

ANNUAL REPORT 2015



PEM  PAL

© PEMPAL Secretariat

This work is a product of PEMPAL Secretariat.

Rights and Permissions:

The material in this work is subject to copyright. Because PEMPAL encourages dissemination of its knowledge, this work may be reproduced, in whole or in part, for noncommercial purposes as long as full attribution to this work is given.

Any queries should be addressed to PEMPAL Secretariat.



PEMPAL SECRETARIAT

36/1 B. Molchanovka, str.
121069 Moscow, Russia
T: +7 495 745 70 00

Budget Community of Practice (BCOP)

T: ext. 2038
E: BCOP@pempal.org

Internal Audit Community of Practice (IACOP)

T: ext. 2002
E: IACOP@pempal.org

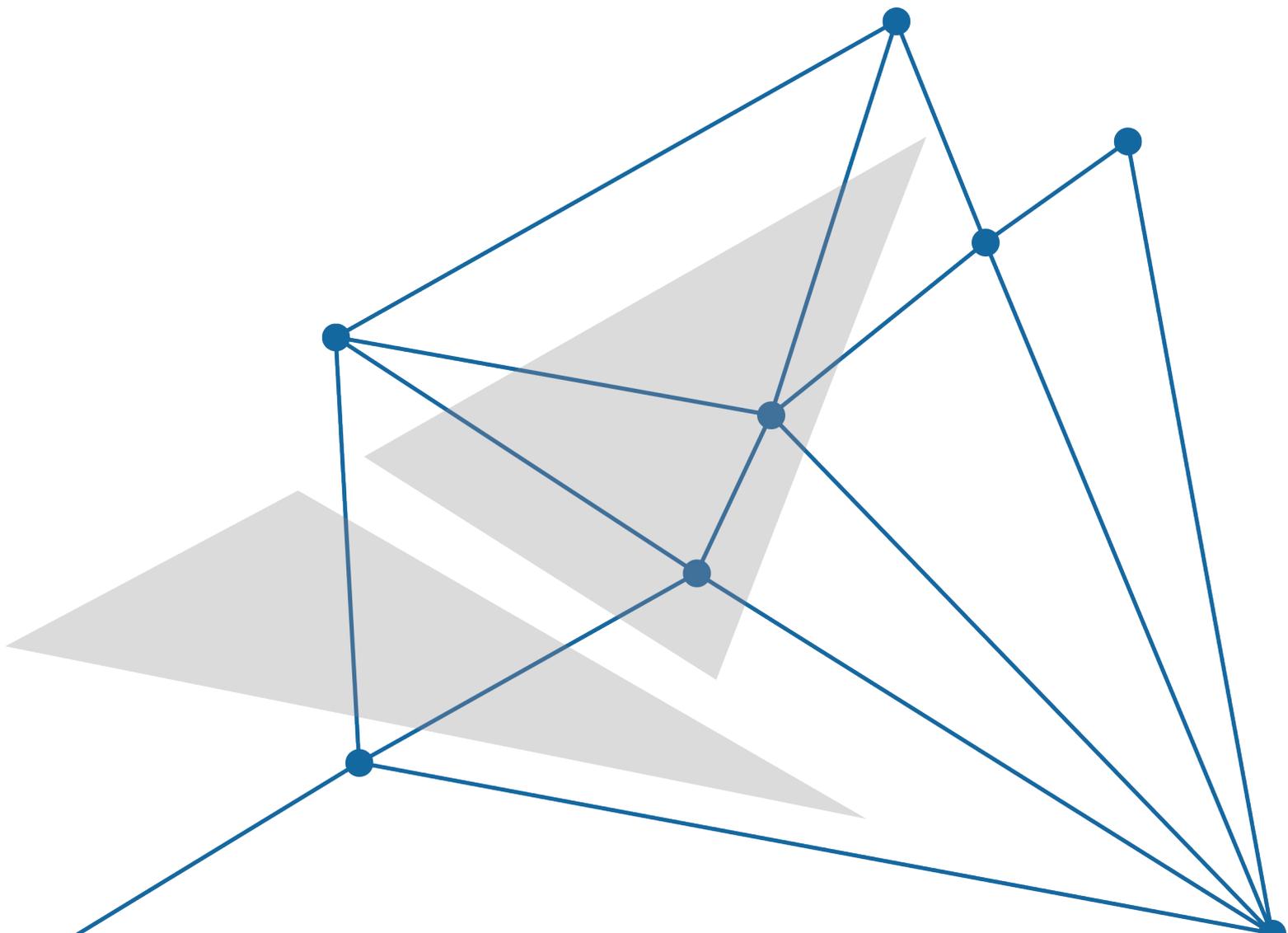
Treasury Community of Practice (TCOP)

T: ext. 2078
E: TCOP@pempal.org

www.pempal.org



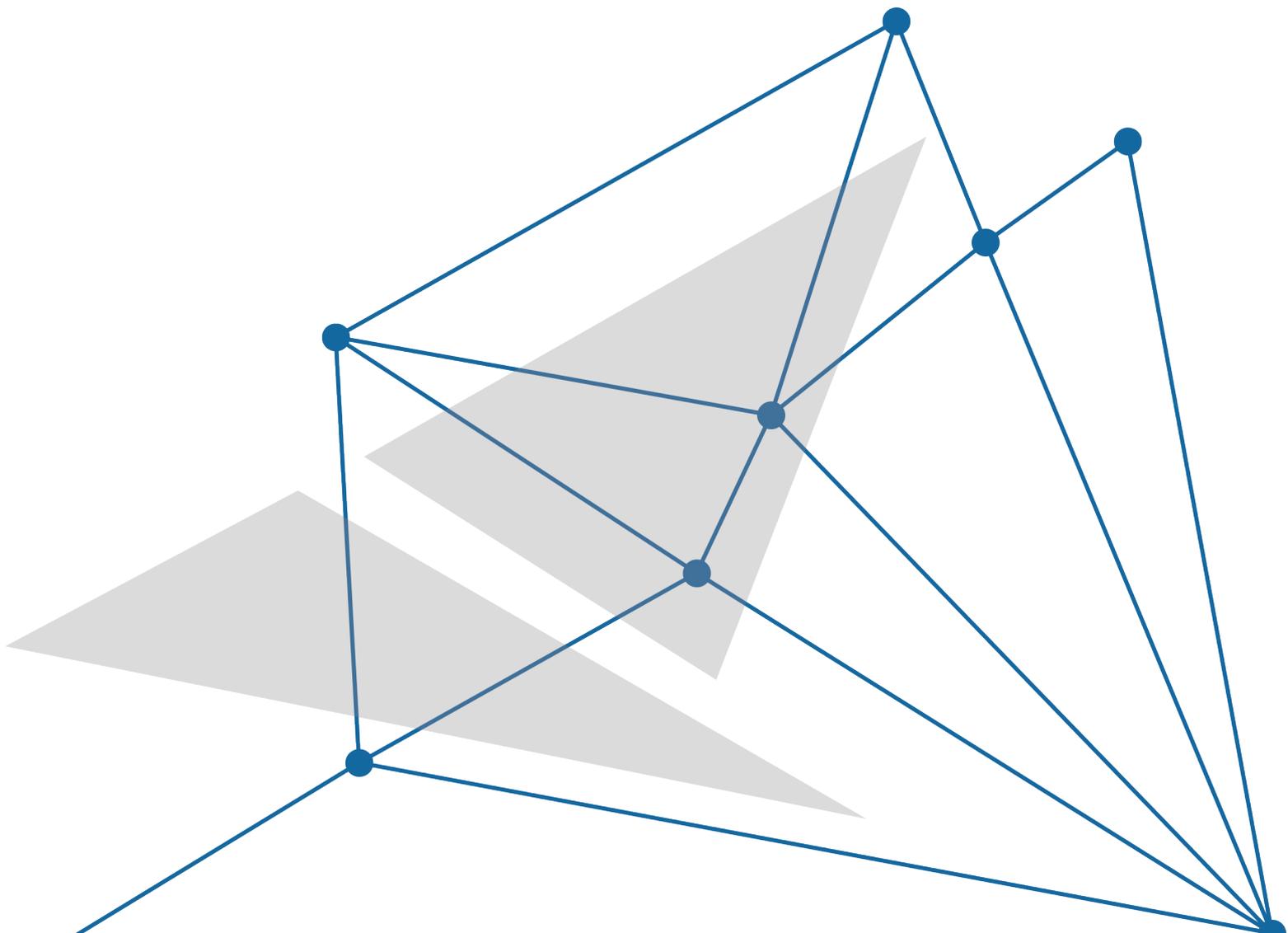
CONTENTS



1. FOREWORD	1
2. BACKGROUND	3
3. PEMPAL STRATEGY AND REPORTING AGAINST ITS RESULTS FRAMEWORK	7
3.1 PEMPAL IMPACT VISIBLE	10
3.2 PEMPAL OUTCOME – NEW AND IMPROVED PRACTICES AND SATISFIED MEMBERS	15
4. PEMPAL RESULTS: PFM PRIORITIES OF MEMBER GOVERNMENTS ADDRESSED	19
4.1 BUDGET COMMUNITY OF PRACTICE (BCOP)	23
4.2 TREASURY COMMUNITY OF PRACTICE (TCOP)	26
4.3 INTERNAL AUDIT COMMUNITY OF PRACTICE (IACOP)	30
4.4 CROSS-COP EXECUTIVE MEETING	33
4.5 STEERING COMMITTEE MEETINGS	34
5. PEMPAL RESULTS: QUALITY RESOURCES AND SERVICES PROVIDED TO THE MEMBERS	35
5.1 QUALITY RESOURCES	36
5.2 NETWORK SERVICES	38
5.2.1 COP RESOURCE TEAMS	38
5.2.2 SECRETARIAT	39
5.3 ON-LINE RESOURCE MATERIALS AND COMMUNICATION	41
6. PEMPAL RESULTS: A FINANCIALLY-VIABLE NETWORK OF COMMITTED PFM PROFESSIONALS	43
6.1 COMMITTED LEADERSHIP	44
6.2 ACCOUNTABILITY AND PERFORMANCE	47
6.3 ENSURING A FINANCIALLY VIABLE NETWORK – KEY INDICATORS	48
6.4 OTHER QUANTITATIVE AND QUALITATIVE PERFORMANCE INDICATORS	51
7. PEMPAL RESULTS: AWARENESS OF HIGH GOVERNMENT AND POLITICAL LEVELS OF BENEFITS AND VALUE OF PEMPAL EVIDENT	60
7.1 WORKING WITH OTHER STAKEHOLDERS	62
PEMPAL AT A GLANCE	63
PEMPAL IN 2014 AND 2015	67
ATTACHMENT 1: PEMPAL PERFORMANCE INDICATORS FOR 2015 AND 2014	69
ATTACHMENT 2: EVENT OBJECTIVES AND RESULTS BY COP	75
ATTACHMENT 3: LINKS TO KEY RESOURCES DEVELOPED AND SHARED	91



FOREWORD





As Chair of the Public Expenditure Management Peer Assisted Learning network (PEMPAL) Steering Committee, it is with great pleasure that I present the 2015 PEMPAL Annual Report. PEMPAL continues to be a valuable platform for which

to connect public finance peers to benchmark and discuss public financial management (PFM) reform issues. This report documents the achievements and results of PEMPAL during 2015.

One of the many highlights of the year was the meeting of the network executive to discuss the progress with implementation of the PEMPAL Strategy 2012-17. This involved representatives from 13 of our 23 member countries across the three Communities of Practice, in addition to donors and key stakeholders. Significant contributions were made to the mid-term review (MTR) of the strategy from members, the three COP Executive Committees, the Secretariat, and donors through an online survey, COP submissions, donor reports and presentations. This material provided invaluable information for the PEMPAL Executive to determine the network's progress, successes and to identify improvement initiatives.

The MTR concluded that the original objectives of the PEMPAL Strategy remain valid and that PEMPAL is making good progress towards achieving them. Mechanisms developed by PEMPAL to target PFM priorities of member governments are working well. Member countries report that knowledge obtained through PEMPAL is used to design PFM reform strategies and implementation plans, improve legal frameworks, modernize business processes, methodologies and information systems, and develop training capacity and skills. There is also considerable evidence of new and improved knowledge in PFM practices attributable to PEMPAL. Individual members expressed high and rising levels of satisfaction with the opportunities for knowledge sharing and learning as well as the quality of resources and services provided by the network. Institutional commitment to the network is also increasing, as signaled by the seniority and depth of participation as well as growing in-kind and financial contributions to the program by the member countries.

The MTR also highlighted a number of areas where the program delivery mechanism could be strengthened,

drawing on the analysis of PEMPAL performance to date, the accumulated experience of PEMPAL membership and specific suggestions made by the donor partners. All stakeholders stress the importance of investing more effort into documenting success stories at the country level to assure that information on program impact is fully captured in a systematic way. Collaboration between the COPs on cross-cutting themes of joint interest needs further improvement. COPs also need to communicate the strategic underpinning of their action plans and the progress of activities more effectively to donor partners. Greater efforts also need to be invested in raising awareness of senior government officials and political leadership of the benefits and value of PEMPAL membership and participation.

As a Steering Committee, we are very proud and impressed with the progress and value of the network and would like to thank the member countries and all the key stakeholders for their continued support and contribution. Learning from international and regional good practices and sharing information between countries is a key tool that underlies the peer-learning approach used by PEMPAL. Regional collaborations between central government agencies, provides not only a forum to discuss and solve common public financial management issues, but the public good aspects of improvements in PFM systems and strengthened regional relationships is of significant value to the Europe and Central Asia region and beyond.

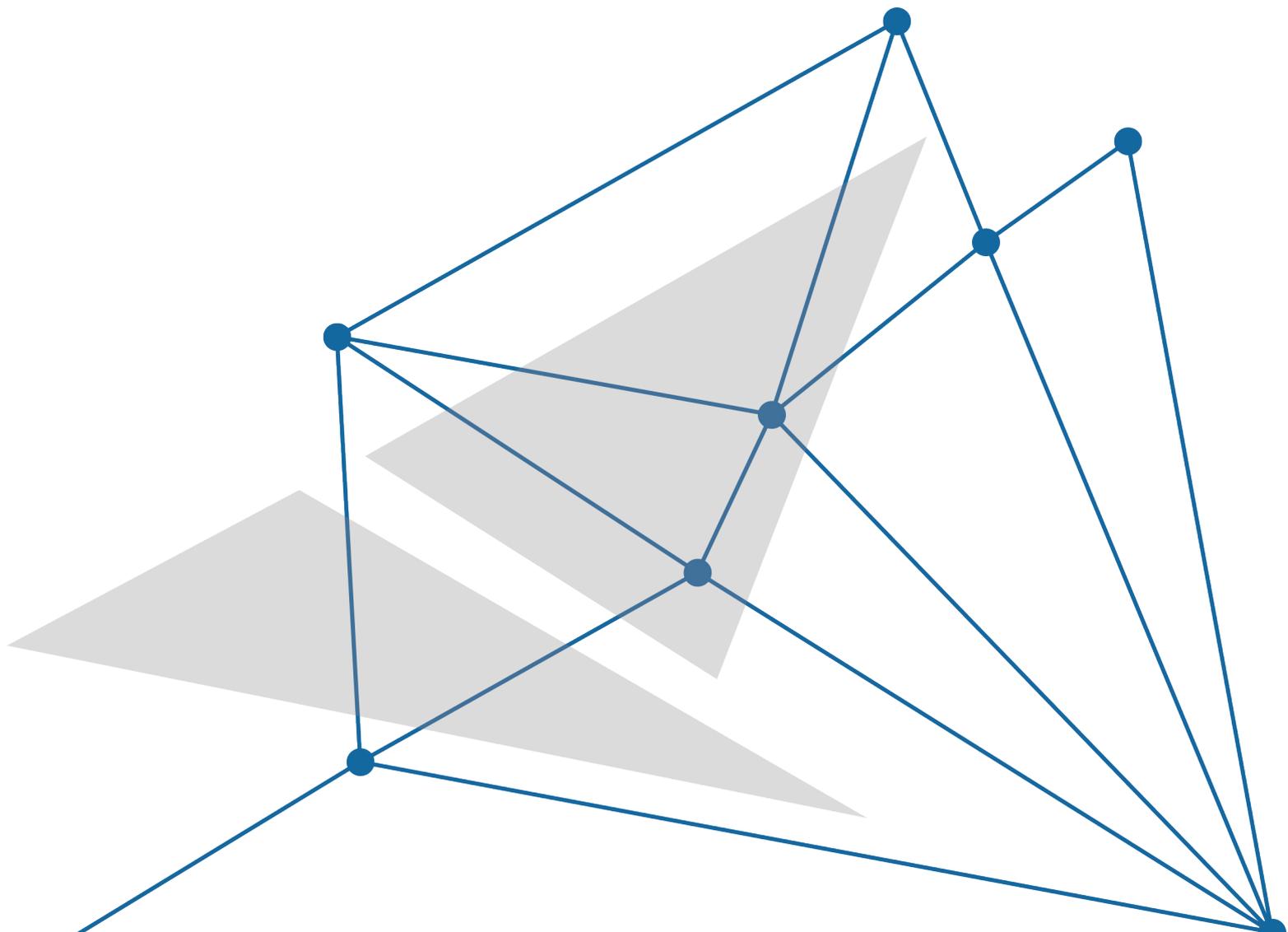
As a Steering Committee we will continue to strive to build on these achievements and to also improve on how we document our success stories, and meet the needs of our member countries. We are currently working with our network executive members on the PEMPAL Strategy 2017-22, which we hope to share aspects with you in our next annual report. With such successes and plans, we are also looking for development partners to invest in the network to ensure its ongoing sustainability. We are also working on ways to increase member contributions while also recognizing the significant in-kind contributions made by our member countries.

We are excited about the future of PEMPAL and are very happy to be actively involved in such a successful and valuable network.

Anna Valkova
Ministry of Finance of the Russian Federation
PEMPAL Steering Committee Chair in 2014-2015

2

BACKGROUND



Economic growth in Europe and Central Asia stagnated in 2015

with the direct and indirect impacts of lower oil prices, which dampened growth in the economies of Eurasia, while countries in the Euro Area saw a modest recovery. About 14 percent of the region's population—more than 61 million people—still lives in poverty. Among them, about 14 million are extremely poor, as measured at the regional poverty line of \$2.50 a day.¹ Aging is also a critical issue in the region as is climate adaptation and energy efficiency being one of the world's most energy-intensive regions. These challenges faced by the Governments of the region, emphasize the importance of efficient, effective, equitable and accountable outcomes from the use of taxpayers monies.

Participation in PEMPAL has assisted member countries to discuss potential solutions to such common challenges.

PEMPAL was established over nine years ago in 2006 and currently has active participation of public finance professionals from up to 23 of the 30 World Bank classified Europe and Central Asia countries.² It provides learning events, workshops, study tours and resource materials in accordance with member driven action plans in the thematic areas of budget, treasury and internal audit. This peer learning approach has been effectively used in both the public and private sectors and is supported by research and independent evaluation results.³ The World Bank Moscow Office currently acts as the Secretariat and the current financial donors are the Ministry of Finance of the Russian Federation and the Swiss State Secretariat for Economic Affairs (SECO), with the World Bank playing a key role in providing technical resource teams and managing the overall program, including the multi-donor trust fund (MDTF).

There are three distinct Communities of Practice in PEMPAL

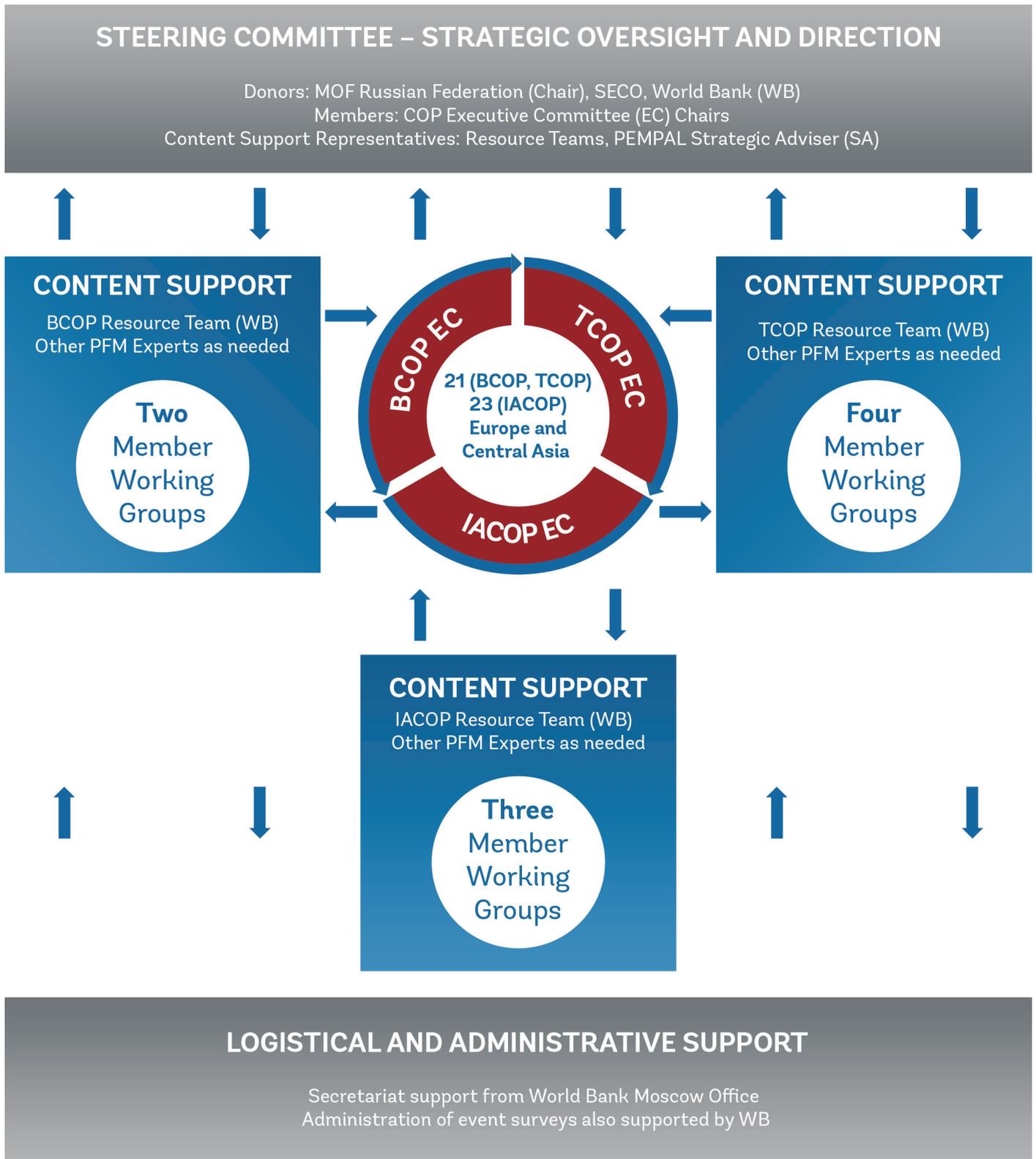
i.e. the Budget Community of Practice (BCOP), the Treasury Community of Practice (TCOP) and the Internal Audit Community of Practice (IACOP), who are led by COP Executive Committees comprising volunteer members from 8 member countries for each COP. COPs meet regularly in a variety of ways either through meetings of all members, working groups of a sub-set of members, or study visits to countries to discuss and address problems in more depth. Regular meetings also occur via videoconference and information shared via the public website. The institutional structure of PEMPAL is provided in **Figure 1**.

1 Actual and projected numbers as of September 2014. Source: World Bank Annual Report 2015.

2 Countries represented include Albania, Azerbaijan, Armenia, Belarus, Bosnia and Herzegovina, Hungary (IACOP only) Bulgaria, Czech Republic (IACOP only), Croatia, Georgia, Kazakhstan, Kosovo, Kyrgyz Republic, Macedonia, Moldova, Montenegro, Romania, Russian Federation, Serbia, Tajikistan, Turkey, Ukraine and Uzbekistan.

3 An independent evaluation of PEMPAL completed in 2012 found that out of the 21 member countries at the time, from 13 to 15 indicated that activities of PEMPAL had influenced their public financial management systems.

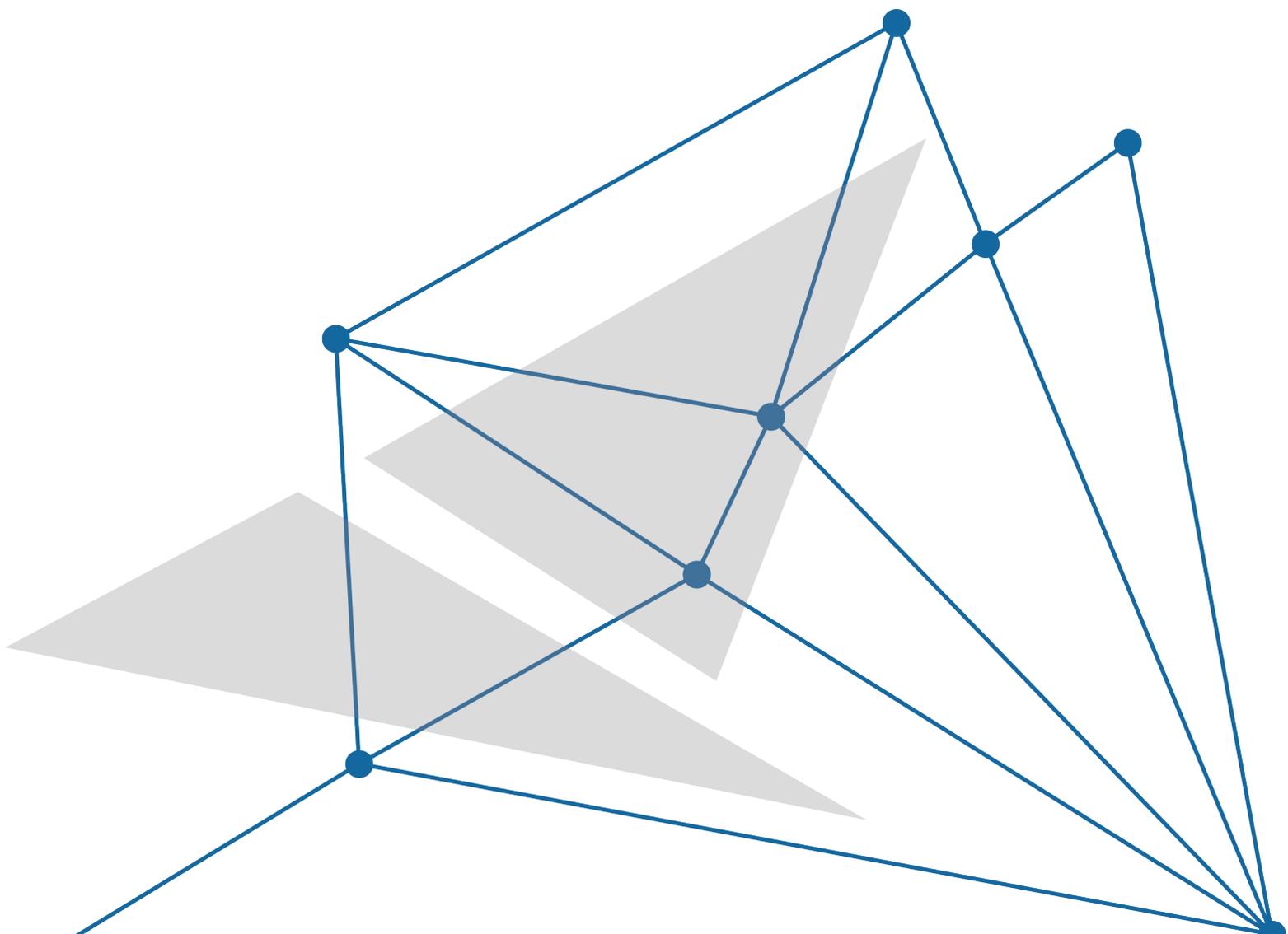
FIGURE 1: PEMPAL INSTITUTIONAL STRUCTURE







PEMPAL STRATEGY AND REPORTING AGAINST ITS RESULTS FRAMEWORK



The PEMPAL Strategy 2012-17 and its Results Framework have guided COP activities since its adoption from July 2012. COPs link their operational plans to the PEMPAL's strategic values and objectives. The implementation cost of the PEMPAL Strategy was initially estimated at USD 10.5 million over the period of five years, from FY 2012 to FY 2017 with more recent estimates at USD 10.65 million, which has been fully funded by generous contributions from the current donors.

www.pempal.org/strategy

This strategy's goal is for PEMPAL member Governments from the Europe and Central Asia region to more efficiently and effectively use public monies resulting from applying new PFM practices. It will do this through building and maintaining a sustainable, professional public financial management platform through which individual members are networked to strengthen their capacities and to enable them to share learnings and benchmarking between countries. The Strategy's four output objectives and supporting actions set the current direction for PEMPAL against a set of key performance indicators and several means of verification. The key structure and interrelationships of the Strategy are illustrated in **Figure 2**.

FIGURE 2: PEMPAL RESULTS FRAMEWORK



In 2015, a mid-term review (MTR) of the implementation of the PEMPAL Strategy 2012-17 was undertaken.

The objectives of the MTR were to i) determine whether PEMPAL Strategy objectives remain achievable within target timeframes and existing resource constraints; ii) formulate proposals for adjustments, which could include adjustments to the Strategy, its results framework and costings in light of implementation experience; and iii) manage any emerging risks that may impact on full implementation of the Strategy.

The MTR showed very good progress in the strategy's implementation.⁴

The PEMPAL Executive (comprising the three COP Executive Committees and the Steering Committee) made the following decisions:

- The original objectives of PEMPAL Strategy remain valid and PEMPAL is making very good progress at all levels. The Executive therefore identified no need for changes in the formulation of the Strategy objectives.
- The main risk highlighted by the review was related to sustainability of the network beyond the current Strategy period. Several dimensions of sustainability (quality, secretariat support, financing) require attention during the final years of the Strategy implementation. Donor partners have particularly urged to put more emphasis on financial viability and raising awareness at senior management and political levels of the benefits of involvement in PEMPAL.

Several decisions were also made related to specific actions within the existing Strategy.

To reflect these decisions, an addendum to the Strategy was agreed and can be found at this link:

www.pempal.org/strategy

A full set of the meeting materials capturing the deliberations of the Executive can be found on the following link:

www.pempal.org/event/read/144

MTR produced a very rich set of data on various dimensions of the program performance that was not available earlier.

This data is included in the relevant sections of this report together with the key MTR results and recommendations.

⁴ All references to the results of the mid-term review (MTR) are sourced from reports and evidence provided at

www.pempal.org/event/read/144

which examined the mid-point of the PEMPAL 2012-17 (ie the two and a half years of implementation from July 2012 to end 2014).



3.1

PEMPAL IMPACT VISIBLE

Notwithstanding methodological challenges of measuring the impact of the strategy, PEMPAL has had a visible impact at the member country level.

COP submissions to the MTR included many examples of improved PFM practices that were fully or partially attributable to PEMPAL. Such examples at a country level were identified in a range of thematic areas, including: budget transparency, legislation strengthening, wage bill management, management of EU funds, accounting and financial reporting, IT systems, treasury controls, training and certification, internal audit policies, manuals and guidelines.

Six countries from BCOP and 10 countries from TCOP provided concrete examples of impact of COP activities, while 12 countries from IACOP indicating significant impact from IACOP activities. IACOP provided its evidence from responses to a 2014 internal COP survey that asked countries to estimate the impact of IACOP on

reforms resulting in 12 out of 18 member countries that participated in the survey indicating significant impact. Examples of impact provided by COPs to the MTR are provided in the **Tables** below.

The factor that constrains the impact analysis is the lack of readily available PFM performance indicators for the member countries that are easily measurable, comprehensive and produced regularly. The coverage of available PFM performance assessments based on PEFA methodology across PEMPAL member countries is not comprehensive and the periodic nature of those assessments limits their use for PEMPAL purposes. Not all countries participate in other international assessments on selected PFM dimensions such as the Open Budget Index, although such assessments have been promoted through PEMPAL. It is also practically impossible to try and connect the impact of PEMPAL activities on the PFM performance of any country through linking it with PEFA scores

However, there are high participation levels in pre-event thematic surveys conducted by PEMPAL that informally ascertain the status of reforms under discussion. These surveys are used regularly by both BCOP and TCOP. For example, during 2015 informal thematic, benchmarking surveys were undertaken on fiscal consolidation (BCOP); budget transparency (BCOP);

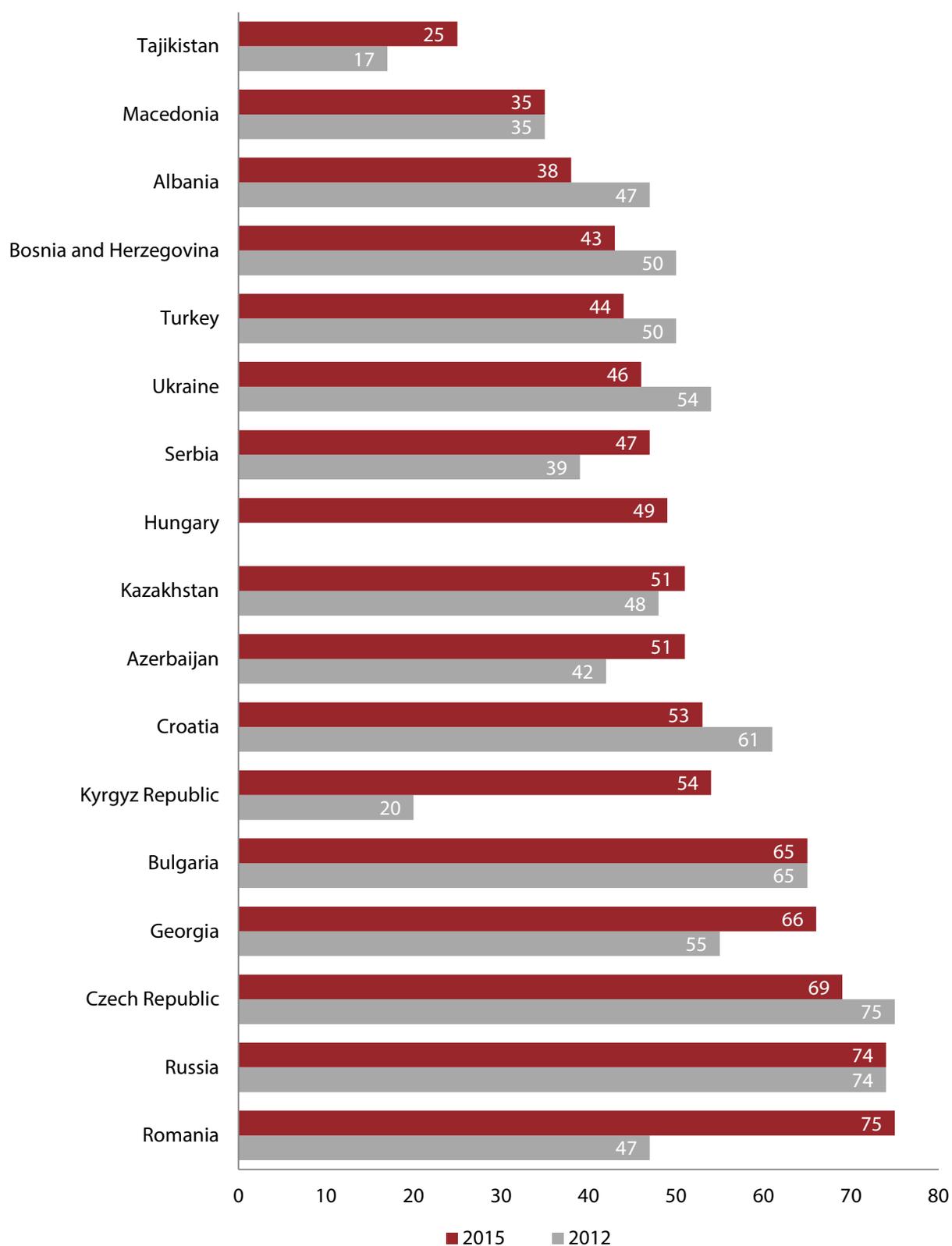
practices in budget execution and cash management (TCOP); and control of commitments and arrears (TCOP). These surveys involve the documentation of practices in up to 21 member countries, to facilitate networking and sharing of information. Some COPs also periodically undertake their own reviews of the impact of COP activities on PFM reforms, as evidenced by IACOP's 2007, 2011 and 2014 surveys.

EXAMPLES OF PEMPAL IMPACT BY COP

BUDGET COP

PFM TOPIC ADDRESSED	EXAMPLES OF IMPACT
Program budgeting	Input to Republic Uzbekistan's Concept of Budget Policy Main Directions and Development. Examples of sector indicators assisted MoFs in providing advice to line ministries. Country case studies assisted to inform approaches.
IT systems in budget planning	Six countries examined Georgia system in depth and used procedures to progress their IT projects.
Wage bill management	Working group examined five countries in-depth. Forecast model developed by resource team available to countries as tool to help determine impact of policy options.
Budget transparency	International guidelines on budget transparency translated into PEMPAL languages - Kyrgyz Republic making eight key budget documents available to public; Russian Federation targeting OBI improvements. Procedures gained from South Africa study visit being used as model for reforms (e.g. induction manuals for senior officials being used by Albania , and Public Finance Management Act being used by Kyrgyz Republic).
Spending reviews	BCOP Executive Committee examined Ireland approach to spending reviews to help formulate approaches in their countries for formal, periodic review processes.
PEFA	PEFA Secretariat explained proposed changes. BCOP countries have better understanding of tool, particularly countries who have not yet used it.
OECD survey	13 participating countries have better understanding of what is good practice in budget procedures and international trends through participation in explanatory workshops, benchmarking against 33 OECD countries, and input to final report.

CHART 1: OPEN BUDGET INDEX 2012 AND 2015 - PEMPAL MEMBERS



Source: Compiled by PEMPAL from Open Budget Surveys prepared by the International Budget Partnership (IBP) and discussed by the BCOP Working Group on Budget Literacy and Transparency.

TREASURY COP

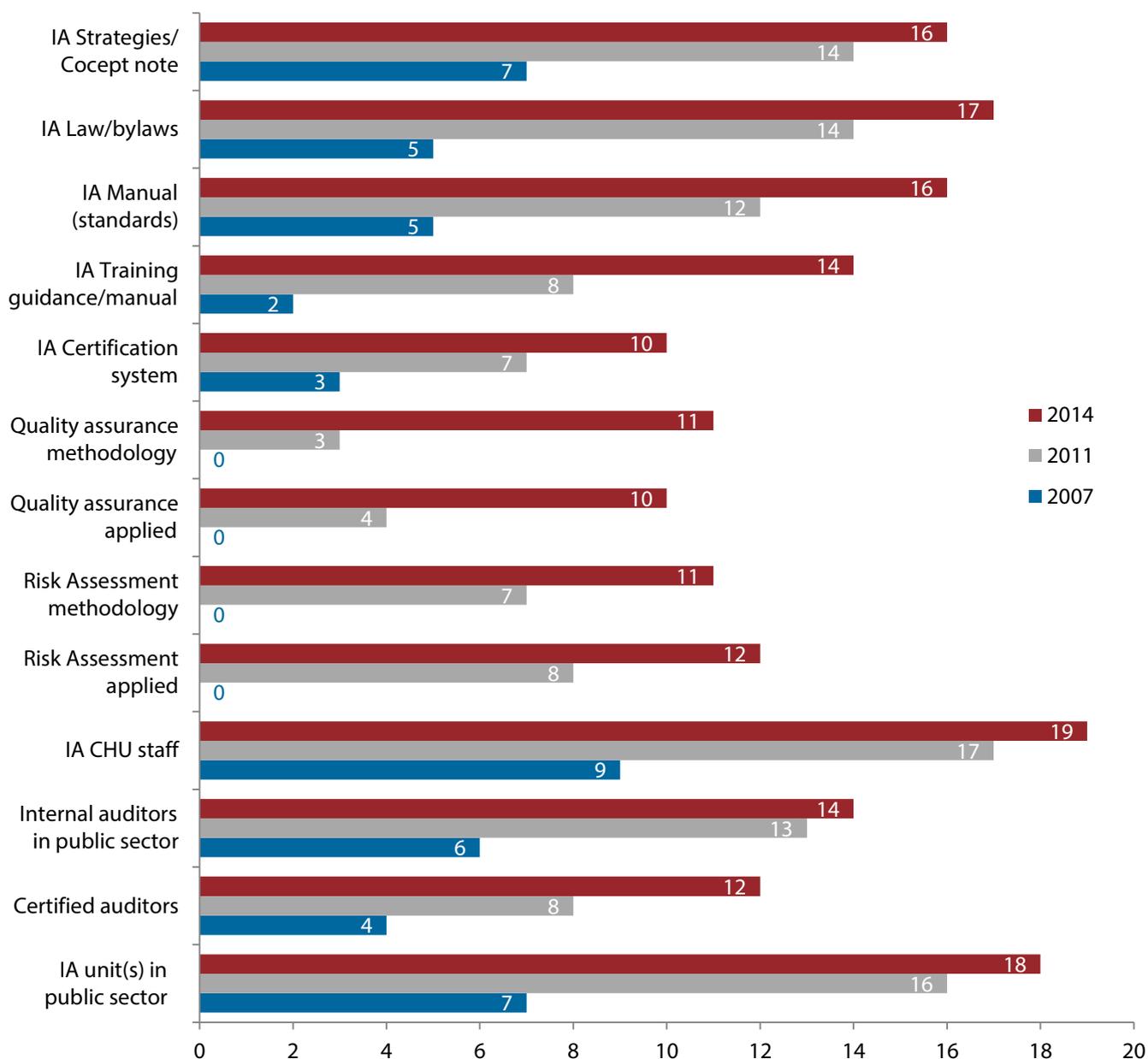
PFM TOPIC ADDRESSED	EXAMPLES OF IMPACT
<p>Public Sector Accounting and Financial Reporting</p>	<p>Development and revision of normative acts e.g. Albania's procedures of closing accounting period; VAT; e-payments and customs automation.</p> <p>Financial reporting consolidation elements implemented by Azerbaijan based on Russia and Kazakhstan experiences shared through TCOP. Moldova designed new budget classification and Chart of Accounts (CoA) in compliance with international standards using knowledge obtained in TCOP.</p> <p>Kazakhstan has amended fiscal legislation and implemented improvements using experience of other countries in several areas, including accounting of external loans (Georgia's experience), reflecting the sum of investments in the separate and consolidated financial statements (Estonia's experience), using electronic invoices (Azerbaijan's experience), accounting of concession in implementing the IPSAS 32 (UK experience).</p> <p>Ukraine used peer assistance in the process of development of the new Chart of Accounts.</p> <p>Russian Federation considered best practices presented in TCOP to assist in fiscal legislation amendment process (Budget Code and instructions on regulating methodology of accounting and reporting in public sector).</p>
<p>Use of Information Technologies</p>	<p>Georgia and Russian Federation case studies were used by Azerbaijan to implement portal solutions in treasury information system.</p> <p>Belarus used peer advice through TCOP when developing the concept for modernization of FMIS.</p> <p>Tajikistan used knowledge gained through TCOP in designing and implementing new FMIS.</p> <p>Albania used TCOP to progress reforms that resulted in normative acts to support payment of taxes through automated treasury IT system, and establishing e-taxation. Albania also introduced treasury system software to record multi-year commitments.</p>
<p>Treasury Controls</p>	<p>Georgia moved to integration of PFM operations in single system, resulting in integration of local levels of budget in the FMIS, with resulting legal acts and regulations coming into force 2015.</p>
<p>Cash management</p>	<p>Moldova used TCOP knowledge to improve cash management approaches and develop proposed new Law on Public Finance and Fiscal Responsibility.</p>

INTERNAL AUDIT COP

IACOP survey responses indicated IACOP had a significant impact (above 75%) in nine countries,⁵ high (45-75%) in three countries (Bulgaria, Georgia and Kyrgyz Republic), moderate in five countries (15-45%)⁶, and low (under 15%) in only one country, Belarus. **Chart 2** identifies the areas of work IACOP have focused on and the

associated changes on a county basis. The survey results demonstrate significant progress made by the majority of IACOP countries with major impact of IACOP, through its on-going support for establishing new internal audit functions since 2007, and related policy, legislative and procedural framework establishment and strengthening in member countries.

CHART 2: IACOP IMPACT BY NUMBER OF COUNTRIES ADOPTING REFORMS



5 As reported by Armenia, BiH (Federation and State), Kazakhstan, Moldova, Russia, Serbia, Tajikistan, Ukraine and Uzbekistan. Note BiH Federation and BiH State have been counted as one for purposes of reporting country progress, noting they both assessed impact of IACOP reforms as significant.

6 Reported by Albania, Croatia, Hungary, Montenegro, and Romania.



3.2

PEMPAL OUTCOME – New and Improved Practices and Satisfied Members

The MTR showed good progress at the outcome level of the Strategy with strong evidence of new and improved knowledge in PFM practices,⁷ and continuing and rising high levels of satisfaction of individual members with the opportunities for knowledge sharing and learning provided by the network. Quotes and letters of support from senior managers of PFM institutions provided by the COPs indicate that they believe PEMPAL is contributing to improved skills, knowledge and professionalism in PFM practices in their countries. Some examples are provided below. This support is essential to the sustainability of the network to ensure such officials continue to approve participation of their staff.

Satisfaction ratings from PEMPAL participants, taken from post-event surveys, have remained consistently high throughout the last three years (Refer to Section 6.4, for survey result charts for last two calendar years). From these charts, feedback from post event surveys remains positive and shows improvement over time in most categories. Participants appreciate learning from their peers and discussions are increasingly aligned with knowledge levels. Ratings of the applicability of knowledge to daily work were also consistently high.⁸ This finding is supported by the results of the MTR member survey in which around a third of survey respondents reported that they have designed, recommended or implemented PFM reforms using the experiences of fellow COP members or from knowledge gained through the COP and many more respondents intended to use this knowledge in the future.

⁷ As assessed by Ministers and Heads of Organizations, as required under this level in the strategy.

⁸ This is an indicator against Output Objective 3, but it is also relevant to ensuring the Outcome level is achieved, so is reported here.

Mr. Maxim Ermolovich, First Deputy Minister of Finance of the Republic of Belarus, opened the October 2014 TCOP workshop in Minsk, emphasizing the importance of the discussed topic, as

"Belarus is on the verge of taking major steps related to modernization of the public finance management information system; and participation of representatives of the country in PEMPAL events devoted to this topic gives them a good opportunity to obtain additional information and to exchange experience in the field of FMIS modernization."

Mr. Roman Artyukhin, the Head of Treasury of Russian Federation, is heavily involved in TCOP activities, attending during the PEMPAL Strategy MTR period three TCOP events (one in Moscow and two in other countries). Opening the TCOP workshop in Moscow in May, 2014 he mentioned:

"As one of the participants to the first TCOP event held in 2006, and several others recently conducted, I am impressed by the PEMPAL impressive progress in creating and offering knowledge products and opportunities for sharing experience among the members. I am glad to remark the increasing role of the TCOP members themselves in preparing the content of the events. The PEMPAL member countries act both as PFM knowledge donors and beneficiaries, which contributes to the efficiency of the network and peer-to-peer learning."

Ms. Gelardina Prodani, Secretary General of Ministry of Finance of Albania, former Chair of the BCOP Executive Committee for two years and current Deputy Chair:

"Discussing common public finance issues with my peers has been a tremendous benefit to me both professionally and personally. It helps my work to identify and share good practices not only from BCOP member countries, but OECD and other Ministries of Finance from around the world."

(Quote collected for purpose of BCOP promotional video script used at 2014 Cross-COP meeting).

Source: COP Submissions provided to the mid-term review of the PEMPAL Strategy

Survey responses to the MTR also provided examples of value and impact,⁹ although the format and comprehensiveness of responses was limited by the survey approach. Some examples are provided below.

⁹ The average response rate for the MTR member survey was 47%. However, in total 108 members responded out of a total of 229 invitations sent. This shows significant improvement to 2012 external evaluation survey response rates, which only resulted in 46 responses out of a total of 404 invitations sent.

Experience exchange especially with the neighbor countries helps us to gain considerable knowledge in the field of implementation of the budget in BiH. Although BiH has not fully implemented / introduced program budgeting, the acquired knowledge and experience will greatly help us to be more effective and functional as well as in implementation processes.

BCOP Executive Committee (EC)

Yes, because these studies are used in the formulation of PFM policies, moreover, these studies help us to look at the problems from different angles.

BCOP

We use the experience of countries on the development of their Citizen Budget projects, as well as the experience of countries participating in the study visit to Ireland on analysis of budget expenditure effectiveness.

BCOP EC

Currently, the Republic of Belarus develops the PFM reform strategy. In this process, we use the materials and the experience of different countries to include the main areas of reform.

TCOP

We increased the coverage of the Treasury Single Account based on experience in peer countries. Also public nonfinancial assets accounting practices in other countries helped us think better how to deal with issues.

TCOP

I have used materials from PEMPAL to improve the structure of the Unified Chart of Accounts.

TCOP

The risk assessment has been improved thanks to IACOP, as well as the quality assurance of internal audit, especially internal ongoing assessment that is implemented in practice in my Unit.

IACOP

We used the experience of colleagues from Bulgaria for strategic and annual planning based on risk assessment; filling out audit documents, using of sampling techniques.

IACOP



MTR survey respondents also provided positive feedback about the opportunities provided by PEMPAL.

On average survey respondents rated the following opportunities provided by PEMPAL very positively scoring around 4.4-4.6 out of a maximum of 5 across all COPs: to build relationships with peers in the region; to build a knowledge base in their area of expertise including how the function is managed across different countries; and ability to bring back learning from COP events and share it with their organizations.

LOOKING AHEAD

Taking into account the existing methodology challenges, success stories remain the main instrument for demonstrating program impact,

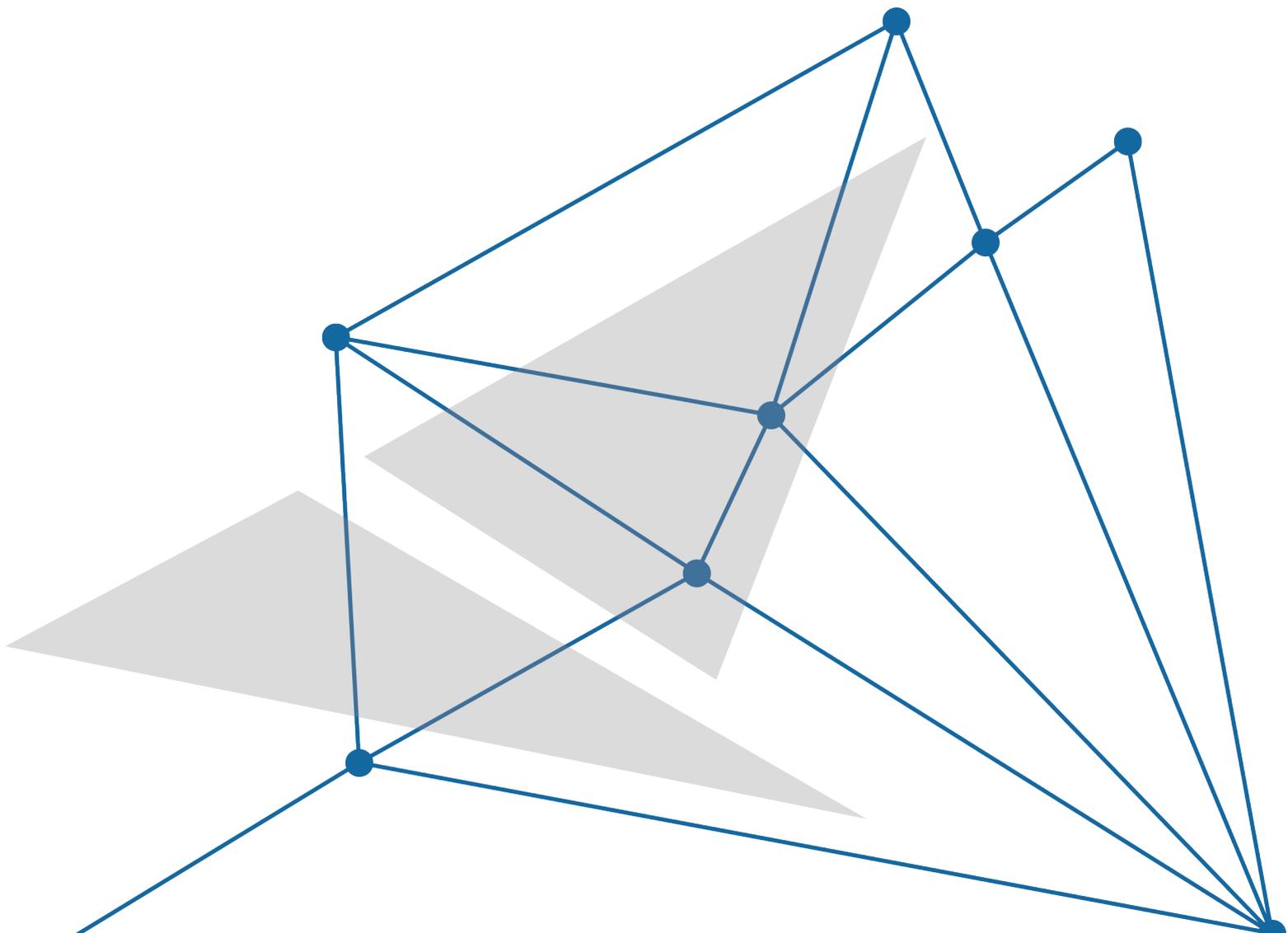
so it is important to have a systematic approach¹⁰ to collecting and documenting them. IACOP is currently trialing a new approach of mapping different types of value using the Wenger-Trayner approach that will be considered for use across the rest of the network as part of the next strategy.

¹⁰ Refer to

wenger-trayner.com/resources/publications/strategic-evaluation-of-network-activities/



**PEMPAL RESULTS: PFM
PRIORITIES OF MEMBER
GOVERNMENTS ADDRESSED**



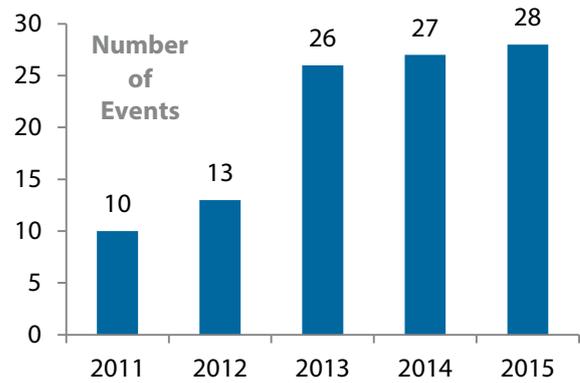
Output Objective 1 was met by all COPs through member driven action plans that focus on thematic PFM priorities chosen by their members.

BCOP has focused on improving public expenditure management through program budgeting, fiscal consolidation, effective wage bill management and improvements in budget literacy and transparency. TCOP has focused on public sector accounting and financial reporting, use of information technologies in treasury operations, cash management and treasury controls. IACOP has focused on the establishment of the internal audit function including developing guides of good internal audit practices and clarifying the relationship between internal audit, financial inspection and external audit. It is worth noting that an ECA regional PFM study undertaken by the Bank in 2012 confirmed high relevance of all the topics chosen by PEMPAL COPs for ECA countries.¹¹

Both face-to-face consultations and member surveys are used to identify priorities that are then used to prepare action plans. Processes to prioritize activities are common across COPs and consist of a range of approaches, including selecting the most common requested topics for larger format meetings; working group and study visits for less common topics, with final selection done through a combination of voting by members and selection/approval by the COP Executive Committees.

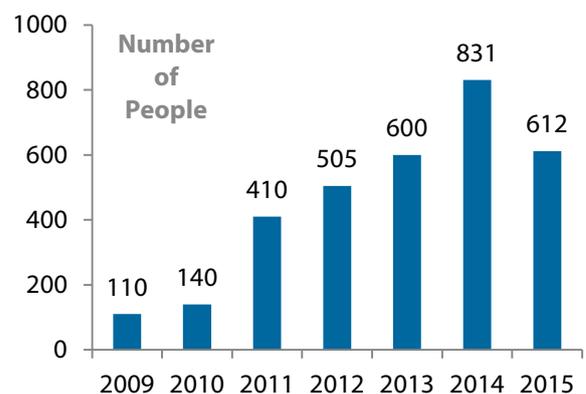
There is an increasing use of smaller working group formats to better meet the needs of members. During 2015 there were nine working groups which actively met: BCOP (2), TCOP (4) and IACOP (3). These groups meet regularly, usually via videoconference, to discuss and address specific PFM issues, common to a sub-set of countries. Nineteen such meetings were held in CY 2015, compared to 10 in CY 2014 and five in CY 2012. Of these 19 working group meetings held, BCOP and TCOP held eight such meetings each and IACOP held three.

CHART 3: NUMBER OF THEMATIC EVENTS



In 2015, 28 events were held, which connected 829 people, in 12 different countries, including 7 events hosted by PEMPAL countries (as shown by Charts 3, 4 and Table 1). Of the 28 events, 12 of these were held via videoconference. The 829 people connected comprised 612 participants from member countries, 124 technical PFM resource team experts, 81 administrative staff, and 12 observers.¹² The PEMPAL member countries that hosted events included Albania, Armenia, Croatia, Georgia, Kyrgyz Republic, Moldova. Armenia is of particular note, as they hosted meetings for both BCOP and IACOP over the year.

CHART 4: EVENT PARTICIPANTS (FROM MEMBER COUNTRIES)



¹¹ Comparison of regional PFM priorities identified by the mentioned study and thematic priorities of PEMPAL COPs was presented at a PEMPAL Executive meeting held in July 2013.

¹² These figures exclude Steering Committee and COP Executive Committee meetings. PEMPAL Secretariat comprises a core team of three staff, one per COP who also accesses a team of World Bank translators. The technical Resource Teams comprise two to three core members for each COP and other PFM experts as needed. In 2015 the majority of observers attended the BCOP plenary meeting in Armenia and came from the Armenia World Bank office located there. Representatives from Eurasian Economic Commission also attended. Core PEMPAL membership (i.e. people who attended two or more events during the MTR period), comprised 61 (BCOP), 119 (TCOP) and 65 (IACOP) people, making the network about 245 people in size.

TABLE 1: PEMPAL EVENTS BY COP, DATE, LOCATION AND FORMAT, 2015

Date	BCOP	TCOP	IACOP	Cross-COP	SC
January	(VC)	Austria (C)			(VC)
February	Armenia (A)				
March	South Africa (C)	South Korea (C)	Moldova (C)		
April	(VC)	(VC) (VC)			(VC)
May	Poland (B)	Albania (A)	Netherlands (C)		
June	(VC)	(VC)	Kyrgyz Republic (B)		
July			Austria (B)	Austria (A-COP Exec)	Austria
August					
September	(VC)		(VC)		
October		(VC) Georgia (B)	Armenia (B)(B)		
November	(VC) France (B)	(VC)			(VC)
December	Croatia (C)	(VC)			

(A) - COP Plenary

(B) - Small group meeting

(C) - Study visit

(VC) - Video Conference

Note the table above excludes meetings of each COP Executive Committee, which happen regularly in the lead up to events as part of event planning and preparation processes.

COP Plenary meetings are those that all member countries are invited to, i.e. 21-23 countries.

Small group meetings (B), can include those that address an ongoing thematic issue that has been chosen by a sub-set of countries e.g. face-to-face working group meetings. They may at times have a significant number of member countries attend (for example IACOP's meeting in Kyrgyz Republic involved 54 participants from 21 member countries). Thus small group meetings differ from study visits (C), as study visits have a maximum limit of 15 persons, in light of logistical and other constraints in the host government accommodating such a large group to examine their budget, treasury and internal audit processes.

During 2015, 27 key PFM theme aspects were discussed by PEMPAL.¹³

These are outlined by COP below including details of the objectives and results of each meeting provided in **Attachment 2**, and links to find the knowledge resources developed and shared provided in **Attachment 3**.

¹³ The 27 PFM theme aspects discussed correspond to the 28 meetings held in CY 2015. One meeting was not included as it dealt solely with event preparation for the IACOP back-to-back meetings held in Armenia in October. It was however included in the count of VCs, and the overall count for the number of meetings given it involved member country participants.



Budget Community of Practice

- Fiscal consolidation
- Wage bill management (finalization of work of the group)
- Budget literacy and transparency
- Program budgeting

Treasury Community of Practice

- Cash management
- Use of Information Technologies in Treasury Operations
- Accounting Standards
- Public Financial Management Reforms in Austria
- Evolution of the role and functions of the Treasury

Internal Audit Community of Practice

- Internal Audit systems in other countries
- Modern Internal Audit and Financial Management and Control
- Public Internal Control
- Relationship of Internal Audit with Financial Inspection and External Audit (RIFIX)
- Risk Assessment
- Quality Assurance

Cross-Cutting Themes

- Executive consideration of mid-term review of PEMPAL Strategy 2012-17.



4.1

Budget Community of Practice (BCOP)

The BCOP aims to strengthen budget methodology, planning and transparency in PEMPAL member countries. It facilitates discussions on common challenges member countries are facing at annual plenary meetings, while for more focused discussions on specific issues and more targeted assistance to member countries in addressing challenges, it has also established several working groups which comprise a sub-set of members who meet more regularly:

- Wage Bill Management Working Group (whose activities will be completed in FY 2016).
- Budget Literacy and Transparency Working Group
- Program Budgeting Working Group (new CY 2016)

The Wage Bill Management Working Group will finalize its work program in 2016. The objective of this, launched in FY14, was to learn from international experience and exchange lessons PEMPAL countries learnt on how to address key challenges and vulnerabilities in countries public sector pay systems and wage bill management practices. Over FY 2014 to FY 2016 the group has examined application of a wage bill forecasting model and pay flexibility approaches in the civil service; use of IT systems in wage bill management based on Turkey case study; and Latin American countries experience in improving HRM efficiency and country case studies in public pay reforms, including lessons from Kyrgyz Republic, Croatia and Slovenia. The results of this working group have included a deepening knowledge of members on several critical issues in pay policy and wage bill management. This should lead to improved wage bill management and overall strengthened budget sustainability given the wage bill accounts for a significant proportion of public expenditures across the ECA region. The Working Group was technically supported by Maya Gusarova and Zac Mills from the World Bank.

BCOP thematic priorities for 2014 – 2016

During the period 2014-2016 the BCoP organized its activities around the following main themes:

- **Sharpening tools for effective fiscal management** (i.e. program budgeting; fiscal rules; long term budgeting; management of fiscal risks; wage bill and consolidation plans).
- **Strengthening fiscal transparency and accountability** with a focus on budget literacy, transparency and public participation initiatives
- **Facilitating knowledge exchange** between a) OECD member and accession countries in Europe and Central Asia at SBO annual meetings b) between Budget related Departments of our 21 member country MoFs c) other COPs, through joint initiatives or activities
- **Expanding internationally available data** on PEMPAL countries on budget

The Budget Literacy and Transparency Working Group established in FY 2015 aims to learn from international experience with raising budget literacy among citizens and budget openness and accessibility.

So far the work of the group has included documentation of member countries practices and status of reforms through an online survey during 2015. International country case studies have also been reviewed through presentation of a World Bank study on budget literacy practices. Approaches of engaging citizens by Canada, UK, Russian Federation and Croatia were also examined in more depth. The Working Group towards the end of 2015 examined citizens' budgets and participation in Croatia, at the state and local levels, through a study visit. Plans are in train to examine citizens' budgets and public participation initiatives more closely focusing on good practices as identified by the International Budget Partnership in early 2016. Good PEMPAL performers Russian Federation and Romania will also be showcased with Kyrgyz Republic also, as the most improved. A knowledge product identifying challenges in producing citizens' budgets and how they could be addressed will be developed during 2016.

A new working group will be launched in FY 2017 on program budgeting, given the topic continues to be categorized as high priority

despite several plenary meetings already held on such reforms. A small BCOP delegation has participated in the annual OECD meeting on Performance and Results in 2014 and 2015

to gather ideas for the work of the group, and a concept note will be outlined in the 2016 annual plenary meeting, to determine interest and subscription of member countries to the group. Preliminary plans have already been made to examine reforms implemented in the Russian Federation and to undertake international benchmarking through participation in the OECD performance budgeting survey (in the Spring of 2016).

A plenary meeting was held in 2015 on fiscal consolidation plans.

In light of measures being implemented to recover from the global economic crisis of 2008 across many PEMPAL member countries, BCOP members chose fiscal consolidation to be the main focus of its 2015 plenary meeting. Thus, the meeting focused on the experience, the lessons, the tools, and country examples of fiscal consolidation. The next such meeting will be held in early 2016, and members have chosen to discuss fiscal rules for effective and sustainable budgeting.

In 2015, the BCOP had 10 events in total

which included one plenary meeting, two small working group meetings, two study visits and five thematic videoconference meetings. In addition, BCOP representatives also participated in the annual meeting of the OECD Senior Budget Officials from Central, Eastern and South Eastern Europe (CESEE) countries.

Details of each BCOP event held in 2015 including their objectives and results are provided Attachment 2.

TABLE 2: PUBLIC AVAILABILITY OF KEY BUDGET DOCUMENTS IN PEMPAL COUNTRIES IN 2015

Country	Pre-Budget Statement	Executive's Budget Proposal	Enacted Budget	Citizens Budget	In-Year Reports	Mid-Year Review	Year-End Reports	Audit Reports
Albania	Available to public	Available to public	Available to public	Not produced	Available to public	Not produced	Available internal use	Available to public
Armenia	Available to public	Available to public	Available to public	Not produced	Available to public	Not produced	Available to public	Available to public
Azerbaijan	Not produced	Available to public	Available to public	Available to public	Available to public	Not produced	Available to public	Available to public
Belarus	Available internal use	Available internal use	Available to public	Not produced	Not produced	Available to public	Available to public	Available internal use
BiH	Available to public	Available to public	Available to public	Not produced	Available to public	Not produced	Available to public	Available to public
Bulgaria	Available to public	Available to public	Available to public	Available to public	Available to public	Available to public	Available to public	Available to public
Croatia	Available to public	Available to public	Available to public	Available to public	Available to public	Not produced	Available to public	Available to public
Czech Republic	Available to public	Available to public	Available to public	Available to public	Available to public	Available to public	Available to public	Available to public
Georgia	Available to public	Available to public	Available to public	Available to public	Available to public	Not produced	Available to public	Available to public
Hungary	Not produced	Available to public	Available to public	Not produced	Available to public	Not produced	Available to public	Available to public
Kazakhstan	Available to public	Available to public	Available to public	Not produced	Available to public	Available to public	Available to public	Available to public
Kyrgyz Republic	Available to public	Available to public	Available to public	Available to public	Available to public	Available to public	Available to public	Available to public
Macedonia	Not produced	Available to public	Available to public	Not produced	Available to public	Available internal use	Available to public	Available to public
Moldova	Available to public	Available to public	Available to public	Not produced	Available to public	Available to public	Available to public	Available to public
Romania	Available to public	Available to public	Available to public	Not produced	Available to public	Available to public	Available to public	Available to public
Russia	Available to public	Available to public	Available to public	Available to public	Available to public	Available to public	Available to public	Available to public
Serbia	Not produced	Available to public	Available to public	Not produced	Available to public	Not produced	Available to public	Available to public
Tajikistan	Available to public	Available to public	Available to public	Available to public	Available to public	Not produced	Published Late	Available internal use
Turkey	Published Late	Available to public	Available to public	Not produced	Available to public	Available to public	Available to public	Available to public
Ukraine	Available to public	Available to public	Available to public	Not produced	Available to public	Not produced	Available to public	Available to public
Uzbekistan	Available to public	Available internal use	Available to public	Not produced	Available internal use	Not produced	Available to public	Available internal use
Public Availability (no. of countries)	15	19	21	8	19	10	20	18

■ Available to public
 ■ Available internal use
 ■ Published Late
 ■ Not produced

Includes all PEMPAL members except Kosovo and Montenegro

Combines results from 2015 PEMPAL and OBI surveys.



4.2

Treasury Community of Practice (TCOP)

TCOP activities aim at strengthening the treasury function of government through:

- Supporting and enabling promotion of PFM reforms in PEMPAL member countries, focusing on reforms of national treasuries' activities.
- Offering good quality resources and knowledge services on topics of priority professional interest to TCOP members.
- Building and enhancing a highly professional community of treasury experts interested in promoting treasury reforms in the context of wider PFM reforms, as part of the general PEMPAL network, in Central Europe and Central Asia.
- Involving top managers of Treasuries and MoFs from member countries to support the TCOP activities and PEMPAL network in general.

TCOP thematic priorities for 2014 – 2016

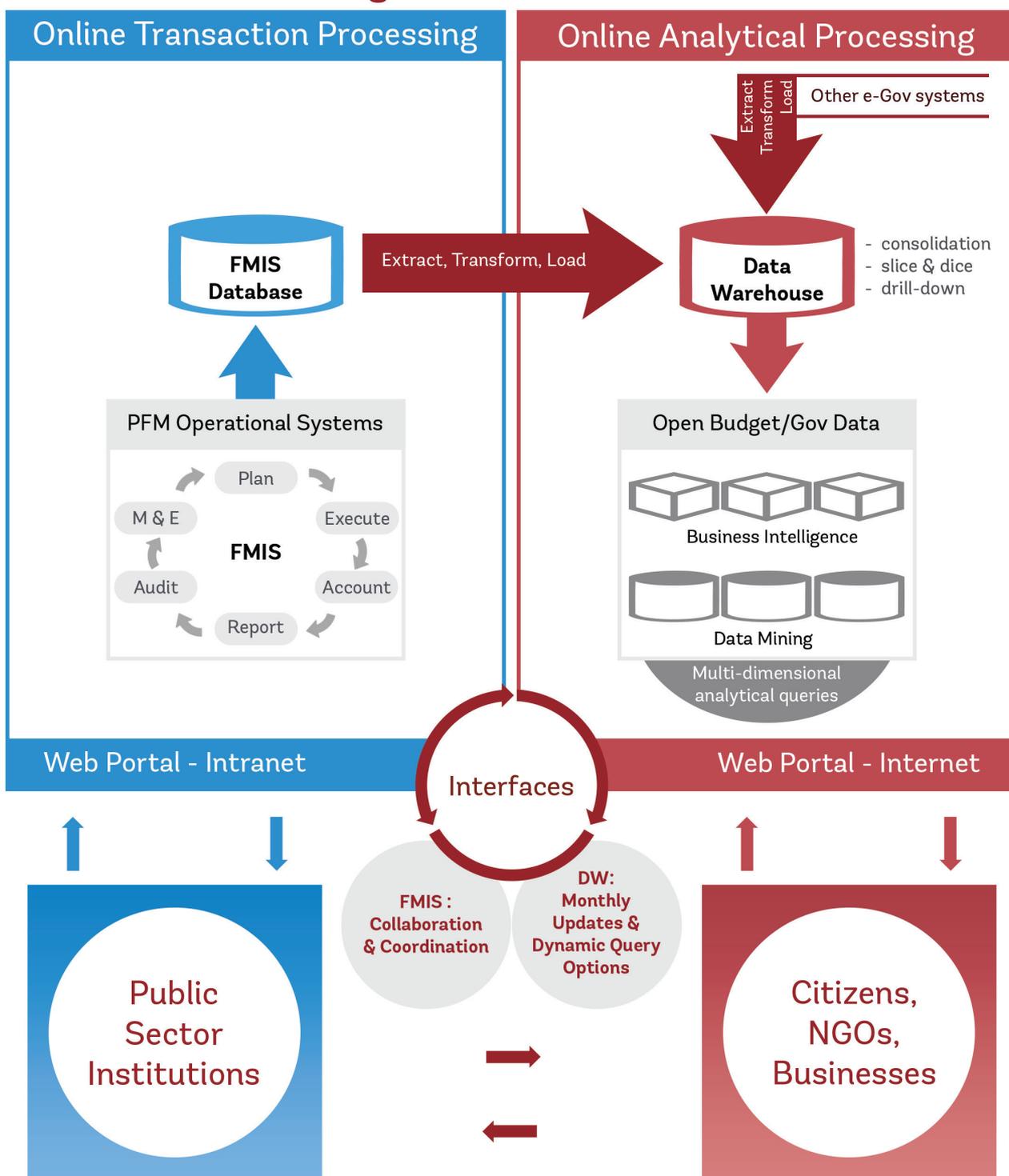
In 2014-16 TCOP organized its activities around the following main themes:

- **Cash management and forecasting**, discussing various approaches to improving cash management in TCOP members countries (consolidation of cash balances and design of a Treasury Single Account (TSA), improving timeliness of recording and reporting of cash flows, cash forecasting tools, etc.)
- **Treasury controls and evolution of the treasury function**, addressing various dimensions of treasury controls (commitment controls, prevention of expenditure arrears, etc.), and discussing international trends in evolution of the national treasury function
- **Use of information technologies in treasury operations**, with a focus on Financial Management Information Systems implementation experiences in PEMPAL countries and around the world
- **Public sector accounting and financial reporting**, with a particular focus on the assessment of national public sector accounting standards and practices in comparison to international public sector accounting standards (IPSAS) requirements

FIGURE 3: INTEGRATED FMIS SOLUTIONS



Integrated FMIS Solutions



Source: Issues of integration of FMIS as discussed and presented in the TCOP Working Group on use of information technologies in treasury systems.

Several TCOP working groups have been established to allow sub-sets of members to meet more regularly

(usually via videoconference) to discuss and solve common problems. The working groups operating during 2015 were:

Use of information technologies in Treasury operations.

This thematic group was created in 2013 and serves as a platform for the specialists from 10 member countries for exchanging experience and knowledge. Most TCOP countries are in the process of development of their treasury information systems and many of them are either considering or already moving towards expanding their functionality and creating integrated financial management information systems. Since its launching the group conducted four thematic videoconferences, two study visits (to Ankara, Turkey - 2013, and to Seoul, South Korea - 2015), and two thematic workshops (in Minsk, Belarus – 2014, and in Tbilisi, Georgia – 2015). The March 2015 study visit to Seoul offered a good opportunity to the group members to learn about the main features of “dBrain” information system used in the public finance management system of South Korea and considered to be one of the most advanced systems of this nature in the world. In October 2015 the group met in Tbilisi, discussing Georgia’s experience in implementing the Public Finance Management Information System, from the design phase to the post implementation stage. The videoconference held in June 2015 preceded the Tbilisi event and familiarized the group members with the mechanism of interaction between the Georgia treasury system and the electronic procurement system, used by the State Procurement Agency. The Belarus approach in ensuring the security of its PFM information system was discussed during the thematic videoconference held in December 2015. The group is continuing its work in 2016.

Cash Management thematic group,

comprising 13 TCOP member countries, was established in 2014 on the initiative of several TCOP countries interested to address a number of challenges faced in liquidity management, and wishing to move from passive cash management to more active cash management practices. In 2015, the group met at three events: the TCOP plenary meeting in Albania and two videoconferences.

In Tirana the group members exchanged experiences in developing cash management practices, and were familiarized with the hosting country experience in liquidity management. The April 2015 videoconference was a good opportunity for the group members to get familiar with Azerbaijan approach to cash management and forecasting, while the videoconference in October was devoted to discussions on the TSA models. Several country cases related to cash management and forecasting practices have been discussed within the group since its establishment, including experience of Turkey, Azerbaijan, the Russian Federation, Moldova and Georgia. The group is continuing its activities in 2016.

Accounting and Reporting Thematic groups

have been in operation within the TCOP since 2013.

The group on Accounting Standards

includes seven TCOP countries interested to discuss the challenges of public sector accounting reforms, involving transition to broader use of the elements of accrual accounting and introduction of national public sector accounting standards aligned to various degrees with international public sector accounting standards (IPSAS). Over the past years the group met on several occasions (face-to-face meetings in Macedonia, Georgia and Montenegro), addressing several issues of priority interest for the group members. In April 2015 the group organized a videoconference to discuss the toolkit titled “Assessment of Public Sector Accounting and Auditing against International Standards”. The tool allows countries to assess prevailing variances and provides a basis for charting a path towards compliance with IPSAS. The group is continuing its activities in 2016.

Thematic groups on Public Assets Accounting and Financial Reporting Consolidation

did not meet in 2015, but were focused on developing the summary documents to document the results of their previous activities. The summary report of the group on Public Assets was completed in 2015 and published on the PEMPAL website. The other group is finishing its work on developing the Guidance on Financial Reporting Consolidation, which will be published on the website as soon as it is finalized.



Evolution of the role and functions of the Treasury.

During the plenary meeting of the TCOP in Tirana, Albania in May 2015, a decision was taken to form a new thematic group to support member countries discuss and plan for the changing role of Treasuries. The advent of automated systems and processes, and the adoption of international reporting standards is placing new demands on Treasuries. The group comprising 12 member countries held its launching videoconference in November 2015. Mark Silins, the World Bank PFM expert working with the TCOP, made a presentation on the evolving role of the treasury function. The case of Azerbaijan was also discussed during the videoconference. The group is continuing its work in 2016.

In 2015, the TCOP had ten events in total which included one plenary meeting, two study visits, a small group meeting, and six thematic videoconference meetings.

Details of each event including their objectives and results are provided in Attachment 2.



4.3

Internal Audit Community of Practice (IACOP)

In accordance with IACOP's latest strategic plan,¹⁴ IACOP offers support to its member countries in establishing a modern and effective Internal Audit system that meets international standards and best practices and is a key for good governance and accountability in the public sector. Following an IACOP plenary decision, five working/thematic groups have been established during the period since 2013, which offer additional opportunities for member countries to address the issues of their priority interest and to fill the gap where there is no clear international best practice established for public sector internal audit. In 2012, the Working Group on Internal Audit Manual was closed and a Good Practice Internal Audit (IA) Manual

template developed and published as a result. The Good Practice knowledge products developed by IACOP are the result of extensive exchange of ideas, experience and knowledge on respective country practices among members. On average, a single Good Practice product takes around two years to develop. These Good Practices are used by member countries to inform their internal audit reforms and guide development of respective documents. They are treated as high value and unique knowledge products, which are the result of the collective work of policy makers and practitioners from 23 IACOP member countries.

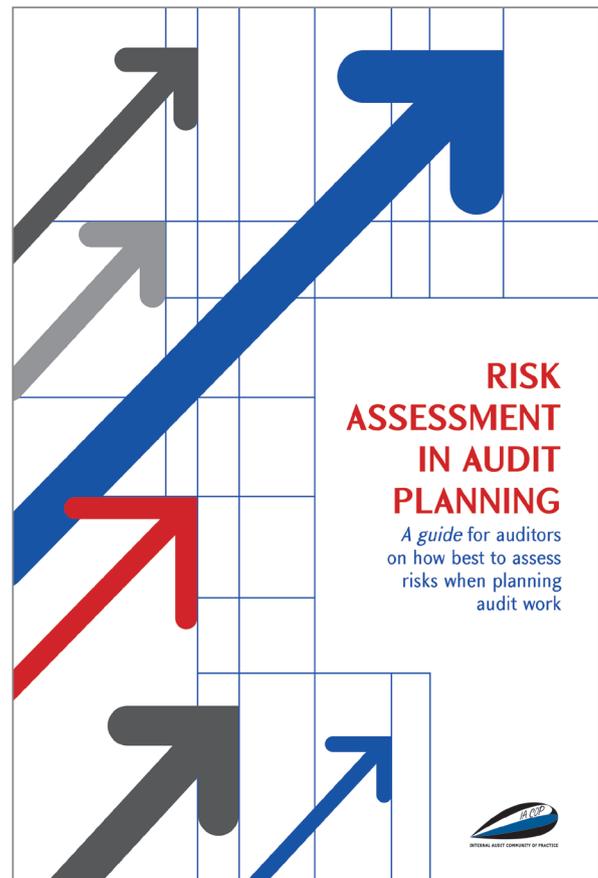
¹⁴ Refer to PEMPAL website:

www.pempal.org/about/action-plans/iacop

The IACOP's unique Good Practice knowledge products developed by the community itself represent a reference of good practice globally. Those completed and under development are as follows:

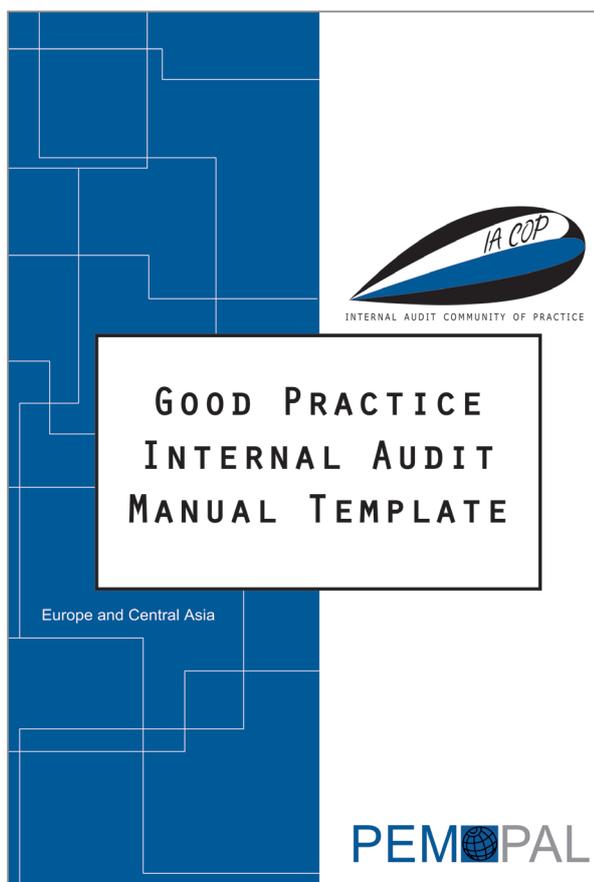
1. Good Practice IA Manual Template (completed and published)
2. Good Practice Continuing Professional Development Manual Template (completed and published)
3. Internal Audit Body of Knowledge (completed and published)
4. Risk Assessment in Audit Planning (completed and published)
5. Concept Note on RIFIX (Relationship of Internal Audit with Financial Inspection and External Audit) (to be completed in 2016)
6. Quality Assessment Guide
7. Communiqués.

The IACOP also prepares Communiqués at the end of each plenary or thematic meeting to summarize key conclusions reached during the particular event. Those also represent a key reform guide for member countries.



IACOP Priority themes for 2014 to 2016

- **Modern Internal Audit and Financial Management and Control** implementation with emphasis on accountability and transparency (new working group)
- **Relationship of Internal Audit with Financial Inspection and External Audit** (RIFIX continuing working group)
- **Quality Assurance** including periodic internal and external assessments and Central Harmonization Units' challenges at different stages of the reform (continuing working group)
- Promotion of IACOP, including existing knowledge products and experience gained in on-going and previous working groups: Training & Certification, Continuing Professional Development, Risk Analysis, Quality Assurance, Body of knowledge



Many working groups have existed in IACOP to develop knowledge products. In 2015, the following actively met: the Working Group on RIFIX; and the Working Group on Quality Assurance. Also member countries met to find practical solutions for challenges in implementing Modern Internal Audit and Financial Management and Control.

The Working Group on RIFIX aims to identify the main differences between internal audit and external audit as well as financial inspection not only at the conceptual level but through providing IACOP positions on key issues based on reform implementation experience. In 2015 the group met in Armenia to learn from best country practices; to finalize and endorse the Good Practice Concept Note on RIFIX; to

advance development of a Good Practice Template of a Cooperation Agreement between internal audit and financial inspection/external audit; and to learn from the Armenian experience of internal audit reforms.

The Working Group on Quality Assurance aims to develop an IACOP approach to periodic internal assessment and external assessment by Central Harmonization Units. In 2015 the group, represented by 13 countries, met in Armenia to finalize the scoring system for the PEMPAL approach to external assessment; to endorse the Good Practice Quality Assessment Guide for Public Sector Internal Audit; and to discuss possible application of the Guide by IACOP countries. This Guide is another major knowledge product for IACOP and provides a unique guide to apply the International Professional Practices Framework and International Standards for the Professional Practice of Internal Auditing on Quality Assurance of Public Sector Internal Audit.

A thematic meeting on Modern Internal Audit and Financial Management and Control was also organized in 2015, which aims to address the practical implementation of the audit cycle, and different type and models of audits, including IT solutions. Member countries met in Kyrgyz Republic to exchange experiences and learning from advanced internal audit, financial management control practices and activities of Central Harmonization Units.

In 2015, the IACOP organized seven events, which included four small group meetings; two study visits; and one videoconference meeting for event preparation.

Details of each IACOP event including their objectives and results are provided in Attachment 2.



4.4

Cross-COP Executive meeting

Date: July 15-17, 2015

Location: Vienna, Austria

The main meeting on July 16-17 was attended by 20 leaders of PEMPAL COPs representing 13 member countries (Albania, Azerbaijan, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Georgia, Hungary, Kazakhstan, Kyrgyz Republic, Moldova, Russian Federation, and Ukraine). Key development partners of the program represented in the Steering Committee (the World Bank, Ministry of Finance of the Russian Federation, and SECO) also participated.

The objective of the meeting was to perform a mid-term assessment whether the PEMPAL Strategy 2012-17 was being effectively implemented, and to identify any issues or adjustments required in light of implementation experience in the past two and a half years. The main meeting was preceded by parallel meetings of Executive Committees of all three COPs held on July 15th. These meetings discussed the matters related to implementation of the COP action plans. IACOP also had an additional session on the Internal Audit system in Austria delivered by the Federal Ministry of Finance of Austria (information provided separately in **Attachment 2**).

The results of the meeting were the PEMPAL Executive concluding that the original objectives of the PEMPAL Strategy remain valid and PEMPAL is making very good progress at all levels. The Executive therefore identified no need for changes in the formulation of the Strategy objectives. The main risk highlighted by the review was related to sustainability of the network beyond the current Strategy period. The agreed approach to addressing the sustainability risk requires clarification of strategic vision on the longer-term future of PEMPAL. It was decided that the vision for the next strategy should be formulated by June 2016 and endorsed at the next year's Executive meeting. Several decisions were also made related to specific actions within the existing Strategy, which were captured in an addendum which was placed on the website next to the strategy.

www.pempal.org/strategy

A table of prioritized actions was also agreed which will be implemented during the final years of the strategy to ensure the strategy's objectives are fully realized.

At the end of the main meeting, on July 17th, the PEMPAL Steering Committee met to endorse the decisions and recommendations made by the PEMPAL Executive.

Materials can be found in the following link:

www.pempal.org/event/read/144



4.5

Steering Committee meetings

In 2015 the Steering Committee - the governing body of the PEMPAL network – met four times – three via videoconference and once face-to-face in Vienna, Austria, back-to-back with the Cross-COP Executive plenary meeting on the MTR of the PEMPAL Strategy 2012-17. Minutes to these meetings are available at

www.pempal.org/event/sc_meetings/

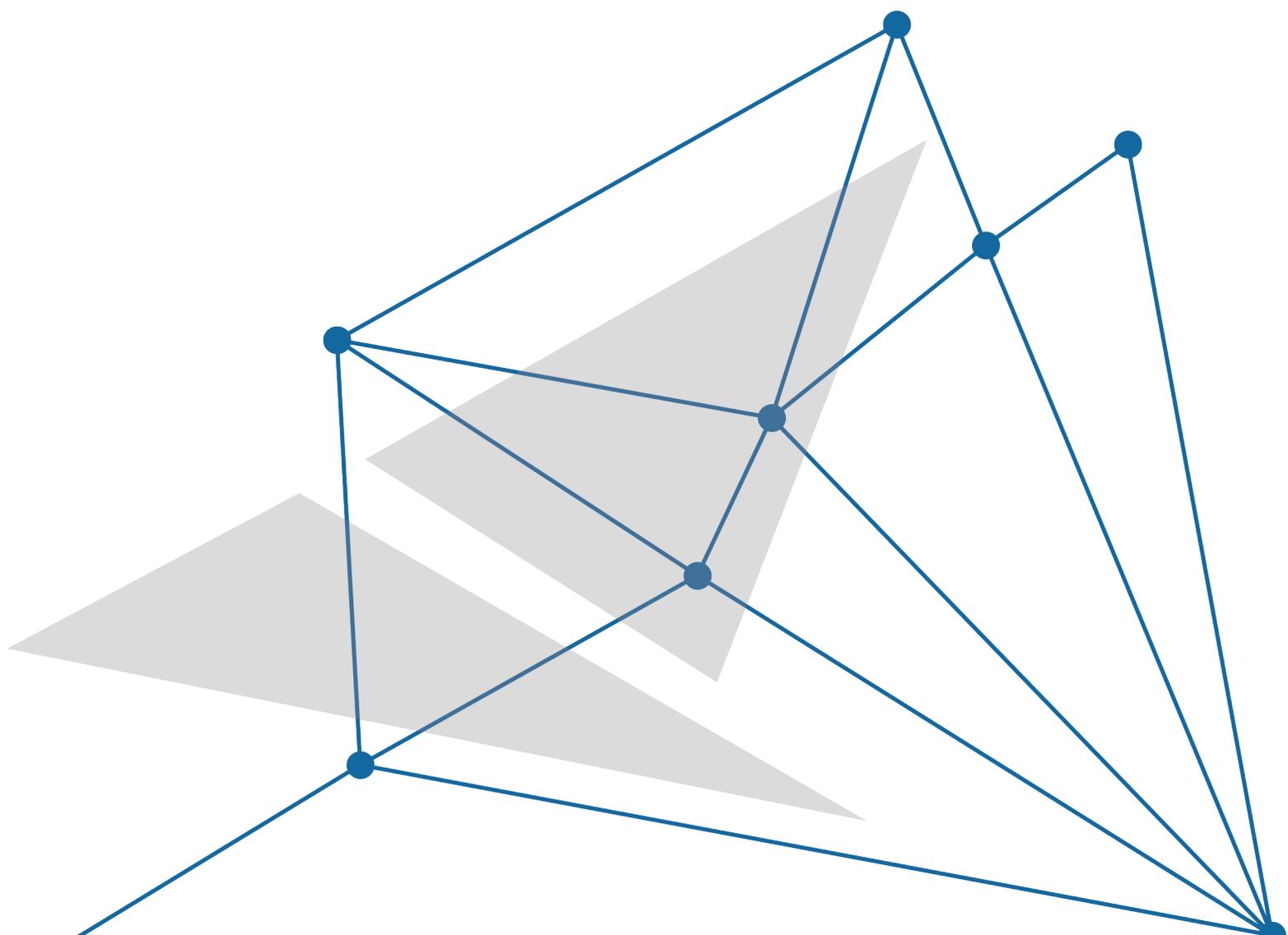
More information can be found about their activities under Section 6.1.

LOOKING AHEAD

The FY 2017 (Calendar Year 2016-17) COP budgets were approved by the Steering Committee in early 2016, indicating the COPs plan active agendas over the coming year, so it is expected that Output Objective 1 will continue to be met. In addition significant resources of key PEMPAL stakeholders i.e. resource teams, Executive Committees, donors, have been allocated to the development of the PEMPAL Strategy 2017-22. The process is expected to be concluded in the last half of 2016, and will lay the basis for the strategic priorities over the next five years.



**PEMPAL RESULTS: QUALITY
RESOURCES AND SERVICES
PROVIDED TO THE MEMBERS**



Good progress in achieving Output Objective 2 was confirmed by the MTR of the strategy conducted during 2015. The review found solid evidence of high and growing levels of member satisfaction with the quality

of resources and services provided by the network. The challenge for the future is to sustain the high overall quality and further improve the quality of materials while continuing to encourage stronger participation of the members in producing knowledge resources and gradually reducing the inputs from the resource teams.



5.1

Quality Resources

Materials provided by PEMPAL were rated good quality or high quality by most respondents to COP MTR surveys, showing an increase across most material types since the 2012 external evaluation results. A key service to members is the provision of knowledge products related to PFM reforms to assist in their work, which in many instances are developed by the members themselves. This includes benchmarking against progress in reforms in countries within and outside the PEMPAL region, to identify good

practices and to share reform challenges and solutions. This is done through presentations and discussions with country representatives and also through formal and informal surveys which document reform status. Other knowledge products range from guidelines prepared by countries using the latest international approaches adapted to suit their local contexts; to technical PFM material translated into the PEMPAL languages to support reform processes (for example IMF, World Bank and OECD guidelines).

Donor Quotes

Ministry of Finance of the Russian Federation

"Objective 2 'Quality resources and network services, supporting relevant PFM practices, are provided to members' is currently on a good level. PEMPAL website operates well and a virtual library is created. Now the main objective in this field is to continue updating content with the latest news about events and information about main achievements of community, etc."

State Secretariat for Economic Affairs SECO

"We think that the management of knowledge products as well as the use of IT solutions to facilitate exchange will require more attention in the future. With the volume of knowledge products growing the COPs and the Secretariat have to ensure that these products are regularly updated and only relevant knowledge products remain in circulation otherwise these sources of information become unmanageable. Also, COPs have to regularly examine whether the IT tools in use (e.g. wiki, virtual library) are actually used by members."

During 2015, PEMPAL shared 514 relevant PFM related documents to support discussions.

This included 314 PowerPoint presentations which illustrated country cases, latest approaches and results of discussions and 200 text documents translated and delivered to ensure all our members got access to, and shared information in the official languages of PEMPAL – English, Russian and Bosnian-Croatian-Serbian. Links to the key resources developed and shared during 2015 by COP, is provided in **Attachment 3**.



5.2

Network Services

PEMPAL benefits from strong leadership, technical & administrative support services (refer to **Figure 1** for organizational chart). The Steering Committee is an important strategic oversight mechanism, to allocate and approve budgets, and monitor progress to facilitate cost-effective provision of services. The role of the COP Executive Committees and their Resource Teams are key to provide support to the technical content required

to meet the PFM priorities identified by the member countries, and to ensure the network is meeting the needs of its members and donors. The Secretariat is also essential to the network, through its role in providing administrative, logistical and performance reporting services. The support services provided by the Resource Teams and Secretariat are further explained below whereas more details on the composition and performance of the Steering Committee and COP Executive Committees are provided in Section 6.

5.2.1

COP Resource Teams

In the COP submissions to the 2015 MTR, all three Executive Committees rated the support from technical Resource Teams as highly satisfactory. Resource teams comprise the core teams that provide

the day-to-day support for event preparation,¹⁵ and the thematic experts, which are engaged depending on the technical needs of the topic under discussion. Other international experts are engaged as speakers or for technical short-term support, depending on the content requirements of the COP action plans.

¹⁵ Tasks done jointly or under direction by the COP Executive Committees include designing agendas and surveys, sourcing technical materials and experts, facilitating working and discussion groups, developing and managing COP budgets, and implementing network improvement initiatives.

Member countries involvement in leading agenda development and working group activities continues to increase.

This is reflected in the declining reliance on international experts as COPs drive more of the agenda. The drop in the number of experts from 241 in CY 2013 to 124 in CY 2015,¹⁶ also reflects the increased use of working groups whereby the countries are more actively engaged in delivering the agendas, and each group is led by a resource country which provides lead experts.

The COP Resource Teams providing support to the Executive Committees remained the same in 2015 as previous years.

The core team includes Elena Nikulina (PEMPAL Task Team Leader/TCOP Lead Coordinator), Ion Chicu (TCOP Adviser/Program Operations Adviser), Maya Gusarova (BCOP Lead Coordinator), Deanna Aubrey (BCOP Resource Person/Network Strategic Adviser), Naida Čaršimamović Vukotić (BCOP Resource Person), Arman Vatyán (IACOP Lead Coordinator), Diana Grosu-Axenti (IACOP Resource Person). Marius Koen provides strategic oversight to IACOP/PEMPAL as a member of the Steering Committee. Nina Duduchava also provides support for implementation of electronic post event feedback surveys.

TABLE 3: SUPPORT BY RESOURCE TEAMS AND INTERNATIONAL EXPERTS

	CY 2013	CY 2014	CY 2015
Events	26	27	28
PEMPAL Participants	600	831	612
Resource Teams and International Experts	241	160	124

5.2.2 Secretariat

The role of the PEMPAL Secretariat is also key to achieving this output objective given its role of providing administrative and performance reporting services to support the PEMPAL program.

The Secretariat function includes: organizing face-to-face events e.g. coordinating event invitations, arranging flights, accommodation, visas, translations, venue and supplies contracting, document distribution; providing background

materials for the Steering Committee discussions, e.g. amendments to internal regulation, updates on the COPs budgets; monitoring performance based on a comprehensive set of indicators; preparing progress and annual reports; maintaining and editing the PEMPAL website and newsletter; maintaining records of the PEMPAL events and the virtual library; and, organizing on-line meetings. As part of the Secretariat's role, it administers and coordinates online-resource materials and communication such as the PEMPAL website, and meetings through videoconferencing and other technologies.

¹⁶ The Secretariat undertakes reporting on a calendar year CY basis.

In the first half of 2015, the functions of the Secretariat for PEMPAL were performed by the Slovenian Center of Excellence of Finance under the contract with the World Bank. The team was led by Gasper Plesco (Head of Secretariat) and included Bojana Crnadak, (TCOP), Živa Lautar (BCOP), and Matija Milotič (IACOP). Regretfully, CEF decided to not renew its contract with PEMPAL after June 2015, so this team had to be urgently replaced and the service for the remainder of the year was delivered by the new Secretariat team established at the World Bank Moscow Office, including Ekaterina Zaleeva (TCOP Coordinator), Ksenia Galantsova (BCOP Coordinator) and Kristina Zaituna (IACOP Coordinator). Based on the decision of the Steering Committee, this transition arrangement is expected to remain in place until the end of the current strategy period in June 2017.

In the 2015 COP submissions to the MTR, the Secretariat services were rated highly satisfactory by BCOP; and satisfactory by TCOP and IACOP. MTR

survey respondents also provided positive feedback on the performance of the Secretariat. Post event surveys remained largely positive for the rating of the Secretariat’s services (logistical organization, and event administration) in CY 2015, although with the change over of the Secretariat function, there were some lower ratings for some events in CY 2015 as the new emergency replacement team had to face on-the-job training during event preparation and implementation. By the end of the CY 2015 however, the last event held scored 4.8/5.0 for quality of organization, and 5.0/5.0 for quality of administration. Overall, the transition went smooth and much better than anticipated due to a committed team.

CHART 5: QUALITY OF ORGANIZATION

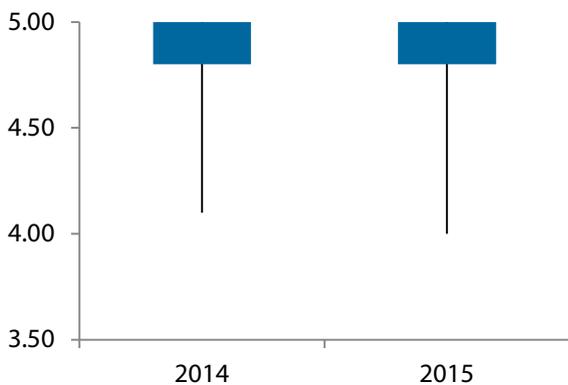
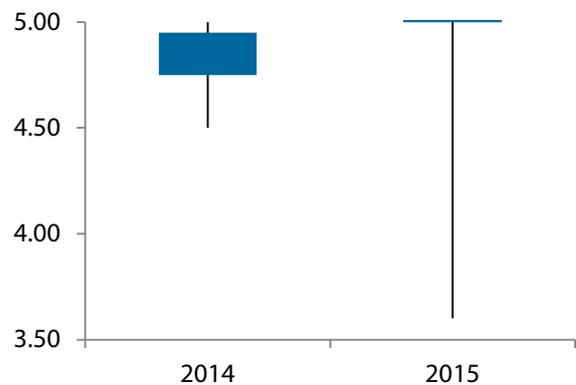


CHART 6: QUALITY OF ADMINISTRATION



Note: The above charts use 'Japanese candlestick' methodology whereby the vertical line through the bar (i.e. the candle wick) represents the full range of scores for the indicator, and the bar itself (i.e. the candle) represents the rating given for the first event compared to the last event of the year. A short candle depicts consistency in performance over the year, with the first and last events achieving similar scores. A short wick also depicts consistency of scores across events. The Y-axis shows a rating from 1 to 5, or alternatively, displays results in percentages.

To construct the charts data for fourteen events, across all three COPs, including one face-to-face cross-COP executive meeting, was used.

This methodology, as applied by the former Secretariat, will be reviewed as part of the next strategy and alternatives for presenting the post-event survey data will be investigated.

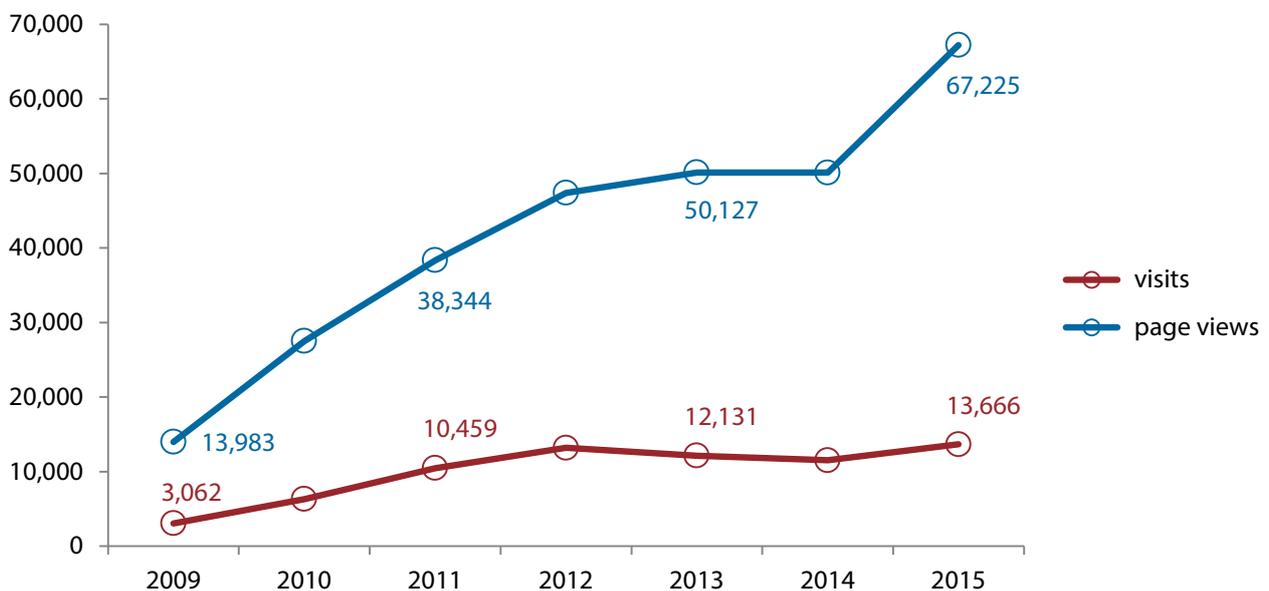
5.3

On-line Resource Materials and Communication

The PEMPAL website is the main storage facility for information on meetings, study visits and COP reform progress. The PEMPAL Secretariat monitors PEMPAL web page visits systematically through Google Analytics, which provides a wealth of helpful information, e.g. on visits (number, duration, etc.).

The PEMPAL website visits increased 19 percent and page views 34 percent. Website traffic increased from 11,518 in 2014 to 13,666 in 2015, from a base of 12,131 in 2013. The number of pages viewed increased 34 percent from 50,106 in 2014 to 67,225 in 2015, from a base of 50,127 in 2013.

CHART 7: PEMPAL WEBSITE TRAFFIC



The PEMPAL Virtual Library

www.pempal.org/library/

and Glossary of Terms

www.pempal.org/glossary/

available at the PEMPAL website have been designed to help the PFM practitioners in their daily work: find laws and regulations of other countries, share best practices, and check the meaning of a specific term for example. The library continues to allow for an efficient and cost effective storage facility and direct upload of documents.

Some COPs use a wiki, an informal web based collaboration tool, to discuss action plans, store event agendas, resource materials,

and to form a shared understanding of their activities. Access to wikis is restricted to COP members only to ensure a confidential sharing of draft policies, laws and procedures. IACOP uses its wiki for event preparation and BCOP uses it for storing additional PFM resources. Box is used as the main facility by the Secretariat and Resource Teams to store draft and final documents, which was established as a platform to house the files transferred from the former Secretariat.

Real-time conferencing through the World Bank supported videoconference facilities and on-line communication rooms are widely used

(e.g., Skype, WebEx) not only for Executive and Steering Committee meetings, but also by the COPs for their thematic workshops and seminars. It has proved to be an effective and efficient tool enabling quick and easy-to-organize knowledge exchange with minimum costs.

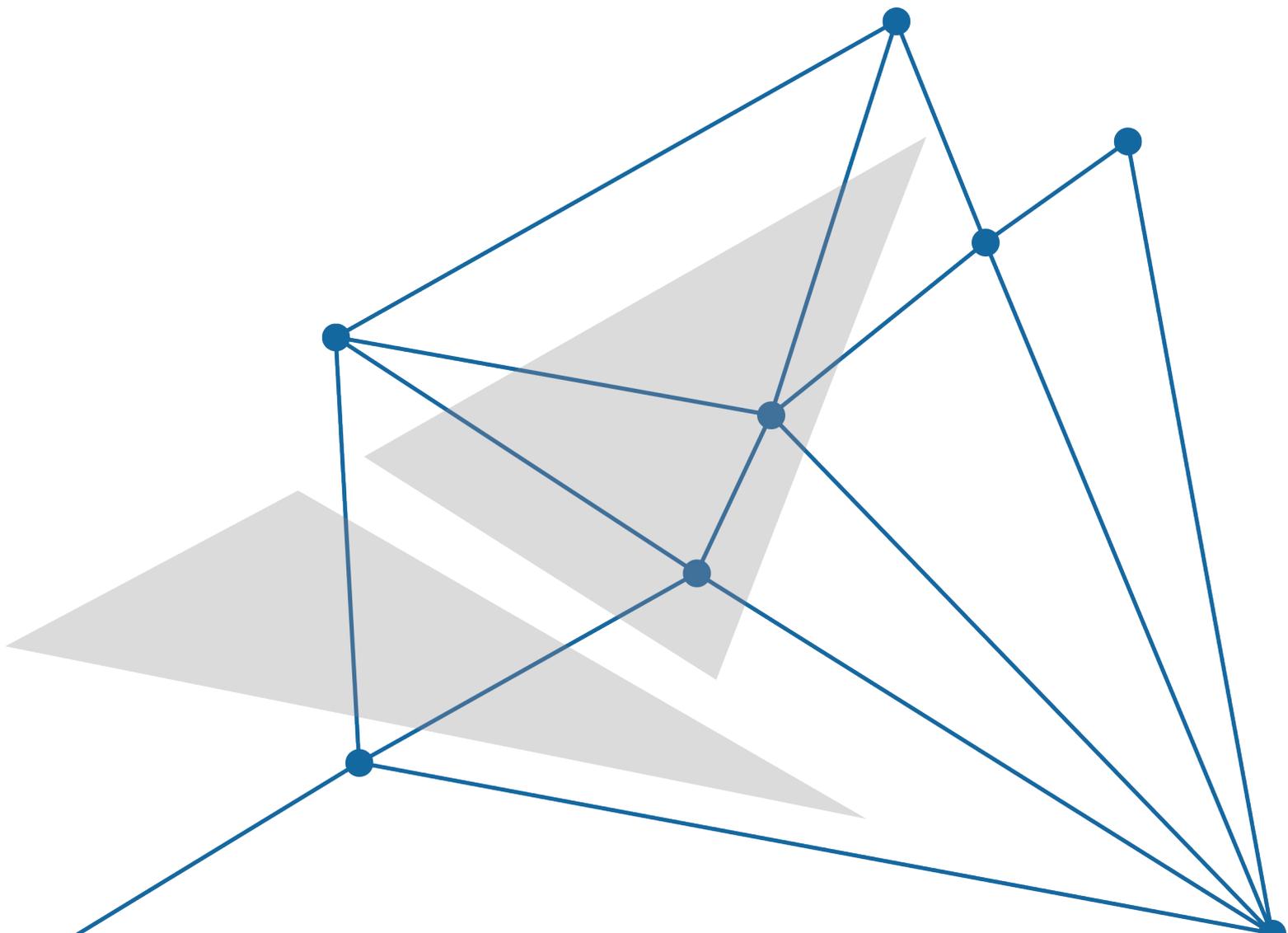
LOOKING AHEAD

The challenge in relation to Output Objective 2 for the remainder of the Strategy period is to maintain the high quality of products and services despite the changing conditions,

including a new secretariat support mechanism, reduced budget allocations for the COP activities and reduced inputs from external experts. In line with the approved Strategy, budget resources available for implementation of COP action plans, as well as technical inputs from the external partners will be reduced in the remaining two years of the Strategy period. This is already reflected in the approved program budget for FY 2016 and projections for FY 2017.



**PEMPAL RESULTS: A
FINANCIALLY-VIABLE
NETWORK OF COMMITTED PFM
PROFESSIONALS**



There is evidence of strong member commitment to the network, high quality of membership as well as increasing provision of in-kind and financial contributions to the program by the member countries, although reporting of such contributions requires further improvement.

Generous donor contributions to the PEMPAL MDTF assured stable program funding throughout the year, and until the completion of the strategy in June 2017. The key challenge ahead is to ensure the sustainability of the network beyond the current strategy period.



6.1

Committed Leadership

There is evidence of high quality leadership and management services being provided to the network. Feedback from respondents to the MTR member survey indicated **high to very high satisfaction** with the governance structures of PEMPAL. The composition of all COP

Executive Committee remained unchanged during 2015. Regrettably the BCOP Executive Committee lost its Chair with the passing of Mr. Konstantin Krityan in the last quarter of 2015, who will be greatly missed, given his valuable strategic direction to both BCOP and PEMPAL in this role. The current composition of the Committees is provided below.

Composition of PEMPAL Executive Committees

At the end of 2015, the COPs' Executive Committees / leadership groups included the following members:

BCOP

Armenia	• The late Konstantin Krityan (Former Chair)
Albania	• Gelardina Prodani (Deputy Chair)
Russia	• Anna Belenchuk (Deputy Chair)
Belarus	• Mikhail Prokhorik
Bosnia and Herzegovina	• Alija Alijović
Croatia	• Mladenka Karačić
Kyrgyz Republic	• Kanat Asangulov
Turkey	• Hakan Ay

IACOP

Hungary	• Edit Nemeth (Chair)
Croatia	• Ljerka Crnković (Deputy Chair)
Moldova	• Cristina Scutelnic (Deputy Chair)
Bulgaria	• Svilena Simonova
Kyrgyz Republic	• Zamira Omorova
Bosnia and Herzegovina	• Amela Muftić
Ukraine	• Maksim Timokhin
Russia	• Stanislav Bychkov

TCOP

Azerbaijan	• Vugar Abdullayev (Chair)
Georgia	• Nino Tchelishvili (Deputy Chair)
Kazakhstan	• Zaifun Ernazarova (Deputy Chair)
Albania	• Mimoza Pilkati
Moldova	• Angela Voronin
Montenegro	• Marija Popović
Russia	• Alexander Demidov
Tajikistan	• Ismatullo Khakimov
Belarus	• Liudmila Gurianova

The COP Executive Committees held 17 meetings in 2015

comprising BCOP (4), TCOP (6) and IACOP (7). Minutes to these meetings are publically available for TCOP at

www.pempal.org/about/governance/ex-com-tcop/

and for BCOP at

www.pempal.org/about/governance/ex-com-bcop/

IACOP minutes are held in the COP wiki page and are available on request.

The PEMPAL Steering Committee (SC) held four meetings in 2015

with minutes to these minutes publically available at

www.pempal.org/event/sc_meetings/

A sub-group of the Steering Committee was established during 2015, to progress development of the PEMPAL Strategy 2017-22 which held its first meeting in December 2015. The Steering Committee also agreed the final addendum to the PEMPAL Strategy 2012-17 after consideration of the results of the MTR.

www.pempal.org/strategy

COPs' action plans, budgets and funding envelopes were reviewed and approved.

The Steering Committee discussed and approved the COPs' budget envelopes for the FY 2016 (from July 2015 until June 2016). At each quarterly meeting, it reviewed implementation of the COPs' action plans and budgets, and related funding. The SC also endorsed the 2014 PEMPAL Annual Report before distribution.

At end-2015, the Steering Committee included key network stakeholders

including representatives of donors (the World Bank, SECO, and Ministry of Finance of the Russian Federation) and COPs (Chairs and/or Deputy Chairs of Executive Committees). Representatives from the COP Resource Teams also participated. In 2015, the chairmanship of the Steering Committee was effectively undertaken by Ms. Anna Valkova (MoF Russian Federation).

TABLE 4: PEMPAL STEERING COMMITTEE

Name	Organization	Country	Role	Position
Anna Valkova	MoF	Russian Federation	Donor	Chair of the Steering Committee
Elena Nikulina	World Bank		PEMPAL Team Leader	Member
Marius Koen	World Bank		Donor	Member
Irene Frei	SECO	Switzerland	Donor	Member
Konstantin Krityan	MoF	Armenia	Former Chair of PEMPAL BCOP	Member
Anna Belenchuk	MoF	Russian Federation	BCOP Deputy Chair	Member
Gelardina Prodani	MoF	Albania	BCOP Deputy Chair	Member
Edit Nemeth	MoF	Hungary	Chair of PEMPAL IACOP	Member
Vugar Abdullayev	MoF	Azerbaijan	Chair of PEMPAL TCOP	Member
Deanna Aubrey	World Bank		PEMPAL Strategic Advisor	Permanent observer
Gašper Pleško	CEF	Slovenia	PEMPAL Secretariat	Permanent observer
Ksenia Galantsova	World Bank		PEMPAL Secretariat	Permanent observer



6.2

Accountability and Performance

PEMPAL is accountable for the use of donor funds so it must ensure it meets the needs of all its key stakeholders and executes its budget, at minimum cost with maximum impact while complying with its approved fiduciary framework. To ensure accountability, PEMPAL continues to use a plethora of tools and processes for monitoring, measuring and evaluating its performance and relevance:

- Internal guidelines: Operational Guidelines (including guidelines for budget management), Guidelines for events, and Guidelines for study visits;
www.pempal.org/rules/
- Steering Committee review and approval of COP budgets, linked to the PEMPAL Strategy;
- COP management of budgets including quarterly progress reports to the Steering Committee;
- Qualitative and quantitative performance indicators – measured after every event through post-event surveys;
- Internal and External evaluations (e.g. periodic external evaluations and in-house reviews);
 - External evaluations were undertaken in 2008, 2012 and an internal mid-term review of the current PEMPAL Strategy was undertaken in 2015.
- Quarterly newsletters and annual reports;

- Internal self-monitoring of the membership targeting performed by the COPs (ongoing);
- Fiduciary framework of the World Bank's MDTF; and
- A set of externally audited financial statements issued for the entire Trust Fund portfolio managed by the World Bank.

For the first six months of 2015, regular quarterly progress review meetings were held as part of arrangements for supervision of the PEMPAL Secretariat Services contract signed between the World Bank and the CEF in March 2013. These meetings were conducted between the World Bank program management team (comprising Elena Nikulina TL, and Ion Chicu, Program Operations Advisor) and the Secretariat (then provided by the CEF) to discuss program activities and performance issues. Quarterly progress reports produced by the Secretariat served the basis for these reviews.

From April 2015, the program management team conducted close down and transfer functions for the Secretariat for the remainder of the year, after notification that CEF would not continue the contract with PEMPAL after June 2015. This included

establishing the new Secretariat in the Moscow World Bank office as an emergency mechanism, to ensure continued operation of PEMPAL with the minimum of disruption, and facilitating the transfer of the web site and other resources. The new Secretariat team reports directly to the World Bank program management team.



6.3

Ensuring a Financially Viable Network – Key Indicators

Given the public good benefits of the network, donors' continuous engagement is necessary for a sustainable approach to PEMPAL's future activities. The Ministry of Finance of the

Russian Federation and SECO have agreed to support PEMPAL financially through FY 2016 and FY 2017, which covers all activities in the PEMPAL Strategy 2012-17 estimated at a total of USD 10.65 million for the five-year period.

In line with the trend envisaged under the program Strategy, total PEMPAL program expenses began to decrease in 2015, after reaching their peak in 2014. Expenses in 2014 were particularly high because of the costs of the major plenary meeting of the whole PEMPAL network which is organized once in every three years. Decrease in program

spending was mainly achieved through lower logistical and administrative costs of event organization (including travel, accommodation, conference facilities, translation, interpretation, etc) which totaled USD 0.8 million and were on par with the event spending in 2014 (excluding the costs of the whole network plenary meeting), and well below the 2013 level of USD 1.1 million.

TABLE 5: PEMPAL PROGRAM SPENDING (USD, THOUSANDS)

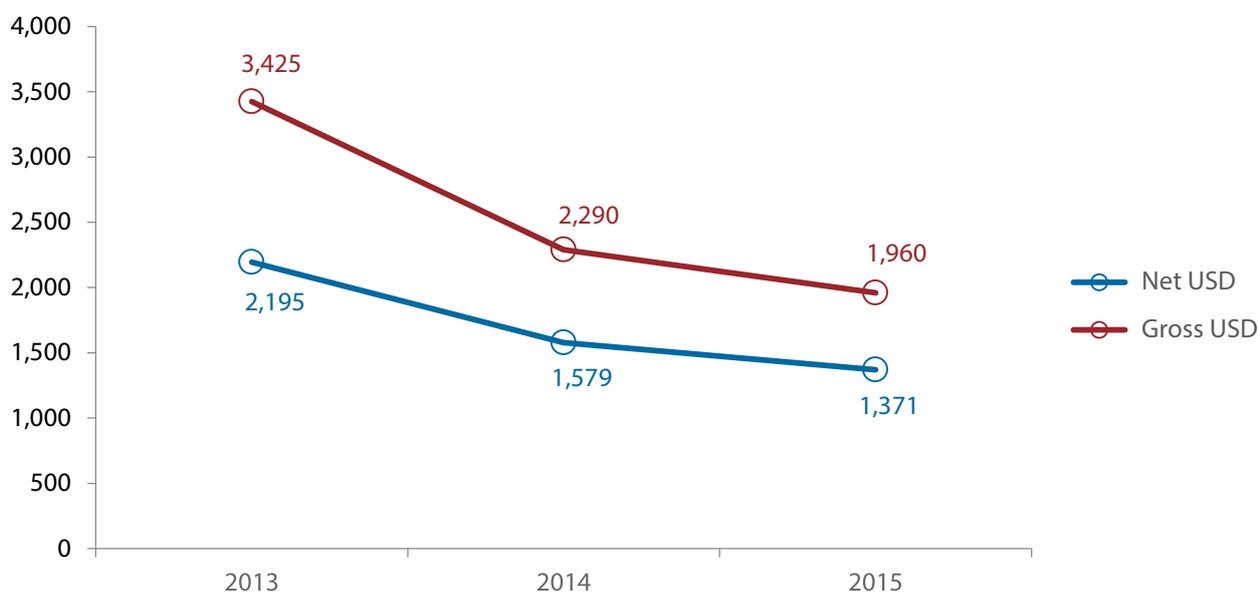
	2013	2014	2015
Events	1146	1505	769
<i>of which whole network plenary meeting, May 2014</i>		722	
Resource teams	578	605	535
Steering committee	40	50	20
Secretariat	339	378	332
TOTAL	2103	2538	1656

Average event expenses per participant have also decreased.

Net expenses per participant per event decreased from USD 1,579 in 2014 to USD 1,371 in 2015, which is explained by more frequent use of videoconferencing as well as different costs of services at different locations combined with effective negotiation efforts for organizing the events. If calculated in gross terms (including Secretariat

costs and other administrative expenses not attributable to individual events), average event expenses per participant decreased in 2015 to USD1,960 from USD 2,290 in 2014. The average expenses of an event¹⁷ in 2015 were USD 39,000 compared to USD 56,000 in 2014 and USD 93,000 in 2013. The continuing decrease in average expenses per event is due to the fact that the COPs more actively used videoconferencing. Average expenses of a face-to-face event in 2015 were USD 85,000.

CHART 8: AVERAGE EXPENSES PER PARTICIPANT



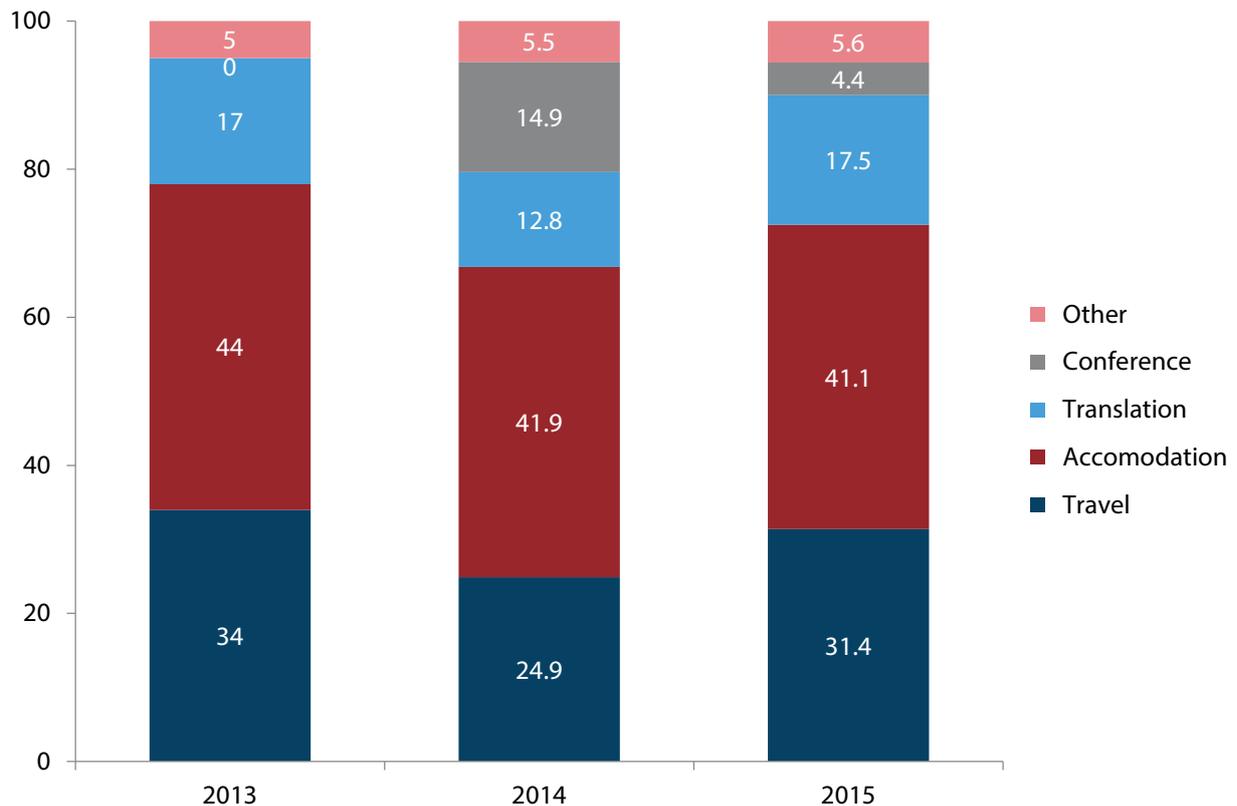
17 Including all types (face-to-face and virtual meetings, 28 events in total)

Structure of event expenses remained roughly the same as in previous years. Chart 9 depicts the relative shares of accommodation, travel and other event related expenses.

Savings continued to be achieved through the use of videoconferencing and other modern technologies for meetings and organizing face-to-face meetings for more than one event (i.e. back-to-back events). Of the 28 events

held in CY 2015, 12 were held through videoconference (an increase from the total of 8 held in CY 2014). The following events in 2015 were held back-to-back: BCOP Budget Literacy workshop with the 11th OECD Senior Budget Officers network of Central, Eastern and South Eastern European (CESEE) countries; Executive meeting on the MTR of PEMPAL Strategy with IACOP meeting with Austrian MoF; and the IACOP held two working group meetings on RIFIX and Quality Assurance.

CHART 9: STRUCTURE OF EVENT EXPENSES





6.4

Other Quantitative and Qualitative Performance Indicators

Ensuring a viable network also depends on the ongoing commitment of PEMPAL member countries.

This commitment can be measured through the level of member country financial and in-kind contributions. The results of the MTR found significant commitment was present and there are plans in train for the Secretariat to strengthen the monitoring and reporting of such information in the future. To measure financial contributions, the MTR examined how many additional participants were sent to events at the expense of member countries, and how often were expenses during meetings being covered such as cultural events and dinners. For in-kind contributions, the time invested by members in the network was examined, including in preparing presentations, knowledge products and providing strategic oversight services as Executive Committee members. Those countries that were hosting events in their countries were also identified given this represented a significant in-kind contribution, in the form of technical and logistical assistance with event

preparations. Other available indicators were also examined to measure member commitment and a summary of these is presented below.

Countries actively send additional participants to events at their own expense.

The results of the MTR found 78 additional people (4% of total participation)¹⁸ were funded by member countries to attend events over the strategy period. The trend has been increasing since CY 2012, with 8 participants only being funded in that year, rising to 42 in CY 2013, but dropping to 28 in CY 2014. Most of these self-payers came from the Russian Federation who funded 29 people (largely TCOP), Kyrgyz Republic funded 19 (largely BCOP), and Tajikistan funded 12 people (TCOP). Belarus and Georgia also funded five people each (TCOP), Turkey three (TCOP and BCOP) and Kazakhstan (TCOP) and Montenegro (BCOP) two people each. Most of these were to attend TCOP meetings (52 self-payers or 67% of total) followed by BCOP (19 self-payers (24%)) with only four self-payers reported for IACOP events.

¹⁸ Taking total participation from Secretariat annual report data of CY2012: 505; CY2013:600; CY2014: 831 ie 1936 total participants.

There are multiple instances where member countries also cover part of the costs of the events that they are hosting and there is evidence that this trend is increasing over time.

Secretariat data showed over 25 instances where hosting countries sponsored dinners, lunches and social activities during the time period mid-2012 to end 2014. However, the MTR also found that the records of member contributions kept by the Secretariat were inadequate. Thus the PEMPAL Executive recommended that a more systematic approach to the collection and reporting of financial (and in-kind) member contributions should be established, within agreed templates. Arrangements will also be put in place to encourage more delegates that are financed by member countries to participate in PEMPAL events, as part of investigations to increase member country financial contributions for the next strategy.

Evidence provided by the COPs in the MTR suggests a strong member-driven network with substantial in-kind contributions being made from member countries.

The COP Executive Committees commit significant time to providing

strategic oversight and management of the COPs as evidenced by the number of meetings held and decisions made, as reported in their meeting minutes. Members are active in agenda implementation, and in preparing country cases and presentations on specific thematic issues. Members (particularly of working groups who meet more regularly), commit their time to meetings and also documenting their practices through benchmarking surveys, development of knowledge products, and presentation of their country case studies. MTR survey results reveal that members make contact outside of formal PEMPAL arranged events, particularly in IACOP, largely for sharing information and discussing event preparation and PFM reforms. Growth is also evident for BCOP and TCOP, when compared to 2012 evaluation results. The MTR recommended that those countries making significant in-kind contributions to the network should be made more visible through for example, reporting on these contributions in the PEMPAL Annual Report. Thus, PEMPAL would like to especially thank the following countries who were identified as PEMPAL Champions through the MTR investigations ie those countries who have hosted more than one PEMPAL event during the strategy period, and/or had sent a significant number of self-paying members.

TABLE 6: PEMPAL CHAMPIONS

Country	Meetings Hosted	Self-Payers Funded
Russian Federation	For all 3 COPs	29 (for TCOP mostly)
Georgia	For all 3 COPs	5 (TCOP)
Albania	For all 3 COPs	-
Turkey	TCOP and BCOP	3 (BCOP and TCOP)
Montenegro	TCOP and IACOP	2 (BCOP)
Belarus	TCOP and BCOP (2016)	5 (TCOP)
Kyrgyz Republic	IACOP	19 (for BCOP mostly)
Armenia	BCOP and IACOP	-

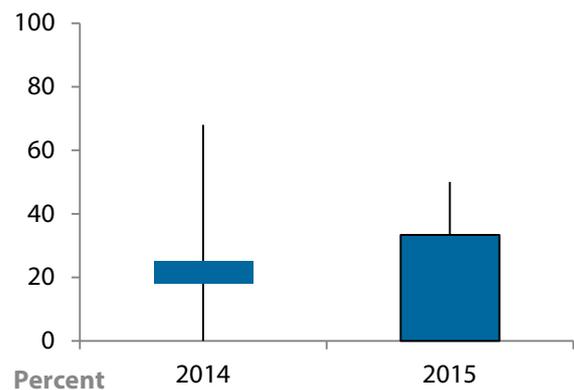
Core committed membership can also be measured through periodic membership analyses which were undertaken for the purposes of the MTR.¹⁹

The analysis found that COPs have a core membership of between 70-130 members from budget, treasury and internal audit areas of mostly central finance agencies. Members (those who attended two or more events during the two and a half years examined of the strategy) are comprised of a significant proportion of senior officials being defined as Heads, Deputy Heads, Directors of the functional areas relevant to each COP. For BCOP, 75% are from senior levels from Ministries of Finance, with two members from political levels. For TCOP 69% are from senior levels from Ministries of Finance or Treasuries, with 3 Ministers, 6 Deputy Ministers and 8 Heads of Treasury attending events during the MTR period. For IACOP, 80% are from senior levels, heads of internal audit related units within central coordinating finance/treasury agencies. Although all membership is from central coordinating finance/treasury agencies, there is some membership from line ministries in IACOP, which has been approved by the IACOP Executive Committee. Target membership is defined by the COP Executive Committees, although the Steering Committee must approve any new country members.²⁰ Membership analyses are only conducted periodically and membership data and reporting processes could be standardized and strengthened, although significant improvement is evident in how membership is defined and monitored since reported as a weakness in most COPs in the 2012 evaluation results.

Examining more recent available data, the network appeared stronger in CY2015, with less people indicating it was their first ever time in PEMPAL.

The chart shows Secretariat data for new membership across the network with the range much smaller than in CY2014 (as shown by the line through the square bar). Working group meetings will be more likely attended by core members, given the ongoing work program of its members, so the types of events also impacts on this result. However, there is still a significant proportion of new participants, driven somewhat by the fact that more member countries are holding meetings within their countries and are thus able to send additional participants who would normally not attend given membership policies. Countries sending additional participants as self-payers could also affect these figures. Standardized approaches will be explored for induction of new members as part of a marketing strategy and approach to manage member turnover for the next strategy.

CHART 10: FIRST PARTICIPATION IN COP EVENT



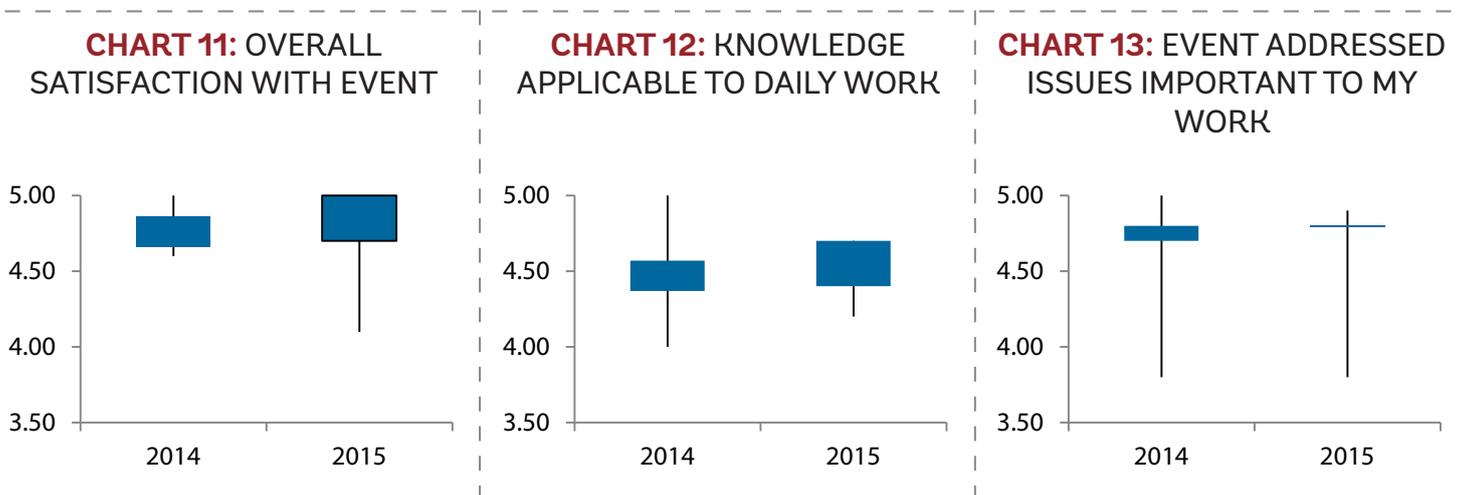
¹⁹ Analyses undertaken of the Secretariat's member database, which holds information on members gained from the registration process.

²⁰ Refer Operational Guidelines of the PEMPAL Network, Section 3

A series of key quantitative and qualitative indicators has also been developed in order to capture PEMPAL’s value creation and to monitor, identify and address any issues that may affect network delivery and achievement of the PEMPAL results framework. Participants are being regularly asked through post-event surveys to provide feedback on the value they see in PEMPAL. The indicators are also intended to help the donors evaluate the effects of their contributions to PEMPAL. See Attachment 1 for more details.

The anonymous post event surveys, conducted electronically after each event based on the standard survey template, provide two sets of indicators: one assessing the value of events, and the other measuring interaction and activity, such as attendance, efficiency of events, participants’ opinions, etc. In addition, the surveys also collect participants’ observations and suggestions.

Overall event satisfaction is increasing because knowledge is increasingly applicable to daily work and events address relevant issues.



Participants appreciate learning from their peers' experience and the level of discussion remains aligned with knowledge level as well as the prior expertise of participants.

CHART 14: LEARNING FROM EXPERIENCE OF OTHER PARTICIPANTS

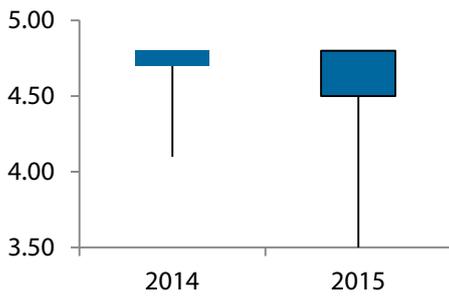


CHART 15: LEVEL APPROPRIATE FOR KNOWLEDGE LEVEL

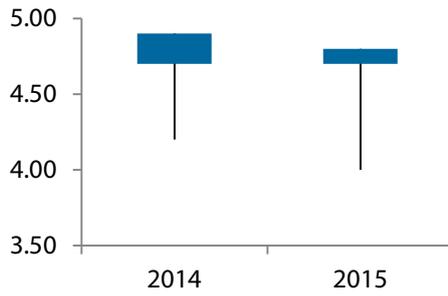
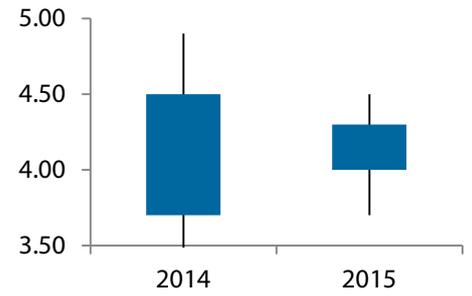


CHART 16: PARTICIPANTS WITH ABOUT EQUAL PRIOR EXPERTISE



Presentations at events continue to be relevant and useful and the participants show increased interest for more active participation in terms of time devoted to questions and discussions.

CHART 17: PRESENTATION RELEVANT AND USEFUL

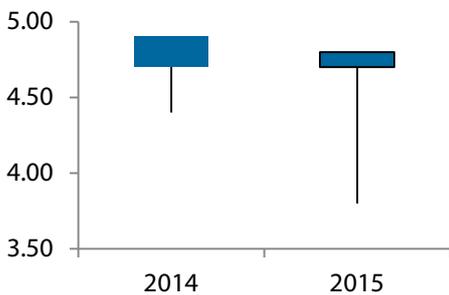


CHART 18: TIME ALLOWED FOR QUESTIONS

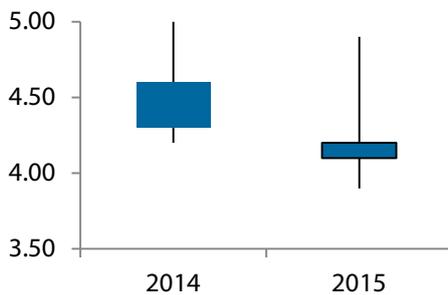
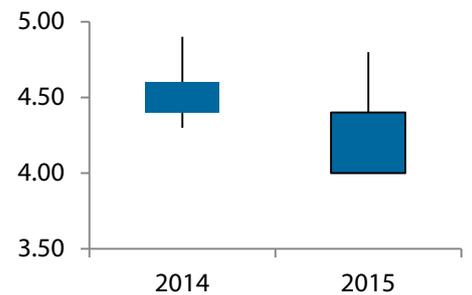


CHART 19: TIME ALLOWED FOR DISCUSSIONS



The quality of organization and administration increased but not the event duration. More people thought duration was too short compared to last year.

CHART 20: QUALITY OF ORGANIZATION

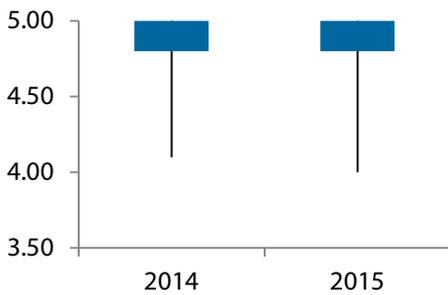


CHART 21: QUALITY OF ADMINISTRATION

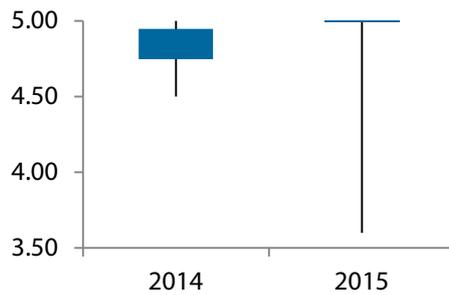
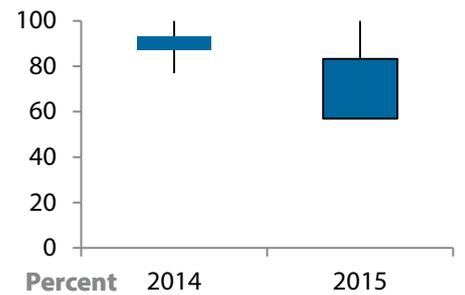


CHART 22: EVENT DURATION



Participants felt they were more active in 2015. The network was stronger (less people indicated it was their first ever PEMPAL event) and the events exceeded expectations for many (from 7% to 78%) participants.

CHART 23: EVENT PARTICIPATION (ACTIVE, AVERAGE, PASSIVE)

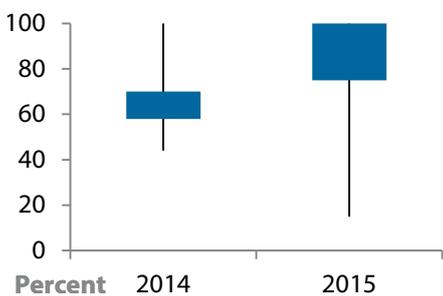


CHART 24: FIRST PARTICIPATION IN COP EVENT

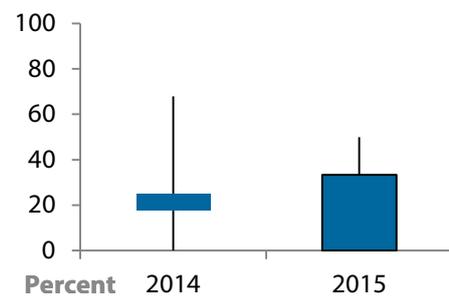
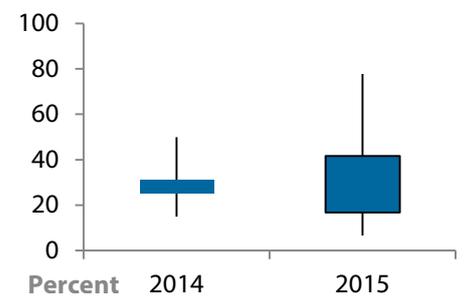


CHART 25: EVENT DELIVERY VS. EXPECTATION



Some suggestions the participants made in 2015 as to event organization

"For the effective exchange of information and networking I propose to create groups according to the level of system development in participating countries to ensure that newcomers know in which group they would be able to obtain the necessary and relevant information."

"More examples of good practice and bad practice should be introduced."

"To make a schedule of presentations a little bit easier, to provide some time for discussion, because the participants wanted to communicate in the format of "round table" on a given topic."

"We offer to include into handouts more advanced materials for the meeting from the various countries (not only on the presenting countries)."

"More practical experiences from the countries which have introduced changes and if possible, it would be nice to see the results of changes in practice."

"As a suggestion, you can moderate the questions at such events, collect them in writing, analyze and give speakers time to prepare responses."

"More attention to quality of written translation."

Feedback from participants in 2015

"Friendliness of all the participants and members of the community. Empathy and willingness to share all the knowledge. Professionalism, the exchange of information (sometimes completely new information). Excellent organization of the meeting."

"The knowledge obtained through PEMPAL has been used in the process of drafting a new law on public finances, as well as a new methodology regarding the budget process. The strategy of reforming and improving public finance management takes into account the experience of the members of PEMPAL."

"I like the organization of the event, the relevance of the chosen theme, the opportunity to experience exchange with foreign colleagues."

"I appreciated very much the team work. It was very nice to work in such an environment. Everything was perfectly managed. I was pleasantly surprised with politeness and modesty of our host."

"No suggestions. Do not mess with a good recipe.... the cake will then not taste as good!"

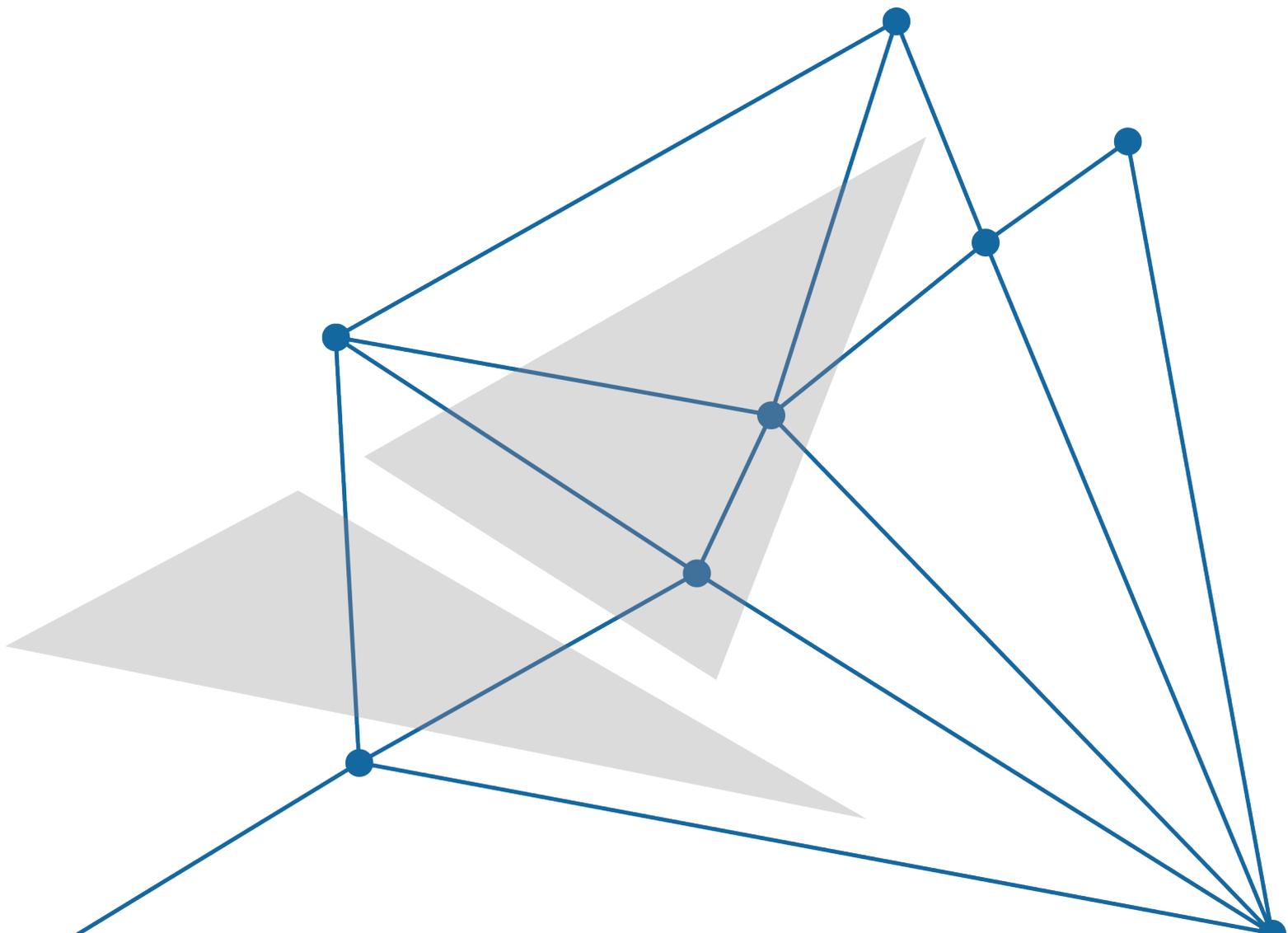
LOOKING AHEAD

The leadership will be engaged during 2016 in the development of the PEMPAL Strategy 2017-22 and several promotional activities in efforts to secure committed funding for the next period. Focus will also be put on ensuring the systematic collection and reporting of success stories in the next strategy, to promote the

value of the network more effectively. Improvements in the collection and reporting of financial and in-kind member contributions will also be implemented. These initiatives will implement recommendations found from the MTR of the current Strategy and will also ensure Output Objective 3 will be fully implemented by the end of the Strategy period.



**PEMPAL RESULTS: AWARENESS
OF HIGH GOVERNMENT AND
POLITICAL LEVELS OF BENEFITS
AND VALUE OF PEMPAL EVIDENT**



For Output Objective 4 there is convincing evidence of increased awareness of high government and political levels of the benefits and value of engaging through PEMPAL, as

found in the results of the MTR. However donor partners see the need for investing additional efforts into this objective. Thus, the Executive agreed that World Bank annual meetings will be used to further raise awareness.

In 2015, PEMPAL events took place in 14 countries, including seven PEMPAL countries who agreed to host meetings

to promote PFM reforms. This helps hosting countries not just to show experience in the area of reform being discussed, but also raises the profile of PEMPAL to high political levels. These levels have shown an increasing interest in the work of PEMPAL in discussing PFM reform challenges, opportunities and best practices and often open meetings and/or attend part of the agenda. As a result, reforms in several countries got more political support and stakeholder recognition of the benefits and value of engaging through PEMPAL. The MTR results found that over the two and a half years of the first half of the strategy, 14 out of the potential 21-23 member countries hosted meetings²¹ exposing their senior officials to how PEMPAL operates.

Some of our COP representatives also hold high level positions in Government and are able to see first hand the benefit of participation in PEMPAL,

while also ensuring that the program design meets PFM reform needs of members (for example, Gelardina Prodani, is Secretary General of Ministry of Finance, the highest administrative civil service position within the Ministry in Albania and currently acts as a BCOP Executive Committee Deputy Chair).

A revised marketing approach established in 2014, continued in 2015,

with thank you letters and quarterly newsletters being coordinated among all COPs and sent to relevant Ministers by the PEMPAL Secretariat summarizing the achievements and results of PEMPAL activities. As part of the MTR of the PEMPAL Strategy 2012-17, measurement of attendance and interest of senior and political levels was also undertaken which found an increase in the number of Ministers and Deputy Ministers and other officials attending or opening events with COPs providing quotes in support of this claim, with a few examples provided above.

²¹ As reported by calendar year (CY) basis by the Secretariat in PEMPAL Annual Reports. The following countries held meetings in CY 2012 to CY 2014 with some of these countries holding more than one meeting: Albania, Armenia, Azerbaijan, Belarus, Bulgaria, Georgia, Hungary, Kazakhstan, Macedonia, Montenegro, Romania, Russia, Turkey and Ukraine.

Miljenko Fičor, Chief State Treasurer of Croatia

“Although the costs of organizing such events are very high, especially when joint plenary meetings of all three Communities are organized, our opinion is that such exchange of experience, with topics that are of interest for all participant countries, is invaluable, and that they should continue in the future as well, in spite of certain difficulties.”

Nodar Khaduri, Minister of Finance of Georgia

“Georgia values the PEMPAL network extremely highly and had benefited directly from participation to TCOP events.”

Lukáš Wagenknecht, First Deputy of Minister of Finance, Czech Republic

“I just returned from PEMPAL Internal Audit Community of Practice conference in Astana and want to express my admiration for making it such a worthwhile experience. I was pleased to hear about the positive feedback from organizers and participants on the value we have managed to provide to the IACOP during the meeting. The working groups were relevant and very helpful to our reform agenda. I especially liked the level of proficiency and engagement of all participants.”



7.1

Working with Other Stakeholders

Since its inception in 2006, PEMPAL has received substantial financial and in-kind support from donor governments and multilateral institutions, including the SECO (Swiss State Secretariat for Economic Affairs), the Russian Federation, the World Bank, the Dutch Academy of MoF, the GIZ (German development agency), OECD, OECD Sigma, the IMF, the US Treasury, the DFID and others. PEMPAL maintains relationships with its past and

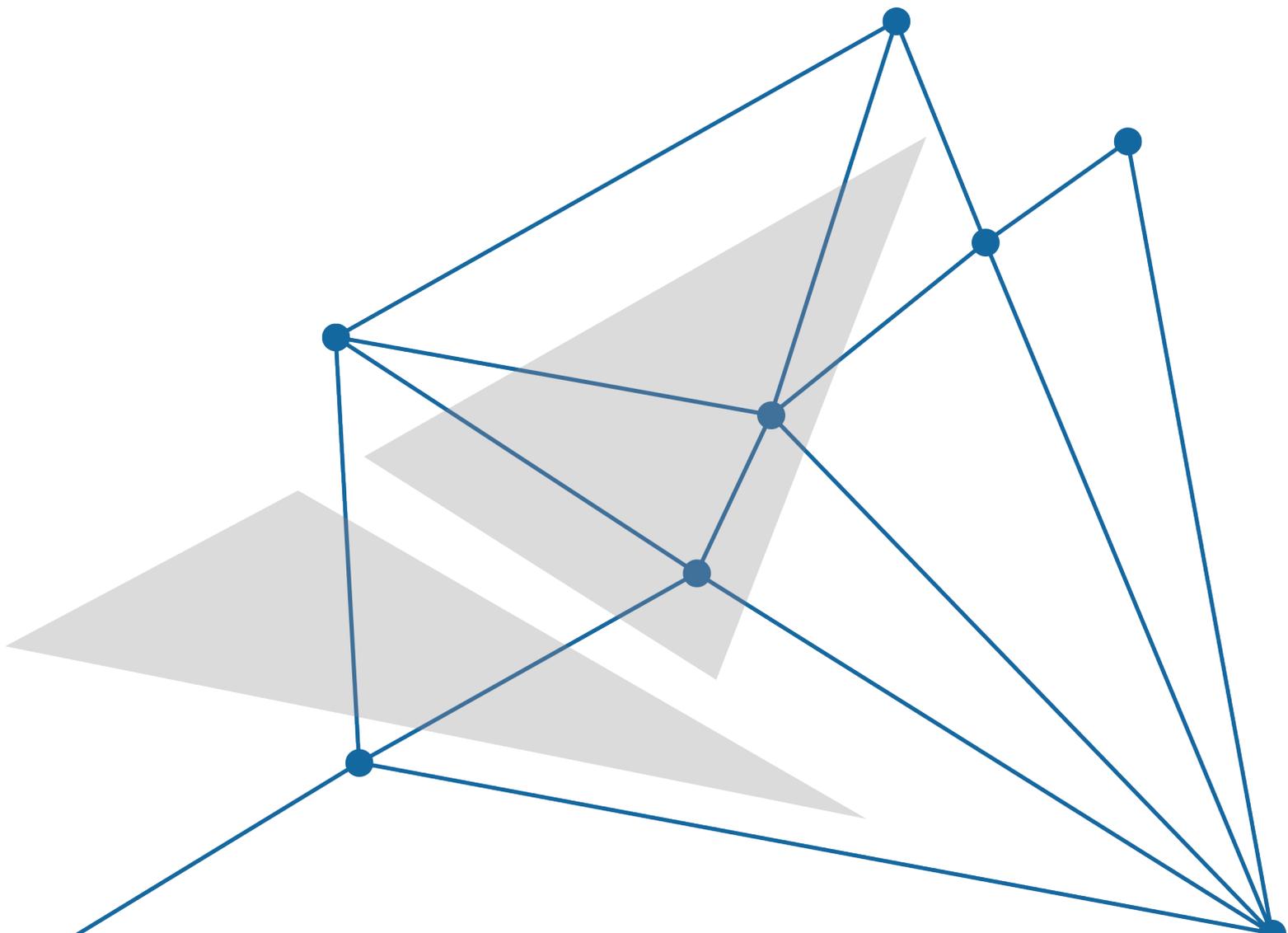
current donors, with representatives often participating in meetings and sharing information. Each COP also establishes and maintains relationships with professional associations as required to implement their COP action plans. It is important that these stakeholders are regularly made aware of the results and value of PEMPAL to ensure continuing and potential future support. Current donors (World Bank, Ministry of Finance of the Russian Federation and SECO) also need regular evidence of returns on their donor investments.

LOOKING AHEAD

Focus of the leadership under Output Objective 4 will be increasing promotional efforts to raise awareness of the value and benefits of PEMPAL, including targeting the annual World Bank meetings. This output objective is closely aligned with Output Objective 3, and efforts will also be made to increase member contributions where feasible.



PEMPAL AT A GLANCE



23 member countries

- Albania
- Armenia
- Azerbaijan
- Belarus
- Bosnia and Herzegovina
- Bulgaria
- Czech Republic (IACOP only)
- Croatia
- Georgia
- Hungary (IACOP only)
- Kazakhstan
- Kosovo
- Kyrgyz Republic
- Macedonia
- Moldova
- Montenegro
- Romania
- Russian Federation
- Serbia
- Tajikistan
- Turkey
- Ukraine
- Uzbekistan

3 Communities of Practice

www.pempal.org/event/budget/

www.pempal.org/event/treasury/

www.pempal.org/event/internal_audit/

Community of Practice (COP)

... is a learning partnership among practitioners, who find it useful to learn from and with each other about experiences and solutions in public financial management.

Members of the COP

... are public finance officials in the PEMPAL member countries, who have been nominated by public administration institutions that provide services to the governments in these countries' existing functional areas of budget, treasury and internal audit as interpreted/evaluated by the Executive Committee of the respective COP.

Executive Committee (EC)

... is a governing body of a COP. Membership is determined through nomination by the current members of the EC through consideration of the level of active involvement of a member of the COP.

Budget

www.pempal.org/about/governance/ex-com-bcop/

Internal Audit

www.pempal.org/about/governance/ex-com-iacop/

Treasury

www.pempal.org/about/governance/ex-com-tcop/

Chair of a COP

... is elected by the members of the EC.

PEMPAL Steering Committee (SC)

... represents the PEMPAL network. It is comprised of two representatives of the World Bank; two members of each COP, including the Chair; one representative of each donor. The Secretariat and Resource Team representatives act as permanent observers

www.pempal.org/event/sc_meetings/

World Bank Task Team Leader

... is a representative of the World Bank responsible for approving activities within PEMPAL World Bank administered budget and assuring overall budget implementation.

PEMPAL Secretariat

World Bank (Moscow Office)

Resource Team

... is a group of thematic experts who provide professional expertise, coordination support, technical assistance, and strategic guidance on activities and events to the SC, EC and COP members. Each COP has a core Resource Team. Other international experts are engaged where necessary (as speakers at meetings, or to work on a specific thematic issue for example)

Alumni

All members of the COPs, representatives of the donors as well as experts, who continue to stay engaged with PEMPAL even after their retirement from the position that made them eligible for participation in PEMPAL.

PEMPAL events

Events are planned and devised by the ECs, and as such are included and budgeted in the COPs action plans.

www.pempal.org/activities/

PEMPAL study visits

There are two types of study visits, Type A and Type B. The main distinction is based on the budget source from which the visit is paid.

www.pempal.org/rules/

PEMPAL Plenary meetings

Cross – COP meetings either of members of either each COP, all three COPs, or their Executive Committees

www.pempal.org/event/plenary_meeting/

PEMPAL Regulations

- Operational Guidelines (formerly Rules of Operation)
- Guidelines for study visits
- Guidelines for events and social activities
- Budget management guidelines

www.pempal.org/rules/

PEMPAL Resource materials

PEMPAL encourages creation of resource materials to help members of the COPs improve skills and knowledge, and facilitate change.

Virtual library

www.pempal.org/library/

Glossary of terms

www.pempal.org/glossary/

PEMPAL Strategy

Launched in September 2012, provides guidance for PEMPAL activities in 2012 – 2017. Addendum agreed by Executive during 2015.

www.pempal.org/strategy

Monitoring and evaluation

Annual Reports

www.pempal.org/reports/

2012 External Evaluation

www.pempal.org/evaluation/

PEMPAL Strategy 2012-17 Mid-Term Review

www.pempal.org/event/read/144



PEMPAL IN 2014 AND 2015

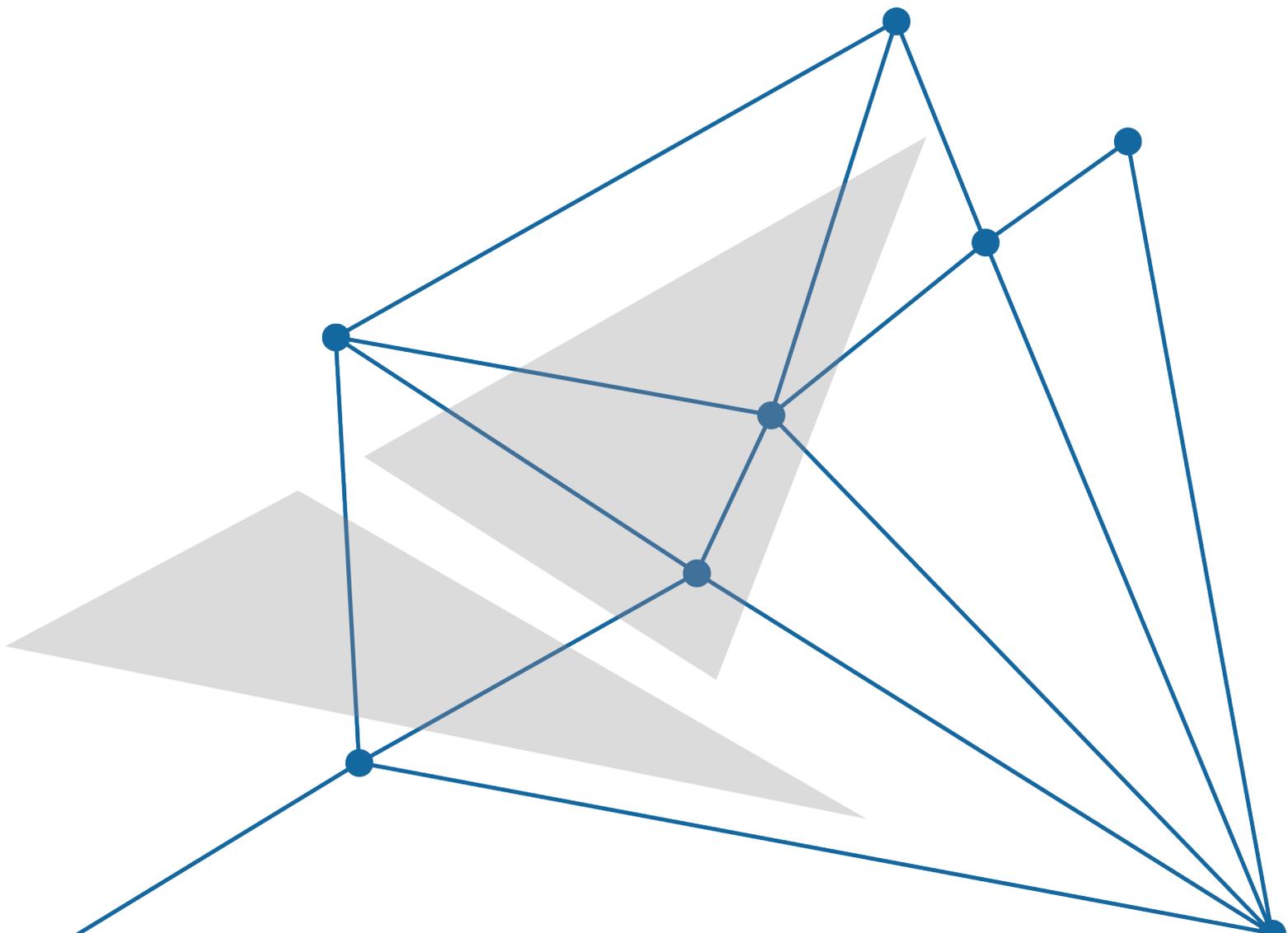


TABLE 7: PEMPAL IN 2014 AND 2015

	CY 2014	CY 2015
Face-to-face events	4 Plenary 10 small group meetings 5 study visits	2 Plenary 8 small group meetings 6 study visits
Videoconferences	8	12 ²²
Total Number of Events	27	28
<i>(of which WG meetings)</i>	<i>(10)</i>	<i>(19)</i>
PEMPAL participants by agenda	831	612
Hosting countries	13	14 ²³
<i>(of which PEMPAL member countries)</i>	<i>(7)</i>	<i>(7²⁴)</i>
Total event expenses (gross)	USD 1.9 million	USD 1.1 million
Net expenses/participant/event	USD 1,579	USD 1,371
Gross expenses/participant/event	USD 2,290	USD 1,960
Overall satisfaction w/events	4.6 – 5.0 / 5.0	4.1 – 5.0 / 5.0 ²⁵
Appreciate learning from peers	4.1 – 4.8 / 5.0	3.5 – 4.8 / 5.0
Knowledge level appropriate	4.2 – 4.9 / 5.0	4.0 – 4.8 / 5.0
Topics applicable for work	4.0-5.0 / 5.0	4.0-4.7 / 5.0
Event participation active²⁶	1.7-1.0U	Active: 15—100% Average: 0—85% Passive: 0—17.6%
PEMPAL website: # of visits	11,518	13,666
PEMPAL website: # of page views	50,106	67,225

22 Excluding all SC and ExCom meetings

23 Includes Austria (2), Armenia (2), South Africa, South Korea, Moldova, Poland, Albania, Netherlands, Kyrgyz Republic, Georgia, France and Croatia.

24 Includes Armenia (2), Moldova, Albania, Kyrgyz Republic, Georgia, and Croatia.

25 Average level of satisfaction for 2014 events was 4.76/5.0. Average level of satisfaction for 2015 events was 4.7/5.0.

26 Participation can vary depending on whether the member is new to the network; whether the country is advanced in the reforms under discussion; and the type of meeting it is (a smaller working group meeting as opposed to a plenary meeting). Event participation measure for 2014 was weighted average score with 1 active, 2 average, 3 passive, but approach for 2015 was simplified to show % of participants who indicated they were active, average or passive.



ATTACHMENT 1

PEMPAL PERFORMANCE INDICATORS FOR 2014 AND 2015

TABLE 8: PEMPAL PERFORMANCE INDICATORS FOR 2014 - VALUED BY PRACTITIONERS AND DONORS

1. Valued by practitioners and donors																		
PEMPAL events (see legend)	1	2	3	4	5	6a	6b	6c	6d	7	8	9a	9b	10	11	12	13	14
No. of people responding	N/A	8	40	48	19	99	23	27	20	10	12	22	22	7	24	25	8	33
1.1. Overall satisfaction with event (1-5 scale)		5.0	4.8	4.7	4.6	4.8	4.8	4.8	4.7	4.8	4.8	4.8	4.8	4.7	4.7	4.6	4.8	4.7
1.2. Knowledge applicable to daily work (1-5 scale)		4.4	4.4	4.3	4.6	4.4	4.5	4.6	4.3	4.3	4.7	4.4	4.4	5.0	4.6	4.4	4.0	4.7
1.3. Event addressed issues important to my work (1-5 scale)		4.8	4.7	4.6	3.8	4.5	4.5	4.6	4.5	4.9	4.6	4.7	4.6	5.0	4.5	4.6	4.5	4.7
1.4. Learning from experience of other participants (1-5 scale)		4.8	4.6	4.4	4.4	4.6	4.6	4.7	4.5	4.7	4.4	4.4	4.4	4.6	4.1	4.4	4.8	4.7
1.5. Level appropriate for knowledge level (1-5 scale)		4.9	4.9	4.7	4.4	4.6	4.6	4.7	4.5	4.9	4.5	4.6	4.6	4.9	4.2	4.6	4.5	4.7
1.6. Participants with about equal prior expertise (1-5 scale)		4.5	3.9	3.9	3.8	3.8	3.6	4.0	3.9	4.5	4.3	3.4	3.4	4.9	3.8	3.8	3.8	3.7
1.7. Presentation relevant and useful (1-5 scale)		4.9	4.8	4.5	4.4	4.6	4.7	4.7	4.6	4.8	4.7	4.8	4.8	4.9	4.5	4.7	4.6	4.7
1.8. Event delivery vs. expectation (1-5 scale):		2.4 ²⁷	2.1		2.1	2.2	2.2	2.3	2.4	2.2	2.0	1.9	1.9	2.3	2.0			
Meet (%)				80												85	50	72
Exceed (%)				20												15	50	28
1.9. Donors providing financial contribution	Russian MoF, SECO																	
1.10. Donors providing significant in-kind contribution	The World Bank, Dutch Academy of MoF, OECD																	

Legend:

- (1) IACOP, South Africa, January; (6b) IACOP, Russian Federation, May; (9b) IACOP, RA, Kazakhstan, September;
(2) BCOP, Austria, January; (6c) TCOP, Russian Federation, May; (10) BCOP, Estonia, October;
(3) TCOP, Georgia, February; (6d) BCOP Russian Federation, May; (11) TCOP, Belarus, October;
(4) BCOP, Turkey, March; (7) IACOP, Hungary, June; (12) TCOP, Montenegro, November;
(5) IACOP, Montenegro, March; (8) BCOP, The Netherlands, June; (13) BCOP, Slovenia, November;
(6a) Cross-COP, Russian Federation, May; (9a) IACOP, RIFIX, Kazakhstan, September; (14) IACOP, Romania, December.

Sources: Post-event surveys were conducted by the World Bank. Methodology developed and applied by the PEMPAL Secretariat and will be reviewed for the next Strategy.

²⁷ Event delivery versus expectations (1 disappoint, 2 meet, 3 exceed)

TABLE 9: PEMPAL PERFORMANCE INDICATORS FOR 2014 - MEASURING ACTIVITY AND INTERACTION

2. Measuring activity and interaction																		
PEMPAL events (see legend)	1	2	3	4	5	6a	6b	6c	6d	7	8	9a	9b	10	11	12	13	14
No. of people responding	N/A	8	40	48	19	99	23	27	20	10	12	22	22	7	24	25	8	33
2.1. Quality of organization (1-5 scale)		5	4.8	4.8	4.7	4.8	4.9	4.9	4.8	4.9	4.7	4.7	4.7	4.1	5	4.8	5	4.8
2.2. Quality of administration (1-5 scale)		5	4.9	4.8	4.8	4.8	4.8	4.9	4.9	4.9	4.5	4.8	4.8	4.9	5	4.9	5	4.7
2.3. Time allowed for questions (1-5 scale)		4.6	4.8	4.4	4.5	4.5	4.2	4.6	4.5	4.9	4.8	4.5	4.3	4.9	4.6	4.7	5	4.3
2.4. Time allowed for discussions (1-5 scale)					4.4	4.4	4.5	4.5		4.9		4.4	4.7					4.3
2.5. First participation in COP event (%)		25	28	46	5	68	14	30	30	30	0	54	50	57	22	27	38	18.2
2.6. Event participation (1-5 scale):		1.4 ²⁸	1.5		1.1	1.5	1.5	1.0	1.5	1.5	1.6	1.4	1.4	1.4	1.7			
Active (%)				48												44	100	66
Average (%)				50												52	0	31
Passive (%)				2												4	0	3
2.7. Event duration (1-5 scale):		1.6 ²⁹	1.9		1.7	1.9	1.8	1.8	1.8	2.0	2.0	1.9	1.6	1.4	2.0			
Too short (%)				23												7	0	10
About right (%)				77												93	100	87
Too long (%)				0												0	0	3

Legend:

(1) IACOP, South Africa, January;

(6b) IACOP, Russian Federation, May;

(9b) IACOP, RA, Kazakhstan, September;

(2) BCOP, Austria, January;

(6c) TCOP, Russian Federation, May;

(10) BCOP, Estonia, October;

(3) TCOP, Georgia, February;

(6d) BCOP Russian Federation, May;

(11) TCOP, Belarus, October;

(4) BCOP, Turkey, March;

(7) IACOP, Hungary, June;

(12) TCOP, Montenegro, November;

(5) IACOP, Montenegro, March;

(8) BCOP, The Netherlands, June;

(13) BCOP, Slovenia, November;

(6a) Cross-COP, Russian Federation, May;

(9a) IACOP, RIFIX, Kazakhstan, September;

(14) IACOP, Romania, December.

Sources: Post-event surveys were conducted by the World Bank. Methodology developed and applied by the PEMPAL Secretariat and will be reviewed for the next Strategy.

28 Event participation (1 active, 2 average, 3 passive). Methodology was changed in 2015 to present percentages of participants who chose each category instead of weighted indexes.

29 Event duration (1 too short, 2 about right, 3 too long). See above.

TABLE 10: PEMPAL PERFORMANCE INDICATORS FOR 2015 - VALUED BY PRACTITIONERS AND DONORS

1. Valued by practitioners and donors														
PEMPAL events (see legend)	1	2	3	4	5	6	7	8	9	10	11	12a	12b	13
No. of people responding	7	23	9	8	17	12	11	29	28	20	26	12	28	19
1.1. Overall satisfaction with event (1-5 scale)	4.7	4.8	4.9	4.9	4.1	4.9	4.8	4.7	4.6	4.8	4.8	4.7	4.5	5
1.2. Knowledge applicable to daily work (1-5 scale)	4.7	4.3	4.7	4.6	4	4.4	4.5	4.2	4.4	X	4.3	4.4	4.4	4.4
1.3. Event addressed issues important to my work (1-5 scale)	4.8	4.6	4.9	4.4	3.8	4.6	4.9	4.6	4.6	X	4.7	5	4.5	4.8
1.4. Learning from experience of other participants (1-5 scale)	4.5	4.3	4.8	4.3	3.5	4.3	4.5	4.5	4.6	4.3	4.5	4.3	4.4	4.8
1.5. Level appropriate for knowledge level (1-5 scale)	4.8	4.6	4.8	4.8	4	4.8	4.7	4.6	4.6	4.7	4.6	4.2	4.5	4.7
1.6. Participants with about equal prior expertise (1-5 scale)	4.3	3.9	3.9	4	3.8	4.5	3.9	4.3	3.8	4.4	3.8	3.8	3.7	4
1.7. Presentation relevant and useful (1-5 scale)	4.7	4.3	4.8	4.8	3.8	4.7	4.7	4.4	4.6	4.8	4.8	4.6	4.6	4.8
1.8. Event delivery vs. expectation (1-5 scale):	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Meet (%)	67	75	22	86	73	36	80	88	86	80	60	80	86	58
Exceed (%)	18	25	78	14	7	54	20	12	14	20	40	20	14	42
1.9. Donors providing financial contribution	Russian MoF, SECO													
1.10. Donors providing significant in-kind contribution	The World Bank, Dutch Academy of MoF, OECD													

Legend:

(1) TCOP, Austria, January;

(6) IACOP, Netherlands, May;

(11) TCOP, Georgia, October;

(2) BCOP, Armenia, February;

(7) BCOP, Poland, May;

(12a) IACOP RIFIX, Armenia, October;

(3) BCOP, South Africa, March;

(8) TCOP, Albania, May;

(12b) IACOP RIFIX=QA, Armenia, October;

(4) IACOP, Moldova, March;

(9) IACOP, Kyrgyz Republic, June;

(13) BCOP, Croatia, December.

(5) TCOP, South Korea, March;

(10) Ex-Com meeting, Austria, July;

Sources: Post-event surveys were conducted by the World Bank. Methodology developed and applied by the PEMPAL Secretariat and will be reviewed for the next Strategy.

TABLE 11: PEMPAL PERFORMANCE INDICATORS FOR 2015 - MEASURING ACTIVITY AND INTERACTION

2. Measuring activity and interaction														
PEMPAL events (see legend)	1	2	3	4	5	6	7	8	9	10	11	12a	12b	13
No. of people responding	7	23	9	8	17	12	11	29	28	20	26	12	28	19
2.1. Quality of organization (1-5 scale)	5	5	4.7	4.9	4.8	5	4.9	4.9	4.8	4.5	4.6	4.3	4	4.8
2.2. Quality of administration (1-5 scale)	5	5	4.6	5	4.7	5	4.9	4.9	5,0	4.5	4.8	4.3	3.6	5.0
2.3. Time allowed for questions (1-5 scale)	4.1	4.7	4.9	4.4	3.9	4.6	4.5	4.2	4.2	4.6	4,4	4.1	4.3	4.2
2.4. Time allowed for discussions (1-5 scale)	4	4.5	4.8	4.5	4.1	4.6	4.6	4.4	4.5	4.6	4.8	4.1	4.5	4.4
2.5. First participation in COP event (%)	0	33	0	50	6	33	36	43	18	15	16	8	0	33
2.6. Event participation (1-5 scale):														
Active (%)	100	48	100	75	47	45	82	64	71	15	65	25	79	75
Average (%)	0	52	0	25	35	55	9	32	29	85	35	75	21	25
Passive (%)	0	0	0	0	18	0	9	4	0	0	0	0	0	0
2.7. Event duration (1-5 scale):														
Too short (%)	43	14	11	13	12	0	18	14	18	0	4	25	7	17
About right (%)	57	86	89	87	88	100	82	82	78	100	92	67	93	83
Too long (%)	0	0	0	0	0	0	0	4	4	0	4	8	0	0

Legend:

(1) TCOP, Austria, January;

(6) IACOP, Netherlands, May;

(11) TCOP, Georgia, October;

(2) BCOP, Armenia, February;

(7) BCOP, Poland, May;

(12a) IACOP RIFIX, Armenia, October;

(3) BCOP, South Africa, March;

(8) TCOP, Albania, May;

(12b) IACOP RIFIX=QA, Armenia, October;

(4) IACOP, Moldova, March;

(9) IACOP, Kyrgyz Republic, June;

(13) BCOP, Croatia, December.

(5) TCOP, South Korea, March;

(10) Ex-Com meeting, Austria, July;

Sources: Post-event surveys were conducted by the World Bank. Methodology developed and applied by the PEMPAL Secretariat and will be reviewed for the next Strategy.

TABLE 12: PEMPAL EVENT EXPENSES

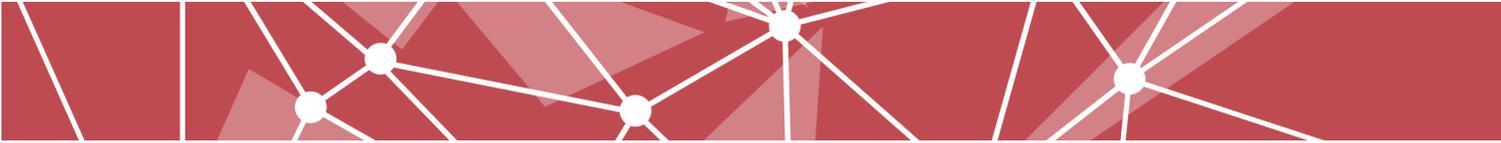
	2013		2014		2015	
	USD	%	USD	%	USD	%
Transport	388,713	34%	374,004	24.9%	241,558	31.4%
Accommodation	507,674	44%	409,457	27.2%	196,140	25.5%
Meals			221,233	14.7%	120,168	15.6%
Translation/interpretation / moderation	195,368	17%	192,541	12.8%	134,883	17.5%
Conference facilities			224,185	14.9%	33,525	4.4%
Other	53,902	5%	83,409	5.5%	42,829	5.6%
Total administrative and logistical expenses related to event organization (net)	1,145,657	100%	1,504,829	100%	769,104	100%
Total administrative and logistical expenses (gross, incl. costs of secretariat and other administrative expenses not attributable to individual events)	1,484,955		1,883,210		1,101,079	
Gross administrative and logistical expenses per participant	3,429		2,290 ³⁰		1,961	
Net administrative and logistical expenses per participant	2,195		1,579		1,371	
# of COP participants by event location (agenda)	600		759 (831)		561 (612)	

³⁰ In 2014, calculations were made based on the number of participants by agenda.



ATTACHMENT 2

EVENT OBJECTIVES AND RESULTS BY COP



Budget Community of Practice

BCOP Plenary Meeting – Fiscal Consolidation

Date: February 11-13, 2015

Location: Yerevan, Armenia

The objective of the meeting was to share PEMPAL and international approaches to fiscal consolidation, particularly expenditure measures such as spending reviews, their impact and lessons learnt. The meeting also had sub-objectives of providing an update to members on the work of the BCOP since the last plenary meeting; and to gather feedback on priorities from members to inform the development of the BCOP Action Plan 2015-17.

The main results of the meeting included examining different country case studies on successful fiscal consolidation adjustments and discussion groups were held which gave the opportunity for BCOP member countries to exchange experiences and discuss possible approaches and options to fiscal consolidation challenges. Member priorities were also collated and a new BCOP Action was developed available at

www.pempal.org/about/action-plans/bcop

Presentations, as well as the main results of the meeting can be found in the event summary report, posted on the PEMPAL website

www.pempal.org/event/read/130

Four Thematic Videoconferences on Wage Bill Management

Date: January 21, 2015

Sixteen participants from five countries discussed the findings of the World Bank's multi-country study *Improving Government Performance through Pay Flexibility in the Civil Service*.

The objective of the meeting was to examine country case studies on pay flexibility in the civil service, including motivations for such flexibilities, and approaches to performance pay and pay differentiation.

The results of the meeting were the identification of several success factors required for effective reforms, including discussions on challenges and options to address them. The materials can be found at this link

www.pempal.org/event/read/143/

Date: April 21, 2015

Fourteen participants attended the videoconference meeting from five countries (Bosnia and Herzegovina, Croatia, Kyrgyz Republic, Moldova and Uzbekistan).

The objective of the meeting was to examine KPHYS, the public personnel expenditure system of the Government of Turkey.

The main results of the meeting included a better understanding of how an integrated e-payroll system can facilitate a more efficient, effective, and economic use of public resources. Materials can be found at

www.pempal.org/event/read/141

Date: November 11, 2015

Eighteen specialists from six countries (Bosnia and Herzegovina, Croatia, Kyrgyz Republic, Moldova, Uzbekistan and Ukraine) attended the meeting.

The objectives of the meeting were to review international experience and to learn from international practice regarding how to address key challenges and vulnerabilities in countries pay systems and wage bill management practices.

The results of the meeting were a close examination and discussion of the wage bill management approach of Croatia. A centralized payroll accounting and human resource management system was implemented from 2013. As the contracting authority, the Croatian Government receives the entire system that enables it to monitor expenditures for public sector employees provided from the state budget. The system ensures different types of reports and payroll simulation possibilities under different circumstances, all of which provides the basis for clear and transparent employee expenditure management. Apart from expenditure management, the Government has access to complete personnel records of employees in the public sector. The first users were the Ministry of Finance and Ministry of Public Administration (pilot institutions), who as establishment coordinators took part in defining the standards and business rules of Centralized Payroll Accounting. The approach at how Croatia also manages the salaries of employees in the local and regional self-government units was also presented, including how the total envelope for funding is determined. Materials are available at

www.pempal.org/event/read/158

Date: June 10, 2015

The participants of the event had a chance to familiarize with the preliminary findings of the recent study on enhancing efficiency of human resources in the public sector organizations in Latin America countries. Presentation was made by Mariano Lafuente from the Inter-American Development Bank.

BCOP Pretoria: Study Visit - Public Finance and Peer Learning Reforms of South Africa

Date: March 11-13, 2015

Location: Pretoria, South Africa

The BCOP Executive Committee, comprising representatives from member countries from Albania, Belarus, Bosnia and Herzegovina, Croatia, Kyrgyz Republic, Russian Federation and Turkey attended the visit to the National Treasury of South Africa.

The objective of the study visit was to discuss and exchange information on public finance reforms related to budget transparency and peer learning approaches with representatives from the National Treasury and the peer learning network provider CABRI.

The results of the meeting were the sharing of comprehensive materials by the South African government, and discussion of key public finance

reforms. The Committee shared these materials with other members of BCOP, currently represented by 21 member countries in the Europe and Central Asia region. They also used the materials to further some of their reform processes in their countries such as transparency of budget documentation, development of induction manuals for senior staff, and strengthening of budget legislation. The information shared during CABRI's session also provided useful input to the MTR of the PEMPAL Strategy 2012-17.

Presentations, as well as the main results of the meeting can be found in the event summary report, posted on the PEMPAL website

www.pempal.org/event/read/137

BCOP Budget Literacy Workshop / OECD SBO meeting

Date: May 20-22, 2015

Location: Warsaw, Poland

BCOP held a workshop on budget literacy on May 20 in Warsaw, Poland, which was attended by 10 member countries (Armenia, Belarus, Croatia, Kosovo, Moldova, Romania, Russian Federation, Turkey, Ukraine, and Uzbekistan).

The objective of the workshop was to learn from international and regional practices in budget literacy. At the workshop, the results of a pre-workshop survey were presented which showed the status of reforms in budget transparency and budget literacy in 14 of the 15 countries participating in the new Budget Literacy and Transparency Working Group.

The results of the workshop showed that the majority of countries (11/14) surveyed have reported existence of curriculum or frameworks in budget literacy, however not many MoFs have involvement with development of formal education curricula in budget literacy. The top challenges in improving budget literacy come from misunderstanding of economic and technical concepts and confusion from too much information being presented. Among budget documents available to the public, Citizens Budget remains the key challenge:

only five countries reported its availability. County case studies of Canada, UK and Russian Federation were also presented in the workshop which showed diverse approaches of making the government's budget more understandable to citizens through citizen budgets and IT portals, student projects, and development of core curriculum for schools. Materials from the workshop, including the survey results, are available at

www.pempal.org/event/read/140

Following the workshop, PEMPAL members had the opportunity to participate in the **11th OECD Senior Budget Officers meeting on May 21-22**, also in Warsaw, Poland, which focused on issues such as budgeting for fiscal space, inclusive growth and performance budgeting. These annual meetings give the opportunity for PEMPAL members to share information and benchmark reforms with a wider representation of Ministries of Finance in the Central, Eastern and South-Eastern European (CESEE) region who are members of this regional OECD network. Materials from the OECD SBO meeting are available at

www.pempal.org/events/bcop-budget-literacy-workshop-oecd-sbo-meeting

BCOP: Thematic Videoconference on Budget Literacy

Date: September 14, 2015

The objective of the meeting was for participants to familiarize themselves with the findings of a recent global study of budget literacy practices covering over 30 countries undertaken by the World Bank. Fourteen participants attended the videoconference meeting from seven countries (Armenia, Belarus, Croatia, Kyrgyz Republic, Russian Federation, Romania and Uzbekistan).

The main results of the meeting included the sharing of lessons learnt and useful resources for incorporating budget literacy in school curricula; including examining the available diverse methods and materials to teach budget literacy; and different models of how to build capacity to promote budget literacy education.

The results of the recent Open Budget Index (OBI) for 2015 were also discussed (see this link for full report in Russian and English)

www.internationalbudget.org/opening-budgets/open-budget-initiative/open-budget-survey/publications-2/full-report/

The leadership team congratulated Romania, and Russia who were rated highest among PEMPAL member countries providing 'substantial budget information' to their citizens. Romania has demonstrated the highest rating, (75/100), Russia maintained its high position (74/100) and Kyrgyz Republic showed a remarkable

progress, moving from 20/100 to 54/100. Kyrgyz Republic also led the PEMPAL region in the sub-index related to 'public participation' with a score of 52/100 (compared to the international average of 102 countries surveyed of 25/100).

Future events of the group were also discussed including a proposed study visit in December 2015 to examine budget transparency at the local level in Croatia. The topic of the next workshop was also decided which will be held before the proposed BCOP plenary meeting in Minsk, Belarus in February 2016. As proposed at the BCOP Executive Committee meeting, it was agreed to focus the workshop on citizens' budget. It was revealed in the survey, undertaken by PEMPAL in spring 2015, that only five countries participating in the working group have citizens' budget. Therefore, it will be useful to review good existing practices and come up with recommendations on citizens' budget development and implementation.

The countries agreed to make a presentation include OBI champions – Romania, Russia and Kyrgyz Republic. In addition, it was agreed to review the results of the OBI at the workshop. Finally, leadership of the group proposed to have a discussion of lessons and recommendations, which can be compiled into a knowledge product on recommendations on citizens' budgets. Materials can be found at

www.pempal.org/event/read/151

BCOP participation in OECD SBO meeting on Performance and Results

Date: November 26-27, 2015

Location: Paris, France

The objective of the meeting was to send a small PEMPAL delegation of two to attend the OECD Senior Budget Officers Performance and Results network meeting to inform development of the proposed new BCOP Working Group on program budgeting. This will allow the Working Group leader to finalize the concept paper for the new group, and to establish contact with OECD for future joint work.

The results of the meeting included active participation in several discussions related to the topic and bilateral agreement between OECD and BCOP for possible future work in the future.

Performance budgeting tools were discussed in terms of their impact in delivering inclusive growth

Specifically the meeting discussed *evaluations, spending reviews and outcomes-based performance regimes* through country cases of Japan, South Korea, Canada, France, Australia, the Netherlands, Ireland, Germany and Brazil. Group discussions were also organized on (i) Performance Information and Budgeting Practices; (ii) Uses of Performance Data and Open Data Initiatives in Government and (iii) Performance Evaluation and Spending Reviews.

At the meeting, the OECD Secretariat announced plans on implementation of the new round of OECD performance budgeting survey, to be conducted in winter-

spring 2016. PEMPAL BCOP has been cooperating with OECD Budget and Public Expenditures Division for several years, and in the past implemented OECD budget practices and procedures survey for 13 PEMPAL countries. During the visit, the PEMPAL delegation discussed the potential participation of PEMPAL in the upcoming round of performance budgeting survey under the new working group being established in February 2016. It was agreed that the BCOP resource team and the OECD performance budgeting survey team would continue discussing the timeline and next steps after the meeting, aiming for PEMPAL countries to join the survey in spring 2016. Materials can be found at: (English available only)

www.oecd.org/gov/budgeting/seniorbudgetofficialsnetworkonperformanceandresults.htm

Citizens' budgets and participation in Croatia at State and Local levels

Date: December 1-4, 2015

Location: Zagreb and Rijeka, Croatia

Seventeen specialists from 11 countries attended the meeting (Armenia, Belarus, Bosnia and Herzegovina, Croatia, Kyrgyz Republic, Moldova, Romania, Russian Federation, Tajikistan, Uzbekistan and Ukraine).

The objectives of the peer-learning visit were to a) explore Croatian experience in implementing reforms on budget transparency and participatory budgeting, at both State and local government level; and b) hold a face-to face meeting of the BCOP Working Group on Budget Literacy and Transparency, including a working session to prepare for the Group's next meeting and to discuss development of knowledge products.

The result of the peer-learning visit was an in-depth examination of the approach of Croatia to publishing budget and financial reports, and in preparing citizens' guides to the budget. Presentation of citizens' budgets from the municipality of Rijeka were also presented including those from Crikvenica and Pazin. The action plan established between Croatia and the Open Government Partnership was also discussed, including mechanisms for implementation, coordination of all stakeholders, lessons learnt, and future planned reforms. A round table of Working Group members was held at the end of the visit to identify future knowledge products for the group and to start preparations for the next meeting to be held in February in Belarus. Materials, including the event report, can be found at:

www.pempal.org/event/read/153



Treasury Community of Practice

TCOP Vienna: Study Visit to the Austrian Ministry of Finance

Date: January 28-30, 2015

Location: Vienna, Austria

Nine participants from seven countries (Albania, Azerbaijan, Georgia, Kazakhstan, Moldova, Russian Federation and Tajikistan) participated in the study visit to the Ministry of Finance of Austria. The study visit goal was participants' familiarization with the recent PFM reforms implemented by the hosting country, focusing on the issues of particular interest for TCOP members (public sector accounting and reporting, financial management information system).

The objective of the study visit was to introduce to TCOP members the experience of Austria in reforming the PFM system in general, and in particular in accrual budgeting, accrual accounting, IPSAS implementation, Austria's Opening Balance Sheet and the Federal Financial Statement. Also, the TCOP Executive Committee held a meeting to prepare for events scheduled for February to June 2015.

The main results of the study visit included TCOP members' familiarisation with Austria's experience in introducing accrual budgeting and IPSAS. Also, the study visit participants found interesting the hosting country approaches in organizing the training process; the relationship between the Court of Accounts, Ministry of Finance and budget entities; and the extensive role of the IT department within the Austrian Ministry of Finance (which includes some responsibilities typically assigned in TCOP member countries to functional departments). Representatives of the Austrian MoF expressed their readiness to continue their collaboration with the TCOP in the future. The summary of discussions, as well as the main results of the meeting can be found in the event report, posted on the PEMPAL website at

www.pempal.org/event/read/129

TCOP Seoul: Study Visit to the Ministry of Strategy and Finance of South Korea

Date: March 25-27, 2015

Location: Seoul, South Korea

Twenty-three members of the TCOP thematic Working Group on Use of Information Technologies in Treasury Operations, representing eight countries (Albania, Azerbaijan, Belarus, Georgia, Kazakhstan, Moldova, Russian Federation and Turkey) joined the study visit to the Ministry of Strategy and Finance of South Korea.

The objective of the study visit was to offer an opportunity to the members of thematic working group to get familiar with the information system used by the Government agencies of South Korea for public finance management (dBrain).

The main results of the visit included TCOP members' familiarisation with the history and

key elements of Korean PFM reform including hosting country experience in implementing and maintaining information systems used by public entities. In-depth information was also obtained on several key business processes supported by "dBrain" information system (budget preparation and planning, budget execution and payments, public procurement, etc.). Representatives of the Ministry of Strategy and Finance have offered to establish collaboration with individual TCOP countries in the framework of bilateral agreements. The summary of discussions, as well as the main results of the meeting can be found in the event report, posted on the PEMPAL website at

www.pempal.org/event/read/136

TCOP: Thematic videoconference on Cash Management

Date: April 9, 2015

TCOP held a videoconference on April 9 devoted to the topic "Cash Management". This was the fourth event for the working group, with three videoconferences taking place in May, September and November of 2014. The videoconference gathered representatives of seven PEMPAL member countries and the World Bank resource team.

The main objective of the meeting was to provide participants with information on Azerbaijan's experience in cash management and forecasting.

The main results of the meeting included TCOP members' familiarization with the approaches applied in Azerbaijan in relation to liquidity management and forecasting. The presentation delivered by Azerbaijan representatives provided comprehensive information on various aspects related to Treasury Single Account operations, cash planning, deposit account for VAT, forms of managing liquid assets, etc. Important decisions on the TCOP plenary meeting on cash management in Tirana were also taken during the videoconference. The report with relevant attachment can be accessed on the PEMPAL website at

www.pempal.org/event/read/147

TCOP Thematic videoconference on Accounting Standards

Date: April 21, 2015

The TCOP held a videoconference on April 21 devoted to the topic “Accounting Standards”. Seventeen participants from seven PEMPAL member countries (Albania, Georgia, Kazakhstan, Kyrgyz Republic, Moldova, Montenegro, and Russian Federation) participated in discussions on the document “Assessment of Public Sector Accounting and Auditing against International Standards”. The videoconference was supported by the World Bank resource team: Elena Nikulina, PEMPAL Program Team Leader, Andrew Mackie, the World Bank Senior Financial Management Specialist and Ion Chicu, the TCOP advisor.

The main objective of the meeting was to get members’ feedback and to respond to their questions

related to the document “Assessment of Public Sector Accounting and Auditing against International Standards”, translated and circulated on the group’s request.

The main results of the meeting included a better understanding by participants of the procedures related to the organization of a diagnostic, which provides interested stakeholders with a common understanding of where their country’s national public sector accounting framework stands benchmarked against international standards of public sector accounting and financial reporting. More information on the videoconference can be found in the final report on the PEMPAL website at

www.pempal.org/event/read/145

TCOP Plenary Meeting: Selected Issues in Liquidity Management and Treasury Controls

Date: May 20-22, 2015

Location: Tirana, Albania

The TCOP plenary meeting in Tirana brought together 47 practitioners from 14 PEMPAL member countries to exchange experiences in developing cash management practices and applying key elements of treasury controls. Participants have learned also about the role and functions of the treasury of Albania and recent treasury reforms implemented by the hosting country.

The main objective of the meeting was to familiarize the TCOP members with the best practices applied in the liquidity management area, as well as to address various issues related to management of commitments and controls. One of the objectives of the Tirana event was to also identify members’ thematic priorities for future TCOP events.

The main results of the meeting included participants’ familiarization with the recent developments and approaches applied in Albania and in several other member countries in cash management. Selected issues on liquidity management were addressed in the expert’s presentation, while cases of Azerbaijan, Turkey and Russian Federation offered participants an opportunity

to learn about these countries’ experiences in liquidity management. Comprehensive information on recent PFM reforms implemented in Albania was also presented, including new FMIS implementation, introduction of multi-year commitment control for multi-year expenditures, developing liquidity forecasting program, and actions improving the efficiency and transparency of the budget execution. At the workshop, the results of a pre-event survey on management of commitments and arrears were presented, which showed the status of reforms in this specific area in 14 TCOP member countries. In addition to the thematic part of the event, the survey conducted among the meeting participants provided important information on the TCOP members’ thematic priorities for future events, which will be taken into account by the Executive Committee. The summary of discussions, as well as the main results of the meeting can be found in the event report, posted on the PEMPAL website with other materials at

www.pempal.org/events/tcop-plenary-meeting-selected-issues-liquidity-management-and-treasury-controls

TCOP: Thematic videoconference on Use of Information Technologies in Treasury Operations

Date: June 10, 2015

The TCOP thematic Working Group on Use of Information Technologies in Treasury Operations held a videoconference on June 10. Twenty-three participants from eight PEMPAL member countries (Albania, Azerbaijan, Belarus, Georgia, Kazakhstan, Moldova, Tajikistan and Ukraine) attended the videoconference.

The main objective of the meeting was to provide the group's members with information related to the linkage between the treasury information system with the electronic procurement system in Georgia.

The results of the videoconference included participants' familiarization with the mechanism

of interaction between the treasury system and the electronic procurement system, used by the State Procurement Agency of Georgia. The presentation delivered by Georgian representatives provided information related to the organization of the public procurement process, steps undertaken to ensure the transparency of procurement, the role and responsibilities of participants to the process, as well as various aspects in relation to the linkage between the treasury system and the information system used by the Agency. The presentation and Report on the videoconference can be found at

www.pempal.org/event/read/148

TCOP: Thematic Group Meeting on Use of Information Technologies in Treasury Operations

Date: October 5-7, 2015

Location: Tbilisi, Georgia

Fifty-two specialists from 10 countries (Albania, Azerbaijan, Belarus, Georgia, Kazakhstan, Moldova, Montenegro, Russian Federation, Tajikistan, and Turkey) attended the meeting.

The main objective of the meeting was to offer an opportunity to discuss selected issues of priority interest for the group based on experience of Georgia in system development since initial plans were shared with TCOP in a meeting in early 2012. The meeting also served as a forum for updating the IT Working Group activity plan for the ensuing year.

The main results of the meeting was an in-depth examination of the support provided to the MoF by the Finance Analytical Service (FAS). The Public Finance Management System (PFMS) the FAS delivers supports the central government, 76 self-governing units and two autonomous republics. It comprises six sub-systems, spanning budget preparation and execution, debt management, revenue management and human resource management. Together all of the modules create

a comprehensive framework that reduces transactions costs and duplication of functions and processes.

Nine core recommendations from the OECD for effective use of digital technology were also discussed in addition to four possible organizational models for managing PFM Information Communication Technology (ICT) in government: internal ICT units within the MoF; separate statutory bodies but still accountable to the MoF; outsourcing the function, through contracting for services; and a hybrid model that combines two or all of the above three options. Discussion groups concluded that the local environment, historical context and local capacity would determine the best solution for each country. However, centralization was seen as the more sensible approach going forward. In many countries, particularly larger economies, it has been challenging to develop a single software solution across such a broad client base. Sometimes this has been due to unique requirements; sometimes it has been more politically driven.

Discussions on the future working plans of the thematic group were also held. A decision to organize two videoconferences till the end of FY 2016 was taken. Belarus will lead the first one scheduled for December 2015, devoted to the topic of information security. The

second videoconference will be held in May-June, 2016, where the experience of Kazakhstan in interaction with the providers supporting IFMIS will be demonstrated. The materials, including the event report, can be found at

www.pempal.org/event/read/149

TCOP: Thematic Videoconference on Cash Management

Date: October 29, 2015

Thirty-seven specialists from 12 countries (Albania, Azerbaijan, Belarus, Croatia, Georgia, Kazakhstan, Kyrgyz Republic, Moldova, Montenegro, Russian Federation, Turkey and Ukraine) attended the meeting.

The objective of the meeting was to revisit the topic of Treasury Single Account (TSA), given there continued to be conceptual differences in the way countries implemented and referred to cash consolidation.

The results of the meeting included the acknowledgment that TSA underpins not just cash management but a strong PFM system through the

consolidation of cash balances. Challenges and possible solutions were discussed including how to overcome resistance to extending TSA coverage to statutory bodies. A discussion was also held on the next planned face-to-face meeting of the Cash Management and Forecasting Working Group, scheduled for Ankara, Turkey from 16-18 March 2016. It is also anticipated that an earlier survey on the TSA will be revisited, and expanded to provide further analytical content for the Ankara event. Considering group members' large interest for the TSA models topic, another videoconference on these issues will be organized before the Ankara event. Materials, including the event report, can be found at

www.pempal.org/event/read/152

TCOP: Videoconference of the new thematic group “Evolution of the role and functions of the treasury”

Date: November 24, 2015

Thirty-one specialists from 12 countries (Albania, Armenia, Azerbaijan, Belarus, Croatia, Georgia, Kazakhstan, Kyrgyz Republic, Macedonia, Moldova, Turkey and Ukraine) attended the meeting.

The main objective of the meeting was to start the organizational discussions related to the launching of the new TCOP thematic group “Evolution of the role and functions of the treasury”. This group will serve as a good platform for exchanging relevant experience and knowledge among treasury specialists from TCOP member countries in various issues related to strategic development of treasury systems, evolution

of treasury functions and responsibilities in the modern world.

The main results of the meeting included a close examination of the evolution of the system of Treasury internationally, including trends, and the need to balance authority and responsibility with effective decentralization. The approach of Azerbaijan was also presented, followed by discussions of the future work agenda of the group.

Materials can be found at

www.pempal.org/event/read/155

TCOP: Videoconference on FMIS security topic

Date: December 17, 2015

Seventeen participants from eight countries (Albania, Azerbaijan, Belarus, Georgia, Kazakhstan, Moldova, Montenegro and Turkey) joined the videoconference.

The main objective of the meeting was to offer an opportunity to the members of the TCOP Working Group on Use of Information Technologies in Treasury Operations to get familiar with the Belarus experience in assuring the security of information in the process of FMIS operations.

The main results of the meeting included participants’ familiarization with the information security policies and tools applied in Belarus in the process

of FMIS utilization. The presentation delivered by Belarus representatives provided information related to the information security objectives and principles implemented in the Ministry of Finance in order to ensure the proper operation of the FMIS. Various aspects were also described related to physical and environment protection, access management and telecommunication/network security, as well as information related to IT security control and audit. In addition to the thematic part of the agenda, the meeting participants discussed the groups’ working plans for the first half of 2016. Materials can be found at

www.pempal.org/event/read/162



Internal Audit Community of Practice

IACOP Chisinau: Study Visit – Experience Sharing in the area of Public Internal Financial Control (PIFC)

Date: March 16-19, 2015

Location: Chisinau, Moldova

IACOP members from Armenia, Kazakhstan, Russian Federation and Ukraine attended the study visit to Moldova. The agenda combined the meetings with representatives of the Ministry of Finance of Moldova, Customs Service, Financial Inspection and others with sessions devoted to exchange of experience in the field of PIFC. The main objective of the visit was to share Republic of Moldova's experience in Financial Management Control and Internal Audit implementation, as well as the role and activities of the Central Harmonization Unit in Moldova. In addition, participants learned from Moldova's experience on training, certification and continuous development system.

The objective of the meeting was to learn from Republic of Moldova experience in implementing Public Internal Financial Control, including setting

legislation, drafting methodology, training and certification, establishing internal audit units, performing audit engagement, evolving of the other audit and control institutions, and collaboration with Court of Accounts and Financial Inspection.

The results of the meeting was participants' familiarization in managing the Public Internal Financial Control reform in a country with a similar background of a strong tradition of centralised financial revision (inspection) and limited managerial accountability. The participants were therefore able to share legislative, institutional, and training and certification challenges and solutions. Presentations, as well as the main results of the meeting can be found in the event summary report, posted on the PEMPAL website at

www.pempal.org/event/read/132

IACOP Study Visit to The Hague, the Netherlands

Date: May 11-13, 2015

Location: The Hague, The Netherlands

The IACOP successfully organized a study visit that brought together 15 participants from four PEMPAL member countries and the resource team. IACOP participants from Bulgaria, Croatia, Czech Republic and Hungary attended a study visit to the Ministry of Finance / National Academy for Finance and Economics, as well as the Central Audit Service of the Netherlands.

The objective of the study visit was to learn from more advanced experience of the Netherlands so that participants could consider the extent to which reforms could be applied in their own countries in order to enhance internal audit and control systems. The areas

included Public Internal Control, Audit Committees, Human Resource Management, Central Harmonization Unit function, Internal Audit methodology and implementation in local governments, risk assessment, training and certification, Information Technology solutions, and performance audit.

The result of the study visit was a solid understanding of the Internal Audit system and its relationship with related functions in the Netherlands for country application. Materials can be found at

www.pempal.org/event/read/138

IACOP thematic meeting on internal audit and financial management and control

Date: June 10-12, 2015

Location: Bishkek, Kyrgyz Republic

The IACOP thematic meeting on Modern Internal Audit (IA) and Financial Management and Control (FMC) - Implementation Challenges brought together 54 practitioners from 21 PEMPAL member countries, along with members of the resource team, PEMPAL Secretariat, and community guests.

The main objectives of the meetings included exchange of experiences and learning from advanced IA, FMC practices and activities of Central Harmonization Units, and elaborating necessary development recommendations. In addition, the meeting also aimed to aid in learning good practices developed by IACOP on internal auditors' training and certification, to identify good practices in effectively managing challenges faced in implementing the Central

Harmonization Unit role, as well as to decide on IACOP's future activities in the area of public internal control/ financial management and control.

The main results of the meeting included solid understanding of FMC and its implementation challenges in the ECA region and beyond; strong awareness of the knowledge created by IACOP on the Training and Certification good practice models for country application; and enhancement in effectiveness of PIFC reforms in Kyrgyz Republic. The Executive Committee members also met prior to the meeting to review the IACOP strategy and to discuss current and future preparations for implementation of planned activities. Materials from the workshop are available at

www.pempal.org/event/read/139

IACOP: Presentation by the Federal Ministry of Finance of Austria

Date: July 15, 2015

Location: Vienna, Austria

The objective of the meeting was for the IACOP Executive Committee to learn about public sector internal audit arrangements of Austria.

The main result of the meeting was a comprehensive overview of the Austrian arrangements delivered by Dr. Hannes SCHUH, Chief Audit Executive, which covered:

- Role, function, authority, responsibility
- Harmonization / coordination and quality assurance arrangement

- Relationship with financial inspection (Investigation)
- Internal audit in regional level
- Oversight including existence of audit committees

The presentation can be found under 'Materials' at:

www.pempal.org/events/pempal-executive-meeting-mid-term-review-pempal-strategy-2012-17-consideration-results-and

IACOP Videoconference on Event Preparation

Date: September 16, 2015

The objective of the meeting was to finalize the draft agenda for the next two IACOP back-to-back meetings; to review status of confirmation (registration) of participants and experts invited; to review preparation status of materials prepared and to be prepared; and to divide tasks for further activities between leaders, who are active representatives from the IACOP member countries.

The results of the meeting included the final agenda being approved, with most experts confirming their participation. The preparation status of materials, including their translation, was also assessed as satisfactory. All other objectives of the meeting were also met.

IACOP Working Group meeting on Relationship of Internal Audit with Financial Inspection and External Audit (RIFIX)

Date: October 13-14, 2015

Location: Yerevan, Armenia

Fifty-nine specialists from 23 countries (Albania, Armenia, Belarus, BiH, Bulgaria, Croatia, Czech Republic, France, Georgia, Hungary, Kazakhstan, Kyrgyz Republic, Macedonia, Moldova, Montenegro, Netherlands, Romania, Russia, Serbia, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan) attended the meeting.

The objectives of the meeting were to learn from best country practices; to finalize and endorse the Good Practice Concept Note on RIFIX and to elaborate on its roll out; to advance development of a Good Practice Template of a Cooperation Agreement between internal audit and financial inspection/external audit; and to learn from the Armenian experience of internal audit reforms.

The results of the meeting were a solid understanding of the Internal Audit system and its relationship with related functions in Armenia, including identification of good practices from France and Bulgaria, in the area of cooperation between external audit, internal audit, and financial inspection agencies. A revised version of the RIFIX Concept Paper was also presented for discussion. The participants agreed on the main differences between internal audit (IA) and external audit and between the supreme audit institution (SAI) and financial inspection (FI) as described in the document. The meeting proposed and agreed that the developed document not only describes RIFIX conceptually, but also defines the Working Group's approaches to this area, and thus the document should be structured as a Position Paper and supplemented with proposals set forth at the meeting. The final document will be presented and considered at a next meeting.

A draft template of the memorandum of RIFIX cooperation was also presented, based on experiences of Albania, Bulgaria, Kyrgyz Republic, Romania, Serbia, and Croatia. The Memorandum provides definition of clear and regular rules and procedures; will strengthen mutual capacities of the parties in promoting proper management and accountability practices; will provide a better understanding of the importance of internal control by the management; and lead to greater efficiency and effectiveness of audits. The participants discussed and gave recommendations on how to improve the draft template, which will be further developed at the next meeting. Materials can be found at

www.pempal.org/events/pempal-internal-audit-community-practice-working-group-meeting-relationship-internal-audit

IACOP Working Group leadership meeting on Quality Assurance

Date: October 15, 2015

Location: Yerevan, Armenia

Thirty-four specialists from 13 countries (Armenia, BiH, Bulgaria, Croatia, Czech Republic, Georgia, Hungary, Kazakhstan, Moldova, Montenegro, Russia, Serbia, and Ukraine) attended the meeting.

The objectives of the meeting were to finalize the scoring system for the PEMPAL approach to external assessment of the internal audit function by the Central Harmonization Unit; to endorse the Good Practice Quality Assessment Guide for Public Sector Internal Audit; and to discuss on possible application of the Guide by IACOP countries.

The results of the meeting included the endorsement of the Guide, which will be another major knowledge product for IACOP for use by member countries. This product provides a unique guide to apply the International Professional Practices Framework and International Standards for the Professional Practice of Internal Auditing on Quality Assurance of public sector

internal audit. A solid understanding of the Quality Assurance of an internal audit activity and how to apply the Guide was also gained.

The working group also agreed to establish a list of volunteer QA assessors from PEMPAL IACOP members. Two countries were interested to host the initial PEMPAL peer quality review (Georgia and Bosnia and Herzegovina). After application of the Good Practice Quality Assessment Guide on a country level, the Central Harmonization Unit could continue assessing the internal audit activity within a country following the Guide.

Planning for IACOP activities for this year and next, according to the IACOP Strategy was also discussed including the proposed launch of a new Financial Management and Control Working Group. Materials can be found at

www.pempal.org/events/pempal-internal-audit-community-practice-working-group-meeting-relationship-internal-audit



ATTACHMENT 3

LINKS TO KEY RESOURCES DEVELOPED AND SHARED



Budget Community of Practice

Summary report on results of discussions on fiscal consolidation

www.pempal.org/event/eventitem/read/130/366

Other meeting materials including presentations available at

www.pempal.org/event/read/130

World Bank report on Pay Flexibility and Government Performance

www.pempal.org/event/eventitem/read/143/371

Summary report of discussions held on public finance reforms of South Africa including links to budget documentation, peer learning reforms by CABRI and other materials

www.pempal.org/event/eventitem/read/137/361

Collation of additional materials on South Africa (mostly in English) available in the BCOP wiki. The Public Financial Management Act (1999) has been translated into Russian and the Key Performance Indicator EXCEL tool has been translated into both Russian and BCS languages as requested by the BCOP Executive Committee.

Concept note on new Working Group on Budget Literacy (prepared by the Russian Federation)

www.pempal.org/event/eventitem/read/140/389

Presentation by Government of Turkey on e-payroll system

www.pempal.org/event/eventitem/read/141/368

Presentation of budget literacy survey results; and country case studies of Russian Federation, Canada, and UK

www.pempal.org/event/eventitem/read/140/386

Presentations distributed by OECD for its annual SBO meeting

www.pempal.org/event/eventitem/read/140/397

Presentation by Inter-American Development Bank on the preliminary findings of the recent study on enhancing efficiency of human resources in the public sector organizations in Latin America countries (presentation was for distribution for the working group members only).

Presentation by the World Bank on the findings of the study on budget literacy

www.pempal.org/event/eventitem/read/151/416

Open Budget Index 2015 results in English and Russian

[internationalbudget.org/opening-budgets/
open-budget-initiative/open-budget-survey/
publications-2/full-report/](http://internationalbudget.org/opening-budgets/open-budget-initiative/open-budget-survey/publications-2/full-report/)

Citizen Budget of Kyrgyz Republic translated on request of BCOP Executive Committee and for planned future meetings of Budget Literacy Working Group (posted under BCOP Executive Committee meeting minutes for 2015)

www.pempal.org/about/governance/ex-com-bcop/

Set of presentations for BCOP meeting Working Group on Wage Bill Management – Approach of Croatia

www.pempal.org/event/eventitem/read/158/437

Presentations from Croatia study visit on citizens budgets at the local level

www.pempal.org/event/eventitem/read/153/441

Event report on Croatia study visit on citizens budget at the local level

www.pempal.org/event/eventitem/read/153/442

Citizens Budget in Croatia - City of Pazin (in BCS only but provides good example of format and presentation approach)

[proracun.pazin.hr/wp-content/uploads/2015/02/
Proracun_u_malom_gradu_Pazin_2015.pdf](http://proracun.pazin.hr/wp-content/uploads/2015/02/Proracun_u_malom_gradu_Pazin_2015.pdf)



Treasury Community of Practice

Questionnaire Results on TCOP Practice in Budget Execution and Cash Management Commitments, Accounts Payable and the Management of Arrears

www.pempal.org/event/eventitem/read/142/377

Summary Report on TCOP study visit to the Ministry of Finance of Austria on experience of recent PFM reforms in Austria, including all presentations delivered

www.pempal.org/event/eventitem/read/129/358

Summary Report on TCOP study visit to the Ministry of Strategy and Finance of South Korea on this country's experience in implementing FMIS

www.pempal.org/event/read/136

Summary Report on TCOP plenary meeting in Tirana, devoted to Cash Management and Treasury Control issues

www.pempal.org/data/upload/files/2015/07/tirana-2015-report_eng_final.pdf

Set of thematic presentations on various aspects of liquidity management and treasury controls delivered during the TCOP plenary meeting in Tirana

www.pempal.org/event/eventitem/read/142/377

Results of the thematic survey on Control of commitments and arrears conducted among TCOP member countries in April 2015

www.pempal.org/data/upload/files/2015/05/day-3_1_silins_commitments_results-of-survey_eng.pdf

Summary Report on thematic videoconference on Cash management issues, April 9th and presentation on Azerbaijan experience delivered during the event

www.pempal.org/event/read/147

Summary Report on thematic videoconference on Accounting Standards, April 21st

www.pempal.org/data/upload/files/2015/05/report-vc_eng.pdf

Summary Report on thematic videoconference on Use of information technologies in treasury operations, June 10th, and presentation on Georgia experience of exchange of information between the treasury and procurement systems delivered during the event

www.pempal.org/event/read/148

Materials from TCOP Thematic Group on Use of IT in Treasury Operations – Country Case Georgia

www.pempal.org/event/read/149

and Event Report

www.pempal.org/event/eventitem/read/149/427

Presentation from VC for Cash Management Thematic Group on Treasury Single Account

www.pempal.org/event/eventitem/read/152/431

and Event Report

www.pempal.org/event/eventitem/read/152/445

Set of presentations from VC on 'Evolution of the Role and Functions of Treasury'

www.pempal.org/event/eventitem/read/155/434

Materials from VC on 'FMIS Security'

www.pempal.org/event/read/162

Summary Report on the Public Assets thematic group activities

www.pempal.org/data/upload/files/2016/01/8_summary-report-for-the-assets-working-group-of-pempal_eng.pdf



Internal Audit Community of Practice

Presentation by IACOP to the PEMPAL Steering Committee on its new Strategic Plan

www.pempal.org/event/eventitem/read/144/400

Presentation by Federal Ministry of Finance of Austria on public sector internal audit arrangements in Austria

www.pempal.org/event/eventitem/read/144/400

Set of presentations for Working Group thematic meetings on Relationship of Internal Audit with Financial Inspection and External Audit (RIFIX) and Quality Assurance (QA)

www.pempal.org/event/eventitem/read/150/433

RIFIX Working Group meeting Report:

www.pempal.org/event/eventitem/read/150/433

Quality Assurance Working Group meeting Report:

www.pempal.org/event/eventitem/read/150/433

Republic of Moldova shared all the legislation, methodology and practical experience in Public Internal Financial Control reform implementation, including training and certification, establishing internal audit units, performing audit engagement, evolving of the other audit and control institutions and collaboration with Court of Accounts and Financial Inspection

www.pempal.org/event/read/132

IACOP developed a knowledge product, which outlines PEMPAL approach to external assessment of internal audit by CHU, including a practical template to apply the International Professional Practices Framework and International Standards for the Professional Practice of Internal Auditing (Standards) on Quality Assurance and Improvement Program.

www.pempal.org/knowledge-product-list

Thirteen presentations delivered in Bishkek at thematic meeting on internal audit and financial management and control, CHU challenges and Kyrgyz reform progress

www.pempal.org/event/read/139

Eleven presentations delivered during IACOP study visit to the Ministry of Finance / National Academy for Finance and Economics, as well as Central Audit Service of the Netherlands

www.pempal.org/event/read/138



All Communities of Practice

Presentations on COP and network progress with implementation of PEMPAL Strategy 2012-17:

www.pempal.org/event/eventitem/read/144/400

Summary Report on meeting of PEMPAL Executive to consider results of mid-term review of PEMPAL Strategy 2012-17:

www.pempal.org/event/eventitem/read/144/413

Addendum to the PEMPAL Strategy 2012-17

www.pempal.org/strategy

New CABRI Strategic Plan (network similar to PEMPAL) translated and distributed to assist in planned future discussions on strategic plan development

www.pempal.org/event/eventitem/read/144/408

