**MINUTES OF THE STEERING COMMITTEE MEETING**

**WebEx, May 31, 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. Kanat Asangulov (Ministry of Finance of Kyrgyz Republic- BCOP Deputy Chair)
6. Angela Voronin (Ministry of Finance of Moldova – TCOP Chair)
7. Ludmila Gurianova (Ministry of Finance of Belarus – TCOP Deputy Chair)
8. Edgar Mkrtchyan (Ministry of Finance of Armenia – IACOP Chair)
9. Edit Nemeth (Ministry of Finance of Hungary – IACOP Deputy Chair)

Observers

1. Arman Vatyan (World Bank – IACOP Resource Team Coordinator)
2. Maya Gusarova (World Bank – BCOP Resource Team Coordinator)
3. Naida Carsimamovic (World Bank – BCOP Resource Team Member)
4. Ksenia Galantsova (World Bank – PEMPAL Secretariat)
5. Ekaterina Zaleeva (World Bank – PEMPAL Secretariat)
6. Kristina Zaituna (World Bank – PEMPAL Secretariat)

**AGENDA ITEMS**

* + - 1. **Opening of the meeting –** Mr. Daniel Boyce, SC Chair, World Bank
      2. **Update on the progress in implementation of PEMPAL Strategy Action Plan -** Elena Nikulina, World Bank. *SC to take note of the progress and confirm the issues to be discussed at the Executive meeting in Budapest*
      3. **Update on the progress of preparation of the Executive meeting in Budapest** – Elena Nikulina. *SC to discuss and endorse the preliminary agenda for the Executive meeting*
      4. **Update on the status of the draft Completion Report for PEMPAL Strategy 2012-17. -** Elena Nikulina. *SC to decide on the timeline and format of the completion report review*
      5. **Update on the progress of implementation of the FY18 COP action plans and the status of preparation / updating of action plans for FY19-20 –** COP Chairs. *SC to take note of the status and advise on the timing of submission of updated plans for FY19 to the SC*
      6. **PEMPAL finances (a. Update on the budget outlook for the current fiscal year and b. Budget outlook for FY19 and beyond) -** Elena Nikulina and Ekaterina Zaleeva (PEMPAL Secretariat). *SC to take note of the budget status, 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 had all participants introduce themselves.

**2**. **Update on the progress in implementation of PEMPAL Strategy Action Plan**

Ms. Nukulina explained that the updated note on implementation progress was circulated to meeting participants, as per usual. She noted that there have not been many changes since the last SC meeting in February, but that there are two important items that need to be discussed in this meeting in relation to this update.

First, as discussed in the previous SC meeting, several issues have been proposed for the discussion of the cross-COP Executive meeting taking place in Budapest in July 2018. These issues are outlined in the circulated Background Information and Preliminary Agenda for this Cross-COP meeting: 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. These are steps or actions of the Action Plan on which additional discussion is needed to consider whether the original approach envisaged by the Action Plan remains appropriate.

Second, the timing is approaching for the SC to start discussion and making decision on Action 4 (*Cross-COP meetings of all members to be held FY19 and FY22*). While the decision of the SC may not be needed in this SC meeting regarding the FY19 cross-COP meeting, the SC should discuss this item in Budapest in July 2018 meeting, as cross-COP meeting is a large and expensive meeting the organization of which is a big undertaking. Additional reason for discussing this item in the next SC meeting is the current continued PEMPAL budget uncertainties.

Ms. Frei asked for information and the costs of past cross-COP meetings and the budget planned in the 2017-2022 PEMPAL Strategy, as well as the potential topic of the FY19 cross-COP meeting.

Ms. Nikulina explained that the cost estimate for the FY2019 cross-COP meeting included in the Strategy is US$600K and that the cost of the previous cross-COP meeting was over US$700K of which around US$600K for the main meeting and the remainder for the back-to-back parallel COP meetings. In terms of the topic, it was not predefined within the Strategy as the same approach used for the previous such meeting was envisaged – to form a committee with representatives of all COPs and donors, which would consider topic suggestions from COPs and subsequently make a decision on the topic. Ms. Nikulina noted that each COP may already have some ideas and that TCOP included a question on cross-COP topic within its recent survey of TCOP members.

Mr. Asangulov suggested to request TCOP to present the ideas on the cross-COP topics in cross-COP Executive Committee and to request other COPs to also present their ideas.

**Conclusions:**

* SC has taken note of the update on the 2017-2022 Activity Plan implementation progress.
* SC has approved the proposed Action Plan issues to be further discussed in the cross-COP Executive meeting in July 2018 to decide whether the original approach envisaged by the Action Plan remains appropriate.
* SC will further discuss and make the decision on the FY19 cross-COP meeting in its next meeting in July 2018.

**3. Update on the progress of preparation of the Executive meeting in Budapest**

Ms. Nikulina reported that good progress has been made on preparation of the cross-COP Executive meeting and noted that the Organizational Committee has held a meeting in May 2018 and that minutes of that meeting were circulated to the SC meeting participants. Based on the discussions of the Organizational Committee, the cross-COP Executive meeting agenda has been updated and circulated to the SC meeting participants. She also added that representatives of all COPs were present in the first meeting of the Organizational Committee, but representatives of donors did not attend; thus, it would be good to have donor representatives in the second meeting of the Organizational Committee if possible.

Ms. Nikulina explained that in today’s meeting it is necessary to get feedback from the hosts on the exact speakers for the first day of the event and agree on the date for the second meeting of the Organizational Committee.

Ms. Frei thanked the Organizational Committee for the preparatory work. She noted that the five issues related to the Strategy 2017-22 Action Plan planned for the group discussion planned 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) are of great importance; thus, perhaps time envisaged for this session should be extended. Additional, Ms. Frei asked for clarification on the rational for the proposed discussion on lessons from implementation of the 2012-2017 PEMPAL Strategy in the afternoon of the second day, given that this has been extensively discussed in the process of preparation of the 2017-2022 PEMPAL Strategy.

Ms. Kirillova agreed with Ms. Frei that the more time may be needed for the discussion in the morning of the second day and also proposed that the hosts from Hungary within the first day present on how they have benefited from participating in PEMPAL.

Mr. Boyce asked for clarification on attendees of the cross-COP Executive meeting in Budapest.

Ms. Nikulina informed the SC meeting participants that the introductory part of the second day is envisaged to include an ice breakers and presentations by herself (Ms. Nikulina) and COP Chairs on the update of COP work and future plans. Next, group discussion on the five issues related to the Strategy 2017-22 Action Plan is planned, however, the details of the format of group discussion on the second day have not been decided yet and will be discussed in the second meeting of the Organizational Committee. In terms of overall time slot allocated for the discussion, it could be extended by shortening coffee breaks and lunch break. In terms of the format of the discussion, she noted that the options include breaking into five or fewer groups. She also explained that each COP Executive Committee will hold discussions on these items (BCOP already has done so) and added that while all five issues are indeed important, some may need less time for discussion (e.g. on knowledge products and induction kits) than other. Ms. Frei and Mr. Boyce proposed that two to maximum three discussion groups should be planned, in order to have as many participants discussing each issue as possible.

In terms of the lessons learned from implementation of the 2012-2017 PEMPAL Strategy, Ms. Nikulina explained that the discussion in Budapest was envisaged to collect additional lessons learned based on the draft Completion Report for the 2012-2017 PEMPAL Strategy.

Ms. Nikulina informed the meeting participants that the registration for the cross-COP Executive meeting in Budapest is essentially completed, with the exception of a few COP Executive Committee members who are still to confirm participation due to possible scheduling issues. Total of 42 participants are currently registered. Invitees include the COP Executive Committee members, donor representatives, and the World Bank Resource Team and Secretariat members. Ms. Kirillova confirmed that she will be attending the event to represent the Ministry of Finance of Russian Federation as a donor.

Ms. Nemeth said that proposed Agenda, timeslots, and the listed speakers for the first day of the event look fine and that only a correction in the name of the host Ministry is needed, as the name recently changed to Ministry of Finance. She explained that the TCOP representatives have asked in the Organizational Committee meeting to either visit the Hungarian Treasury in the morning of the third day of the event or to have representatives from the Hungarian Treasury participate in the TCOP’s Executive Committee meeting that day. Ms. Nemeth has sent this request to her colleagues from the Treasury and has not received their response yet, but it is expected that they will respond positively to the proposal of TCOP Executive Committee’s visit. Ms. Nemeth also proposed a change in the title of the third presentation of the third day to say Good Practices in Harmonization of Different Reforms Including Anti-corruption and Public Internal Control. She also noted that prior to the first presentation on the first day, she will briefly present Hungarian public administration structures related to PEMPAL-relevant functions, at the Organizational Committee’s request. Finally, she requested the list of participants for the Budapest event from the Secretariat, to use for the visa procedures and announcing visitors to Hungarian Parliament.

Ms. Nikulina proposed that the second meeting of the Organizational Committee takes place on June 19 and that the deadline for the submission of presentation slides is set for June 18. Mr. Asangulov, Mr. Mkrtchyan, and Ms. Vornin confirmed that these deadlines are acceptable to COPs.

**Conclusions:**

* The SC has endorsed the preliminary agenda for the Cross-COP Executive meeting in July 2018 as the basis for continuing event preparation, with the adjustment of the title of the third presentation on the first day and with the extension of the time slot devoted to morning group discussion on the second day.
* The second meeting of the Organizational Committee will be held on June 19, 2018.
* Presentation slides for all sessions are due on June 18, 2018.
* The Secretariat will send the list of participants for the cross-COP meeting to Ms. Nemeth.

**4. Update on the status of the draft Completion Report for PEMPAL Strategy 2012-17**

Ms. Nikulina reminded the SC meeting participants that the approach for preparation of the Completion Report was discussed in the last SC meeting. As an update, the Report is currently being finalized and it is taking a bit longer than a standard annual report, since additional data are being extracted and additional fact checking is conducted. The draft Report will first be circulated to the World Bank Resource Team and then to all SC members in the week of June 11, 2018, with two-week deadline for submissions of comments. Upon receiving comments from the SC, the Report will be finalized for the discussion in Budapest in July 2018. Estimated time for distribution of the Completion Report is August – September 2018, in line with the usual timeline for distribution of annual reports.

**Conclusions:**

* The SC has approved the proposed timeline for completion and distribution of the Completion Report of the 2012-2017 PEMPAL Strategy, with draft Report to be sent to SC members for comments on June 11, final Report to be approved at the SC meeting on July 6, and the distribution of the Report to take place in August -September 2018.

**5. Update on the progress of implementation of the FY18 COP action plans and the status of preparation / updating of action plans for FY19-20**

**BCOP**

Ms. Naida Carsimamovic reported on BCOP activities on behalf of Ms. Anna Belenchuk, BCOP Chair, who unexpectedly had to cancel her participation in this SC meeting. She explained that BCOP has continued with intensive activities since the last SC meeting, including holding six BCOP events and continued work on knowledge products of BCOP’s working groups.

On March 13, 2018, a workshop of the Program and Performance Budgeting Working Group was held in Vienna, Austria. The workshop was attended by 12 BCOP participants from 11 BCOP countries. The objective of the workshop was to examine performance budgeting in Austria with the Austrian Ministry of Finance and the Austrian Federal Performance Management Office. Extensive detailed technical discussions were held between the participants and the Austrian hosts and BCOP members appreciated the technical expertise and willingness to share all technical details and lessoned learned of the speakers.

The 2018 BCOP annual plenary was held in Vienna on March 14-16, 2018. The topic of the plenary meeting was Improving Effectiveness and Accountability of Public Expenditures: Trends in Intergovernmental Fiscal Relations, Performance Budgeting, and Budget Participation. As reported by Ms. Belenchuk in the last meeting of the SC, this plenary meeting consisted of one day dedicated to the topics of each of the BCOP’s two working groups (Budget Literacy and Transparency Working Group and Program and Performance Budgeting Working Group) and half of day dedicated to the new topic on intergovernmental fiscal relations. Total of 48 BCOP participants from 19 BCOP countries attended the plenary meeting. Presentations from the World Bank, OECD, PEFA Secretariat, Austrian Ministry of Finance, GIFT, IBP, along with PEMPAL country case studies of Russia, Serbia, Georgia, and Croatia were presented, as well as presentations of work on knowledge products and other updates of the BCOP Working Groups – Budget Literacy and Transparency Working Group and Program and Performance Budgeting Working Group.

On March 23, 2018, 15 representatives of 7 BCOP Executive Committee countries attended a workshop on Digital Tools, IT, and Citizen Engagement organized by GIFT in Zagreb, Croatia.

On March 24-26, 2018, same participants attended the 14th annual meeting of the OECD Senior Budget Officials' regional network for Central, Eastern and South-Eastern European Countries (CESEE SBO) in Zagreb. This was the seventh OECD SBO CESEE meeting at which BCOP participates.  BCOP participants actively contributed to the meeting and discussions. Additionally, Mr. Emil Nurgaliev held a presentation on Medium-Term Budgetary Frameworks in Bulgaria, while Ms. Belenchuk and Mr. Asangulov were rapporteurs for the two parallel sessions of the event.

Finally, BCOP Executive Committee met twice in this period - in Vienna, on March 14, 2018 and in Zagreb on May 23, 2018. Major issues discussed by the Executive Committee included planning for the BCOP activities for the remainder of FY2018, adopting budget scenarios and planned BCOP activities for FY2019, and discussing PEMPAL 2017-2022 Action Plan issues to be further discussed in the cross-COP Executive meeting in July 2018.

In addition to holding these six events, both BCOP working groups further progressed in this period in finalizing/advancing the work on the knowledge products on performance indicators and on public participation.

Ms. Maya Gusarova added that BCOP was successful in reaching an agreement with GIFT to co-organize a learning visit on public participation at national and local level in Portugal. The visit will be an event of the BCOP Budget Literacy and Transparency Working Group, which was originally planned in FY2018 budget and the budget savings will be transferred for this purpose to FY2019, as the event will take place in mid-October 2018.

**TCOP**

Ms. Angela Voronin, TCOP Chair, reported that TCOP has also worked intensively since the last SC meeting and held six events.

TCOP Executive Committee held a VC meeting on February 27, 2018 and discussed the TCOP events planned in March-May 2018, including the TCOP plenary meeting held in Tirana on 21-23 May 2018. TCOP Chair also informed the Executive Committee members on the discussions and decisions from the previous SC meeting.

On March 1, 2018, a VC meeting of the TCOP Thematic Group on Use of Information Technologies in Treasury Operations took place to exchange information between the Group’s member countries’ on progress and to discuss preparations for the April 2018 meeting of this Group in Baku. In addition, representatives from Georgia presented information on developing their IT system for supporting transition to accrual accounting. This meeting was attended by 28 members from 7 member countries.

On April 10-13, 2018 thematic group meetings were held in Baku. The meeting of the Thematic Group on Use of Information Technologies in Treasury Operations took place on April 10-12, with 35 participants from 10 countries. The meeting of the Thematic Group on Accounting and Reporting in Public Sector took place on April 12-13 with 35 participants from 12 countries. Additionally, a joint meeting of these two thematic groups took place on April 12 to discuss models to automate accounting and financial reporting for budget users. Following these activities of the thematic groups, a participant survey was conducted, which confirmed that all participants perceived the sessions as very useful.

On April 18, 2018 a VC meeting of the Thematic Group on Evolution of the Role and Functions of the Treasury was held to discuss Moldovan experience and lessons learned from the recent reorganization of the Treasury System. This is TCOP’s newest thematic group, which has incited much interest of TCOP members. 15 participants from 7 countries attended this meeting and also discussed the preparations for the Tirana plenary meeting.

TCOP plenary meeting was held on May 21-23, 2018 in Tirana on the topic of measuring and monitoring treasury performance. The event has been evaluated as useful within the post-event survey of participants. Treasury representatives of the Ministry of Finance and Economy of Albania had informative presentations and high-level officials from the Ministry of Finance and Economy of Albania were present. The opening session was attended by the Minister of Finance and Economy of Albania, General Secretary of the Ministry of Finance and Economy of Albania, and the World Bank Country Office Manager. Total of 45 TCOP participants from 14 member countries attended the plenary meeting. Within the plenary meeting, TCOP Executive Committee presented to TCOP membership the update on TCOP Action Plan implementation in the last year and participants from each country filled out a survey which will be used by the Executive Committee to plan the TCOP activities for the next year.

Ms. Nikulina added that the TCOP Executive Committee held a meeting in Tirana and held initial discussion on the FY19 TCOP budget scenarios, which will be submitted to SC by TCOP for the next SC meeting.

**IACOP**

Mr. Edgar Mkrtchyan, IACOP Chair, reported on IACOP working groups’ meetings in Brussels that took place on February 27 – March 2, 2018 and on IACOP’s planned meeting of the Working Group on Audit in Practice in Tsaghkadzor on June 11-13, 2018.

Two events were held in Brussels – meeting of the Working Group on Internal Audit on February 27-28, 2018 attended by 15 representatives from 12 countries and meeting of the Working Group on Audit in Practice on March 1-22, 2018 attended by 53 representatives from 24 countries.

The objectives of the meeting of the Working Group on Internal Audit were to: i) learn the key recent developments and good practices from the European Commission (EC) and Belgium in implementing public internal control (PIC); ii) share good practices in implementing internal control, with emphasis on the key elements and facilitating factors of managerial accountability; iii) understand how to assess internal control including managerial accountability implementation, and discuss the roles of internal auditors and Central Harmonization Units (CHU); iv) Review the progress made with PIC glossary and its translation; and v) establish PEMPAL criteria for assessment of the managerial accountability of a budget organization. The speakers in this event were excellent and IACOP had a unique opportunity to meet and learn from the high-level EC officials.

The objectives of the meeting of the Working Group on Audit in Practice were to: i) learn good practices from the European Commission (EC) and Belgium in organizing internal audit system and performing internal audit engagements; ii) review the PEMPAL draft audit plan and program template and the work done following the last Audit in Practice WG meeting; iii) understand the linkage between the planning phase (audit program) with the field work of the audit engagements and review of the related standards (ISPPIA 2310, 2320); and iv) identify good practices and further develop PEMPAL templates and case studies that can be used by member countries including for training purposes.

Next meeting of the IACOP Audit in Practice Working Group will take place in Tsaghkadzor, Armenia on June 11-13, 2018. The objectives of this event will be to: i) learn the key recent developments and achievements in implementing public internal financial control reform and improving the effectiveness of internal audit in Armenia; ii) draft IACOP knowledge product on Internal Audit Engagement Planning; and iii) identify CHU good practices in annual reporting of the country level internal audit performance.

Mr. Mkrtchyan also informed the SC that the IACOP’s following event will be a plenary meeting in Tbilisi, planned for end-October 2018.

Ms. Vatyan added that the IACOP meetings in Brussels were very successful with renewed EU engagement in IACOP and high-level EC officials being present, as well as high level officials from the Belgian Government, which also contributed with a large part of event costs. The EC representatives from the Directorate General of Internal Audit and Public Internal Control Task Leader will join the next two IACOP events and IACOP is investing efforts to make its collaboration with the EC more sustainable. Moreover, experts from France, UK, South Africa, and Brazil will also attend and contribute to content of IACOP meetings and will travel to these events at their expense. Mr. Vatyan noted that IACOP has been on an extensive savings mode in the last year and also clarified that the IACOP Executive Committee meeting will meet in June, 2018 and after that will have the updated IACOP Strategy and FY19 Action Plan to be submitted to the SC.

**Conclusions:**

* The SC has taken note of COPs’ good progress on action plans for FY18.
* The SC instructs the COP Executive Committees to submit their COP FY2019 Action Plans to the SC by June 20, 2018, including two budget scenarios – one for currently initially approved COP budget of US$180K plus COP’s FY18 savings and one for the maximum possible COP budget of US$300 K plus COP’s FY18 savings.

**5. PEMPAL finances (a. Update on the budget outlook for the current fiscal year and b. Budget outlook for FY19 and beyond)**

Ms. Nikulina explained that, as usual, two documents were circulated to SC meeting participants – the update of the COP FY18 budgets and the overall budget for the program. The FY18 actuals show estimates and are not final yet, as additional IACOP event will take place in June and costs of the recent TCOP and BCOP events need to be finalized. Based on current estimates, total savings of around US$160K are expected under the COPs’ budgets, which is expected to be carried over to COPs’ FY19 budgets. As the contingency funds were also not fully spent, total expected savings are estimated at aroud US$250K. In terms of the resources available, there has been no update since the last SC meeting, as there have been no news from the Ministry of Finance of the Russian Federation. Overall, there will be savings from the previous Trust Fund, which will continue to be used in the first months of FY19, noting that the final exact figure of the remaining balance will be known in July.

Ms. Nikulina next explained that the individual COP estimated FY18 savings are given in the circulated Update on PEMPAL COPs’ Budgets, noting that there was one correction (explained in the circulated document) in this document, as BCOP identified an error in the previous version of the document which was circulated to the SC for the previous SC meeting, specifically, in the total FY18 budget amount for BCOP, where the transfer of FY17 savings to FY18 BCOP budget (given that OECD CESSEE SBO meeting took place in July 2017 instead of May/June) were previously not shown.

Ms. Kirillova informed the SC that there have been some changes in the internal Government approval process in the Russian Federation and now an approval from the Ministry of Economic Development is needed prior to submission of the proposal on the contribution to PEMPAL to the Government. The approval of the Ministry of Economic Development is expected in mid-June 2018 and the final decision of the Government is expected by the time of cross-COP Executive meeting.

**Conclusions:**

* The SC has taken note of the PEMPAL FY18 status.
* The SC has confirmed the initial COP FY19 budget allocation adopted in the last SC meeting (US$180K for each COP, plus any carried over COP savings from FY18). COPs will be informed on the exact final amount of the FY18 savings they can carry over to FY19 in July 2018.

**6. Closing of the meeting**

**Conclusions:**

* The next SC is planned for July 6, 2018 in Budapest.

**Annexes:**

1. **Minutes of the previous meeting**

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1. **Minutes of the Organization Committee meeting, May 17**

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1. **Cross COPs Leadership meeting agenda**

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1. **COPs budget**

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1. **PEMPAL Program Budget**

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1. **Strategy Implementation Plan reporting**

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