**DRAFT MINUTES OF THE STEERING COMMITTEE MEETING**

**Videoconference, Wednesday, May 25, 2016**

**PRESENT AT THE MEETING**

**SC members**

Irene Frei (SECO – Donor, Steering Committee Chair)

Daria Kirillova on behalf of Anna Valkova (Ministry of Finance of the Russian Federation – Donor)

Anna Belenchuk (Ministry of Finance of the Russian Federation - BCOP Chair)

Vugar Abdullayev (Ministry of Finance of Azerbaijan – TCOP Chair)

Cristina Scutelnic (Ministry of Finance of Moldova – IACOP Executive Committee member)

Elena Nikulina (World Bank – PEMPAL Team Leader)

Marius Koen (World Bank)

**Observers**

Deanna Aubrey (World Bank – PEMPAL Strategic Advisor)

Ion Chicu (World Bank – PEMPAL Operations Advisor, TCOP Resource Team)

Maya Gusarova (World Bank – BCOP Resource Team Coordinator)

Ksenia Galantsova, Ekaterina Zaleeva, Kristina Zaituna (World Bank – PEMPAL Secretariat)

**AGENDA ITEMS:**

1. Opening of the meeting
2. Approval of the 2015 Annual Report
3. Update on the progress of preparation of the new PEMPAL Strategy
4. Preparation of the July Executive meeting and SC meeting– confirming the agenda
5. Update on the implementation of the COP action plans for FY16 – COP Chairs
6. PEMPAL finances
7. Update on PEMPAL web site transfer
8. Closing of the meeting

**1. Opening of the meeting**

Ms. Frei opened the meeting and welcomed all participants noting it was the second PEMPAL Steering Committee (SC) for the year, and her first as the new Chair. She asked for any additions to the agenda, and none were suggested.

**2. Approval of the 2015 Annual Report**

The draft 2015 Annual Report was distributed for SC review before the meeting (**Annex 1**) and the SC were asked to approve it for publication. Ms Frei, Ms Gusarova and Mr Koen, were thanked for providing their comments on the draft, which were largely incorporated except for some suggested changes that entailed reducing the size of the document and changing methodology for the design of some of the key performance indicators. It was agreed that this specific report was being used to communicate the results of the mid-term review of the PEMPAL Strategy 2012-17, thus the document was larger than previous years. Further, for consistency purposes across this strategy, it was agreed that the same approach to performance monitoring should be adopted as established by the former Secretariat but a review of the indicators used in the Annual Report would be undertaken and suggested improvements incorporated for reporting under the next strategy.

Ms Nikulina asked the SC whether it would like a further opportunity to review the document after it returned from the designers and the SC agreed that it could go ahead for publication without further review.

**Conclusions**

* The SC approved the 2015 Annual Report to be sent to the designers and then released for publication. The methodology for the performance indicators included in the report would be retained for the period of the current strategy for consistency of reporting, but would be reviewed and amended where needed for the next strategy.

**3. Update on the progress of preparation of the new PEMPAL Strategy**

An update was provided by Ms Nikulina and Ms Aubrey on the progress of the Strategy Development (SD) Working Group (WG), who were tasked to prepare key elements of the PEMPAL Strategy 2017-22. The WG had prepared two key documents: one suggesting proposed changes to the strategic objectives and results framework and the other proposing costing options and funding scenarios for the next strategy. Since these draft documents were reviewed by the WG in its meeting of May 12, the SC was advised of further progress made in relation to these document since that meeting. Specifically as advised by the WG, the number of performance indicators in the proposed new results framework had been further reduced to 12 and additional hypothetical scenarios had been included in the costings note to provide COPs with more information on possible ways foreword in the event of insufficient funding being secured to fund all activities planned across the next strategy. Ms Nikulina also referred the SC to the minutes of the May 12 meeting, which provided comprehensive information on the contents of these documents (**Annex 2**).

Mr Abdullayev (TCOP) and Ms Scutelnic (IACOP) confirmed that they would like to have the opportunity for their Executive Committees to consider these documents as early as possible, particularly in light of TCOP and IACOP face-to-face meetings being held at the end of May. Ms Belenchuk noted that BCOP would not meet face-to-face until the end of June but preliminary comments on the documents could be sought by email. Thus, it was decided that the document on the strategic objectives and results framework should be sent to the COP Executive Committees for review by June 17 to facilitate the development of the new strategy; and that the second document on costings options and funding scenarios be provided for information to prepare COPs for the proposed small group discussions to be held on these scenarios in Berne.

**Conclusions**

* The SC took note of the progress and discussed the documents prepared by the SD Working Group, and the subsequent work on these documents since the group’s May 12 meeting.
  + Comments by COPs would be sought on the strategic objectives and results framework document, which are due by June 17. The costings note would also be circulated as background for the Berne meeting small group discussions.
  + The SC also decided that the WG should meet one last time before the Berne meeting to discuss the feedback received from the COPs and to progress the outputs where needed. A preliminary date of Thursday June 23 was decided and would be confirmed by the Secretariat with SD Working Group members.
  + A risk table would be developed in preparation for the next SD Working Group meeting, and additional work on a SWOT analysis would also be considered as suggested by the IACOP in the last meeting.

1. **Preparation of the July Executive meeting and SC meeting– confirming the agenda**

An overview of the latest version of the agenda of the July Executive meeting (**Annex 3**) was provided by Ms Nikulina and Ms Aubrey. Specifically since the last version was circulated to the SD Working Group, the proposed presentation by the Switzerland Government and the ‘brown bag’ lunch with SECO on PEMPAL’s peer learning approach had been added to Day 1, as confirmed by Ms Frei in the May 12 meeting. Clarifications were also provided in response to questions related to what was expected of the COPs in their COP specific meetings. These meetings would comprise the normal COP Executive Committee meetings but with the added requirement to ensure the required preparations were undertaken for the Berne meeting being held in the days following. Thus Ms Gusarova and Mr Koen suggested that this be more clearly specified in the draft agenda.

Ms Nikulina provided a general update on the logistics for the meeting noting that the contract with the hotel had been finalized so the venue was now confirmed. Invitations to COP Executive Committee member countries had also been distributed last week and the next stage would be registration and visa preparations. She noted that the process to receive a visa for Switzerland took 15 days and embassies existed in all countries of participants who required visas, which should make the process easier. Ms Nikulina referred the SC to the checklist of event preparation that was embedded in the minutes to the May 12 SD Working Group meeting for further information.

**Conclusions**

* The SC discussed and endorsed the next version of the agenda of the July meeting, noting that the description for COP specific meetings on Day 1 should be renamed from ‘COP specific meetings’ to ‘COP Executive Committee meetings including preparations for the Berne meeting.’
* The SC also noted that the next key deadlines were for COP Executive Committee agendas to be prepared by June 10 and for COP presentations to be prepared by June 17. A template for the presentations had been distributed during the May 12 meeting and was embedded in the minutes to this meeting included in the Annexes below.

1. **Update on the implementation of the COP action plans for FY16 – COP Chairs**

Ms Frei called on the COP Chairs or their representatives to provide an overview of implementation of the FY16 COP Action Plans and expected final expenditures and any requests for reallocations.

***Budget Community of Practice***

Ms Belenchuk noted that since the last report to the SC (in the February 11 meeting), there had been three major events for BCOP. The first was the annual plenary meeting on fiscal rules in Minsk, Belarus attended by 18 member countries. There were presentations from Latvia, Sweden, Russia, Albania and Belarus and discussion groups were held on how best to apply and monitor fiscal rules.  Experts from World Bank, IMF and OECD also attended.  Discussions were also held on the BCOP action plan and it was decided that the next plenary meeting would be held in Kyrgyz Republic in early 2017 and be on the topic of tools for fiscal accountability, sustainability and transparency.  A new WG on Performance and Program Budgeting was also established and member countries invited to subscribe.

The second BCOP event was a meeting of the WG on Budget Literacy and Transparency that was held on Open Budget Index (OBI) success factors and citizen budgets in Minsk Belarus, back to back with the plenary meeting.  It was attended by 10 member countries and presentations were made by Russia and Romania given they are leaders in PEMPAL region in the 2015 OBI.  Kyrgyz Republic also presented given they are most improved since the last survey.  Experts from World Bank and the International Budget Partnership also participated and progress had been made on a knowledge product on citizens’ budget challenges and a draft copy is currently being reviewed.

The third BCOP event was a study visit on wage bill management to Slovenia, which was attended by 6 member countries.  This was the last event for the WG and the event rated very highly with participants. Ministry of Finance and Ministry of Public Admin of Slovenia were good hosts and shared useful policies and laws that will assist the group in furthering reforms.

Ms Belenchuk advised that BCOP had two more events remaining for this financial year.  A joint workshop with the OECD as the Performance and Program Budgeting WG is currently participating in the OECD Performance Budgeting Survey. This workshop will be held back-to-back with the OECD SBO meeting, which will be held in Slovenia at the end of June.

In terms of budget, Ms Belenchuk noted that BCOP is likely to achieve significant savings of around 128,300 USD this FY. This was due to further savings achieved from the Minsk meeting and also savings on translation costs of the OECD survey (costs for which will fall in next financial year due to timeframe of survey implementation agreed with the OECD).

 She advised that BCOP would like to request partial reallocation of these savings i.e. 50,000 USD to the next FY for the preparation of new knowledge products for the Performance and Program Budgeting WG, and for her WG on Budget Literacy and Transparency. She also advised that she wanted BCOP to revise all materials developed in the past, to determine if additional useful products could be prepared.

Ms Frei inquired whether the savings were achieved from planned events not being held or from savings in the costs of implemented events. Ms Gusarova, and Ms Belenchuk provided further clarifications noting that it was a mixture of both. Two events that were previously scheduled had now changed in nature. Firstly an event to be held by the Performance and Program Budgeting WG was planned for FY16 but it was now being held back-to-back with the OECD SBO meeting, given the group was currently participating in the OECD Performance Budgeting survey so a joint workshop with OECD to facilitate completion of the survey was appropriate. Further savings were achieved by not holding a planned joint event with TCOP, given both COPs found that their action plans were too comprehensive to plan such an additional event. Other savings were achieved by events not costing as much as forecast due to local cost conditions of hosting countries, and the final agreed timeframe of the implementation of the OECD survey pushing translation costs into the next FY.

***Treasury Community of Practice***

Mr Abdullayev advised that the TCOP event in Tbilisi in October 2015 on using IT in treasury operations was budgeted for 50,000 USD but actuals were 67,000 USD. The next event was in March 16-28, 2016 in Ankara on liquidity management attended by 11 countries. The first day covered the Turkish experience in cash management and broader PFM reforms, including presentations by the Treasury, the Ministry of Finance and the banking sector and the rest of the days were allocated to the expert and country presentations and ground discussions, with the cases of Albania, Russian Federation and Moldova presented. The event was rated highly by participants and the actual event costs were 58,300 USD compared to the budget of 50,000 USD.

The next TCOP event will be held on May 31 to June 3 in Chisinau, hosted by the MoF of Moldova whose involvement in the preparations has been greatly appreciated by TCOP. This event will be the annual plenary meeting of all TCOP members, and will discuss the evolution of the role and function of Treasury, with the objective of reviewing and assessing international trends in this role and providing recommendations for strategy development for TCOP member countries. An Executive Committee meeting will also be held, and TCOP will use this opportunity to discuss Berne meeting preparations.

Mr Abdullayey also advised that there would be a thematic WG meeting on the use of IT in treasury operations on June 3-4 back-to back with the plenary meeting. This meeting substituted for the earlier planned meeting of thematic group on public sector accounting and reporting but which shifted to the fall of FY 17. In the original budget the two events were budgeted separately for 176,000 USD and 50,000 USD respectively but with the two events being held back-to-back in the same location, the costs were now forecast to be only 156,000 USD in total. Four VCs were also planned before the end of the FY.

In summary, Mr Abdullayey advised the SC that the planned TCOP budget of 330,000 USD in FY16 is forecast to be spent in the order of 308,500 and that the expected final savings, tentatively estimated at the moment at 21,500 USD is being requested for reallocation to FY17. The justification for this request includes several smaller format meetings were planned for FY17 to accommodate 15-20 people but TCOP now expect increased participation in these meetings more in the order of up to 35 people given recent expressions of interest by members to participate, so the budget for these events will need to be increased.

Mr Chicu also added that TCOP had an additional two VCs in the first quarter of 2016 – one on April 7 for the TCOP Executive Committee to discuss event preparations and one on April 15 for the thematic WG on use of IT systems in treasury, which discussed the Kazakhstan case. Ms Nikulina also added that during the March Ankara event, an explosion occurred the day before the meeting, so there were security concerns and she commended the Secretariat on how it managed this situation to ensure it had minimum impact on the event or its participants. She also expressed gratitude to Turkey as the hosts of meeting for their efforts to ensure the event was a success. She noted that there were some cancellations due to the security situation but this was not a driver of the budget overrun for the event, which was caused more by the bigger interest in the thematic group than was originally planned.

Ms Frei inquired whether the larger WG numbers impeded the ability to have quality discussions and it was clarified that it should not, except it had a negative impact on the budget, if smaller numbers were forecast to be interested in the thematic topic under discussion. Ms Frei also noted that from a donor perspective that the topic of the future role and functions of treasuries was an interesting strategic topic for the management of institutions. Ms Aubrey also noted potential interest in this topic from other COPs, in the context of the future role and functions of MoFs and could be considered as a cross-COP meeting or joint VC in the future, noting this topic had been discussed in the recent past by the CABRI network in South Africa. Ms Nikulia noted that IMF had prepared a paper on the future of MoFs which she could share and TCOP would be happy to share their planned knowledge product or consider a joint event in the future.

Ms Frei noted that the budget table circulated did not include VCs, given they could be delivered with nominal costs, but she would like these events to be reflected somewhere. Ms Nikulina suggested that in future meetings, the quarterly newsletter could be provided to the SC, as all events were covered within this report.

***Internal Audit Community of Practice***

Ms Scutelnic advised the SC that IACOP had held three WG meetings back-to-back in Yerevan on 12-16 October 2015 on the relationship of internal audit with financial inspection and external audit (RIFIX); quality assurance; and creating a vision for the internal control WG. The plenary meeting was then held in March 2016 in the Czech Republic instead of Istanbul given the security concerns in Turkey. At this meeting, the Internal Audit Quality Assessment Guide was also published and presented to participants as a final IACOP knowledge product. Two more knowledge products are currently being finalized on RIFIX and a memorandum between internal and external auditors and financial inspectors. A meeting was also planned for September in Kazan in the Russian Federation but the hosts were not available at that date, and offered Moscow as an alternative but given the costs of Moscow events, the IACOP is seeking alternative locations and a topic is still being decided by the RIFIX WG and Internal Control WG. The impact of the change in location is that the event was initially planned for June but will now be held in mid-September thus IACOP are seeking a reallocation of 57,000 USD from FY16 to FY17.

Ms Frei questioned whether the number of participants influenced the location of the meeting. Ms Nikulina and Ms Scutelnic responded noting that cheaper locations are often sought particularly if the budget is hitting its limits, and back-to-back meetings are held where possible to achieve savings. Ms Nikulina also noted that she advised IACOP to postpone the proposed meeting in Istanbul given the security concerns experienced by TCOP thus impacting on the location and costs of the final agreed location.

**Conclusions**

* The SC took note of the progress of implementation of the COP action plans for FY16 and endorsed the request by the COPs for reallocation of savings from FY16 to FY17 in the order of 50,000 USD for BCOP; 21,500 USD for TCOP (subject to confirmation based on the actual balance after the Chisinau events); and 57,000 USD for IACOP.
* Ms Frei requested that all COPs consider carefully how many people are likely to subscribe to a event, to avoid significant budget overruns as happened in the TCOP Ankara event.
* For future SC meetings, the quarterly PEMPAL newsletter will be circulated to provide a more complete picture of progress with event implementation given they include VCs, which are not included in the budget reporting given their nominal costs.
* COPs agreed to consider the topic of the future role and functions of MoFs as a potential joint event and the TCOP will share the outputs of its thematic group investigating the future role and functions of treasuries.

1. **PEMPAL finances**

Ms Nikulina provided an overview of the PEMPAL budget and COP budgets for FY16, including providing the context for the requests for reallocation to FY17 (**Annex 4** and **Annex 5**). She advised that the budget is in good shape and the budget outlook further improved in result of the savings achieved in FY16. These savings were comprised of COP forecast spending being below what was planned, and the costs of the Secretariat being much lower than the previous model. At the same time, expected FY16 costs for the resource teams and translations outside of events are expected to be slightly above the planned figures.

Ms Nikulina also advised that FY17 spending would be higher than forecast due to the Berne meeting being held in July, revised estimate of the costs of resource teams and translations and publications for the strategy. The proposed reallocations to FY17 as requested by the COPs had also been reflected in the budget tables, subject to their approval by the SC. Final costings of the BCOP event in Slovenia at the end of June may also slightly impact on the final figures.

When taking into account these issues, surplus of around 487,000 USD is expected by the end of FY17. Thus PEMPAL is in a comfortable position in the last year of the strategy.

**Conclusions**

* SC took note of the FY16 budget status and approved the revised FY17 forecast.

1. **Update on PEMPAL web site transfer**

Ms Nikulina advised that the website was now fully transferred to the World Bank with some improvements also incorporated. She advised that this now completes the transition arrangements with CEF and the contractual relationship is now finished. Mr Chicu demonstrated the website improvements to the SC which were incorporated by the IT team during its transfer to the World Bank servers. These included a specific space for knowledge products, the quarterly newsletter and annual reports, in addition to a space for key highlights. With the new platform, there will also be more flexibility to change and update items including space for COPs to incorporate more information on their objectives and plans. Ms Nikulina advised that the maintenance arrangements for the website would also be undertaken within the World Bank. Mr Koen congratulated the website team for all their work, and expressed appreciation for the seamless transfer.

Ms Aubrey queried the new functionality of the website and whether data on the use of knowledge products was feasible. She also asked about the library under the new platform given the former Secretariat were previously responsible for loading documents from events and would this continue with the new Secretariat. Ms Nikulina advised that there were still some outstanding issues related to the functionality of batch uploading of documents to the library but the secretariat will resume the uploading as soon as these are resolved.

**Conclusions**

* The SC took note that the transfer of the website from the former Secretariat to the World Bank was now complete and the SC expressed appreciation of the work of the World Bank and IT teams involved in this work over the last year. The functionality of tracking usage of specific knowledge products would be further investigated.

1. **Closing of the meeting**

During the meeting, the SC congratulated Ms Belenchuk for her election to Chair of BCOP and Ms Aubrey also thanked the member countries who assisted with development of the country level success stories, in particular Ms Belenchuk for assistance with the Russian Federation success story and Ms Scutelnic for preparing and coordinating the success story for Moldova. She also thanked the other countries involved. Ms Frei noted the next meeting of the SC would be held in Berne Switzerland and she looked forward to greeting everyone there.

**Annexes**

**Annex 1: Draft 2015 Annual Report**

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**Annex 2: Minutes to the Strategy Development Working Group meeting, May 12 2016**

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**Annex 3: July Cross-COP Executive Berne meeting agenda**

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**Annex 4 and 5: PEMPAL budget and COP budgets for FY16**

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