

2023 Annual Report

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2023 Financial Management Umbrella Program

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Financial Management Umbrella Program

**PROMOTING SUSTAINABLE, TRANSPARENT,
AND ACCOUNTABLE FINANCING**

2023 Annual Report

Acknowledgments

The Financial Management Umbrella Program (FMUP) in the Governance Global Practice at the World Bank, led by Program Manager Richard Sutherland and under the leadership of Practice Manager Adenike Oyeyiola, prepared this annual report. Core team members include Ganzul Erdenebal, Piet Hein Van Heesewijk, Bobby Mathew, and Richard Tobin. Katherine Hutt Scott, a communications consultant, drafted the report, and Keith Decie, a communications consultant, provided editorial support. Sensical Design provided the design.

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Acronyms and Abbreviations

ADB	Asian Development Bank
ATQA	Accounting Technician Qualification for Africa
DFAT	Department of Foreign Affairs and Trade (Australia)
DT4PAG	Disruptive Technology for Public Asset Governance
FASE	Foundational Accounting and Financial Management Skills Enhancement
FBiH	Federation of Bosnia and Herzegovina
FMUP	Financial Management Umbrella Program
FY	Fiscal year
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH
IDA	International Development Association
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
JICA	Japan International Cooperation Agency
Lao PDR	The Lao People's Democratic Republic
M&E	Monitoring and evaluation
MDTF	Multi-donor trust fund
MENA	Middle East and North Africa
PFM	Public financial management
SDC	Swiss Development Corporation
SECO	Switzerland's State Secretariat for Economic Affairs
SIDA	Swedish International Development Cooperation Agency
SOE	State-owned enterprise
USAID	United States Agency for International Development

Foreword

Arturo Herrera Gutierrez, Global Director, Governance Global Practice, World Bank

Financial management is central to the achievement of the Sustainable Development Goals and the World Bank Group's twin goals of ending extreme poverty and boosting shared prosperity. For one, governments must allocate and use financial resources effectively to perform their core functions and deliver public services that citizens expect. This is critical to every country's development. However, realizing desirable budget outcomes requires not only well-functioning public financial management (PFM) systems, but also effective policies, programs, and institutional arrangements that are targeted at addressing the needs of citizens and promoting sustainable economic growth over the long term. Therefore, it is important to take a holistic approach to PFM and aim not only to improve PFM indicators but also to eliminate bottlenecks to economic management and service delivery by promoting effective policy implementation, efficient use of resources, and targeted investments toward priority areas. Established in June 2021, the Financial Management Umbrella Program (FMUP) has been developed to achieve these goals with the highest standards of excellence.

I want to thank Australia's Department of Foreign Affairs and Trade, Austria's Federal Ministry of Finance, and the Swedish International Development Cooperation Agency for their pioneering support in making the program a reality. The FMUP has attracted two new partners, the Bill and Melinda Gates Foundation and Switzerland's State Secretariat for Economic Affairs, which will bring additional expertise and resources to advance our objectives of promoting sustainable, transparent, and accountable financing.

Over the past 12 months, colleagues have been making significant efforts to operationalize, streamline, and implement the FMUP. It is my great pleasure to now present this second annual report, which illustrates that the program has made important strides toward

improving PFM and has become a significant player in this sphere, both inside and outside the World Bank.

One notable development is that the FMUP's recent call for proposals received more submissions than anticipated, indicating significant demand for financial management reforms at various levels. This level of interest suggests that there is a significant need for programs that promote innovation, generate knowledge, and deliver demand-driven reforms to improve the management of financial resources and address the challenges faced by various countries and regions. As a result of this call, the FMUP is expanding its presence in all regions, to achieve the shared goals and objectives together with our development partners.

Over the next year, teams will engage closely with governments to both deepen and widen the FMUP's impact through the selected proposals. We also plan to deepen and solidify the results of ongoing projects to ensure that the technical assistance provided and the knowledge produced will inform institutional changes and trigger fiscal decisions that can support the Sustainable Development Goals.

Our projects are making a significant impact on enhancing financial management practices and promoting growth and development in countries around the world. The unwavering interest, dedication, and contributions from our partners have been instrumental in advancing our cause, and we are enthusiastic about new potential opportunities through our continued collaboration. I call on others to join our efforts to expand the FMUP's reach and impact. Together, we can help client countries promote sustainable, transparent, and accountable financing.







Executive Summary

Development Objective

The overarching **development objective** of the Financial Management Umbrella Program (FMUP) is to support World Bank client countries to undertake sustainable, transparent, and accountable allocations of public financial resources and to use these resources to achieve positive development outcomes by the public and private sectors. This objective is based on the recognition that financial management is an enabler and driver of development results for both the public and the private sectors.

To do this efficiently, the FMUP consolidates multiple global and country-level programs and helps align donor funds with its strategic priorities. The program has **three thematic modules** (Managing Public Finances, Financial Reporting and Auditing, and Public-Private Sector Interface) and **five cross-cutting themes** (Climate Change, Digitalization, Gender, Innovative Approaches to Reform, and Sectoral Service Delivery). The program comprises an anchor multi-donor trust fund and two associated trust funds.

In this annual report, the FMUP describes its activities during its second year of operation, **fiscal year (FY) 2023 (May 2022–April 2023)**. Given the program's early stage of implementation, most information is about the activities and outputs that were delivered.

During FY2023, the FMUP focused intensively on expanding its footprint and strengthening its operational capacity. It ramped up its fundraising efforts and welcomed **two new development partners**: the Bill and Melinda Gates Foundation and Switzerland's State Secretariat for Economic Affairs (SECO). The priority for outreach efforts was to expand support from existing donors and to fund both country-specific and global activities to ensure that the FMUP is successful and sustainable over its projected seven-year lifetime. **Total pledged funding** increased to \$39.4 million as of April 30, 2023, more than double the previous year's budget.

Highlights of activities

The FMUP supported six ongoing projects in different regions and countries and thematic areas. Three projects that were underway during the reporting period—in Africa and in the Middle East and North Africa (MENA) region, Bosnia and Herzegovina, and the Lao People's Democratic Republic (Lao PDR)—produced mostly satisfactory results. The three remaining projects, all country-level and all launched during the reporting period, thanks to preferenced contributions from the Gates Foundation and SECO, were too new to show results. The new projects are public financial management (PFM) in MENA, piloting the GovEnable approach, and Vietnam Disruptive Technology for Public Asset Governance.

New activities

- **Under Module 1**, the FMUP supported a collaborative global effort to reimagine the public finance agenda and its empirical linkages with development outcomes. Additionally, the program initiated the operationalization of the GovEnable approach, which aims to enhance PFM for service delivery. The program also mobilized a team of experts to develop practical guidance on how to feasibly advance gender-responsive budgeting reforms in countries through World Bank-financed operations.
- **Under Module 2**, the FMUP focused on mobilizing task teams to generate new knowledge to strengthen the quality and use of government accounting and financial reporting. On a country level, in Lao PDR, the program supported the implementation of enhanced International Financial Reporting Standards and provided capacity-building support for regulators.
- **Under Module 3**, the FMUP mobilized resources to support the expansion of corporate financial reporting engagements beyond the East and Central Asia

region where it had been successfully initiated. To this end, a new capacity-building project was under design to advance sustainability and integrated reporting globally.


- **Under the climate change cross-cutting theme,** the FMUP collaborated with the World Bank's Climate Support Facility to help conceptualize and unpack political economy factors that influence climate change finance and governance reforms.

First competitive call for proposals

The FMUP launched a World Bank-wide competitive call for proposals in February 2023 that was oversubscribed. World Bank country task teams submitted more than 60 applications, of which 33 were shortlisted, each with the potential to expand the FMUP's coverage and impact. The short-listed teams sent full proposals in April 2023 and, at the time this report was prepared, a subcommittee was evaluating them for a final selection to be announced during the next Partnership Council meeting. The FMUP tentatively allocated \$8 million for the final proposals.

Program solidification

A top priority was to strengthen the FMUP's program management and administration functions to mobilize and govern the additional contributions received. In addition to raising new contributions, onboarding the two new partners, launching the three new projects, and the call for proposals, the program accomplished the following:



A top priority was to strengthen the FMUP's program management and administration functions to mobilize and govern the additional contributions received.

- Undertook a comprehensive update of its results framework and established new monitoring and evaluation (M&E) protocols. Starting in FY2024, these tools will guide the M&E of all grant-funded projects. Subsequent annual reports will reflect the guidance in these documents and discuss the program's cumulative accomplishments.
- Revamped and updated all core program documents, including the partnership document, operations manual, communications and visibility plan, and templates for the annual report, work plan, and budget.
- Developed a new program logo, slogan, and other branding materials.
- Developed new internal and external program websites that will enable more effective sharing of knowledge and communication of strategic priorities and results.

Snapshot of the Financial Management Umbrella Program's Second Year of Operation

May 1, 2022, through April 30, 2023



Received US\$23.7 million in contributions from two new Partners: the Bill and Melinda Gates Foundation and Switzerland's State Secretariat for Economic Affairs



Developed new program websites to enable more effective sharing of knowledge and communication of strategic priorities and results



Approved three new strategic grants, worth more than \$6 million, supporting 11 countries in three World Bank regions with technical assistance, analytics/knowledge, and capacity-building



Established a robust program architecture that will enable us to manage and deliver results effectively over the next seven years. Our structure includes a competent management team, advisory committees, Partnership Council, grant review processes, and results framework, all of which guarantee efficiency and effectiveness in achieving our goals.



Received 64 expressions of interest requesting activity-level grants valued at almost \$21 million. Of these, 33 were short-listed, each with the potential to expand the program's coverage and impact.



1

Promoting Sustainable, Transparent, and Accountable Financing

1.1 Setting the Scene: The Evolving Context of Financial Management

The intertwined crises of the past three years—the COVID-19 pandemic, Russia’s invasion of Ukraine, and natural disasters fueled by climate change—have had a significant impact on public finances. These crises have eroded fiscal space, making it challenging for many governments to operate efficiently and to prioritize the delivery of essential public goods and services while protecting the most vulnerable. Governments have been obliged to increase spending on health care, social services, and economic support programs to mitigate the negative effects of these crises, often leading to budget deficits and increased public debt. At the same time, reduced economic activity and employment have significantly affected revenue streams, which has further strained public finances.

Worse yet, the World Bank’s January 2023 [Global Economic Prospects](#) report highlights that tighter financing conditions, weaker growth, and elevated debt levels are creating significant fiscal challenges for developing countries. Global growth will slow to its third-weakest pace in nearly three decades. At the same time, very high inflation has triggered unexpectedly rapid and synchronous monetary policy tightening around the world, resulting in worsening global financial conditions. With debt burdens now at historically high levels and financing costs rising with global interest rates, developing countries have limited capacity to borrow to fund essential public investments such as infrastructure, education, and health systems. Overall, the impact of these intertwined crises on public finances has been substantial, requiring careful management and planning to mitigate negative effects and ensure sustainable economic growth over the long term.

Against this backdrop, governments face a difficult balancing act between providing essential public goods and services and managing limited financial resources. The resulting financial constraints have forced many

governments to reassess their budget priorities, cut avoidable spending, and implement more efficient budget management practices. However, in multiple cases, these measures have been insufficient to address the scale of the crises and ensure sustainable economic growth over the long term. Addressing these challenges will require innovative solutions and demand-driven approaches to fiscal policymaking, public financial management (PFM), and governance.

1.2 World Bank at its Best: Enhancing Financial Management Through Institutional Change

The World Bank’s Governance Global Practice helps governments in developing countries build capable, efficient, inclusive, resilient, and accountable institutions that can support economic growth, reduce poverty, and deliver needed services to earn the confidence of citizens. A crucial aspect of this support is the promotion of robust and responsive financial management, which is based on the recognition that sound PFM is essential for effective governance, sustainable economic development, and the delivery of high-quality public services. In practical terms, good PFM serves as the critical link between available resources, delivery of services, and the attainment of government policy objectives. It ensures that revenue is collected efficiently and used appropriately and sustainably.¹

To this end, the World Bank, in collaboration with development partners, provides technical assistance, financial support, and knowledge-sharing to help countries build capacity and improve their financial management systems. The World Bank’s approach to PFM includes working with countries to develop and implement reforms in areas such as budget planning and execution, public investment management, accounting and financial reporting, and public sector auditing. The World Bank’s PFM work is also grounded in a commitment to transparency and accountability. The World Bank advocates for open and transparent budget processes, promotes the use of technology to

increase accountability and efficiency, and supports the development of local monitoring and oversight mechanisms to ensure that public funds are used for their intended purposes.

Importantly, the World Bank also takes a broader perspective on financial management. It is crucial to acknowledge that the achievement of better scores on PFM indicators does not automatically lead to fundamental improvements in outcomes, such as better electricity service for citizens. Therefore, in addition to the focus on strengthening core PFM systems, processes, and capacity, the World Bank identifies how reform processes can be built to address the financial management-related causes of bottlenecks to service delivery. By confronting the root causes of inefficiency, being adaptive, and exploiting new technologies, the World Bank's emergent approach to PFM moves beyond the normative aspects of financial management to focus on bottlenecks to economic management and service delivery.² Such an approach ensures that PFM is more responsive to countries' development needs, especially to help overcome obstacles and crises—such as COVID-19—and to incorporate the issues of gender and climate change.

1.3 Financial Management Umbrella Program: Optimizing Partnerships Through Strategic Fundraising

The World Bank recently reformed its trust fund portfolio to improve efficiency and oversight. The goal was to consolidate trust funds into larger umbrella programs for better solutions.³ In line with this initiative, the Governance Global Practice created a central instrument in June 2021 for all donor-funded activities related to PFM: the Financial Management Umbrella Program (FMUP). The FMUP's overarching development objective is to support World Bank client countries to undertake sustainable, transparent, and accountable allocations of public financial resources and to use these resources to achieve positive

Financial management is more than a core function of government. It is an enabler and driver of development results for both the public and the private sectors.

development outcomes by the public and private sectors. To do this efficiently, the FMUP consolidates multiple global and country-level projects and helps align donor funds with its strategic priorities. This development objective is based on the recognition that financial management is more than a core function of government. It is an enabler and driver of development results for both the public and the private sectors.

As of April 30, 2023, the FMUP's combined budget was close to \$40 million.⁴ Early results showed that the program was helping to create global and local knowledge to guide client governments and stakeholders in their PFM policy and investment decision-making.

Given the establishment date, the program reported its annual progress to donors on a nonstandard schedule for fiscal year (FY) 2022 (July 2021–April 2022) and, in this document, again is reporting on a nonstandard schedule for FY2023 (May 2022–April 2023). Going forward, the program plans to move to reporting on a calendar year basis.

1.4 Key Features of the Financial Management Umbrella Program

The FMUP has three thematic modules that are aligned with the Governance Global Practice's strategic areas and its Global Solutions Groups (box 1). This design has proven effective in organizing and channeling operational and technical support to World Bank teams

Box 1. Modules and Cross-Cutting Themes of the Financial Management Umbrella Program

- **Module 1 – Managing Public Finances:** Helping countries improve the strategic allocation and value for money of public resources deployed to achieve policy objectives that benefit citizens of target countries through strengthened institutional capacity and strengthened public investment and asset management
- **Module 2 – Financial Reporting and Auditing:** Helping countries achieve transparent and accountable use of public resources through improved public sector auditing, accounting, and reporting standards and practices that align with international standards
- **Module 3 – Public-Private Sector Interface:** Providing policy advice and technical assistance to help companies (especially SOEs and small and medium enterprises) improve their governance and financial transparency, with an emphasis on strengthening corporate governance and corporate financial reporting to ensure sustainable business growth
- **Five cross-cutting themes:** Climate Change, Digitalization, Gender, Innovative Approaches to Reform, and Sectoral Service Delivery

and client countries. The three modules, each of which has two technical components, bundle the activities of technical teams to spur innovation and to improve technical and policy advice along sectoral lines and issue areas, while leaving enough flexibility to respond to emerging challenges and new issue areas. The FMUP also has five cross-cutting themes.

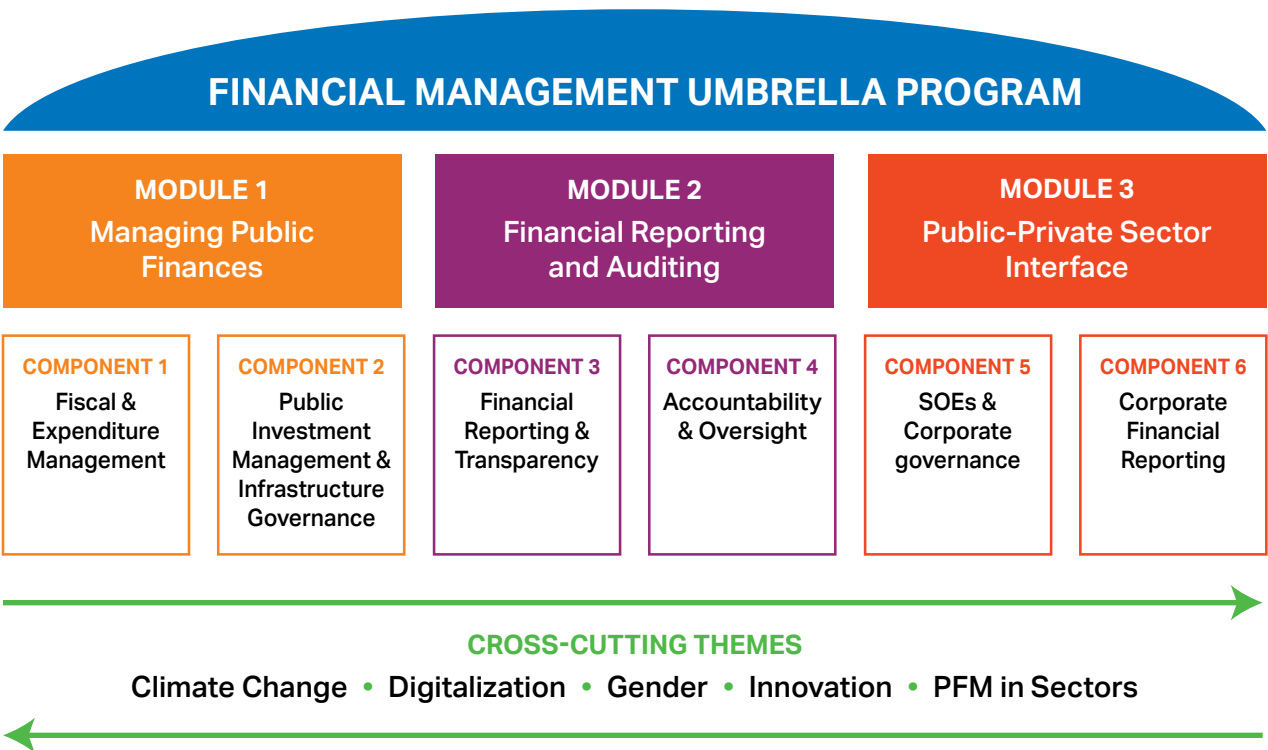
1.5 Structure and Scope

The FMUP comprises an anchor multi-donor trust fund (MDTF) and two associated trust funds. The anchor MDTF is the default vehicle for channeling contributions from development partners to PFM activities. On an exceptional basis, donors may channel funds through associated trust funds. The anchor MDTF and its associated trust funds share common governance and reporting arrangements (box 2).

The FMUP strengthens countries' PFM systems in four key ways:

1. Integrates its work with existing World Bank programs and resources, bringing in policy advice and know-how to help catalyze, design, and implement PFM reforms
2. Supports and tests innovative approaches and strategic initiatives in financial management, and provides resources to explore and scale up new approaches in response to evolving needs
3. Pushes frontiers of global knowledge and ensures a mutually reinforcing relationship between global and country-level knowledge in financial management, generating shared knowledge and learning
4. Improves coordination and collaboration between financial management initiatives at country and global levels and between countries and development partners

Figure 1. Financial Management Umbrella Program Structure



Development Objective: To support World Bank client countries to undertake sustainable, transparent, and accountable allocations of public financial resources and to use these resources to achieve positive development outcomes by the public and private sectors.

Box 2. Financial Management Umbrella Program Principles

- A single governance structure, a Partnership Council, that provides strategic guidance and direction on the implementation of all trust fund activities under the program
- Options for development partners to express preferences for a specific theme or geographic area
- A results framework, developed in consultation with development partners, to help monitor and assess how individual activities are contributing to the FMUP's overall development objectives
- A communication and visibility plan that addresses stakeholder analysis, branding, and recognition
- Unified reporting at the program level, with a strong focus on results

The FMUP supports global, regional, and country-level projects. This reflects the integrated nature of financial management activities, whereby different elements often can be entwined. Program activities are undertaken as World Bank-executed or as recipient-executed:

- **World Bank-executed activities** are development activities carried out by the World Bank as part of its regular work program. They include, *inter alia*, technical assistance, advisory services, diagnostics, research, and knowledge products. Project identification and appraisal, project implementation support, and trust fund management and administration are also World Bank-executed activities.
- **Recipient-executed activities** are projects or programs implemented by beneficiary governments or other third-party recipients, such as civil society organizations and universities. They receive and implement trust funded grants under the supervision and following the procedures of the World Bank. The World Bank appraises and provides implementation support for recipient-executed activities.

1.6 Partners

The FMUP is supported by five partners: Austria's Federal Ministry of Finance, Australia's Department of Foreign Affairs and Trade (DFAT), the Bill and Melinda Gates Foundation, the Swedish International Development Cooperation Agency (SIDA), and Switzerland's State Secretariat for Economic Affairs (SECO). The World Bank's Governance Global Practice implements the program.

Initial contributions from DFAT and SIDA were preferred to support PFM in the Lao People's Democratic Republic (Lao PDR) and reforms of state-owned enterprises (SOEs) in Bosnia and Herzegovina, respectively. Austria is supporting the Foundational Accounting

and Financial Management Skills Enhancement (FASE) regional program. FASE is supporting the design and implementation of accounting technician programs aimed at developing more qualified accounting technicians in Africa.

During the reporting period, the newly joined Gates Foundation provided contributions that enabled the program to deepen its engagements on PFM in sectors, particularly in the Africa region. The newly joined SECO provided both preferred and non-preferred contributions that will enable the program to almost triple its coverage in terms of countries supported, as discussed in the next section.

1.7 Report Structure

This annual report and its accompanying annexes present the implementation progress of the FMUP during its second year of operation, from May 1, 2022, through April 30, 2023. The report is structured around eight sections. Chapter 2 provides a high-level summary of the FMUP's implementation progress during FY2023, focusing on its growth over the past 12 months. Chapter 3 highlights the key activities delivered and the outcomes achieved by modules, while chapter 4 showcases the key results achieved by cross-cutting themes. Chapter 5 features impact stories about selected projects. Given the FMUP's early stage of implementation, most information in chapters 2–5 is about the activities and outputs that were delivered during the reporting period. As the FMUP matures, the report will provide information on key outcomes and results (aggregated at the module level), along with updated narrative on how each module contributes to the achievement of the overall development objective. Chapter 6 presents the results and monitoring framework, and chapter 7 discusses the activities related to program management and administration that occurred during the reporting period. Chapter 8 has concluding remarks.



2

Fiscal Year 2023 Implementation Progress: A Year of Operational Expansion and Program Solidification

2.1 New Partnerships

During FY2023, the FMUP focused intensively on expanding its footprint and strengthening its operational capacity. The program ramped up its fundraising efforts and welcomed two newly joined partners: the Gates

Foundation and SECO. Total pledged funding for the program increased to \$39.4 million in FY2023, more than double the previous year's budget of \$15.39 million. The anchor MDTF had a budget of \$33.2 million, while the FASE-associated trust fund had \$3.2 million and the new SECO-associated trust fund had \$3 million (table 1

Table 1. Pledged Contributions, as of April 2023

FMUP Instrument	Partner	Area(s) of Support	Signed Contribution ¹
Anchor multi-donor trust fund (TF073691)	Bill & Melinda Gates Foundation	Public financial management, with an emphasis on improved sector delivery outcomes (Module 1)	1,600,000
	Australia's Department of Foreign Affairs and Trade	Public expenditure and revenue management, with a geographic focus on Lao PDR (Module 1)	6,620,000
	Swedish International Development Cooperation Agency	State-owned enterprises and corporate financial reporting, with a geographic focus on Bosnia and Herzegovina (Module 3)	4,238,000
	Switzerland's State Secretariat for Economic Affairs	Financial management reforms (all modules)	4,438,000
		Public sector accounting and corporate financial reporting (Modules 2 and 3)	6,657,000
		Public expenditure and revenue management, with a geographic focus on countries in the Middle East and North Africa region (Module 1)	7,378,000
		State-owned enterprises and climate-responsive public financial management (mainly Modules 1 and 3)	2,219,000
Anchor Total			33,150,000
FASE multi-donor associated trust fund (TF073247)	Austria	Foundational Accounting and Financial Management Skills Enhancement, with a geographic focus on Africa (Module 3)	3,233,000
SECO single-donor associated trust fund (TF073866)	Switzerland's State Secretariat for Economic Affairs	Public asset governance, with a geographic focus on Vietnam (Module 2)	3,000,000
Associated Total			6,233,000
FMUP Grand Total			39,383,000

¹ US\$ equivalent at signing

Table 2. Opportunities under Discussion, as of April 2023

Partner	Area(s) of Support	Indicative Contribution Amount
Switzerland's State Secretariat for Economic Affairs	Public financial management, with a geographic focus on Azerbaijan (Module 1)	CHF 4 million
	Public financial management, with a geographic focus on Vietnam (Module 1)	CHF 5 million
	Public financial management, with a geographic focus on Tajikistan (Module 1)	CHF 2 million
	Public financial management, with a geographic focus on Colombia (Module 1)	CHF 3 million
United States Agency for International Development	Public financial management, with a geographic focus on Lao PDR (Module 3)	\$5.8 million
Australia's Department of Foreign Affairs and Trade	Public financial management, with a geographic focus on Lao PDR (Module 1)	To be confirmed
	Public financial management, with a geographic focus on Cambodia (Module 1)	To be confirmed
European Commission	Public financial management, with a geographic focus on Lao PDR (Module 1)	To be confirmed
	Public financial management, with a geographic focus on Cambodia (Module 1)	To be confirmed
Austria	Corporate financial reporting, with a geographic focus on Europe and Central Asia (Module 3)	To be confirmed

and appendix 3). With the new contributions, the program had the financial capacity to expand support across all three modules.

In addition to these contributions, there were ongoing advanced discussions with Austria, DFAT, the European Commission, SECO, and the United States Agency for International Development (USAID) regarding opportunities to support financial management reforms in select countries through the FMUP (table 2).

2.2 Expanded Operations

New global activities

Given its enhanced financial capacity, the FMUP is helping expand successful global activities, pilot new approaches, and build the evidence base on what works for impactful financial management policies and reforms. The FMUP indicatively budgeted \$800,000 in FY2023 to support the initiation of global-level activities (knowledge and analytics) that will be delivered over

two and a half years, between January 2023 and June 2025. Approximately half of this amount (\$460,000) already has been transferred to disbursing grants to mobilize task teams and initiate the planned activities. A synopsis of the ongoing global activities includes the following:

- **Under Module 1**, the FMUP is supporting a collaborative global effort to reimagine the public finance agenda and its empirical linkages with development outcomes. Additionally, the World Bank initiated the operationalization of the GovEnable approach, which aims to enhance PFM for service delivery. It also mobilized a team of experts to develop practical guidance on how to feasibly advance gender-responsive budgeting reforms in countries through World Bank-financed operations.
- **Under Module 3**, the FMUP mobilized resources to support the expansion of corporate financial reporting engagements beyond the East and Central Asia region where it was successfully initiated. To this end, a new capacity-building project was being designed to advance sustainability and integrated reporting globally.
- **Under the climate change cross-cutting theme**, the FMUP is supporting the conceptualization and unpacking of political economy factors that influence climate change finance and governance reforms. The program will jointly fund this activity with the World Bank's Climate Support Facility.

New country-level projects

In a further expansion, the FMUP received preferenced contributions from the Gates Foundation and SECO to finance activities related to PFM in the Middle East and North Africa (MENA) region, the piloting of the GovEnable approach, and the Vietnam Disruptive Technology for Public Asset Governance (DT4PAG) project. These activities are detailed in Section 3.1. They reflect the

expressed preferences of the contributing partners to support specific projects that the World Bank is implementing in targeted countries.

First competitive call for proposals

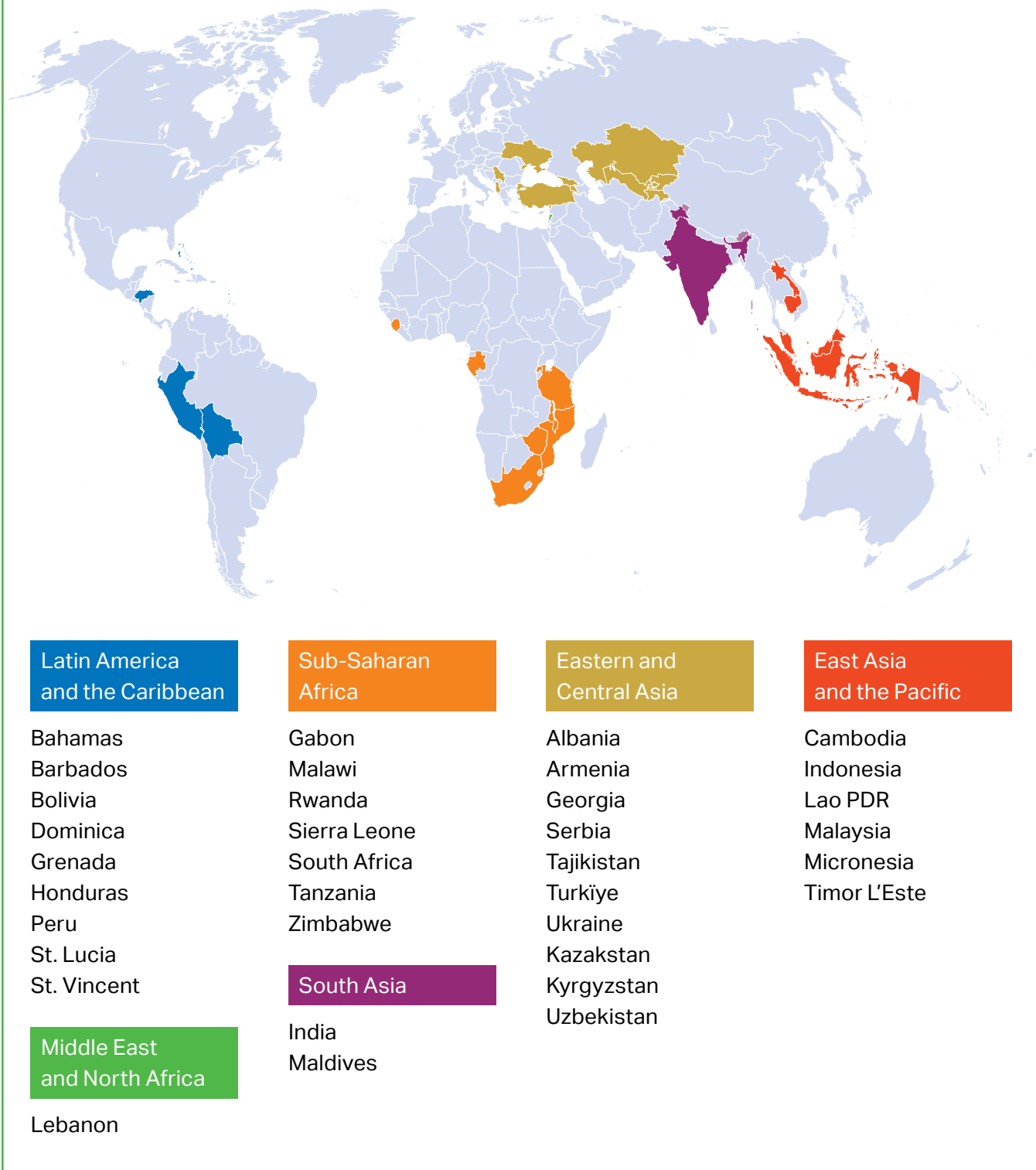
The FMUP issued its first competitive call for proposals on February 6, 2023. The call generated significant interest and was oversubscribed due to high demand. World Bank country task teams were encouraged to submit proposals that considered a whole-of-government approach to financial management reforms. In total, teams submitted 64 applications describing \$20.7 million in support for more than 48 countries, through global, regional, and country-level engagements.

Of these, the program management team short-listed 33 country-level expressions of interest based on a rigorous set of criteria (appendix 2).⁵ In practical terms, there was preference for projects that included interrelated activities from multiple components and thematic cross-cutting areas of the program. Of the short-listed proposals, 31 were for country-level activities and two were for regional activities. The majority of short-listed proposals were focused on supporting low- and middle-income countries, particularly in Europe and Central Asia and East Asia and the Pacific. A quarter of the proposals were focused on fragile and conflict-affected countries.

Next, the program management team invited full proposals for the 33 short-listed applications. Teams sent the full proposals on April 28, 2023. At the time that this report was prepared, a subcommittee comprising nine PFM experts was conducting a second-stage evaluation of the proposals. The final selection was scheduled to be announced in May 2023 and presented during the next Partnership Council meeting in June 2023. The program set aside approximately \$8 million to support the final set of selected proposals.

The program management team planned to issue a second call for proposals in FY2024, as awareness of the program grows. Unless additional funds are raised, the plan for the second call was to ask teams to apply for

Figure 2. Geographic Distribution of Short-Listed Expressions of Interest



proposals in two specific areas where funding remains: public sector accounting and climate change.

A synopsis of the proposals received is provided in figure 2.

2.3 Program Solidification

Program management and administration activities intensified in FY2023 to mobilize and govern the additional contributions received. Consequently, a top priority of the FMUP was to strengthen its program management functions to carry out all necessary activities. These activities were aimed at streamlining and enhancing the FMUP's structure and procedures for reviewing and evaluating proposals, monitoring, evaluation, reporting, and communications. To support these functions, the program management team was expanded to include expert consultants to support M&E and communications.

FMUP's main program management and administration achievements of FY2023 include:

- Raised more than \$23.7 million in new contributions and onboarded two new partners, the Gates Foundation and SECO
- Approved three substantial strategic grants that will support 11 new beneficiary countries: GovEnable (Democratic Republic of Congo, Kenya, Nigeria, Pakistan, Tunisia), DT4PAG (Vietnam), and the regional PFM project in MENA (Algeria, Egypt, Libya, Morocco, and Tunisia)
- Launched a World Bank-wide competitive call for proposals that generated significant interest and demand from 64 teams, of which 33 were short-listed, each with the potential to expand the FMUP's coverage and impact
- Undertook a comprehensive update of the FMUP's results framework and established new M&E protocols
- Revamped and updated all core program documents, including the partnership document, operations manual, communications and visibility plan, templates for the annual report, work plan, and budget
- Developed a new program logo, slogan, and other branding materials
- Developed new internal and external program websites to enable more effective sharing of knowledge and communication of strategic priorities and results



3

Highlights of Activities and Outcomes by Module

The FMUP supports six ongoing projects in different regions and countries and thematic areas. The three projects that were underway during the reporting period—FASE in Africa, SOE reforms in Bosnia and Herzegovina, and PFM reforms in Lao PDR—produced mostly satisfactory results. The progress in Bosnia and Herzegovina took place despite general elections in October 2022 that paused many economic reforms. Key examples from each project are highlighted in the stories of impact in chapter 5. The three remaining projects, which were launched during the reporting period, were too new to show results.

3.1 Module 1: Managing Public Finances

PFM is at the heart of the public sector, a core function alongside the management of human resources. While there is a strong and long track record of improvements in the management of public finances, there is growing demand for greater relevance and impact of financial management reforms on development results. Module 1 contributes to strengthening PFM reforms in ways that recognize and emphasize the impact of managing public resources on both economic outcomes and service delivery for citizens, and the enabling role that PFM must play in helping to achieve government policies.

Objectives

- Improve the strategic allocation and value for money of public resources deployed to achieve policy objectives that benefit citizens of target countries.
- Strengthen the institutional capabilities of governments to more efficiently manage public budgeting, public investments, and public assets.

Approach

Module 1 supports four interrelated workstreams: public financial management, public investment

Box 3. Approved Projects

(ongoing as of April 30, 2023)

1. Public Financial Management Reform Program in Lao PDR
2. State-Owned Enterprises project in Bosnia and Herzegovina
3. Foundational Accounting and Financial Management Skills Enhancement Program in Africa
4. Digital technology for Public Asset Governance project in Vietnam
5. Public Financial Management project in MENA region
6. GovEnable for Sectoral Service Delivery in Democratic Republic of Congo, Kenya, Nigeria, Pakistan, Tunisia

management, public asset management, and infrastructure governance. The module also helps promote innovative PFM reform activities at the country level by funding and scaling up the development of new approaches (improved efficiency of spending, climate and gender-responsiveness, pandemic-readiness or agility) and at the global and regional level by capturing lessons from novel approaches and disseminating this as shared knowledge.

Key Outcomes

Global-Level Engagements

During the latter half of FY2023, the FMUP initiated the creation of a series of global knowledge and analytical products aimed at making public finance work for service delivery while also being more responsive to

issues such as gender equity and climate change. The World Bank's Global Governance Practice convened a collaborative process to reimagine the public finance agenda for the second quarter of the 21st century. This process aims to incorporate the lessons of the past 25 years to help address the main public finance challenges that governments are facing and will continue to face in the years to come. The World Bank is engaging several stakeholders in this effort to revisit and redefine the ends and means of public finance, better understand the linkages between PFM systems and development outcomes, and rethink support for public finance reforms. The delivery date of this output is tentatively set for June 2024.

Similarly, the World Bank mobilized global teams and conducted a series of conversations in FY2023 that were aimed at addressing cross-cutting multi-sectoral policy concerns regarding service delivery, climate, and gender. The work on climate and gender-responsive PFM is still in the conceptualization stage, while the service delivery perspective is more advanced. Specifically, the GovEnable global team began raising awareness and building capacity to tackle PFM bottlenecks in sectors through more agile problem-focused approaches. Work on that front has included:

- An initial internal training for World Bank teams to enable them to apply the GovEnable framework in their existing projects to boost their impact
- A suite of tools and resources for World Bank technical teams
- An intranet site with background, tools, and resources for World Bank teams

During the internal training, two trainers from the Policy Practice conducted an engaging three-day deep-dive design clinic / pilot training-of-the-trainers event March 8–10, 2023, to orient 14 participants to the new approach. The participants included World Bank PFM experts and a representative from the Gates

The World Bank mobilized global teams and conducted a series of conversations in FY2023 that were aimed at addressing cross-cutting multi-sectoral policy concerns.

Foundation. At the writing of this report, four of the trained World Bank experts were scheduled to leverage their knowledge to train other World Bank task teams and, crucially, government officials in the Democratic Republic of Congo, Kenya, and Pakistan, during May 2023. Training was planned for Nigeria and Tunisia later in the calendar year.

Country-Level Engagements

Public Financial Management Reforms in the Lao People's Democratic Republic. The FMUP continued to fund support for PFM reforms in Lao PDR under the Managing Public Finances module. Through this support, the World Bank provided the government with technical assistance and advisory services to improve public expenditure and revenue management, public procurement, and human resources management. The World Bank successfully carried out most planned activities for FY2023, albeit with minor delays. Increased demand for support from the Ministry of Finance confirmed the strategic relevance of this engagement. The project is closely aligned with Lao PDR's new Country Partnership Framework, the Ministry of Finance's PFM Strategy, the country's Ninth National Socioeconomic Development Plan, and the National Agenda on Financial and Economic Difficulties. Box 4 summarizes the most significant outcomes achieved during the reporting period, and appendix 1 contains further details about the specific activities that were completed.



Box 4. Highlights: Lao PDR Third Public Financial Management Reform Program

1. The World Bank completed an instrumental assessment of Lao PDR's national airline. The report generated significant attention and, more important, subsequent requests from authorities for further technical assistance to immediately address some of the identified shortcomings. The assessment also persuaded other partners to join the FMUP and support Lao PDR's development efforts in this area. The World Bank was engaged in advanced discussions with USAID to this end. If successful, this effort would mobilize additional funding to support Lao PDR in achieving its financial management goals. Section 5.1 contains additional details.
2. The World Bank helped Lao PDR's tax department draft key legislation to enhance its administrative capabilities. These included pertinent regulations such as a draft property tax law and value-added tax instructions for the e-commerce industry.
3. The World Bank delivered virtual and in-person training and advice on transfer pricing between May through September 2022. As a result, the Ministry of Finance requested assistance to develop the country's first legislation to regulate transfer pricing.
4. Revisions to the chart of accounts were a significant achievement, with substantial progress in finalizing six of the seven segments of the new chart of accounts. These were expected to be piloted later in 2023. The new chart of accounts will be the backbone of the country's future financial management information system.

Public Financial Management in the Middle East and North Africa. This regional project aims to strengthen the PFM performance of governments when delivering public services. It provides initial support to four countries: Egypt, Libya, Morocco, and Tunisia. Another early goal is to develop regional conferences and networks that allow practitioners to share professional experience and knowledge.

Work in FY2023 for the PFM MENA project focused on completing the preparatory steps needed to make the engagement effective. These steps included drafting a concept note for the project and its assessments and planning a regional training session. A regional training session on International Public Sector Accounting Standards (IPSAS) was scheduled to take place in Kuwait in May 2023, in collaboration with the International Monetary Fund’s Middle East Center for Economics and Finance. A total of 36 officials from institutions in 10 MENA countries were set to attend and, upon passing the final exam, receive CertIPSAS, a certificate from the Association of Certified Chartered Accountants reflecting knowledge of IPSAS.

GovEnable (country-level support). Through GovEnable, local reformers in five pilot countries are supported to jointly develop tailored solutions to local public finance challenges that impede service delivery in sectors. These challenges include bottlenecks to directing development money to where it is needed. The World Bank aids the reformers in devising solutions, helps define ways to engage stakeholders who need to be part of the solutions, and offers financial support for implementation.

GovEnable consists of three elements:

- **GovBottlenecks**, which identifies governance constraints to service delivery and actions to address them
- **GovFacilitate**, which facilitates and supports action-oriented, collaborative, and adaptive reform processes

- **GovForResults**, which seeks to design and implement governance operations that enable service delivery, value for money, and tangible government results

At the heart of the initiative are World Bank-run design clinics that bring together a variety of country officials into reform teams that apply GovEnable frameworks to a real issue in real time to find solutions. These reform teams typically include representatives of finance and sector departments and ministries, and subnational governments. They leave the clinics with new capabilities and are empowered to solve their own challenges. Critically, participants also design a process to engage other key stakeholders who are not in the room. The aim is to create working coalitions with those stakeholders and further develop the reform plan and translate it into action and results.

Also participating in the design clinics are World Bank teams with technical expertise relevant to the local challenges—as facilitators, not as solutions providers in the traditional sense. The GovEnable program delivers training for the technical experts to take on this role, which enables local stakeholders to come up with their own solutions.

With support from the FMUP, the World Bank initiated the in-country piloting of the GovEnable approach at the end of FY2023. Country projects underway included:

- **Democratic Republic of Congo:** Addressing challenges in the financing and management of resources for provincial service-delivery in health and education
- **Kenya:** Supporting the national government to develop a joint action plan for strengthening devolved services between national and county governments
- **Nigeria:** Focused on health and education delivery across state and local governments



- **Pakistan:** Working with Khyber Pakhtunkhwa province to address bottlenecks in the allocation of resources in health and education and the management of resources by schools and health facilities
- **Tunisia:** Identifying and addressing the public finance constraints to service delivery, initially in the education sector

Vietnam Disruptive Technology for Public Asset Governance (DT4PAG) project. The goal of this project is to transform the use of technology by Vietnam's subnational governments to improve their governance of public infrastructure—specifically, the public asset registry issues associated with rapid urbanization and climate change.

The project encompasses three pillars: people, process, and technology. Planned activities include developing accredited capacity-building for government

officials (people); conducting assessments of existing data standards and business processes to identify binding regulatory bottlenecks across levels of government (process); and supporting the development of demand-driven and tailored digital applications (technology). Expected outputs include delivery of technical advice that contributes to at least one functioning application for each city/province that addresses location-specific needs and problems with service delivery.

During a two-year inception phase, the project task team engaged with Ho Chi Minh City, the municipality of Da Nang, and the province of Thua Thien Hue, to secure local interest, assess readiness for the project's goals, and agree on potential use cases. The team made significant progress in laying the groundwork, including securing a commitment from the three targeted jurisdictions.

DT4PAG was formally launched in January 2023. At the end of the reporting period, an early achievement

was a new flood exposure reporting and online decision-making platform in operation in Ho Chi Minh City. In Da Nang, the World Bank team was exploring ways to develop an integrated digital registry of 1,600 public assets, including their geospatial coordinates. In Thua Thien Hue province, the team secured an endorsement from local authorities to implement the grant activities, including initial work on digitizing government documents for the construction sector. On a national level, planning was underway to establish a digital government academy that would design the curriculum and provide training in digital skills for government leaders and key technical staff, as well as undertake the role of a center of excellence in Vietnam.

Overall, DT4PAG had a good start, by focusing on client commitment and establishing an implementation mechanism that uses a whole-of-city approach to address all three pillars (people, process, technology) to secure success.

3.2 Module 2: Financial Reporting and Oversight

This module supports activities that strengthen public sector accounting, reporting, and auditing. Specifically, it promotes (1) governments' adoption of public sector financial accounting and reporting practices that align with internationally accepted standards, and (2) supreme audit institutions' adoption of practices that align with the International Standards of Supreme Audit Institutions. Financial reporting and auditing are essential for proper oversight of public resources, as well as for better management and use of funds. The spillover effects of these improvements are significant, including information for better decision-making and public sector management practices; improved debt transparency and management resulting from comprehensive debt accounting and reporting by adopting accruals-based accounting; and better performance and oversight of SOEs due to reporting and auditing improvements.

Objective

Promote the transparent and accountable use of public resources.

Approach

Grants under Module 2 support World Bank-executed and recipient-executed activities that focus on strengthening the laws, regulations, procedures, practices, systems, and capabilities associated with public sector accounting, reporting, auditing, and external oversight.

Key Outcomes

Global-Level Engagements

During FY2023, the World Bank focused on mobilizing task teams to implement global-level work focused on generating knowledge that could strengthen the quality and use of government accounting and financial reporting. The envisaged work includes conducting knowledge-sharing events and generating a repository of implementation guidance to support the application of public sector accounting and financial reporting regulatory frameworks. The program also planned to undertake an update of cash and accrual basis toolkits to capture newly issued, or changes to, International Public Sector Accounting Standards.

Also, the FMUP engaged in exploratory discussions on a new workstream on sustainability reporting. Increasingly, governments and private investors alike are calling for the swift development and adoption of harmonized global sustainability standards as public goods. The lack of global frameworks for public sector climate reporting indicates that governments and public sector entities do not have a basis for reporting in a comprehensive and comparable manner on their progress toward achieving carbon emissions reductions. The FMUP is exploring an emerging opportunity to collaborate with the International Public Sector Accounting Standards Board and the Climate Support Facility to develop global public sector-specific

sustainability guidance, to address this urgent public-sector reporting gap.

Country-Level Engagements

The Lao People's Democratic Republic. In Lao PDR, the FMUP funded World Bank-executed activities that contributed to greater reporting capabilities by supporting the implementation of enhanced International Financial Reporting Standards (IFRS) and providing capacity-building support for regulators and preparers. The first round of training focused on building capacity for the supervisory staff of regulators (Ministry of Finance, Bank of Lao PDR, Lao Securities Commission Office, and Lao Chamber of Professional Accountants and Auditors) regarding 15 core IFRS standards. The training for preparers started in December 2022 and was ongoing at the end of the reporting period. A gap analysis of the knowledge and understanding of IFRS was performed at the beginning to inform the preparation of the training materials and the training design. The government anticipates transitioning to IFRS and receiving World Bank support through the project. The next planned activities included a public event to raise awareness about the importance of IFRS. Other planned activities are (1) training of accounting and financial reporting staff; (2) training of trainers; (3) development of guidelines, manuals, and instructions for implementation of applicable IFRS standards; and (4) development of a monitoring framework for IFRS compliance.

3.3 Module 3: Public-Private Sector Interface

The interface between the public and the private sectors is increasingly recognized as crucial to stimulate economic development and to bridge the financing gap, both of them necessary to achieve the Sustainable Development Goals. Several interactions across this interface have an impact on the opportunities for developing countries to attract investors and help economic activities blossom. Included in these interactions

are (1) the governance and performance of SOEs, (2) the role of the government in providing oversight on financial reporting by business enterprises, and (3) the regulatory role of the government regarding the private sector. Module 3 focuses on promoting and developing innovative approaches in all these private and public sector interactions.

Objectives

- Enable countries to assess and strengthen their governance of SOEs and to enhance the role SOEs can play in service delivery and economic development.
- Enable countries to identify and implement corporate financial reporting reforms that improve investment opportunities and strengthen compliance with international standards.

Approach

The importance of the public-private interface is increasing due to the Sustainable Development Goals, as it is evident that these goals can only be achieved with the support of the private sector, through financing and investment as well as through direct action related to the goals. The public and private sector interface has gained even greater importance in response to COVID-19, as the recovery and long-term resilience phase can only be achieved through a partnership between both parts of society. Module 3 supports World Bank- and recipient-executed activities that involve strengthening the corporate governance of SOEs and the corporate financial reporting regimes in countries.

Key Outcomes

Global-Level Engagements

The FMUP is funding implementation of the Integrated State-Owned Enterprises Framework in Lao PDR and in Bosnia and Herzegovina. In 2019, the World Bank developed this analytical tool, which is based on a

Parliament of Bosnia
and Herzegovnia



multi-disciplinary approach that considers the wide range of SOE policy issues. The framework gathers several World Bank global practices to provide comprehensive and coordinated support to client countries by conducting an integrated assessment of the SOE sector and developing a sequenced and prioritized set of recommendations. The framework consists of four core modules: SOE and the Market, Fiscal Impacts, Distributional Impacts, and Corporate Governance and Accountability Mechanisms.

Country-Level Engagements

Bosnia and Herzegovina. The overall performance of the Supporting Better, Effective, Sustainable, and Transparent SOEs (BEST SOEs) project for Bosnia and Herzegovina was moderately satisfactory for FY2023. The country held general elections in October 2022,

and many reforms across various economic areas were paused. Despite this, significant progress was achieved, albeit with some variation across the three jurisdictions of the country where the project was being implemented. Progress was satisfactory for the Republika Srpska entity, moderately satisfactory for the Federation of Bosnia and Herzegovina entity, and satisfactory for the Brcko district. The project's most significant achievement during the reporting period was the establishment of the central SOE Oversight Coordination Department, a new institutional arrangement that will help the Government of Republika Srpska in modernizing its SOEs. At the end of the reporting period, the new SOE Oversight Coordination Department had hired part of its planned staff and had prepared terms of reference to hire the remaining staff. Section 5.3 and appendix 1 contain additional details.

Foundational Accounting and Financial Management Skills Enhancement (FASE) program. The World Bank established the FASE program in 2018 with the objective of increasing the number of qualified accounting technicians to serve in the private and public sectors in Africa. A study on the state of the profession in five French-speaking countries, completed in 2021, highlighted the accounting qualification programs offered in those countries, demand for accounting technicians, and recommendations to address the gaps. The 2021 study results informed the design of new accounting technician qualifications under two streams of work: (1) supporting all five countries in strengthening their accounting technician programs in institutions of higher learning, and (2) developing a standardized Accounting Technician Qualification for Africa (ATQA), for rollout in other African countries, in partnership with the Pan African Federation of Accountants.

Project achievements during FY2023 included:

- **Stream 1.** Key deliverables were (1) designing new accounting technician certificate programs for Burkina Faso, Morocco, Senegal, and Tunisia; (2) preparing a roadmap to guide Côte D'Ivoire in

developing its own revised accounting curriculum and learning materials; and (3) supporting revised business models and governance for training institutions for professional accountancy organizations in Burkina Faso and Côte D'Ivoire.

- **Stream 2.** Highlights were development of the ATQA curriculum, syllabus, study material, and lecturers' material.
- **Knowledge-sharing events.** The project team hosted several events with the beneficiary countries that were used to share experiences to help promote the new accounting technician programs.

Section 5.2 contains additional details.

3.4 Call for Proposals

As discussed in detail in Section 2.2, the program launched a World Bank-wide competitive call for proposals that generated significant interest and demand from 64 teams, of which 33 were short-listed, each with the potential to expand the FMUP's coverage and impact.



4

Highlights of Cross-Cutting Themes

The program management team made early progress on these five themes during the reporting period.

4.1 Climate Change

Through specialized tools, training, consultations, and grants, the FMUP equips public and private financial management professionals to play a pivotal role in converting their countries' climate commitments into climate action. How government money is spent—whether on projects, programs, and infrastructure that advances climate goals or in ways that undermine the goals—determines whether Paris Agreement promises

can be met, and whether runaway climate change can be halted.

A growing number of central finance agencies are requesting World Bank support to help them integrate climate considerations into their work. Similar requests come from World Bank operational teams, who must deliver on the institution's commitment to ensuring projects are designed and implemented in climate-friendly ways (box 5).

The FMUP places a high priority on supporting initiatives that mainstream climate change considerations in all core aspects of financial management. From its FY2023 call for proposals, the program short-listed 13

Box 5. The World Bank's Whole-of-Economy Approach to Climate Change

The World Bank's Climate Change Action Plan for 2021–2025 aims to support countries and private-sector clients in maximizing the impact of climate finance. It focuses on transformational impacts through (1) integrating climate and development, (2) identifying and prioritizing action on the largest mitigation and adaptation opportunities, and (3) using climate finance and leveraging private capital to deliver results for resilience and full decarbonization.

One area of particular importance is the World Bank's commitment to supporting country-level dialogue on climate change policy directions and institutional strengthening. The World Bank supports a "whole-of-economy" approach that focuses on policies and plans to create the right enabling environment for climate action and deliver transformative change. This work involves strengthening planning and finance agencies to understand and respond to climate change. Ongoing activities under this workstream include integrating climate change considerations in fiscal planning and medium-term frameworks, public financial management, public investment management, and public procurement.

Trust funds are an integral part of the World Bank's efforts to drive climate action. The World Bank has a long-standing record of partnering with bilateral donors and other development agencies to incorporate climate considerations into lending projects and operations. Trust funds complement the World Bank's core funding and activities by providing financial resources and contributing to development knowledge and operational innovations. For instance, the Climate Support Facility, a MDTF, finances technical assistance and advisory services that support developing countries in accelerating their transition to low-carbon and climate-resilient development and elevating the national decarbonization agenda. The FMUP supplements this work by filling gaps and scaling or deepening institutional reforms that mainstream climate change considerations into financial management rules, processes, systems, or technical competencies. The FMUP, Climate Support Facility, and other climate umbrella trust funds work together, complementing each other as one package, to address crucial bottlenecks to scaled climate action.

expressions of interest that proposed a range of country-demanded, climate-oriented technical assistance activities. For instance, task teams proposed projects that would introduce climate change considerations into (1) strategic planning and budgeting, (2) prioritization and selection of capital projects, and (3) corporate financial reporting regulations.

Going forward, the FMUP, in close coordination with the Climate Support Facility, will continue to support mainstreaming climate change considerations into governance and public finance arrangements, including through:

- Small, catalytic grants that promote continuous innovation at the country level
- Medium-term grants to scale up country-level action on climate
- Drawing on World Bank expertise and experience to identify and address gaps in client countries' knowledge and capabilities, through knowledge products, training, and consultation

4.2 Gender

The FMUP finances activities that support gender-responsive PFM—also called gender-responsive budgeting—in client countries. Many countries around the world, including developed countries, still struggle to implement gender budgeting effectively. One pertinent need is for practical operational guidance on how to effectively incorporate gender-responsive PFM reforms into the design of World Bank operations and technical advice. The FMUP will contribute by supporting global knowledge and analytics that provide lessons learned, identify blockages, and share good practices on this topic. Key deliverables for the program will include:

- A practical guidance note on how to operationalize gender-responsive PFM reforms, including by leveraging country examples and findings from the

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Gender supplementary assessment

- Dissemination of good practices through (1) focused regional events on exchanging knowledge on gender-responsive PFM operations, including the policy, fiscal, and PFM elements; (2) presentation of case studies and success stories; and (3) providing a platform for peer-to-peer engagement and support

The program's work on dissemination culminated in an internal event held on April 6, 2023. The event focused on raising awareness about and promoting the achievement of the International Development Association (IDA) 20 Policy Commitment Number 8: To support at least 10 IDA countries to make their fiscal policy and budget systems more inclusive and gender-responsive. During the webinar, World Bank experts from different regions shared their insights and lessons learned on questions including, How can the World Bank teams meet or exceed this policy commitment? What are the important factors for success? How do the World Bank's PFM operations connect with and support its broader gender and fiscal policy objectives?

4.3 Innovative Approaches to Reform

The FMUP supports and encourages a range of innovation, both as project-specific initiatives (vertical innovation) and as program-wide approaches (horizontal innovation). On the high-tech side, work includes digital government, which is the focus of the DT4PAG project in Vietnam. On the high-touch side are innovations such as the GovEnable project, which is centered on face-to-face problem-solving that takes the novel approach of bringing officials from different sectors together to identify, analyze, and resolve bottlenecks in the delivery of government services.

During FY2023, the project management team began to form a collaboration with the World Bank's Development Impact Evaluation (DIME) team, under which DIME

would help design financial management projects from their inception to ensure that their impacts could be more effectively monitored and evaluated. At the end of the reporting period, DIME proposed that its team select and support projects that have the potential to bring an evidence-based approach, using some combination of new data, analytics, and impact evaluation methods. DIME also suggested that it focus its efforts on helping to workshop and select innovative projects, and to engage with a small number of them, rather than monitoring projects or producing major reports.

4.4 Digitalization

There is a growing demand for digitalization in government, such as in PFM and public investment management. The FMUP envisages supporting countries in carrying out digital PFM and public investment management activities. One example of this is the DT4PAG project in Vietnam, which seeks to help sub-national governments in Vietnam make better use of technologies to improve their governance of public infrastructure. Specifically, planned activities include supporting the development of demand-driven and tailored digital applications. Expected outputs include

at least one functioning application for each beneficiary city/province that will address location-specific needs and problems with service delivery. However, the project recognizes that digital transformation and innovation are not only about technology. The project offers people and process goals that complement the technology goal.

4.5 Sectoral Service Delivery

The GovEnable pilot project exemplifies this theme because its ultimate goal is to enable governments to achieve sustainable improvements in their delivery of public services to various sectors. The World Bank developed the GovEnable framework for its PFM projects in response to the growing sentiment that PFM reforms should focus on making real-world improvements in macro-fiscal management and service delivery that result in economic and human development outcomes. At the same time, there is growing recognition that in order to sustain improvements over time, World Bank PFM projects in sectors need to focus more on governance constraints to service delivery. Table 3 summarizes the objectives of the GovEnable approach and how it diverges from the conventional approach to PFM projects.

Table 3. GovEnable Approach vs. Conventional Approach

Conventional	GovEnable
Achieve PFM norms and standards	Target PFM outcomes and development results
Assess the strengths and weaknesses of PFM systems	Understand the underlying causes of strengths and weaknesses
Target weaknesses across the PFM cycle	Focus on key bottlenecks that affect delivery
Preplan and develop reforms	Implement reforms in an iterative, flexible, and adaptive manner
Focus on core PFM institutions	Focus on service delivery institutions and beneficiaries
Departments implement reform components	Reform teams and coalitions take coordinated and collective action
Use standard technical solutions to achieve PFM norms	Solutions explicitly target behavior change and address underlying causes
Target quality reform inputs	Target achieving reform results



5

Featured Impact Stories

5.1 Turning around State-Owned Enterprises: Lao Airlines

Lao PDR's national airline faced operational challenges due to overexpansion, inadequate corporate governance, and suboptimal operational processes.

The management of Lao Airlines and its supervising agency, the Ministry of Public Works and Transport, asked the World Bank to undertake a thorough analysis of the drivers of the problems, as well as the impact of the airline's fiscal cost on the Government of Lao PDR. The ultimate goal was to make the carrier financially sustainable and to either partially privatize it or make it a joint venture with a commercial airline. A World Bank team completed the assessment and, in September 2022, delivered it to the management of the airline, the Ministry of Public Works and Transport, and the Ministry of Finance. The World Bank engaged stakeholders in the country to share the findings and to receive feedback.

Context

Lao Airlines was founded in 1989 and evolved to become fully commercial in 2005. Between 2011 and 2019, a time of strong growth in airline travel in the region, the carrier increased the size of its fleet, network, and organizational structure to 11 aircraft, 23 destinations served, and 959 employees.

Despite experiencing growth, Lao Airlines encountered financial difficulties because it overexpanded its fleet and used leverage to purchase assets. During the COVID-19 pandemic, the airline managed to lower its operational costs and reduce losses, demonstrating its resilience and adaptability. Despite its accumulated losses and excessive leveraging, Lao Airlines remains dedicated to maintaining its financial sustainability and minimizing its impact on the government.

"The final report ... will contribute to a better understanding of the fiscal risks to our airline business operation and provide options for restructuring to put it on the path of financial sustainability. Moreover, it will [provide] important information and recommendations for us in business operations in the future."

—Khamla Phommavanh,
Managing Director, Lao Airlines

World Bank assessment

The World Bank's assessment identified significant challenges in three areas:

- **Corporate governance.** The airline needed increased involvement of its business experts on its board of directors, tighter internal controls, better procurement processes for leasing capital assets, and a more streamlined approach to accounting, records management, and compliance with recognized international financial accounting reporting standards. Additionally, the carrier lacked experts in crucial areas: commercial and marketing, human resources development, engineering, and management consulting.
- **Operational processes.** The processes of fleet management and aircraft acquisition and leasing

needed improvements. Additionally, there were insufficient personnel with the necessary experience in airline operations to provide advice to management on both core and financial operations.

- **Five-year post-COVID-19 recovery plan.** The airline created a plan during the pandemic with the expectation that it would end in two years and that the recovery would be rapid. The plan did not account for the potential impact from high inflation or fuel prices or the weakening of the local currency, because it assumed that these factors would remain stable.

The World Bank recommended that the airline's management prioritize structural changes to reduce its excess fleet capacity, which would rein in debt, curb the trajectory of operational losses, and thereby make the carrier financially and fiscally sustainable in the next five years. The World Bank provided the price tags for different fleet reduction options.

Client response and way forward

Lao Airlines Managing Director Khamla Phommavanh said the World Bank's report provides significant guidance not only for current operations, but also for future plans, and will feed into a reform plan that the carrier is implementing. Mr. Khamla also emphasized the importance of hiring experts in key areas such as commercial and marketing, human resources development, engineering, and management consulting, to take the airline to the next level.

At the airline's request, the World Bank team next was expected to discuss support for implementing the report's recommendations.

The airline assessment was part of a larger World Bank program over the past few years to help the Government of Lao PDR with PFM reforms, encompassing public expenditure and revenue management, public procurement, and human resources management.



5.2 Building Accounting and Financial Management Skills from the Ground Up: FASE

Challenge

Good accounting practices contribute to more than good bookkeeping. Accountants are essential for effective public service delivery and private sector development. However, most African countries face a shortage of foundational accounting skills. Both public and private sectors have limited staff with adequate training to perform basic functions such as internal controls and audits, which leaves countries shorthanded to prevent waste, misappropriation, and corruption.

Solution

To meet the need for skilled accountants, the World Bank's Governance Global Practice in 2018 established the Foundational Accounting and Financial Management Skills Enhancement (FASE) program. FASE, funded for 2018-2025, includes two streams of activities:

- Stream 1 supports five countries (Burkina Faso, Côte D'Ivoire, Morocco, Senegal, and Tunisia) in strengthening, designing, or implementing accounting technician programs. This both ensures that the graduates are employable and that they are qualified to train future technicians.



“Accounting technicians are essential to Africa’s economic development.... They must be a key component of the accountancy ecosystem in Africa, as they help to enhance the trust in financial systems by contributing to accurate financial information and promoting transparency.”

—Alta Prinsloo, Chief Executive Officer,
Pan African Federation of Accountants

- Stream 2 is developing a standardized Accounting Technician Qualification for Africa (ATQA) for roll-out in other African countries, in partnership with the Pan African Federation of Accountants. This includes strengthening the capacity of professional accounting organizations, so that they are able to implement the new qualifications.

Achievements

During the reporting period, the World Bank delivered most of the planned activities, including the design and development of the ATQA competency-based curriculum framework, a detailed syllabus, and learning materials.

In addition, the World Bank hosted two FASE events. In June 2022, 97 participants from the five countries attended a virtual knowledge-sharing event. Attendees discussed experiences and lessons about topics such as training arrangements and initiatives to attract students to the courses.

In October 2022, the World Bank hosted a workshop in Casablanca, Morocco, with 60 physical participants and 140 virtual participants from the five countries. Attendees shared experiences in designing and implementing accounting technician qualifications and learned the roles of different stakeholders in the accounting technician value chain. Participants agreed to help accelerate implementation of the new accounting technician programs by, for example, ensuring that the programs are registered with each country's authorities to achieve recognition and attract students, and by conducting marketing campaigns to promote the programs to prospective students, their parents, and employers.

Next steps

FASE's priorities for FY2024 are to (1) finalize the development of accounting learning materials in Burkina Faso, Morocco, Senegal, and Tunisia; and (2) finalize the recipient-executed trust fund arrangement with the Pan African Federation of Accountants to allow for the piloting of ATQA in three countries.

FY2024 events include an accounting technician session held immediately after the end of the reporting period, during the planned Africa Congress of Accountants in Abidjan, Côte D'Ivoire, in May 2023. Also planned was a training of trainers for the new accounting technician qualifications in Burkina Faso, Côte D'Ivoire, Senegal, and Tunisia, by December 2023.



5.3 Facilitating State-Owned Enterprise Reforms: Bosnia and Herzegovina

SOEs in the Republika Srpska jurisdiction of Bosnia and Herzegovina handle services ranging from operating and maintaining railroads, to generating and delivering electricity. However, the SOEs report data on their performance in different ways— or don't report at all.

The World Bank worked hands-on with the government starting in 2019 to identify the systemic underlying causes of these issues. That approach led to the government accepting a World Bank reform initiative, the BEST SOEs program, which launched in August 2021.

Pioneering government unit to collect standardized data

In January 2023, the government established a central SOE Oversight Coordination Department that will collect data in a standardized way about SOEs in Republika Srpska and analyze it to determine successes and failures. It is the first such institution to be established in Bosnia and Herzegovina and among the first in the broader Western Balkans region, said Anya Vodopyanov, governance and public sector specialist for the World Bank and co-team leader of the project.

"This is really groundbreaking for our clients and for the broader region," Vodopyanov said. "It's going to become the basis for reforms."

The new database of information about the performance of SOEs will be accessible to other institutions of Republika Srpska's government, such as the Ministry of Finance, which requires standardized information to analyze fiscal risks stemming from SOEs, and sector ministries, which need data about how well the SOEs are delivering public services such as electricity.

High-end IT database system to ensure secure data sharing

To maintain this database, the government looked at IT solutions that ranged from minimal to high-end and chose a custom-built, high-end solution. There were two reasons for spending more money, according to Vodopyanov. First, the high-end solution will ensure the data is easy to share and is shared in a secure way that is not corruptible.

Second, the government decided to be cutting-edge, Vodopyanov said. “They are doing something that is politically difficult, and they want to do it in a way that leapfrogs and can be a model for other countries undergoing this reform.”

At the end of the reporting period, the new SOE Oversight Coordination Department had hired four of a planned six staff members and had opened its physical offices. It planned to hire the remaining staff by May 2023. The World Bank was developing technical specifications that would serve as the basis for terms of reference to hire the database system developer, and the procurement process was on track to begin in May.

“We planted a seed of an understanding that there is a need for some minimal level of oversight of SOEs for the government to be able to manage its economy, because the SOEs are such an important part of the economy.”

—Anya Vodopyanov, Governance and Public Sector Specialist, World Bank

The establishment of the new department was part of a broader World Bank program to support the governments of three jurisdictions of Bosnia and Herzegovina in modernizing their SOEs.





6

Results and Monitoring

As the FMUP's development partners expect and as the World Bank has pledged to these partners, grant-funded projects are intended to achieve specific development outcomes and impacts that are sustainable. For this reason and to promote accountability, the program invested in developing an updated and comprehensive results framework and a related M&E plan. Starting in late FY2023, these tools will guide the M&E of all grant-funded projects. Subsequent annual reports will reflect the guidance in these documents and discuss the program's cumulative accomplishments.

The results framework identifies the following: (1) the program's anticipated outcomes, intermediate results, and outputs; (2) the indicators that will be used to measure progress and accomplishments; and (3) the reasonable but ambitious targets to be achieved during the life of the FMUP. The program's six outcomes identify desired changes and corresponding targets in governments' financial management laws, policies, and practices.

For projects that seek to enhance or strengthen a government's or another institution's capacity, effectiveness, or efficiency in financial management, all country-based task teams are responsible for three duties: (1) collecting or identifying sources of baseline data, (2) identifying project-specific targets that can be used to determine whether a task team has achieved a grant's objectives, and (3) collecting or establishing an approach for the collection of endline data. Requiring baseline data assists in setting targets; requiring endline data assists in measuring how much change has occurred during a project's existence.

In addition to core indicators directly related to the strengthening of financial management, the results framework includes indicators for cross-cutting issues such as gender equity and climate change. The FMUP management team considers these to be areas of priority attention and encourages task teams to address the issues in grant-funded projects.

The emphasis on gender equity is reflected in several indicators. Task teams will measure and report on the percentage of females who attend program-sponsored

FMUP seeks to mainstream—and includes indicators on—gender equity, climate change, and digital approaches in the management of public finances and public sector investments.

training or knowledge events, the duration of participation by gender, and the number of female audit professionals in supreme audit institutions that the program produces. In all instances, the target is that females represent at least 50 percent of program-related event participants and audit professionals.

Grant-funded projects are expected to use as many indicators as possible in the results framework, including those related to several cross-cutting issues. This is to promote both aggregation of results across different grant-funded projects and reporting to development partners. The FMUP seeks to mainstream—and includes indicators on—gender equity, climate change, and digital approaches in the management of public finances and public sector investments. This is consistent with the 20th replenishment of the International Development Association (IDA20).

Unlike the World Bank's operational investments that define specific activities before a project begins, the FMUP's results framework is indicative. The grants to be provided and their corresponding activities and expected results are not known in advance. For this reason, some indicators may not be necessary. In some instances, especially for outputs and intermediate results, indicators may not meet all the needs of some projects. With the program management team's approval, task teams can use separate, project-specific indicators that are causally related to and suitably address the outcomes included in the results framework.

The M&E plan provides a definition of each indicator, specifies how each should be measured, and provides guidance on reporting the results achieved. Common means of measurement will help aggregation of results across all projects, and all projects will be expected to identify a means of verifying the information provided. Additional contextual information will enhance the content of annual reports and will inform development partners about what their contributions have accomplished.

There will be independent evaluations of the FMUP, all associated trust funds, and all grants at the mid-term and end line, for accountability and learning purposes. The initial evaluation is tentatively scheduled for FY2027. Terms of reference for these evaluations will be developed in consultation with the FMUP Partnership Council and will be based on evaluation criteria developed by the Organization for Economic Co-operation and Development's Development Assistance Committee. Adapted for the purposes of the FMUP, these criteria include:

- **Relevance:** The extent to which the trust fund's objectives and design respond to beneficiary, country, and institutional needs, policies, and priorities, and continue to do so if circumstances change. Beneficiaries are the individuals, groups, or organizations, whether targeted or not, that benefit directly or

indirectly from the grant-funded interventions.

- **Coherence:** The compatibility of the intervention with other interventions in a country, sector, or institution.
- **Effectiveness:** The extent to which the program achieved, or is expected to achieve, its objectives, and its results, including any differential results across groups, such as males and females.
- **Efficiency:** The extent to which the program delivers, or is likely to deliver, results in an economical and timely way.
- **Impact:** The extent to which the program has generated or is expected to generate significant positive or negative, intended or unintended, higher-level effects. Impact addresses the ultimate significance and potentially transformative effects of the intervention. Impacts are unlikely to occur or be observable in the short term, so they are not typically part of interim or midterm evaluations—and often not of end-line evaluations.
- **Sustainability:** The extent to which the program's net benefits continue or are likely to continue.

Table 4. Distribution of Short-Listed Grant Activities, by Modules

Output Type	Module 1		Module 2		Module 3	
	Fiscal and Expenditure Management	Public Investment Management	Financial Reporting and Transparency	Accountability and Oversight	State-Owned Enterprises	Corporate Financial Accounting
Knowledge Products	9	10	9	6	9	4
Technical Assistance	11	10	9	6	6	3
Training and Capacity Building	6	10	8	5	4	5

6.1 Results to be Achieved

With the shortlisting of 33 new grants in FY2023, the FMUP was setting the stage to achieving the targets in its results framework. The data in tables 4 and 5 summarize how the potential grantees intend to apply their resources through the end of FY2027. Several short-listed teams have indicated that they will use their resources in more than one category. For example, many potential grantees would provide technical assistance that will include capacity building and lead to the production of knowledge products. Other potential grantees, such as in Bolivia, Malawi, and Ukraine, will address financial management in two or even all three of the modules. The following sections give some examples of how the new grants could be used.

6.2 Capacity Building

The enhancement of a country's capacity to manage its fiscal resources is an essential first step to improved effectiveness and efficiency in the use of these resources. Capacity building includes workshops, training events, knowledge events, and awareness-raising activities. In Indonesia, as an illustration, the World Bank country team proposed to use a \$300,000 grant to build the capacity of regulators and accounting and auditing professionals in environmental, social, and governance reporting, working with the Finance Profession Supervisory Center, which oversees the accounting and auditing, appraising, and actuary professions.

6.3 Technical Assistance

Technical assistance involves the transfer, adaptation, mobilization, and use of services, skills, knowledge, and technology to build national capacity on a sustainable basis. Its objective is to provide client countries with the expertise needed to advance their development in priority areas. For instance, one of the short-listed proposals requested a grant to fund technical assistance in Albania to strengthen the government's institutional

and technical capacity to adopt International Public Sector Accounting Standards. The team proposed to review the legal provisions for public sector accounting and reporting and provide advice to inform the drafting and enactment of new laws and amendments that are aligned with the standards.

In another example, the task team for Serbia requested FMUP funding to deliver technical assistance to help the government introduce climate-related prioritization and selection criteria for public investments. Similarly, in Maldives, a requested grant would support the operationalization and harmonization of digital platforms and systems in line with the Ministry of Finance's policies on public finance modernization. Additional use of digital mapping and tracking tools would improve the tracking and monitoring of public assets.

In Rwanda, the task team expressed interest in receiving a grant to fund technical assistance that would produce a framework for climate-responsive management of public investments, assets, and procurement and that also would produce a manual on how to implement these reforms. The manual would be piloted with at least one large infrastructure project.

6.4 Knowledge Products

Grants from the FMUP will support a large range of tools, plans, guidelines, critical analyses, and other publications to improve the effectiveness and efficiency of governments' use of their public resources, enhance their management of SOEs, and improve regulations governing corporate financial reporting. The expectation is that all these products will contribute to the FMUP's overall objectives.

A project in Peru proposed to strengthen regulations governing corporate financial reporting. A report would provide an assessment of the country's requirements, practices, and institutions for such reporting and suggest areas for improvement. A related action plan would recommend short-, medium-, and long-term responsibilities and be presented to the country's Normative

Committee for Accountability for its endorsement.

Working with the city of Cape Town, South Africa, a grant was requested to fund capacity development and completion of a report on public investment management, a guidance note on recommendations for improving this management, and fiscal rules to govern investments in capital projects and to limit opportunistic inclusion of projects of questionable value.

In Ukraine, despite the war, the country’s government intends to honor its commitment to provide pensions to its senior citizens. For this reason, one World Bank team proposed to conduct a stocktaking of all pension liabilities, including pension provisions and contingent liabilities, and assess their actual or estimated value, if possible, given the current demographic situation in the country. As part of this activity, the World Bank would pay special attention to an assessment of the gender pension gap and pension payments during wartime. The result would be a progress report on the identification, recognition, and disclosure of pension liabilities.

6.5 Cross-Cutting Themes

In proposals for funding, applicants are strongly encouraged to mainstream attention to gender equity, climate change, and other pivotal cross-cutting issues in all their activities and outputs (table 5). When these issues are being addressed, grantees will report what has been done and what results have been achieved.

In Cambodia, a grant was requested to fund the development of recommendations to mainstream gender inclusiveness into corporate financial reporting. Meanwhile, with a grant to strengthen the practices of selecting and managing the performance of SOEs, a World Bank team in Georgia suggested addressing gender equity in an effort to close gaps in women’s leadership and to encourage nondiscrimination, to drive progress in the management practices of SOEs. In Honduras, proposed grant-funded technical assistance would assess system requirements for the integration of both gender and climate change throughout the budget process. Likewise, a requested grant-funded project in Timor-Leste would review the government’s chart of accounts to comply with International Public Sector Accounting Standards and to ensure its climate- and gender-responsiveness to these standards. Upon completion of the project, the expectation is that the government’s financial reports would illustrate how much of its resources are benefiting men, women, and disadvantaged groups in service delivery areas, such as health and education. As with all such work, the World Bank expects beneficiaries to commit to implementing the recommendations financed through the FMUP.

Many short-listed grants have an explicit and primary focus on climate change. In response to a request from the Government of Barbados, a grant was proposed to assist line ministries in identifying climate-relevant expenditures across sectors and would provide hands-on support to the Ministry of Finance in drafting a spending

Table 5. Distribution of Short-Listed Grant Activities, by Cross-Cutting Themes

Output Type	Climate Change	Digitization	Gender	Innovation
Knowledge Products	17	6	5	1
Technical Assistance	15	6	6	2
Training and Capacity Building	8	—	2	—

report. The same grant would provide resources to help the Government of the Bahamas introduce a budgeting methodology for climate change and produce a report on climate spending. Another grant request focused on funding the completion of climate change and institutional assessments in five West African countries. These assessments would be instrumental in identifying the strengths and weaknesses of the institutional framework

for addressing climate change, including the public financial arrangements. In Malaysia, the World Bank team submitted a proposal to help Sarawak's state government integrate consideration of climate change into strategic planning and budgeting. This would allow the government to prioritize low-carbon investments and to shift capital expenditure plans toward more sustainable investment goals.





7

Program Management and Administration

7.1 Program Management Team

A top priority of the FMUP during FY2023 was to create a strengthened program management team that could carry out all of its necessary functions. There was an ongoing effort to reinforce the team's capacity to do monitoring, evaluation, reporting, and communications. In addition to a senior governance specialist who serves as program manager, the core team includes a program officer, an M&E officer, and an expert consultant supporting matters related to trust funds.

In FY2023, program management and administration activities intensified to mobilize and oversee additional donor contributions. As is common in trust-funded programs, many of these activities initially were geared toward the design and setup of the program's structure and procedures for reviewing expressions of interest and proposals. Moving forward, management and administration activities will largely focus on supporting the successful implementation and monitoring of the annual work plan, which includes activities from all technical components and cross-cutting themes. As part of this, the program management team will organize the planned second call for proposals, support the selection committees in its deliberations, and support task teams in launching approved projects and grants.

7.2 Communications and Visibility Plan

Under a plan drafted in FY2023, the program management team planned to launch new internal and external websites for the FMUP before the end of the fiscal year. According to the plan, the internal website will be embedded in the main Governance Global Practice internal website and will provide easy access to financial management knowledge products and resources. The program's external website will be a stand-alone site within the main World Bank website (worldbank.org). Appropriate links to funding and implementing agencies also will be included.

Both the internal and external websites will include

information on the following aspects of the program:

- Program development objectives
- Overview of the program structure and modules/components
- Activities and outputs, results, and impact stories
- Information about partners, including development partners and the World Bank
- Information about implementation arrangements
- Links to relevant FMUP documents from development partners and the World Bank

At a later stage, plans called for the website to expand to include the following information about the program:

- Ongoing projects and their progress and achievements
- Dedicated sub-pages for all projects/activities that receive funding from the program, including a short description of each project and its implementation progress
- Knowledge products, such as learning and analytical materials
- Communications materials, such as activity reports and brochures
- Short results videos about projects and activities funded by the program and about events

Looking ahead, the program management team expects in FY2024 to create a special FMUP edition of the Governance Global Practice newsletter, and to launch a blog to disseminate FMUP-generated knowledge and information through its internal and external websites and its newsletter.



8

Conclusion

Financial management is a crucial function of any state, and it is constantly influenced by external shocks and domestic changes in the government and society. In the years to come, these changes and demands will become more prominent, placing a significant amount of pressure on both governments and businesses. To make significant advancements and progress in development outcomes, financial management systems worldwide must be improved. However, meeting established norms and standards will no longer suffice. Instead, implementing experimental reforms and developing shared knowledge through learning will be necessary to achieve progress. To effectively tackle the evolving landscape, the FMUP will remain focused on adapting, improving, and fostering robust systems and processes.

With the FMUP now established and a solid pipeline of country programs in place, the program's focus can shift from building its foundation to implementation and growth. The management team has developed a comprehensive work plan for FY2024, and the anticipated risks are minimal, except for possible political developments in certain grant-recipient countries.

During the upcoming reporting period, the FMUP's key priorities will be to efficiently monitor the outcomes of its activities and grants. This will enable the program to achieve a more significant and lasting impact. Additionally, the FMUP intends to promote awareness of and cultivate partnerships in its thematic areas. The program also will focus on tackling emerging and pressing issues, such as sustainability and climate change, through its activities.

With the FMUP now established and a solid pipeline of country programs in place, the program's focus can shift from building its foundation to implementation and growth.

To ensure the success and sustainability of the FMUP, it will be crucial to engage more with development partners. Sustainability means not only obtaining funding from donors, but also convincing partners that the program is a vital component of financial management that helps achieve development goals. It is imperative that development partners continue to view the FMUP as an ideal partnership for enhancing financial management functions in client countries of the World Bank.

Moving forward, the program aims to engage donors by fostering their interest in its global activities and receiving non-preferenced resources that can be used flexibly for funding both global and country-level initiatives. SECO is the initial donor to endorse both country-level and global activities. Entering its next fiscal year, the program's main objective is to expand outreach efforts and attract more donors who support most or all of its thematic areas and geographic levels.



Appendices

Appendix 1. Implementation Progress on Individual Grants

Project Name: Bosnia and Herzegovina State-Owned Enterprise Sector Modernization—BEST SOE

Grant Account: TF0B6633

Task Team Leaders: Alberto Leyton, Anya Vodopyanov

A. Project Objectives and Activity Summary

The development objective of this project is to support the governments of three jurisdictions of Bosnia and Herzegovina in formulating and implementing key reforms to improve governance of the SOE sector. The project consists of complementary activities, grouped under two pillars.

- **Policy dialogue:** deepening dialogue with government counterparts in the Federation of Bosnia and Herzegovina (FBiH) and the Republika Srpska entities on the SOE reform agenda, including defining the scope of potential World Bank support and formulating an integrated medium-term engagement program
- **Reform design and implementation:** supporting the FBiH and Republika Srpska governments in the design and implementation of key reforms to improve SOE sector governance through evidence-based advice, technical assistance, and capacity building

B. Implementation Progress and Output Reporting

Activity highlights/key achievements over the reporting period

Republika Srpska

During the reporting period, the project achieved the following progress:

Component 1: Policy-level reforms

- Supported a comprehensive update to the Republika Srpska entity’s SOE Reform Action Plan, which outlines a medium-term agenda for SOE sector reform in the jurisdiction for 2022-2024, covering policy-, owner-, and company-level reforms and key reform enablers. The updated plan, which extends the plan developed with the BEST SOE program’s support in 2021, was adopted by the government in October 2022.
- Provided support for the government’s action plan for 2023, which included the drafting of SOE-related actions and components for the government’s annual action plan (or work plan) for calendar year 2023.
- Established and operationalized the SOE Oversight Coordination Department. The BEST SOE project provided technical assistance for drafting the documentation required to establish the department, including support for drafting amendments to the government’s Systematization Rulebook, which formally allowed the department to be created in January 2023 and staff to be hired in March 2023.
- Supported the development of an IT solution for the Oversight Coordination Department. The project supports development of a custom-built IT solution

that is technically sound, secure, and reliable. The solution will (1) standardize and harmonize data received from SOEs for improved oversight and analyses, and (2) create a central repository of comprehensive data on SOEs that can be used by the key identified users outside of the department, including the Ministry of Finance for the purposes of fiscal risk monitoring. The team is in the process of setting up a recipient-executed component under the project to support the IT solution's implementation.

- Reviewed and analyzed the legal framework for SOE governance.
- Delivered a range of technical sessions and training for the benefit of the new Oversight Coordination Unit in the General Secretariat of the Government, the inter-ministerial SOE Reform Working Group, and the Prime Minister's Office. In preparation for the Oversight Coordination Unit's establishment, the Bank planned and delivered a series of technical sessions on topics relevant to the SOE reform agenda in Republika Srpska that drew on international examples and good practices. The project anticipated supporting on-demand coaching and regular (monthly) training for the newly established Oversight Coordination Department. The project deployed six external expert advisers for this purpose, covering the areas of financial analyses, legal analyses, corporate governance, IT, and general strategic management and reform.
- Provided support for SOE fiscal risk monitoring and managing functions that were established in the Ministry of Finance.
- Initiated an Integrated State-Owned Enterprises Framework assessment of SOEs owned by the Republika Srpska entity. This activity is still ongoing and will identify ways to strengthen SOE sector performance for the jurisdiction.

Component 2: Doing groundwork for establishing sound oversight and reporting arrangements

- Prepared an assessment of existing reporting systems based on desk and field research.

Component 3: Company-level reforms

- Started exploratory dialogue with companies on SOE reforms. However, this activity has been placed on hold until the Oversight Coordination Department is further strengthened.

Component 4: Reform enablers

- Continued preparations for a baseline citizen survey to gauge public perceptions and attitudes towards the SOE sector functions and reforms in Bosnia and Herzegovina.
- Initiated preparations for a stocktaking of the strategic communication function of entity governments.
- Initiated stakeholder and political economy analyses to inform ongoing engagements and shape project activities.

Federation of Bosnia and Herzegovina

During the reporting period, the project achieved the following progress:

Component 1: Policy-level reforms

- Engaged in (ongoing) dialogue to support the establishment of a central SOE Oversight Coordination Unit in the General Secretariat of the Government.

Component 3: Company-level reforms

- Initiated several company-level engagements at

FBiH entity and canton levels, but paused these activities in February 2023 due to uncertainty about the new FBiH government and high-level counterparts. The BEST SOE team received requests for support from the FBiH Elektroprivreda power utility company and from the Tuzla Canton government for selected SOEs under its jurisdiction (GIKIL Global Ispat Coke Industry Lukavac, Coke-Chemical Combine, Koksno-hemijski Kombinat Lukavac, and Salt Coal Mine Tuzla).

Component 4: Reform enablers

- Began preparations for a baseline citizen survey, strategic communications assessment, and political economy analysis. Preparations had initially begun in the previous reporting period, but were postponed due to election-related political uncertainty and sensitivities. Activities under this component mirrored and moved in parallel with those in Republika Srpska.

Brcko District

During the reporting period, the project achieved the following progress:

- **Engagement with the Brcko District deepened during the reporting period.** In May 2022, the World Bank conducted comprehensive analyses of the performance of Brcko SOEs and their drivers. The engagement with the district began in February 2023. The project team presented initial results and received feedback and support for the forthcoming last phase of data collection. The analyses were expected to be finalized in the fall/winter of 2023 and were expected to inform a comprehensive medium-term reform strategy and potential World Bank support for implementation. The work is closely coordinated with the Office of the High Representative and the International Monetary Fund.

Looking ahead/plans for next period

Priority activities for the next reporting period include the following:

Republika Srpska

- Establishing the IT system for data collection for the SOE Oversight Coordination Department
- Adopting foundational legislation, regulations, and policies to underpin SOE sector governance

Federation of Bosnia and Herzegovina

- Restarting engagement at the company level
- Initiating support for foundational reforms at the policy and institutional levels

Brcko District

- Deepening reform engagement based on the in-depth analytical work being completed this reporting period

C. Changes to Grant Activity (budget, activities, timeline, etc.)

The project experienced challenges in the FBiH entity due to election-related political uncertainty and sensitivities. These factors delayed the implementation of project activities. Despite these challenges, progress was made during the reporting period.

Project Name: Digital Technology for Public Asset Governance— DT4PAG

Grant Account: TF0C0114

Task Team Leaders: Anh Phuong Nguyen, Huong Thi Lan Tran, Ildrim Valley

A. Project Objectives and Activity Summary

The DT4PAG project, launched in January 2023, aims to leverage disruptive technologies to improve the management and governance of public assets—such as land, infrastructure, and property— in terms of risk management, maintenance, and/or revenue generation from infrastructure services. It entails aligning people, processes, digital platforms, and data assets (technology) to achieve better-informed decision-making and ultimately, more resilient infrastructure. This involves combining existing data from administrative systems with new sources, such as satellites, smartphones, and sensor systems. The project provides capacity building through, and technical assistance for, implementation of pilot use cases.

The project includes three components: people, processes, and technology.

- **The people pillar** provides structured awareness-raising, capability-building, and use-case explorations to decision-makers and public officials in beneficiary provinces. These services are offered through domestic training centers that will be supported and linked to existing global Centers of Excellence. Activities first will support the refinement and development of use cases, then build some of the capacity required to successfully implement them. Expected outputs/outcomes include (1) support to two local training institutions to develop training curriculums and to established networks with global Centers of Excellence, and (2) delivery of training to senior management and technocrats.

- **The process pillar** aims to narrow the disconnect between policy and practice for digital government innovations in Vietnam. Expected outputs/outcomes include (1) geospatial data standards developed for registry of physical assets, (2) data interoperability for infrastructures that are at high risk of climate impacts, and (3) increased investment or maintenance funding for disruptive technology for applications that support public asset governance, which may foster reforms at the national level. Beneficiary cities are expected to make use of digital geospatial data concerning key public assets and infrastructure investments (e.g., roads, flood protection).

- **The technology pillar** supports end-user platforms and supporting data that underpin the use-case deliveries across the beneficiary provinces, by bringing in domestic and international technology innovation partners. Expected outputs/outcomes include (1) tailored solutions developed or codeveloped by these partners that are fit-for-purpose in terms of capabilities, complexity, and cost to the end users, (2) refined cloud-based models, and (3) evidence-based diagnostics to provide the basis for the use cases.

B. Implementation Progress and Output Reporting

Activity highlights/key achievements over the reporting period

Ho Chi Minh City

A new flood exposure reporting and online decision-making platform was developed and began operating. There were 757 users and 940 flood reports as of January 2023. The city's Department of Construction was institutionalizing the platform's operational regulations. A total of 17 training workshops were conducted for 730 officers about the platform's operation.

Thua Thien Hue

The provincial People's Committee on March 7, 2023, gave approval to implementing the grant activities in the province. A mission that month reached agreements on three areas of digitizing government documents for the construction sector, each of which will involve support areas/use cases, implementation arrangements, and tentative time-bound work plans. The three areas are (1) assistance in digitizing construction plans, (2) consolidation of available databases and streamlining processes for appraisal and disclosure of construction plans, and (3) development of an application for issuance of digital building permits based on a geographic information system.

Da Nang

DT4PAG gained a high level of leadership commitment. The World Bank provided Da Nang with ongoing technical assistance to implement its asset management law and regulations. As part of this, the World Bank worked toward creating an integrated public asset management plan for the city, focusing on fixed assets and sectors relevant to optimizing asset use, maintenance, revenues, and disaster risk insurance. The World Bank reviewed 1,600 records of public assets identified by the city, as well as piloted software, to propose ways that Da Nang could develop an integrated digital registry of public assets, including their geospatial coordinates. The World Bank also conducted scoping missions to explore potential use cases and assess their implementation readiness.

Capacity building activity across cities/provinces via the Digital Government Academy

Establishment of a Digital Government Academy is central to DT4PAG's success under the people pillar. The academy would design the curriculum and provide training in digital skills for government leaders and

key technical staff, as well as undertake the role of a Center of Excellence in Vietnam. The World Bank issued an Expression of Interest on March 28, 2023, to select the vendor for the academy. Concurrently, missions to Thua Thien Hue and Da Nang conducted an initial assessment of local needs through discussions with concerned stakeholders and a review of policy documents. The World Bank also conducted a market review of potential Centers of Excellence in Vietnam and in other countries.

Looking ahead/plans for next period

Priority activities for the next reporting period include the following:

1. Providing technical assistance to establish the Digital Government Academy and deliver a curriculum on digital skills. This task will involve developing the academy's strategies and operations that will lead it toward becoming a Center of Excellence.
2. Conducting business process and data mapping related to agreed use cases in Thua Thien Hue, Ho Chi Minh City, and Da Nang, to document workflows related to processes and actors involved, data flows, related regulations/policies, etc. This process mapping exercise will lay the foundation for developing technological solutions in each jurisdiction.
3. Working with the Department of Information and Communications and other concerned departments/agencies to assess the suitability and sustainability of existing platforms. Specific activities include the following:
 - **In Ho Chi Minh City**, the project team will (1) explore public housing management applications and/or building permits for the Department of Information and Communications as potential use cases; (2) assess business processes, user needs, and data availability once use cases are agreed upon; and (3) provide advice about the

Department of Information and Communications’ construction management database and its linkage to Ho Chi Minh City’s data strategy.

- **In Thua Thien Hue**, the project team will (1) work with the Department of Information and Communications, concerned departments, and the city-wide implementation task force to agree on a specific, time-bound work plan; (2) provide technical guidance on digitization of construction planning documents; (3) assess the suitability of existing data-sharing platforms for construction-related data; and (4) conduct business process mapping for building permits.
- **In Da Nang**, the project team will further explore the public housing management application as a use case. Specifically, the team will (1) support

updates to the digital transformation plan and implementation progress; (2) assess the datasets available in Da Nang’s common data warehouse; and (3) assess the readiness of information technology infrastructure, data-sharing protocols, exchange processes, etc.

C. Changes to Grant Activity (budget, activities, timeline, etc.)

The project’s original scope envisaged providing technical assistance to five cities/provinces. Following consultations with key stakeholders, this scope may potentially be narrowed to focus on four jurisdictions instead: Ho Chi Minh City, Thua Thien Hue, Da Nang, and potentially, Can Tho. This more focused scope would enable the project to concentrate resources in a more targeted manner.

Project Name: Foundational Accounting and Financial Management Skills Enhancement Program— FASE

Grant Account: TF073247

Task Team Leaders: Patrick Kabuya, Kolie Ousmane Maurice Megnan

A. Project Objectives and Activity Summary

The FASE project was designed to address the shortage of foundational accounting skills in African countries, as was shown in the Reports on the Observance of Standards and Codes in Accounting and Auditing assessments. The development objective of this project is to enhance foundational skills in accounting and financial management, which will result in more accounting technicians able to use their relevant skills, knowledge, and competencies to support growth, accountability, and efficiency in the public and private sectors. The project includes four components.

- **Component 1** aims to produce a study that analyzes the state of the accounting profession in the five countries and recommends how to strengthen accountancy qualifications in these countries.
- **Component 2** aims to design accounting qualification curricula, syllabi, and relevant training materials. The activities are grouped into two workstreams. Stream 1 involves (1) designing new or revising existing accounting technician certificates in five countries (Burkina Faso, Côte D'Ivoire, Morocco, Senegal, and Tunisia); (2) developing governance models for training institutions; and (3) developing a communications strategy for the five beneficiary countries. Stream 2 involves designing the Accounting Technician Qualification for Africa (ATQA).

- **Component 3** focuses on capacity building. The activities are grouped into two workstreams. Stream 1 involves (1) developing capacity for implementation, change management, and potential expansion of the program in the five countries; and (2) developing guidelines on institutional policies, systems, and capacity that are required to be in place in professional accountancy organizations so that they can effectively offer an accounting technician qualification. Stream 2 seeks to (1) involve at least one senior staff member of the Pan African Federation of Accountants in the FASE project, and (2) design an e-learning platform to benefit all countries, as part of a recipient-executed grant.
- **Component 4** aims to (1) support the rollout of the accounting technician qualifications in the five countries, and (2) pilot the ATQA in three countries through the recipient-executed grant, with the Pan African Federation of Accountants serving as the recipient executing agency.

B. Implementation Progress and Output Reporting

Activity highlights/key achievements over the reporting period

During the reporting period, the World Bank accomplished the following:

- Designed a new competency-based accounting technician certificate program accessible to holders of at least a Bac +3 (Baccalauréat and a three-year university degree) for Burkina Faso, Morocco, Senegal, and Tunisia.
- Finalizing learning materials for the designed technician qualifications in the four countries.
- Developed a roadmap to guide the Ministry of Higher Education in Côte D'Ivoire in strengthening its accountancy and finance degrees in

institutions of higher learning (such as the Brevet de Technicien Supérieur and Diplôme Universitaire de Technologie).

- Reviewed and issued revised business model and governance/institutional frameworks for the professional accountancy organization's training institutions in Burkina Faso and Côte D'Ivoire.
- Developed competency-based ATQA curriculum, syllabus, study material, and lecturers' material. The process involved consultation with various stakeholders, including the International Federation of Accountants, Pan African Federation of Accountants, Accounting Technicians Scheme West Africa, and other accounting professional bodies in Africa. The team is accelerating the next phase of entering into a recipient-executed trust fund arrangement with the Pan African Federation of Accountants to roll out ATQA in three countries.

In addition, the World Bank hosted two FASE events during the reporting period:

- In June 2022, 97 participants from the five countries attended a virtual knowledge-sharing event. Attendees discussed experiences and lessons about topics including training arrangements and initiatives to attract students to the courses.
- In October 2022, 60 physical participants and 140 virtual participants from the five countries attended the [“Accounting Technicians - Catalysts for Accelerating Economic and Inclusive Growth in the Economy”](#) workshop in Casablanca, Morocco. Attendees shared experiences of designing and implementing accounting technician qualifications and learned the roles of different stakeholders in the accounting technician value chain. Participants agreed

to help accelerate the implementation of the new accounting technician programs by, for example, ensuring that the programs are registered with each country's authorities to achieve recognition and attract students, and by conducting marketing campaigns to promote the programs to prospective students, their parents, and employers.

Looking ahead/plans for next period

Priority activities for the next reporting period included the following:

- Finalizing the development of accounting learning materials in Burkina Faso, Morocco, Senegal, and Tunisia
- Preparing a roadmap to pilot ATQA in three countries: Angola, Mozambique, and South Sudan (In Côte D'Ivoire, the government will develop its own revised accounting curriculum and learning materials, following a roadmap prepared by FASE.)
- Finalizing the recipient-executed trust fund arrangement with the Pan African Federation of Accountants to facilitate the piloting of ATQA in three countries

Planned events included (1) an accounting technician session to be held during the Africa Congress of Accountants in Abidjan, Côte D'Ivoire, on May 14, 2023; and (2) a training of trainers for the new ATQA in Burkina Faso, Côte D'Ivoire, Senegal, and Tunisia, by December 2023.

C. Changes to Grant Activity (budget, activities, timeline, etc.)

The project experienced challenges that delayed the initiation of the recipient-executed grant to roll out ATQA. The new implementation timeline is FY2024-FY2025.

Project Name: Lao PDR Third Programmatic Public Financial Management Reform Program

Grant Account: TF0B6790, TF0B6791, TF0B6792, TF0B6793, TF0B8658

Task Team Leaders: Elena Georgieva Georgieva-Andonovska, Maxwell Bruku Dapaah, Viengmala Phomsengsavanh

A. Project Objectives and Activity Summary

The development objective is to provide technical assistance and advisory services to the Government of Lao PDR to improve public expenditure and revenue management, public procurement, and human resources management. The project includes five components.

- **Component 1** aims to improve budget preparation, public expenditure management, and oversight. It involves providing technical assistance and advisory services for: (1) budget planning and preparation, including gender budgeting; (2) strengthening of public expenditure management in sectors; (3) strengthening of transparency, accountability, and oversight; (4) implementation of a new financial management information system, treasury reforms, and debt management; and (5) strengthening of SOE governance.
- **Component 2** seeks to improve revenue management by strengthening tax policy and legislation and modernizing tax administration, in line with the recently approved Tax Administration Reform Plan 2021-2025.
- **Component 3** aims to strengthen public procurement by supporting capacity building and improving the professionalism of procurement staff and the government's transition to e-procurement.

- **Component 4** seeks to modernize human resources management in the civil service. It involves support for the following tasks: (1) introduction of a personnel management information system, (2) preparation and implementation of a civil service strategy, and (3) strengthening of civil service ethics and professionalism.
- **Component 5** supports the preparation of analytics and delivery of just-in-time support.

B. Implementation Progress and Output Reporting

Activity highlights/key achievements over the reporting period

Component 1: Budget preparation, public expenditure management, and oversight

1.1 Budget planning and preparation, gender budgeting

- Organized three workshops focused on gender and (1) tax (March 2022); (2) public procurement (July 2022); and (3) the management of SOEs (March 2023).
- State Budget Department piloted medium-term budget plans with two ministries: the Ministry of Education and Sports and the Ministry of Public Works and Transport (May 2022). The department also launched the use of project-prepared annual budget planning templates with eight line ministries.
- Trained staff from the Ministry of Finance and Ministry of Planning and Investment on medium-term budget plans and the preparation of a State Budget Policy Statement (February 2023).

1.2 Public expenditure management in sectors

- Conducted data collection for the education sector Public Expenditure and Institutional Review and

FinEd studies (August 2022) and presented draft report findings (January 2023).

1.3 Transparency, accountability, oversight

- Organized a session for the National Assembly on tax measures for economic recovery (April 2022).

1.4 Government Financial Information System+/ financial management information systems, treasury reforms, debt management

- Provided technical support (February 2023) to revise the chart of accounts and its piloting in the upgraded Government Financial Information System Plus. Significant progress was made in finalizing six of the seven segments of the new chart of accounts.

1.5 SOE governance

- Finalized the report assessing the corporate governance and fiscal risks of Lao Airlines and presented it to the airline's management, Ministry of Finance, and Ministry of Public Works and Transport (September 2022).
- Launched technical assistance for the Department of SOE Reforms through a senior SOE advisor hired by the project. The first mission took place in January 2023, to understand the context and agree on areas of support, as well as to collect data to inform a chapter on SOEs in a public expenditure review prepared by the World Bank.
- Initiated procurement of a company to conduct a horizontal review of SOEs using the Integrated State-Owned Enterprises Framework.
- Kicked off the support on International Financial Reporting Standards (IFRS). Ernst & Young Vietnam and Lao PDR are implementing this subproject. Training for preparers started in December 2022

and is ongoing. A gap analysis of the knowledge and understanding of IFRS was performed at the beginning to inform the preparation and design of the training.

Component 2: Improvement of revenue management

- Provided technical assistance to the Ministry of Finance drafting team and delivered a workshop about a value-added tax for e-commerce in Lao PDR (November 2022). The workshop was co-chaired by the vice minister of finance, World Bank country manager, and DFAT ambassador.
- Provided virtual and in-person training and advice on transfer pricing (May-Sept 2022), developed a transfer pricing roadmap (May 2022), and provided support to draft transfer pricing regulations (September 2022).
- Ministry of Finance approved the use of risk-based audits for tax audits in June 2022, following continuous project assistance. A manual was prepared and is pending approval.

- Provided the Ministry of Finance with technical assistance to draft a new property tax law (January 2023).

Component 3: Strengthening of public procurement

- Delivered virtual and in-person training on the new procurement complaint mechanism (August 2022).
- Provided technical assistance about uploading public procurement information (procurement plans, contract opportunities, and awards) on the new public procurement website. This support was ongoing.

- Partnered with the German development agency, Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ) on introducing green procurement approaches in Lao PDR.
- Provided capacity-building support for framework agreements (August 2022).
- Completed an electronic tool to facilitate the use of framework agreements and provided training on how to use it.
- Completed the terms of reference to conduct a readiness assessment of e-procurement.

Component 4: Modernization of human resources management in the civil service

- Presented the findings and recommendations of an assessment of the Personnel Management Information System, along with a list of possible upgrades to the system (October 2022).
- Delivered a workshop on international lessons learned from implementation of human resources management information systems (October 2022).
- Began development of a conceptual framework for a human resources management information system, in view of the government's plans to acquire this type of system to replace the Personnel Management Information System.

Component 5: Project implementation, analytics, and just-in-time support

- Conducted a household welfare monitoring survey (December 2022 to January 2023) and prepared a brief for publication on the World Bank's website.

- Conducted a qualitative community-level survey to understand the economic and social impact of the various shocks experienced by the Lao economy (COVID-19, inflation) on rural livelihoods. From May to July 2022, 139 key informants across 70 villages in six provinces were interviewed, and in November 2022, 20 follow-up interviews were administered to collect more information, especially on the impact of inflation. The survey fieldwork was implemented by Indochina Research (Lao PDR). All interviews were conducted by phone. A summary of the survey findings was prepared, and the team is discussing dissemination options.
- Initiated discussions to update Lao PDR's Public Expenditure and Financial Accountability scores, based on a desk review.
- Convened the first meeting of the technical working committee (November 2022). The meeting was co-chaired by the vice minister of finance, World Bank country manager, and DFAT ambassador. The next committee meeting was planned for May 2023.

Looking ahead/plans for next period

Priority activities for the next reporting period include the following:

- Initiating analytical work aimed at generating a better understanding of corruption in Lao PDR.
- Conducting a repeat Public Expenditure and Financial Accountability assessment.
- Finalizing the Public Expenditure and Institutional Review of the education sector.
- Delivering technical assistance to advance SOE reforms.

C. Donor Coordination

The World Bank is working in close collaboration with other donors and complementing their activities. The technical coordination committee has created a useful platform for sharing the support agendas of the various development partners and has fostered dialogue to avoid overlaps and duplication in supporting the

Ministry of Finance's reform implementation. Donors that are actively supporting PFM in Lao PDR include the International Monetary Fund (IMF), Asian Development Bank (ADB), European Union, Japan International Cooperation Agency (JICA), GIZ, Swiss Development Corporation (SDC), DFAT, Lao Australia Institute, and the UN Community Development Fund.

Table 6. Overview of Donor-Supported Public Financial Management Activities in Lao PDR

Area of support	Donor(s)
Budget preparation processes	World Bank/EU/DFAT
Chart of accounts update	World Bank/EU/DFAT jointly with IMF; UN Community Development Fund
Medium-term expenditure framework	ADB
Budget execution processes	World Bank/EU/DFAT
Financial management information systems	World Bank
International Public Sector Accounting Standards implementation	IMF
International Financial Reporting Standards implementation	World Bank
Debt management	World Bank/EU/DFAT; IMF; JICA; ADB
Public procurement	World Bank/EU/DFAT; GIZ
Public investment management	JICA
Decentralization/subnational finance	ADB; SDC
Tax policy	IMF; World Bank/EU/DFAT
Tax administration	World Bank/EU/DFAT; IMF; Export-Import Bank of Korea
Civil service / human resource management	World Bank/EU/DFAT; Lao Australia Institute
Citizen engagement	GIZ/EU/SDC (joint program)
Support to National Assembly	GIZ/EU/SDC (joint program); World Bank/EU/DFAT
Support to State Audit Organization	GIZ/EU/SDC (joint program); World Bank/EU/DFAT
Support to SOE reforms	World Bank/EU/DFAT
PFM in the education sector	World Bank/EU/DFAT; EU
Gender in PFM	World Bank/EU/DFAT

Appendix 2. Selection Criteria for Fiscal Year 2023 Call for Proposals

Selection Criteria for Fiscal Year 2023 Call for Proposals

In reviewing proposals, the FMUP's program management team assigned the highest priority to initiatives that would directly achieve the program's outcome-level objectives for strategic areas of interest. In addition, the team used the following selection criteria:



Technical quality of the proposal, including selectivity, degree of realism, team composition, and risk mitigation measures



National interest and clear demand/commitment of authorities and/or project counterparts, and sufficient absorptive capacity of governments to advance the resulting reforms



Relevance to Country Partnership Frameworks, Systematic Country Diagnostics, World Bank Group corporate targets, and program-related diagnostics



Potential for leveraging through scalable World Bank Group operations



Estimated impact of the proposed work on the client, vis-à-vis the program's results framework



Additionality/added value that would result in a transformational (not marginal) change to existing country engagements that are funded by both the World Bank Group and other donors

Appendix 3. Financial Highlights

Donors had committed a total of \$39.4 million to the FMUP, across the anchor multi-donor trust fund (MDTF) and the two associated trust funds, at the end of the reporting period. Total disbursements and commitments across all trust funds was \$5.1 million as of April 30, 2023. In addition, the selection of new grants from the first call for proposals was ongoing as this report was prepared. Once the finalists were chosen, it was expected that

new grants with a combined value of \$8 million would be activated and start disbursing. Additional funding of CHF 14 million was planned for the SECO-associated single donor trust fund. New partners in various stages of discussion and finalization of agreements included USAID and the European Commission.

The financial results are unaudited and expressed in US dollars.

Table 7. Pledged Contribution Details, by Donor

Date of inception to April 30, 2023

Donor	Amounts in donor currency	US\$ equivalent at signing
Australia's Department of Foreign Affairs and Trade	AUD 10,000,000	\$6,620,000
Bill and Melinda Gates Foundation	US\$ 1,600,000	\$1,600,000
Swedish International Development Cooperation Agency	SEK 45,000,000	\$4,238,000
Swiss State Secretariat for Economic Affairs	CHF 18,650,000	\$20,692,000
Total (anchor MDTF)		\$33,150,000
Austria	EUR 3,000,000	\$3,233,000
Swiss State Secretariat for Economic Affairs	US\$ 3,000,000	\$3,000,000
Total (associated trust funds)		\$6,233,000
Grand Total		\$39,383,000

Table 8. Contribution Paid-in Details, by Donor

Date of inception to April 30, 2023

Donor	Amounts in donor currency	US\$ equivalent at signing
Australia's Department of Foreign Affairs and Trade	AUD 7,200,000	\$5,389,000
Bill and Melinda Gates Foundation	US\$ 1,200,000	\$1,200,000
Swedish International Development Cooperation Agency	SEK 15,000,000	\$1,737,000
Swiss State Secretariat for Economic Affairs	CHF 11,650,000	\$11,609,000
Total (anchor MDTF)		\$19,935,000
Austria	EUR 3,000,000	\$3,422,000
Swiss State Secretariat for Economic Affairs	US\$ 1,000,000	\$1,000,000
Total (associated trust funds)		\$4,422,000
Grand Total		\$24,357,000

Table 9. Summary of Receipts

As of April 30, 2023

Receipts	Date of inception to April 30, 2023
Cash contributions paid-in	\$24,357,000
Investment income	\$627,000
Total receipts	\$24,984,000

Table 10. Estimated Disbursements

Date of inception to April 30, 2023

FMUP modules	Allocations <i>Inception to April 30, 2023</i>	Amounts disbursed	
		<i>May 1, 2022, to April 30, 2023</i>	<i>Inception to April 30, 2023</i>
Module 1: Managing Public Finances	\$6,220,000	\$1,922,000	\$2,144,000
Module 2: Financial Reporting and Auditing	\$0	\$0	\$0
Module 3: Public-Private Sector Interface	\$4,016,000	\$1,451,000	\$2,623,000
Cross-cutting issues	\$130,000	\$12,000	\$12,000
Program management and administration	\$730,000	\$229,000	\$322,012
Total	\$11,096,000	\$3,613,303	\$5,100,913
Cost recovery fees			\$324,106

Endnotes

- Public Expenditure and Financial Accountability Secretariat (2016).
- See *The Future of Government: Reimagining Government for Good* (2022), accessed at <https://documents1.worldbank.org/curated/en/099720006232225578/pdf/P175467091ace205b0ba840678d6200174e.pdf>.
- DFI, *2021 Trust Fund Annual Report*.
- All dollar amounts are US dollars unless otherwise indicated.
- The program initially short-listed 35 proposals, but two applications were withdrawn.

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