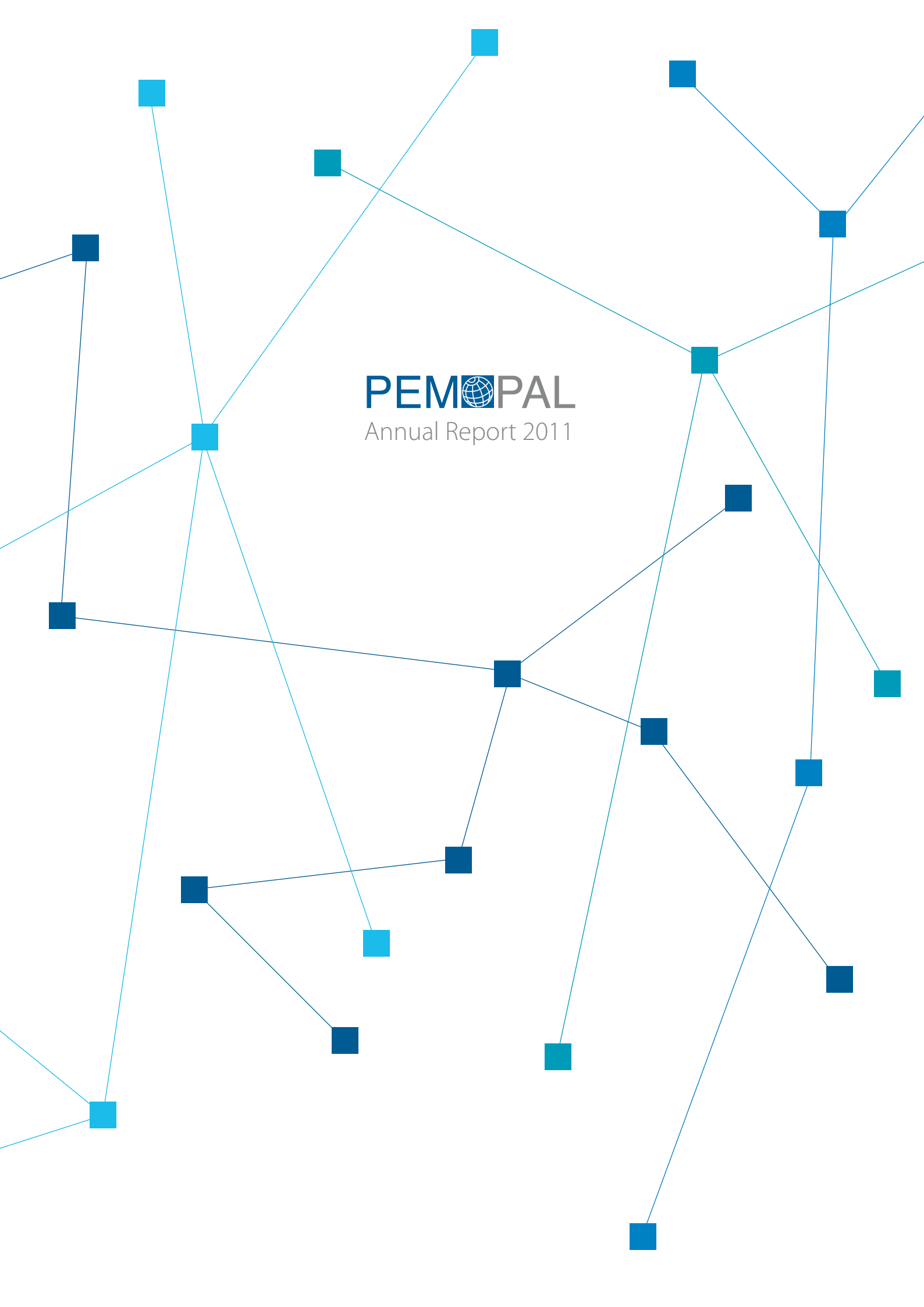




PEMOPAL

Annual Report 2011



**PEM PAL multidonor initiative funded by:**



Ministry of Finance  
of the Russian  
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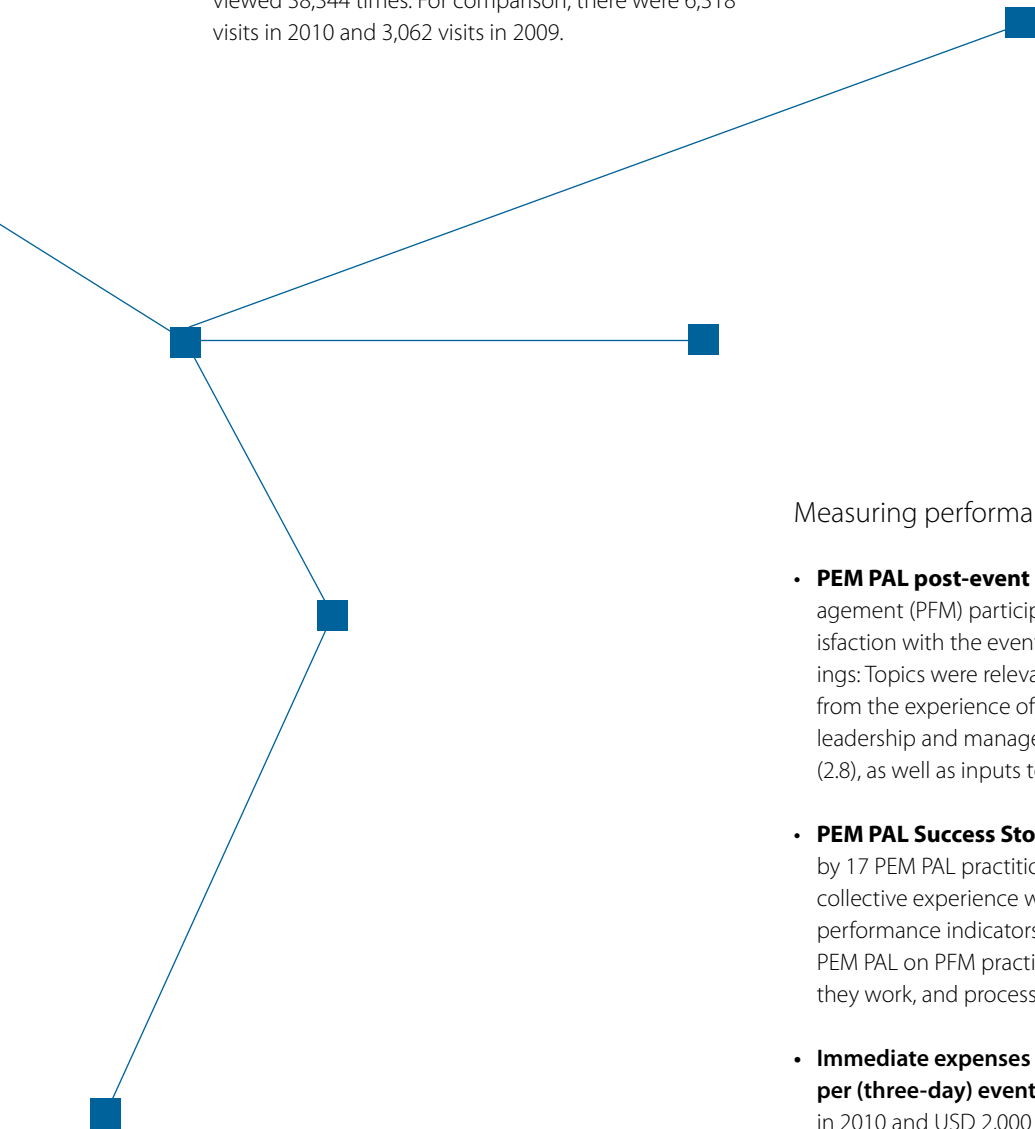
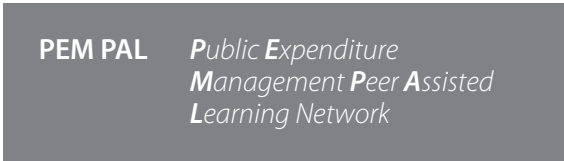
**PEMOPAL**  
Annual Report 2011

# Highlights

## PEM PAL Annual Report 2011

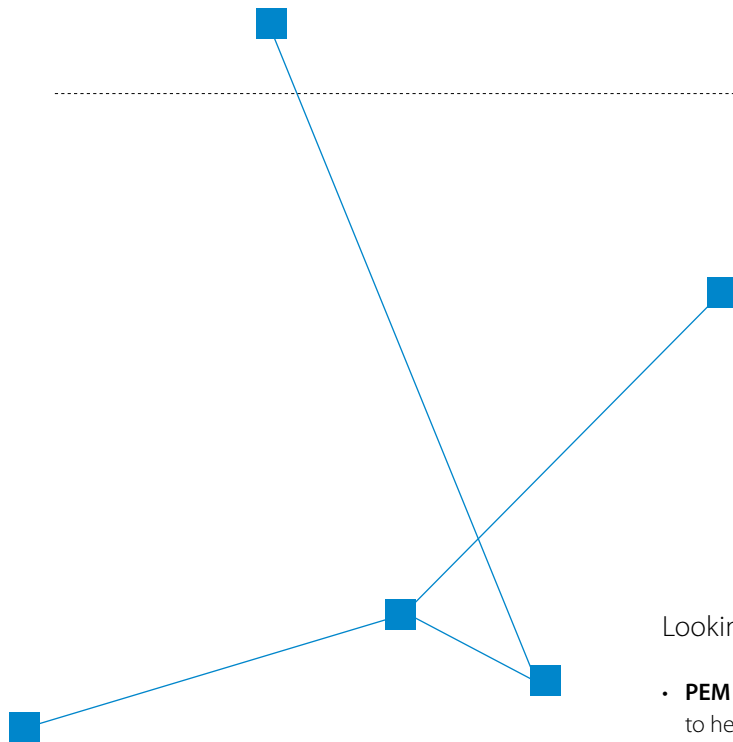
PEM PAL's growth continued in 2011

- **418 PEM PAL participants** from 21 countries, plus 49 resource people and 59 speakers, at seven meetings held in six countries and at two study visits. This is up from 178 PEM PAL participants in 2010, and 160 in 2009.
- **PEM PAL web site:** 10,459 visits, with 1,027 pages viewed 38,344 times. For comparison, there were 6,318 visits in 2010 and 3,062 visits in 2009.



### Measuring performance and impact

- **PEM PAL post-event surveys:** Public Financial Management (PFM) participants expressed high overall satisfaction with the events (4.7 on a 1-5 scale). Other findings: Topics were relevant (4.5). Participants could learn from the experience of their peers (4.3). Contribution to leadership and management tasks could be improved (2.8), as well as inputs to event discussions (3.0).
- **PEM PAL Success Stories:** Fifteen stories were shared by 17 PEM PAL practitioners to portray their personal and collective experience with PEM PAL. Success stories and performance indicators allow us to evaluate impact of PEM PAL on PFM practitioners, the organizations where they work, and processes in their environment.
- **Immediate expenses per PEM PAL participant per (three-day) event:** USD 3,000, up from USD 2,600 in 2010 and USD 2,000 in 2009. Net of translation and organization expenses, USD 2,000 in 2011.



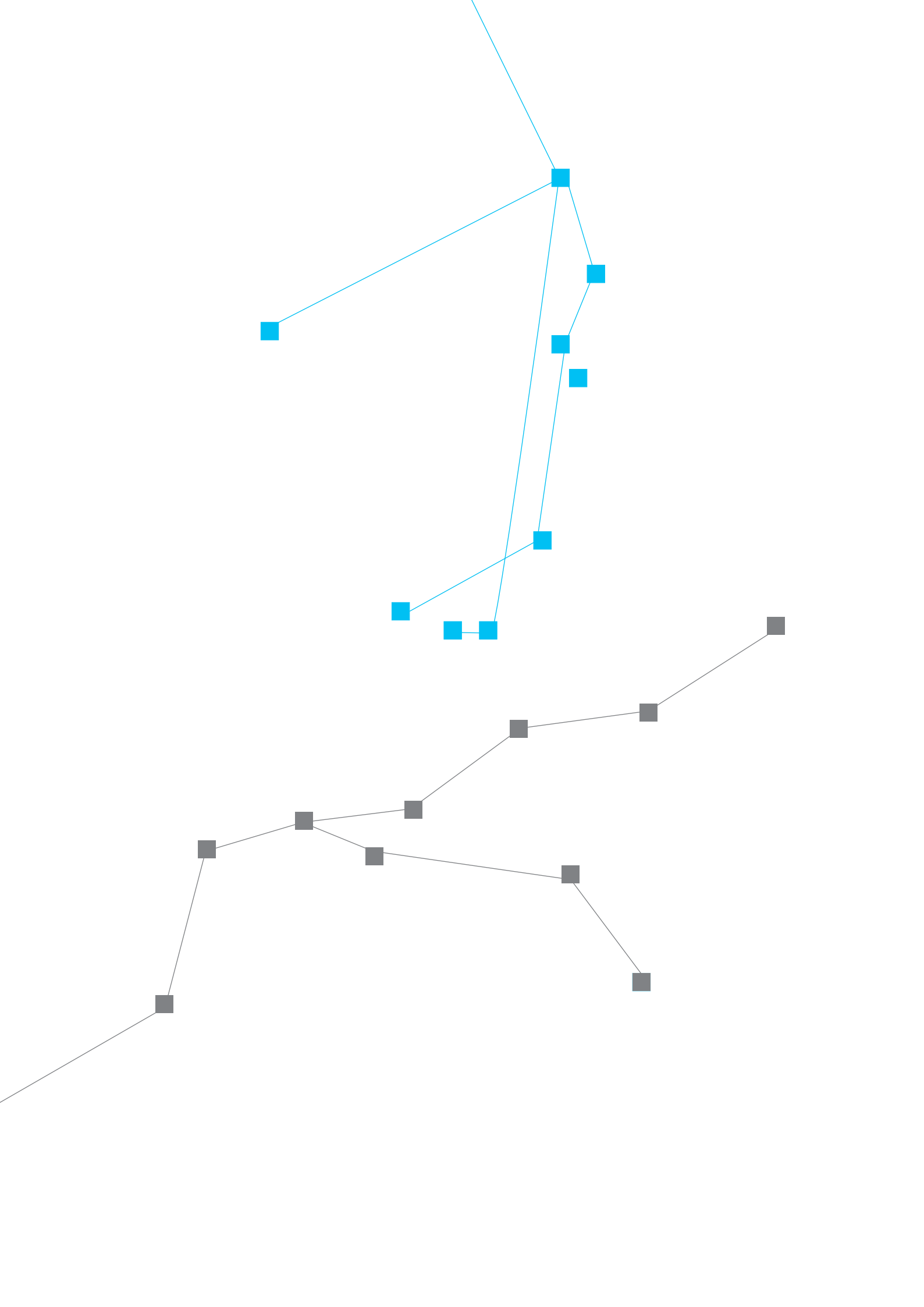
### Promoting collective learning and exchange of information

- **Virtual Library**  
Provides access to and direct upload of PFM documents (400+ at the start). Free access.
- **Glossary of Terms**  
Helps users understand and consistently apply the PFM terminology, with 136 pages explaining terms and concepts. Free access.
- **PEM PAL wiki:** Online tool for storing documents and informal discussion forum for registered users. Treasury Community of Practice (T COP) and Budget Community of Practice (B COP) opened wikis in 2011, following the good example of Internal Audit Community of Practice (IA COP), which has operated a wiki since 2009.

### Looking ahead

- **PEM PAL Strategy for 2012 - 2017:** Based on six pillars to help reach the PEM PAL targets: demand-driven action plans, committed network membership and ownership, good governance, sufficient financial resources, high-quality network resources, and an adequately resourced and functioning Secretariat.
- **PEM PAL 2011 Evaluation:** Second evaluation of the PEM PAL network; first was in 2008. Several recommendations. Design a common vision supported by all stakeholders. Develop into a ministry-to-ministry network. Focus on professional competency of individuals rather than general results in PFM systems. To respond to growing demand, resource technical support function, create PEM PAL-branded knowledge products, and revisit modality of the Secretariat function. Address the issue of adequate funding beyond June 2012.
- **Topics for early 2012:** Integration of external financing into national budgets (T COP), approaches to program budgeting (B COP), and risk assessment in internal audit and mentoring in the internal audit certification (IA COP).





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PEM PAL  
at work in 2011





**Knowledge is a global public good, and sharing knowledge lies at the heart of the global development agenda.** PEM PAL's mission is to contribute to innovative Public Financial Management (PFM) solutions by creating a productive and well functioning network of practitioners, in order to promote peer-assisted learning, benchmark reform progress, and share experience.

**The PEM PAL initiative started in 2006 and has experienced impressive growth over the last few years.** It connects some 150 practitioners in PFM from 21<sup>1</sup> of 30 countries in Europe and Central Asia (ECA) that are facing similar challenges in public finance policy design and implementation. These challenges are discussed within three communities of practice (COPs), for budget, internal audit, and treasury.<sup>2</sup> The COPs meet regularly – each does so on average twice a year – to address topics of common concern, learn from the practical experience of others, and find solutions to specific problems, based on the best available experience and knowledge. The three COPs meet in plenary sessions from time to time to discuss issues that are relevant for all three COPs. Each has formed a leadership group to coordinate the COP's work and steer its activities.

**The PEM PAL mission connects PFM practitioners and key stakeholders.** The PEM PAL Steering Committee supports the COPs' activities by providing insights and recommendations, and facilitating discussions and organization of events. It includes donors and representatives from the COPs, a dedicated group of experts, a community facilitator and the Secretariat.<sup>3</sup> PEM PAL's expansion would not be possible without valuable financial and in-kind support from donors and other development partners. In 2011, PEM PAL received financial support from the Russian Federation and Switzerland, and in-kind support from the World Bank, OECD/SIGMA, International Monetary Fund, and GIZ, the German development agency.

**All activities in 2011 promoted ownership and participation, and included insights about practical experience of countries at different levels of development.** A plenary meeting of all three COPs took place in early 2011 to discuss the issue of managerial accountability and how it affects budget preparation and execution. Five individual COP events were also held during the year focusing on public sector accounting standards, financial management information systems, capital budgeting processes, and the internal audit manual and internal audit training and certification modules. In addition, one cross-COP event was organized to discuss how to improve the network's effectiveness and sustainability and set the stage for its activities over the next five years. And in two study visits practitioners learned how their peers organize their internal audit and budget systems.

**PEM PAL used a variety of methods and tools to promote its mission and maximize the impact on knowledge sharing.** The plenary for all three COPs engaged around 190 PFM experts, while other events usually brought together 50 to 90 people. Each of the two study visits involved 10 people visiting their peers. Three of the five Steering Committee meetings were conducted through videoconferencing, while two were face-to-face meetings, organized in parallel with other events. Modern online discussion tools, including Adobe Connect and Skype, provided a cost-effective way for the COPs' leadership groups to prepare concepts and agree on the scope of future work. The experience sharing aspect of PEM PAL has been promoted through its web site and wiki. Also, a PEM PAL Virtual Library and a PEM PAL Glossary of Terms were set up in 2011.

1 Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Georgia, Kazakhstan, Kosovo, Kyrgyz Republic, Macedonia, Moldova, Montenegro, Romania, Russia, Serbia, Tajikistan, Turkey, Ukraine, and Uzbekistan.

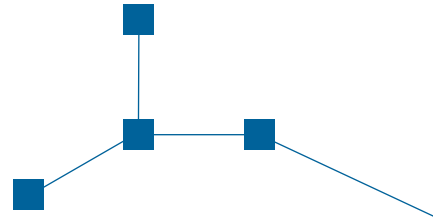
2 Wenger, Trayner and de Laet define a community of practice as a "learning partnership among people who find it useful to learn from and with each other about a particular domain. They use each other's experience of practice as a learning resource. And they join forces in making sense of and addressing challenges they face individually and collectively." Promoting and assessing value creation in communities and networks: a conceptual framework, [http://wenger-trayner.com/documents/Wenger\\_Trainer\\_DeLaat\\_Value\\_creation.pdf](http://wenger-trayner.com/documents/Wenger_Trainer_DeLaat_Value_creation.pdf).

3 Since 2008, the Center of Excellence in Finance, Ljubljana, Slovenia, [www.cef-see.org](http://www.cef-see.org), acts as the PEM PAL Secretariat. The description of the Secretariat's work in 2011 is provided in the Appendix 4 of this report.

**PFM practitioners and key stakeholders reflected in 2011 on PEM PAL's Strategy for 2012-2017.** Extensive consultations organized in various forms throughout the year informed a rich document on the network's options and targets for the next five years. The six main pillars of the strategy to help reach these targets include: demand-driven action plans, committed network membership and ownership, good governance, sufficient financial resources, high-quality network resources, and an adequately resourced and functioning Secretariat. The strategy outlines many avenues for the future. Initiatives, such as biennial plenary meetings, cross-COP cooperation, and the virtual library, must be continuously implemented in order to keep the network relevant. Also, PEM PAL's outputs and outcomes must be monitored and evaluated (through performance indicators and success stories) to estimate its contribution to PFM reform. Securing sufficient funding beyond June 2012 will also be essential to enable the network's continuous functioning and growth.

**An external evaluation, the second since the network's inception, helped steer the strategy design.** The evaluation was commissioned by the PEM PAL Steering Committee in early 2011, and was conducted in the second half of 2011 by the same evaluator as the previous one in 2008. The evaluation set out some important findings and recommendations. PEM PAL has experienced impressive growth over the past few years, which is valued by the participants and leadership in the member countries, especially in light of its focus on practical solutions, diversity and wealth of information. Going forward, the network needs a clear vision to which participants and donors can subscribe. It also needs sufficient funding to secure further growth and adequate technical and Secretariat support. Collaboration could be elevated to the ministerial level.





**To ensure it delivers on its mission, the PEM PAL is focusing on results in all its activities.**

It is evaluating performance with various criteria, and is trying to document outputs and outcomes to better understand how PEM PAL is supporting reform agendas. Quantitative data, pooled in a core set of indicators, has been complemented by qualitative assessments, mainly in the form of success stories. The focus has been on **four key questions**.

- Does PEM PAL connect practitioners and key stakeholders around their shared development challenges?
- Does it facilitate timely and systematic sharing of good practices, lessons learned, and insights?
- Does it contribute to improved skills and knowledge for participants, and facilitate change in their environments?
- How cost effective has PEM PAL been in implementing its activities?

**This report tries to answer these questions by portraying PEM PAL's activities, and examining its performance and effectiveness.**

It first shows how PEM PAL has been connecting practitioners by enabling them to exchange experience and apply global knowledge through events and online tools. It then presents PEM PAL's emphasis on knowledge sharing and continuous learning through a web of information sources. Next, it presents an impact evaluation on PFM-related decision-making processes in member countries. An overview of PEM PAL's financial indicators to determine its cost effectiveness is presented in the end. Appendixes 1-4 provide more detail on topics discussed by the report.





Connecting practitioners  
around shared development  
challenges



**PEM PAL brings together PFM practitioners in face-to-face meetings and connects them online** to help them learn from each other and create informal cross-institutional and multi-cultural networks. Such networks form a new sort of governance structure that is based on relationships and depends on active and voluntary interaction among members. While face-to-face meetings are important for creating such relationships and a sense of trust and consensus-building, the virtual discussions and online tools are used for disseminating good practices and lessons learned, and exchanging information.

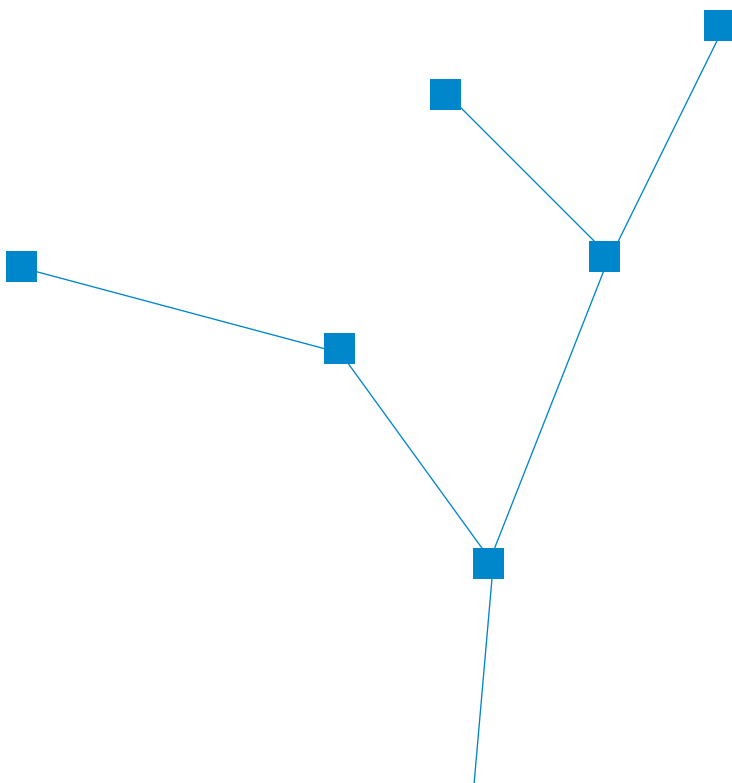
**A network's success depends on many factors.** Participation normally requires a significant amount of time that is often difficult to find in PFM practitioners' busy schedules. It also requires constant support from the PFM practitioners' home institutions. In that sense, the COPs leadership groups play an indispensable role in helping the COPs set the direction and objectives of their activities. The support teams, including the resource groups and the Secretariat, assist the COPs in putting these objectives into practice. The rules of operation and the guidelines (for events and study visits) provide a procedural framework to facilitate the processes.

**Several indicators can be used to measure how successful PEM PAL has been in connecting PFM practitioners,** such as practitioners' overall satisfaction with the events and their judgment on the relevance of the topics, and web site visits, to give a few examples.

*"Participation at PEM PAL meetings has helped me a lot to create a vision for the future, clarify my mind on issues raised continuously in my country, and take better and more careful decisions several times."*

This quote from a participant reflects the comments of many others.

Participants valued in particular PEM PAL's active **exchange of experiences and ideas**, and the professional development it brings. Often, they are faced with unclear issues in their daily work, but PEM PAL allows them to see these in a **broader perspective**. The social side of events is also considered important: making friends and meeting new people promotes **cooperation among peers** and direct exchange of experience. This is because the atmosphere is usually friendly and positive, encouraging people to talk and present their ideas.



**PEM PAL events**

January - December 2011  
(see **Appendix 1** for more detail)

In 2011, one plenary meeting for all three COPs, five individual COP meetings, one cross-COP meeting, and one seminar for the leadership groups were held in six countries (Belarus, Croatia, Kazakhstan, Moldova, Slovenia, and Switzerland), in addition to two study visits, five Steering Committee meetings and over 20 (mostly on-line) meetings of COP leadership groups. Collectively the seven meetings, seminar, and two study visits were attended by 418 participants from 21 countries. Overall, also 49 resource people and 59 speakers participated at these events.



**Communities of Practice (COPs) meetings**

**Training on training (TOT) on learning facilitation**

(January 24-25 in Zagreb, Croatia)

The workshop was intended for the COP leadership groups to learn about participatory methods for learning sessions and meetings.

**Joint COPs plenary meeting**

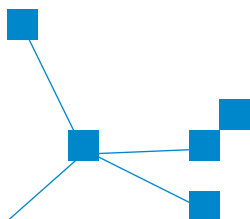
(January 26-28 in Zagreb, Croatia)

The Plenary meeting discussed managerial accountability in budget execution, focusing on two related topics: arrangements that inhibit or undermine managerial accountability, and the quality of budget formats and reporting, including how they contribute to decision-making process.

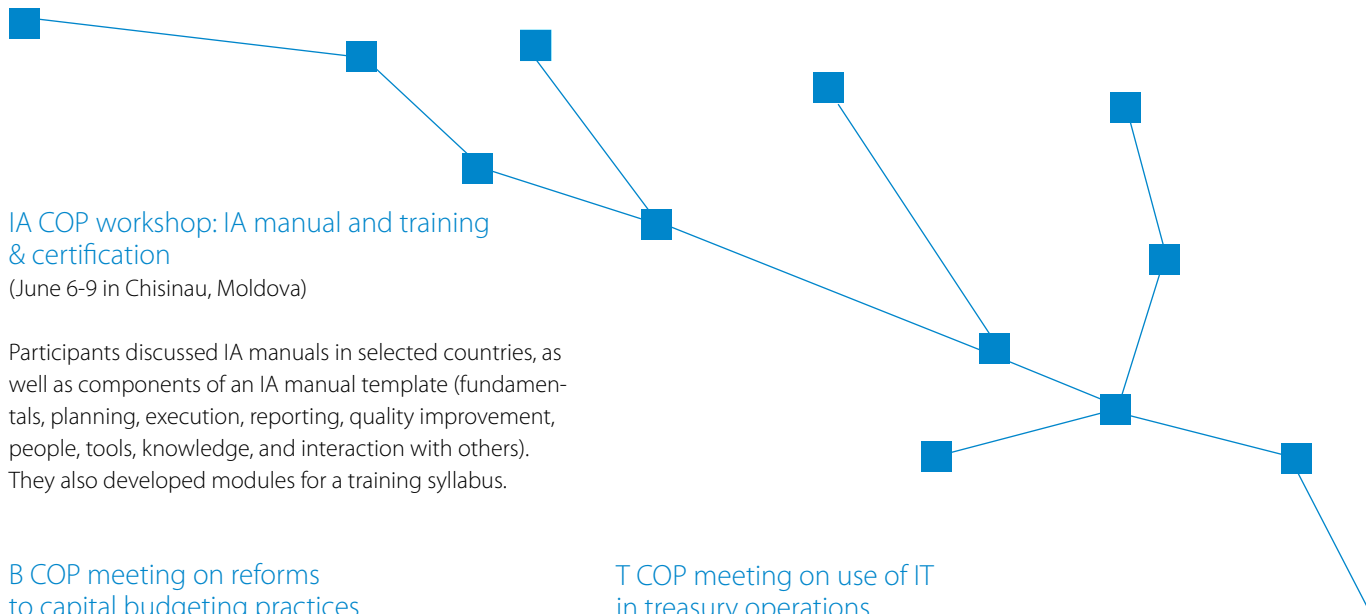
**T COP meeting on reforms in public sector accounting**

(April 18-22 in Ljubljana, Slovenia)

Participants exchanged experiences in designing and implementing public sector accounting reforms, with emphasis on public sector accounting standards and the transition from cash to accrual accounting. They also attended, and some delivered presentations at the international conference (April 20-21) organized by the Center of Excellence in Finance in partnership with the World Bank and the IMF.







### IA COP workshop: IA manual and training & certification

(June 6-9 in Chisinau, Moldova)

Participants discussed IA manuals in selected countries, as well as components of an IA manual template (fundamentals, planning, execution, reporting, quality improvement, people, tools, knowledge, and interaction with others). They also developed modules for a training syllabus.

### B COP meeting on reforms to capital budgeting practices

(June 14-17 in Minsk, Belarus)

Participants discussed how the current financial crisis has affected capital budgets. They addressed weaknesses in organization and regulation in capital budgeting processes and the roles of finance and line ministries. Key pillars of capital budgeting were identified: asset inventory, strategic planning, project identification and selection process, project budgeting, project monitoring and evaluation, dialogue with politicians, capital project filtering, and training.



### Cross-COP meeting of leadership teams of the three COPs

(July 6-8 in Bern, Switzerland)

The leadership groups of the three COPs met to discuss how to improve the network's effectiveness and sustainability, PEM PAL strategy for the period beyond 2012, the 2012-2014 COP Action Plans, and what they could learn about Swiss practices and processes in budget and internal audit.

### T COP meeting on use of IT in treasury operations

(September 27-29 in Astana, Kazakhstan)

Participants discussed challenges in the design, procurement, and implementation of financial management information systems (FMIS) and looked at practical experience in Kazakhstan, South Korea, Denmark, France, the Russian Federation, and at the World Bank. FMIS projects involve significant costs, which vary with the size of a country, the number and scope of components, and the complexity of the project design. Hence a thorough consideration of all their elements is essential before projects are designed and begun.



### IA COP plenary meeting

(October 25-29 in Ohrid, Macedonia)

The IA COP meeting focused on finalizing the IA Manual template and revisited the Training & Certification program for internal auditors. Also, views were exchanged about the division of powers between IA and inspection, as well as strengths and weaknesses in current IA annual reporting.

## Study visits

### Moldovan officials visiting their peers in Croatia

October 6-7

Ten internal auditors from various institutions in Moldova visited their peers at the Croatian Ministry of Finance to discuss organization of internal audit and steps in its institutional development.

### Uzbekistan officials visiting their peers in Slovenia

October 11-14

Ten officials of the Ministry of Finance of Uzbekistan discussed the budget processes and challenges of procurement in Slovenia. The study visit was organized together with the UNDP Office in Uzbekistan.



## PEM PAL Steering Committee meetings

The PEM PAL Steering Committee had five meetings during 2011, in January, April, July, September, and November. The main focus was on the PEM PAL Strategy for 2012-2017 and the PEM PAL Evaluation. The Steering Committee has also provided guidance on use of the COPs' budgets and recommendations on their action plans, and it monitored their implementation and PEM PAL performance indicators. Also on the agenda were cross-COP work and collaboration, the options for the External Audit COP, and the Secretariat's reports. Changes to the operational rules and guidelines were approved.

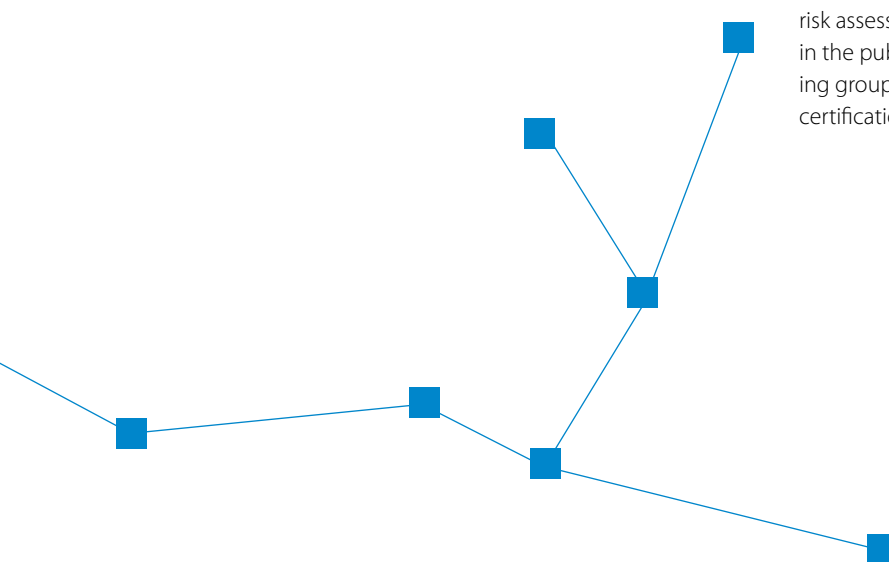
## Activities planned for early 2012

At its meeting on February 16-17 in Ljubljana, Slovenia, the Steering Committee discussed recommendations of the PEM PAL Evaluation and agreed on the elements of the final version of the PEM PAL Strategy.

On February 27-29, the T COP workshop in Tbilisi, Georgia, focused on practical issues of integrating external financing into the processes of national budget execution, accounting and reporting.

The March 27-29 B COP meeting in Bohinj, Slovenia, examined approaches to program budgeting and exchanged ideas on implementation challenges and solutions.

The IA COP meeting in Sofia, Bulgaria, on April 17-20, will consist of two back-to-back meetings. The focus of the IA Manual working group meeting on April 17-18 will be on risk assessment for strategic planning of internal auditing in the public sector. The IA Training and Certification working group on April 19-20 will focus on mentoring in the certification process.





## Strengthening leadership groups and learning objectives

### Leadership groups are essential for the COPs because they provide a strategic element to their work.

These groups consist of dedicated PFM practitioners and resource persons. Other active members, who are not necessarily members of the leadership groups, can also make an important contribution by promoting the network, contributing ideas, and sharing information.

During 2011, the COPs leadership groups met frequently, in face-to-face meetings combined with other events, and through video-conferencing by Skype and Adobe Connect. The three leadership groups met together twice in 2011 (January in Zagreb, July in Bern) to discuss upcoming activities and cross-cutting issues relevant to all three COPs.

The IA COP and the B COP in 2011 introduced changes in their operation. The IA COP established a four-tier membership: Platinum members (Executive Committee), Gold members (two to three official country representatives), Green members (other interested professionals), and Resource persons (experts). Linked to the membership structure are criteria for moving into higher levels (e.g., participation in IA COP events and activities, such as the wiki, presentations, and discussions). At its June meeting in Minsk, the B COP expanded its leadership group to include eight members from eight countries, where each is supported by peers (one or two), who are involved in all activities and replace the member in his or her absence. The engagement of some members of the B COP leadership group nevertheless proved to be a challenge, calling for reflection on the existing set-up and criteria for membership in leadership groups, in order to increase the COP's responsiveness.

Activities intensified, especially those linked to preparation of events, in part thanks to active engagement by the community facilitator who started to work with the B COP in early 2011. This contributed to better quality in B COP events (pre-event surveys, presentations of individual country cases, training material selection, involvement of several resource persons). This improvement is also being recognized by the participants.

The COPs in 2011 strengthened efforts to collect legislation (e.g., budget system laws, PIFC laws, annual budgets) and country indicators, set up glossaries of terms, and build an IA Manual template. These and other efforts are creating a rich repository of knowledge and resources.

## Importance of PEM PAL for PFM practitioners

### There are many benefits that the COPs can offer to PFM practitioners, individually and collectively, and there is a significant contribution that PFM practitioners can provide to a COP.

Participation in PEM PAL gives access to dynamic dialogues and a repository of best practices and knowledge, as well as an opportunity for collaboration. PEM PAL puts an emphasis on continuous application in practice of lessons learned, as opposed to the traditional classroom approach focusing on theoretical knowledge. In turn, as they come from different geographic areas, and cultural and professional backgrounds, PFM practitioners can bring to COP discussions a variety of perspectives and practices, as well as a sense of trust and collective commitment for change.

The post-event surveys, conducted by the World Bank for seven events, and by the Secretariat for one, looked at two groups of indicators, (i) measuring activity and interaction, such as attendance, organization of events, etc., and (ii) assessing the value of the events, such as the relevance of topics, learning from the experience of the peers, etc. The **Appendix 2** provides more details.

The findings of these surveys were the following.

**Activity and interaction.** PFM practitioners' overall satisfaction with the events was high; these have generally met or (highly) exceeded their expectations. In particular, they liked the exchange of experience with their peers, discussions, and presentations. Duration of events is considered about right, as is the time devoted to questions and free discussions. The objectives have been clearly defined; the quality of organization and administration was high as well. All or almost all participants intended to share their knowledge with their peers and felt that PEM PAL has been useful. There was, however, still scope for improvement. Participants believed that they could to a greater extent use informal contacts established with other PEM PAL members, and contribute more to the leadership groups' work and event discussions. They also suggested that more emphasis be put on practical cases closely related to specific problems, and that in general presentations should be more focused and concise.

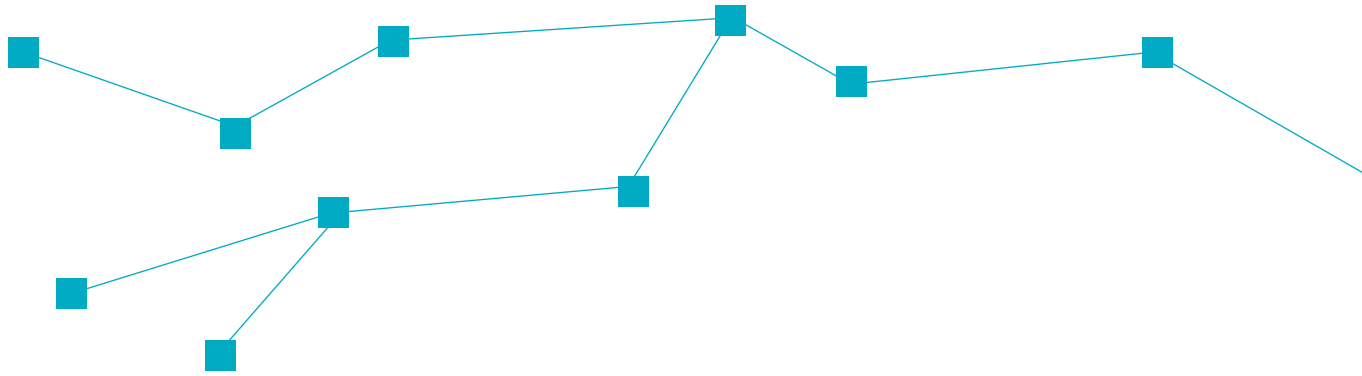
**Value of the events.** All surveys show that the PEM PAL events have contributed to improved skills and knowledge for participants. The topics discussed have been quite relevant, and applicable in daily work. The level of participants' prior experience was fairly similar, but event discussions were sometimes considered to be at too high a level.

The countries with the most participants contacted by their peers included Croatia, Ukraine, Moldova, and Montenegro.



## Sharing good practices, lessons learned and insights

The COPs have contributed significantly to knowledge sharing by applying new online tools. These tools promote collective learning by involving members from different countries drawing on practical experiences. They represent a new approach to knowledge management based on joint repositories of documents and their exchange.



## PEM PAL website and wiki

### Website

The PEM PAL website (<http://www.pempal.org/>) serves as an essential tool for information sharing for the network and its COPs. It provides an overview of past, ongoing, and future activities, and other information about PEM PAL. Since late 2011, it links to online tools such as a virtual library and glossary of PFM terms. As such, it represents an essential support to knowledge sharing, taking into account specific needs of the network.<sup>4</sup>

The Secretariat monitors PEM PAL web page visits systematically through Google Analytics, which provides a wealth of helpful information, e.g. on visits (number, duration, origin, etc.), on downloads, origin of visitors, etc.

**Appendix 3** shows PEM PAL website traffic indicators in more detail, for each year in 2009–2011, and for each quarter of 2011.

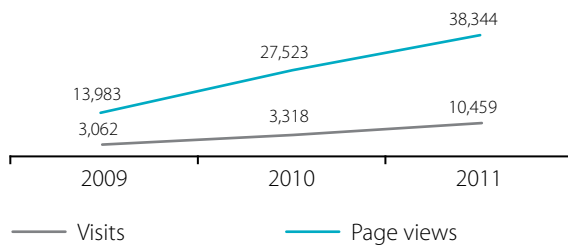
**Traffic in 2011.** The PEM PAL website recorded 10,459 visits in 2011, where 1,027 pages were viewed 38,344 times. This translates into 28.7 visits per day and 3.7 pages per

visit. Each visit lasted 3:04 minutes in average. The largest number of visitors was from Croatia, followed by Serbia, the United States, Moldova, Russia, Ukraine, and Bosnia and Herzegovina. About 44 percent of these visits came through search engines (Google), almost a third through referring sites (e.g., cef-see.org), and the rest directly to the site’s URL. The language used most by visitors was English (6,434), followed by Russian (2,305). The last quarter of 2011 recorded a significant increase of visits, especially from the United States and Russia, with visitors from Serbia and Moldova remaining among the most active and loyal.

### Steady increase of the traffic over the past three years.

The number of visits more than tripled in the 2009-2011 period, from 3,062 to 10,459. The number of page views increased in almost the same proportion, from 13,983 to 38,344. These increases could be attributed to intensified activity (e.g., Plenary in January 2011, higher number of events), more participation at the PEM PAL events, and occasional distributions of the PEM PAL newsletter and thank you letters. The composition of visitors also changed in favor of PEM PAL countries.

### PEM PAL web site traffic



<sup>4</sup> For example, an online discussion forum aimed to provide an ongoing venue for linking PFM practitioners proved not to be very popular, and was for this reason abandoned. It seemed that participants preferred informal on-line discussion tools, like wiki, or were hesitant to engage in forum discussions.



## Wiki

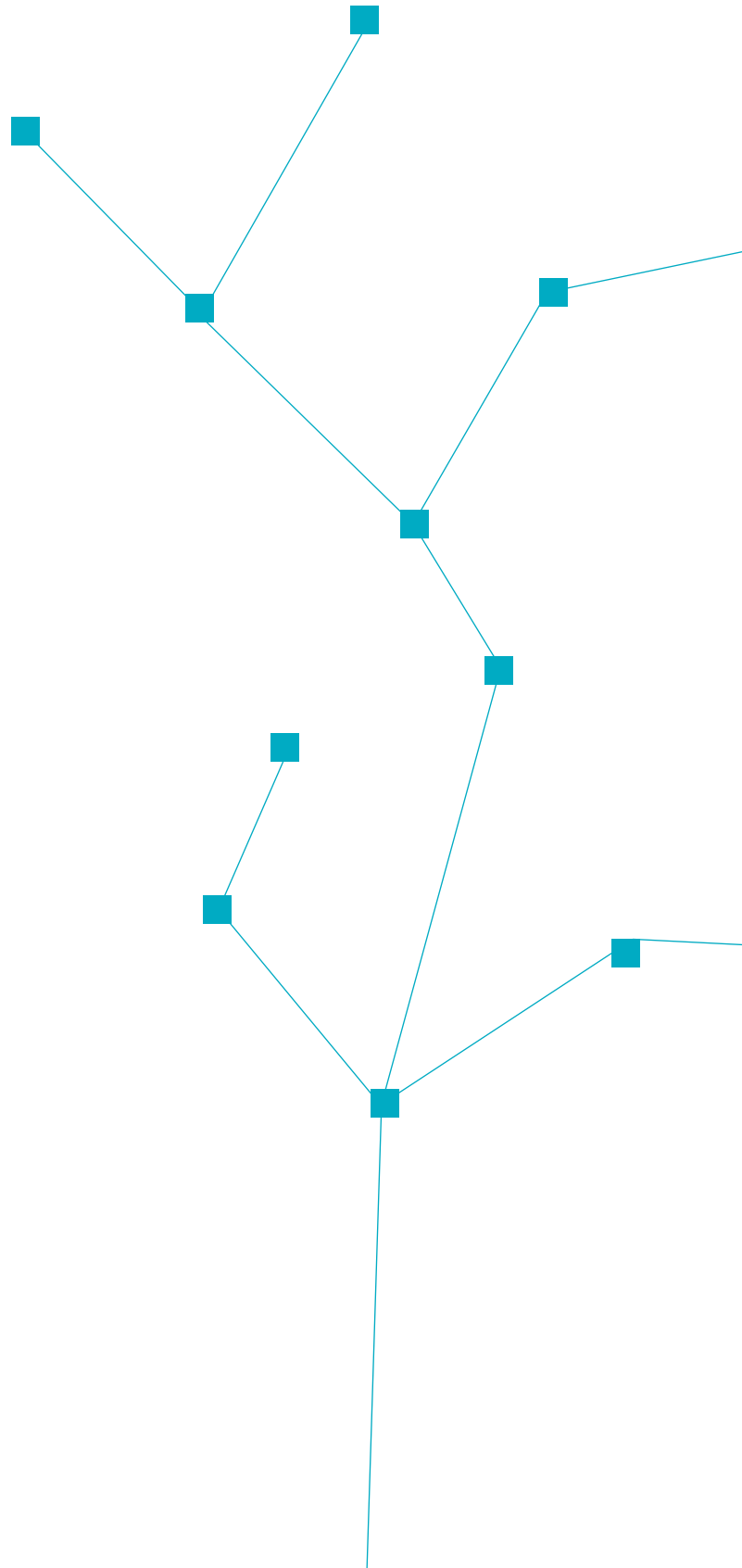
Wikis, an online tool for informal conversation and information sharing, have been gaining popularity. Open to a group of registered members, a wiki can support a discussion forum or joint drafting activities (e.g. an agenda or a summary of a meeting). It can also serve as a repository of documents (such as laws and regulations, glossary of terms, projects under development, etc.) and collective memory (documents, resolutions, photos from past events), providing useful links to literature, helpful publications, and members' contact information. It requires active engagement by one or two members to help update the structure and encourage discussions.

PEM PAL's wiki experience started with the IA COP setting up a wiki page in December 2009. Following its good example, B COP and T COP opened their own wikis in 2011.

The IA COP wiki recorded 6,071 visits in 2011, with 14,253 page views. This translates into 2.35 pages per visit. Each visit lasted 3:12 minutes in average. A third of the visits came from Croatia, 15 percent from Moldova, followed by the Kyrgyz Republic, Montenegro, the United States, and Georgia.

## PEM PAL in the news

Three articles posted on the IMF PFM blog site (on the 2011 Plenary, the T COP event in Ljubljana, and the T COP event in Astana), and four PEM PAL Newsletters distributed to members helped raise PEM PAL's visibility in 2011. Articles about PEM PAL were also published in the local press often in connection with PEM PAL events (e.g. Astana, Kazakhstan).



## PEM PAL Virtual Library

In 2011, PEM PAL took a step forward in facilitating and promoting knowledge and experience sharing by providing both access to and direct upload of PFM documents. The PEM PAL Virtual Library was developed to provide efficient and cost effective storage of laws and regulations, best practices, presentations, country cases, and other key materials. It can be accessed through the PEM PAL website ([www.pempal.org](http://www.pempal.org)). Following completion of the testing period, during which 300+ documents (400+ including translated versions) were uploaded, the library launched officially mid-February 2012.



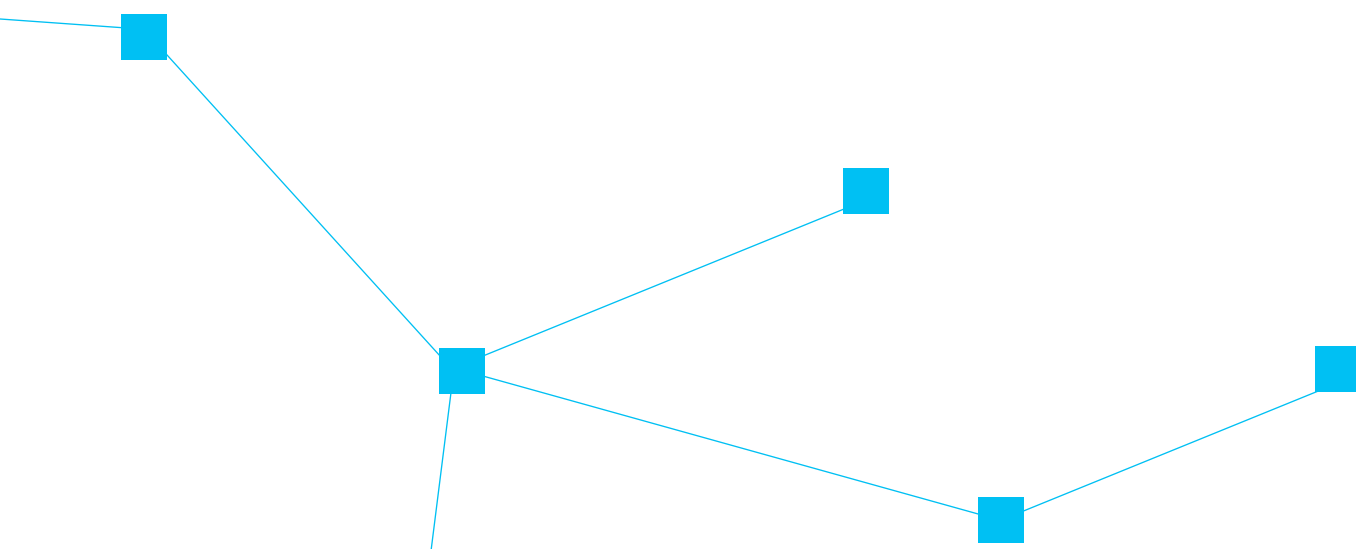
The virtual library organizes shared documents and provides easy transfer of knowledge. It is easy to use and available free of cost. Designed to be used in three PEM PAL official languages (English, Russian, Bosnian), the library allows search by PFM sub-categories, document title, year, country, and words and phrases, with some use of Google translate. It also provides guidelines for the direct upload of the documents by users, which is subject to a quality control by the Secretariat. It will allow for practically unlimited upload of the documents.

The virtual library brings many benefits to the PEM PAL community and other interested stakeholders. By making the specific country documents easily available to a wider audience, from all over the world, in a way that makes sense, it facilitates knowledge sharing that could otherwise prove complicated and much more time- and resource-consuming. The analysis of the PEM PAL website that the Secretariat undertook showed that the PFM practitioners were looking for practice-rich documents that they could use in their daily work. The possibility of a direct upload provides for a sense of collaboration and ownership. The overall costs of maintaining and administering such a library are relatively low. All this increases the network's efficiency and visibility.

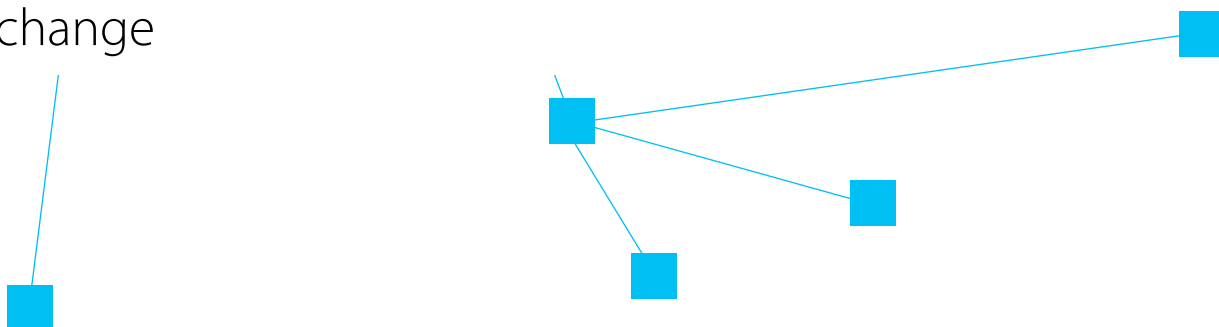
## PEM PAL Glossary of Terms

The PEM PAL Glossary of Terms ([www.pempal.org](http://www.pempal.org)) was developed by an external expert in 2011 and is available to PFM practitioners through the PEM PAL website. It is meant to help them understand and use consistently the PFM terminology, and facilitate its translation. The 136-page glossary offers definitions as well as related references for a large collection of PFM terms and concepts, such as Basis of accounting, Chart of accounts, Financial management information systems, Treasury single account, Public internal financial control, and Multi-year budget. Russian and Bosnian versions of the glossary will be available in 2012.





Helping participants improve skills and knowledge, facilitating change



Many indicators show PFM practitioners' high overall satisfaction with PEM PAL, and their belief that PEM PAL's knowledge sharing is relevant and useful. But it is difficult to evaluate the impact of PEM PAL events on PFM practitioners, the organizations where they work, and processes in their environment—in particular, whether improvements in decision-making and policy design can be attributed to participation in PEM PAL.

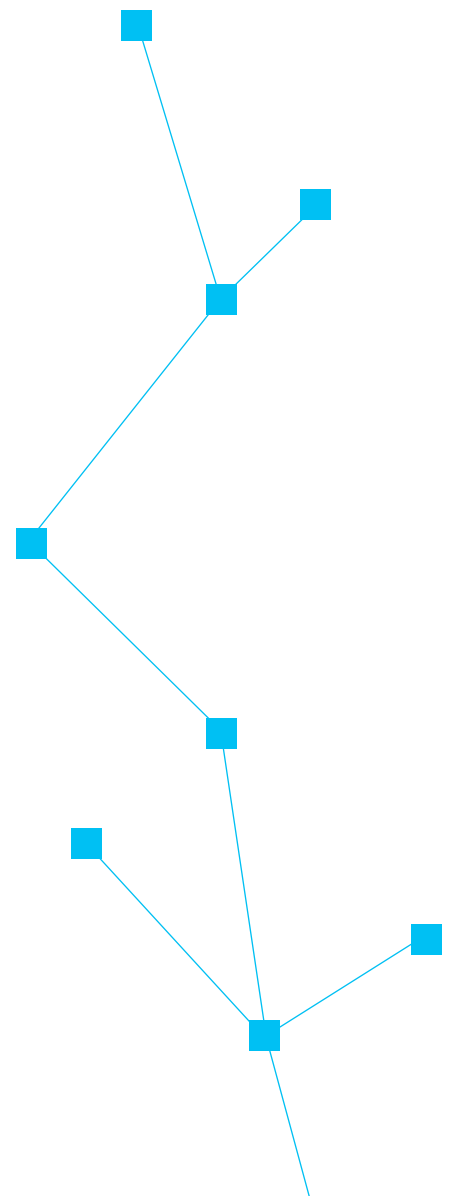
A PFM practitioner can benefit from PEM PAL in many ways: through new contacts, access to information, checking the validity of his or her solutions, better understanding of complex issues, and encouragement from peers. However, the impact on practice may vary. It can be seen, here and now, in new proposals brought to the discussion. Less obviously it can also enrich future discussions, elsewhere. But one thing is certain: the more the practitioners are active, the bigger are the benefits and opportunities through improved skills and continuous learning.

The organizations where the PFM practitioners work gain too. Ideas shared in PEM PAL's events can pave the path to new reform solutions or reframe business strategies. If applied, these ideas can make a difference. Hence backing by managerial structures is essential, because it brings these new ideas legitimacy and recognition. If the ideas also lead to improved performance, they can change perceptions for a wider range of stakeholders. The end results are innovative PFM solutions applied in practice.

Changes in processes and problem-solving approaches cannot be explained easily. Indicators tell their part of the story, which might not always be complete, precise, or accurate. They are usually based on many assumptions. Besides, there are always many factors that contribute to successes or failures. A collection of stories reflecting on personal experience with PEM PAL can add a new perspective, and provide for interesting insights and motivation.

*"Knowing that others want to learn from you is a recognition that you are doing a good job and that you are on the right track, which gives me professional and personal satisfaction."*

PEM PAL participant from Croatia



### Success Stories

In the fall of 2011, the Secretariat collected 15 stories shared by 17 PEM PAL participants, portraying their personal and collective experiences in what communities are doing and what counts as value for them, from both a personal and professional perspective. These stories will also be posted on the PEM PAL website in early 2012.

Combined with other sources, including statistical data and post-event surveys, the aim was to show the value that PEM PAL represents across constituencies, including participants and resource teams, and how successfully the network serves its purpose in supporting PFM reforms, promoting capacity development, the exchange of experiences, and joint learning in ECA countries.

Although it is clear that the participants are applying the experience they gained through PEM PAL in a number of ways, the ultimate test of the value of PEM PAL lies in its impact on performance and results.



The participants speak very highly about PEM PAL. Some describe good practices implemented in home countries, and effective solutions and quality improvements. Others focus on personal aspects and increased recognition from peers who started asking them for advice and experience. A more objective example of the difference PEM PAL is making comes from a country where it helped improve the system of training and certification for internal auditors to the stage that an international institute classified it among the examples of leading practice. But often the value of PEM PAL goes beyond improved performance and results. This is when it encourages new definitions of what constitutes a success, and the drafting of new strategies that bring better solutions and innovative approaches.

*“With time our progress became visible, and we are strongly convinced that PEM PAL is a motivation that encouraged us to promote changes.”*

PEM PAL participants from Moldova





## Main Messages of the 2011 PEM PAL Success Stories

Inside COPs a lot of useful exchange of knowledge takes place and members successfully learn from each other. Overall capacities in public expenditure and financial management are enhanced by improving the capacities of individual participants. They transfer their newly gained knowledge to higher performance at institutional levels. There is evidence that PEM PAL activities generate changes in practice, attesting to PEM PAL's relevance and its positive contribution to reforms.<sup>5</sup>

### Immediate value: Interactions and belonging

- PEM PAL meetings have become a place for making new contacts and collaborating across countries. They provide an opportunity for members to learn about what their peers are thinking, and how they are reacting to and resolving problems. Peers' experiences are helpful and facilitate their work. The personal dimension, along with PEM PAL's overall development, promotes better quality for the meetings. The feeling of belonging has developed among members, which one member describes as a "big family."

### Potential value: Knowledge capital

- PEM PAL activity can be seen as a road map. It allows members to use the right and verified steps on the way to reforms. Practical materials disseminated in the COPs help form or change the members' perspective and understanding of the topics discussed.
- The PEM PAL events present an excellent opportunity to meet colleagues from different countries and experts in the field of finance. This network of connections provides valuable potential for accessing knowledge and staying in contact in between the meetings to exchange advice, experience, and information.
- Members are also creating valuable knowledge resources. For instance, the IA COP has elaborated its own manual and program of training and certification, which provide a template for implementing similar manuals and programs in members' home countries. Members also get easy access to new and relevant documents and other sources of information.
- There is also evidence that PEM PAL has helped build up reputational capital. The IA COP, for example, helped send a strong message about the strategic importance of internal audit, which was heard by the managers and international institutions.

### Applied value: Changes in practice

- PEM PAL participants adapt and apply the knowledge gained to specific situations in their practice. Materials and documents they get from their peers serve as a template at their work and help them save time. Examples and recommendations from their peers in other countries assist the reform processes, enable improvements in internal systems and legislation, and inform discussions on pressing issues. They are shared with colleagues at home via seminars and dissemination of documentation, presentations, and other materials.

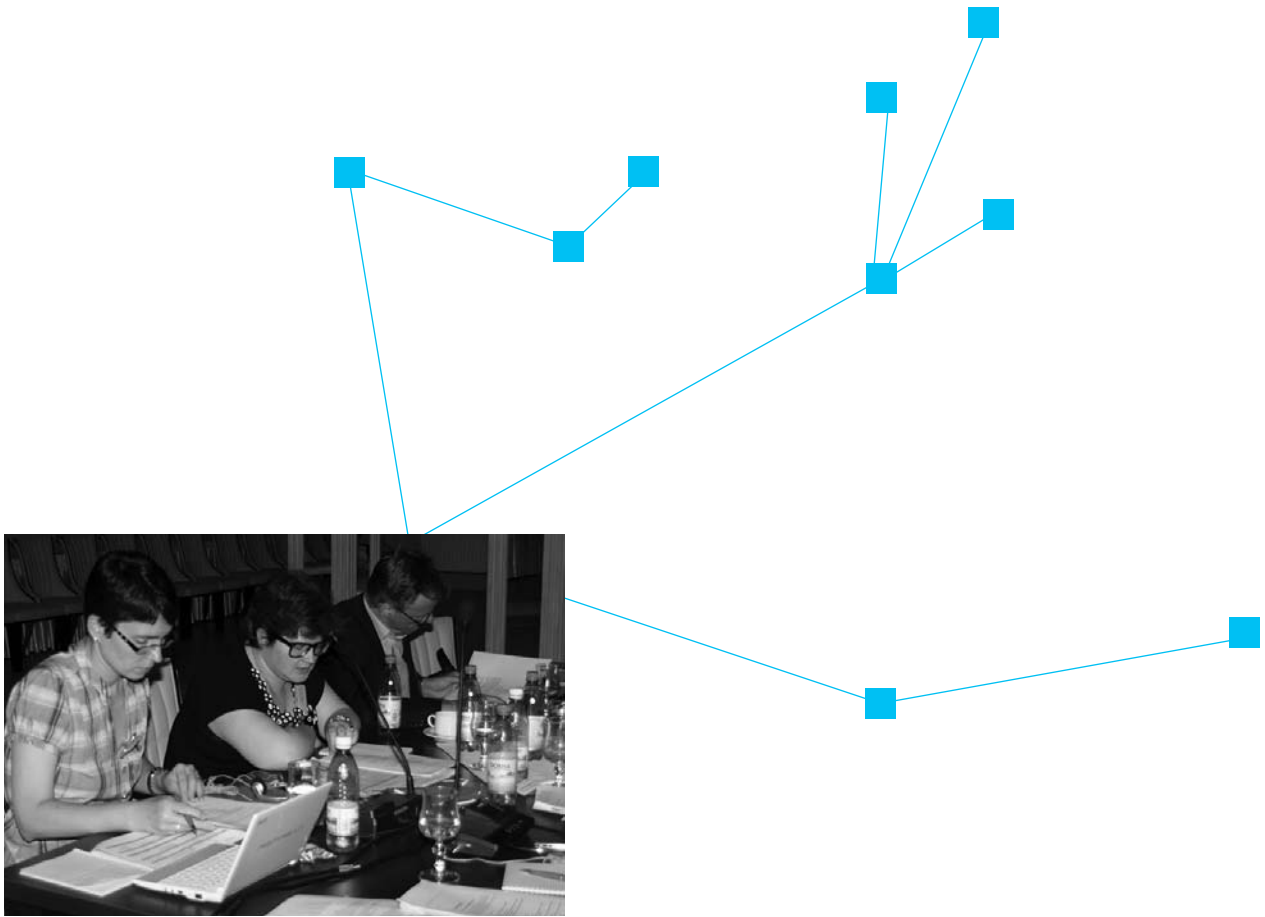
### Realized value: Performance improvement

- The participants interviewed speak very highly of PEM PAL. Some describe practices implemented in home countries, and good solutions and quality improvements. Others focus on personal aspects and increased recognition from peers.

### Reframing value: Redefining success

- New understanding cannot be easily translated to institutional change or creation of new frameworks, but there are many encouraging signs that point in this direction. Or as one PEM PAL member put it, "70 percent of all reforms consist of a change of habits, 20 percent involve a change in systems, and only 10 percent require a change of legislation."

<sup>5</sup> The concept used to evaluate the impact of PEM PAL followed the one developed by Wenger, Trayner and de Laat: *Promoting and assessing value creation in communities and networks: a conceptual framework*.



### PEM PAL Strategy for 2012–2017

Since its launch in 2006, PEM PAL has developed into an active network of some 150 public finance experts from ECA countries. A number of donors have supported its growth, enabling the network's expansion and increased visibility.

To reflect on avenues for the future, a new strategy was commissioned in early 2011 to examine the network's relevance, sustainability, and options for the next five years; look at the network's role, key strengths, opportunities, and challenges, as well as various growth scenarios and funding options, and ways to ensure funding sustainability over time; and to review the governance arrangement, and how implementation support has been organized so far and could be in the future. An extensive consultation process benefited from the valuable insights of various stakeholders, including COP members, donors, and resource groups. The recommendations of the PEM PAL 2011 Evaluation have also been included in the strategy. The comment period began in early July and continued until end-December. The Strategy is expected to be launched in March 2012.

#### The strategy makes several key suggestions.

To deliver on its mandate to contribute to innovative PFM solutions in its member countries, PEM PAL will have to take into account several factors that affect it at the input as well as output level. These include committed membership, increased ministerial engagement, good governance, a cohesive menu of products and services for member countries, implementation support, and collaboration with development partners. They are all highly relevant for peer-assisted learning, benchmarking reform progress, and sharing experience. Keeping the focus on results will also be essential, in particular at the purpose level, because it is difficult to attribute the improvements in PFM systems directly to PEM PAL.

Assuming no growth in the network, the strategy estimates the cost of PEM PAL to be approximately USD 2 million a year or USD 10 million over the five-year period of 2012–2017.

## PEM PAL 2011 Evaluation

In April 2011, the PEM PAL Steering Committee commissioned a second evaluation of the PEM PAL network to examine its governance, ownership, and funding options, as well as the effectiveness of the Secretariat, the Steering Committee, and the network as such; and to look at the scope and forms of learning that have taken place. Like the first evaluation, which was completed in early 2009, the second evaluation was conducted by Mokoro Ltd., to provide for comparability and consistency in the evaluation methodology. The final evaluation report was delivered in mid-January 2012.

The evaluation sets out several important findings. The network has expanded, attracted more financial resources, and deepened its functionality. It represents a unique forum for learning about other countries' practical experience, and this aspect is very valued by the participants and senior management and political leadership in the member countries. Its wealth of information provides for helpful benchmarking of reform processes. Significant value is also generated at the level of individual learning, which may or may not translate into changes in country PFM systems

in the short term, although it contributes to better PFM systems in the long run. PEM PAL's diversity is also very much valued; therefore the risk of fragmentation, in light of language barriers and cultural differences, should be addressed. The issue of adequate funding beyond June 2012 could be a concern and should be addressed too.

The evaluation includes several recommendations. One is that the PEM PAL should develop a vision and a set of performance indicators to be shared by all key stakeholders, also to enable the donors to decide on the nature of their long-term engagement with the network. Backed by positive feedback from the participants and senior officials in the member countries, PEM PAL should develop into a ministry-to-ministry network. The focus should be more on building professional competency of individuals who participate in PEM PAL, and less on general results in PFM systems, to stress the contribution of these individuals to the reform process. Also, the technical support function should be resourced to respond to the growing demand, and more resources should be used for creating PEM PAL-branded knowledge products. Finally, the modality of the Secretariat function should be revisited given the growth in network activity.

### Summary of objectives drawn from the 2011 Evaluation to guide the PEM PAL Strategy 2012–2017

#### 1. To have an internalized, agreed vision which is translated into action plans addressing priority PFM reform areas

- Action 1: Develop an internalized agreed vision
- Action 2: Implement two-year rolling expenditure plans
- Action 3: Identify cross-COP synergies

#### 2. To ensure quality resources and services are available to members

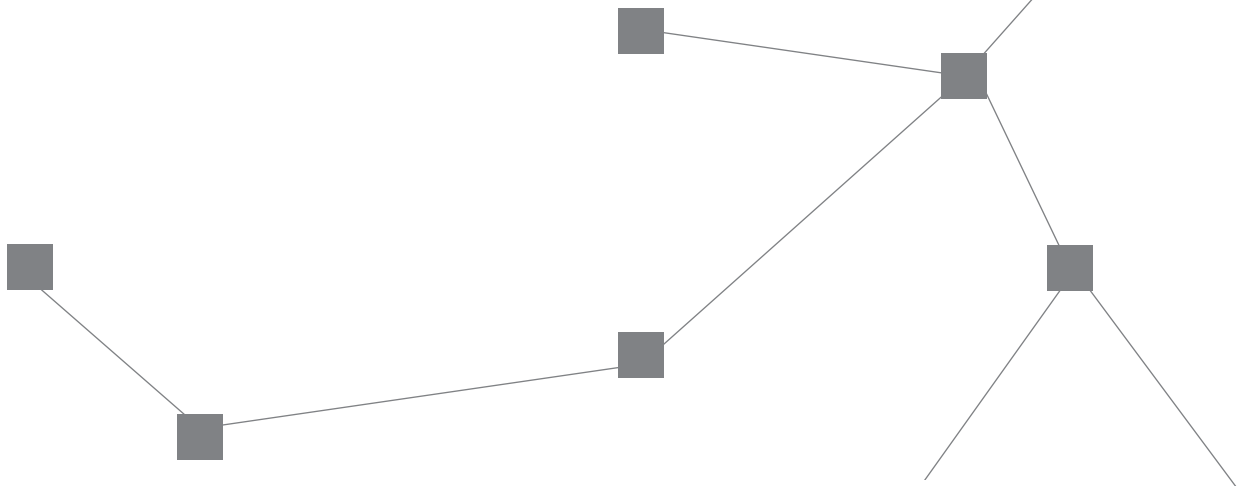
- Action 4: Change the modality for the Secretariat
- Action 5: Develop knowledge/resource products
- Action 6: Provide for funding for thematic experts and for COP resource teams
- Action 7: Differentiate services without fragmenting network
- Action 8: Articulate a clearer assignment of roles and responsibilities
- Action 9: Facilitate access to PFM institutes
- Action 10: Pursue and monitor technology solutions

#### 3. To improve membership quality and sustainability

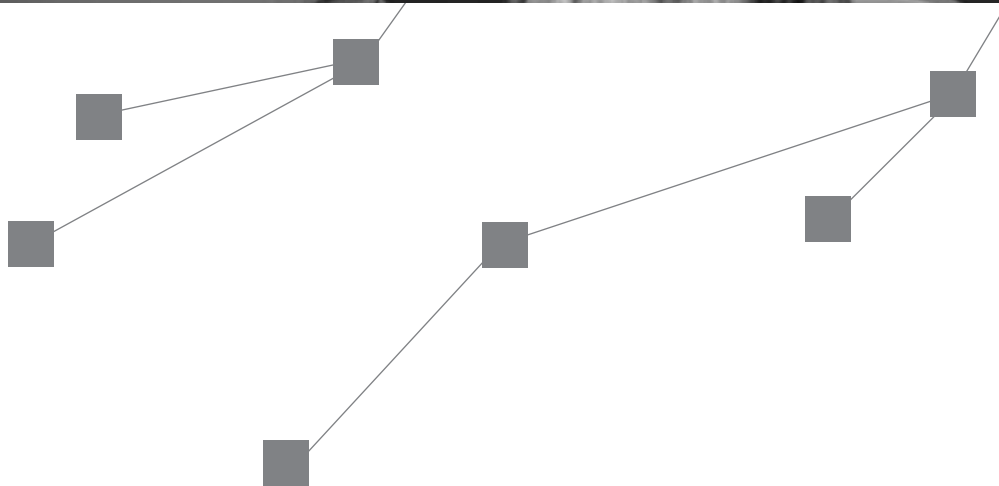
- Action 11: Investigate membership strategies
- Action 12: Pursue co-financing and in-kind contributions
- Action 13: Implement targeted marketing of PEM PAL

#### 4. To engage the higher political level

- Action 14: Establish a cohesive menu of products and services
- Action 15: Investigate feasibility of ministry-to-ministry network
- Action 16: Revise approach to marketing strategy aimed at Minister, Deputy Minister level



# Financial indicators



### General budget situation for the current funding period from July 2010 to June 2012.

In total, USD 3.9 million has been made available for PEM PAL activities in the period from July 2010 to June 2012 from the World Bank's Development Grant Facility (DGF; USD 0.175 million) and the World Bank administered Multi-Donor Trust Fund (MDTF; USD 3.75 million). In 2010-2011, the MDTF received planned contributions from State Secretariat of Economic Affairs, Switzerland (SECO) (USD 0.76 million) and the Russian Ministry of Finance (MoF) (USD 1.9 million). The Russian MoF contributed an additional USD 0.95 million effective end-December 2011, allowing for continued implementation of previously planned activities.

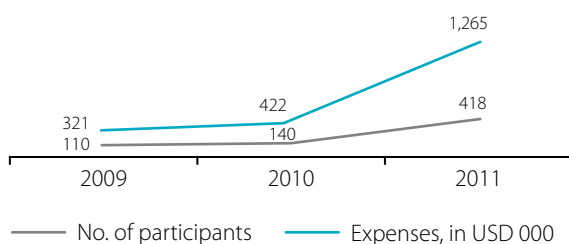
The World Bank and other partners, including OECD/SIGMA, IMF, and GIZ, a German development agency, provided valuable in-kind support. OECD/SIGMA estimates it at USD 50 thousand in 2011.

### Total immediate expenses of PEM PAL activities.

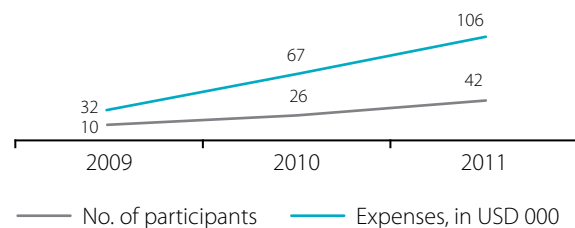
Expenses in 2011 amounted to USD 1.3 million, including immediate travel, accommodation, translations/moderation cost, and support of the Secretariat.

This represents a considerable increase compared to previous years, when expenses amounted to USD 0.422 million in 2010, USD 0.321 in 2009, and USD 0.269 million in 2008. This increase is commensurate with the rise in participation. In 2011, 418 practitioners attended PEM PAL events, compared to 178 in 2010, 160 in 2009, and 110 in 2008.

### Participation and total immediate expenses



### Average participation and total immediate expenses per event



Total implementation cost per event (excluding study visits and plenary meetings) increased from USD 32,000 in 2009 to USD 67,000 in 2010, and to USD 106,000 in 2011, mainly due to increased participation, but also for other reasons, such as higher accommodation costs in certain locations. On average, 42 practitioners attended PEM PAL events in 2011, 26 in 2010, and 16 in 2009.

Average attendance cost per participant increased in 2011 to USD 3,000 up from USD 2,600 in 2010, and USD 2,000 in 2009. If only travel and accommodation costs are included, however, the average 2011 cost per participant was lower, USD 2,000.

**Structure of expenses.** Within the total USD 1.3 million envelope, the PEM PAL Plenary meeting in Zagreb represents the biggest item, at USD 312,000. Costs for accommodation and food account for a third of event expenses (USD 423,000), while in 2009, by comparison, those costs still represented a quarter of total event expenses. Next to travel (USD 363,000 or 29 percent), translation/moderation costs are also significant (USD 173,000 or 14 percent). The Secretariat costs amounted to USD 196,000 or 15 percent, down from 18 percent in 2010 and 24 percent in 2009.

**Table 1: PEM PAL Financing and immediate costs of activities, 2008 to 2011**

Amounts in 000 USD and in percent, as indicated.

	2008		2009		2010		2011		Total	
	000 USD	%	000 USD	%	000 USD	%	000 USD	%	000 USD	%
<b>1. Financial contribution to PEM PAL activities</b>										
1.1. WB: DGF	214		263		286				763	34
1.1.1. WB DGF 2008 (300)	214		74						288	
1.1.2. WB: DGF 2009 (300)			189		111				300	
1.1.3. WB: DGF 2010 (175)					175				175	
1.2. WB bdg, est, Plenary 2008	55								55	2
1.3. WB admin. Multi-Donor Trust Fund (MDTF)					54		1.265		1.319	58
1.4. InWent			58		81				139	6
1.5. OECD/SIGMA					1				1	0
<b>Total 1 (=1.1+1.2+...+1.5.)</b>	269		321		422		1.265		2.277	100
<b>2. PEM PAL expenses by beneficiaries</b>										
2.1. B COP			31	10	51	12	189	15	271	12
2.2. IA COP			137	43	163	39	157	12	457	20
2.3. T COP			74	23	102	24	251	20	427	19
2.4. Cross COP	1	0	2	1	32	8	102	8	136	6
2.5. Plenary	188	70					312	25	500	22
2.6. Virtual Library, Success Stories, Translation							58	5	58	3
2.7. Secretariat	80	30	77	24	75	18	196	15	428	19
<b>Total 2 (=2.1.+2.2.+...+2.7.)</b>	269	100	321	100	423	100	1.265	100	2.278	100
<b>3. PEM PAL expenses by purpose</b>										
3.1. Accommodation & food	55	20	81	25	117	28	423	33	676	30
3.2. Travel	103	38	115	36	129	31	363	29	710	31
3.3. Translation	24	9	42	13	92	22	173	14	331	15
3.4. Other	8	3	5	2	9	2	52	4	74	3
3.5. Virtual Library, Success Stories, Translation							58	5	58	3
3.6. Secretariat	80	30	77	24	75	18	196	15	428	19
<b>Total 3 (=3.1.+3.2.+...+3.6.)</b>	270	100	320	100	422	100	1.265	100	2.277	100

Notes: Items 2.7. and 3.6., for 2011, do not include the Secretariat staff travel and accommodation cost. This cost is part of the event expenses (Items: 2.1. to 2.5., and 3.1. to 3.4. for 2011). Item 1.2., for 2008: Secretariat estimate. Item 2.7. and 3.6., for 2011: Secretariat cost include expenses for services (EUR 9,200/mth) plus technical support (avg. EUR 2,375 /mth).

Source: PEM PAL Secretariat

**Table 2: Structure of immediate actual expenses for PEM PAL events**

Excluded other expenses and Secretariat services

In USD and EUR, as indicated.

Exch.  
rate

	Transport		Accommodation		Transl/Moderation		Other		Total		USD/EUR
	EUR	USD	EUR	USD	EUR	USD	EUR	USD	EUR	USD	
TOT ws, Croatia; Jan					6.193	8.741			6.193	8.741	1.4115
PEM PAL Plenary, Croatia; Jan	74.393	105.006	97.146	137.122	33.271	46.962	16.483	23.266	221.293	312.355	1.4115
TCOP, Slovenia; Apr	28.647	40.894	32.553	46.469	10.671	15.233	2.163	3.088	74.034	105.684	1.4275
IA COP, Moldova; June	12.254	17.496	15.266	21.797	4.513	6.444	535	764	32.568	46.501	1.4278
B COP, Belarus; June	26.237	37.773	49.653	71.485	19.898	28.647	11.332	16.315	107.120	154.221	1.4397
Cross-COP, Switzerland; July	18.265	26.285	24.735	35.596	19.934	28.687	1.798	2.588	64.732	93.156	1.4391
T COP Kazakhstan; Sep	46.293	67.125	47.341	68.644	4.873	7.066	1.710	2.480	100.217	145.315	1.4500
IA COP Moldova/Croatia; Oct	4.724	6.346	4.932	6.625	490	658	360	484	10.506	14.113	1.3434
B COP Uzbekistan/Slovenia; Oct	10.076	13.912	6.626	9.148	7.860	10.852	894	1.234	25.456	35.147	1.3807
IA COP Plenary, Macedonia; Oct	34.192	48.416	18.602	26.341	13.785	19.519	1.530	2.167	68.110	96.443	1.4160
<b>Total</b>	<b>255.081</b>	<b>363.253</b>	<b>296.854</b>	<b>423.228</b>	<b>121.487</b>	<b>172.809</b>	<b>36.805</b>	<b>52.384</b>	<b>710.228</b>	<b>1.011.675</b>	<b>1.4147</b>

Source: PEM PAL Secretariat

**Table 3: Structure of expenses for events only: by COPs; and expenses per participant per event and per day**

In USD, number of participants, in percent, as indicated.

	Total expenses		Participation					Expenses/COP memb, excl.transl.*		Cost drivers
	USD	In %	COP mbr		Resource team	Speakers	No of countries	Event	Day	
			#	%						
	A	B	C	D	E	F	G	H	I	
<b>1.B COP</b>	<b>189.368</b>	<b>19</b>	<b>64</b>	<b>15</b>	<b>7</b>	<b>12</b>		<b>2.342</b>	<b>655</b>	
1.1. B COP, Belarus; June	154.221		54		6	6	19	2.325	664	A
1.2. SV Uzbekistan/Slovenia; Oct	35.147		10		1	6	1	2.429	607	
<b>2. IA COP</b>	<b>157.057</b>	<b>16</b>	<b>86</b>	<b>21</b>	<b>9</b>			<b>1.517</b>	<b>450</b>	
2.1. IA COP, Moldova; June	46.501		24		5		10	1.669	417	B
2.2. SV Moldova/Croatia; Oct	14.113		10				1	1.345	673	
2.3. Plenary, Macedonia; Oct	96.443		52		4		20	1.479	423	
<b>3. T COP</b>	<b>250.998</b>	<b>25</b>	<b>102</b>	<b>24</b>	<b>12</b>	<b>21</b>		<b>2.242</b>	<b>584</b>	
3.1. TCOP, Slovenia; Apr	105.684		41		6	3	15	2.206	490	
3.2. T COP Kazakhstan; Sep	145.315		61		6	18	20	2.266	648	C
<b>4. Cross COP**</b>	<b>414.252</b>	<b>41</b>	<b>166</b>	<b>40</b>	<b>21</b>	<b>26</b>		<b>2.128</b>	<b>608</b>	
4.1. TOT ws, Croatia; Jan	8.741		11		4	1	5	460	230	D
4.2. Plenary, Croatia; Jan	312.355		133		8	18	21	1.995	570	E
4.3. Cross-COP, Switzerl.; Jul	93.156		22		9	7	17	2.930	837	F
<b>5. Total (=1+2+3+4)</b>	<b>1.011.675</b>	<b>100</b>	<b>418</b>	<b>100</b>	<b>49</b>	<b>59</b>	<b>Wgh. avrg</b>	<b>2.061</b>	<b>576</b>	

Note: \* Per participant expenses (per event and per day) relate to transport, accommodation and other expenses only, and do not include translation/moderation expenses. Plenary includes TOT ws accommodation expenses. Weighted averages apply for individual COP and Cross COP, as well as total expenses (see columns H and I above). TOT ws excluded from calculations. Cost drivers explained: **A:** Accommodation and travel. **B:** Back to back two workshops. **C:** Accommodation and travel. **D:** Moderation expenses only. **E:** Accommodation includes TOT ws. **F:** Travel, accommodation and translation.

Source: PEM PAL Secretariat.

## Appendix 1: Activities in 2011

	BCOP	IACOP	TCOP	CROSS COP	SC	TOTAL
JAN				Managerial accountability; Croatia TOT ws; Croatia	F-t-F; Croatia	
FEB						
MAR						
APR			Public accounting reform; Slovenia		VC	
MAY						
JUN	Capital budgeting; Belarus	IA Manual and T&C; Moldova				
JUL				PEM PAL Strategy; Switzerland	F-t-F; Switzerland	
AUG						
SEP			IT solutions in Treasury; Kazakhstan		VC	
OCT	Budget processes & procurement; SV Uzbekistan to Slovenia	IA organization; SV Moldova to Croatia IA Manual and T&C; Macedonia				
NOV					VC	
DEC						
E	1	2	2	3		8
SV	1	1				2
SC					5	5

Note: **E**: event; **SV**: study visit; **SC**: Steering Committee meeting; **VC**: Video Conference; **F-t-F**: Face to face meeting.



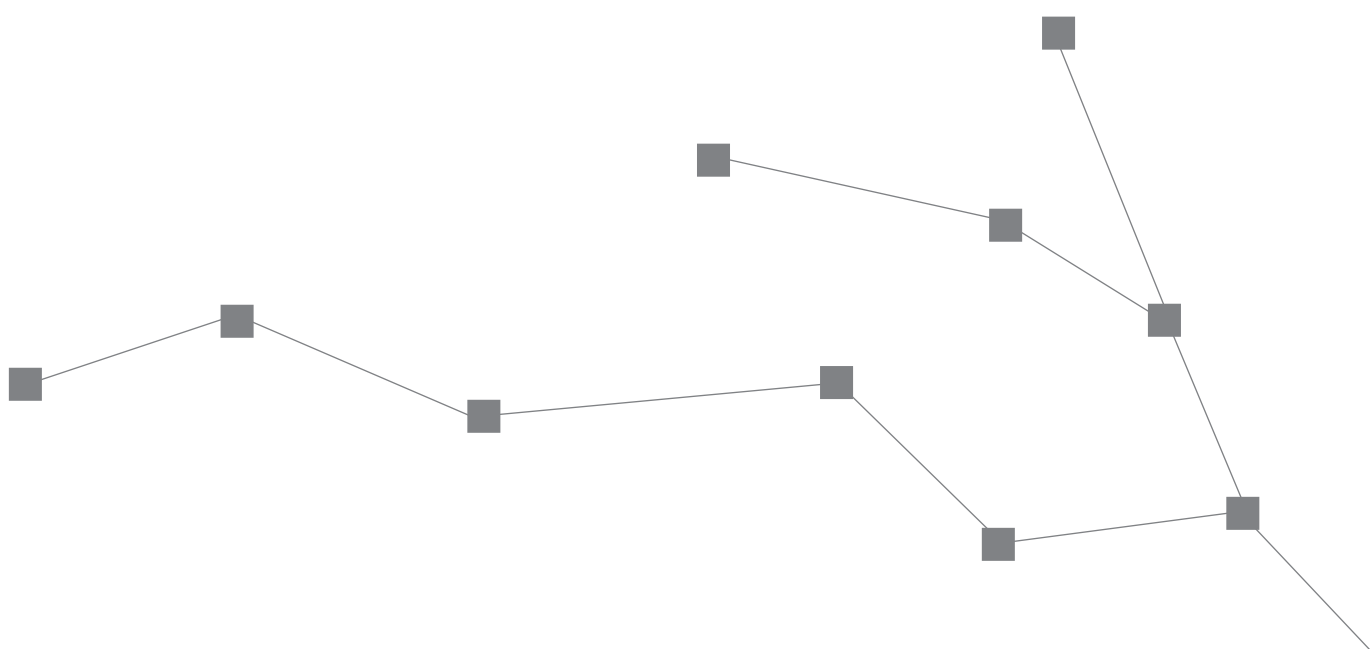
Event 1: ToT on Learning Facilitation for the COP leadership groups (ITC ILO)	B COP	IA COP	T COP
<b>Date / Venue:</b> January 24-25, 2011, Zagreb, Croatia	X	X	X

### 1. Objectives:

Help trainers and facilitators to effectively use creativity and participatory methods in their learning sessions and meetings. Specifically, how to: (i) Establish communicative comfort; (ii) Apply innovative facilitation techniques; (iii) Use social software to enhance learning within their sessions; (iv) Be creative in proposing ad-hoc learning ideas; (v) Apply learning monitoring and assessment techniques.

### 2. Topics discussed:

- (i) Building good working relationships in face-to-face learning. Setting the initial working relationship: how to establish a good learning climate. Individual and group induction activities.
- (ii) Facilitating learning in a face-to-face course. Managing the learning environment. Facilitating learning: what does it mean? Participatory and innovative training methods for individual and group learning. Being creative: continuously adapting and innovating to ensure appropriate learning.
- (iii) Monitoring the learning process in face-to-face learning. Monitoring individual and group learning processes. Methods for formative assessment. Providing feedback and orientation.



Event 2: 2011 PEM PAL Plenary meeting	B COP	IA COP	T COP
Date / Venue: January 26-28, 2011, Zagreb, Croatia	X	X	X

**1. Objectives:**

- (i) Raising awareness of the need to improve the quality of management and managerial accountability, the consequent capacity building requirements, and the ideal sequencing of reforms.
- (ii) Examining inter-linkages in budgeting, treasury, and financial management in the budget execution process to steer the budget formulation and execution process in an orderly and integrated way, and with internal audit to ensure that arrangements for risk management and the systems of internal financial control are robust.
- (iii) Assessing and disseminating good practice with ideas on how to increase political commitment and public support for PFM reforms at all levels.
- (iv) Identifying gaps in training and, where appropriate, the need for certification using the experience of some other countries; and, providing practical guidance for setting up regional training schemes.

**2. Topics discussed:**

Managerial accountability in budget execution. Two topics related to this theme were discussed:

- (i) Arrangements which inhibit or undermine managerial accountability.
- (ii) The quality of budget formats and reporting, and how they contribute to decision-making.

**3. Conclusions:**

- (i) Reforms in PFM will only work if there is managerial accountability. Organizational structure should be aligned to program structure to facilitate monitoring of expenditures against the programs in program budgeting.
- (ii) Managerial accountability requires a clear assignment and delegation of tasks, responsibilities and authority to managers of spending units. For this, the following is needed: appropriate legislation; authority and flexibility for managers to make resource decisions, with, however, key control points on spending; budget rules not limiting managerial accountability; performance information developed and reporting formats and templates to lead to higher quality decisions.
- (iii) IA function should be introduced in countries where it does not yet exist, with financial inspection keeping an important, but different role.
- (iv) Budget planning, execution and monitoring processes, timeframes, and responsibilities should be clearly identified and documented.
- (v) There should be an appropriate follow-up of IA recommendations.
- (vi) PFM reforms should be appropriately sequenced and designed for the country's context and its existing capacities, and be supported by accompanying managerial reforms and improvements in (i) targeted training, (ii) competency standards, and (iii) strategies to attract and retain managers and PFM specialists in MoFs, line ministries, and local governments.

Future actions for PEM PAL. Prepare/secure:

- a. Comprehensive glossary of translated PFM terminology to be posted on the PEM PAL website.
- b. International examples and case studies in (i) program budgeting and (ii) managerial accountability.
- c. Continued assistance through providing common frameworks, standards, and clear definitions of roles and responsibilities in PFM.
- d. Summary of progress made in PFM reforms over the course of the past five years of PEM PAL, using PEFA, PIFC and other data sources.

Event 3: Steering Committee meeting	SC
<b>Date / Venue:</b> January 26, 2011, Zagreb, Croatia	X
<b>1. Topics discussed:</b>	
(i) Appointed new Chair of the Steering Committee Salome Steib from SECO for another one-year term.	
(ii) Membership of the Steering Committee: Joop Vrolijk, new member from OECD SIGMA; DFID withdrew from the SC; GIZ (InWent, GTZ) will continue to be SC members.	
(iii) B COP updated budget and action plan approved.	
(iv) ToR for the evaluation: the same person/company will be approached as in the past to ensure quality and consistency.	
(v) Miscellaneous: a joint leadership meeting to increase cross-COP relations will be held in Switzerland in June/July, and will be combined with a SC meeting.	
<b>2. Conclusions:</b>	
To be discussed in the next SC meetings: 4th COP (External Audit); Community Facilitator performance plan; Virtual Library; TOR evaluation; Secretariat reports.	

Event 4: Steering Committee meeting	SC
<b>Date / Venue:</b> April 5, 2011 / Adobe Connect	X
<b>1. Topics discussed:</b>	
(i) PEM PAL Secretariat Report for 2010	
(ii) PEM PAL Quarterly Report for Q1 2011 and 2011 Plenary report	
(iii) PEM PAL Evaluation: Draft TOR for the second evaluation of the PEM PAL program	
(iv) Zagreb evaluation survey	
(v) External Audit COP	
(vi) Cross COP Executive Committee and Steering Committee meetings; July 6-8, 2011, Bern, Switzerland	
<b>2. Conclusions:</b>	
SC approved the PEM PAL Secretariat reports for 2010 and for Q1 of 2011. The SC also discussed the draft TOR for the second PEM PAL Evaluation (by Mokoro). On the Zagreb evaluation survey, the SC made several recommendations and stressed the following. Reporting by PEM PAL participants to their peers in their home institutions/countries should become a regular practice. Participants' role in defining questions and agendas should be increased. Thorough preparation and planning of the events pay off. Zagreb survey results should be posted on the PEM PAL web page, although without the comments as they reflect individual views. Success stories should be posted on the PEM PAL webpage. Thank you letters to ministers with the communiqué attached to them help spread the outcomes of the PEM PAL meetings. The SC elaborated on the options to establish an additional COP (External Audit). Also discussed: the objectives of the Cross-COP Executive Committee and SC meetings to be held in early July 2011 in Bern, Switzerland.	

Event 5: 2011 PEM PAL Treasury Community of Practice meeting	T COP
<b>Date / Venue:</b> April 18-22, 2011, Ljubljana, Slovenia	X
<b>1. Objectives:</b>	
To offer an opportunity to the TCOP members to exchange experiences in designing and implementing public sector accounting reforms, in particular public sector accounting standards.	
<b>2. Topics discussed:</b>	
(i) Pros and cons of transition to accrual accounting in the public sector	
(ii) Issues to be considered when designing national public sector accounting standards	
(iii) Pros and cons of direct adoption of IPSAS versus development of the national standards	
(iv) Sequencing the implementation of IPSAS-based standards	

<b>Event 6: Internal Audit (IA) Manual workshop and a Training and Certification (T&amp;C) workshop</b>	<b>IA COP</b>
<b>Date / Venue:</b> June 6-7 (IA Manual) and June 8-9, 2011 (T&C), Chisinau, Moldova	X

### 1. Objectives and topics discussed:

#### 1.1. The IA Manual workshop:

To develop a deeper understanding of current IA manuals in the public sectors from PEM PAL and EU countries and to deliver the first draft of the IA Manual template prepared by members and discussed with SIGMA experts and members from EU countries. The experts presenting at the workshops were from Hungary, Bulgaria, and OECD SIGMA.

#### 1.2. The T&C workshop:

To make connection between the Body of Knowledge (BoK) and T&C and to place BoK in the T&C system for internal auditors. The workshop focused on the development and first draft of the Training syllabus template for operational internal auditors in the public sector that should be based on BoK. During the workshop, experts from four countries (Moldova, Hungary, Croatia, and Bulgaria) presented their case studies of the T&C program and shared difficulties that they faced.

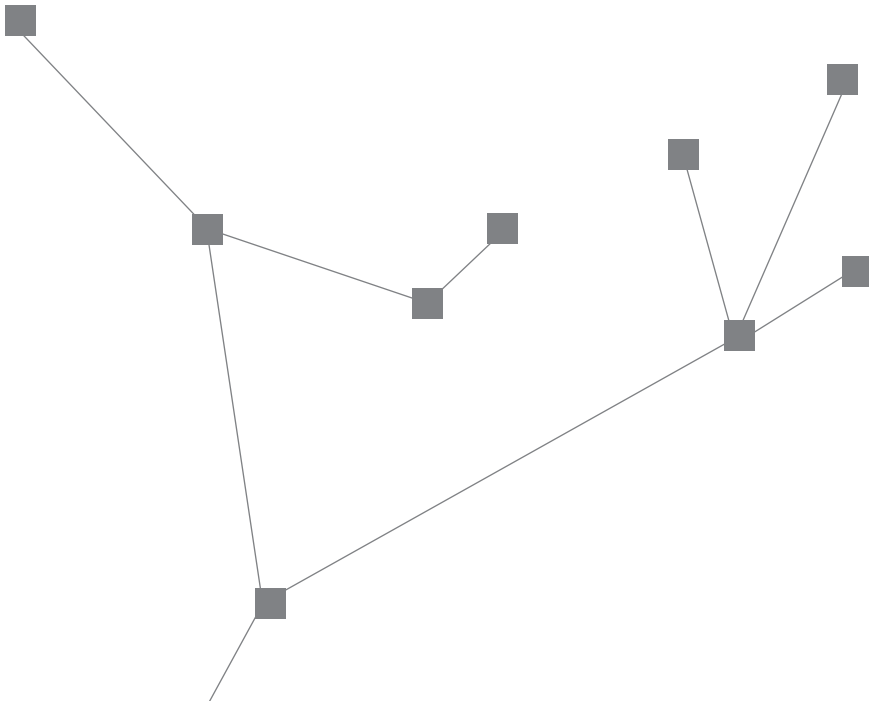
<b>Event 7: Reforms to Capital Budgeting Practices</b>	<b>B COP</b>
<b>Date / Venue:</b> June 14-17, 2011, Minsk, Belarus	X

### 1. Objectives:

- (i) Review capital budgeting practices in PEM PAL member countries and discuss options on how to improve them.
- (ii) Identify key benchmarks for effective capital budget planning, prioritization, and implementation.
- (iii) Discuss obstacles in capital budgeting reforms and potential options to remove them.
- (iv) Disseminate information on good practices and participate in discussions on how to apply those practices within PEM PAL member countries.

### 2. Topics discussed:

The current financial crisis has seriously affected capital budgets in many PEM PAL countries. Many weaknesses in organization and regulation contribute to inefficient solutions in capital budgeting processes. The roles of finance and line ministries are now being more clearly defined. There is no one-size-fits-all approach to strategic planning in capital budgeting. Key pillars of every capital budgeting process are the following: asset inventory, strategic planning, project identification and selection process, project budgeting, project monitoring and evaluation, dialogue with politicians, capital project filtering, and training. Each of these pillars was discussed in detail. A report on the discussion is available on the PEM PAL web site.



Event 8: Cross – COP meeting	B COP	IA COP	T COP
<b>Date / Venue:</b> July 6 -8, 2011, Bern, Switzerland	X	X	X
<b>1. Objectives:</b>			
(i) To bring PEM PAL's leadership groups together as part of a consultation to prepare the PEM PAL strategy for 2012-2017. This strategy will aim to improve the network's effectiveness and sustainability.			
(ii) Develop and discuss medium-term strategies to improve the effectiveness and sustainability of the PEM PAL network.			
(iii) Identify and share good communication and management practices within and between COPs and develop strategies to address any challenges and problems.			
(iv) Learn about Swiss practices and processes in budget and internal audit.			
<b>2. Topics discussed:</b>			
(i) Improving the network's effectiveness and sustainability. Participants shared views on what makes a sustainable and effective network to identify PEM PAL's strong and weak points, and avenues for the future. They also discussed how to establish a sense of ownership and committed membership, and strengthen the network's visibility, performance measurement, and sustainability.			
(ii) Developing the PEM PAL Strategy. The main objective of the Strategy will be to examine PEM PAL's relevance, sustainability, and options for the next five years. These options will also be presented to the donors. The strategy is set to be finalized by the end of 2011 and released in early 2012, with internal consultations on its template starting in early August 2011, and continuing in the fall.			
(iii) Swiss Government study visit. Presentations and discussions addressed the question of how budget and internal audit functions can be delivered in a decentralized environment. Switzerland is quite decentralized. Cantons, which differ considerably by their size and population, have a very large fiscal autonomy, and are very independent from the federal level. Fiscal rule is playing an important role in keeping the budgets in check. This is essential, as the public finance responsibilities and independence of municipalities has been increased. But there is also a long tradition of accounting and auditing, with well defined standards and rules.			

Event 9: Steering Committee meeting	SC
<b>Date / Venue:</b> July 8, 2011, Bern, Switzerland	X
<b>1. Topics discussed:</b>	
(i) PEM PAL 2011 Evaluation; (ii) PEM PAL Strategy 2012-2017; (iii) PEM PAL Secretariat progress report for January-June 2011, and work program; (iv) Information on the status of activities re potential External Audit COP	
<b>2. Discussion and conclusions:</b>	
Timelines and processes relating to the PEM PAL (Mokoro) 2011 evaluation were discussed: inception report by August 1, draft report by November 1, and final report by December 15. Also discussed were timelines for the PEM PAL Strategy: outline and first draft and release. COPs' inputs to the Strategy were considered important. The Steering Committee approved the PEM PAL Secretariat report for January-June 2011. The COPs were asked to update their Action Plans by end-August. Also discussed were proposed new initiatives: virtual library, glossary of terms, wiki/website, going green initiative, and enhanced reporting, daily debriefs, and best practices benchmarking initiatives. All these initiatives will be discussed further. Discussion on the External Audit COP (interest, financial implications, impact) will be made part of a broader discussion on the rationale and feasibility of establishing additional COPs in the context of the overall Strategy discussion.	

**Event 10: Steering Committee meeting**

SC

**Date / Venue:** September 22, 2011 / Adobe Connect

X

**1. Topics discussed:**

(i) PEM PAL Strategy 2012-2017; (ii) PEM PAL (Mokoro) Evaluation; (iii) Report on the overall use of the Multi Donor Trust Fund; (iv) COPs' updated budgets and work plans; (v) PEM PAL Secretariat update on progress with the new initiatives

**2. Discussion and conclusions:**

The PEM PAL Strategy will be subject to internal consultations until December 2011. First draft was available on August 1, and the second will be finalized by November 15. The Strategy will be released in March 2012. The Steering Committee felt that the August 1 draft was a rich document. Several valuable suggestions were received from various stakeholders, mainly from World Bank staff, and the Community Facilitator will incorporate them into the mid-November second draft. The COPs will discuss their individual strategies and will also provide input for the mid-November draft. With respect to PEM PAL (Mokoro) evaluation, suggestions were made how to help the evaluator with scheduling interviews. The resource envelope for PEM PAL activities has not changed since June 2010. Of USD 3 million, USD 1.94 million has been spent or committed, and, considering the current plans, additional commitments of USD 1.05 million were expected to be incurred for the expenses planned for the first quarter of 2012. The Steering Committee approved revised COPs' action plans and budgets until March 2012. In order to stay within the MDTF ceilings, activities beyond March 2012 could not be approved. A virtual library will become operational in October 2011. Also, a success stories initiative that aims to reflect on experiences of the participants and their institutions with the PEM PAL network is underway and will be finalized by November 2011. A tender for the Secretariat services, for the phase starting in July 2012, will be launched in December 2011.

**Event 11: Use of Information Technology (IT) in Treasury Operations**

T COP

**Date / Venue:** September 27-29, 2011, Astana, Kazakhstan

X

**1. Topics discussed:**

An automated financial management information system (FMIS) is essential for a well functioning accounting and financial system. Experience suggests that it takes time and significant resources to design, procure, and implement. Some important questions need to be answered before starting with implementation. Introduction of an FMIS requires a comprehensive plan, looking at every detail, and with realistic deadlines and implementation milestones. This plan needs to take into account the legal framework, existing institutional set up, business processes and other PFM reforms. It should tell exactly what is needed, and why, for the FMIS to operate efficiently and effectively, offer ICT solutions (how, where, when), and devise capacity development and implementation steps. Unless all the details are clear from the start, problems tend to emerge in implementation (e.g., often in procurement). It is also important that the users understand the benefits of the new system, and constantly provide their feedback. To support implementation of the FMIS projects, the World Bank in September 2010 established a FMIS Community of Practice (COP) to promote exchange of information and experiences gained in the design and implementation of FMIS solutions. The FMIS COP membership is open to all specialists and officials from interested countries and development partners, who wish to communicate and collaborate for the improvement of PFM practices through FMIS solutions. The World Bank has also issued a comprehensive FMIS study and has set up an FMIS data mapper and a database.

**2. Conclusions:**

Participants agreed that the success of any FMIS project depends on three key pillars. One is political will and strong leadership, assisted by a dedicated team. The other is a commitment and a detailed plan and proper risk analysis. And, finally, special attention needs to be given to capacity building and training, as well as communication strategy, so that the benefits of the project are well understood.

<b>Event 12: Study visit: Moldovan officials visiting their peers in Croatia</b>	<b>IA COP</b>
<b>Date / Venue:</b> October 6-7, 2011, Zagreb, Croatia	X

**Topics discussed:**

Ten internal auditors from various institutions in Moldova visited their peers at the Croatian Ministry of Finance to discuss organization of internal audit in Croatia and steps in its institutional development. They addressed the following topics: strengthening managerial accountability by using performance budgets, the statement of fiscal responsibility; public internal financial control Council functioning; organization in the public sector of the audit function; techniques and tools used during the internal audit mission.

<b>Event 13: Study visit: Uzbekistan officials visiting their peers in Slovenia</b>	<b>B COP</b>
<b>Date / Venue:</b> October 11-14, 2011, Ljubljana, Slovenia	X

**Topics discussed:**

The following topics were discussed: (i) Establishing an effective budget system; (ii) Piloting and implementation of a mid-term budget framework; (iii) Piloting and implementing program budgeting; (iv) Reforming the public procurement system; (v) Developing a new Public Finance Act; (vi) Global crisis and PFM.

The PEM PAL Secretariat worked closely with the UNDP Office in Uzbekistan to coordinate activities and share costs of the study visit. Ten officials of the Ministry of Finance of Uzbekistan, plus the UNDP coordinator and two interpreters participated.

<b>Event 14: IA COP plenary meeting on IA Manual and IA Training and Certification</b>	<b>IA COP</b>
<b>Date / Venue:</b> October 25-29, 2011, Ohrid, Macedonia	X

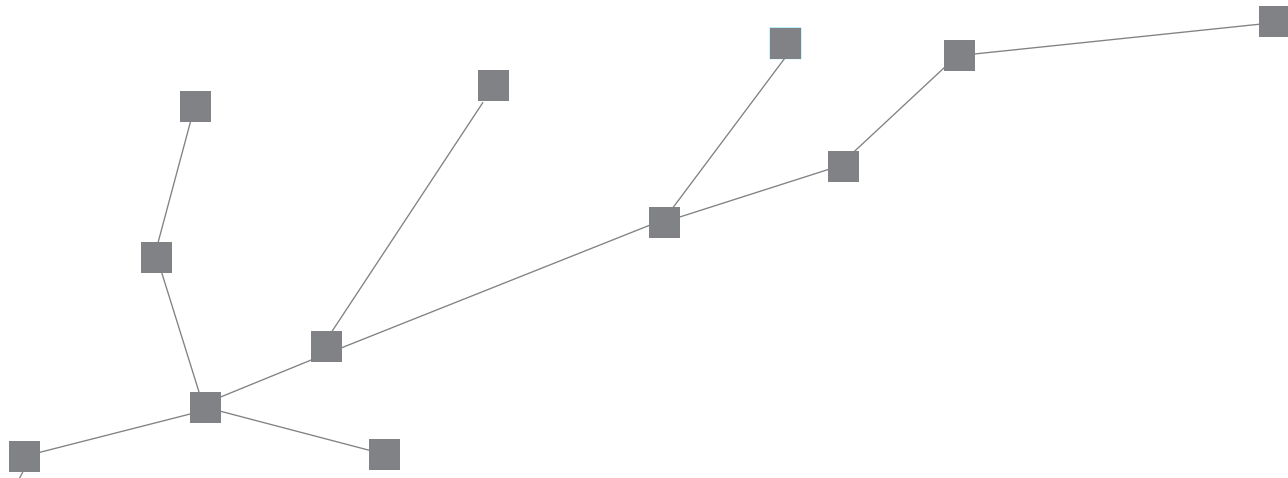
**1. Topics discussed:**

The IA COP meeting brought together 59 members from 19 PEM PAL countries. Experiences of Hungary and Estonia were also shared. Agenda addressed (i) sharing of the COP's collective experience, (ii) providing advice on topics related to operation of internal audit in Macedonia, (iii) providing analysis of current methodology and work practice of internal audit units, (iv) annual reporting to central harmonization units and sharing experience on good practice. Special attention was given to the involvement of all participants in active exchange of ideas and information to facilitate the process of learning through other countries' experience in advancing the reforms of public sector internal audit.

Good Working Practice Internal Audit Manual Template for the public sector (version 1, 2011) and Good Working Practice Training Program for operational internal auditors in the public sector (version 1, 2011), both developed by the IA COP, were presented at the meeting. Presentations were followed by discussions template to get the community's recommendations for future steps and improvements.

**2. Conclusions:**

Four main conclusions were the following (i) The IA Manual template is now ready and available; it is an excellent document, which can be used as a common reference, although it needs to be developed further; (ii) The T&C program for internal auditors should pay attention to issues of public internal control, and standards and methodology of internal auditing, as well as the simulation of internal audit with the assistance of mentors; further development of the current version is planned; (iii) The internal audit and financial inspection should work together and exchange information within their competences, although the division of their powers should be regulated by national legislation; (iv) Strengths and weaknesses in the current IA annual reporting to Central Harmonization Units and governments were discussed; there is scope for further elaboration of performance indicators by the IA COP.



#### Event 15: Steering Committee meeting

SC

**Date / Venue:** November 30, 2011, via video conferencing

X

##### 1. Topics discussed:

The agenda included the following topics: (i) PEM PAL (Mokoro) Evaluation; (ii) Overall use of the MDTF and COPs' updated budgets and work plans; (iii) PEM PAL Strategy; (iv) Amendments to the Rules of Operation and Guidelines for study visits; (v) Reports on the recent COP events (T COP meeting in Astana, Kazakhstan; IA COP meeting in Ohrid, Macedonia).

##### 2. Conclusions:

As regards the PEM PAL Evaluation, it was decided that the SC members would send their comments regarding format and any factual errors directly to the evaluator by December 15, 2011, with a copy to the SC members, to allow the evaluator to provide the final version of the report by mid-January 2012, and to finalize the process (dissemination of the evaluation) by end March. The SC members would then prepare their "Management's response" at the next face-to-face SC meeting on February 16-17, 2012. The COPs leadership groups would also be invited to provide their views through respective channels.

As regards the COPs' updated action plans and budgets (for 2010–2012), the SC could not approve three events planned for June/July 2012 (B COP Estonia, IA COP Hungary, T COP Russia) because of budget constraints, and continued to keep them on hold since the SC September 22 meeting.

Suggestions were made on how to increase the network's efficiency and effectiveness: (i) more selectivity with translations, (ii) combined COP events, also to promote cross-fertilization of ideas, (iii) revising the practice of sending thank you letters, (iv) raising awareness, e.g., informing the ministers with a letter, (v) paying attention to event budget when selecting the country hosting a PEM PAL event; track record in certain PFM areas; possibilities to promote PFM reform agenda.

Guidelines for the study visits were amended with respect to (i) the fees for public servants delivering presentations at the COP events, and (ii) the study visit approval process, (iii) information on the upcoming study visits. Also, the Rules of Operation (RoO) were amended with respect to (i) status of the Secretariat, which was changed from "member" to "permanent observer," (ii) provisions relating to the financial reporting, by the PEM PAL Secretariat, to the SC.

As to the PEM PAL Strategy, the SC felt that it is a rich document, although some indicators in the Strategy sound too ambitious and should be revisited.

The SC was informed that a tender for the Secretariat services, for the phase starting in July 2012, will be launched in January or February 2012.

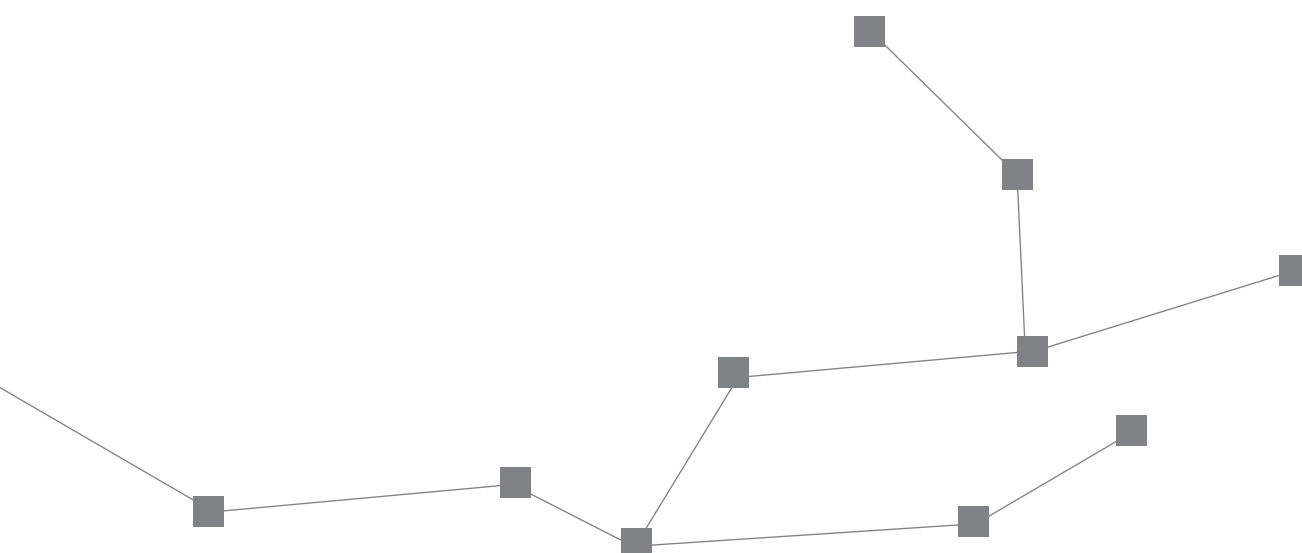


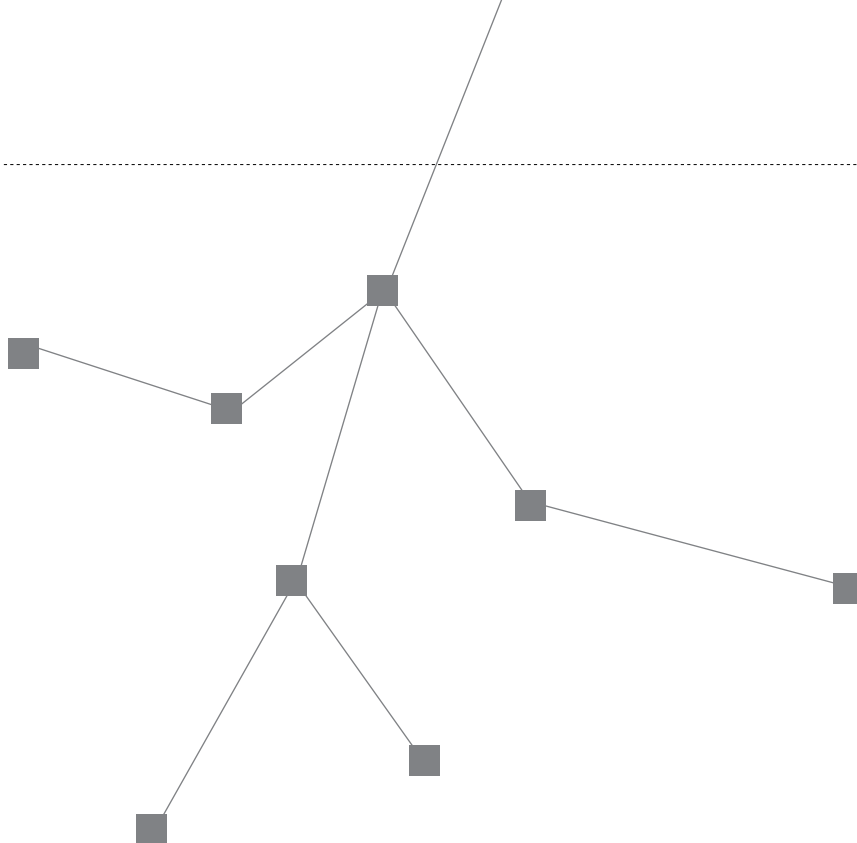
## Appendix 2: PEM PAL evaluation through post-event surveys

Level 1: Activity / interaction indicators: measure attendance, efficiency of events, participants' opinion, quality of interactions and organization of events.									
Indicator	Value	TOT ws Croatia, Jan	Plenary Croatia, Jan	T COP Slovenia, Apr	IA COP Mold, Jun	B COP Belarus, Jun	Cross_COP Switzerl, Jul	T COP Kzkhst, Sep	B COP SV Uzbk to Slo, Oct
Information on objectives and activities	1-5 scale		4.3	4.2	4.3	4.1			
Interest in being an active member of PEM PAL	1-5 scale		4.2	4.1	4.8	4.0			
Frequency of informal contacts	1-5 scale		3.3	2.6	4.0	2.9			
Contribution to leadership and management tasks	1-5 scale		2.9	2.7	3.0	2.6			
Inputs to event discussions	1-5 scale		2.8	2.8	4.0	2.3			
Event duration	Too short About right Too long		14% 81% 5%	15% 77% 8%	17% 82% 1%	7% 89% 4%	6% 89% 6%	19% 81% 0%	45% 55% 0%
Event participation	Active Average Passive		54% 44% 2%	31% 39% 31%	47% 41% 12%	44% 48% 7%	61% 39% 0%		
Time allowed for questions	1-5 scale	4.4	3.6	4.4	4.1	4.6		4.4	4.9
Time allowed for free discussions	1-5 scale		3.7	4.3	4.2	4.7		3.9	4.6
Quality of organization	1-5 scale	4.9	4.1	4.6	4,5	5.0	4.2	4.9	5.0
Quality of administration	1-5 scale	4.8	4.3	4.6	4.8	5.0	4.5	4.9	5.0
Agenda and event information	On time	Y/89%	Y/89%	Y/100%	Y/100%	Y/100%	Y/89-100%	Y/100%	
Overall satisfaction with the event	1-5 scale	4.9	4.2	4.5	4.9	4.9	4.7	4.8	5.0
Workshop meeting expectations	Disappoint Meet Exceed		7% 26% 74%	81% 13% 6%	92% 8% 0%	53% 47% 0%	71% 29% 0%	74% 26% 0%	
Most valued element of the event	List three	New tools, Directly applicable	Exchange exper. Discussions Prsntations	Experts Exchange exper. Prsntations	Exchange exper. Prsntations Discussions	Exchange exper. Prsntations Discussions	Swiss prsn. All 3 COPs Exchange exper.	Exch. exper. Debate Visit to Treasury	
Suggestions to improve content	List three	More time	More case studies, time for discussion	More prac- tical cases, focus on spec. topic	More dtilcd exploration of practice areas	Survey on future topics	More discussion on Strategy	More debate, focused prsntations	
Reporting to peers	y/n; %		Y/97%	Y/96%	Y/100%	Y/96%		Y/100%	
Event considered useful for colleagues	y/n; %		Y/100%	Y/100%	Y/100%	Y/96%		Y/100%	
Regular use of PEM PAL website (wiki)	1-5 scale		3.4	3.5	4.3	3.2			

Level 2: Assessing the value of the event: assess whether the event has contributed to better skills and knowledge for participants.									
Indicator	Value	TOT ws Croatia, Jan	Plenary Croatia, Jan	T COP Slovenia, Apr	IA COP Mold, Jun	B COP Belarus, Jun	Cross_COP Switzerl, Jul	T COP Kzkhst, Sep	B COP SV Uzbnk to Slo, Oct
Applicability in daily work	1-5 scale	4.6	3.6	3.8	4.1	3.8		4.2	4.7
Learning from the experience of peers and implementing reforms in practice	Yes		45%	27%	56%	36%			
	No, but will		53%	73%	44%	60%			
	No		2%			4%			
	1-5 scale	4.4	3.9	4.5	4.7	4.2		4.2	
Level of prior experience relevant to the event	1-5 scale	4.0	2.8	3.8	3.1	3.2		4.1	
Enough time for practical exercises and projects	1-5 scale	4.5	3.3	3.7	4.1	4.2		3.9	
Level of participants' prior experience equal	1-5 scale	4.7	4.0	4.5	4.5	4.5		3.6	
Number of topics v/v allocated time	1-5 scale	4.7	3.6	4.3	4.5	4.2		4.2	4.8
Relevance of topics	1-5 scale	4.7	4.1	4.6	4.6	4.5		4.7	
Most contacted PEM PAL countries	List top three		Croatia Montenegro Albania Russia Bosnia and Herzegovina Serbia Ukraine	Croatia Macedonia Moldova Albania	Ukraine Croatia Armenia Georgia Russia	Croatia Serbia Montenegro Moldova Belarus			

Source: Post-event surveys conducted by the World Bank, except for the study visit Uzbekistan to Slovenia, where the survey was conducted by the PEM PAL Secretariat.





### Appendix 3: PEM PAL web site and IA COP wiki traffic

PEM PAL website				IA COP wiki				
Number of	2009	2010	2011	Jan11 – Mar11	Apr11 – Jun11	Jul11 – Sep11	Oct11 – Dec11	2011
Visits	3.062	6.318	10.459	2.591	2.697	2.534	3.614	6.071
Page views	13.983	27.523	38.344	9.722	9.954	9.763	12.487	14.253
Pages viewed / visit	4.57	4.36	3.67	3.75	3.69	3.85	3.46	2.35
Average time on site	3:23	3:43	3:04	3:15	2:54	3:32	2:47	3:12
Visits / country	Slovenia US Serbia Moldova Germany	Slovenia US Moldova Croatia Serbia Ukraine Montenegro	Croatia Serbia US Moldova Russia Ukraine Bosnia	Croatia Serbia US Moldova Bosnia Ukraine Tajikistan	Moldova Croatia Serbia US Ukraine Tajikistan Armenia	Serbia Croatia US Moldova Russia Ukraine Bosnia	US Serbia Russia Moldova Croatia Ukraine Turkey	Croatia Moldova Kyrgyz Republic Montenegro US Georgia Slovenia
Traffic Sources:								
• Search engine	47%	41%	44%	40%	37%	48%	49%	
• Referring site	30%	30%	31%	35%	38%	28%	24%	
• Direct traffic	23%	29%	25%	25%	25%	24%	27%	
Visitors/language								
• English	1.826	3.762	6.434	1.617	1.631	1.542	2.265	3.929
• Russian	296	1.316	2.305	504	669	565	776	1.335
• Bosnian	...	119	247	114	39	32	73	
• Slovene		209	111	35	28	26	34	

Source: Google Analytics

## Appendix 4: PEM PAL Secretariat: Coordination and support in 2011

The role of the Secretariat, as defined by the Terms of Reference and the contract with the World Bank, is to support and facilitate PEM PAL in carrying out its functions by organizing face-to-face and online meetings of the COPs and the Steering Committee (SC), providing quarterly and annual performance reports, editing the PEM PAL website and newsletter, maintaining records of PEM PAL events and an archive of all the documents, including an electronic library, and disseminating useful information.

In the period from January to December 2011, the Secretariat organized eight events (including a seminar on training methods), two study visits, and five SC meetings (three of which were through videoconferencing), in line with the COPs' and SC's action plans.

What follows is a description of organizational aspects of the Secretariat's work in 2011.

### 1. Organizing face-to-face events

Event organization is a complex undertaking that requires a dedicated team work, impeccable coordination of content and logistics, exact sequencing of activities, strong attention to detail, and some negotiating skills. The organization of an event is always a result of combined efforts of many people involved, mainly including the World Bank task team leader (TTL), resource teams, community facilitator, moderator, local WB office and the Ministry of Finance (MoF) staff, in addition to the Secretariat team in charge of organization. For the organization of the PEM PAL Plenary in Zagreb, Croatia, for example, a special organization committee (consisting of the COP leadership groups, WB resource people, donors' representatives and the Secretariat) was set up in November 2010, and met six times through Adobe Connect to prepare for the discussions to meet the pre-set objectives, and plan the agenda.

**Event agendas** have been outlined by the COPs, but their fine-tuning has usually involved (i) the WB TTL and the T COP resource person, for T COP events; (ii) the IA COP leadership group, IA COP resource group and the moderator, for the IA COP events; and, (iii) the community facilitator, WB resource team, and the B COP leadership group, for the B COP events.

**Accommodation, conference and translation facilities, dinners and local transportation**, have usually been arranged by the PEM PAL Secretariat, in consultation with the local WB office and MoF staff. Also the **visa procedures** have been taken care of by the PEM PAL Secretariat and the local MoF and WB offices. Sometimes, the Secretariat involved the Slovenian Foreign Service to help speed the procedures. **Travel and contracting of interpretation and moderation** has been undertaken by the PEM PAL Secretariat, as has participants' registration. IA COP and B COP discussions are steered by professional moderators. Translators, usually two for each English/Russian and English/Bosnian language, are hired for each event, and all the documents discussed in the events are provided in the three PEM PAL languages.

**Preparation and distribution of invitation letters** has been done by the PEM PAL Secretariat with suggestions provided by the WB TTL and resource teams. **Identification and invitation of speakers** has been undertaken by the WB TTL, resource teams, the community facilitator and the Secretariat. The concept notes for the meetings have been prepared by the community facilitator (B COP), the WB TTL, and the T COP resource person (T COP).

**Event evaluation surveys** and processing of survey results were undertaken by the World Bank consultant. The community facilitator contributed three **articles for the IMF blogs**. **Detailed event reports** for three events were provided by the Secretariat.

### 2. Organizing study visits

Two study visits were organized in 2011. The October IA COP study visit of the Moldovan officials to their Croatian peers was conceptualized jointly by Croatian and the Moldovan experts, and the PEM PAL Secretariat organized accommodation and travel. The October B COP study visit of the officials of the MoF of Uzbekistan at the Slovenian MoF was organized jointly by the UNDP Office in Uzbekistan, MoF of Uzbekistan, and the Secretariat. Costs of this study visit were covered by both the UNDP Office in Uzbekistan and PEM PAL.

### 3. Organizing on-line meetings when needed

The Secretariat also organized on-line meetings through Adobe Connect, when requested. For example, starting in July 2011, the B COP Executive Committee meetings have been held approximately once a month to discuss topics, such as action plans, PEM PAL Strategy, future events, and initiatives; the Secretariat provided minutes of these meetings.

### 4. Secretariat support to the Steering Committee

The PEM PAL Secretariat provided background material for the SC discussions on (i) the COPs updated budgets (September, November); (ii) New initiatives (July, September); and (iii) Amendments to the Rules of Operation and Guidelines for study visits (November). The PEM PAL Secretariat also prepared minutes from all Steering Committee meetings.

The PEM PAL Secretariat's involvement in the organization of the SC depended on the format of the meeting. There were two face-to-face meetings in 2011, one in Zagreb in January at the occasion of the PEM PAL Plenary meeting, and one in Bern in July, at the occasion of the cross-COP event. Three SC meetings in 2011 were held through videoconferencing (April, September and November). Organizing a videoconferencing required timely coordination with WB Video Conferencing services with respect to timing and participation.

### 5. Providing quarterly and annual performance reports

The Secretariat provided quarterly reports and the annual report (for 2010, in early 2011; for 2011, in early 2012) presenting the activities and financing in respective periods, highlighting main performance indicators, and outlining future activities and new initiatives. Quarterly reports have been prepared in a cumulative way in order to present the activities in a broader perspective.

The following performance indicators have been followed by the Secretariat: attendance indicators; financial indicators based on the Secretariat records (expenses by purpose, by COP, by year, by donor, per event, per participants, per

day); web site statistics based on Google Analytics (e.g., number of visits, pages per visit, duration); and indicators assessing interaction and value of events, based on the post-event surveys conducted by the WB.

### 6. Maintaining and editing the PEM PAL website and the newsletter

The PEM PAL website has been regularly updated with the documents relating to PEM PAL events, and four PEM PAL Newsletters were distributed to members.

### 7. Maintaining records of PEM PAL events and an archive of documents, including an electronic library

The Virtual Library, developed by the PEM PAL Secretariat in response to suggestions made by the PEM PAL community and the SC, was posted on the PEM PAL website in November 2011, providing access to some 300+ documents (400+ including translations). The COPs leadership groups were asked to test it before its official launch in mid-February 2012. The virtual library allows for a direct upload of the documents by users, however, subject to the quality check by the Secretariat.

The Secretariat maintains records of all PEM PAL events, including documents, financial statements and supporting documentation.

### 8. Success stories project

The PEM PAL community at several occasions emphasized the need to share lessons learned and to measure the impact of PEM PAL on the countries' reform agendas. The PEM PAL Secretariat undertook to compile short and informal anecdotes in an easy-to-read style speaking about the participants' experience in their daily operations, with the aim to extract valuable insights and recommendations. The work started in Q3 CY 2011 and was completed in Q4 CY 2011. The plan is to publish the success stories and to share them with all interested stakeholders.

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