

**PEMPAL**

**Steering Committee Meeting**

**April 16, 2015 at 15:00 CET**

**via VC**

**MINUTES**

# Present *(last names in alphabetic order)*

*Members (9):* Vugar Abdullayev (TCOP Chair, MoF Azerbaijan), Anna Belenchuk (member of BCOP Executive Committee, MoF Russian Federation), 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):* Deanna Aubrey (Strategic Advisor, World Bank), Gašper Pleško (Head of PEMPAL Secretariat).

*Observers (4):* Ion Chicu (PEMPAL Operations Advisor, World Bank), Bojana Crnadak (PEMPAL Secretariat), Mira Dobovišek (CEF Director), Adrian Fozzard (Governance Practice Manager, 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, MoF of Russian Federation) welcomed everyone attending the meeting.

1. **Mid-term review of PEMPAL Strategy implementation: preparation of the MTR Executive Meeting**

Ms. Deanna Aubrey (PEMPAL Strategic Advisor) reported on the current status of the midterm review implementation. She stressed that feedback from the three COPs and donors has been received. Participants’ survey has also been conducted and three reports of member feedback are now available for review for each COP. The draft mid-term review report is currently under preparation and should be ready in May/June to enable consultation before the proposed face-to-face MTR Executive Meeting scheduled in July.

Ms. Irene Frei (SECO) raised a question on how the discussion within the MTR Executive Meeting will be structured. Ms. Elena Nikulina (PEMPAL TTL, the World Bank) responded by explaining that each group will have a facilitator moderating the debate. Facilitators, recruited from amongst the WB resource team, will also receive guidance so as to successfully deliver the assigned role.

Ms. Frei further raised a question pertaining to duration of the last day’s session on the Key Recommendations and Next Steps to which the current draft agenda (see Annex 1) allocates only one hour of time. In her reply, Ms. Nikulina stressed that the main recommendations of the meeting should be captured already through group reports delivered in the main part of the meeting. The concluding session on the Key Recommendations and Next Steps has been built into the agenda as a wrap up of the meeting.

Ms. Anna Valkova commended the structure of the meeting and suggested that each group nominates a moderator who would be facilitating the debate. Also, she underlined the importance of having a background document describing the meeting’s objectives and goals, and of having the agreed framework for results.

Mr. Adrian Fozzard (the World Bank) inquired whether there is a chance of inviting additional people to the meeting from networks similar to PEMPAL e.g. CABRI. Ms. Nikulina replied affirmatively, however emphasized that the number of non-PEMPAL participants should be limited.

In continuation and in light of non-extending the contract for secretarial services concluded between the WB and the CEF, Ms. Nikulina stressed that the location of the MTR Executive Meeting needs to be reconsidered, and therefore proposed Vienna as an alternative option. In order to fully attain goals of the meeting, she further suggested establishing an organizing committee for which she offered her leadership.

In this context, Ms. Nikulina further invited COPs to provide their views on the proposed by Monday, April 27. She also emphasized that a check list for the MTR Executive Meeting (similarly as for other PEMPAL events) should be developed already by the time of the first meeting of the organizing committee, ideally taking place in two weeks’ time.

Ms. Nikulina additionally shared with the SC an interest expressed by the IACOP. While in Vienna, IACOP would like to use the opportunity and have some time devoted to the meeting with the Austrian Supreme Court of Audit and Internal Audit coordination function from Austrian MOF. The proposed topic of the thematic day could be further broadened in order to accommodate interests of the remaining two COPs, whereas its duration would depend on the time allocated to COPs Executive Committee meetings.

**Conclusions:**

* A limited number of additional non-PEMPAL participants can be invited to the MTR Executive Meeting;
* The MTR Executive Meeting will be held in Vienna, Austria;
* Depending on the availability and consent of the Austrian institutions, thematic sessions day can be built into the MTR Executive Meeting agenda;
* A standard PEMPAL event check list for the MTR Executive Meeting will be drafted in the upcoming two weeks i.e. by April 30, 2015;
* The first meeting of the Organizing Committee will be convened in the upcoming two weeks i.e. by April 30, 2015.

1. **PEMPAL finances**
   1. **Overview of PEMPAL budget**

Ms. Nikulina reported that the SECO’s outstanding final contribution has been received. The actual amount is slightly lower than in the tables presented (see Annex 2), however the figure will be updated shortly. She further stressed that the overall spending of the PEMPAL program is within the planned budget; however the gap of USD 250K is projected for FY17. The latter could be further reduced in case a cautious approach to spending is exercised in FY16.

* 1. **Overview of COP budgets**

Mr. Gašper Pleško (Head of PEMPAL Secretariat, CEF Project Manager) presented spending of the three COPs since the last SC meeting held in January 2015 (see Annex 3). In this context he underlined that COPs’ expenditures incurred in the January- April period have been in accordance with the budget management guidelines as defined by the PEMPAL Operational Guidelines.

In continuation Mr. Pleško stressed that some figures presented are still subject to change as either financial reporting has not been finalized (e.g. TCOP Vienna, BCOP Yerevan) or the events have not yet taken place. Thus, additional savings can be expected at the end of the FY.

Mr. Pleško further drew the attention of the SC to the request made by the BCOP to reallocate USD 75K to FY16. The request has been made in order to support a study visit to the Czech Republic as its implementation has not been possible in the current FY.

Ms. Belenchuk (BCOP Deputy Chair, MoF Russian Federation) and Ms. Maya Gusarova (BCOP Resource Team, the World Bank Country Office Russia) additionally explained reasons for requesting the reallocation. Namely, (1) the BCOP could not start timely preparations for the event as significant efforts have been focused on a different working group; (2) the BCOP was waiting for a launch of the WB project on budget literacy; (3) due to recent changes in the secretariat arrangement.

In this context Ms. Nikulina posed a question to BCOP asking them how firm their plans are and whether they will be able to implement them on time and within budget. Ms. Belenchuk responded affirmatively, and Ms. Anna Valkova supported the request for reallocation.

**Conclusions:**

* The Steering Committee took note of the overall PEMPAL Budget situation;
* The Steering Committee took note of the COPs budgets situation;
* The Steering Committee supported BCOP’s request for reallocation of funds to FY16

1. **Overview of virtual decisions taken since the last SC meeting**

Mr. Pleško stressed that only one decision relating to the endorsement of the Annual Report 2014 has been taken by virtual correspondence since the last Steering Committee meeting held in January 2015 (see Annex 4).

Mr. Pleško also used the opportunity and informed the SC that the Secretariat will arrange printing of the report (150 ENG, 75 BCS 100 RUS copies), and its distribution for which the last year’s distribution list will be used and should begin in two weeks’ time.

In line with the new PEMPAL communication strategy endorsed by the Steering Committee in January 2015, Mr. Pleško also stressed that the Annual Report will be accompanied by a Thank You Letter customized for each PEMPAL member country. Reports/Letters will be addressed to Ministers of Finance in respective PEMPAL member countries.

In this context Ms. Nikulina and Ms. Valkova kindly requested the Secretariat to share the distribution list for review in the coming days, and Ms. Frei said she will inform the Secretariat on the number of copies for SECO.

**Conclusions:**

* The Steering Committee took note of the decision taken by virtual correspondence since its last meeting in January, 2015;
* The Secretariat will share the distribution list for the Annual Reports 2014 with Ms. Valkova and Ms. Nikulina for their review;
* Distribution of the Annual Report will be accompanied by a Thank You letter customized for each PEMPAL member country.

1. **BCOP Action Plan FY16**

Ms. Belenchuk presented BCOP’s Action Plan for FY 16 (see Annex 5). Before going into details of her presentation, she expressed gratitude to TCOP for sharing their example of an action plan which made it easier for them to draft theirs. Ms. Belenchuk also expressed appreciation to the SC for approving the abovementioned reallocation.

Ms. Belenchuk stressed that the major BCOP event in FY16 will be a plenary meeting in Belarus focusing on fiscal rules and long-term budgeting. Considerable efforts will also be devoted to the working group on budget literacy and to establishing one new additional working group on program budgeting. The working group on wage bill management will also continue its activities. Three study visits are also planned, one for each working group.

In continuation Ms. Valkova thanked Ms Belenchuk for providing an overview of BCOP plans for the coming fiscal year. She further inquired how many PEMPAL member countries expressed an interest in budget literacy as the topic is also of great interest for the Russian MoF. Ms. Gusarova replied that many BCOP countries expressed their desire to be involved in activities related to budget literacy. Ms Aubrey consulted expressions of interest collected at the recent plenary meeting, and advised the committee that there were 15 countries that registered their interest.

Ms. Belenchuk also mentioned that BCOP identified budget and financial reporting as a topic of joint interest with TCOP, and further suggested having a joint event with the TCOP as it is a cross-cutting theme.

To this, Ms. Nino Tchelishvili (TCOP Deputy Chair, MoF Ministry of Finance Georgia) replied that TCOP will consider the proposal.

With regards to the BCOP Action Plan for FY16, Ms. Deanna Aubrey (PEMPAL Strategic Advisor) additionally queried if part of the COP budgets need to be allocated to cover costs associated with the MTR Executive Meeting, particularly in part where joint session on Austrian experience is being considered. So, following the clarification that the costs of the MTR meeting are covered centrally, BCOP budget will be revised to correct technical error in Annex B. (An updated budget has been subsequently provided and is enclosed within this document, noting subsequent technical change made does not impact on aggregate totals or amounts approved by Steering Committee).

In conclusion Ms Nikulina complimented BCOP on well prepared Action Plan and invited the IACOP to present their plans at the next Steering Committee meeting.

**Conclusion:**

* The Steering Committee took note of the BCOP Action Plan for FY16;
* TCOP will consider the proposal of the BCOP regarding having a joint event on budget and financial reporting;
* IACOP will present their Action Plan for FY16 at the Steering Committee meeting in July, 2015.

1. **Reconsidering the transition arrangement contained in the Article II, Section 2 of the Operational Guidelines**

Mr. Pleško drew the attention of the SC to the PEMPAL Operational Guidelines (Section 2, Paragraph 3) in part pertaining to the establishment, representation and voting of the Executive Committees, and asked the SC to consider whether the transition arrangement contained therein is still needed or should it be rephrased or removed.

Ms. Nikulina additionally provided historical background on why and how the transition arrangement has been established and concluded that the initial reasons leading to its incorporation into the document are no longer there (COPs representatives confirmed that countries represented in respective Executive Committees have only one vote, as stipulated in the Guidelines).

As there have been opposing views on whether the rule should be kept in the Guidelines as it is, changed or removed, Mr Marius Koen (SC Member, the World Bank) offered to help Secretariat find a suitable solution.

**Conclusions:**

* Mr. Marius Koen will help the Secretariat in finalizing the wording of the Section 2, Paragraph 3 of the PEMPAL Operational Guidelines pertaining to the transition arrangement relating to the Executive Committees.

1. **Other Business** 
   1. **Information on transition to new secretariat arrangements for**

Ms. Nikulina firstly provided a historical overview of cooperation that the WB had with the CEF within the PEMPAL framework. The existing contract has been concluded between both parties in April 2013 and contained a provision allowing for its extension for another term. To WB surprise, the CEF management decided without timely notification not to prolong the cooperation which might result in negative consequences for the network. As an immediate solution, functions of the Secretariat will be taken on by the WB staff in the transition period lasting from July to December 2015. Afterwards, the WB might look for another service provider via tendering or split the Secretariat functions among a few different service providers. On the proposal of Mrs. Valkova, it was agreed to consider the options for the new secretariat model as part of the mid-term review and make the decision on the way forward on that basis.

* 1. **Closing remarks from the Center of Excellence in Finance**

Ms. Mira Dobovišek (CEF Director) emphasized that the CEF has been involved in the PEMPAL program ever since its inception and always proud to be its part. Throughout the years, lots of efforts have been devoted to deal with challenges, but nevertheless results are visible and measureable. She thanked the SC representatives for the good cooperation and expressed her wish that the PEMPAL continues on its path.

Ms. Frei thanked to the CEF management as well as its team for successfully supporting the network, and also expressed regrets that the cooperation between the CEF and the WB will not be continued. Ms. Frei further expressed satisfaction over the fact that both parties managed to agree on the transition period of 3 months allowing normal functioning of the network.

Mr Adrian Fozzard (the World Bank) also expressed his gratitude to the CEF and its excellent organization of PEMPAL events.

Ms. Nikulina also expressed her view on past cooperation between the WB and the CEF. She stressed that it was a long relationship which has not been always easy. The current team, however, brought a new energy and performed well. Ms. Nikulina further emphasized the importance of devoting maximum attention to the phase out period so as to conclude all activities within the timeframe agreed in the Annex to the Contract. She also stressed that the question regarding the transfer of Virtual Library still remains open.

In this regard, Ms. Dobovišek promised she will propose a solution for the transfer of the Virtual Library and at the same time explained that the Library is run on upgraded software that the CEF internally developed, and therefore copyrighted.

In this context Ms. Valkova also offered the help from the Steering Committee to resolve the issue, if needed.

**Conclusions:**

* The Steering Committee took note of the closing remarks made by the CEF Director;
* The Steering Committee took note of the arrangements planned to bridge the transition period from July to December 2015 once the CEF discontinues in the function of the Secretariat;
* The CEF will propose solutions for the transfer of Virtual Library by mid-May.

**Annexes**

**Annex 1: Midterm Review Executive Meeting Concept**

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*(English/Russian Version)*

**Annex 2: PEMPAL budget – as of April 2015**

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*(English/Russian Version)*

**Annexes 3: COPs Budgets Overview and COPs Budget Note**

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*(English/Russian Version) (English/Russian Version)*

**Annex 4: Overview of the virtual decisions taken by the SC**

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*(English/Russian Version)*

**Annex 5: BCOP Acton Plans**

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*(English/Russian Version)*