**MINUTES OF THE STEERING COMMITTEE MEETING**

**Budapest, Hungary, July 6, 2018**

**PRESENT AT THE MEETING**

**SC members**

1. Daniel Boyce (World Bank - Practice Manager, Governance Global Practice, Steering Committee Chair)
2. Elena Nikulina (World Bank – PEMPAL Team Leader)
3. Irene Frei (SECO – Donor)
4. Daria Kirillova on behalf of Anna Valkova (Ministry of Finance of the Russian Federation – Donor)
5. Mladenka Karacic (Ministry of Finance of Croatia- BCOP Deputy Chair) on behalf of BCOP Chair
6. Kanat Asangulov (Ministry of Finance of Kyrgyz Republic- BCOP Deputy Chair)
7. Angela Voronin (Ministry of Finance of Moldova – TCOP Chair)
8. Ludmila Gurianova (Ministry of Finance of Belarus – TCOP Deputy Chair)
9. Edgar Mkrtchyan (Ministry of Finance of Armenia – IACOP Chair)
10. Edit Nemeth (Ministry of Finance of Hungary – IACOP Deputy Chair)

Observers

1. Oleg Hirbu (European Commission)
2. Arman Vatyan (World Bank – IACOP Resource Team Coordinator)
3. Maya Gusarova (World Bank – BCOP Resource Team Coordinator)
4. Naida Carsimamovic (World Bank – BCOP Resource Team Member)
5. Elena Slizhevskaya (World Bank – TCOP Resource Team Member)
6. Nina Duduchava (World Bank –Resource Team Member)
7. Ksenia Galantsova (World Bank – PEMPAL Secretariat)
8. Ekaterina Zaleeva (World Bank – PEMPAL Secretariat)
9. Kristina Zaituna (World Bank – PEMPAL Secretariat)
10. Marina Tikhonovich (Ministry of Finance of Belarus- BCOP Executive Committee Member)
11. Emil Nurgaliev (Ministry of Finance of Bulgaria- BCOP Executive Committee Member)
12. Nikolay Begchin (Ministry of Finance of Russian Federation- BCOP Executive Committee Member)
13. Ilyas Tufan (Ministry of Finance of Turkey – TCOP Deputy Chair)
14. Mimoza Pilkati (Ministry of Finance of Albania- TCOP Executive Committee Member)
15. Nazim Gasimzade (Ministry of Finance of Azerbaijan - TCOP Executive Committee Member)
16. Levan Todua (Ministry of Finance of Georgia - TCOP Executive Committee Member)
17. Zaifun Yernazarova (Ministry of Finance of Kazakhstan - TCOP Executive Committee Member)
18. Amela Muftic (Ministry of Finance of Bosnia and Herzegovina - IACOP Deputy Chair)
19. Ljerka Crnkovic (Ministry of Finance of Croatia – IACOP Executive Committee Member)
20. Petry Babuci (Ministry of Finance of Moldova – IACOP Executive Committee Member)
21. Mioara Diaconescu (Ministry of Finance of Romania – IACOP Executive Committee Member)

**AGENDA ITEMS**

* + - 1. **Opening of the meeting –** Mr. Daniel Boyce, SC Chair, World Bank
      2. **Endorsement of the outcomes of the Executive meeting -** *SC to discuss the results of the Executive meeting and confirm the decisions on selected issues discussed*
      3. **Draft Completion Report for PEMPAL Strategy 2012-17 -** Ms. Elena Nikulina, World Bank. *Participants to finalize the discussion on the draft report and confirm the next steps to prepare it for publication*
      4. **COP action plans for FY19 *–*** *COP Chairs*
      5. **Introduction of an observer from European Union -** *Q&A. SC to take a note of the interest from the EU to join the ranks of donors supporting PEMPAL.*
      6. **PEMPAL finances** Elena Nikulina and Ekaterina Zaleeva (PEMPAL Secretariat). *SC to take note of the budget outcome for FY18 and confirm budget allocations for FY19.*
      7. **Closing of the meeting**

**MINUTES OF THE DISCUSSION**

**1. Opening of the meeting**

Mr. Boyce welcomed the members to the PEMPAL Steering Committee meeting and noted that this was the face-to-face meeting of the Steering Committee in an extended format and also the first face-to-face SC meeting he had to chair. He further gave an overview of the meeting agenda and advised the participants of the proposed change in the order of the agenda items based on the request of the invited observer from the European Commission.

**2. Introduction of an observer from EU**

Mr. Boyce introduced Mr. Oleg Hirbu, Economic and Policy Analyst in Directorate-General (DG) for International Cooperation and Development of the European Commission (EC), noting that the European Commission (EC) is a potential new PEMPAL donor.

Mr. Hirbu thanked the participants for the warm welcome and noted that he participated in some PEMPAL events in the past and had a positive impression of the network comprised of fellow practitioners. He explained that some of his colleagues have participated in some IACOP events and provided content contribution and that the EC considers that it makes sense for it to also join PEMPAL as a donor and also participate in BCOP and TCOP activities given the importance of all PEMPAL COPs’ areas for PFM reforms in PEMPAL countries. The plan is for content contribution of the EC to be cross-DG, depending on specific topics. He explained that the two main criteria for progress for EU are strengthened PFM and transparency and that potential topics on which the EC would be interested to collaborate with PEMPAL in terms of content contribution include mid-term budgeting, fiscal rules, independent fiscal institutions, spending reviews, PIFC, etc. While EU has policy dialogues with countries, they are held at a higher political level, thus EU sees the value in PEMPAL in discussions taking place at technical level with practitioners. In terms of a donor role, the proposal for EU’s contribution to PEMPAL is currently being discussed among different services and provided that these discussions end positively, the proposal will go to the EU member states. Decision is expected in December 2018, after which the administrative agreement would need to be signed, and the financial contribution for the 2017-2022 PEMPAL Strategy would be made in 2019. The proposed initial contribution is EUR 3 million.

Ms. Nikulina thanked Mr. Hirbu and added that the preferred approach is for the EU financial contribution to be made using the existing PEMPAL Multi-donor Trust Fund. However, some limitations may exist from the EU side, which will be further discussed. Mr. Hirbu requested that the Resource Team can contact him starting in September 2018.

**3**. **Endorsement of the outcomes of the Executive meeting**

Ms. Nikulina explained that the first part of this session was intended to share reflections about the cross-COP leadership meeting held in Budapest on July 4-5, while the second part was intended to confirm specific outcomes of the cross-COP leadership meeting, so that they can be formally adopted by the SC.

Ms. Voronin commented that the meeting was very useful for COPs to learn about activities of other COPs and to exchange views. She noted that it would also be useful for full COPs to hold joint events more frequently and suggested that COPs share their plans more proactively among each other to facilitate closer potential collaboration.

Ms. Gusarova shared her impression that the level of ownership COP members have in matters of content and quality has increased further and that the discussion groups were very useful and also improved in terms of depth and ownership by the members.

Ms. Nemeth echoed what Ms. Gusarova said and also noted that the Hungarian hosts have worked hard to prepare for this event and that they appreciated positive feedback they received from the participants. She also informed the participants that IACOP has appointed specific Executive Committee members to be points of contact on behalf of IACOP for other two COPs – Ms. Crnkovic will be IACOP point of contact for BCOP and Ms. Nemeth will be IACOP point of contact for TCOP. IACOP’s suggestion is for COPs to follow more closely other COPs’ plans and initiate the cooperation, perhaps also visit other COP plenary meetings.

Mr. Asangulov thanked for organization of the cross-COP leadership meeting and noted that such meetings are useful and necessary and should be held annually. He stated that BCOP supports the plans for closer cross-COP collaboration and noted that these initiatives need to be planned well in advance, as it would entail adjustments of COP Action Plans. He added that significant progress in PFM has been achieved in Kyrgyz Republic and that PEMPAL contributed to it.

Ms. Frei shared that after the cross-COP leadership meeting she attended IACOP’s Executive Committee meeting. She echoed previous reflections about the usefulness of the cross-COP leadership event and added that from the donor perspective it was important to see the level of seriousness in the member discussions. In terms of cross-COP collaboration, she noted that such collaborations would be welcome and encouraged the Executive Committee members to use SC meetings more to get updates about other COPs’ activities.

Ms. Kirillova stated that the meeting was highly productive and that such cross-COP meetings are very important and that broader cross-COP collaborations would also be useful, as COPs can have useful exchange of experiences and knowledge not only in their expert areas, but also in more general management and administrative areas.

Mr. Boyce stated that it is useful for COPs to meet and interact and that thematic collaborations would also be useful as some countries are simultaneously reforming all areas with which COPs deal. He added that the spirit of the group is also important for productive work and that despite being a network that has lasted for over ten years, PEMPAL is still accelerating some of its activities.

Ms. Nikulina concluded the discussion on the meeting reflections, noting that the Organizational Committee conducted a lot of preparation work, but that it was well worth the efforts, as the meeting went well. She specifically noted that the first day in which the hosts held thematic presentations was the most successful host day compared to all similar previous PEMPAL meetings. She thanked all the participants and in particular the Organizational Committee and reminded everyone to add any additional feedback within the post-event survey.

The SC next turned to discussion on specific outcomes of the cross-COP leadership meeting on five issues related to the Strategy 2017-22 Action Plan which were the focus of the group discussion session held on the second day ((i) Formalizing requirements for the hosting countries and reflecting these in PEMPAL Operational guidelines, ii) Collecting information on use of knowledge products, iii) Induction of new members, iv) Savings initiatives, and v) Learning from experiences of other networks in achieving financial sustainability).

Ms. Nikulina reminded that the proposal is to gather feedback on usefulness of knowledge products within COP surveys, rather than conducing a separate network-wide survey. For the induction kits, the proposal was that each COP prepare its own induction kit.

It is also proposed that the expectations for the hosting countries are formalized and that a paper is prepared to map out different networks, looking not only at networks similar to PEMPAL but also other networks. Finally, for the savings options, many ideas were mentioned in the cross-COP meeting and Ms. Nikulina suggested that an option of not providing meals on departure and arrival days can be implemented immediately. Next, discussion was held initiated by Mr. Mkrtchyan, Ms. Diaconescu, and Ms. Vatyan who noted that cutting these meals may decrease networking opportunities and that in some cases the member country governments do not provide per diems for their participants. Mr. Asangulov, Ms. Frei, Mr. Boyce, and Ms. Kirillova responded that it is necessary to find some savings and that this proposal is a realistic and feasible small measure PEMPAL should take.

Ms. Frei also suggested that all of the savings options mentioned in the meeting should be captured and prioritized.

Discussion on this agenda item concluded with the suggestion to move the whole network cross-COP meeting from FY2019 to FY2020, given remaining financing uncertainties for FY2019 and given that COPs have already prepared their FY2019 Action Plans.

**Conclusions:**

* SC took note of the positive feedback from participants of the cross-COP leadership meeting and encouraged COPs to explore further options for cross-COP thematic collaborations.
* SC approved the proposal for each COP to collect information on use of knowledge products within the COP surveys.
* SC approved the proposal for each COP to individually prepare induction kits for new members
* SC confirmed that the expectations from the hosting countries should be formalized and reflected in PEMPAL Operational guidelines, including prioritization of hosting countries which financially contribute to an event, noting that some flexibility should be provided in requirements. A small group will be formed consisting of Ms. Frei, Ms. Nikulina, and Ms. Carsimamovic to prepare exact proposed wording for the Operational Guidelines, which will be considered by the SC in its next meeting.
* SC decided that a paper should be prepared to map out different networks, looking not only at networks similar to PEMPAL, but also other networks. Ms. Nikulina was assigned to lead the task and a group may be formed for this task if needed. The paper should be ready to be presented in the FY2019 cross-COP leadership meeting.
* SC instructed the Resource Team to document savings options mentioned during the cross-COP leadership meeting and to propose prioritization of measures for discussion at one of the future SC meetings.
* PEMPAL Strategy 2017-22 Action Plan will be modified to reflect the decisions listed above.
* SC decided that organization of the whole network cross-COP meeting in FY19 is not feasible given the remaining uncertainties about the availability of funding. FY2020 is therefore the earliest possible period to organize this meeting. Given the lengthy preparation process required for such meetings, the planning should start as soon as the final confirmations from the Russian Ministry of Finance and EU on the financial contributions to the program are received.

**4. Draft completion report for PEMPAL Strategy 2012-17**

Mr. Boyce thanked the Resource Team for drafting the report and noted that it is a good and comprehensive report, presented well. He added that the SC should in near future consider whether the 2017-2021 Strategy mid-term review would be an external evaluation. He also mentioned that PEMPAL should devote more attention to increasing network visibility. Mr. Boyce explained that he would provide more minor comments on the draft report directly to the Resource Team.

Ms. Frei also thanked the team that drafted the report and noted that the report is clear and comprehensive, showing both quantitative and qualitative data. She suggested to also include lessons learned, which is a SECO requirement for such reports. Lessons learned discussed in the cross-COP leadership meeting on July 5 could be included. Ms. Nikulina explained that the intention was to provide additional analysis and lessons learned at a later stage, prior to the end date of Multi-Donor Trust Fund for the previous strategy.

Ms. Kirillova stated that documents such as completion report are important for PEMPAL visibility and for attracting potential new donors. She echoed Mr. Boyce’s statement that PEMPAL should increase its visibility.

**Conclusions:**

* The report will be finalized based on received comments. The foreword will be revised if needed by Ms. Frei and Ms. Valkova and signed by all SC chairs from the 2012-2017 strategy period.
* SC will review the final designed version of the report before its publication.
* The report will be sent out in September 2018 along with the annual PEMPAL thank you letters, to be signed by Mr. Boyce in his capacity of SC Chair.

**5. COP action plans for FY19**

Ms. Nikulina reminded that each COP held a presentation on FY2019 plans in the cross-COP leadership meeting on July 5 and she thus invited COPs to focus on any new additional information and in particular on how they approached preparation of the FY2019 plans.

**BCOP**

Ms. Gusarova presented on behalf of BCOP, stating that BCOP prepared two different scenarios for Fy19 based on two budget options. The main events that will take place in both scenarios are a plenary meeting in Uzbekistan in February/March 2019, Budget Literacy and Transparency Working Group event in Portugal (moved from FY2018 and co-organized with GIFT) in October 2018, participation of a small delegation of the Budget Literacy and Transparency Working Group in Moscow Financial Forum at the invitation of the Ministry of Finance of the Russian Federation in September 2018, and participation of the leadership of the Program and Performance Budgeting Working Group in the meeting of the OECD Network on Performance and Results in November 2018. If the higher budget scenario is approved at a later stage, a larger event of the Program and Performance Budgeting Working Group will be held in Spring 2019 and Executive Committee will participate in the OECD CESEE SBO meeting in May/June 2019. She announced that in the period since the draft FY2019 BCOP Action Plan was submitted to the SC, the final actual FY2018 BCOP cost data became available and that in line with this BCOP requests to carry over to FY2019 the total amount of US$67.5K. The additional 11K of savings compared to the draft FY2019 BCOP Action Plan submitted to the SC are to be assigned to the Portugal event, which BCOP now requests to convert from study visit to a working group meeting, based on the final agenda agreed with the GIFT co-organizers. Thus, BCOP asked for a permission to submit to SC a revised FY2019 Action Plan. Ms. Gusarova also informed the SC that the BCOP Executive Committee in its meeting on July 6 discussed the proposal brought up by TCOP during the cross-COP leadership meeting about the potential TCOP-BCOP collaboration on revising previous TCOP’s knowledge product on budget classification. A few BCOP countries already expressed interest to participate and BCOP requests the previous version of the knowledge product in all three languages to be shared with BCOP for a review. BCOP has not planned any funds for this activity in FY2019 Action Plan, but is ready to participate in TCOP’s events and collect any information that may be needed. Ms. Gusarova concluded by inviting Mr. Hirbu or other EC representatives to participate in the BCOP Portugal event of the Budget Literacy and Transparency Working Group and Ms. Carsimamovic added that BCOP is looking forward to collaborating with the EC on several topics of interest mentioned by Mr. Hirbu, as BCOP topics for the next period include most of those topics. Finally, Ms. Carsimamovic clarified that within the note on Update on PEMPAL COPs’ Budgets, BCOP FY2018 execution figures for each line item/event are correct (except for two small updates that need to be made to reflect the final cost data for BCOP last event which became available after submission to SC), however, there is an error in the sum. Final amount of BCOP FY2018 executed budget including the latest actual cost data is 310K.

**TCOP**

Ms. Voronin explained that TCOP will focus on four main thematic areas: cash management, accounting and reporting, information technologies in treasury operations, and evolution of the role and functions of the treasury. TCOP discussed and decided on the proposed FY2019 Action Plan in its plenary meeting held in Albania in May 2018, during which TCOP country priorities were collected. Main activities (excluding videoconferences) included in the baseline (lower) FY2019 budget scenario for TCOP include: a plenary meeting in May 2019 (location to be determined based on five proposals received for hosting), which will be prepared by the Group on Evolution of the Treasury Role and Functions; two face-to-face meetings of thematic groups, including the meeting of the cash management group (decided to be organized in Vienna in early November); and a meeting of the working group on use of information technologies in treasury operations planned for the spring 2019, possibly combined with a study visit (destination is to be determined). A higher budget scenario also envisages a thematic group workshop on public sector accounting and reporting, possibly to be organized jointly with the ECA regional PULSAR program, as well as a thematic workshop on evolution of the treasury role and functions that could be organized back-to-back with the plenary meeting. Both scenarios envisage multiple thematic VCs on all four topics TCOP is working on. Thematic group on accounting and financial reporting is also planning to work on the new version of the knowledge product on design of the budget classification integrated with the chart of accounts and invites BCOP representatives to join the activity. In response to the question from Mr. Boyce, Mr. Voronin clarified that the base scenario provides priority in organizing face-to-face meetings to thematic groups on cash management and use of IT in treasury operations based on the results of TCOP member survey conducted during the recent plenary meeting in Tirana and the track record of both groups. She also explained that the membership in PEMPAL TCOP working group on accounting and financial reporting is broader than the membership of PULSAR program, so collaboration between the programs might be quite productive and opportunities for joint events are therefore being explored.

**IACOP**

Mr. Mkrtchyan explained that the top thematic priorities for IACOP for next year are: practical implementation of audit cycle; different types and operational models of audits, including IT solutions; the role of Central Harmonization Units in public sector reform coordination; and public internal control - the role of Central Harmonization Units and internal auditors. The first event which is already being prepared is the plenary and working group back-to-back meetings in Tbilisi in October 2018. Two other main events are planned for FY2019 in the low budget scenario and three in the high budget scenario. IACOP for now has indications from three countries that are potential hosts of these events – Uzbekistan, Albania, and Macedonia. He also reminded that IACOP has 23 member countries and 7 resource team countries. Mr. Vatyan explained that the IACOP FY2019 Activity Plan submitted to the SC prior to this meeting includes only PEMPAL financing, while additional financial contribution expected from the hosts is not included. Mr. Boyce and Ms. Nikulina asked IACOP to submit revised Action Plan for FY2019 to clearly distinguish plans under the two budget scenarios, which was at the end of the meeting.

**Conclusions:**

* The SC has taken note of COPs’ action plans for FY2019.
* In line with the discussions during the meeting, the SC instructed the BCOP and IACOP Executive Committees to submit their updated FY2019 Action Plans including two budget scenarios, which should reflect the final figures on FY2018 savings (action completed by IACOP by the end of the meeting).

**6. PEMPAL finances**

Ms. Kirillova informed the SC that the status of decision of the Ministry of Finance of the Russian Federation on financial contribution to PEMPAL is the same as at the time of the previous SC meeting. The decision is currently under consideration by the Government. However, Ms. Kirillova confirmed the commitment of her Ministry to financially contribute to implementation of PEMPAL Strategy 2017-22, noting that delays in decision are not related to the substance of proposal but are rather of procedural nature. The funds for PEMPAL have already been planned in the Government budget. The final decision is expected in September - October.

Ms. Nikulina provided an overview of the latest data on PEMPAL budget execution for FY2018 and explained that the current balance on the Multi-Donor Trust Fund account is sufficient to fully cover the FY2018 savings to be transferred to FY2019. Final data on the budget outcome for FY2018 will be available after the World Bank accounting system reopens for business the week of July 9th. Some small adjustments in the amounts of savings achieved by COPs in FY2018 are still possible.

**Conclusions:**

* The SC has taken note of the PEMPAL FY18 budget outcome.
* The SC has confirmed that the initial COP FY2019 budget allocation adopted in the February 2018 SC meeting (US$180K for each COP, plus any carried over COP savings from FY18) are still valid.

**7. Closing of the meeting**

**Conclusions:**

* The next SC meeting through videoconference is planned for mid-November 2018, exact date to be agreed through email correspondence.

**Annexes:**

1. **Minutes of the previous meeting held on May 31**

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1. **Update report on Strategy Implementation Plan**



1. **BCOP Action Plan FY19**



1. IACOP Action Plan 2019



1. **TCOP Action Plan**



1. **PEMPAL COPs Budget note**



1. **PEMPAL Program Budget note**

