

**PEMPAL**

**Steering Committee Meeting**

**January 22, 2015 at 14:30 CET**

**via VC**

**MINUTES**

# Present *(last names in alphabetic order)*

*Members (8):* Irene Frei (Donor, SECO), Daria Kirillova (Donor, MoF Russian Federation), Marius Koen (World Bank), Edit Nemeth (IACOP Chair, MoF Hungary), Elena Nikulina (PEMPAL Task Team Leader TTL, World Bank), Nino Tchelishvili (TCOP ExCom Deputy Chair, MoF Georgia), and Anna Valkova (SC Chair, Donor, MoF Russian Federation),

*Permanent Observers (2):* Gašper Pleško (Head of PEMPAL Secretariat).

*Observers (4):* Ion Chicu (PEMPAL Operations Advisor, World Bank), Maya Gusarova (BCOP Lead Coordinator, World Bank Country Office, Russia), Živa Lautar (PEMPAL Secretariat) and Arman Vatyan (IACOP Advisor, World Bank).

1. **Opening of the meeting and** **welcome of new members**:

Ms. Valkova (SC Chair, Russian Federation) welcomed everyone attending the meeting. After the SC confirmed the agenda, she extended a special welcome and congratulations to Mr. Konstantin Krityan, Ministry of Finance of Armenia, for assuming the chairmanship of the BCOP Executive Committee. Mr. Krityan thanked for the warm welcome and expressed his belief that endeavors of the SC will yield positive results beneficial to all COPs.

1. **Mid-term review of PEMPAL Strategy implementation**
   1. **Progress achieved and timeline for the draft report readiness**

As Ms. Danna Aubrey (PEMPAL Strategic Advisor) was unable to attend the SC meeting, Ms. Elena Nikulina (PEMPAL Task Team Leader, The World Bank), reported on the current status of the midterm review process implementation. Before proceeding, however, she apologized on Ms. Aubrey’s behalf and stressed that in order to partially compensate for her absence the Secretariat circulated an email with Ms. Aubrey’s input ahead of the meeting.

With regards to the MTR progress achieved, Ms. Nikulina thus pointed out the following three aspects/developments:

Firstly, she stressed that the Data Identification on Midterm Review document (also circulated ahead of the meeting – see Annex 1) has been developed, along with an example of draft responses from BCOP in order to enable other stakeholders (COPs, Secretariat) to comply with the requirements specified therein more easily. Ms. Nikulina underlined that the deadline for submission of the required data is end February.

Secondly, in response to comments and issues raised by the donors in the preceding SC meeting (October 02, 2014), Ms. Nikulina inquired with Russian and SECO representatives whether questions pertaining exclusively to donors are acceptable, and what would be their preferred mode of response.

Thirdly, Ms. Nikulina informed the SC that a survey envisaged in January has been delayed and is now planned to take place in February. She also emphasized that the survey’s example can be found in the data identification document as attachment and invited the SC members to provide their comments or suggestions for improvement, if deemed necessary.

With regards to the timeline, Ms. Nikulina stressed that the report’s compiling is planned in March-April period, and the first draft ready for SC distribution in May. Considering the report’s extensiveness, time will be needed for its translation, thus the Russian version will be available in June. Once translated, 2-3 weeks are reserved for report’s reviewing before the final workshop in Slovenia in July.

Ms. Valkova expressed her appreciation for the brief and provided comments on the MTR process from the donor’s perspective. She stressed that they have reviewed all documents concerning the MTR and are comfortable with the information contained therein, and have no objections to the survey. In this context Ms. Valkova also offered to provide in addition to written survey responses also clarifications by phone, if needed (Ms. Kirilova will be the main contact point for all matters related to the MTR) .

In continuation Ms Valkova asked to see results of the electronic survey distributed to the PEMPAL members beforehand as these are of high interest to them as donors, especially from the perspective of impact that PEMPAL has on day-to-day work of its member countries. Such insights might also provide guidance for their future engagement.

Ms. Valkova made further comment with regards to paragraph 4 (data identification for MTR document, page 1) pertaining to unavailability of sufficient funding for FY17. In her view, the wording there should be changed to reflect the recent Russian financial contribution made in December 2013. Additional funds should be sufficient for activities envisaged in the current strategy period.

Ms. Nikulina confirmed that additional funds have been received from the Russian donor partners and thus the program funding has been substantially improved.

With regards to the Data Identification document, Ms. Irene Frain (SECO) stressed that it provides sufficient clarity on how the MTR process will be implemented. In addition, she confirmed that SECO finds survey questions addressed to donors acceptable, and offered their availability for additional oral clarifications to written responses, if needed.

In this context she further raised three questions:

* What is the expected response rate to the survey addressed to PEMPAL members, and what actions will be taken in instance the rate is lower than expected?
* How will be the data related to IT products measured (in absolute terms or over time?
* Will the establishment of high-level network be discussed within the framework of the MTR process?

Ms. Nikulina reiterated that responses from SECO and Russian MoF are expected in written form by the end of February, and also thanked for the possibility of follow-up clarifications by phone.

Referring to the questions raised by Ms. Frei, Ms. Nikulina replied as follows:

* Considering that the average response rate to post-event surveys distributed to participants after each PEMPAL event is approximately 50%, thus in the MTR case the expected rate might be slightly lower, however still statistically significant;
* The Secretariat and the COPs will be the main sources of information on the IT dynamics. The Secretariat regularly monitors and reports IT related data, such as PEMPAL website usage and virtual library statistics, for example. The COPs will provide data on usage of Wiki Spaces;
* With regards to the establishment of a high level network, Ms. Nikulina emphasized that such discussion is indeed envisaged under the existing strategy; however it is not expected to be part of the MTR process, and it requires significant resources. In addition such debate needs involvement of the SC.

Ms. Nikulina concluded by reminding COPs of the deadline for data submission, and of the format in which the data should ideally be provided (following BCOP’s example attached to the MTR data identification document) as these will be attached to the final report.

**Conclusions:**

* Deadline for submission of data as specified in the Data Identification for MTR Implementation Progress of PEMPAL Strategy 2012-17 is end February
* The survey will take place in February
* The timeline has not changed
* Results of the electronic survey will be shared with the Russian MoF before the official draft report is ready for wider distribution
  1. **Funding, date and location of the final workshop**

With regards to the final MTR workshop, Ms. Nikulina reiterated that a joint three day meeting of the SC and COPs’ Executive Committees to discuss results of the MTR is planned to be hosted by the Secretariat in Slovenia. Due to unavailability of some SC members in the initially envisaged period, the SC decided to move the dates of the meeting to week of July 13 (Wednesday to Friday).

As to the funding of the event, Ms. Nikulina further explained that in the past COP’s budgets were partially used for organizing such events; however this will not be the case for the MTR workshop due to reduced COPs budget in the current FY. Ms. Nikulina thus proposed to re-allocate funds reserved for the regular annual Cross-COP meeting from FY 16 to FY 17, and add the amount reserved for the SC meeting in FY17.

In response to Ms. Valkova’s question regarding the number of expected participants at the workshop, Mr. Gašper Pleško (Head of PEMPAL Secretariat) replied that the expected number of participants is somewhere between 25 – 30 (leadership groups and the resource team).

**Conclusions:**

* The final MTR workshop is going to be organized in the week of July 13, 2015, from Wednesday to Friday.
* The final MTR workshop will be budgeted from funds reserved for the Cross-COP meeting in FY 16, and funds reserved for the SC meeting in FY17.

1. **PEMPAL finances** 
   1. **Overview of PEMPAL budget, by Ms. Elena Nikulina**

Ms. Nikulina provided an overview of PEMPAL finances. She reported (with appreciation) that a contribution of USD 1 million has been provided by the Russian Ministry of Finance at the end of 2014. The funds have already arrived on the WB account and are reflected in the PEMPAL program budget overview table under ‘resources available’ (refer to Annex 2).

Ms. Nikulina further explained that the final installment from SECO is due in February 2015, as stipulated in the WB-SECO agreement. She further emphasized that the estimation of SECO’s final contribution has been made before the recent decision of the Bank of Switzerland to delink the exchange rate of Swiss franc from Euro. Thus, the amount reflected in the table appears to be lower in comparison to the same SECO’s contribution received last year. As a result, the situation has therefore changed dramatically and hopefully the expected contribution, which is determined in Swiss francs, will be higher in USD.

Ms. Nikulina continued by stressing that figures have been updated also on the expenditure part, based on the figures provided by the Secretariat. Since the SC last reviewed these, the financing gap has been reduced significantly, also due to the abovementioned contribution form the Russian MoF. Ms. Nikulina further expressed her expectation that the gap figure will be even lower at the time of the next SC meeting, also because many commitments are determined in EUR, and the exchange rate moved favorably for PEMPAL as financial reporting is done in USD. She further stressed that some savings are expected, especially on the communication and translation costs which do not fall under COPs budgets. As far as the projection for the rest of the FY is concerned, Ms. Nikulina underlined that annual spending might be lower than expected.

With regards to the proposed plan for the next FY, Ms Nikulina continued by stating that the plan has been based on the SC approved ceiling for COPs budgets (USD 330K per COP). The plan also envisages expenses for the MTR meeting in July (USD 60K plus USD 30K taken form the SC activities). Since the plan reduced figures across all budget line items proportionally and is lower than envisaged in the PEMPAL strategy (if disregarding the contingency), Ms. Nikulina suggested the SC approve the plan as presented.

In this context Ms. Anna Valkova suggested considering the possibility to reallocate the amount of accumulated interests to the main activity of the PEMPAL to even further reduce the financing gap.

Ms. Nikulina welcomed the suggestion and said that preliminary consultation confirmed the possibility to use income generated from interest for financing of PEMPAL activities. She further pointed out that the financial gap would thus be indeed reduced, although only partially.

Ms. Irene Frei agreed that the presented budget for the coming fiscal year looks realistic.

**Conclusion:**

* The SC approved the proposed plan for FY 16 as presented.

1. **Overview of COP budgets, by Mr. Gašper Pleško**

Mr. Pleško updated the SC on the current COPs’ budget situation (refer to Annexes 3). He pointed out that spending of all three COPs has been in line with the PEMPAL Operational Guidelines. He further draw the attention of the SC to two events (TCOP Podgorica and IACOP Romania) where the event costs reflected in the budget note are marked as final, however, these still might be subject to change as the financial reporting has not yet been completely finalized. Nevertheless, he assured that potential differences will not be significant, thus figures contained in the Budget Note present realistic spending of respective COPs. Mr. Pleško also stressed that tables in the budget note include new information on venues and dates of the forthcoming events until the end of FY16.

In continuation Mr. Pleško presented recent reallocations of the COPs budgets (IACOP Astana and IACOP Bucharest) and further suggested to support IACOP’s request to reallocate USD 35K from a study visit to Netherlands to an envisaged ExCom meeting/workshop in Kyrgyz Republic in June. He further added that preliminary calculations made by the Secretariat showed that such reallocation is indeed needed.

Mr. Pleško continued with presenting the COPs action plans for FY16 and confirmed all three budgets comply with the celling of USD 330K per COP (refer to Annexes 4).

Responding to Ms. Frei observation that the abovementioned budget note contains a typo, Mr. Pleško assured that the corrected vision of the document (Excel and Word file) will be distributed along with the minutes of the meeting.

In continuation, Mr. Krityan elaborated BCOP activities planned for the end of FY15 and beginning of FY16. In this context, he asked for agreement of the SC to allow transferring of portion of the USD 90K reserved under the budget line item ‘budget without event’ to the next fiscal year.

Before the SC responded, Ms. Nikulina reminded members of the SC that a decision has been already made not to support ad hoc COPs request for budget reallocations voiced directly at the meeting. Thus, the BCOP ExCom first needs to provide a written request providing reasons for reallocation, and address it to the Secretariat. Once this is done, the Secretariat will circulate the request to the SC members for virtual decision-making.

Ms. Valkova supported the above described procedure, and stressed that the SC could decide on the request in a matter of a few days considering that reasons provided by the BCOP ExCom chair are justified.

Before moving to the next agenda item, Ms. Nikulina suggested devoting some time to budget requests from the COPs as the numbers provided ahead of the SC meeting do not include narrative clarifications on the planned activities (with the exception of TCOP)

Mr. Arman Vatyan (IACOP Advisor, the World Bank) explained that the IACOP plans to discuss activities for the FY16 at the meeting in Bishkek in June, and will thus be able to provide more comprehensive information on the future plans of IACOP only after the mentioned meeting. In general, IACOP plans one plenary meeting, one working group meeting and two thematic working group meetings. Ms. Edit Nemeth (IACOP Chair, MoF Hungary) added that IACOP plans to establish new thematic groups to better meet member’s needs in the future. The final decision about composition and form of these groups will be reached during the meeting in Kirgizstan in June. Later during the meeting, she also presented developments achieved and priorities set in the plenary meeting in Bucharest.

In her reaction, Ms. Nikulina pointed out that plans of all three COPs need to be prepared realistically and take into account budget constraints just presented. With regards to future plans of the IACOP in particular, she stressed that the IACOP will most likely spend the entire funding for the current FY and thus no room for additional activities might be available in the next year.

Ms. Maya Gusarova (BCOP Lead Coordinator, World Bank) explained that BCOP designs its action plans based on the feedback received from its members. Since BCOP usually holds plenaries in February or March and that is where future plans are normally discussed, such clarifications might not be ready in time for the SC meeting in January. Ms. Gusarova assured that a fully-fledged plan with the relevant info will be ready by the next SC meeting.

Ms. Nikulina welcomed BCOPs plans and suggested to discuss future plans of the COPs that did not present the action plans together with the budget requests (BCOP and IA COP) at the future SC meetings.

Ms. Nino Tchelishvili (TCOP ExCom member, MoF Georgia) described the TCOP action plan as attached to the minutes.

In continuation Ms. Valkova inquired with the BCOP whether they envisage any activities in the area of budget literacy in the next FY as this is a topic of great interest to the Russian MoF.

Mr. Krityan confirmed that BCOP envisaged a thematic group on budget literacy in the above mentioned concept note which will be shared with the SC as soon as it is finalized.

**Conclusions:**

* The SC supported IACOP’s request to reallocate USD 35K from Study Visit to Netherlands to IACOP ExCom meeting/workshop in Kirgizstan.
* The Secretariat will circulate the corrected version of the budget note (Excel and Word files) that will be attached to the minutes of the meeting.
* BCOP ExCom will prepare a written request for reallocating portion of USD 90K to the next fiscal year, along with the concept note on the future activities of the BCOP.
* BCOP action plan will be discussed at the next SC meeting tentatively planned in April 2015, IACOP action plan will be discussed after its approval by the COP at the June meeting.

1. **Reconsidering the ‘’hard’’ cap of USD 180,000.00 for single COP plenary event**

Mr. Pleško briefly explained that according to the Operational guidelines, the Steering Committee needs to reconsider the ‘hard’ cap of USD 180,000.00 for single COP plenary event on annual basis in order to accommodate inflation and other changes. He further suggested that the cap remains unchanged due to COPs budget constraints discussed above.

Ms. Nikulina supported the suggestion and further emphasized that in addition to reduced COPs budgets projected for the next FYs, another reason for keeping the current cap is the fact that the cap amount seems to be sufficient as requests for increasing the limits for plenary events have been infrequent.

Ms. Frei concurred with the rational, and agreed to keep the hard cap for single COP plenary event at the current level.

**Conclusion:**

* The Steering Committee confirmed the ‘’hard’’ cap of USD 180,000.00 for single COP plenary event.

1. **Timeline, review process and dissemination of 2014 Annual Report.**

Mr. Pleško reported that the initial draft of the PEMPAL Annual Report for 2014 is almost ready for sharing with the WB Resource Team for review and commenting. The plan is to have the English version of the report ready for SC approval by mid-February; and once approved, its printing and distribution will follow.

1. **Envisaged changes in the communication strategy of the PEMPAL network**

With regards to envisaged changes in the communication strategy of the PEMPAL network, Mr. Pleško suggested to the SC to consider issuing only one *thank you letter* per year, (which would be sent to stakeholders together with the Annual Report) instead of two such letters on semi-annual basis. Mr. Pleško further explained that with mechanisms for drafting and distributing of PEMPAL quarterly newsletter established such approach might be sufficient.

In this context Ms. Nikulina additionally clarified the history of sending thank you letters to high level officials in PEMPAL countries. At the beginning of the PEMPAL program such letters were sent to ministers of finance after each event; once the frequency of the events increased, letters were sent quarterly and later on every six months. With regular distribution of PEMPAL quarterly newsletter now in place, Ms. Nikulina thus supported the idea of having only one such letter per year.

Based on the explanation provided by Ms. Nikulina, Ms. Frei and Ms. Valkova both supported the proposal.

**Conclusion**:

* The SC approved the proposal of having one thank-you letter per year. The letter will be distributed together with the PEMPAL AR.

1. **Re-confirming the chairmanship of the PEMAPL Steering Committee**

Ms. Nikulina explained that according to the PEMPAL Operational Guidelines the SC needs to confirm its Chair on the annual basis, and thus far this has usually been done in January. She further reported that preliminary discussions with the SC members were already done and thus kindly asked Ms. Valkova as a representative of the Russian MoF to continue in the role of the SC Chair for another year.

Ms. Valkova thanked for the opportunity and accepted the chairmanship for another year.

**Conclusion:**

* The SC confirmed Ms. Valkova as the SC Chair for another year.

1. **Other Business** 
   1. **Tentative agreement on the next meeting**

Ms. Valkova inquired with the SC members, whether it would be possible to hold the next SC meeting ahead of the WB spring meetings in Washington in order for her to be able to chair it from there. Ms. Nikulina welcomed the proposal and tasked the Secretariat to explore potential dates in the second half of April (bearing in mind Easter holidays). She will provide the exact dates of the WB/IMF spring meetings.

**Conclusion:**

* The Secretariat will explore potential dates for the next SC meeting and communicate the proposal to the SC members along with the draft minutes of the meeting.

**Annexes:**

**Annex 1: Data Identification for Midterm Review of Implementation Progress of PEMPAL Strategy 2012-17**

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*(English/Russian Version)*

**Annex 2: PEMPAL budget – as of January 2014**

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*(English/Russian Version)*

**Annexes 3: COPs Acton Plans**

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*(English/Russian Version)*

**Annexes 4: COPs Budgets Overview**

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*(English/Russian Version)*

**Annex 5: Overview of the virtual decisions taken by the SC**

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*(English/Russian Version)*