



PEM PAL Steering Committee Meeting
Ljubljana, Slovenia, February 19 – 20, 2009

Participants present: Richard Bartholomew (Chair, US Treasury OTA), Robert Taliercio, Pascale Kervyn de Lettenhove (by VC link) and Natalia Pisareva (The World Bank), Sebastian Gehart (GTZ), Dr. Judith Hoffmann (InWEnt), Tomislav Mičetić (Internal Audit Community of Practice Executive Committee Chair), Salome Steib (Swiss State Secretariat for Economic Affairs SECO, by VC link), and Mira Dobovišek (Center of Excellence in Finance – PEM PAL Secretariat).

Agenda items:

1. Finalizing the Rules of Operation
2. CEF feedback on evaluation results
3. Communication with the CoPs and expansion of the SC to include additional CoP leaders
4. Funding commitments/allocations that the CoPs can use for their action plans

--- Minutes ---

Richard Bartholomew opened the meeting and explained that he is soon retiring and leaving the posts of the Chair of the Steering Committee and Community Coordinator of the Budget Community of Practice (BCoP). The next Chair of SC will soon be announced. Timothy Grewe, US Treasury Advisor in Georgia, will continue serving as a coordinator of the PEFA working group within BCoP and supporting the new BCoP Chair, Papuna Petriashvili¹, the 1st Deputy Finance Minister of Georgia.

Ms. Kervyn de Lettenhove and Ms. Steib joined the videoconference in the afternoon when conclusions from the morning session were presented. Ms. Steib asked to be copied in all the future e-mail correspondence among SC members.

1) Finalizing the Rules of Operation

Mira Dobovišek presented the latest version of the Rules of Operation prepared by the Center of Excellence in Finance (CEF), incorporating previous comments by Judith Hoffmann and Rob Taliercio. Ms. Dobovišek stressed a need for a clear division of labour within PEM PAL, which should be reflected in the Rules.

¹ Mr. Petriashvili was elected the day after the SC meeting.

Members of the Steering Committee (SC) present in Ljubljana discussed each Article of the Rules. The Rules were finalized and are to be sent to all the members of the SC **for final comments by February 27, 2009**. If no comments are provided by other SC members by February 27, 2009, the **Rules go into effect with March 1, 2009**.

SC will communicate the final Rules by website/newsletter and alert all CoP leaders to the text by email.

Highlights:

- New Rules state that two members from each CoP will become members of SC. This responds to the evaluation results, which showed that PEM PAL members need a greater understanding of how the SC works.
- Procedures as well as division of responsibility for operation and budgets are structured in the Rules as follows:
 - The Steering Committee decides on budget allocations for each CoP;
 - The Executive Committee of each CoP is responsible to draft an action plan of activities including a budget with the allocation;
 - The Steering Committee approves action plans and budgets of each CoP. Budget reallocations (of WB administered funds) among the planned activities that exceed 15 per cent must be approved by the Task Team Leader (TTL).
 - Material revisions of CoP action plans and budgets during the year (caused for example by additional donor funding or a completely new activity) must be approved by the SC;
 - The Secretariat organizes planned events within approved budgets and seeks TTL's approval in case expenses exceed budget allocations or some new finance-related questions arise, as well as for budget reallocations between CoPs for up to 15 per cent.

2) CEF feedback on evaluation results and proposals for improvements

Rob Taliercio noted that revised evaluation results, including the results of interviews conducted by Mokoro with Russian speaking members of the network, will be sent to all SC members by Mokoro by the end of February. **SC members will have to provide responses by March 15, 2009.**

Mokoro will then prepare a short evaluation report which will be translated to all PEM PAL languages, sent to PEM PAL members, and published in a Newsletter and the PEM PAL web page, along with the Framework and indicators used in the report. The whole report will be posted on the web page only in English.

Mira Dobovišek presented CEF's suggestions to improve the network, based on findings/responses to the survey questions and draft CEF's proposal from July 2008.

Question 1: Individual member's level of activities

Members of the SC discussed what donors could do to build membership within PEM PAL. The web page should not be used as an indicator of member's interest as many members cannot access the web page from their office.

Members would benefit from having different public finance legislation available at the web page in the Russian language. The CEF can arrange this, provided that the respective CoP:

- submits lists of laws/acts to be posted as an activity in the action plan and
- budgets the costs of translation.

Incentives for more active members were discussed but no decision was taken.

Question 2: Informal contact in the network

Participants want more informal contacts. They prefer learning from each other as much as possible. To meet these expectations, more time should be reserved for informal contacts during each event, and—if possible—more events should be organized in member countries, which would also enhance the CoP “ownership”. However, organizing events in a member country will alter costs. This must be taken into account by CoPs when drafting actions plans and budgets.

Question 4: Perception on the quality of resources and inputs

The SC agreed that PEM PAL events should be more carefully planned in the future, and that the process of event preparation and execution will be easier once the Rules are adopted in March 2009. The SC agreed that Community Coordinators (CC) must help Communities of Practice (CoPs) with substantive subject matter input to each event, and that more resources should be channelled towards the preparation of substance.

Question 5: Learning in the network

Members will become more active when network becomes a useful tool to gain knowledge. More time (60-90 days) and supporting resources should be scheduled for planning events (see also above). More advance event information should be given to members.

CEF will prepare Newsletters to familiarize all PEM PAL members with recent network and CoP activities. Newsletters will be sent to all members and published on the PEM PAL web page. Newsletters will be prepared by the CEF, and reviewed/revised by the Chair of SC , and the Task Team Leader.

Question 6: Ownership of the network

In order for participants to feel they can influence the CoP plans, each Executive Committee should take care that needs and priorities of its members are incorporated in the respective CoP action plans.

Question 7: Quality of support by CEF

With the adoption of the Rules of Operations, procedures and decision making will become more transparent and simple and will thus contribute to increase of satisfaction with CEF services. In addition, a Community Facilitator, who will support all the CoP's,

should soon join the CEF. The new resource person can help increase the level of technical public finance substance for all CoP events.

Question 8: Quality of leadership

The quality of CoP leadership can improve as the Rules of Operation become a guide for members and donors. Also, CoP ownership of action plans can help assure that CoP activities are more demand driven.

Ownership

Ownership can be improved by asking members to co-finance part of the costs for PEM PAL events. (For example, members could send additional personnel to events at country expense; or finance officials' travel to an event). This would be very consistent with SC efforts to find new resources for PEMPAL. Members need to understand PEMPAL's financial limits and they are to be encouraged to think of ways to identify or contribute resources to the project..

Sustainable membership

In addition, recognized, official CoP membership was discussed but no decision was taken. The SC might decide to ask Ministries of Finance to nominate a PEM PAL "team" in respective ministries, perhaps two per CoP, so that at least one member can attend each CoP event.

3) Communication with the CoPs and expansion of the SC to include additional CoP leaders

New Rules state that two members from each CoP will become members of SC. This responds to the evaluation results, which showed that PEM PAL members need a greater understanding of how the SC works.

4) Funding commitments/allocations that the CoPs can use for their action plans

Mr. Taliercio explained that DGF grant for PEM PAL in 2009 will amount to USD 300.000 and USD 175.000 for 2010. This means that in 2009 each CoP will have between USD 40.000 and USD 50.000 to spend. All money allocated from DGF in 2008 will be spent before April 30, 2009 (total available: 50.262 EUR). InWent will financially support the event of Internal Audit COP and have funds available for the training and certification part of that Action Plan (to be disbursed by December 2010).

As DGF funds are declining, the SC members must place more attention on fundraising for further PEM PAL activities. Mr. Taliercio explained that SECO has prepared Terms of Reference for an expert who would be located at the CEF for three years to support CoPs and their activities (see the mention of the Community Coordinator above). If this proposal receives final approval from SECO (a decision should be made in March 2009), then the selected expert could join the CEF in the second half of 2009.

Mr. Bartholomew reported his efforts to invite additional donors: the Swedish MoF will contribute a speaker to the April MTEF seminar at the CEF; the Dutch MoF will contribute in kind support and is considering sponsoring participation of some BCoP members at their Summer School; a specific MoF from the “new” EU member state cannot contribute to the PEM PAL but will finance technical assistance in the ECA region; and DFid decided to support several BCOP activities through presenters from PEMPAL countries.

The SC endorsed a proposal to broaden the PEM PAL donor base, although everybody agreed that the current international financial crisis will interfere with fund raising. SC members agreed that CEF will prepare a template letter to be used to invite possible future donors to contribute to PEM PAL. Existing PEM PAL donors will divide the work of inviting new donors, who are already active in Europe and Central Asia region. Communication with potential new donors by each existing PEM PAL donors will be recorded to SC members by e-mail.

SC members agreed to ask PEM PAL member countries to contribute to PEM PAL, (for example, by financing officials’ air tickets). This would contribute to building a sustainable strategy for PEM PAL. The project can operate more effectively, and for a longer time period, with members’ contributions. SC agreed to ask CoPs to put plenary meeting in their action plans and budgets for 2010.

Mr. Gehart described the event GTZ organized for the External Auditors in Montenegro in October 2008. PEM PAL did not finance the event, but did present the network to External Auditors. Event evaluation results showed that officials were highly satisfied and would like to participate at follow-up activities. Mr. Gehart suggested that PEM PAL uses money left for 2008 and finances couple of External Audit officials to attend the April Internal Audit CoP meeting where they could get familiarized with PEM PAL activities and perhaps in the future set up an External Audit CoP. Mr. Gehart would also send a letter to the German Government from potential PEM PAL members asking for funds to sponsor an External Audit CoP, if matching funds to do this would be committed from PEM PAL. The SC did not endorse GTZ proposal. SC decided that, due to lack of funds, it is not an appropriate time to establish a new CoP; rather, the existing CoPs should be supported.

The Budget CoP held its 2009 annual meeting at the CEF from February 20 to 21, 2009. It elected the 2009 EC and scheduled events for Tashkent and St. Petersburg (the OECD SBO) before July, 2009². Internal Audit will organize two workshops at the CEF from March 30 to 3, 2009, and Treasury CoP will organize an event in April, 2009. The Head of its Executive Committee has been transferred to another position and will therefore leave TCOP.

SC agreed that network would like to hold a plenary meeting in 2010, although PEM PAL at this point does not have funds for such an event. Either performance budgeting or

² This happened the day after the SC meeting.

aspects of budget execution were discussed as potential theme topics for such an event. SC agreed to ask CoPs to put plenary meeting in their action plans for 2010.