**MINUTES OF THE STEERING COMMITTEE (SC) MEETING**

**VIDEOCONFERENCE, July 10, 2019**

**Participants:**

**SC members**

1. Daniel Boyce (WB - Practice Manager, ECA EAST, Governance Global Practice, SC Chair)
2. Elena Nikulina (WB – PEMPAL Team Leader)
3. Thomas Stauffer (SECO – Donor)
4. Daria Kirillova on behalf of Anna Valkova (Ministry of Finance of the Russian Federation – Donor)
5. Anna Belenchuk (Ministry of Finance of the Russian Federation - BCOP Chair)
6. Angela Voronin (Ministry of Finance of Moldova – TCOP Chair)
7. Petru Babuci (Ministry of Finance of Moldova – IACOP Deputy Chair)
8. Ilyas Tufan (Ministry of Finance of Turkey – TCOP Deputy Chair)

**Observers**

1. Arman Vatyan (WB – IACOP Resource Team Coordinator)
2. Iryna Shcherbyna (WB – BCOP Resource Team Coordinator)
3. Naida Carsimamovic Vukotic (WB – BCOP Resource Team Member)
4. Yelena Slizhevskaya (WB – TCOP Resource Team Member)
5. Diana Grosu-Axenti (WB – IACOP Resource Team Member)
6. Galina Kuznetsova (WB – PEMPAL Secretariat Team Coordinator)
7. Deanna Aubrey (WB – PEMPAL Strategic Adviser/BCOP Resource Team Member)
8. Ksenia Malafeeva (WB – PEMPAL Secretariat)
9. Ekaterina Zaleeva (WB – PEMPAL Secretariat)
10. Kristina Zaytuna, (WB – PEMPAL Secretariat)

**1. Opening of the meeting**

Mr. Daniel Boyce welcomed the participants to the PEMPAL SC meeting. He announced that Ms. Elena Nikulina has a new post in the WB and will be leaving the position of the PEMPAL Team Leader; but will remain the TCOP Resource Team Coordinator during transition. SC members thanked Ms. Nikulina for her excellent leadership, and noted her great contributions to the success of the network. Mr. Arman Vatyan was announced as the new PEMPAL Team Leader and will join the next SC meeting as a SC member.

**2. Confirmation of SC Chair for the next annual term**

Mr. Boyce informed the members that Ms. Anna Valkova expressed interest to take over chairing the SC for the next year. No other nominations for chairing in FY20 were put forward. Mr. Thomas Stauffer shared SECO’s interest to chair the SC in FY21. The SC unanimously elected Ms. Valkova to Chair the PEMPAL Steering Committee in FY20.

**3. Progress of implementation of the Action Plan 2017-2022** *(including information on other networks within the considerations of PEMPAL’s long-term financial sustainability; timeline and process of the PEMPAL 2017-2022 Strategy mid-term review (MTR); planning the Cross-COP leadership meeting; and planning the cross-COP whole-network plenary meeting)*

Ms. Nikulina reminded that, as usual, an update on implementation progress of the PEMPAL Strategy 2017-2022 Activity Plan had been circulated to the SC members ahead of this meeting. Four items that required SC attention were discussed in detail as follows:

1. ***Information on Other Networks within the Considerations of PEMPAL’s Long-Term Financial Sustainability***

The draft paper *PEMPAL: Learning from Experiences of Other Networks in Achieving Financial Sustainability*, circulated to the SC meeting participants prior to the meeting, gives an initial broad-brush review of ten different networks, based on publicly available information, internal interviews with the WB staff familiar with the different networks, and an external interview with a CABRI network representative. The paper was prepared based on a proposal from SECO and within Action 15 of the 2017-2022 PEMPAL Strategy Action Plan related to long term financial sustainability of PEMPAL (*Action 15:* *Conduct research on other networks to ascertain how they have implemented strategies to address financial sustainability issue*).

Ms. Nikulina presented the main findings of the paper. All reviewed networks receive support from donors or external partners, although the extent of importance of donor/external support varies. Most networks have formal secretariats, mostly financed by donors. Different types of member contributions are used among the networks, mainly in the form of membership or event fees or participants covering their own logistical costs related to travel and participation in the events. Mode of operations differs among the reviewed networks and in most cases differs greatly from PEMPAL’s mode of operations, which is based on knowledge sharing. In several cases, networks also provide grants and targeted specific technical assistance to member countries. Format of activities and participants’ involvement also varies across the networks, but in most cases other networks focus on annual meetings in a traditional conference format. Where formal fees or contributions from members are collected, there are formal written agreements to which all country members subscribe, taking a formal status of international non-profit organizations in some cases.

The SC advised the WB/Secretariat to finalize the draft paper. The WB team was advised to prepare a draft questionnaire for CABRI, OECD SBO, and PEMNA networks and to circulate it to SC members by the end of July, with a one-month deadline for SC members’ comments. The SC advised the WB to explore approaches to differentiating between the networks’ public and private good aspects as part of proposed considerations of PEMPAL’s long-term financial sustainability. Mr. Stauffer will provide notes on SECO’s initial thoughts related to what could be possibly considered as private and public goods in the PEMPAL context.

Information gathered within the first and second phase will feed into the PEMPAL 2017-2022 Strategy MTR and the SC will consider potentially inviting representatives of the three networks being investigated further to present and share their experiences with the SC in a SC meeting or the next cross-COP leadership meeting.

1. ***Timeline and Process of the PEMPAL 2017-2022 Strategy Mid-Term Review (MTR)***

Mr. Vatyan reminded that the MTR was originally envisaged to be finalized in May/June 2020. He proposed that this be postponed by six months due to a significant period since the beginning of Strategy implementation in which the network has operated in a low operational mode as a result of financial uncertainties. Proposed methodology is to conduct an external evaluation, to collect data through both surveys and interviews, and to implement a formal WB evaluation process, including peer-review. The SC has approved extension of the PEMPAL 2017-2022 Strategy MTR to May 2021 and it was agreed that an outline of the proposed MTR process and deadlines is to be prepared and sent to the SC members for comments. In addition, terms of references for MTR need to be drafted.

1. ***Location and Timing of the next Cross-COP Leadership Meeting***

Ms. Nikulina and Mr. Vatyan reminded that the cross-COP leadership meeting was originally envisaged to take place this month. However, due to several reasons including scheduling difficulties of BCOP and IACOP together with limitations related to funding of participation of COP Executive Committee members from EU member states, the meeting was cancelled, and alternative dates of end June or early July 2020 proposed and agreed by the SC. While Russia and Moldova both expressed their interest to host this meeting in 2019, neither of them is expected to be able to host it in 2020, thus a new location needs to be determined. SECO expressed potential interest to host the meeting subject to internal confirmation. Otherwise, the Secretariat will explore interest for potential locations. The SC decided to initiate formation of an Organizational Committee for preparation of the 2020 Cross-COP Leadership Meeting, following the approach used previously, with each COP delegating one person and a back-up, in addition to the WB Resource Team and Secretariat. Donor representatives will also be invited to take part.

1. ***Planning the Whole-Network Plenary Meeting***

Mr. Vatyan proposed to plan the cross-COP whole-network plenary meeting for March-May 2021, which should leave enough time for the network to have clarity on expected donor contributions (in particular from the EU). It is proposed to have a two-day plenary meeting of all three networks and an additional one- day for individual COP parallel meetings. Approximate total number of participants is expected to be around 250. Given the complexity of cross-COP whole-network meetings, a long planning process is required and an organizational committee needs to be formed to start working in the near future if the meeting will take place as proposed.

The SC approved the proposal to start preparations and schedule the next cross-COP whole-network plenary meeting for March-May 2021 and advised Mr. Vatyan to initiate formation of an Organizational Committee. This Committee should prepare different cost scenarios for this meeting and submit them to the SC for decision to determine financial feasibility, as well as preparing a preliminary concept and agenda.

**4. Progress of implementation of the FY19 COP action plans and presentation of the COP FY20 plans** – update by the COP Chairs

**BCOP**

Ms. Anna Belenchuk, BCOP Chair, gave an update on BCOP FY19 activities that took place since the last SC meeting, including the following events:

* 2019 Annual BCOP Plenary Meeting in Tashkent, Uzbekistan on March 18-21, 2019 (details available at <https://www.pempal.org/events/2019-annual-bcop-plenary-meeting>); and
* VC meeting of the Budget Literacy and Transparency Working Group (BLWTG) (details available at <https://www.pempal.org/events/meeting-bcop-budget-literacy-and-transparency-working-group-bltwg>)

# Moreover, BCOP started implementation of the FY20 activities with the participation in the meeting of the OECD Senior Budget Officials from Central, Eastern, and Southeastern Europe (OECD SBO CESEE) in Minsk, Belarus on July 4-5, 2019, in which BCOP had significant contribution to the agenda (details available at <https://www.pempal.org/events/bcop-participation-meeting-oecd-senior-budget-officials-central-eastern-and-southeastern>).

Ms. Belenchuk gave an overview of the BCOP FY20 Action Plan, which was circulated to the SC prior to this meeting, noting that the following main events were planned: one plenary meeting and two meetings of each of the two BCOP working groups (one face-to-face and one VC meeting each), which are to be combined with the participation in the OECD SBO CESEE meeting and participation of a small PPBWG delegation in the meeting of the OECD Performance and Results Network. In addition, regular BCOP Executive Committee meetings are planned.

**TCOP**

Ms. Angela Voronin, TCOP Chair, gave an update on TCOP FY19 activities that took place since the last SC meeting, including the following events:

* Joint VC meeting of the TCOP Executive Committee (ExCom) and the Thematic Group on the Evolution of the Role and Functions of the Treasury on March 14, 2019 (details available at <https://www.pempal.org/events/joined-videoconference-tcop-excom-and-thematic-group-evolution-role-and-functions-treasury>);
* TCOP Thematic group meeting on Use of information technologies in Treasury operations in Budapest, Hungary on June 4-5, 2019 (details available at <https://www.pempal.org/events/2019-tcop-thematic-group-meeting-use-information-technologies-treasury-operations>); and
* 2019 Annual TOP Plenary Meeting in Budapest, Hungary on June 5-7, 2019 (details available at <https://www.pempal.org/events/pempal-tcop-plenary-meeting-2019>).

Ms. Voronin gave an overview of the TCOP FY20 Action Plan, which was circulated to the SC prior to this meeting, noting that the following main events were planned: one plenary meeting, a face to face meeting of the Working Group on Public Sector Accounting and Reporting, several VC meetings of TCOP working groups, and regular TCOP Executive Committee meetings.

Ms. Voronin noted that TCOP has prepared an additional higher-cost scenario for its FY20 budget, which includes an additional TCOP Working Group workshop on Cash Management, which could not be included in the baseline budget due to insufficient FY19 TCOP savings (around US$10,000 of TCOP FY19 savings, US$54,000 for BCOP, and US$93,000 for IACOP). She asked the SC to consider increasing TCOP’s FY20 budget by US$50,000. BCOP and IACOP also confirmed that COPs are ready to provide action plans for the higher budget scenario for FY20.

**IACOP**

Mr. Petru Babuci, IACOP Deputy Chair, gave an update on IACOP FY19 activities that took place since the last SC meeting, including the following events:

* Meetings of the IACOP Internal Control Working Group and Audit in Practice Working Group in Skopje, Republic of North Macedonia on 8-11 April, 2019 (details available at <https://www.pempal.org/events/iacop-internal-control-wg-and-audit-practice-wg-meetings>)

Mr. Babuci gave an overview of the IACOP FY20 Action Plan, which was circulated to the SC prior to this meeting, noting that the following main events were planned: one plenary meeting with back-to-back working group meetings, back-to-back, face-to-face meetings of the Audit in Practice Working Group and Internal Control Working Group, a leadership-extended thematic group meeting on application of good practices in internal audit and internal control, and regular IACOP Executive Committee meetings.

IACOP will revise its FY20 budget to include the final estimate of FY19 savings and will resubmit it to the SC.

**Conclusions:**

* The SC has taken note of COPs’ good progress on completion of action plans for FY19.
* The SC has taken note of the COPs’ request for additional budget allocations for COPs in FY20, however, the initial COP FY20 budget allocations of US$250,000 for each COP, plus any carried over COP savings from FY19, remain in force at this time.
* The SC has endorsed the COP plans for FY20 reflecting currently approved COP FY20 budget allocations. IACOP and TCOP will submit their final FY20 Action Plans and Budgets to include final data on COP FY19 savings.
* The SC has advised IACOP to update their links to internal IACOP documents and IACOP Executive Committee meeting minutes. IACOP will reconsider making the summarized version of the IACOP Executive Committee meeting minutes publicly available.

**5. PEMPAL finances** *(update on the status of the donor contributions and the budget outlook for the current FY and beyond)*

Ms. Nikulina explained that, as usual, two documents were circulated for this agenda item to the SC members: update on status of COP budgets and PEMPAL overall program budget table. The outlook has improved significantly due to positive news received about the Government of the Russian Federation approving the contribution to PEMPAL. Administrative agreement with the Ministry of Finance of the Russian Federation is being finalized and is expected to be signed soon. The disbursement schedule includes three installments and is reflected in the PEMPAL overall program budget table.

Ms. Nikulina also informed the SC about the progress related to planned contribution to PEMPAL by the European Commission, noting that administrative agreement finalization is expected soon. However, given the timing and amount of the proposed three installments have not yet been defined, the EU contribution has not been included in the PEMPAL overall program budget table.

Ms. Nikulina also presented the overview of the FY19 budget execution (noting that some slight adjustment of the final figures is expected for the June 2019 activities for which the costs are still to be finalized) and the status of COP budgets.

**Conclusions:**

* The SC took note of the current status of PEMPAL finances.
* The SC welcomed the approval of the Government of the Russian Federation of its contribution to PEMPAL.
1. **Closing of the meeting**

Mr. Vatyan proposed the date for the next SC meeting, noting that the draft PEMPAL Annual Report for FY19 will be ready for SC’s consideration at that meeting. The next SC meeting is tentatively scheduled for November 11, 2019.

**SUMMARY OF ACTIONS ARISING FROM THE MEETING**

| **Action**  | **Action Date** | **Responsible**  |
| --- | --- | --- |
| 1. Finalize the draft paper *PEMPAL: Learning from Experiences of Other Networks in Achieving Financial Sustainability* by including missing information on the CReCER and TAXGIP networks and to also conduct the second phase of this exercise by collecting additional details on the three networks whose experience is identified as potentially most relevant and applicable to PEMPAL (CABRI, OECD SBO, and PEMNA).
 | August 31, 2019 | WB |
| 1. Prepare a draft questionnaire for CABRI, OECD SBO, and PEMNA networks and to circulate it to SC members by end of July, with a one-month deadline for SC members’ comments.
 | July 31, 2019 | WB |
| 1. Explore approaches to differentiating between the networks’ public and private good aspects as part of proposed considerations of PEMPAL’s long-term financial sustainability. Mr. Stauffer will provide notes on SECO’s initial thoughts related to what could be possibly considered as private and public goods in the PEMPAL context.
 | August 31, 2019 | SECO, WB |
| 1. Information gathered within the first and second phase will feed into the PEMPAL 2017-2022 Strategy Mid-Term Review (MTR) and the SC will consider potentially inviting representatives of the three networks being investigated further to present and share their experiences with the SC in a SC meeting or the next cross-COP leadership meeting.
 | Next Cross-COP leadership meeting | WB |
| 1. Confirm potential location of the next cross-COP leadership meeting.
 | August 31, 2019 | SECO |
| 1. Send the outline of proposed MTR processes and deadlines to the SC for comments.
 | September 30, 2019 | WB, SECO |
| 1. Prepare the draft Terms of Reference for the MTR for the SC to review.
 | By the next SC meeting | WB |
| 1. Initiate formation of an Organizational Committee for preparation of the 2020 Cross-COP Leadership Meeting.
 | September 30, 2019 | WB |