

# World Bank 회의 발표 및 협의를 위한 출장복명(안)

## □ 출장 목적

- ① World Bank의 재정국(PRMPS)이 워싱턴에서 개최하는 공공투자사업 관리 효율화 국제회의("Public Investment Management Global Synthesis")에 참석하여,
- ② 한국의 글로벌 경제위기에 대응한 공공투자사업 관리 현황 및 제도개선 사례에 대하여 발표를 하고, 현재 World Bank가 추진하고 있는 공공투자사업 관리 효율화 방안에 대하여 논의하기 위하여 워싱턴을 방문하였음.
- ③ 더불어 World Bank의 민간투자사업 관련 전문가 그룹 Manager인 Mr. Clive Harris도 면담하여 한국의 민자사업 추진 및 국제기구들과의 상호 네트워크 구축을 협의하였음.

## □ 출장자

- 공공투자관리센터 김재형

## □ 출장 예정일

- 2010년 7월 6일(화) ~ 2010년 7월 11일(일)

## □ 출장 일정

- 2010년 7월 6일(화) : 서울 출발, 미국 워싱턴 도착
- 2010년 7월 7일(수) : World Bank 회의 참석, 발표
- 2010년 7월 8일(목) : World Bank 회의 참석, 발표
- 2010년 7월 9일(금) : World Bank 민자 전문가 면담
- 2010년 7월 10일(토) : 워싱턴 출발
- 2010년 7월 11일(일) : 서울 도착

**Minutes of the Public Investment Management Global Synthesis Hanoi International  
Conference Workshop**

**Washington, DC July 7<sup>th</sup>, 2010, 11:00 am – 3:00 pm**

***Draft, July 9<sup>th</sup>, 2010***

**Objectives:** A workshop to review the work to date and finalize the preparations for the upcoming international conference on Public Investment Management in Hanoi, Vietnam from September 8-9, 2010 and a subsequent publication of a global synthesis volume was held on Wednesday, July 7, 2010 at the World Bank Headquarters in Washington D.C. The event was organized with the support of Korean Trust Fund by the Public Sector Governance Anchor in collaboration with the Africa Public Sector Reform and Capacity Unit (AFTPR) and the East Asia Pacific PREM Unit (EASPR).

**Presenters:** The meeting was co-chaired by James A. Brumby (Acting Director, PRMPS) and Anand Rajaram (Sector Manager, AFTPR), with presentations and comments by Kai Kaiser (Senior Economist, PRMPS), Tuan Minh Le (Senior Economist, AFTPR), Jay-Hyung Kim (Managing Director, Public and Private Infrastructure Investment Management Center (PIMAC), KDI), Era Dabla-Norris (Deputy Unit Chief SPR, IMF), Annette Kyobe (Economist SPR, IMF), Rob Taliencio (Lead Economist, EASPR), Alfonso Sanchez (Consultant, PRMPS), Graham Glenday (Duke University), and G.P. Shukla (Duke University), Petter Matthews and Bill Patterson (CoST Secretariat London). The final agenda of the preparatory workshop is shown in Annex 1.

**Participants:** Other participants included Jong Wook Lee (Senior Public Specialist, PRMPS), Doug Addison (Senior Economist, EASPR), Cem Dener (Senior Public Sector Specialist, PRMPS), Ron Hood (Lead Economist, ECSP2), Volker Treichel (Lead Economist, AFTPR3), Richard Allen (Consultant, PRMPS), Charles Undeland (Senior Governance Specialist, SASGP), Nataliya Biletska (Consultant, PRMPS), Christopher Finch (Senior Country Officer, EACCQ), Rafael Muñoz (Economist, AFTPR3), Kathie Krumm (Sector Manager, AFTPR2), Verena Fritz (Governance Specialist, PRMPS), Simon Groom (Consultant, PRMPS), Jorge Shepherd (Consultant, PRMPS/AFR), Julia Devlin (Senior Strategy and Operations Officer, MNCSC), Nancy Meza (Consultant, PRMPS/AFTPR), Saw-Young Sandy Min (Consultant, PRMPS), Lorena Viñuela (Consultant, PRMPS), and Zachary Mills (Consultant, PRMPS/IMF). Connections by VC included Tarsila Ortenzio Velloso (Public Sector Specialist, LCSPS) and Marcio Firmo (Consultant, LCSPR) in Brasilia, and Bernard Myers (Senior Public Sector Specialist, ECSP4) in Bucharest.

**Overview:** The workshop underscored the importance of the public investment management (PIM) agenda for the Bank, and the contribution this work can make towards supporting client countries in

this area. Given the significant role and effort by the Bank (and the Fund) in engaging with broader public financial management (PFM) reforms, it was clearly important to set expectations and manage messages emerging from the work. For example, given that significant effort had gone into reforming “dual budgeting” systems of capital versus recurrent spending, a renewed emphasis on public investment to be synthesized in the proposed volume needed to be clearly set in the context of such prevailing historical debates. A key theme of the meeting was to identify issues of public investment prioritization and management, and the wider relationship between prioritization and sequencing for strengthened PFM in client countries.

### **Guidance from Principals:**

- **Dr. Jay-Hyung Kim (KDI)** emphasized the volume should (1) not be excessively ambitious but rather be selective and pragmatic; (2) pay special attention to the central issues of public investment system’s ownership/accountability structures, and sequencing in improving project appraisal; (3) how to make reform happen, and (4) how to combine economic appraisal with other political considerations in a multi-criteria analysis. He suggested using the IMF Public Investment Management Index, but applying specific weights to signify the importance of particular elements. He also pointed out that there needs to be a unified framework linking the relationship between public private partnerships (PPP) and traditional procurement. He recommended that the chapter on appraisal discusses the institutional and organizational arrangements for public investment management, instead of adding a new chapter. In terms of the Hanoi workshop, he gave his full support and stated that he will also provide a list of participants and work together with the team to wrap up the lessons learned from the conference.
- **Robert Taliercio (EASPR)**, representing Linda van Gelder (Sector Manager EASPR), suggested that the conference and volume address three substantive issues, i.e. better define ‘good enough’ reforms vs. best practice, evaluate the experience of the Vietnam DPL after one year of implementation, follow a systemic approach to provide recommendations and sequencing of reforms in public investment management, and assessing the impact of decentralized procurement on the quality and quantity of spending.
- **James A. Brumby (PRMPS)** echoed earlier comments on the importance of marginal change and proposed to have a round table discussion on the sequencing of reforms in the context of the Hanoi conference. He also suggested that this event will provide a good opportunity to subject the Public Investment Management Index to scrutiny. He recommended that the conference focus on a smaller subset of country including the Balkans, Brazil, Korea, Mongolia, Peru, Timor Leste and Vietnam.
- **Anand Rajaram (AFTPR)** proposed that one African case be added to the list of country cases to be discussed in the Hanoi conference to provide a more representative range of examples. He highlighted the importance, perhaps in future work on PIM, of paying

attention to the type of mechanisms through which international and domestic scrutiny on public investment can be used to leverage improvements in performance, using the example of infrastructure investments in the context of a high profile event such as the World Cup in South Africa. In response to comments about how this work might be perceived given past Bank policy advice in this area he suggested and offered to draft an introductory paper or a preamble outlining the context, framing the PIM approach within the broad historical trends of public investment management, and defining the scope of the book. With regard to the discussion on sequencing, he underlined the distinction to be kept in mind between a systemic approach to *diagnosing* weaknesses in PIM (which should be as comprehensive as possible) from the more difficult and necessarily country specific approach to *treatment*, which will require careful attention to sequencing the reforms in an institutionally appropriate way.

### **Comments by Peer Reviewers and Discussants:**

Comments and questions raised the following points:

- Clarifying what is meant by “good enough” practice in public investment management.
- Identifying drivers of a renewed interest in public investment efficiency.
- Assessing different organizational structures and their impact on the success/failure of reforms.
- The need of combining economic analysis with broader selection criteria to create incentive compatibility.
- Distinguishing “PIM diagnosis” from “PIM treatment” and adopting a country specific approach to sequencing the latter.
- Issue of sequencing and potential lessons from developed countries, especially these most recently becoming “developed.”
- Incorporating a discussion on supporting systems such as accounting, internal/external audit and oversight agencies.
- The importance of understanding the governance/organizational structure and ownership structure to address accountability.
- Defining what sound appraisal is and what are "acceptable levels" in varied country contexts.
- Evaluating the range of methodologies of the appraisal and public investment modalities.
- Using successful examples where capacity has been built and is being used.

### **Moving the Agenda Forward and Next Steps**

After considering the guidance of management and the comments by discussants and team members, it was agreed that the following next steps will be taken:

- As the main output of the activity, the team will produce a thematic volume with cross country lessons on public investment efficiency. Efforts are being made to select a good sample of countries representing the five different country classifications for the volume.
- A preamble introductory chapter will situate the current work on public finance management within the broader evolution of thinking and policy to promote integrated public finance management in the World Bank and other international financial institutions.
- A review of the debate and positions on ‘good enough’ versus first principle will be incorporated into the synthesis chapter.
- The Hanoi International Conference will have as main objective to contribute to the completion of the volume and provide an opportunity to validate and incorporate the feedback from academics, government officials, and Bank practitioners.
- The manuscript will be finalized by January, 2011.
- The workshops to be held in Nairobi in January 2011 (subject to regional financing) and in Brazil in February 2011 will be geared to disseminate the final manuscript (including through possible translations)

### **Proceedings of the Workshop**

#### **Presentation of Concept/Work-to-date**

The preparatory workshop began with a brief overview by Kai Kaiser (PRMPS) and Tuan Minh Le (AFTPR) of the Hanoi workshop and the scope of the volume focusing on the 5 thematic chapters (PIM Framework, Synthesis of Country Experiences, Project Appraisal, Procurement, and Natural Resource Dependent Settings), case studies, and the audience of the book (policy makers in client countries, country teams, and other development partners). Key policy issues for PIM and the 8 "must-have" core PIM features were discussed followed by preliminary findings of country case synthesis on a matrix of country classification and region. Tuan Minh Le highlighted the importance of PIM reforms through an incentive compatible way, focusing on technically feasible methods and good enough practice. The opening session concluded with next steps for Hanoi, and also an anticipated Nairobi Workshop and Brazil Conference planned for January and February 2011 respectively and a possible publication launch event in DC and Seoul in April 2011.

#### **Discussion of Synthesis Papers/Issues**

Prof. Graham Glenday (Duke University) presented on the roles of project appraisals and stressed the need for public sectors to have knowledge of basic demand of public services to avoid excess or shortage of supply. In most cases, there is very little information or forecasting capacity to measure

demand, making it difficult to screen out "white elephants" and select "good" projects. Moreover, he pointed out the importance of sequencing special approvals critical to feasibility of project completion such as land allocation, environmental approvals, and major externalities into the appraisal process. In parallel to sequencing, he examined the different types of institutional arrangements and organizational structure, emphasizing oversight and accountability. Finally, he added that there needs to be a strategy to lock in any type of negotiation made in case of changes in government or environment.

Alfonso Sánchez (PRMPS) presented on procurement beyond the administrative function; a trend from simple procurement consisting of simple goods to strategic procurement i.e. business solutions and concessions. He mentioned that the progress of procurement reform is uneven, but substantial as many countries have set up regulatory systems and oversight agencies. However, while rules and regulations might have changed, behaviors have not. Poorly designed and corrupt procurement systems may result in high cost of operation (i.e. cost of maintenance). A second-generation of reforms was introduced with a need to focus on incentives for performance. A key message of his presentation was that procurement reforms needed to be addressed as part of the broader PFM reform agenda, rather than "siloed" with procurement specialists.

Further presentations were made by Era Dabla-Norris and Annette Kyobe (IMF) on the IMF's Work for PIM Benchmarking and by Petter Mathews and Bill Patterson on Approach/Lessons from CoST, respectively. Audience questions focused on the type of evidence being used to benchmark the countries, and if there were any "surprise results." The presenters noted that certain middle income countries seemed to underperform based on these preliminary results. The CoST presentation contrasted the dynamics to that of EITI, which had been an initial driver for DFID in supporting this initiative, and underscored that construction cost data from the seven pilot countries (including Vietnam and the United Kingdom) had not been published yet. This is expected to happen shortly with the end of the first phase. The presenters noted that the issue of a continuation of CoST might be part of the discussions for the Annual Meetings.

The workshop concluded with comments and guidance from Management (PRMPS, AFTPR, EAP and KDI) (see above).