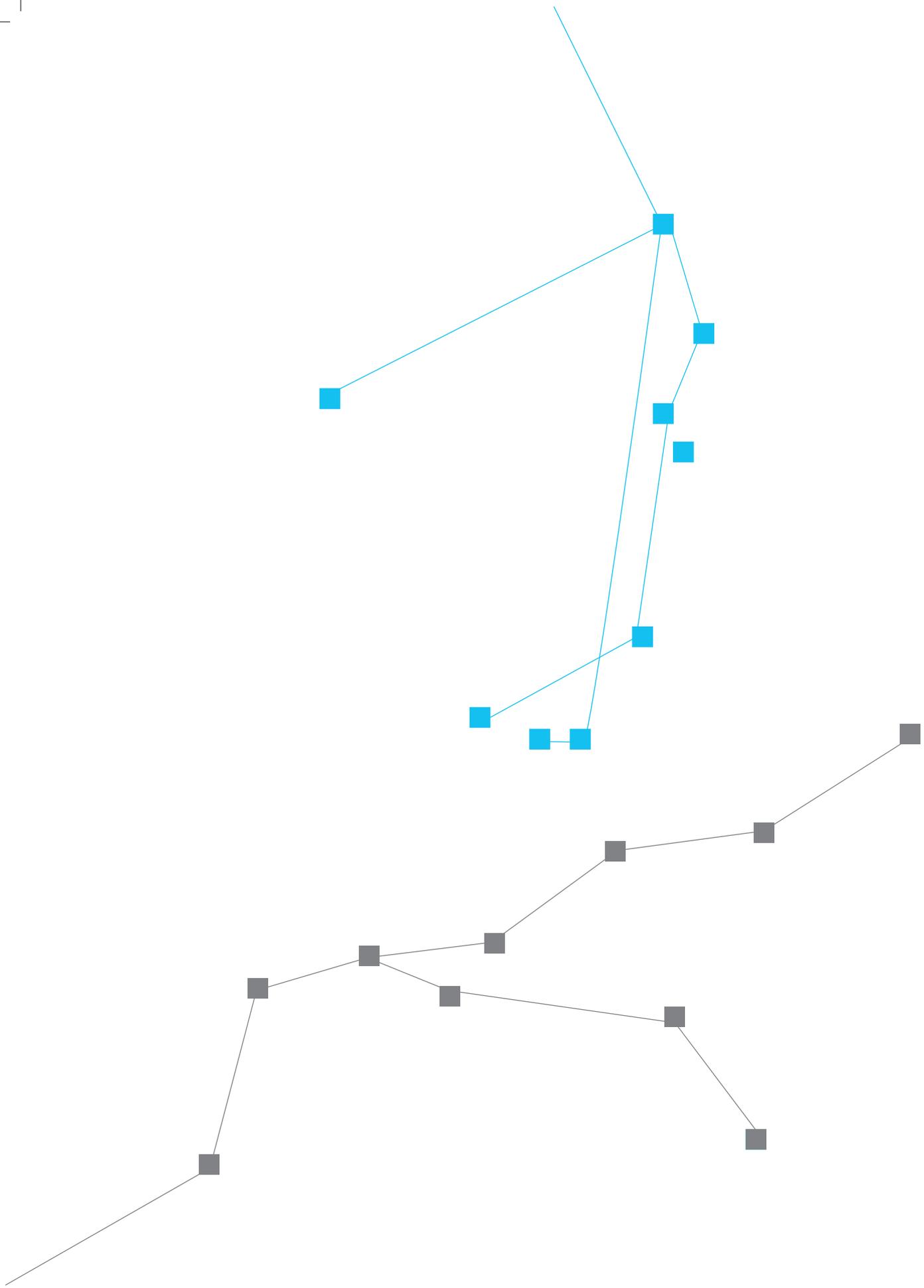
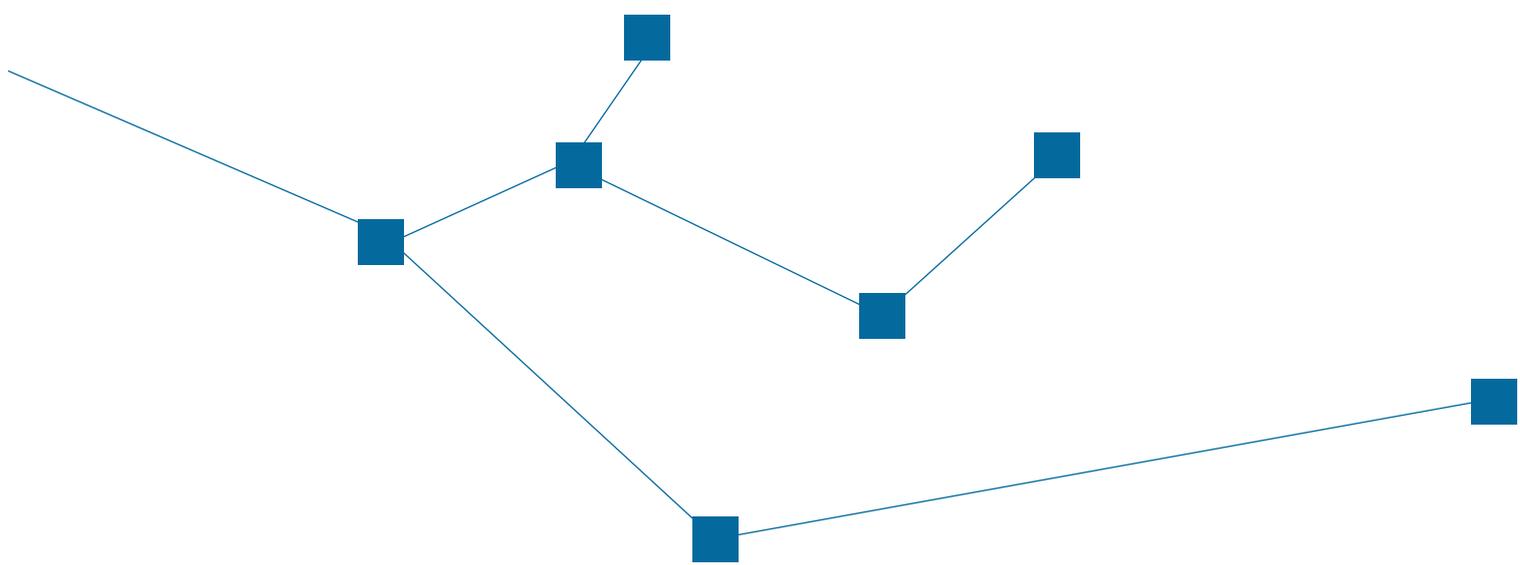
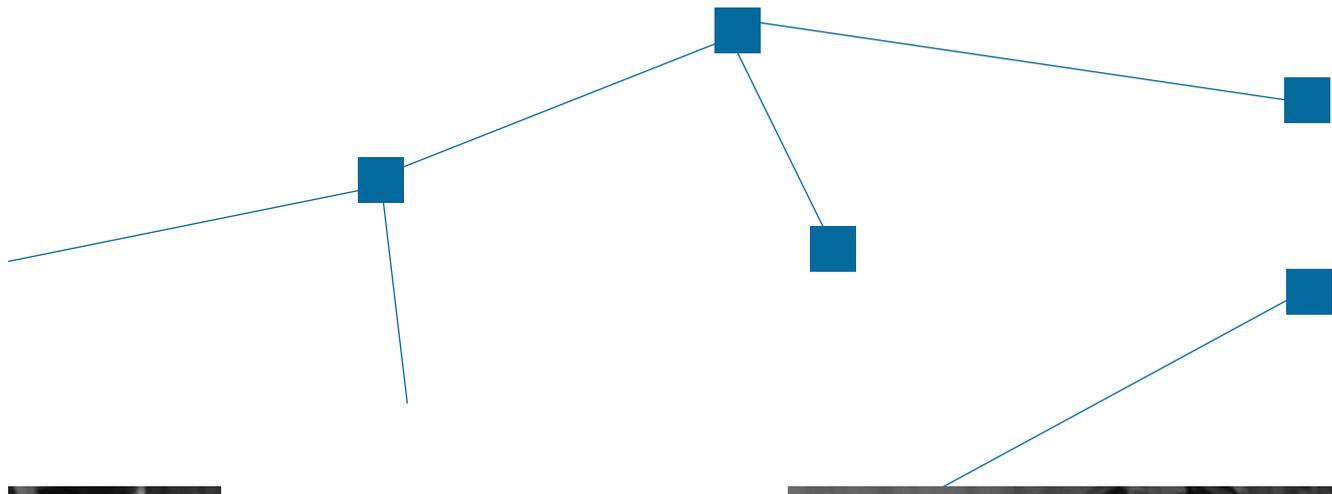


**PEMOPAL**  
Annual Report 2013



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PEMPAL, the Public Expenditure Management Peer-Assisted Learning network, launched in 2006 with the help of the World Bank and other donors, is a program to create a network of public finance practitioners in the Europe and the Central Asia (ECA) region. The region comprises 30 countries at varying levels of development with a combined population of 480 million. Of these 30 countries, 22 are members of PEMPAL.<sup>1</sup>

According to the 2013 World Bank study “Stocktaking on PFM Reforms in ECA Countries”, collectively the region scores well compared to other World Bank regions on the quality of budget and financial management, and on the efficiency of revenue mobilization. However, the ECA average masks considerable sub-regional differences in PFM performance. Low income ECA countries perform significantly worse than their middle-income neighbors on all PFM dimensions. There is, however, little difference in PFM performance between the lower and upper middle-income countries of the region, which suggests that upper middle-income countries are not performing to their potential.

The financial and Eurozone crises have also put public finances under severe pressure in many ECA countries. A number of EU member states face moderate to severe fiscal challenges as a result of large budget deficits, shrinking economies and stricter fiscal rules. Non-EU members with strong trade and capital flows with the EU have also been significantly affected by the EU economic slowdown. Large variations in natural resource endowments also have a major impact on the public finances of ECA countries.



Several countries in the region are highly dependent on natural resource revenues presenting both risks and opportunities. The average performance of the region in fiscal transparency also declined in 2012 in comparison to 2010, despite a few countries achieving significant progress in this area, and there is increasing pressure on governments to facilitate improvements in this area, to ensure positive development results for both governments and citizens. A large number of ECA countries also face a shrinking working population and rising dependency ratios. The share of older people (65+) is projected to rise in all ECA countries over the next few decades, and by the year 2050, it is projected that one in five individuals will be older than 65. These changes will significantly affect the dependency ratios throughout the region and will make existing entitlement programs unaffordable in the absence of significant reforms.

Thus the public financial management challenges in the region are many, and such a network as PEMPAL allows government practitioners to come together to examine these common challenges and work on options and solutions. The network effectively provides professional development and peer learning opportunities where members can benchmark their public financial management systems and create knowledge through active participation at regular meetings, workshops and study tours. These events are in accordance with member driven

<sup>1</sup> Countries who are members of PEMPAL include Albania, Azerbaijan, Armenia, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Georgia, Hungary (IACOP only), Kazakhstan, Kosovo, Kyrgyz Republic, Macedonia, Moldova, Montenegro, Romania, Russian Federation, Serbia, Tajikistan, Turkey, Ukraine and Uzbekistan. The findings of the study are supported by the country level analysis of PFM reforms, analysis of PFM performance data as reflected in the World Bank Country Policy and Institutional Assessment Index (CPIA), Public Expenditure and Financial Accountability framework (PEFA), Open Budget Index (OBI), in-depth review of the Bank's portfolio and consultations with the public officials in client countries.

action plans organized around three Communities of Practice (COP), for Budget (BCOP), Treasury (TCOP) and Internal Audit (IACOP), in three official languages, English, Russian and Bosnian-Croatian-Serbian. In 2013, the PEMPAL events brought together 600 member country representatives, at 26 events, from 22 member countries, together with 241 international experts (which includes the core World Bank Resource Teams supporting the COPs and external representatives from Governments, international organizations, and professional associations). Topics discussed during 2013 included: program budgeting and performance management, IT systems for budget planning, per capita budgeting in education, OECD Budget Practices and Procedures Survey, wage bill management, spending reviews, public sector accounting and reporting, use of information technologies in treasury operations, internal control and the role of modern treasury, public assets accounting, financial reporting consolidation, internal audit relationship with financial inspection and external audit, and internal audit quality assurance and risk assessment

PEMPAL events could not be possible without the network's key donors, the Ministry of Finance of the Russian Federation and the State Secretariat for Economic Affairs of the Swiss Government (SECO), who have provided significant funds towards a five year strategy for PEMPAL from 2012-2017 ([www.pempal.org/strategy](http://www.pempal.org/strategy)). This strategy aims to position and brand the network over the coming five years as an internationally recognized, effective and sustainable peer assisted learning and professional knowledge exchange provider that contributes to practical PFM solutions in the ECA region. To achieve this outcome, 4 output objectives are currently being delivered:

1. PFM priorities of member governments are addressed by the PFM network platform.
2. Quality resources and network services, supporting relevant PFM practices, are provided to members.
3. A financially-viable network of public financial management professionals, committed to improving PFM practices in the Europe and Central Asia region, is built and maintained
4. Awareness of high government and political levels is raised regarding the benefits and value of engaging through PEMPAL.

This report provides evidence that PEMPAL is indeed meeting these output objectives. The significant rise in issues being discussed in PEMPAL events in 2013, in accordance with member-driven action plans, is a testament to the value of the network in enabling practitioners a platform to regularly meet to discuss common problems and potential solutions to PFM challenges in government. The increasing



demand for knowledge products to support this PFM work is also evident with IACOP developing internal audit related manuals to guide their work, and BCOP participating in the OECD Budget Practices and Procedures survey to enable international benchmarking of budget systems for example. Ownership of the network is also high with the member-driven action plans developed and overseen by Executive Committees that constitute representatives from almost half of the member countries in each COP, who consult their membership and act as internal leaders to their communities. These committees are supported by World Bank experts who form Resource Teams to help meet the content and technical demands of the work. The Center of Excellence in Finance serves as the PEMPAL Secretariat and is dedicated to providing full time logistical and administrative support including ensuring quality services are provided at the least possible cost.

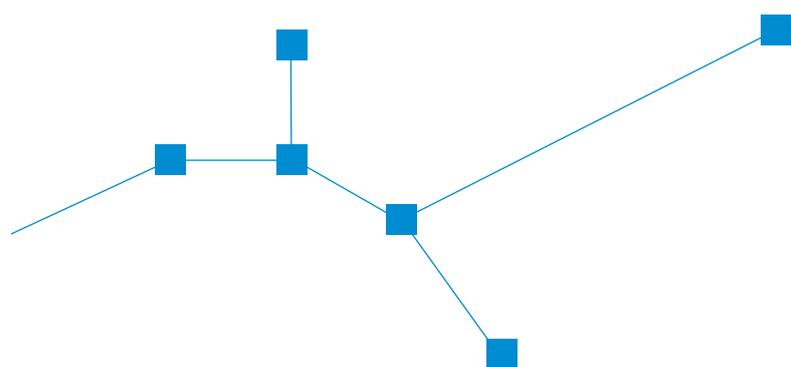
The results of regular member surveys as outlined in this report also serve as a monitoring mechanism to ensure PEMPAL members' needs are being met and to identify areas where we can improve. Awareness of the benefits of the network is also continuing to grow with Ministers of Finance and other high level officials regularly approving attendance and also opening events, in several instances. Hosting meetings by member countries is also increasing, yet another testament that the benefits of PEMPAL are being acknowledged at the higher levels. These benefits were also acknowledged by an independent evaluation completed in 2012 that found that individuals and countries were learning from each other, in ways that result in direct demonstrable impact on the PFM systems in several of the participating countries.



PEMPAL strategy and reporting  
against its results framework

The PEMPAL Strategy and its Results Framework aim to enable the COPs to link their operational plans to the PEMPAL's strategic values and objectives. The implementation cost of the PEMPAL Strategy is estimated at USD 10.5 million over the period of five years, from FY2012 to FY2017. See more: [pempal.org/strategy](http://pempal.org/strategy).

The Strategy's four output objectives and fifteen actions set the future direction for PEMPAL against a set of key performance indicators and several means of verification. 2013 was the first full year of the strategy implementation. This report is framed around the Strategy output objectives with Sections 3, 4, 5 and 6 of this report directly addressing progress with meeting the four output objectives of the Results Framework.



**Output objective 1:**  
**PFM priorities of member governments are addressed by the PFM network platform.**

**Action 1:** Develop two year rolling COP action plans aligned with COP specific strategic plans and the PEMPAL Strategy 2012 – 2017 and its Results Framework.

**Action 2:** Implement COP action plans, in accordance with budget management guidelines that address PFM priorities.

**Action 3:** Identify synergies and working projects between COPs.

**Output objective 2:**  
**Quality resources and network services, supporting relevant PFM practices, are provided to members.**

**Action 4:** Ensure the Secretariat addresses members' needs, in an efficient and effective way.

**Action 5:** Develop and share knowledge resources and products.

**Action 6a:** Facilitate access to PFM experts.

**Action 6b:** Provide the Executive Committees with sufficient and effective support (COP technical Resource Teams).

**Action 7:** Differentiate services to cater for needs of countries at different reform levels.

**Action 8:** Roles and responsibilities of key network actors as specified in the Operational Guidelines are understood and followed.

**Action 9:** Facilitate access to PFM institutes through a) showcasing institutes at COP plenary meetings, and b) support study tours for those countries interested in establishing such institutes.

**Action 10:** Facilitate members working together in a geographically dispersed environment by adopting suitable technology solutions.

**Output objective 3:**  
**A financially viable network of PFM professionals, committed to improving PFM practices in the ECA, is built and maintained.**

**Action 11:** COPs monitor and sustain quality membership.

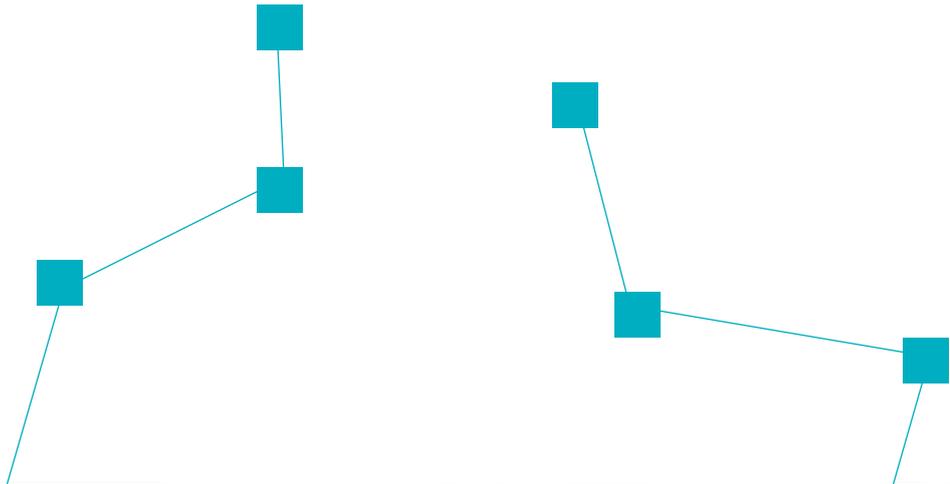
**Action 12:** Seek co-financing and in-kind contributions from members, where possible.

**Action 13:** Implement targeted marketing to donors and professional associations.

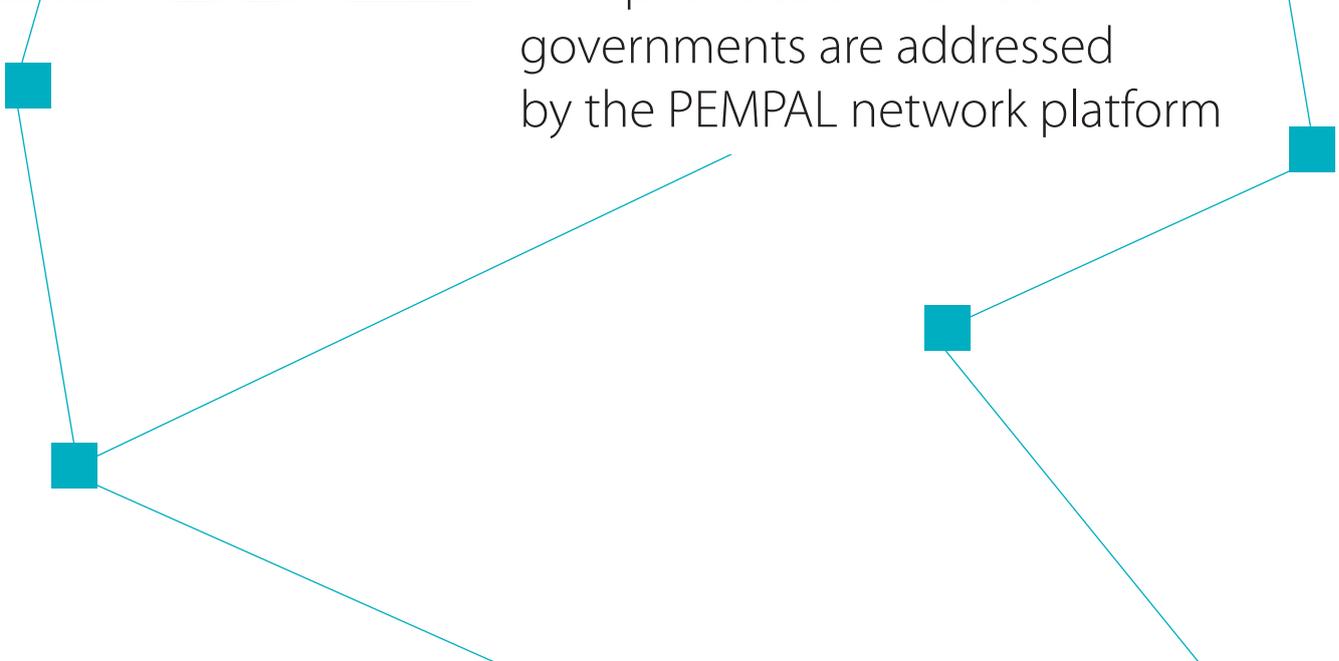
**Output objective 4:**  
**Awareness of high government and political levels is raised regarding the benefits and value of engaging through PEMPAL.**

**Action 14:** Investigate feasibility of transforming PEMPAL into a more formal network of national PFM institutions.

**Action 15:** Implement revised approach to marketing at senior management level.



Output objective 1:  
PFM priorities of member  
governments are addressed  
by the PEMPAL network platform



	CY 2013	CY 2012
Events	26	13
PEMPAL participants	600	434
Resource teams and international experts	241	125

PEMPAL has come a long way since its establishment back in 2006, and much has changed in terms of its composition and size. Growth of the network, however, has been a constant. As Benjamin Franklin once put it *without continual growth and progress, such words as improvement, achievement, and success have no meaning*. Improvement, achievement and success are exactly the words that best describe the year of 2013 for the PEMPAL community.

The year of 2013 saw yet another increase in the number of PEMPAL activities in comparison to preceding years. Through active participation of public finance professionals from 22 PEMPAL member countries, COPs addressed a number of different topics relevant for the advancement of public financial management systems and management of public funds in PEMPAL member countries. The 2013 Annual Report is a detailed account of these events, as well as of the benefits brought by the network to its key audiences and beneficiaries.

The COPs work agendas have been driven by the countries' needs and have been devised by the Executive Committees of each of the three COPs in consultations with their constituencies. Each of the three COPs individually agrees on key topics, and discusses main challenges to address emerging needs and opportunities. The process of identifying the priorities ensures all country members are consulted on their preferences which are then prioritized by the Executive Committees. This ensures Output Objective 1 of the PEMPAL Strategy 2012-2017 is met (PFM priorities of member governments are addressed by the PFM network platform).

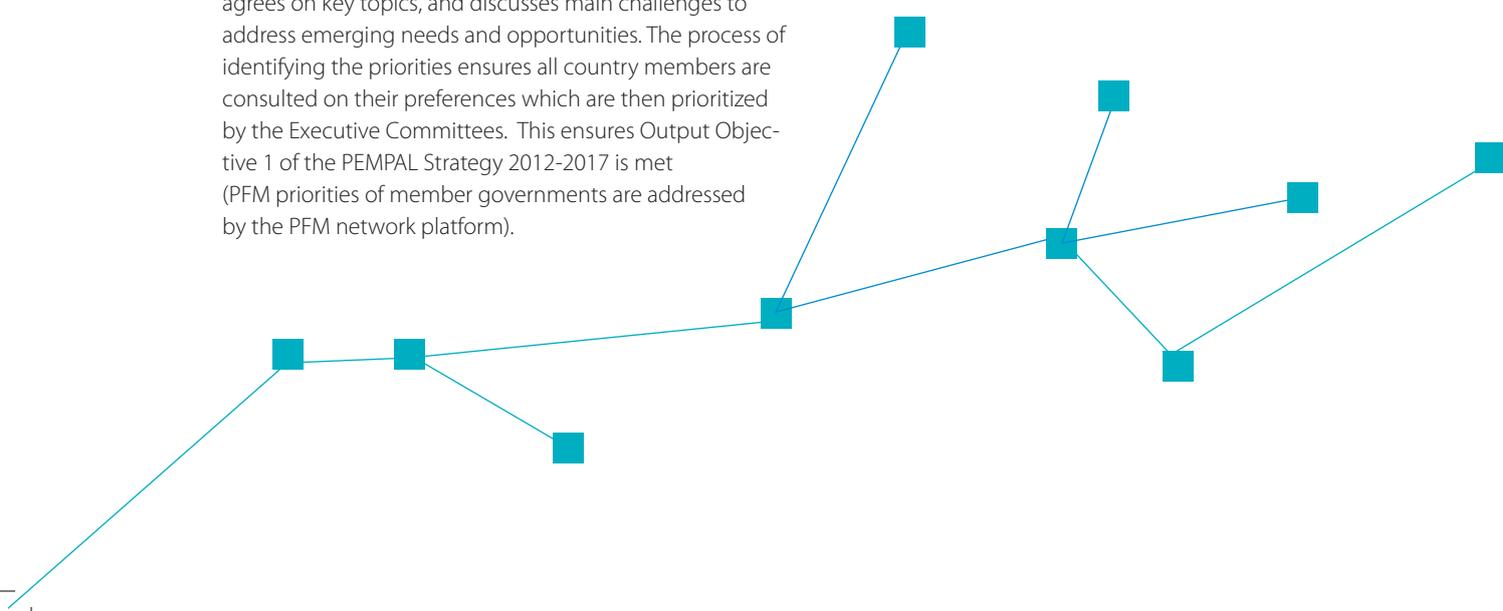
In 2013, PEMPAL brought together 433 PEMPAL participants and 170 international experts at 16 face-to-face events taking place in 13 different countries.

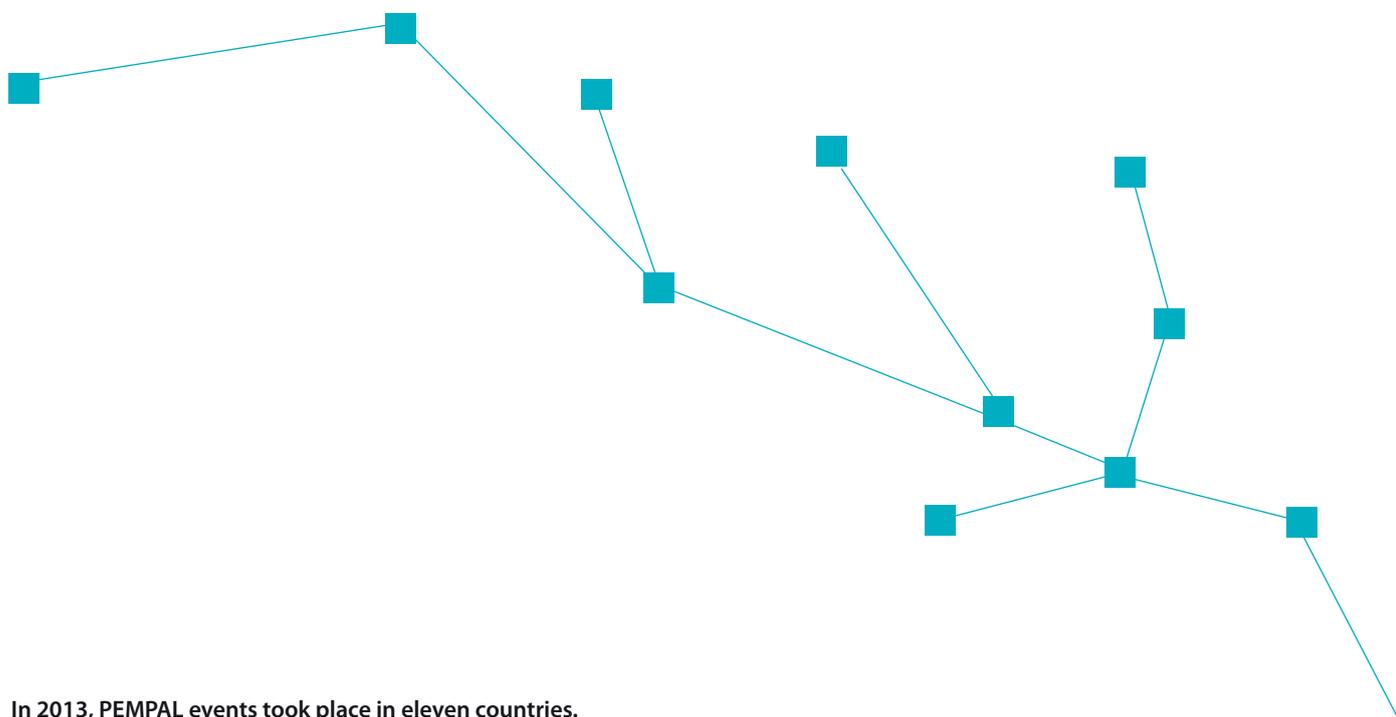
The year of 2013 was also an important milestone for PEMPAL in terms of employing modern technologies for reaching out to its network members. Through six videoconferences, significantly reducing the costs of organization and event administration, PEMPAL brought together additional 136 PEMPAL participants and 8 international experts.

In 2013, another trend emerged. With recognizing the opportunity for strengthening the benefits of bringing PEMPAL participants together, COPs increasingly use such opportunities for organizing back-to-back events e.g. working group meetings. The following events in 2013 had sub-events: IACOP Tbilisi, TCOP Kiev, BCOP Riga, IACOP St. Petersburg, and IACOP Yerevan. With taking into account sub-events into the overall statistics, the total number of events in 2013 reaches 26 and total number of PEMPAL participants in 2013 climbs up to 600<sup>3</sup>. It comprises participants of videoconferences, as well as those who took part in study visits, plenaries and small group meetings.

In comparison, PEMPAL brought together 434 participants plus 125 international experts joining 13 events in 2012.

<sup>3</sup> Location based counting of participants, i.e. one place – one event, which was applied in previous years, was in 2013 amended by the agenda based counting. Individual participants who took part in several events back-to-back (at one location) were counted based on the number of distinct activities that they participated in. With applying the same approach for 2012 the total number of participants for that particular year amounts to 505.





In 2013, PEMPAL events took place in eleven countries.

	Jan	Feb	Apr	Jun	Jul	Sep	Oct	Nov	Dec
<b>BCOP</b>		Albania A	Georgia C UK C	Latvia B+B				Ireland C VC	Poland C
<b>IACOP</b>	Albania B		Georgia A+B			Russia B+B		Armenai B+C	
<b>TCOP</b>		Estonia C+B	Ukraine A+B			UK C Macedonia B	VC	Turkey C+B VC	VC: VC
<b>Cross-COP</b>					Slovenia B				
<b>SC</b>					Slovenia F-t-F		VC		

Note: COP Plenary (A); Small group meeting (B); Study visit (C); Video Conference: (VC; face-to-face meeting (F-t-F)

### 3.1 Budget Community of Practice (BCOP)

#### BCOP priorities during 2013 – 2015

- Fiscal Consolidation
- Results based monitoring and evaluation
- Spending reviews
- Aspects of program budgeting including at the local level
- Parliament's role in budgeting
- Wage bill management (working group)
- Joint collaboration between BCOP and OECD for benchmarking and expanding internationally available data on PEMPAL countries budget practices and procedures
- Knowledge exchange between OECD member and accession countries in ECA at SBO annual meetings
- Fiscal transparency and accountability (Cross-COP work)
- Knowledge products:
  - collation of good practice examples of program budgeting (including examples of key performance indicators by sector), budget laws, regulations and procedures
  - synopsis of macro-fiscal trends in PEMPAL countries
  - synopsis of recent research in fiscal consolidation efforts
  - continued monitoring and analysis of BCOP membership quality (including analysis of organizational structure of PEMPAL countries' Finance Ministries to ensure proper targeting).

In 2013, the BCOP met once for a plenary, and organized one working group meeting back-to-back with the OECD's Senior Budget Officials' meeting, as well as participating in 4 study visits and 1 videoconference meeting. Members also participated in one informal thematic survey (program budgeting) and one formal survey (OECD budget survey).

#### BCOP Plenary:

February 25 – 28, 2013; Tirana, Albania

A BCOP plenary meeting addressing selected aspects of program budgeting and performance management took place in Tirana in February. The three main focus areas of the plenary meeting were design of programs and performance measures; budget documentation; and performance monitoring and evaluation. Prior to the plenary meeting, a professional coach on networks provided training on network formation to the BCOP Executive Committee members, to strengthen community building. See more:

[www.pempal.org/event/read/78](http://www.pempal.org/event/read/78).



#### BCOP study visit:

April 15 - 18, 2013; Tbilisi, Georgia

Representatives from six PEMPAL countries participated in a study visit to the Georgian Ministry of Finance to examine the local IT systems for budget planning. PEMPAL country representatives had an opportunity to see live demonstrations of the Georgian IT system and to engage in lively discussions about the technical details of system operation. Participants studied the Georgian experience in PFM reforms, more specifically in developing an in-house IT system for budget planning, and connecting it to all other public finance related IT systems. See more:

[www.pempal.org/event/read/80/](http://www.pempal.org/event/read/80/).



**BCOP study visit:**

April 23 - 25, 2013; London, UK

Representatives from six PEMPAL countries participated in a study visit to the UK to learn about reforms and approaches of funding public education. Education financing reforms are a current priority for many participating countries as their governments are (considering) moving to a per pupil financing approach. The government of the UK was chosen as a host of this visit, as the UK is going through a significant reform process in education financing. The visits were facilitated by the HM Treasury, Department for Education, Department for Business, Innovation and Skills, and the Office for Budget Responsibility. See more:

[www.pempal.org/event/read/83](http://www.pempal.org/event/read/83).

**BCOP study visit:**

November 11 - 14, 2013; Dublin, Ireland

The BCOP Executive Committee members attended a study visit to Dublin in November to get acquainted with Ireland's experiences of undertaking public spending reviews. Within the general topic of spending reviews, the participants learned how spending reviews are prepared at the technical level and used in budget preparation, from the perspective of all relevant stakeholders in the budgetary process. Representatives of the Department of Finance, the Department of Public Expenditure and Reform, the Department of Transport, Tourism and Sport, the Irish Fiscal Advisory Council, and the Services, Industrial, Professional and Technical Union participated and contributed to the content of the study visit. See more:

[www.pempal.org/event/read/93](http://www.pempal.org/event/read/93).

**BCOP working group and SBO meeting:**

June 26 - 28, 2013; Riga, Latvia

Representatives of ten PEMPAL BCOP countries attended a peer review workshop in Riga, which aimed to facilitate participation in the OECD Budget Practices and Procedures Survey. The workshop enabled countries to share their experiences, issues and questions in completing the survey before the survey data entry process would be finalized at the beginning of August 2013. It was agreed that the OECD would collaboratively produce a report on Budget Survey results for PEMPAL countries.

Some participants attended also the Annual Meeting of OECD Senior Budget Officials (see [www.oecd.org/gov/budgeting/9thannualmeetingofocd-ceseeseniordbudgetofficials.htm](http://www.oecd.org/gov/budgeting/9thannualmeetingofocd-ceseeseniordbudgetofficials.htm)), and a regular meeting of the BCOP Executive Committee. See more:

[www.pempal.org/event/read/87](http://www.pempal.org/event/read/87).

**BCOP study visit:**

December 9 - 12, 2013; Cracow, Poland

Seven BCOP member countries participated in a study visit to Cracow in December which included discussions with the Marshall Offices of Malopolskie and Świętokrzyskie Voivodships (regional level), Cracow City Hall (municipal level), and Ministry of Finance (central level).

The main objective of the visit was to get an overview of the entire budget planning process and the program budgeting reforms in Poland at the various government levels. The study visit included a discussion and examination of the relationships between the Ministry of Finance and other key stakeholders at the local government level, and how performance is monitored, reported and improved through the reform process. See more:

[www.pempal.org/event/read/99](http://www.pempal.org/event/read/99).

## Internal Audit Community of Practice (IACOP)

### IACOP priorities for 2013-2015:

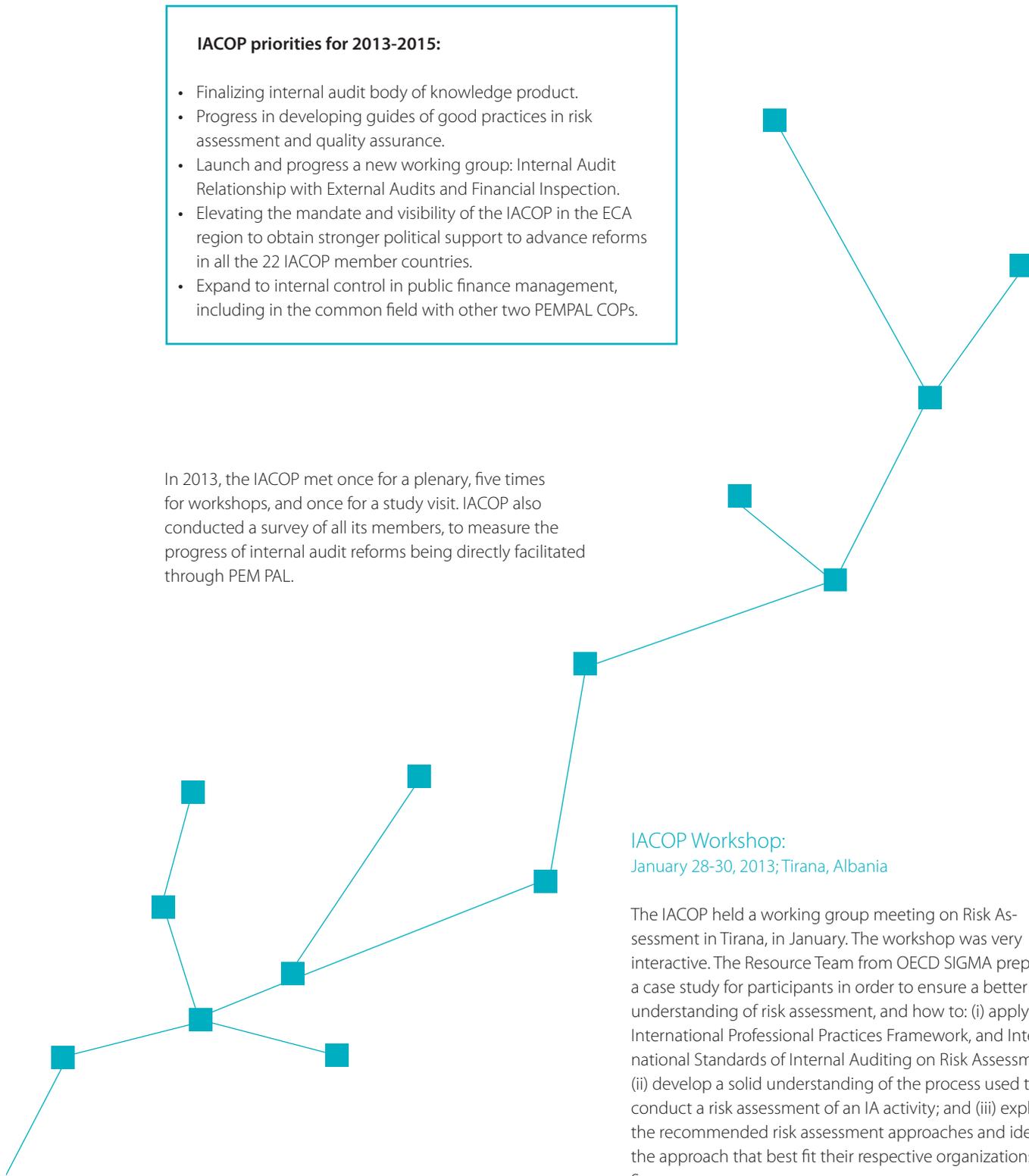
- Finalizing internal audit body of knowledge product.
- Progress in developing guides of good practices in risk assessment and quality assurance.
- Launch and progress a new working group: Internal Audit Relationship with External Audits and Financial Inspection.
- Elevating the mandate and visibility of the IACOP in the ECA region to obtain stronger political support to advance reforms in all the 22 IACOP member countries.
- Expand to internal control in public finance management, including in the common field with other two PEMPAL COPs.

In 2013, the IACOP met once for a plenary, five times for workshops, and once for a study visit. IACOP also conducted a survey of all its members, to measure the progress of internal audit reforms being directly facilitated through PEMPAL.

### IACOP Workshop: January 28-30, 2013; Tirana, Albania

The IACOP held a working group meeting on Risk Assessment in Tirana, in January. The workshop was very interactive. The Resource Team from OECD SIGMA prepared a case study for participants in order to ensure a better understanding of risk assessment, and how to: (i) apply the International Professional Practices Framework, and International Standards of Internal Auditing on Risk Assessment; (ii) develop a solid understanding of the process used to conduct a risk assessment of an IA activity; and (iii) explore the recommended risk assessment approaches and identify the approach that best fit their respective organizations. See more:

[www.pempal.org/event/read/77](http://www.pempal.org/event/read/77).



**IACOP Workshop and Plenary:**  
 April 19-24, 2013; Tbilisi, Georgia

A workshop of the IACOP's working group on Quality Assurance brought together representatives of 13 PEMPAL countries, and experts from the World Bank, OECD SIGMA, the Dutch Academy of Finance, and the GIZ. The aim of the workshop was to agree on structure of good practice QA Methodology Template, with emphasis on the ongoing supervision after seeing Bulgarian and Croatian country experiences. In future, this working group intends to help internal auditors better understand international standards and processes; discover quality assessment tools and techniques; such as Periodic Internal Assessment, External assessment made by Central Harmonization Unit and Independent External assessment. The workshop was followed by a plenary meeting where the progress and next steps in internal audit reforms were reviewed. See more: [www.pempal.org/event/read/81](http://www.pempal.org/event/read/81).

**IACOP two back-to-back workshops:**  
 September 25-28, 2013; St. Petersburg, Russia

The aim of the meeting of the working group on Risk Assessment (RA) was to promote knowledge exchange on countries' experience with RA methodology, to review and agree on a draft RA template, to elaborate the RA methodology in annual planning, and to plan further activities within the RA working group.

The second workshop brought together the newly established working group on Relationship of Internal Audit with Financial Inspection and External Audit (RIFIX). Participants reflected on international standards (including those of the EU), learned from good RIFIX practice of other countries, identified main differences and domains of cooperation between internal, external audit and financial inspection, and further developed the action plans of respective working groups. See more:

[www.pempal.org/event/read/91](http://www.pempal.org/event/read/91).



**IACOP workshop and a study visit:**  
 November 12-15, 2013; Yerevan, Armenia

IACOP held two back-to-back events in Yerevan in November. The study visit brought together 11 representatives of PEMPAL countries, whilst the working group meeting on Quality Assurance gathered 18 representatives.

Study visit participants had an opportunity to share practical experience and good practices applied by internal auditors in Armenia and participating countries. A special emphasis was put on presentations of Armenian internal audit methodology and the information system implemented by the Armenian Central Harmonization Unit.

The following meeting of the working group on Quality Assurance discussed the different approaches to Quality Assurance in Internal Auditing. The working group dedicated most of their efforts in continuing the development of the "Periodic Internal Audit Assessment" template. See more: [www.pempal.org/event/read/92](http://www.pempal.org/event/read/92).



## Treasury Community of Practice (TCOP)

### TCOP thematic priorities for 2013 – 2015

- Use of information technologies in treasury operations
- Financial reporting consolidation
- Accounting of public assets
- Public sector accounting standards
- Cash management
- Financial management and control issues
- Knowledge resource initiatives: contribute treasury related country documents to the PEMPAL virtual library, further develop TCOP wiki and use the opportunities offered by TCOP cooperation established with international PFM organizations (CIPFA, IFAC, IPSASB).

In 2013 the TCOP conducted one plenary workshop, 3 study visits, 4 thematic group meetings, 4 thematic videoconferences and several thematic surveys.

### TCOP study visit:

February 6 – 9, 2013; Tallinn, Estonia

The TCOP visited Tallinn in February with the aim of studying Estonia's public sector accounting and reporting reforms. Participants from Georgia, Kazakhstan, the Kyrgyz Republic, Moldova, Russia, and the Ukraine attended this three-day study visit which was organized in cooperation with the Ministry of Finance of the Republic of Estonia. On February 9, the meeting of the small thematic group on Budget Classification and Chart of Accounts integration also took place in Tallinn. See more:

[www.pempal.org/event/read/79](http://www.pempal.org/event/read/79).

### TCOP plenary meeting and workshop:

April 24-27, 2013; Kyiv, Ukraine

In April, the TCOP gathered in Kiev for a workshop to exchange experiences in implementing internal control processes and procedures for a modern treasury. The host, the State Treasury of Ukraine, presented its experience in executing public financial management reforms and in reforming the functions of the treasury, specifically in relation to internal control. Other country cases that were presented and discussed included Bulgaria, Ireland, the Netherlands, and Russia. The workshop was followed by a meeting of a small thematic working group on Budget Classification and Chart of Accounts, which discussed the cases of Azerbaijan, Georgia, Moldova, Russia, and Ukraine. See more: [www.pempal.org/event/read/82](http://www.pempal.org/event/read/82).



**TCOP study visit:**  
September 23-25, 2013; London, UK

Eight TCOP member countries joined for a study visit to London. Public sector accounting and reporting are important elements of national public financial management systems. The main objective of the visit to London was to introduce the fundamentals of the British system, and to explore the interest of several professional organizations based in London to establish thematic cooperation with the TCOP and to contribute to its future activities. Topics of particular interest included the role of the HM Treasury in the British public finance system, e.g. its approaches to spending controls; financial reporting practices and accounting standards used in the British public sector; and British approaches to maintain standards of public finance professions. During the visit bilateral thematic cooperation was established with the International Federation of Accountants (IFAC), the Chartered Institute of Public Finance and Accountancy (CIPFA) and IPSAS board representatives. See more:

[www.pempal.org/event/read/89](http://www.pempal.org/event/read/89).



**TCOP thematic meeting:**  
September 27-28, 2013; Skopje, Macedonia

Upon initiative of its members, the TCOP launched three new thematic working groups addressing public sector accounting and reporting reform issues. The groups' first meeting took place in Skopje in September. The groups focused on the following sub-topics: (i) public sector accounting standards, (ii) accounting of public assets, and (iii) consolidation of financial reporting. The main part of the Skopje meeting agenda was allocated to group discussions to identify specific practical issues that the TCOP members are facing in relation to those sub-topics, and to develop action plans for their further elaboration. The thematic groups later reported their results to the plenary at the closing session, which was concluded with decisions on the implementation of proposed plans. See more: <http://www.pempal.org/event/read/90>.

**TCOP study visit and thematic group meeting:**  
November 19-21, 2013; Ankara, Turkey

On the initiative of the Ministry of Finance of Tajikistan, participants from seven PEMPAL member countries joined TCOP Study visit to Ankara, Turkey. The main objective of the visit was to familiarize TCOP representatives with fundamentals of PFM system of Turkey, and to offer them an opportunity to get familiar with the information technology used by Turkish government agencies for public finance management.

Participants, 35 all together, split into two groups. One focused its activities predominately on familiarization with functional aspects of PFM system and, in addition to a number of sessions with representatives of the Treasury, also paid a visit to the Turkish Ministry of Development and the Grand National Assembly where additional aspects of long-term planning and budgetary processes were presented. The second group studied in depth the hosts' experience in using information technologies for PFM. The first face-to-face meeting of the newly created thematic group on use of information technologies in treasury operations was held in Ankara on November 21. The group identified the scope of the work and developed its Activity Plan for 2014. See more:

[www.pempal.org/event/read/98](http://www.pempal.org/event/read/98).

Besides face-to-face meetings, the TCOP conducted in 2013 four thematic videoconferences on use of information technologies in treasury operations, public assets accounting, financial reporting consolidation and experience of Russian Federation in treasury bodies' performance evaluation. See more:

[/www.pempal.org/event/treasury/](http://www.pempal.org/event/treasury/)



## Cross-COP and Steering Committee meetings

July 1 – 4, 2013; Bohinj, Slovenia

Executives of Budget, Internal Audit and Treasury COP meet at least once a year face-to-face. Regular Cross-COP leadership meetings are essential to share achievements of each COP and promote network wide initiatives. The two-day event provided a combination of group work sessions and presentations made by COP chairs and World Bank experts. The two-day event provided a combination of group work sessions and presentations made by COP chairs and World Bank experts. After the formal opening, the first day of the meeting started with a presentation of findings from the World Bank's Public Financial Management survey by Ms. Elena Nikulina, the PEMPAL Task Team Leader. Chairs of each COP then presented achievements and plans for the upcoming fiscal year for their community. Participants also discussed ways to strengthen feedback mechanisms to further improve the network. Thereafter, participants shared thoughts related to the preparation of the next Cross-COP plenary meeting, which will be held in late spring 2014 in the Russian Federation. Participants agreed the topic of this meeting would be fiscal transparency and accountability. The event was followed by the Executive Committee meetings of each COP, and a Steering Committee meeting. See more:

[www.pempal.org/event/read/86](http://www.pempal.org/event/read/86).

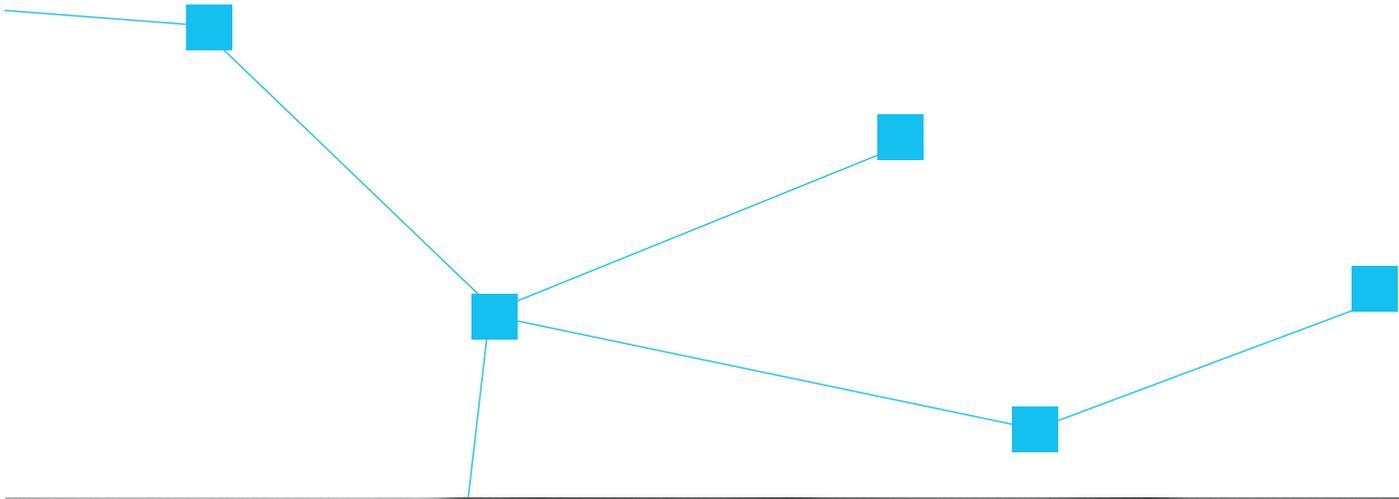


## Type B Study Visits

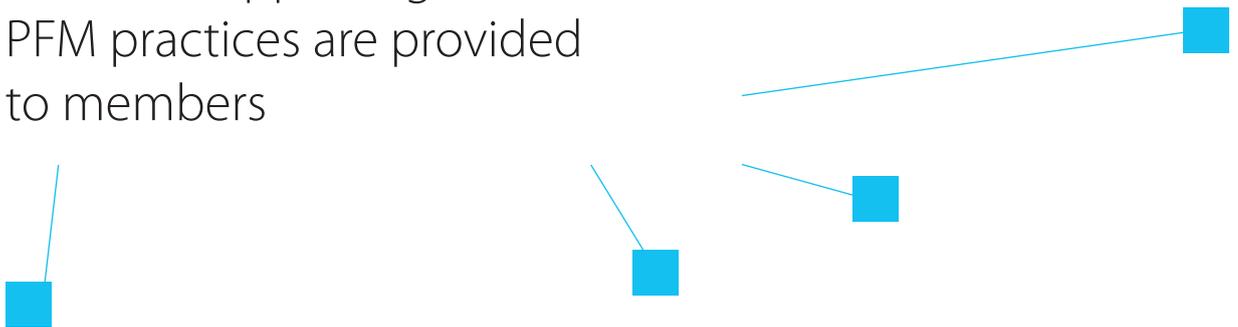
As part of the overall PEMPAL budget, a small separate budget allocation is held with the Secretariat to fund countries who want to conduct a study visit to a specific country to advance reforms (outside the normal priorities addressed in the COP Action Plans). In 2013, no countries applied for this funding, although planning preparations started for such a study visit for Ukraine in BCOP to visit Estonia. This funding is also available for countries to visit regional PFM Institutes if their country is considering establishing such an institution (one of the activities agreed under the PEMPAL Strategy's output objective 1). Applications to use funding for type B study visits are submitted to the Steering Committee to ensure prioritization and coordination across COPs.

## Looking ahead

The agenda remains busy, with preparations for spring events starting in late 2013 including those for the third PEMPAL Cross-COP plenary in Moscow, Russian Federation planned for May. Gathering of all three PEMPAL communities every two to three years is part of the ongoing process of sharing information and addressing synergies between COPs- a key activity under output objective 1. It is expected that over 200 PEMPAL country representatives and international speakers will attend this event.



Output objective 2:  
Quality resources and network  
services, supporting relevant  
PFM practices are provided  
to members



Output Objective 2 of the PEMPAL Strategy 2012-2017 is to ensure the provision of quality resources and network services, supporting relevant PFM practices, are provided to members.



The role of the PEMPAL Secretariat is key to achieving this output objective given its role of providing services to support the PEMPAL program in performing its mandate. The Secretariat function includes: organizing face-to-face events; providing background material for the Steering Committee discussions, e.g. amendments to internal regulation, updates on the COPs budgets; monitoring

performance based on a comprehensive set of indicators; preparing progress and annual reports; maintaining and editing the PEMPAL website and newsletter; maintaining records of the PEMPAL events and the virtual library; and, organizing on-line meetings.

The Center of Excellence in Finance has been providing the PEMPAL Secretariat function since 2008. In April 1, 2013, a new PEMPAL Secretariat contract came into effect prolonging the cooperation between the World Bank and the Center of Excellence in Finance for another two years. As part of the Secretariat's role, it administers and coordinates online-resource materials and communication such as the PEMPAL website, COP wikis, and meetings through video-conferencing and other technologies.

By the time of writing of this report, the following events took place in the first half of 2014: the IACOP Study Visit to end-January to South Africa followed by the BCOP Study Visit to Vienna, Austria. In February, TCOP meeting was held in Tbilisi, Georgia, and in March the IACOP met in Budva, Montenegro, and the BCOP held a plenary meeting in Antalya, Turkey.

## On-line resource materials and communication

### PEMPAL website

The PEMPAL is about learning from peers, sharing information and asking questions. The PEMPAL website is the main storage facility for information on meetings, study visits and COP reform progress. A Frequently Asked Questions (FAQ) section is also located on the PEMPAL website (<http://www.pempal.org/faq/>) which has been launched to promote exchange of information among the COP members. PEMPAL members are also able to address their questions to the Secretariat who then collects and posts answers from the network's Resource Teams.

The PEMPAL Secretariat monitors PEMPAL web page visits systematically through Google Analytics, which provides a wealth of helpful information, e.g. on visits (number, duration, etc.). The PEMPAL website traffic continues to stay at high levels, with the number of visits in 2013 amounting to 12.131, compared to 13.191 visits in 2012. The number of pages viewed increased to 50.127 in 2013, compared to 47.388 in 2012.

### PEMPAL website traffic



### Virtual library and glossary of terms

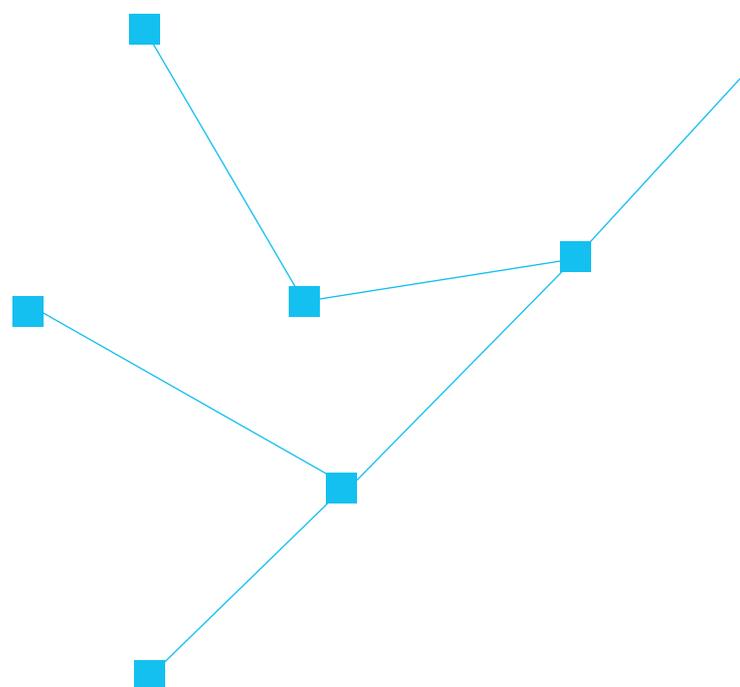
The PEMPAL Virtual Library (<http://www.pempal.org/library/>) and Glossary of Terms available at the PEMPAL website (<http://www.pempal.org/glossary/>) have been designed to help the PFM practitioners in their daily work: find laws and regulations of other countries, share best practices, and check the meaning of a specific term for example. The Virtual Library at end-2013 included 795+ documents. It allows for an efficient and cost effective storage facility and direct upload of documents.

### Video conferencing and on-line chat rooms

Real-time conferencing through the World Bank supported video conference facilities and on-line chat rooms (e.g., Adobe, Skype) are used for Executive and Steering Committee meetings. In 2013 videoconferencing has been also used by TCOP and BCOP for workshops and seminars. It is expected that COPs will increasingly use videoconferencing in the future as it has proved to be an effective and efficient tool enabling quick and easy-to-organize knowledge exchange with minimum costs.

### Wiki

The three COPs also use a wiki, an informal tool, to discuss action plans, store event agendas, resource materials, and to form a shared understanding of their activities. Each COP operates one wiki, with an administrator for each COP in charge for updating and keeping track. This role is sometimes performed by the COP Executive Committees, the COP Resource Teams or the Secretariat depending on the nature of the material and thematic reform being worked on. Access to wikis is restricted. In the second half of 2013 COPs intensified their efforts to upgrade and improve the use of their wikis, as a key information development and sharing tool.

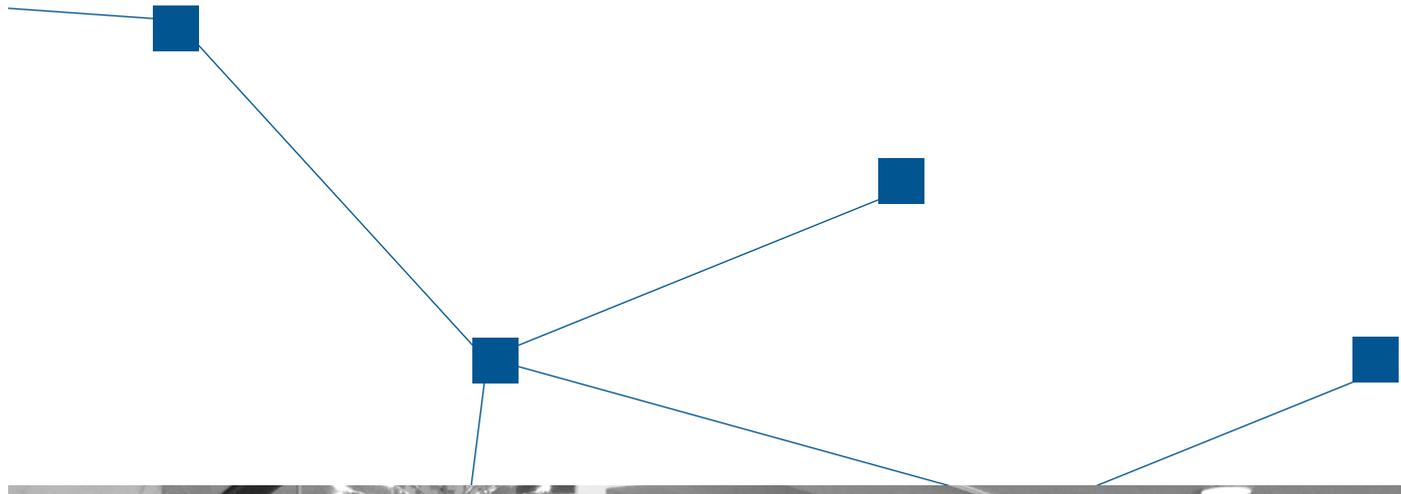


### Knowledge products

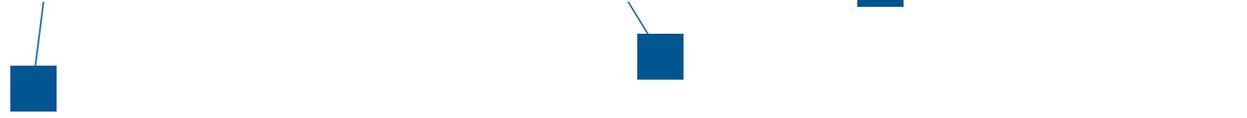
A key service to members is the provision of knowledge products related to PFM reform to assist in their work. This includes benchmarking against progress in reforms in countries within and outside the PEMPAL region. This is done through presentations and discussions with country representatives and also through formal and informal surveys which document status of reforms in countries. An example of a formal survey is participation of some BCOP member countries in the OECD Budget Practices and Procedures Survey, facilitated through PEMPAL that allowed benchmarking with OECD countries. An example of an informal survey is where the COPs distribute a survey before a meeting to ascertain status of reforms such as those issued by BCOP and TCOP during 2013. Results of

these surveys are then presented during the meeting, to allow indicative benchmarking between PEMPAL countries to facilitate information sharing and networking. IACOP also conducted a major survey of its members during 2013, to measure the progress of internal audit reforms across its members.

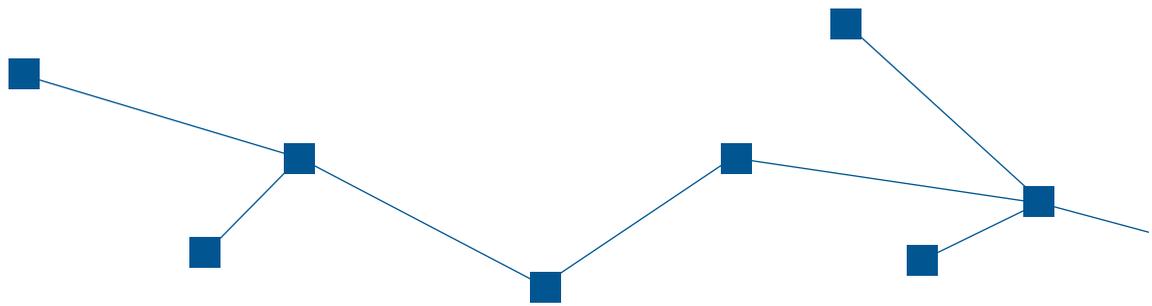
Not only do the COPs develop their own knowledge products but technical PFM material is also translated into the PEMPAL languages to support reform processes (for example IMF, World Bank and OECD guidelines). During 2013 an example of technical materials that were translated to support members was OECD's Best Practices for Budget Transparency.



Output objective 3:  
A financially-viable network  
of PFM professionals, committed  
to improving PFM practices  
in ECA region is built and  
maintained



Output Objective 3 of the PEMPAL Strategy 2012-2017 is to ensure that a financially-viable network of public financial management professionals, committed to improving PFM practices in the Europe and Central Asia region, is built and maintained. To do this, PEMPAL requires strong leadership and collaboration between the COP Executive Committees and their Resource Teams, the Steering Committee and the PEMPAL Secretariat. It also requires a strong accountability framework.



## Leadership

To be successful in promoting dialogue and change, COPs need to develop committed leaderships, with personal rather than positional power, and able to understand the needs of the members of the COPs. As COPs are driven by their members, responsibility for setting up the action plans and budgets, devising the event agendas, and providing insights rests with the COP leaderships, acting on behalf of the members, with support where needed from specific Resource Team assigned to each COP. The three PEMPAL COPs use the term "Executive Committees" for these leadership groups which consists of between seven to nine members in each COP.

All three COP leaderships saw changes in their composition in 2013 and also sub-groups being formed to address specific issues.

The **BCOP** Executive Committee was last changed in September to include representatives of eight countries with Kyrgyz Republic becoming new members. Re-election of the chair was held online in September as well, with Gelardina Prodani retaining this position.

In December, the **IACOP** Executive Committee also experienced a change: the Chair, Ms. Diana Grosu- Axenti left her position. Ms. Nino Eliashvili became the Acting Chair.

Angela Voronin was re-elected as the **TCOP** Chair during the Cross-COP meeting in Bohinj in July. Kyrgyz Republic stopped being represented in the leadership group in the first half of 2013.

### At the end of 2013, the COPs' Executive Committees / Leadership groups included the following members:

**BCOP:** Gelardina Prodani (Albania, Chair), Konstantin Krityan (Armenia, Deputy Chair), Olga Tarasevich (Belarus), Stevan Brkić (Bosnia and Herzegovina), Mladenka Karačić (Croatia), Hakan Ay (Turkey), Anna Belenchuk and Elena Zyunina (Russia), Nurida Baizakova (Kyrgyz Republic).

In September, BCOP formed a thematic working group on Wage Bill Management, comprising BCOP Executive Committee members.

**IACOP:** Nino Eliashvili (Georgia, Acting Chair), Makar Ghambaryan (Armenia), Zamira Omorova (Kyrgyz Republic), Ljerka Crnković (Croatia), Edit Nemeth (Hungary), Maksim Timokhin (Ukraine), Stanislav Bychkov (Russia).

IACOP retains three working groups for topic specific discussions: Risk Assessment (RA) WG, led by Grigor Aramyan; Quality Assurance (QA) WG, led by Ljerka Crnković; Relationship of Internal Audit and Financial Inspection/External Audit (RIFIX) WG, led by Serghii Chornutskiy.

**TCOP:** Angela Voronin (Moldova, Chair), Vulgar Abdullayev (Azerbaijan, Deputy Chair), Zaifun Ernazarova (Kazakhstan, Deputy Chair), Mimoza Pilkati (Albania), Nino Tchelishvili (Georgia), Alexander Demidov (Russia), Natalia Sushko (Ukraine), Ismatullo Khakimov (Tajikistan).

TCOP formed in 2013 several thematic groups on accounting and reporting issues, and a working group on IT issues, all led by ExCom members.

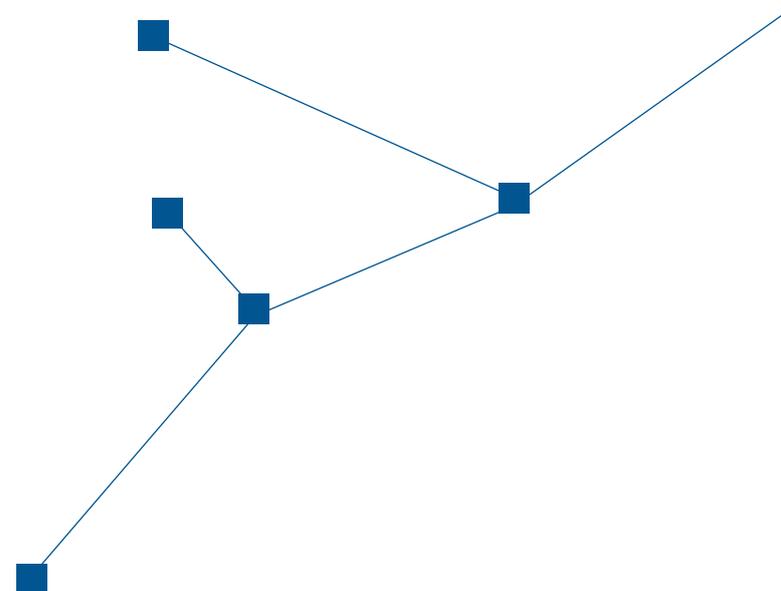
In March 2014, IACOP approved three new members of the Executive Committee: Makar Ghambaryan (Armenia) assumed chairmanship of the Executive Committee, Edit Nemeth (Hungary) assumed the role of a Vice Chair and Svilena Simonova, (Bulgaria) joined as a member. Within BCOP Mr. Mikhail Prokhorik, (Belarus) and Mr. Nikolay Begchin, (Russian Federation) become members of the Executive Committee, while Olga Tarasevich (Belarus) is no longer a member, since she left the Ministry of Finance of Belarus.

**The COP Resource Teams** providing support to the Executive Committees include: BCOP Resource Team: Maya Gusarova, Deanna Aubrey and Naida Čaršimamović Vukotić; IACOP Resource Team is Arman Vatyan, and TCOP Resource Team is Elena Nikulina and Ion Chicu. These teams met regularly during 2013 to support the planning of events. They were supported by a dedicated PEMPAL Secretariat of Tamara Maisuradze-Simic (BCOP), Bojana Crnadak, (TCOP) and Nataša Verbnik (IACOP).

**The PEMPAL Steering Committee (SC)** held three meetings in 2013, on March 14 via video conferencing; on July 04 in Bohinj, Slovenia; and on October 03 via videoconferencing. The agendas of the meetings included strategic documents, reporting and internal regulation (See minutes from these meetings:

**COPs action plans, budgets and update on funding.**

The SC discussed and approved the COPs budget envelopes for the FY14 (from July 2013 until June 2014). At each session, it reviewed implementation of the COPs action plans and budgets, and related funding. The SC also endorsed Secretariat’s progress reports, as well as the 2012 PEMPAL Annual Report.



At end-2013, the Steering Committee included the representatives of donors (the World Bank, SECO, Ministry of Finance of the Russian Federation, OECD/SIGMA) and COPs (Chairs of Executive Committees).

At the beginning of 2013, the chairmanship of the Steering Committee has been passed from Ms. Salome Steib (SECO) to Mr. Marius Koen (WB)<sup>6</sup>.

Marius Koen	WB		Chair of the Steering Committee	Member
Elena Nikulina	WB		PEMPAL Team Leader	Member
Olga Korolyova	MoF	Russian Federation	Donor	Member
Irene Frei	SECO	Switzerland	Donor	Member
Joop Vrolijk	OECD SIGMA		Donor	Member
Nino Eliashvili	MoF	Georgia	Chair of PEMPAL IACOP	Member
Gelardina Prodani	MoF	Albania	Chair of PEMPAL BCOP	Member
Angela Voronin	MoF	Moldova	Chair of PEMPAL TCOP	Member
Deanna Aubrey	WB		PEMPAL Strategic Advisor	Permanent observer
Robert Baumuller	CEF	Slovenia	PEMPAL Secretariat	Permanent observer

<sup>6</sup> At its first session in 2014, the chairmanship of the Steering Committee has been assumed by Mr. Andrey Bokarev, Ministry of Finance of the Russian Federation.

## Accountability

The PEMPAL is about working with a broad audience: practitioners and their institutions in PEMPAL countries, donors, COP Resource Teams and other international experts and stakeholders. PEMPAL is accountable for the use of donor funds so it must ensure it meets the needs of all its key stakeholders and executes its budget, at minimum cost with maximum impact while complying with its approved fiduciary framework.

In strengthening accountability, feedback on PEMPAL's performance from both short and long term assessments is important for measuring the PEMPAL's relevance. Short term assessments focus on direct outputs of PEMPAL activities (e.g., through reporting), while the emphasis of the long term assessments is on the PEMPAL's impact on the reform processes in the PEMPAL member countries (where both quantitative and qualitative assessments are essential), and on its sustainability.

The PEMPAL uses a plethora of tools and processes for monitoring, measuring and evaluating its performance and relevance:

- Internal guidelines: Operational Guidelines (including guidelines for budget management), Guidelines for events, and Guidelines for study visits
- Managing event budgets
- Qualitative and quantitative performance indicators
- Internal and External evaluation
- Results framework as part of the PEMPAL Strategy for 2012 – 2017
- Quarterly and annual reports
- Internal self-monitoring of the membership targeting performed by the COPs



## Internal rules and guidelines

**PEMPAL Operational Guidelines** (OG; formerly Rules of Operation) is an administrative document meant to define the nature of the PEMPAL program, and the roles and relationships among different stakeholders. It pays particular attention to participation, governance and decision-making. The OG integrates various functions, including that of the Steering Committee and the COPs Executive Committees.

In addition, OG also define **Budget Management Guidelines**<sup>7</sup> which provide for basic principles that guide the COPs spending, and three limits vis-à-vis the amounts endorsed by the Steering Committee: for COPs annual budgets (+/-15%); small group meetings (+20%); and, individual COPs plenary events (USD 180 K + 20%).

The principles set by the guidelines are the following:

- The COPs, assisted by the Secretariat, are to decide on the allocation of their annual budget envelopes.
- Flexibility is provided through the 15 percent COPs annual budget limit, and the 20 percent event limit.
- A »hard« cap of USD 180 K (+/- 20 percent) applies for a single COP plenary event.
- No »hard« limits apply for smaller COP activities/events (e.g. working group meetings), as long as they are within the COPs annual budget envelopes. Nevertheless, 20 percent flexibility exists, in relation to the budgeted amounts, and without prior Steering Committee approval.
- Requests for increases can only be approved by the Steering Committee based on an ex-ante review of the COPs activities, as well as objectives and rationale for the budget increase.
- A standard template, as part of the Budget management guidelines, has been designed to facilitate reporting to the Steering Committee and monitoring the COPs budgets.

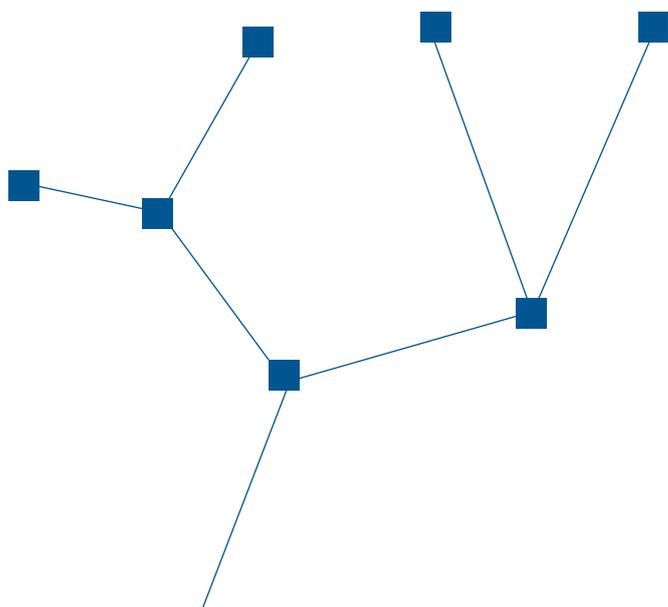
These principles put the Executive Committees of the three COPs in the driving seat when it comes to setting the event agendas against the available budget envelopes because the Steering Committee has made them responsible for managing their annual budgets and making sure they stay within the limits set by the Steering Committee.

The Secretariat constantly updates the information on the current status of these budgets (already used and still available amounts) so that the COPs can use the information when they plan their future activities.

See more: <http://www.pempal.org/rules/>

### **Guidelines for events & Guidelines for study visits**<sup>8</sup>

are intended to define expected outputs, procedures and forms with respect to organization of events and study visits. As such, both guidelines offer practical guidance to the COPs, Resource Teams, local partners, etc., and are meant to ensure efficient distribution of tasks and coordination. They make the COPs responsible for devising the event agenda and the list of participants, and reporting back on the outcomes. Evaluation is also one of their most important elements.



<sup>7</sup> In January 2014, the Steering Committee approved amendment of the Budget Management Guidelines by adding an article stating: For study visits (type A and type B) a total budget limit is set to USD 60,000 per visit.

<sup>8</sup> The objectives of a study visit are to (i) examine how a specific aspect of the public financial management system has been dealt with successfully in another country; (ii) exchange ideas and lessons learned between the visitors and the hosts; and (iii) assist the flow of information among the members of the PEMPAL community. There are Type A and Type B study visits. The Type A Study Visit is part of the COP activities and planned within the COP specific budget. The Type B Study Visit is part of the Stand-alone study visit program, and planned through a special budget line within the overall PEMPAL budget (and not within the COP specific budgets).

The main objective of a PEMPAL event is to involve all participants in an active exchange of ideas and information. This facilitates the process of learning from other countries' experience, successes and mistakes. This also promotes benchmarking and comparing the reform process, and providing an incentive for change.

### Internal evaluation by The World Bank

As part of arrangements for supervision of the new PEMPAL Secretariat Services contract signed between the World Bank and the CEF in March 2013, the World Bank program management team conducted regular quarterly progress review meetings with the secretariat team to discuss program activities and performance issues. Quarterly progress reports produced by the Secretariat served the basis for these reviews.

During November 2013 the World Bank conducted a review of the financial management arrangements with regard to PEMPAL Secretariat Services contract. The objective of the review was to provide (a) recommendations on internal controls on the expenditure cycle, and accounting and financial reporting process and (b) insights on how to potentially streamline the process for the reimbursement of expenses. The review concluded that the CEF complies in all material respects with the financial management requirements of the legal agreement (contract) with the Bank and that the internal controls over the expenditure cycle and financial reporting provide reasonable assurance that expenditures are made for the purposes intended.

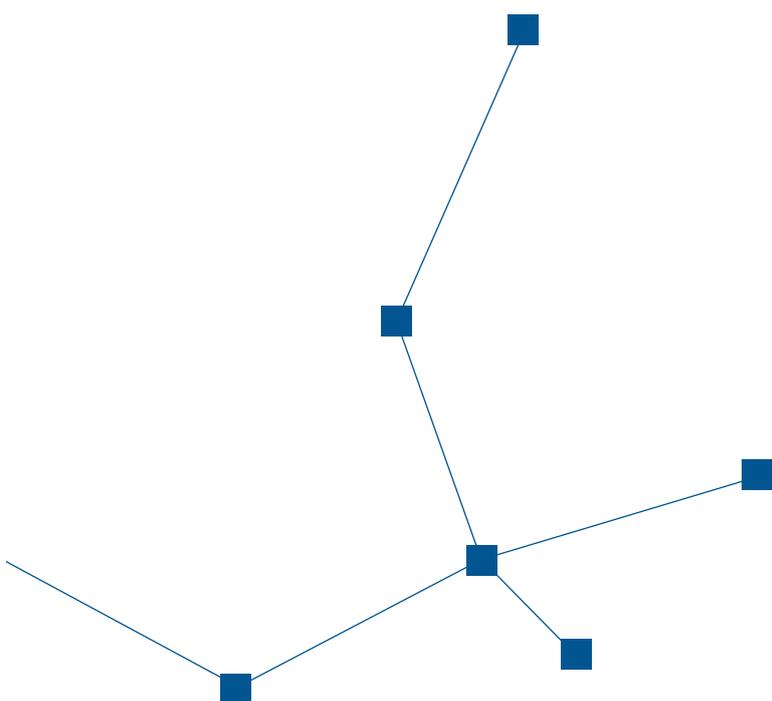


### Ensuring a financially viable network – key indicators

Donors' continuous engagement is necessary for a sustainable approach to PEMPAL's future activities. The Russian Federation and SECO stand ready to support PEMPAL financially through FY16, which covers the majority of activities in the PEMPAL Strategy 2012-17. Some other donors (e.g., GIZ) also intend to sponsor individual COPs activities. To ensure sustainability of the network, it is necessary to secure ongoing sources of funding and ensure value is demonstrated from the use of current sources of funding.

More and more, the PEMPAL member countries sponsor accommodation and travel expenses to enable greater participation over and above that covered by the PEMPAL, which also provides a small but growing source of finance.

Total PEMPAL event related expenses in 2013 remained roughly unchanged from 2012, and totaled EUR 1,1 million (USD 1,5 million). These expenses include travel, accommodation, translation/ moderation expenses for the PEMPAL practitioners, and support of the Secretariat but do not include expenses relating to the resource teams.



**Average event expenses have decreased.** The average expenses of an event in 2013 were EUR 70K (USD 93K), comparing to EUR 99K (USD 125K) in 2012. The decrease in average expenses per event is due to the fact that in 2013 there have been 16 events (comparing to 13 in 2012) with a smaller average number of PEMPAL participants (27 in 2013, 33 in 2012).

**Structure of event expenses remains the same as in previous years.** The relative shares of accommodation, travel and translation expenses remained roughly the same as in previous years.

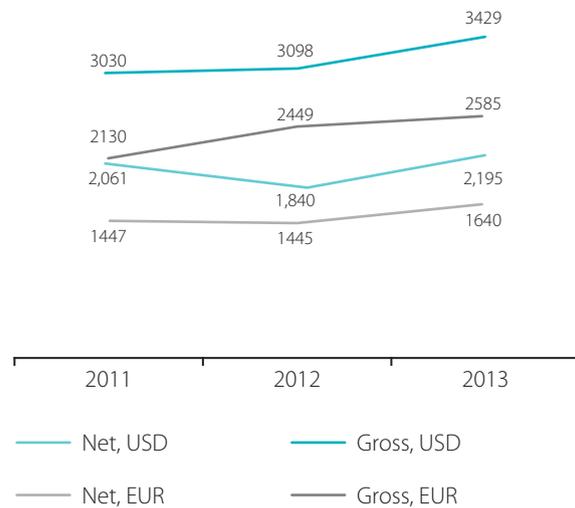
**Expenses per participant / event (weighted average): net expenses in EUR increased compared with 2012.** If observed in net terms (excluding translation and Secretariat), these expenses increased from EUR 1.450 in 2012 to EUR 1.650 in 2013. The increase in expenses per participant/ event can be explained by different costs of services at different locations. If observed in gross terms (including translation and Secretariat), in 2013 they increased to EUR 2.585 (USD 3.429) from 2.449 (USD 3.098) in 2012.

**Expenses per participant / day: increased mainly due to smaller number of participants per event.** Daily net expenses<sup>9</sup> per participant (weighted average), measured in both EUR and USD terms, went up to EUR 666 (USD 891) from EUR 365 (USD 464) in 2012.

Structure of event expenses



Average expenses per participant



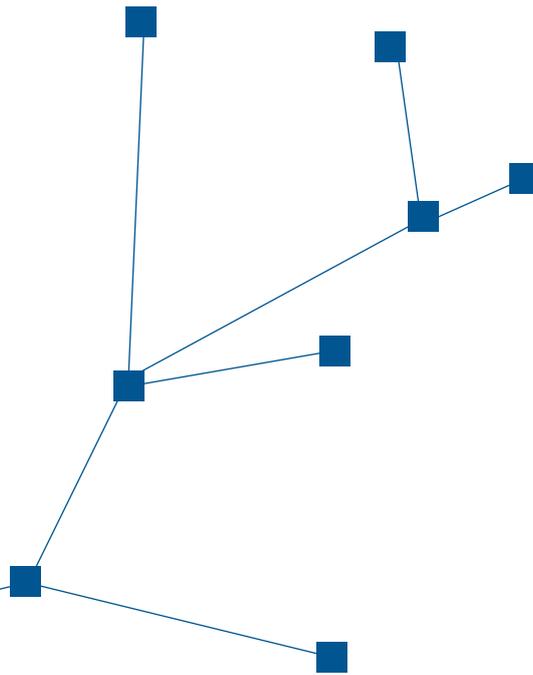
<sup>9</sup> Including travel and accommodation expenses.

### Other quantitative and qualitative performance indicators

The PEMPAL aims to produce value for participants, value for institutions in which they work, and by enhancing capabilities and performance, produce value for the PEMPAL countries.

A series of key quantitative and qualitative indicators has been developed in order to capture PEMPAL's value creation and devise directions for future work. Participants are being regularly asked through post-event surveys to provide feedback on the value they see in PEMPAL. The indicators are also intended to help the donors evaluate the effects of their contributions to PEMPAL. See Attachment 1 for more details.

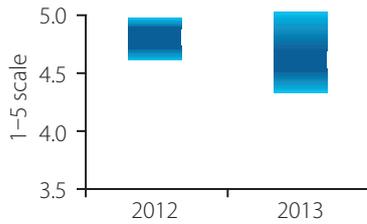
The post event surveys, mainly conducted by the World Bank, provide two sets of indicators: one assessing the value of events, and the other measuring interaction and activity, such as attendance, efficiency of events, participants' opinion, etc. In addition, the surveys also collect participants' observations and suggestions.



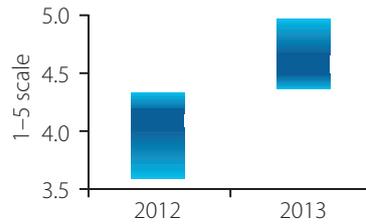
**Feed-back from participants in 2013**

These were the outcomes of the surveys for 2012 and 2013.

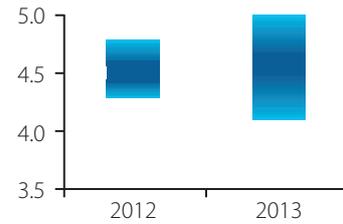
**Overall event satisfaction remains high ...**



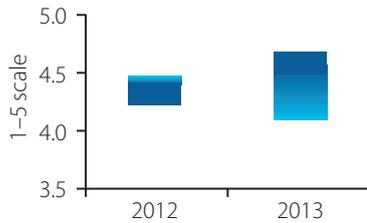
**... because knowledge is increasingly applicable to daily work and ...**



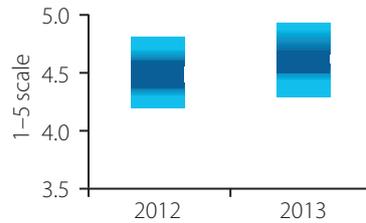
**... events address relevant issues.**



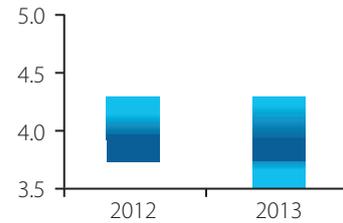
**Participants appreciate learning from their peers' experience ...**



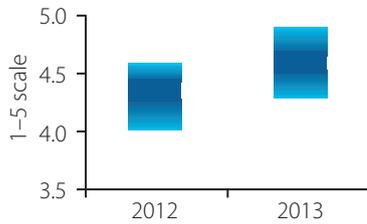
**...and the level of discussion is increasingly aligned with their knowledge level ...**



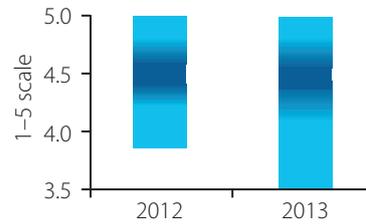
**... while the prior expertise of participants remains the same as in 2012**



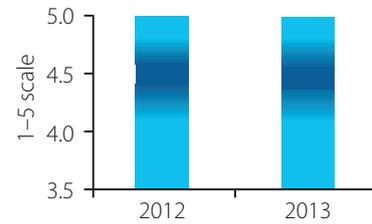
**Presentation at events are increasingly relevant and useful ...**



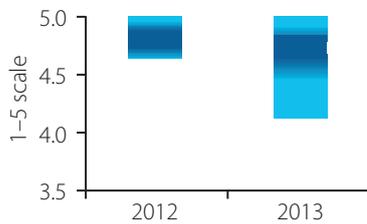
**... and the participants show increased interest for more active participation in terms of time devoted to questions ...**



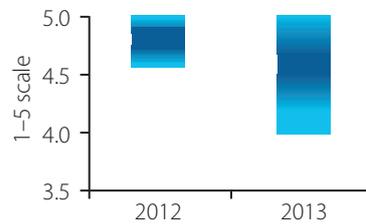
**... and discussions.**



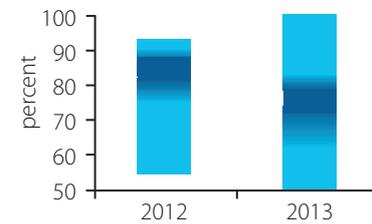
**The quality of organization ...**



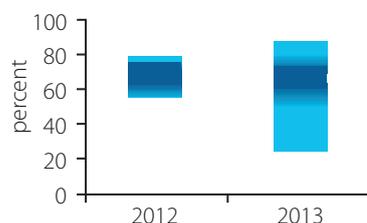
**... and administration remains high ...**



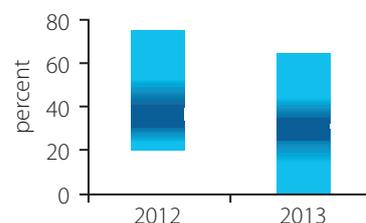
**... and the event duration about right.**



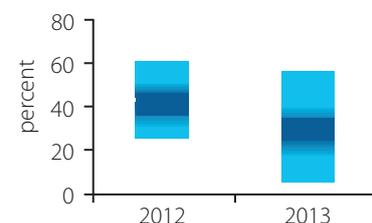
**Participants felt they were equally active in 2013 and in 2012.**



**For a quarter participants it was their first PEMPAL event ...**



**... and for a third of participants the events exceeded expectations.**



### Feedback from participants in 2013

"New knowledge always strengthens and enriches human capital."

"The event was held at a high level, the participants had the opportunity to ask questions and get answers during presentations as well as in informal communication."

"Knowledge gained in the event, will be useful in my daily work."

"I very much liked topics that were covered by speakers, their honesty and willingness to answer our questions."

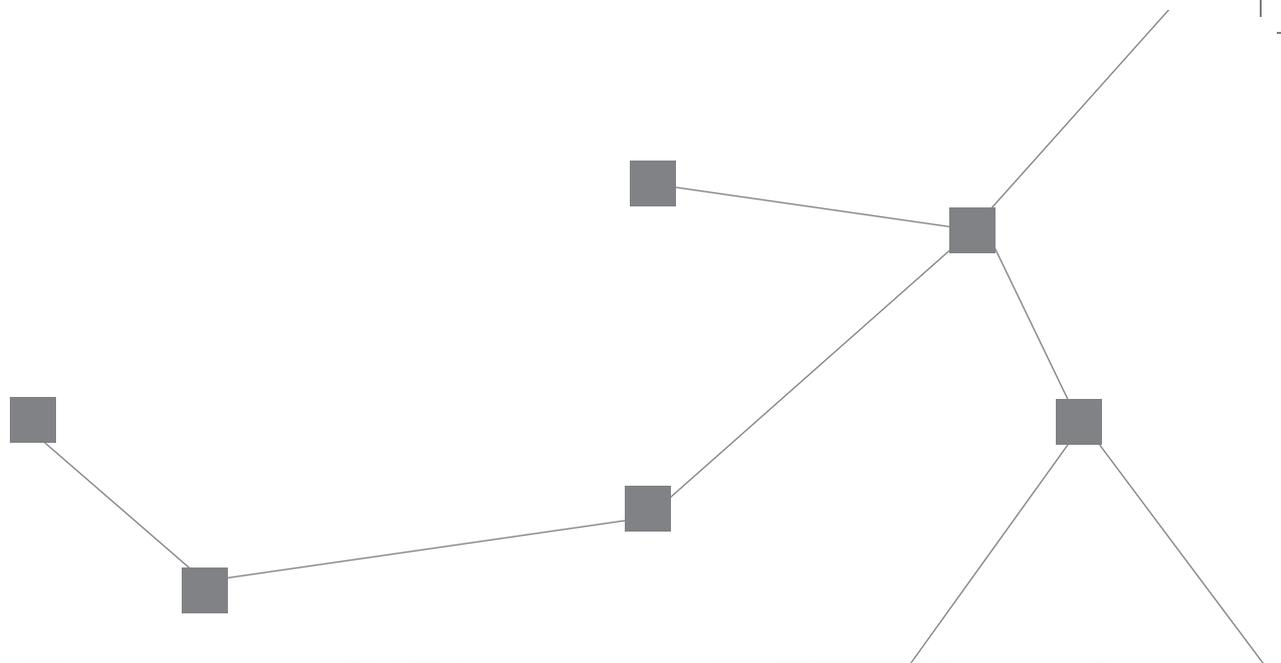
"We are in the process of developing and transitioning to international government asset accounting standards and the information I received during the seminar about other countries' experiences will help our current efforts in this area."

### Some suggestions the participants made in 2013 as to event organization

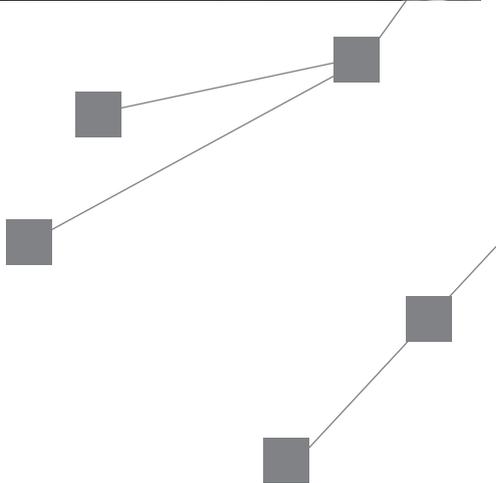
"I think that the event was well targeted to the interests of the participants, but it would be good to know in advance more about the level of knowledge and experience of participants in the matters being discussed so that presentations can be better targeted to their interests and level of knowledge."

"To ensure active participation of all participants from different countries, it may be useful to send list of questions to all participants few weeks before the event with the obligation to prepare short answers and explanations, which the participants would then present at the beginning of the event. This would ensure better reviews of similarities and differences of different systems and would surely lead to further discussions. Also, on the basis of these inputs, a common consolidated presentation could be made in the form of comparative analysis."





Output objective 4:  
Awareness of high government  
and political levels is raised  
regarding the benefits and  
value of engaging through  
PEMPAL.



Output Objective 4 of the PEMPAL Strategy 2012-2017 is to facilitate raised awareness of high Government and political levels of the benefits and value of engaging through PEMPAL.

### **Awareness Of High Government and Political Levels**

As mentioned earlier, in 2013 PEMPAL events took place in thirteen different countries, including seven PEMPAL countries who agreed to host meetings to promote PFM reforms. This helps hosting countries not just to show experience in the area of reform being discussed, but also raises the profile of PEMPAL to high political levels. These levels have shown an increasing interest in the work of PEMPAL in discussing PFM reform challenges, opportunities and best practices. As a result, reforms in several countries got more political support and stakeholder recognition of the benefits and value of engaging through PEMPAL.

For example at the Tbilisi TCOP workshop welcome speech of Georgia's Minister of Finance, Mr. Nodar Khaduri stated: *"Georgia values the PEMPAL network extremely highly and my country benefits directly from participation, as we undertake a significant reform agenda"*.

Some of our COP representatives also hold high level positions in Government and are able to see first-hand the benefit of participation in PEMPAL, while also ensuring that the program design meets PFM reform needs of members (for example, Gelardina Prodani, is Secretary General of Ministry of Finance, the highest position within the Ministry in Albania and currently acts as BCOP Chair).

A revised marketing approach was also implemented towards the end of 2013, with thank you letters now being coordinated between all COPs and sent to relevant Ministers by the PEMPAL Secretariat summarizing the achievements and results of PEMPAL activities. Preliminary investigations are also currently underway as to the feasibility of transforming PEMPAL into a more formal network of national PFM institutions. Both these activities are included in the activities agreed to be undertaken under this output objective.

### **Working with other Stakeholders**

The PEMPAL has so far received substantial financial and in-kind support from donor governments and multilateral institutions, including the SECO (Swiss development agency), the Russian Federation, the World Bank, the OECD/SIGMA, the GIZ (German development agency), the IMF, the US Treasury, the DFID and others. PEMPAL maintains relationships with its past and current donors, with representatives often participating in meetings and sharing information. Each COP also establishes and maintains relationships with professional associations as required to implement their COP action plans. It is important that these stakeholders are regularly made aware of the results and value of PEMPAL to ensure continuing and potential future support. Current donors (World Bank, Ministry of Finance of the Russian Federation and Swiss State Secretariat for Economic Affairs) also need regular evidence of returns on their donor investments.

	CY 2013	CY 2012
<b>Events<sup>10</sup></b>	3 Plenary 9 small group meeting 8 study visits	8 regular 5 small
<b>Videoconferences</b>	6	N/A
<b>PEMPAL participants by location<sup>11</sup></b>	433	434
<b>PEMPAL participants by agenda<sup>12</sup></b>	600	505
<b>Hosting countries</b>	13	11
<b>Total event expenses</b>	EUR 1,1 million (USD 1,5 million)	EUR 1,1 million (USD 1,3 million)
<b>Average expenses per regular event (includes speakers, resource and supporting staff)</b>	EUR (70K) USD (93K) Av. 44 participants	EUR 99 K (USD 125 K) Av. 48 participants
<b>Net expenses/participant/event</b>	EUR 1.650 (USD 2.195 )	EUR 1.454 (USD 1.840)
<b>Net expenses /participant/day</b>	EUR 666 (USD 891)	EUR 365 (USD 464)
<b>Gross expenses/participant/event</b>	EUR 2.585 (USD 3.429)	EUR 2.449 (USD 3.098)
<b>Overall satisfaction w/events</b>	4,3 – 5,0 / 5,0 <sup>13</sup>	4,6 – 5,0 / 5,0
<b>Appreciate learning from peers</b>	4,0 – 4,6 / 5,0	4,2 – 4,4 / 5,0
<b>Knowledge level appropriate</b>	4,2 - 4,8 / 5,0	4,5 – 4,8 / 5,0
<b>Topics applicable for work</b>	3,4-4,5 / 5,0	3,6 – 4,3 / 5,0
<b>Event participation active<sup>14</sup></b>	45% - 82%	51% - 67%
<b>PEMPAL website</b>		
<b># of visits</b>	12,131	13,191
<b># of page views</b>	50,127	47,388

<sup>10</sup> Number of events excludes Video-Conferences.

<sup>11</sup> For consistency reasons this number is also taken when presenting trends throughout this report.

<sup>12</sup> Location based counting of participants, i.e. one place – one event, which was applied in previous years, was in 2013 amended by the agenda based counting. Individual participants who took part in several events back-to-back (at one location) were counted based on the number of distinct activities that they participated in. It comprises participants of videoconferences, as well as those who took part in study visits, plenaries and small group meetings.

<sup>13</sup> Average level of satisfaction for 2013 events was 4.65/5.0. Averages are presented in Section 5.3.1.

<sup>14</sup> Participation can vary depending on whether the member is new to the network; whether the country is advanced in the reforms under discussion; and the type of meeting it is (a smaller working group meeting as opposed to a plenary meeting).

## Attachment 1: PEMPAL Performance indicators for 2012 and 2013

1. Valued by practitioners and donors		2013																										
		2012								2013																		
Measure		2	3	5	6	7	8	10	11	12	13	1	3	4	5a	5b	6	7	9	10a	10b	11	12	13a	13b	14	15	16
		PEMPAL events (see legend)																										
No of people responding		31	43	23	39	6	31	18	8	41	10	37	50	9	15	31	7	44	27	19	17	11	30	8	17	8	25	13
1.1. Overall satisfaction with event	1-5 scale	4.8	4.7	4.6	4.7	5.0	4.7	4.8	4.9	4.7		4.6	4.4	5.0	4.9	4.7	5.0	4.8	4.6	4.7	4.5	4.6	4.4	4.9	4.6	4.3	4.3	4.8
1.2. Knowledge applicable to daily work	1-5 scale	4.3	3.7	3.9	4.1	3.6			3.6	3.9	4.4	3.7	3.4				4.3	3.8	4.3	4.5	4.1	4.0	4.5	4.8	4.2	3.9	3.9	4.3
1.3. Event addressed issues important to my work	1-5 scale	4.5	4.5	4.5	4.3	4.4	4.2	4.4	4.8	4.4	4.8	4.7	4.4	4.5	4.8	4.1	5.0	4.4	4.7	4.7	4.5	4.5	4.5	4.8	4.8	5.0	4.3	4.8
1.4. Learning from experience of other participants	1-5 scale	4.4	4.4	4.4	4.2	4.2			4.2	4.4	4.3	4.1	4.6				4.0	4.6	4.6	4.2	4.3	4.1	4.3	4.1	4.2	4.6	4.2	4.3
1.5. Level appropriate for knowledge level	1-5 scale	4.7	4.4	4.5	4.6	4.8			4.2	4.4	4.7	4.2	4.8				4.6	4.8	4.8	4.6	4.5	4.4	4.4	4.8	4.6	4.9	4.5	4.8
1.6. Participants with about equal prior expertise	1-5 scale	3.8	3.8		3.9				3.8	4.2		3.6	4.5				4.1	3.9	4.2	3.3	3.4	3.7	3.8	3.5	3.8	4.3	3.9	4.0
1.7. Presentation relevant and useful	1-5 scale	4.6	4.2	4.0	4.2	4.4	4.1	4.4		4.4		4.4	4.2	4.8	4.4	4.3	5.0	4.8	4.4	4.7	4.6	4.4	4.6	4.8	4.5	4.9	4.3	4.5
1.8. Delivery v. expectation																												
Meet	%	54	71	76	67	40	74	71	100	79	70	59	80	67	71	77	43	68	70	78	88	64	93	50	76	43	95	75
Exceed	%	46	29	24	31	60	26	29		21	30	38	16	33	29	23	57	32	26	22	12	36	7	50	24	57	5	17
1.9. Donors providing financial contribution																												
1.10. Donors providing in-kind contribution																												

**Legend: 2012 PEMPAL events:** (1) Cross-COP and Steering Committee meeting, Slovenia, February; (2) TCOP, Georgia, February; (3) BCOP, Slovenia, March; (4) IACOP, Bulgaria, April; (5) IACOP, Hungary, June; (6) TCOP, Russia, June; (7) BCOP Executive Committee, Estonia, June; (8) Cross-COP and SC meetings in France, September; (9) IACOP SV to Bulgaria, September; (10) IACOP back-to-back 3 WG sessions, Ukraine, October; (11) Type B SV Uzbekistan to Croatia, October; (12) TCOP Azerbaijan, November; (13) IACOP SV, Poland, November.

**2013 PEMPAL events:** (1) IACOP, Albania, January; (2) TCOP, Estonia, February; (3) BCOP, Albania, February; (4) BCOP, Georgia, April; (5a) IACOP WG, Georgia, April; (5b) IACOP PL, Georgia, April; (6) BCOP, UK, April; (7) TCOP, Ukraine, April; (8) BCOP, Latvia, June; (9) Cross-COP, Slovenia, July; (10a) IACOP RA WG, Russia, September; (10b) IACOP RIFIX WG, Russia, September; (11) TCOP, UK, September; (12) TCOP, Macedonia, September; (13a) IACOP QA WG, Armenia, November; (13b) IACOP SV, Armenia, November; (14) BCOP, Ireland, November; (15) TCOP, Turkey, November; (16) BCOP, Poland, December.

Russian MoF, SECO

World Bank, OECD/SIGMA, GIZ, IMF

World Bank, OECD/SIGMA, GIZ, IMF

Russian MoF, SECO

2. Measuring activity and interaction		2013																													
		2012								2013																					
	Measure	2	3	5	6	7	8	10	11	12	13	1	2	3	4	5a	5b	6	7	8	9	10a	10b	11	12	13a	13b	14	15	16	
	PEMPAL events (see legend)																														
	No of people responding	31	43	23	39	6	31	18	8	41	10	37		50	9	15	31	7	44		27	19	17	11	30	8	17	8	25	13	
2.1.	Quality of organization 1-5 scale	4.9	4.9	4.7	4.9	5.0	4.6	4.9	4.8	4.9	4.6	4.7		4.7	5.0		4.9	5.0	4.9		4.7	4.4	4.1	4.3	4.3	5	4.8	4.1	4.6	5	
2.2.	Quality of administration 1-5 scale	4.8	4.8	4.7	4.9	5.0	4.6	4.9	4.8	4.8	4.9	4.8		4.6	5.0	4.9	4.9	5.0	5.0		4.7	4.4	4.6	4.0	4.1	5	4.9	5	4.7	5	
2.3.	Time allowed for questions 1-5 scale	4.6	4.6	3.8	4.3	4.8	4.2	3.9	5.0	4.2	4.8	4.4		3.8	4.8	4.6		4.4	4.9												
2.4.	Time allowed for discussions 1-5 scale	4.5	4.4	3.5	3.6				5.0	4.1	4.8			3.5	4.8		5.0	4.3			4.8	4.3	4.2		4.5	4.5	3.9	4.5			
2.5.	First participation in COP event %	32	72	39	42			32	39		20	16		61	67	20	27	43	51		23	5	6		31	0	6	25	40	31	
2.6.	Event participation																														
	Active %	51	56	65	57	17	67	47	100	53	90	58		45	22	80	48	71	63		82	79	71	73	66	100	71	88	44	69	
	Average %	45	44	30	34	50	33	47	45	10	42	42		53	67	2	48	29	32		18	21	29	27	31	23	12	56	31		
	Passive %	3		4	8	34		6	2					2	11	3	3	5							3		6				
2.7.	Event duration																														
	Too short %	23	7	22	14		3	17	60	10	70	14		39		27	23	86	5			21	24	9	25	25	38	28	38		
	About right %	71	93	70	86		93	56	40	87	30	86		45	100	66	70	14	90		100	79	7	91	75	75	47	62	72	62	
	Too long %	6		9		3	3	28	3		3			2	7	7	7	5													

Sources: For 2013, post-event surveys were conducted by the World Bank.  
 2013 PEMPAL events: (1) IACOP, Albania, January; (2) TCOP, Estonia, February; (3) BCOP, Albania, February; (4) BCOP, Georgia, April; (5a) IACOP, Georgia, April; (5b) IACOP, PL, Georgia, April; (6) BCOP, UK, April; (7) TCOP, Ukraine, April; (8) BCOP, Latvia, June; (9) Cross-COP, Slovenia, July; (10a) IACOP, RA, WG, Russia, September; (10b) IACOP, RFIX, WG, Russia, September; (11) TCOP, UK, September; (12) TCOP, Macedonia, September; (13a) IACOP, QA, WG, Armenia, November; (13b) IACOP, SV, Armenia, November; (14) BCOP, Ireland, November; (15) TCOP, Turkey, November; (16) BCOP, Poland, December.

## 3. Monitoring event expenses

	2013				2012				2011	
	EUR <sup>ii</sup>		USD		EUR <sup>ii</sup>		USD		EUR	USD
	% of expenses	% of participants	% of expenses	% of participants						
3.1. Total travel, accom., transl./moder. expenses <sup>iii</sup>	77%	100%	1,145,657	1,015,712	803,526	100%	80%	1,011,675		
3.1.1. Transport		34%	388,713	336,676	265,650	33%		363,253	36%	
3.1.2. Accommodation		44%	507,674	475,106	376,932	47%		423,228	42%	
3.1.3. Translation / event moderation		17%	195,368	170,170	134,639	17%		172,809	17%	
3.1.4. Other		5%	53,902	33,761	26,305	3%		52,384	5%	
3.2. Translation/publication for three COPs	2%		17,429	75,632	59,557	6%	3%	31,293		
3.3. Secretariat fee <sup>v</sup>	22%		321,870	253,105	199,675	19%	17% <sup>v</sup>	223,616		
3.3.1. Event related			15,750	20,860	84,675					
3.3.2. Fixed			225,002	301,009	115,000					
3.4. Total event expenses <sup>vi</sup> (=3.1+3.2+3.3)	100%		1,119,201	1,344,450	1,062,759	100%	100%	1,266,583		
3.5. Gross expenses per part. (=3.4/3.10)			2,585	3,429	2,449			3,030		
3.6. Net expense / participant, w.av. [=3.1-transl <sup>vii</sup> /3.10 <sup>viii</sup> ]			1,650	2,195	1,454			2,061		
3.6.1. BCOP, weighted average			1,241	1,661	1,471			2,342		
3.6.2. IACOP, weighted average			2,408	3,206	1,583			1,517		
3.6.3. TCOP, weighted average			1,552	2,062	1,344			2,242		
3.6.4. Cross-COP, weighted average			1,552	2,012	2,203			2,128		
3.7. Expenses per participant per day, weighted average <sup>ix</sup>			666	891	365			576		
3.8. Av. total exp/reg. ev (excluding plenary, small events) <sup>x</sup>			N/A	N/A	99,000			106,000		
3.9. Secret. fee, as % of total event expenditure (3.4.)		22%				19%			15% (17%) <sup>xi</sup>	
3.10. No of COP, participants		433			434			418		
3.11. No of COP part/reg. ev. (excluding plenary, small events)		N/A			48			42		
3.12. No of COP events (reg./small group events/Plenary)		N/A			13 (8/5/0)			10 (6/3/1)		
3.13. Average USD/EUR exchange rate		1,3331			1,2699			1,4147		
3.14. Event exp. (3.1.) and part. (3.10.) by COP										
• BCOP	29	27	16	15	19	15	19	15		
• IACOP <sup>xiii</sup>	35	33	32	32	32	32	16	21		
• TCOP	30	36	37	44	37	44	25	24		
• Cross-COP	6	4	13	6	13	6	41	40		
• Type B study visit	N/A	N/A	2	2	2	2				
	100% (EUR 861,020)	100% (433)	100% (EUR 803,526)	100% (434)	100% (EUR 803,526)	100% (434)	100% (EUR 710,228)	100% (418)		

PEMPAL events (see legend)	2012												2013																	
	Currency	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	1	2	3	4	5	6	7	8	9	10	11	12	13
3.15. No of COP participants		28	12	62	11	48	9	67	11	17	43	11	33	25	12	31	13	5 <sup>iii</sup>	52	57	37	46	77	7	22	15	32	10	64	10
3.16. Expense/partic/event <sup>iv</sup>	EUR	1,253	1,817	1,211	1,995	1,992	2,646	1,264	2,322	2,471	2,228	2,630	1,229	1,366	2,673	1,098	1,778	1,234	1,049	1,440	1,238	1,813	1,505	1,722	3,084	1,737	1,693	1,257	1,388	1,225
3.17. Expense/partic/event <sup>v</sup>	USD	1,684	2,430	1,591	2,670	2,587	3,462	1,643	3,037	3,203	3,016	3,550	1,664	1,843	3,775	1,479	2,449	1,602	1,366	1,924	1,613	2,194	1,846	2,107	3,781	2,130	2,182	1,623	1,768	1,600
3.18. Expense/partic/day <sup>vi</sup>	EUR	626	606	404	665	398	1,323	632	774	824	743	877	1,229	455	891	549	444	530	300	411	275	330	430	492	679	368	308	280	397	490
3.19. Expense/partic/day <sup>vii</sup>	USD	842	810	530	890	517	1,731	821	1,012	1,068	1,183	1,664	614	1,258	740	612	687	390	550	358	399	527	602	840	473	397	361	505	640	

Source: PEMPAL Secretariat

4. Promoting knowledge sharing

	2013				2012				2011				2010				2009								
	I-XII	Q4	Q3	Q2	Q1	I-XII	Q4	Q3	Q2	Q1	I-XII	Q4	Q3	Q2	Q1	I-XII	Q4	Q3	Q2	Q1	I-XII	Q4	Q3	Q2	Q1
4.1. PEMPAL website traffic analysis	12,131	2,887	2,678	3,208	3,358	13,191	3,487	2,827	4,035	2,842	10,459	3,614	2,534	2,697	2,591	6,318	2,591	2,534	2,697	2,591	6,318	2,591	2,534	2,697	2,591
• No of visits	50,127	12,424	11,089	13,251	13,363	47,388	13,083	10,185	14,885	9,235	38,344	12,487	9,763	9,954	9,722	27,523	9,722	9,763	9,954	9,722	27,523	9,722	9,763	9,954	9,722
• No of page views																									
4.2. Virtual Library uploaded documents, balance																									
4.3. Newsletters issued																									

Sources: Google Analytics (PEMPAL website and wiki traffic analysis) and PEMPAL Secretariat (Virtual Library and Newsletter)

**Legend: 2011 PEMPAL events:** (1) Cross-COP and Steering Committee meeting, Slovenia, February; (2) TCOP, Georgia, February; (3) BCOP, Slovenia, March; (4) IACOP, Bulgaria, April; (5) IACOP, Hungary, June; (6) TCOP, Russia, June; (7) BCOP Executive Committee, Estonia, June; (8) Cross-COP and SC meetings in France, September; (9) IACOP SV to Bulgaria, September; (10) IACOP back-to-back 3 WG sessions, Ukraine, October; (11) Type B SV Uzbekistan to Croatia, October; (12) TCOP Azerbaijan, November; (13) IACOP SV, Poland, November. 2013 PEMPAL events: (1) IACOP, Albania, January; (2) TCOP, Estonia, February; (3) BCOP, Albania, February; (4) BCOP, Georgia, April; (5a) IACOP WG, Georgia, April; (5b) IACOP PL, Georgia, April; (6) BCOP, UK, April; (7) TCOP, Ukraine, April; (8) BCOP, Latvia, June; (9) Cross-COP, Slovenia, July; (10a) IACOP RA WG, Russia, September; (10b) IACOP RIFIX WG, Russia, September; (11) TCOP, UK, September; (12) TCOP, Macedonia, September; (13a) IACOP QA WG, Armenia, November; (13b) IACOP SV, Armenia, November; (14) BCOP, Ireland, November; (15) TCOP, Turkey, November; (16) BCOP, Poland, December.

i Exchange rates EUR/USD at the time of events.  
 ii Exchange rates EUR/USD at the time of events.  
 iii Expenses directly related to PEMPAL events include travel, accommodation, event related translation/moderation and other expenses (e.g. visa). Cross COP related translation/publication expenses and Secretariat fee not included.  
 iv Secretariat fee for 2011 includes Success Stories and Virtual Library projects. Without this project the Secretariat fee represents 15% of total event expenses (3.4).  
 v Total event expenses do not include expenses related to resource teams and speakers.  
 vi Includes all translation, moderation and publication related expenses (COP specific and Cross COP).  
 vii Expenses relate to travel, accommodation and other costs only (e.g. visa), and exclude the costs of translations/moderations/publications (COP's specific and Cross-COP), and the Secretariat fee.  
 viii Expenses relate to travel, accommodation and other costs only (e.g. visa), and exclude the costs of translations/moderations/publications (COP's specific and Cross-COP), and the Secretariat fee.  
 ix »Regular COP events» refers to COP's workshops or seminars. »Small group events» refers to study visits, leadership group meetings. »Plenary» refers to Cross-COP plenary.  
 x Secretariat fee for 2011 includes Success Stories and Virtual Library projects. Without this project, the Secretariat fee represents 15% of total event expenses (3.4).  
 xi IACOP usually organizes back-to-back events (e.g. working group plus plenary session, or back-to-back working group sessions).  
 xii IACOP usually organizes back-to-back events (e.g. working group plus plenary session, or back-to-back working group sessions).

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**Published by:** PEMPAL Secretariat

**Translations:** PEMPAL Secretariat

**Design:** arnoldvuga+

**Photographs:** CEF Archive

**Printing:** Birografika Bori

This report is available in English, Russian and Bosnian-Croatian-Serbian  
2014