparency, the President is mandated by the law to report on a weekly basis. Every Monday, the President submits a report to the Congress on the status of the emergency powers, including the budget authority to reprogram, reprioritize, and realign the budget.
- The DBM likewise participated in regular press briefings as well as consistently uploaded fund releases on the DBM website, in order to ensure that partners in the private sector, media, and the citizens are fully aware of what have been spent on the COVID-19 pandemic, consistent with the authority under Bayanihan I.
- The President issued a directive mandating all departments of the National Government to post all their procurement data and information to ensure transparency and accountability, with the public knowing which companies or corporations that government projects are awarded to in response to the COVID-19 pandemic.

#### 56. Key Points of the *Bayanihan II*

- Following the expiration of the first Bayanihan law in June 2020, Congress again authorized the President to exercise additional powers through Republic Act No. 11494 or the *Bayanihan to Recover as One Act*.
- The second Bayanihan Law authorizes the allocation of another USD 2.8 billion for the continuing implementation of various COVID-19 response programs. This covers the ramping-up of COVID-19 testing and contact tracing efforts, strengthening the health sector through hiring of additional human resources for health, and augmenting the operations of

government hospitals. Assistance will also be provided to help vulnerable people, including displaced workers from the agriculture, transportation, education, and tourism sectors in order for them to recover from the pandemic. To pump-prime the recovery of micro, small, and medium-scale enterprises (MSMEs), financial aid will be provided in the form of soft loans, lending programs, and interest subsidies.

- Unlike in *Bayanihan I*, the second *Bayanihan* Law mandates the President to report to Congress on a monthly basis. Nevertheless, the government continues to engage the public and the rest of the Civil Society Organizations (CSOs) through regular press briefings, participation in media interviews, and regular updating of the DBM website in order to provide valuable information on government spending related to COVID-19 pandemic.

57. Moving forward, Mr. De Leon highlighted some of the actions that the government was taking which are as follows:

- The timely enactment of two critical measures, the FY2021 Budget and the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act, will propel the Philippine economy towards a strong recovery starting 2021.
- The FY 2021 Budget was crafted as a recovery plan from the current and continuing impacts of the crisis. It prioritizes programs and projects that will contain the spread and mitigate the effects of the virus; restart the economy to be able to create jobs and attract investments; and transition to the post-pandemic environment.
- On the other hand, the CREATE Act, which is the second package of the Comprehensive Tax Reform Program, serves as the largest stimulus package for the private sector. The measure aims to reduce the corporate income tax outright from 30% to 25%, as soon as it is made effective. This will help businesses continue operations and retain jobs while also enhancing the flexibility of the country's tax incentives system in order to aggressively pursue investments and generate employment and livelihood opportunities.
- The DBM also continuously promotes the engagement of the civil society. There have been active engagements through the Open Government Partnership, which provides an opportunity for the government to share its accomplishments and challenges with CSOs. There are also dialogues with CSOs through the various social media platforms, in cooperation with the Philippine Television Network. These are also livestreamed on the Facebook and YouTube accounts of the DBM and of the National Government.

**Cambodia Updates** delivered by Ms. Sayon Sous, Ministry of Economy and Finance

58. Even though the country had seen relatively low COVID-19 cases, like many other countries in the region, Cambodia projected their 2020 GDP growth at -1.9% which is lower than the initial projection of 6.5%. In order to respond to these economic conditions, **Ms. Sayon Sous**

shared that the government had provided a stimulus package of over USD 600 million and further described some of the key features of the package. Some of the key features that Ms. Sous highlighted are as below:

- Cash support to poor households: Direct Transfer to each individual via Wing (a private bank that has agencies all over the country). Cambodia supported households identified under its poverty identification program (ID Poor), as reported in the Cambodia Socio-Economic Survey (CSES) and Cambodia's ID Poor database.
  - Wage subsidy and training: Direct Transfer to each individual via Wing. This program supports business that are legally registered and mainly focuses on the garment sector. However, the government was not able to cover the unregistered informal SMEs.
  - Cash for work: Targeted the unemployed, especially the labor force that lost their jobs due to the pandemic, to redirect the labor force to the agricultural sector (e.g., irrigation canals, rebuilding agricultural infrastructure, etc.).
  - Support SMEs: Provide loans with low interest and co-financing targeting local business via Cambodia's Rural Development Bank. The government conducted consultations and meetings with SMEs so that these SMEs can provide feedback on how the government can intervene and provide assistance.
59. Before ending her country update, Ms. Sous mentioned that the government utilized a mix of available tools to monitor the effectiveness of the COVID-19 response measures from administrative data monitoring such as phone surveys as well as spot field visits for in-depth interviews. Also, the government evaluated focus groups and assessed the effects of the general and food spending of households.

## Session 2: Expenditure Reforms

*Moderator: Mr. Oleksii Balabushko, Senior Public Finance Specialist, The World Bank*

### Introduction

60. The second session of the day focused on expenditure reforms in the context of consolidating spending programs to focus on value-for-money. **Mr. Oleksii Balabushko** went through the agenda for B-CoP session 2, explaining the importance of the topic and highlighting what participants should expect from the session. He mentioned that many countries face fiscal constraints due to the current global crisis but also have to deliver support to citizens and businesses, as well as provide recovery stimulus packages. This session was organized around two presentations from Indonesia and Lao PDR, followed by country updates from Malaysia and Thailand.

## Country Cases

### Indonesia

*Presenter: Mr. Agung Hidayat Purwanto, Head of Subdirector of State Expenditure Budgeting II, Directorate General Budget, Ministry of Finance*

61. **Mr. Agung Hidayat Purwanto** provided an overview of the current state of Indonesia's reforms and the central government's focus for reforms in 2021. He also explained the purpose and benefits of redesigning the budget system. He also pointed out that reforms are needed continuously, not only because of the COVID-19 pandemic, but also because the economy always faces other challenges.
62. According to Mr. Purwanto, Indonesia has been experiencing significant challenges due to the ongoing global pandemic. Although fiscal responses to the pandemic must be fast and decisive, Indonesia has fairly strict fiscal rules which are regulated by law. For example, the budget deficit cannot exceed 3% of the GDP and the outstanding government debt cannot be more than 60% of GDP. Additionally, Indonesia has limitations to reallocating spending in the government budget. Therefore, the measures to mitigate the COVID-19 pandemic not only requires flexibility, adequate monitoring and supervisions, but also accountability in order to successfully deal with these adverse conditions.
63. In response to the COVID-19 pandemic, the Indonesian Government is running a national economic recovery program, in which there are various stimuli, so the government must reallocate and refocus the existing budget but with minimal impact on growth in other sectors. In other words, efficiency and effectiveness must be put forward. After learning that the pandemic would persist, Indonesia realized the need to accelerate and complete the transformation that had been planned long before the pandemic, so that the country could be more responsive and resistant to challenging situations.
64. In 2021, the Government of Indonesia is focusing on four main areas of reform. First is to achieve state expenditure efficiency through sharpening operational costs in line with changes in the work process. Second is information technology optimization to improve the quality of public services in government administration and service delivery. Indonesia has also set priorities for accelerated economic restoration by concentrating spending on improving the quality of the health, education, Information and Communication Technology (ICT), infrastructure, food (agriculture and fisheries), tourism, and social protection sectors. The fourth area that the government is focusing on is redesigning the budgeting system.
65. Mr. Purwanto further explained that the purpose of redesigning the budgeting system was to achieve accuracy and flexibility in planning and budgeting while also strengthening the implementation of performance-based budgeting and improving information on budget documents. He also pointed out some of the benefits of redesigning the budget system: (i)

clearer logical relationships between the activities (output-outcome); (ii) synergies between the directorate general level (echelon I) units in achieving program outputs and outcomes; (iii) no overlaps between activities and more focus on activities that support program output; (iv) better IT integration and organizational structuring; (v) better synchronization of the nation's plans such as the President's Vision and Mission, the development agenda, and the duties and functions of the line ministries; and (vi) formulation of program nomenclature and outcomes of a program.

66. In line with his presentation, Mr. Purwanto described that one of the key steps in redesigning the budgeting system was Program Redesign. The purpose of Program Redesign was to (i) reduce overlapping activities, (ii) increase the convergence of development activities between line ministries, (iii) reduce the cost of bureaucracy because one program can be used by several echelon I units, and (iv) reduce the number of programs, but ensure budget is more focused and reflective of the country's needs. As a result of Indonesia's Program Redesign, the government was able to streamline its programs from 428 to 102 programs. Mr. Purwanto believes that through this Program Redesign, Indonesia was able to enhance efficiency and effectiveness of its spending by consolidating similar programs between different line ministries and encouraging better collaboration between implementing agencies.

#### Lao PDR

*Presenter: Mr. Phoukham Soulat, Deputy of Head Division, State Budget Department, Ministry of Finance*

67. **Mr. Phoukham Soulat** started his presentation by sharing the economic situation and impact of the COVID-19 global pandemic in his country. Because of the COVID-19 pandemic, the GDP growth rate for Lao PDR was expected to be reduced to 3.3 to 3.6%, which is much lower than the country's initial estimation of 6.5%. According to the presenter, due to the COVID-19 pandemic, Lao PDR faced increased difficulties in macro-fiscal management. The government estimated that the total state budget will be impacted and the government would lose revenue, widening its fiscal deficit from 3.7% to 5.8% of GDP. The government has requested the National Assembly to approve the revision of the 2020 Budget plan which aims to reduce the revenue target by 30% and reduce the expenditure by 20 to 30%.
68. Mr. Soulat continued to share the key challenges of fiscal strategies for a sustainable and resilient recovery. Based on the 9<sup>th</sup> National Socio-Economic Development Plan (2021-2025), the goals for the revenue side are to increase the country's revenue budget by at least 2% of GDP in five years and increase at an average rate of 10% to 13% each year. In order to achieve these goals, Lao PDR will set up modern and secured state budget and treasury management systems to integrate with its revenue management system, banking system and budgetary units while also developing various revenue collection systems through the banking system for people to pay taxes, customs, and fees. Also, the government has developed a Road Tax and Land Tax collection system through the mobile banking payment

channel. On the expenditure side, Lao PDR plans to continue to improve the Financial Management Information System (FMIS) according to its PFM reform plan 2021-2025; and effectively manage current expenditure with measures and mechanisms to monitor and inspect the expenditure.

69. Mr. Soulat suggested that the policy options to mitigate the impact of the COVID-19 outbreak should provide immediate economic relief while supporting recovery and fostering resilience in the medium and long-term. In the medium-term, given the limited fiscal space, it is important to reprioritize spending and mobilize additional resources to support well-targeted social assistance to affected households and businesses. While in the longer term, accelerating reforms to promote diversification and improve competitiveness in the private sector, supported by improved connectivity, will be important to strengthen economic and social resilience. He also pointed out that more and better investment in human capital and social protection can also improve households' ability to handle the impact of the unexpected and lingering shocks.
70. The presenter informed the conference participants that the country's budget for COVID-19 in 2020 was based on three decrees from the Government of Lao PDR and that the budget for the government's reserve funds, or contingency funds, totaled to around USD 5.4 million. Additionally, the government had also secured about USD 2.2 million from loans and social contributions. From these funds, the government has disbursed around USD 3.4 million and will continue until March 2021.<sup>35</sup>
71. According to Mr. Soulat, to overcome the pandemic and steer the country's development process in the direction for sustainable growth, the key macroeconomic targets for 2021 are to reach a GDP growth rate of 4% with an increase in the share of GDP for the agriculture, industry, and services sectors. The government also aims to increase the total state revenue to 15.1% of GDP (an increase of 2% of GDP), while decreasing the budget expenditure to 17.3% of GDP (a decrease of 1.5 % of GDP), and maintaining the average budget deficit below 2.17% of GDP.

## Country Updates

**Malaysia Updates** *delivered by Mr. Afizal Kasa, Ministry of Finance*

72. **Mr. Afizal Kasa** reported that in response to the COVID-19 pandemic, the Malaysian Government came up with a 6R Strategy, comprising Resolve, Resilience, Restart, Recovery, and Revitalize. First, it responded by designing short-term priorities and implemented these as an immediate response to this crisis through stimulus packages and recovery plans. For 2020, almost USD 75.5 billion worth of stimulus and recovery packages had been

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<sup>35</sup> Local currency unit converted to US dollars using the following exchange rate: USD 1 = LAK 9,287 (Dec. 18, 2020, mid-market rate, Bank of the Lao P.D.R.).

announced, whereby USD 13.6 billion is in the form of direct cash injections or allocations from the Federal Government. For this fiscal injection, the Malaysian Government set up a Temporary Measures for Government Financing Act which was approved in October 2020. This act allows the government to increase borrowing levels to up to 60% of GDP and to create a COVID-19 fund for economic stimulus packages and economic recovery plans.<sup>36</sup>

73. In June 2020, the MOF came up with a budget re-prioritization plan whereby the current allocation for line ministries which were categorized as non-critical and discretionary items expenditure were channeled to finance part of the direct fiscal injections from the government to combat the COVID-19 pandemic. These non-critical and discretionary items, such as travelling and expenses, training programs, and asset purchases, were temporarily suspended. All of these initiatives made up the first four steps of the government's 6R strategy.
74. Going forward, the Budget 2021 represents the fifth stage of the 6R (Revitalize) response and the 12<sup>th</sup> Malaysia Plan that will be tabled in January 2021 will set the foundation for the sixth stage (Reform). At the operational level, the line ministries will be asked to review the current programs and activities to ensure that the allocations are channeled towards programs which can effectively achieve the targets and outcomes. The Malaysian Government will also strengthen monitoring, especially on the result frameworks of line ministries in order to assess the effectiveness of the programs carried out.

#### Thailand Updates *delivered by Ms. Ganokporn Soisuwan, Budget Bureau*

75. **Ms. Ganokporn Soisuwan** explained that the expenditure reforms in Thailand have been declared in Thailand's Budgetary Procedures Act (November 2018). Ms. Soisuwan highlighted some of the sections of the Budgetary Procedures Act as below:
  - Section 23. *In preparing the budget, regard shall be had to income estimates and the finance status of the country, the need for national development in accordance with national strategies, the national economic and social development plan, the domestic and external economic stability, social justice, policies of the Government and mission of budget receiving units, (the ad hoc national strategy and national reform plans have been designed to combat COVID-19 pandemic this year) with a view to putting forth budget-expenditure efficiency and cost-effectiveness as well as achievement in public administration.*
  - Section 46. *The Director shall put in place mechanism for monitoring and evaluating operations in the implementation of action plans and budget expenditure plans of budget receiving units which receive budget allocation, in the interest of evaluating achievement of, or benefits to be derived from, the expenditure of budget. The mechanism for monitoring and evaluating*

<sup>36</sup> Local currency unit converted to US dollars using the following exchange rate: USD 1 = MYR 4.0375 (Dec. 18, 2020, mid-market rate, Central Bank of Malaysia).

*operations shall consist of the monitoring and evaluation prior to the budget allocation, during the budget expenditure and after the budget expenditure.*

- Section 47. *A budget receiving unit shall put in place mechanism for monitoring and evaluating operations in the implementation of the action plan and budget expenditure plan within the budget receiving unit in accordance with the rules and procedures prescribed by the Director and it shall be deemed that the evaluation is also part of the budget administration process which must be carried out consistently and disclosed to the public.*
- Section 48. *In the case where the evaluation of the achievement of the expenditure of appropriations of any budget receiving unit reveals failure to achieve the determined goals or indicators, the Director shall prepare recommendations as to improvement to be pursued by the budget receiving unit within a prescribed period by law to be in charge of superintending or controlling affairs of the budget receiving unit or the minister having charge and control of the execution of the law, for information.*

## Treasury Community of Practice sessions (Day 2):

December 18, 2020 | Videoconference

### Session 1: Monitoring and Reporting on the Uses and Impact of COVID-Spending

*Moderator: Mr. Fabian Seiderer, PEMNA T-CoP Facilitator / Lead Public Sector Specialist, The World Bank*

#### Introduction

76. With **Mr. Fabian Seiderer** moderating both Treasury CoP (T-CoP) sessions of the 2020 PEMNA Online Plenary Conference, the first T-CoP session of Day 2 addressed the topic of 'Monitoring and Reporting on the Uses and Impact of COVID-Spending', with the emphasis on the reporting side from a chart of account perspective. The session started with the moderator's brief introduction of the T-CoP sessions' structures and the time allotment for each presentation. Before handing the floor to the presenters, the moderator provided a short recap of day 1 and shared five common experiences that member countries shared:

- Unprecedented fiscal responses to an unprecedented crisis with stimulus from 1% to 7% of GDP.
- Major fiscal impact on deficit (up to 11-12% GDP) and on public debt (up to 8-9% GDP).
- Difficulties in balancing short-term responses and medium-term sustainability for a crisis lasting much longer than initially expected and with multiple waves.

- Mounting fiscal risks and contingent liabilities across the public sector and in particular in SOEs (transport, financial, tourism,).
- Challenges in monitoring and reporting on COVID expenditures (emergency and regular), and the fiscal and financial risks present in adapting and responding accordingly.

## Country Cases & Global Trends

### PEMPAL

Presenter: Mr. Mark Silins, Treasury Advisor

77. **Mr. Mark Silins** shared a global perspective on the subject. In his presentation, Mr. Silins first noted that the demand for more complex information has been growing for contemporary governments and that the COVID-19 pandemic is one of many examples in the recent history of information that is expected to be reliable and useful in the decision-making of governments. He identified the challenge for governments as “how to meet the ongoing requirements while still supporting the new demands in a structured way that improves autonomous reliability of reporting.”
78. The presenter also provided examples of COVID-19 reporting from five (Moldova, Croatia, Kosovo, Albania, and Ukraine) of the PEMPAL member countries on how they track COVID-19 using their existing chart of account structure. Among the five countries, four reported specific changes or additions to their existing chart of account structures to enhance the ability to produce reports and track information in the FMIS while Ukraine utilized a feature outside of the chart of account which allows the payment purposes to be registered during the payment order process, rather than changing the chart of account structure.

#### Responding to an Emergency – How some countries track COVID using their existing CoA structure

- **Moldova** - utilizes the SOF segment
- **Croatia** – created specific COVID related activities in the program segment
- **Kosovo** – opened a separate bank account for COVID which operates as a sub-account of the TSA. They also created a specific COVID related project activity to be able to produce reports separately from other expenditures
- **Albania** – added new economic items for specific expenditure categories for social benefit transfers. At least one new special project has also been set up for this including for grants received from DPs which are also recorded in a COVID related revenue classification for grants. Payments are also deposited into a separate account allowing transactions to be separately monitored. In addition COVID related transactions are identified in a free “description field”
- **Ukraine** - utilizes a feature outside of the UCoAs which allows the payment purposes to be registered during the payment order process

Each arrangement above was implemented rapidly to ensure some level of separate reporting on COVID was possible from the country FMIS. This reflects well on each countries ability to use the UCoAs flexibly and responsively

The BIG challenge is to ensure these changes do not reduce the effectiveness of other reporting

Source: Silins, M. (2020). ‘Monitoring and reporting on the uses and impact of COVID spending’ [PowerPoint presentation]. 2020 PEMNA Online Plenary Conference, December 18, 2020

79. When speaking of the challenges in monitoring the COVID-19 and other cross-cutting reporting requirements within existing chart of account structures, he stressed the importance of developing a unified chart of account since officials who develop the chart of account often focus only on their own needs and may not take into account broader government requirements such as statistical reporting. In designing the chart of account, he said the developers need to make sure that the main requirements in modern government such as the source of funds, organization, project, location, program, and function are well-addressed. He added that all governments, in the long-term ultimately will need to create an additional segment capability which allows them to introduce additional cross-cutting reporting requirements such as the COVID-19 and the climate change tracking. In conclusion, he said the modern unified chart of account must support modern demands for complex reporting which requires careful design of each segment to cover the basic operations of government, and the major reporting and monitoring requirements.

### The challenge in monitoring COVID and other cross-cutting reporting requirements within existing CoA structures

- **Officials who develop the CoA or specific segments often focus only on their own view of the PFM framework – their functional requirements** – this may limit the utility of the CoAs for other reporting purposes
- **Development of many country CoAs segments has been for a specific reporting purpose** - as an example, for budget or financial reporting, which may not include broader reporting requirements
- **FMIS and CoAs are also generally inflexible as they reflect classifiers which are used to report the same information in the same way from year-to year** – adjustments for one off or new reporting requirements may not be readily accommodated
- **The big challenge is how to report the new requirements without impinging on existing reporting requirements** – this will be particularly challenging when making changes within existing segments rather than reporting through mapping tables.
- **Mapping tables may offer a “short term” fix** but may also be unreliable if the underlying data is not structured to support the fundamental reports requirements

Source: Silins, M. (2020). 'Monitoring and reporting on the uses and impact of COVID spending' [PowerPoint presentation]. 2020 PEMNA Online Plenary Conference, December 18, 2020

#### Indonesia

*Presenter: Ms. Wiwin Istanti, Director of Accounting and Financial Reporting, Directorate General of Treasury, Ministry of Finance*

80. **Ms. Wiwin Istanti** delivered her presentation on the session's topic in the context of the Indonesian government. In her presentation, Ms. Istanti addressed the government intervention in handling the COVID-19 pandemic and its efforts to improve the quality of public finance management during the pandemic. Indonesia has a national economic recovery program in place to deal with the COVID-19 crisis, composing of three main pillars of (i) planning and budgeting, (ii) budget execution, and (iii) accountability. In terms of planning and budgeting, the government allocated its budget towards six main clusters, which include health, social protection, sectoral and local government, micro, small and medium enterprises, corporate financing, and business incentives. As for the budget

execution, the government pursued quick, precise, and transparent disbursements of funds in accordance with regulations. Supported by the improvement of information systems for monitoring the handling of COVID-19, the accountability pillar promotes adequate disclosure in financial statements.

81. She then shared how Indonesia issued special regulations for the COVID-19 expenditures and used different methods such as a special account to track and report them. In addition to the collection of information on the realization of the COVID-19 spending, the COVID-19 special account is used for planning, allocating, revising budget implementation, and also to track the cycles of budget execution. Lastly, she introduced the guidelines for implementing relevant accounting standards in the preparation of government financial statements. According to the presentation, the financial reporting in Indonesia still adheres to the existing government accounting standards during the COVID-19 pandemic and no additional adjustment was required up to date.

#### Malaysia

*Presenter: Mr. Mohd Sabree bin Yaakub, Deputy Director, Central Operation and Agency Services Division, Accountant General's Department of Malaysia*

82. **Mr. Mohd Sabree bin Yaakub** started his presentation by introducing the structure of Malaysia's consolidated fund accounts. Malaysia's federal constitution states that the financial authority shall maintain three separate accounts in respect of the consolidated fund which are the (i) consolidated revenue account, (ii) consolidated loan account, and (iii) consolidated trust account.
  - Consolidated revenue account: This account consists of charged expenditures and supply expenditures and manages all the government revenues such as the tax revenue, non-tax revenue, non-revenue receipts, and revenue from federal territories.
  - Consolidated loan account: This account tracks the receipts and payments of loans or borrowings and parts of the amount under this account is used to pay the loans, and several trust funds including the COVID-19 trust fund.
  - Consolidated trust account: There are various trust funds such as the COVID-19 trust fund and development trust fund under this account and some trust funds are financed by the two aforementioned accounts.
83. In terms of the action taken by the Government of Malaysia to mitigate the impact of the pandemic, as mentioned above, it has created a new COVID-19 government trust fund to be used for the economic stimulus packages. To finance this fund, he added that the government carried out re-classification of expenditures, transferring parts of the operating expenditures and development expenditures to the COVID-19 trust fund. In particular, the

line ministries' expenditures that are directly related to COVID-19 have been moved to the COVID-19 trust fund in October 2020, in order for the government to better monitor the COVID-19 expenditures in a single account. Lastly, as for the monitoring and reporting, he said that an adjustment had been made to the performance reporting this year by adding a 'COVID-19 expenditure' category, as the pandemic had much impacts throughout the governments' revenues and expenditures.

## Country Updates

*Myanmar Updates delivered by Ms. Khin Soe Oo, Ministry of Planning, Finance and Industry*

84. Following the three full-length presentations, Ms. Khin Soe Oo shared the country update on Myanmar's case. In her presentation, she explained how the government is financing the increased expenditures during the pandemic, as well as how the treasury department is collecting relevant information from the line agencies to prepare a special financial report. She also explained Myanmar's progress in PFM reform and developing the unified chart of account that the government is working closely with the IMF and the World Bank to do.

**Lao PDR Updates** *delivered by Mr. Viengsone Phetsynouan, Ministry of Finance*

85. Subsequently, **Mr. Viengsone Phetsynouan** updated the participants about Lao PDR's request to the national assembly to approve the revision of 2020 budget as a result of reduced revenues. In response, some budgets that do not necessarily need to be executed in 2020 have been postponed to next year. To fund the stimulus measures, the Government of Lao PDR is mainly looking at two sources which are social contributions and the government reserve fund, also known as the contingency fund. He added that Lao PDR is currently in the process of developing a new FMIS system and considers the COVID-19 crisis as a good opportunity to align its chart of account to international standards.

## Session 2: Developing More Resilient and Agile Treasury Systems

*Moderator: Mr. Fabian Seiderer, PEMNA T-CoP Facilitator / Lead Public Sector Specialist, The World Bank*

### Introduction

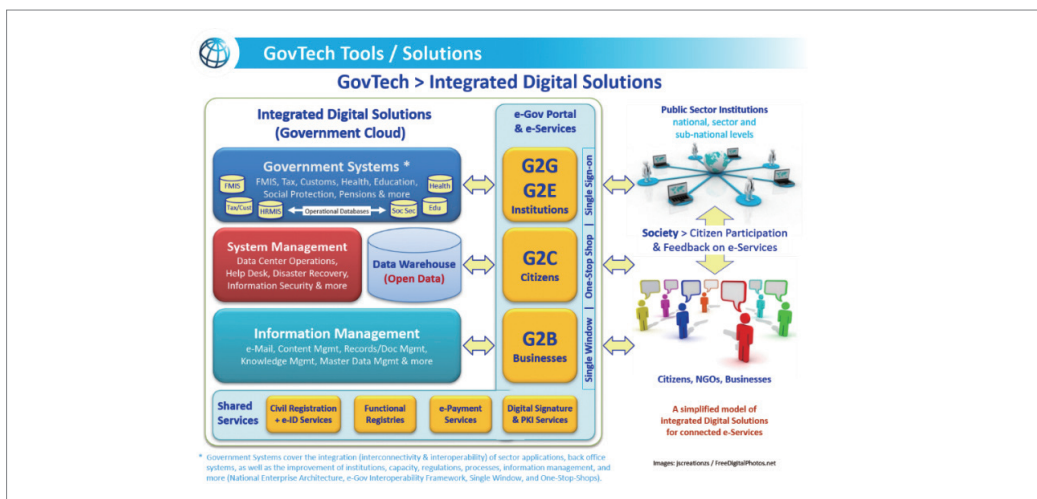
86. The T-CoP participants gathered again after a short break for the second T-CoP session, of which addressed the topic of 'Developing More Resilient and Agile Treasury Systems', and how the cash management, commitment controls, and payment systems evolved to be more agile during the pandemic.

## Country Cases & Global Trends

### The World Bank

Presenter: Mr. Cem Dener, Lead Governance Specialist, Governance Global Practice

87. **Mr. Cem Dener** delivered his presentation on how treasury systems can be more resilient and agile during the pandemic. At the beginning of his presentation, Mr. Dener shared a World Bank Group guidance note that highlights the importance of following some key system-related actions.
88. In short, the guidance note recommends these actions: (i) go virtual to ensure business continuity; (ii) innovate and work around, but always track expenditure; (iii) never lose the audit trail; and (iv) use technology during and after the crisis. Commenting on the last point, he defined GovTech as “a whole-of-government approach to public sector modernization that promotes simple, efficient, and transparent government with the citizen at the center of reforms.”
- Further elaborating on how GovTech is different from previous digital transformation efforts of the public sector, he said that GovTech does not only mean using advanced technology, but also includes other aspects that complement the technology and focuses on producing meaningful results for a specific area within a short-time. Highlighting the significance and importance of integrated digital solutions, he also shared an image (depicted below) of the ideal treasury system that is well-connected to other core government systems and therefore capable of producing integrated digital solutions in a timely manner.



Source: Dener, C. (2020). Developing more resilient and agile treasury systems' [PowerPoint presentation]. 2020 PEMNA Online Plenary Conference, December 18, 2020

89. Concluding his presentation, Mr. Dener shared an example of Macedonia, where its government decided to use some of the funds from existing World Bank projects to support businesses at the onset of the pandemic. With the support from the GovTech's digital solutions, as a result, it took less than two months for the ministry of finance, tax office, central bank, and several government agencies to put together the resources and help the affected businesses.

#### Korea

*Presenter: Mr. Ki-young Lee, Manager, Technical Support Division, Korea Public Finance Information Service*

90. Mr. Dener's presentation was followed by **Mr. Ki-young Lee's** presentation on Korea's Digital Budget & Accounting System (also known as dBrain) operation and how its operators responded during the pandemic. As the situation surrounding the COVID-19 pandemic exacerbated, KPFIS quickly established a distributed work environment and deployed some of its key operating personnel to the distributed work areas, preventing any delay or interruption of national financial tasks due to the pandemic. The dBrain system operates within the national network, which is located at the National Information Resources Service in Daejeon. Through implementation of digital technologies, KPFIS quickly established a remote work environment where the operators are not restricted by their physical locations during the COVID-19 pandemic and ensured the continuity of Korea's digital financial system.

#### The Philippines

*Presenter: Mr. Eduardo Anthony G. Mariño III, OIC - Director, Asset Management Service, Bureau of the Treasury*

91. **Mr. Eduardo Anthony G. Mariño III** delivered his presentation on the Philippines treasury's experience during the COVID-19 pandemic. To begin with, he shared the benefits of having the TSA framework implemented in the financial management system during such a crisis. He first pointed out that from the revenue side, the implementation of the TSA framework has enabled much faster cash flow forecasting and cash management operations, as all the revenue collections received by the banks are transferred to the TSA within a day from the time of transaction. This has also contributed to reduced pressures in short-term borrowing. Another benefit from the disbursements side is that because the funds are ultimately sourced from the TSA, the government can obtain accurate information on aggregate disbursements in a timely manner, which in turn attributes to the Philippines' substantial cash buffer. While such cash buffer entails non-negligible costs, the Philippines considers it as a necessary cost to pay for an emergency like COVID-19. With decreased government revenues, however, the government maximized the fundraising efforts by (i) capitalizing on market opportunities, (ii) looking into unconventional funding sources such as central bank advances, and (iii) leveraging 'fintech' solutions.

92. The Philippines is still in the process of implementing the Integrated Financial Management Information System (IFMIS) and there are still many tasks that are done manually. However, there remain some concerns surrounding 'flexibility' in transitioning to the IFMIS. For example, transitioning to IFMIS entails a very steep learning curve, standardized operations and documentary requirements which could make it difficult to exercise flexibility in existing conditions. As a result, the implementation of IFMIS has been temporarily paused while the government deals with COVID-19 in 2020. Yet, the government is also aware of the needs for fiscal consolidation and maintaining fiscal sustainability, and Mr. Eduardo concluded his presentation by sharing the government's commitment to return to pre-COVID-19 real GDP growth and deficit levels by 2023.

### Vietnam

*Presenter: Ms. Nguyen Thi Ngoc Hieu, Deputy Director of Cash Management Department, Vietnam State Treasury*

93. Lastly, **Ms. Nguyen Thi Ngoc Hieu** gave her presentation on Vietnam's financing experience via the VST's functions in government bond issuance and cash management. She began by stating that the COVID-19 pandemic has had drastic impacts on Vietnam's state budget revenues and expenditures, which pushed the government to launch unprecedented stimulus policies to support the affected businesses and households.
94. In financing these measures, various methods have been used including re-scheduling or deferring taxes and the payments of social contributions. Such increased spending, together with the accelerated public investment expenditures, has translated to a 12.5% decline in state revenue and the National Assembly had to revise the borrowing plan to finance the increased fiscal deficit. The amount of government bonds that have been issued in the early 2020 eventually increased by the end of the year, from USD 13.4 billion to USD 14.7 billion.
95. In terms of cash management, Vietnam has implemented and completed the transition to the TSA and also introduced legal and regulatory systems to ensure transparency. For next year, the VST plans to carry out the government bond repo transaction in order to diversify the investments of idle cash and to improve the effectiveness of cash management while adapting digital technologies. She concluded her presentation by sharing Vietnam's future plan that in short-term, the VST plans to revise the cash management plan to be more responsive to crises by strengthening the coordination between cash management and monetary policy operations, and pursue active and market-based cash management by developing modern cash management operations that integrate state-sector cash management and state budget management in the long-term.

### Joint CoP Wrap-up session (Day 2): December 18, 2020 | Videoconference

96. After the Budget and Treasury communities each concluded their individual CoP sessions, participants from both CoPs gathered for the Joint CoP Wrap-up Session. While moderating the session, **Dr. Kyoungsun Heo** delivered a presentation on the PEMNA activities planned for the coming years. She provided a brief overview of the new activities, namely the PEMNA Research Activities and PEMNA Advisory Services Program, which would be added while continuing the traditional peer-learning activities. Also, during this wrap-up session, volunteers from both CoPs delivered their key take-aways from the meeting and pointed out future priorities.
97. **Ms. Yolanda Reyes** (Philippines, B-CoP) commented that the respective governments were taking all the necessary measures to address the effects of the COVID-19 pandemic. She commended PEMNA member country participants for sharing many experiences such as their adopted measures to lessen the impact of the pandemic, and believes that continuing dialogues such as this provides an avenue for sharing and learning from every member country – the very essence of PEMNA.
98. **Ms. Pongpim Chaisiri** (Thailand, B-CoP) learned that all member countries are doing what they can to respond to the COVID-19 pandemic. Some countries increased total government budget to deal with the pandemic while others tried to decrease or maintain the same government budget level by reallocating their budgets. In her view, this shows that each country should utilize fiscal policies that suit them the most. Ms. Chaisiri also complimented Indonesia's SPAN and APBN Transparency App which seemed like a strong government data base that could be used to track government revenue and expenditure while also providing real-time data to the citizens to enhance transparency and citizen participation. She mentioned that this could be something that Thailand could also consider adopting in the future. On future priorities, Ms. Chaisiri suggested that after recovering from the pandemic, PEMNA countries should share what they had done, what measures they used, and how they recovered their spending on COVID-19.
99. **Mr. Min Tanh Nguyen** (Vietnam, B-CoP) learned that each country had their own COVID-19 measures and approaches that were suitable in the context of that country. More importantly, besides the solutions, countries had monitoring and evaluation systems in place to find out whether the policies are efficient and effective, as well as review the results of these policies. Going forward, PEMNA should evaluate the efforts of the different member countries during the pandemic. Mr Nguyen also expressed his wish that these discussions could continue in an offline setting in the near future.
100. **Ms. Pathoumthip Khounthalyvong** (Lao PDR, T-CoP) thanked all speakers for preparing and sharing their experiences. She reported that most countries had been affected, especially

on the expenditure and revenue side. Through the T-CoP sessions, she learned about many measures, especially tax relief measures. Another thing that was interesting was the way that some countries presented their strengths and weaknesses of each measure. In her view, these were very helpful because the way that each country responded depends on its own situation, and Lao PDR will adopt measures that may seem to be effective for it.

101. **Mr. Eduardo Anthony G. Mariño III** (Philippines, T-CoP) thanked PEMNA for organizing this conference. For the T-CoP topics, the pandemic demanded a lot of things from the treasury side, specifically in maximizing its fund-raising capabilities. Presenters from the Philippines and Vietnam demonstrated the importance of making sure that the borrowing frameworks and systems are up and running, so any improvements for making fund raising easier can be implemented. On the importance of the TSA, collecting revenue as soon as possible is crucial in generating the resources to fund the necessary stimulus programs of any government. In particular, Korea's dBrain demonstrates why all governments should adapt to the IT revolution.
102. **Ms. Dang Thi Thuy** (Acting T-CoP Chair/Vietnam, T-CoP) expressed her opinion that the conference was a special opportunity to sit down and share experiences, and thanked the PEMNA Secretariat and the T-CoP members for organizing and participating in the event. After listening to the country experiences during the two-day conference, she learned that even though each country may adopt different methods and have different programs, they all seem to aim for the same goals and objectives. The pandemic is expected to linger so the governments need to be ready to adapt to the new circumstances and through the sharing of knowledge, such as at these events, countries can gradually learn how to improve their current practice. Vietnam has recently developed its national strategy for the next ten years, and the conference was a good opportunity to listen to ideas so that Vietnam could go back and review the strategy and think about how to adapt to situations like the COVID-19 pandemic. On the bright side, the pandemic motivates governments to accelerate government digitization. In one year, the VST has accelerated its digitization process and so far, has nearly 100 spending units at different budget levels connected electronically with the State Treasury system to carry out online transactions.
103. **Mr. Kunta Wibawa Dasa Nugraha** (PEMNA B-CoP Chair/Indonesia, B-CoP) commented that the year 2020 was not an ordinary year, and all countries had faced many challenges due to the pandemic. All countries have strong commitments to handling the COVID-19 pandemic while also accelerating the economic recovery. The extraordinary measures taken to handle the pandemic have resulted in minimizing the impact of the pandemic. This additional expenditure had been mostly financed by increasing the budget deficits, as well as refocusing and reallocating expenditure. At the same time, governments need to monitor and evaluate what has been carried out, to ensure the effectiveness of the policies while responding to the pandemic. Mr. Kunta expected that 2021 will be a transitional year in handling the COVID-19 pandemic and economic recovery. For Indonesia, the 2021 Budget has a strategic role as the key instrument to facilitate the handling of COVID-19 as well as

accelerating economic recovery. Participants of the plenary conference should have all gotten fresh ideas on battling the COVID-19 pandemic and accelerating economic recovery. He then expressed his views that the online conference was a good opportunity to share and to learn what other countries were doing.

104. **Mr. Bernard Myers** thanked the B-CoP and T-CoP sides for the excellent participation as well as time devoted to producing high-quality presentations and engaging in the discussions over the two days. **Mr. Fabian Seiderer**, thanked the T-CoP side participants and speakers. He then shared that although it is unfortunate that participants could not meet face-to-face, the online-based plenary conference had some benefits, such as the enabling of a very lively knowledge exchange through the chat box and Q&A throughout the sessions.

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