

PEMOPAL



ANNUAL
REPORT
2017/18

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PEMPAL ANNUAL REPORT 2017/18



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ABBREVIATIONS



AIP	Audit in Practice
AIPWG	IACOP's Audit in Practice Working Group
BCOP	Budget Community of Practice
BCS	Bosnian-Croatian-Serbian language
BLTWG	BCOP's Budget Literacy and Transparency Working Group
CESEE SBO	OECD's Senior Budget Officials' regional network for Central, Eastern, and South-Eastern European Countries
CHU	Central Harmonization Unit
COP	Community of Practice
CY	calendar year
COSO	Committee of Sponsoring Organizations of the Treadway Commission
DeMPA	Debt Management Performance Assessment conducted by the World Bank
EAMIS	External Assistance Management Information System
EC	Executive Committee
ECA	Europe and Central Asia
FMC	Financial Management Control
FMIS	Financial Management Information System
FY	fiscal year
GIFT	Global Initiative for Fiscal Transparency
HRMIS	Human Resources Management Information System
IA	Internal Audit



IACOP	Internal Audit Community of Practice
IBP	International Budget Partnership
IPSAS	International Public Sector Accounting Standards
ISPPIA	International Standards for the Professional Practice of Internal Auditing
IT	Information Technologies
MDTF	Multi-Donor Trust Fund
MOF	Ministry of Finance
OECD	Organization for Economic Cooperation and Development
o/w	of which
PEFA	Public Expenditure and Financial Accountability assessment conducted by the World Bank
PEMPAL	Public Expenditure Management Peer Assisted Learning
PPBWG	BCOP's Program and Performance Budgeting Working Group
PFM	Public Finance Management
PIC	Public Internal Control
RIFIX	Relationship of Internal Audit with Financial Inspection and External Audit
SC	Steering Committee
SECO	the Swiss State Secretariat of Economic Affairs
SLA	Service Level Agreements
TCOP	Treasury Community of Practice
TSA	Treasury Single Account
VC	videoconference
WB	World Bank
WG	working group



FOREWORD

It is with great pleasure that I present the annual report of the Public Expenditure Management Peer Assisted Learning (PEMPAL) network for fiscal year 2018. This year marked the start of implementation of the second PEMPAL strategy 2017-22. As indicated by the data presented in the report, PEMPAL remains an effective and valuable tool for member governments from the Europe and Central Asia (ECA) region to more efficiently and effectively use public monies through applying improved public finance management (PFM) practices.

On behalf of the Steering Committee I would like to take this opportunity to thank the member countries and all the key stakeholders for their continued support and valuable contributions. 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. Collaboration between central government agencies leads to improvements in PFM systems while also strengthening regional relationships that can provide broader benefits to member countries and beyond.

We are encouraged by results achieved by PEMPAL during the past year and are pleased to share these with you through this report.



Daniel Boyce

PEMPAL Steering Committee Chair
The World Bank



1

BACKGROUND AND SCOPE

Public Expenditure Management Peer Assisted Learning network (PEMPAL) facilitates exchange of professional experience and knowledge transfer among public finance management (PFM) practitioners across the Europe and Central Asia (ECA) countries. The network, launched in 2006 with support of several donor partners, aims to contribute to strengthening PFM practices in the member countries through developing and disseminating information on good PFM practices and their application.

PEMPAL has membership of government officials from Ministries of Finance, national Treasuries, or other related central agencies that are responsible for government budget planning, preparation, execution, and monitoring and coordination/harmonization of the internal audit and internal control function.

PEMPAL members represent 23 ECA countries: Albania, Azerbaijan, Armenia, Belarus, Bosnia and Herzegovina, Bulgaria, Czech Republic¹, Croatia, Georgia, Hungary¹, Kazakhstan, Kosovo, Kyrgyz Republic, Macedonia, Moldova, Montenegro, Romania, Russian Federation, Serbia, Tajikistan, Turkey, Ukraine, and Uzbekistan.

Peer-to-peer learning is the main instrument used by PEMPAL. This is a proven powerful approach to increase individual and organizational capacities. Participants work together face-to-face and on-line to share knowledge and develop approaches to solving common PFM problems. Sharing of information and discussion of common problems and solutions are facilitated through relationships between individual members and countries that are built over time through regular interactions promoted and supported by PEMPAL. In contrast with traditional training approaches, participants formulate their own activity plans and play the role of experts within the peer groups, so they are not only receivers but also providers of technical assistance.

PEMPAL is organized around three thematic communities of practice (COPs) focusing on budget, treasury, and internal audit issues (Budget COP, Treasury COP, Internal Audit COP). Each has its own membership, and activities are driven by member-led action plans that address key PFM priorities of member countries. COP activity plans include sharing and creation of knowledge through face-to-face and virtual meetings, study visits, and development of knowledge products. Information is shared via public website in three official languages of the network: English, Russian and Bosnian-Croatian-Serbian (BCS).

www.pempal.org

The current PEMPAL Strategy that came in force in July 2017 defines PEMPAL's strategic framework for the period 2017-22.

www.pempal.org/strategy

In conformity with this framework, the high-level goal of PEMPAL for the current period is that:

- Governments of PEMPAL member countries from Europe and Central Asia more efficiently and effectively use public resources resulting from applying good and improved PFM practices developed, promoted, or shared with PEMPAL contribution.

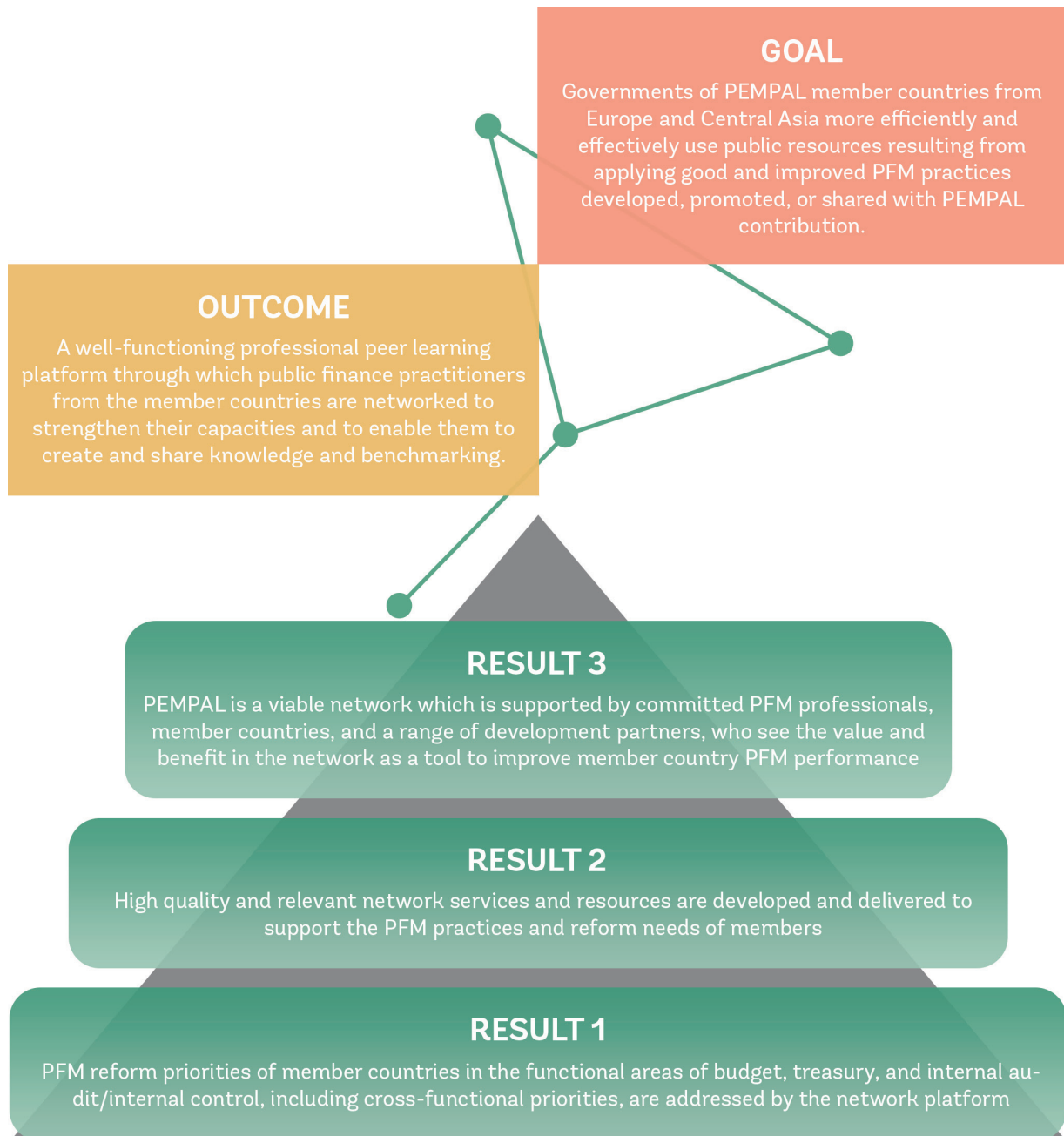
The expected outcome of the PEMPAL Strategy 2017-22 is:

- A well-functioning professional peer learning platform through which public finance practitioners from the member countries are networked to strengthen their capacities and to enable them to create and share knowledge and benchmarking.

PEMPAL's strategic framework has three results areas to ensure PEMPAL meets its goal and outcome objectives. These are summarized in **Figure 1** below.

¹ Partial membership in one community of practice only (IACOP).

FIGURE 1: PEMPAL RESULTS FRAMEWORK 2017-22



PEMPAL’s governance structure is presented in Figure 2 below and comprises:

- Three thematic COPs, each led by an executive committee (EC) of volunteer members from PEMPAL countries who drive and steer the network on behalf of members²;
- A Steering Committee (SC) including COP Chairs/ Deputy Chairs and donor representatives, which provides strategic oversight and direction³;
- Technical resource teams provided by the World Bank and other donors who assist the COP executive committees with development and implementation of member-led action plans which are approved by the Steering Committee; and
- A Secretariat which provides administrative and logistical support for PEMPAL.

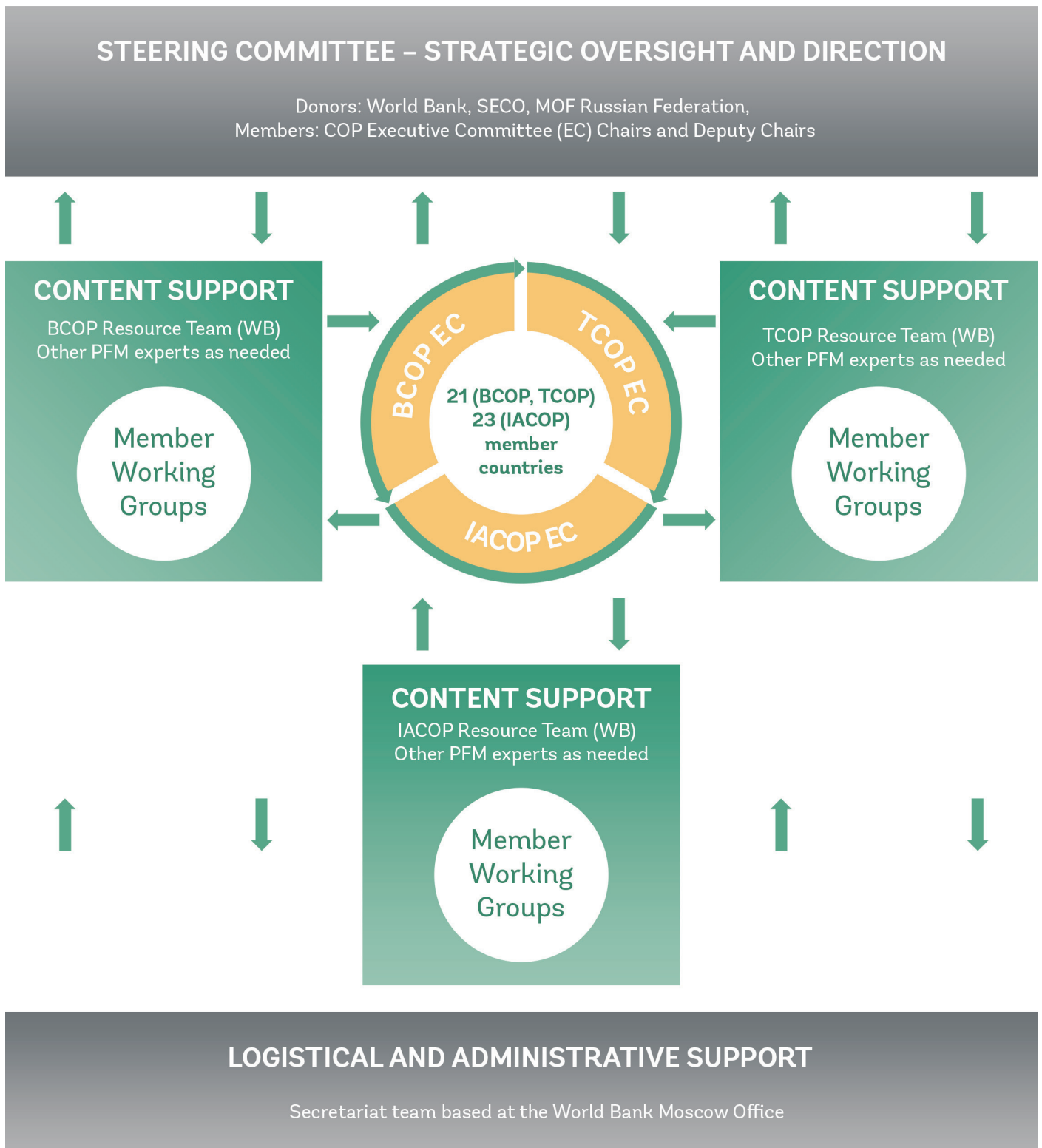
² Attachment 1 provides the list of the members of executive committees as of end-June 2018.

³ Attachment 2 provides information on the composition of the Steering Committee as of end-June 2018.

PEMPAL continues to benefit from significant support from its donor partners, including the World Bank (WB), the Swiss State Secretariat for Economic Affairs (SECO), the Ministry of Finance of the Russian Federation, Organization for Economic Cooperation and Development (OECD),

and the National Academy for Finance and Economics under the Ministry of Finance of the Netherlands. The program is funded through a Multi-Donor Trust Fund (MDTF) administered by the World Bank and financed by contributions from the two main donors: SECO and the Ministry of Finance of the Russian Federation.

FIGURE 2: PEMPAL GOVERNANCE STRUCTURE



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. These include:

- 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 COPs' action plans and budgets and monitoring of their implementation through the quarterly SC meetings, with minutes publicly available on PEMPAL website;
- Standard post-event feedback surveys conducted after each significant face-to-face event, with survey reports published on PEMPAL website;
- Periodic internal reviews and external evaluations supervised by the Steering Committee (such as the mid-term review conducted in 2015);
- Quarterly newsletters distributed electronically to the subscribers and accessible through the website;
- Annual reports distributed to the stakeholders and published on the website.

This report is part of PEMPAL's accountability framework.

It is the first annual report produced for the new strategy period. In line with the decision of PEMPAL Steering Committee to switch to reporting on a fiscal year (FY) basis, the period covered is defined as fiscal year 2018 (July 2017 – June 2018)⁴. The structure of the report follows the logic of the strategic framework presented above. Available data for the indicators included in the PEMPAL Strategy 2017-22 results framework is incorporated in the respective sections. The sources of data included the program impact survey conducted in the fall of 2017, evaluation surveys for the face-to-face events held during the period, as well as administrative and other relevant data collected by PEMPAL Secretariat. Comparison with the data for the past strategy period is provided where feasible and relevant. Effort was made to minimize duplication with the report PEMPAL in 2012-17, which was prepared on a calendar year basis, in line with the past practice for reporting used by the program, and therefore included the data for the second half of 2017 (first half of FY18).

⁴ World Bank definition of the fiscal year is used, taking into account that the main source of program funding is administered by the World Bank and reporting on the use of funds follows the World Bank trust fund rules.





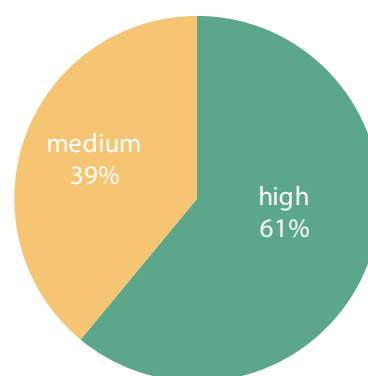
2

PEMPAL IMPACT ON PFM PRACTICES IN THE MEMBER COUNTRIES

PEMPAL has developed over the years into an important tool to support improvements in public financial management in the member countries across the ECA region. Its contribution to PFM reforms in the member countries for the past strategy period is documented in the report PEMPAL in 2012–17. FY18 generated some new evidence of PEMPAL impact on PFM systems of its member countries which is summarized below.

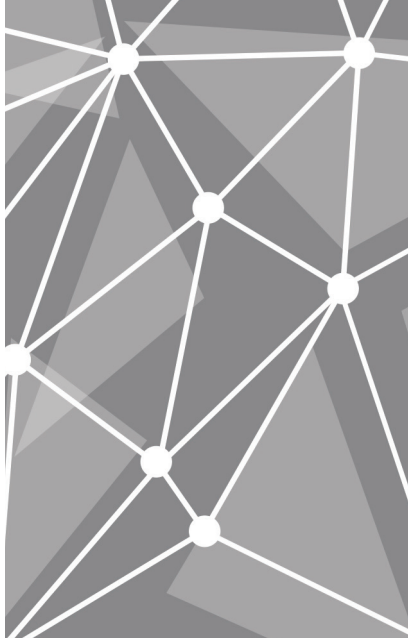
In the fall of 2017, PEMPAL conducted its first impact survey targeting senior managers of the beneficiary institutions⁵, i.e. Ministries of Finance and national Treasuries of PEMPAL member countries. This survey marked an important milestone in PEMPAL history. Data collected through the survey provided valuable evidence of the impact achieved by the program during the past strategy period and at the same time defined the baseline for the targets under the new strategy period. 61% of survey respondents assessed PEMPAL's impact on their PFM systems as high and 39% as medium, with no respondents reporting low impact or no impact as shown on **Chart 1**.

CHART 1: PEMPAL IMPACT ON PFM SYSTEMS



The COPs also continued to collect information on the impact of the COP activities internally through various methods. Evidence collected during the year provides multiple examples of specific improvements in various dimensions of PFM practices implemented using information and knowledge obtained through PEMPAL. Some of these examples are summarized below.

⁵ Survey conducted in September – November 2017. Questionnaires were sent to the senior management of the Ministries of Finance of all the member countries. In cases where national Treasuries are not part of the Ministries of Finance, additional questionnaires were sent also to the management of the national Treasuries. Responses were received from 18 countries.



2.1.

Examples of BCOP impact collected in FY18

Numerous examples of BCOP's influence were documented throughout FY18 in countries' statements during events and in post-event surveys. Some of these examples are summarized below.

Russian Federation underwent further reforms and improvements of its program and performance budgeting during FY18, including developing a goal-setting system for government programs and streamlining program format, introducing mechanisms to coordinate programs, and assigning government programs the status of the main instrument for planning and reporting outcomes of the executive. As explained by the BCOP member during BCOP meetings, the knowledge gained through BCOP Program and Performance Budgeting Working Group (PPBWG) was taken into account.

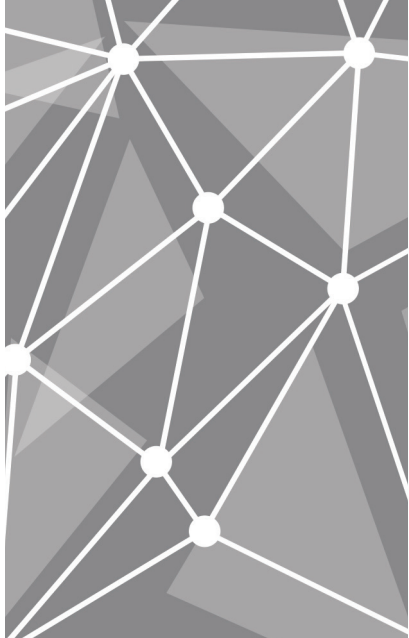
Similarly, **Bulgaria** also strengthened its program and performance budgeting during this period, in particular focusing on streamlining and standardizing performance indicators. Knowledge gained through BCOP PPBWG was used in this process, as explained by the BCOP member during BCOP meetings.

BCOP member from **Croatia** in one of the FY18 events explained that she is a member of a working group for amending the organic budget law in Croatia, noting that she will use knowledge gained through BCOP when developing her proposals. In particular, she mentioned that her proposals will include prescribing the public participation provision in the organic budget law in the format she learned about through BCOP Budget Literacy and Transparency Working Group (BLTWG).

In one of the FY18 post-event surveys, a BCOP member noted that in their budget training of line ministries and agencies and subnational government units, they always use examples and knowledge gained through BCOP. In another post-event survey, a BCOP member noted that although her/his country has not yet fully introduced program budgeting and thus cannot directly apply specific knowledge gained through BCOP PPBWG, she/he organized internal training in their Ministry of Finance using BCOP information, to launch an initiative for starting reforms.

Another example shared in a post-event survey is a BCOP member who noted that based on new ideas heard in the GIFT workshop on digital tools, IT, and citizen engagement attended by the PEMPAL BLTWG, he/she will adjust some widgets of their government's Fiscal Transparency Portal to create some new pages and new sections.

In their presentation of performance budgeting in their country, BCOP members from Serbia explained that knowledge gained through BCOP was used in the most recent reforms of program and performance budgeting in **Serbia**, which was completed in FY18.



2.2.

Examples of TCOP impact collected in FY18

Treasury COP conducted a survey of COP member within their annual plenary meeting in May 2018. Nine out of 14 countries that answered the survey reported that TCOP 2017–18 events promoted PFM reforms in their countries (Albania, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Turkey, and Ukraine). Specific examples were provided, some of which are summarized below, along with other examples collected individually from TCOP members in FY18.

Albania listed the following as being used in their country: information shared by Georgia on a resource module of a treasury information system to pay salaries directly to the employees' bank accounts (HRMIS); experience from Turkey on coordination of treasury and debt management functions (EAMIS); experience from Georgia on a link between procurement and treasury systems; and experience from Azerbaijan on information systems of tax and customs offices (link between information systems of tax and customs offices with a treasury system).

Moldova listed the following areas in which knowledge gained through TCOP was practically used: Treasury Single Account (TSA), cash management, IT in treasury operations, risk management, and treasury structure and reorganization. They in particular stressed that country cases and recommendations from experts received through TCOP form the backbone of Moldovan Treasury's efforts to streamline the business processes, including improving methodology; proposing automation of procedures; reviewing treasury functions; and delegating responsibility to the level of budget holders.

Kyrgyz Republic noted that activities under PEMPAL were very useful during development and implementation of the treasury information system and during transition to the TSA.

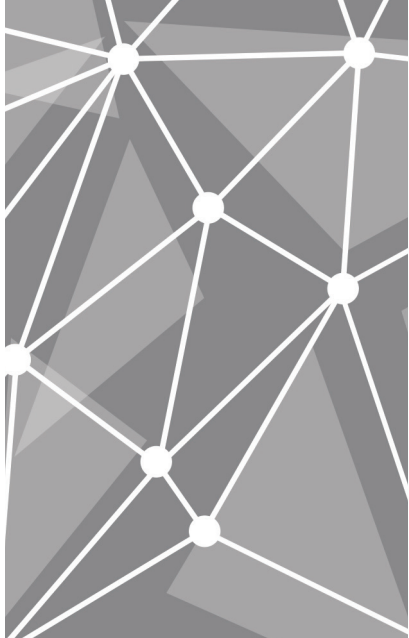
Turkey stressed the usefulness of experience of other countries, which was used to feed into new TSA system development in Turkey. They used the structure and coverage of other TSA systems as examples to convince the decision makers to accept the new system. Country cases were also taken into account when the level of integration of a cash management system with other PFM systems was defined.

Examples of TCOP's influence were also documented in countries' statements during events and in post-event surveys. For example, in his remarks opening the TCOP event in Baku, Deputy Minister of Finance of **Azerbaijan** Mr. Azer Bayramov expressed his appreciation for the opportunity PEMPAL has provided to Azerbaijan, providing exposure to good practices. He indicated that the government has directly benefited from this learning in planning its treasury reforms from PEMPAL.

In one of the FY18 post-event surveys, a TCOP member noted that his/her country continuously gets and uses information from their peers from Georgia on the automation of information systems on accounting.

In another post-event survey, a TCOP member noted that his/her country has applied knowledge gained from best practices shared through TCOP on automating reporting at a spending unit level. It resulted in development of new improved procedures for collecting financial statements from spending units.

One of the member countries reported that the information gained in the TCOP event on measuring and monitoring treasury performance will be used to plan and evaluate his/her department's activities within an employee assessment system introduced in their country.



2.3.

Examples of IACOP impact collected in FY18

During the FY18 plenary meeting, evidence of the knowledge generated by the IACOP and countries' applications of that knowledge was discussed. Representatives from the Kyrgyz Republic, Kazakhstan, Albania, Armenia, and Bulgaria shared their experience in using IACOP knowledge products in their respective institutions. The panellists shared their views on the importance and use of unique knowledge products generated by IACOP and other information gained through IACOP and their added value and impact on reforms. Each of these countries explained in detail how knowledge gained through IACOP was used in their country.

Albania acknowledged that thanks to the IACOP knowledge shared, the country had approved a guide on internal audit quality assessment modelled after the IACOP guide. Moreover, external quality assessments are now being conducted and their outcomes are used to generate useful recommendations to IA units. Albania has made progress in improving interaction between the Supreme Audit Institution, internal audit units, and financial inspection: the country used recommendations produced by the RIFIX Working Group and signed a Cooperation Agreement between internal auditors, financial inspection and external auditors. Finally, a document on internal audit committees' operation was prepared and adopted, enhancing IA efficiency. These actions resulted in Albania achieving a quantum leap in terms of IA service operation in line with international standards.

Kazakhstan also acknowledged high value of available knowledge products; the representatives reported that cases developed by the IACOP were used to design the following: i) IA performance evaluation techniques, ii) IA rules and procedures related to verification, reassessment, questionnaires, checklists, etc., iii) public sector auditors' certification rules, iv) training programs, and v) standard risk management system.

Kyrgyz Republic used all 6 booklets developed by the IACOP and these helped to design and implement the following: i) guidelines for training internal auditors; ii) professional development programs, training materials, and tests for qualification examinations administered to IA units staff; iii) agreement "On Cooperation between the Ministry of Finance and Chamber of Audits in the IA Area"; iv) IA Quality Assurance Program Guide; v) IA Guide (under revision); and vi) Risk Assessment in Audit Planning Template.

BOX 1: OPINIONS OF SENIOR MANAGERS OF BENEFICIARY INSTITUTIONS

We believe that experience gained by our staff during events organized under PEMPAL has a very positive impact both in terms of staff's wider vision and better understanding of processes, better management of these processes, and the staff's capacity to manage the reforms.

— **Ministry of Finance of Azerbaijan**

Participation in PEMPAL events raises the level of knowledge of MOF staff. Demonstration of case studies of practical implementation of PFM reform concepts helps our staff develop hands-on and creative attitudes toward activities aimed to promote such reforms in the country. As a result of thematic group meetings, many problem issues that our specialists faced have been clarified, with explanations and recommendations received from countries that have experience in similar reforms and from experts in program and performance budgeting, public sector accounting and reporting, IT use in treasury operations and budgeting, liquidity management, use of fiscal rules, public accessibility of budget documents, fiscal consolidation, legislative, regulatory, and procedural frameworks for internal audit and internal control, as well as in other areas. These recommendations helped our specialists move forward. Our special gratitude goes to the PEMPAL Resource Team.

— **Ministry of Finance of Belarus**

PEMPAL events, where we always acquire new knowledge and get to know good practices for various PFM areas, as well as share useful experiences with other member country representatives, are extremely useful because they improve the personnel's competence at the Ministry of Finance and Treasury in Bosnia and Herzegovina for management and/or implementation of reforms in this area. The work of the Program and Performance Budgeting Working Group has been particularly helpful since our country is also implementing reforms in the area of program and performance budgeting. For example, the gained knowledge and official materials from this Working Group's meeting in Paris served as a basis for new activities. We held work meetings in early 2017 with all

institutions (budget users) where we then redefined the program structure and established a clearer connection between the strategic/mid-term documents. We are currently working on the amendments to the organic budget legislation and preparing a set of by-laws which will enable the official adoption of budget in program format (as program budgeting has so far been mostly presentational).

— **Ministry of Finance of Bosnia and Herzegovina**

Long-term fruitful cooperation within framework of the PEMPAL program allowed not only to gain new knowledge of the Ministry's employees, but also to develop skills of joint solutions in activities of working groups, which include employees of the ministries of finance of about 15–20 countries.

— **Ministry of Finance of Russia**

Treasury staff capacity is enhanced through PEMPAL workshops, face to face learning events, web-conferences etc. The knowledge and experience gained at the PEMPAL events had been a unique opportunity and extremely valuable experience to the Treasury staff.

— **Ministry of Finance of Georgia**

PEMPAL activities have a positive impact on staff capacities in the Kyrgyz Ministry of Finance. By participating in such activities, MOF staff is able to enhance their knowledge which they then successfully apply in their work. Furthermore, these events have become an excellent site for thorough discussion of problem areas. In such discussions, our Ministry's staff acquire good theoretical knowledge which they can further use in practice in the Kyrgyz Republic. Participation of our Ministry's representatives in working groups for program and performance budgeting and for budget literacy and transparency helps identify strengths of PFM systems in other countries for further implementation in our own country.

— **Ministry of Finance of Kyrgyz Republic**

Source: PEMPAL Impact Survey, fall of 2017



3

**PEMPAL IMPACT ON
PROFESSIONAL CAPACITY
OF PFM SPECIALISTS**

PEMPAL has established itself as a professional platform for PFM knowledge exchange during the past strategy period.

The report PEMPAL in 2012–17 documented strong evidence of new and improved knowledge in PFM practices attributable to PEMPAL and high levels of satisfaction of individual members with the opportunities for knowledge sharing and learning provided by the network. The data for FY18 continues the past trends.

The already mentioned PEMPAL impact survey, conducted in the fall of 2017, also collected opinions from the management of the beneficiary institutions about the impact PEMPAL had on individual participants' capacity to lead or implement PFM reforms in their countries.

More than 60% of the survey respondents assessed such impact as high with slight variation in the average ratings between the COPs, as shown in **Chart 2**⁶.

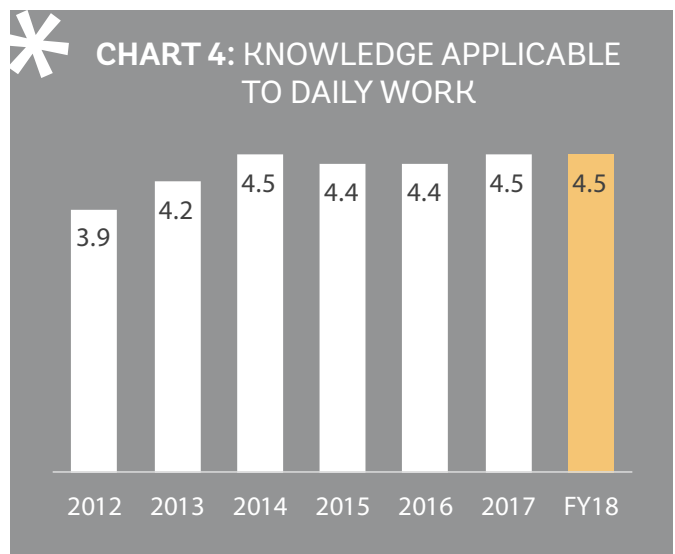
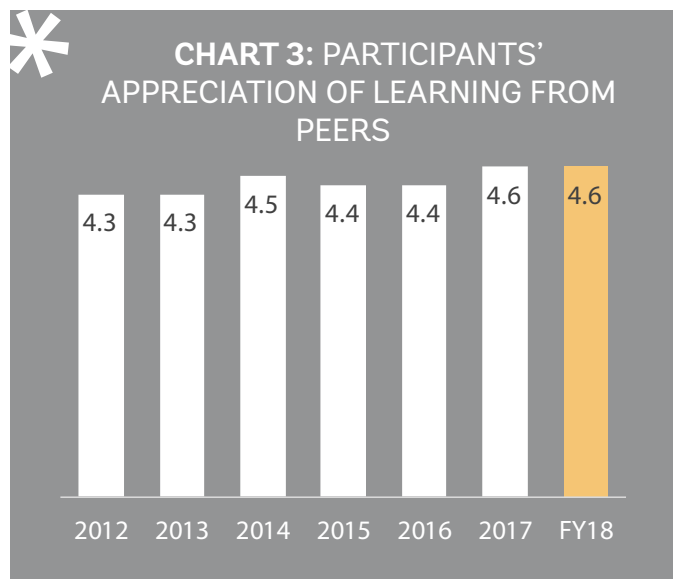
The survey also collected multiple written comments from the respondents acknowledging PEMPAL contribution to improved professional knowledge and skills of staff in the member countries.

Some of the comments are provided in **Box 1**.

Self-assessment of direct participants of PEMPAL activities echoes the opinions of the senior management.

Individual members attach high value to the opportunities provided by the network. Data available from the FY18 event evaluation surveys shows high ratings for appreciation of the opportunity to learn from peers, and ability to apply the knowledge obtained at the events to the daily work as illustrated in **Charts 3** and **4**⁷. For both of the indicators, the FY18 ratings were at the same level as in calendar year 2017 (CY17), which was also the highest level observed since monitoring of these indicators started in 2012.

CHART 2: PEMPAL IMPACT ON STAFF CAPACITY



⁶ Scale used for the survey was 1 – low, 2 – medium, 3 – high.

⁷ Based on the data of the standardized on-line surveys administered after each significant face-to-face event. Attachment 3 provides summary information on the average annual ratings for the

standard questions from these surveys together with additional information on the methodology used. Throughout the report, the titles of charts based on the data from these surveys are marked with *.



4

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

PEMPAL COPs continued to work in FY18 on important and acute topics directly related to PFM reform agendas of the member countries. These topics and specific issues of focus within them chosen by the COPs for this period are summarized below.

All three COPs selected the topics for their action plans based on their regular internal processes of collecting preferences from the member countries. BCOP conducts an online survey in preparation for the annual plenary meetings to collect country priorities, while TCOP conducts written

surveys of the member country delegations during annual plenary meetings and special feedback sessions at the end of each working group meeting. IACOP operates special leadership groups at every meeting to collect relevant information. Processes to prioritize activities remain common across COPs and consist of a range of approaches, including selecting the most common requested topics for larger format meetings and working groups (WGs) 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.

Topics addressed by Budget Community of Practice in FY18

- **Budget literacy and transparency** – specific focus on subtopics of public participation in the budget process and fiscal policies and use of IT to improve fiscal transparency and promote citizen engagement;
- **Program and performance budgeting** – specific focus on subtopics of performance indicators and program structure;
- **Intergovernmental fiscal relations.**

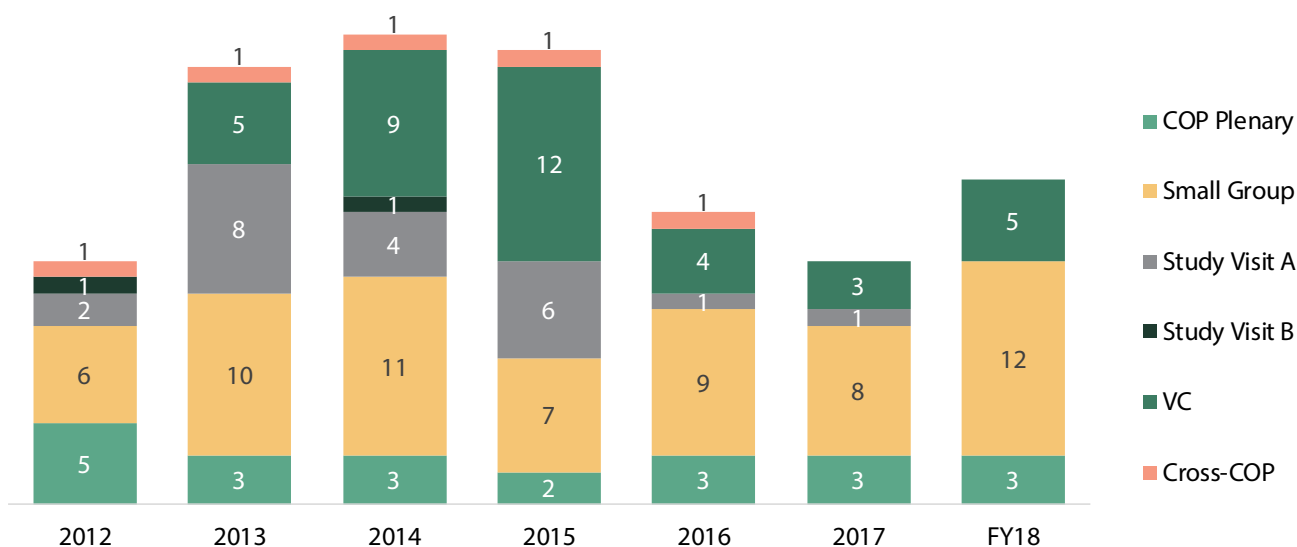
Topics addressed by Treasury Community of Practice in FY18

- **Evolution of the role and functions of the national treasury institutions** – specific focus on measuring and monitoring treasury performance and country experiences of institutional reorganization;
- **Cash management** – specific focus on relationship between the cash management and debt management functions and interaction between the Treasury/MOF and the Central Bank in the process of cash management;
- **Use of information technologies in treasury operations** – specific focus on implementation of financial management information systems;
- **Public sector accounting and reporting** – specific focus on automation of accounting and reporting at the spending unit level.

Topics addressed by Internal Audit Community of Practice in FY18

- **Financial Management Control (FMC) implementation** with the emphasis on accountability and transparency;
- **Practical implementation of an audit cycle**, different types and models of audits, including IT solutions;
- **Challenges faced by Central Harmonization Units (CHUs)** at different stages of the reform.

CHART 5: PEMPAL EVENTS BY TYPE



To address the issues of priority interest for the members, PEMPAL organized 20 thematic events of different formats in FY18.

These included 15⁸ face-to-face events (6 – BCOP, 4 – TCOP, 5 – IACOP) and 5 thematic VCs (2 – BCOP and 3 – TCOP). The number of working group events (both face-to-face events and VCs) increased compared to the two previous calendar years. The calendar of the FY18 events is provided in **Table 1**.

Chart 5 provides data on the number and type of events held during the year in comparison to the previous strategy period.

Face-to-face events were held at 10 locations, in 9 different countries, including 6 PEMPAL countries: Albania, Armenia, Azerbaijan, Croatia, Moldova, and Uzbekistan.

This provided additional opportunities to tailor the agendas of events to the needs of the hosting countries. For example, agendas of all four face-to-face events organized by the Treasury COP in FY18 included sessions devoted to the experiences of the hosting countries in thematic areas addressed by the respective events and also involved discussions on specific issues proposed by the hosts. Hosting institutions also had an opportunity to bring to the events a larger number of participants from their side and often involved senior management in selected event sessions. Events held in the member countries were also often covered by the local press which allowed to promote PFM reforms and achievements within the hosting country. The bright example from FY18 is the first PEMPAL event hosted by Uzbekistan, IACOP plenary meeting, which was accompanied by a series of side events widely covered by the local media and focused on promoting the development of the internal audit function in the public sector.

⁸ Event count by agenda, which means that in case several events were held back-to-back at the same location but had different objectives and agendas, each event is counted separately. The number of face-to-face events counted by location was 10 (4 – BCOP, 3 – TCOP, 3 – IACOP).

TABLE 1: FY18 EVENTS AT A GLANCE

Date	BCOP	TCOP	IACOP
July 2017	Participation in the meeting of OECD's OECD CESEE SBO, Paris, France		
August			
September	Program and Performance Budgeting WG (VC)		
October	Budget Literacy and Transparency WG (VC)	Cash Management WG, Chisinau, Moldova	Annual Plenary and Audit in Practice WG, Tashkent, Uzbekistan
November	Participation in the meeting of the OECD Senior Budget Officials' Performance and Results Network, Paris, France		
December		WG on Use of IT in Treasury Operations (VC)	
January 2018			
February			Internal Control WG and Audit in Practice WG, Brussels, Belgium
March	Annual Plenary and PPBWG, Vienna, Austria	WG on Use of IT in Treasury Operations (VC)	
April		WG on Evolution of the Treasury Role and Functions (VC)	
		WG on Use of IT in Treasury Operations and WG on Public Sector Accounting and Reporting, Baku, Azerbaijan	
May	Participation in the OECD CESEE SBO meeting and in the GIFT Workshop on Digital Tools, IT, and Citizen Engagement, Zagreb, Croatia	Annual Plenary on Measuring and Monitoring Treasury Performance, Tirana, Albania	
June			Audit in Practice WG, Tsaghkadzor, Armenia

Face-to-face event

Videoconference (VC)

CHART 6: EVENT PARTICIPANTS BY AGENDA, INCLUDING VCS

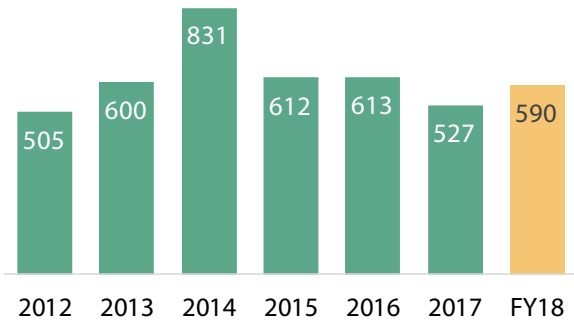
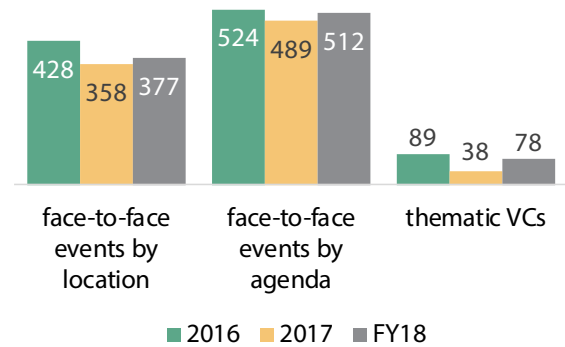


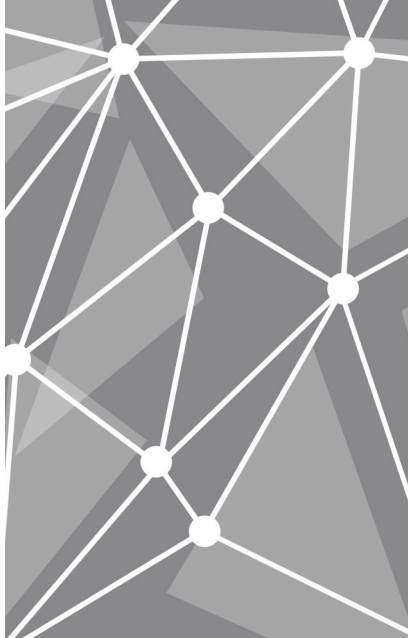
CHART 7: EVENT PARTICIPANTS



The attendance of events reached 590 participants from the member countries⁹ and increased compared to CY17 but remained below the levels of the previous years (Chart 6). The increase compared to CY17 was observed both for face-to-face meetings and for thematic VCs as shown on **Chart 7**. The following sections provide more details on activities of each of the COPs in FY18.



⁹ Head count based on event agendas, which means that in case two or more events took place back-to-back at the same location, participants who attended several events are counted for each event separately. Head count of participants by location counts the same participant attending several back-to-back events at the same location only once.



4.1.

Budget Community of Practice (BCOP)

The main objective of the Budget Community of Practice (BCOP) is to strengthen budget methodology, planning, and transparency in PEMPAL member countries.

In FY18, BCOP continued to facilitate 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, it facilitated information exchange and knowledge resource development through two working groups:

- Budget Literacy and Transparency Working Group (BLTWG), functioning since FY15;
- Program and Performance Budgeting Working Group (PPBWG), functioning since FY16.

These two working groups have driven most of BCOP activities in FY18,

as the most common budgeting reform priorities of BCOP countries continuously include the topics of these working groups (based on formal collection of country priorities undertaken by BCOP on annual basis). Consequently, BCOP continued the practice started with the 2017 plenary in FY18 – BCOP annual plenary meetings have been reformatted around the themes of two working groups, each planning for one day of the event, while additional most common priority topic introduced in the third day. Another feature of BCOP's FY18 work and further evidence of increased quality of the work carried by BCOP working groups was increased focus on developing knowledge products, through working groups.

BCOP thematic priorities

BCOP priorities for the current PEMPAL strategy period are:

- **sharpening tools for effective fiscal management** with primary focus on performance and program budgeting, while identifying member countries' challenges and priorities in other relevant areas;
- **strengthening fiscal transparency and accountability** with focus on budget literacy, transparency, and public participation initiatives; and
- **expanding internationally available data on budgeting in PEMPAL countries** through identification and sharing of budget-related good practices and benchmarking within and outside of the PEMPAL region.

BCOP continued its close and valuable cooperation with other development partners, including the Organization for Economic Cooperation and Development (OECD), the International Budgetary Partnership (IBP), and Global Initiative for Fiscal Transparency (GIFT). Cooperation with the

OECD in FY18 included OECD's content contribution to BCOP plenary meeting (with two presentations), BCOP's participation and contribution to the OECD Senior Budget Officials regional network for Central, Eastern, and South-Eastern European Countries (CESEE SBO), as well as participation and contribution of the PPBWG leadership in the meeting of the OECD Network on Performance and Results. Cooperation with OECD provides an important opportunity for PEMPAL BCOP countries to share and benchmark their progress and challenges in budgeting reforms with countries from other networks on a regular basis and to learn and discuss newest trends in budgeting areas in OECD countries. Cooperation with the IBP and

GIFT in FY18 included their content contribution to BCOP's plenary meeting (with one presentation each) and to BLWTG workshop (also with one presentation each). Moreover, BCOP participated and contributed to a GIFT workshop on Digital Tools, IT, and Citizen Engagement.

Finally, an important feature of BCOP's work in FY18 was managing to simultaneously exercise financial prudence (due to network's financial uncertainties) and intensify BCOP activities by conducting significant work via VC workshops and via virtual correspondence and by collaborating with other development partners.

BCOP organized eight thematic events during the period, including an annual plenary meeting and seven events of the working groups, one of which involved a very small number of participants attending the OECD meeting. Two working group events were held through videoconferences.

4.1.1.

BCOP Working Groups and Knowledge Products

The Budget Literacy and Transparency Working Group (BLTWG), established in 2015, aims to learn from international experience related to improving budget literacy, openness, and access to citizens, as well as public participation in the budget process. To

do so, the group reviews the best international practices in the area of budget literacy, transparency, and public participation; exchanges experience among budget experts from the member countries in order to develop standardized approaches in these areas; and creates BCOP knowledge products based on accumulated outcomes of the group's work, such as guidelines for the implementation of reforms in these areas in PEMPAL countries. Sixteen BCOP countries are members of this

group: Albania, Armenia, Bosnia and Herzegovina, Belarus, Croatia, Kazakhstan, Kosovo, Kyrgyz Republic, Moldova, Romania, Russian Federation, Serbia, Tajikistan, Turkey, Ukraine, and Uzbekistan. The group has partnered and works closely with several international organizations, including the World Bank, the International Budget Partnership (IBP), OECD, and Global Initiative for Fiscal Transparency (GIFT).

After focusing on the topic of budget transparency and access, including citizen budget, as well as reviewing best practices in budget literacy in 2015–17, the BLTWG turned its focus to the topic of public participation in the budget process. Main activities of this group in FY18 included: i) development of the concept of a knowledge product that would be instrumental in further reforms in the area of public participation, ii) review and discussions of the public participation results of the 2017 Open

Budget Survey with the IBP, iii) review and discussions of new best practices identified in the GIFT's Guide on Public Participation with GIFT; iv) review and discussion of public participation in PEMPAL country cases of Georgia and Croatia; and v) review and discussion of digital tools, IT, and citizen engagement at the GIFT workshop.

BLWTG held three events in FY18 – one day of the plenary meeting was devoted to BLWTG; a working VC session was held to discuss the knowledge product; and part of the group attended the aforementioned GIFT workshop.

Background Paper on Public Participation in Fiscal Policy and Budget Process – knowledge product finalized by BLWTG in FY18

BCOP's Budget Literacy and Transparency Working Group prepared this paper to serve as background preparation for developing the new knowledge product with guidelines for PEMPAL countries to enhance public participation. It includes objectives and scope of public participation, its benefits, international framework and trends, as well as overview of mechanisms of public participation, both in terms of supply side initiatives and demand side initiatives.

The Program and Performance Budgeting Working Group, established in 2016, aims to identify main trends and lessons learned in program and performance budgeting design and implementation and spending reviews in developed and PEMPAL countries to improve spending effectiveness.

BCOP members have consistently identified program and performance budgeting as a priority area in their countries' budgeting reforms, thus BCOP decided to form a group dedicated to these areas. Fifteen BCOP countries are members of this group: Albania, Armenia, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Georgia, Kosovo, Kyrgyz Republic, Moldova, Russian Federation, Serbia, Turkey, Ukraine, and Uzbekistan. The group has an extensive partnership and cooperation with the OECD, including through participation in the OECD Performance Budgeting Surveys and participation and contribution to the OECD Network on Performance and Results.

PPBWG's key activities in 2016-17 included participation in the 2016 OECD Performance Budgeting Survey and examining performance budgeting practices in several international country cases and several PEMPAL countries. In FY18 the group turned its focus to specific subtopic of performance indicators and program structure. Main activities of this group in FY18 included: i) development of knowledge product on performance indicators in PEMPAL countries including defining criteria for review, collecting and analyzing comprehensive full sets/ examples of performance indicators from ten PPBWG countries; ii) presentation of the findings of the 2016 OECD-PEMPAL Performance Budgeting Survey at the OECD CESEE SBO meeting; iii) review of spending review trends at the OECD CESEE SBO; iv) conducting review and providing comments on draft OECD Best Practices for Performance Budgeting; v) familiarization with newest trends in performance budgeting in OECD countries in the meeting of the OECD Network on Performance and Results; vi) review and discussion on performance indicators and framework in PEMPAL country cases of Russia Federation and Serbia; and vii) detailed review of performance budgeting in Austria with focus on performance indicators.

BLWTG held four events in FY18 – one day of the plenary meeting was devoted PPWBG; a working VC session was held to discuss the knowledge product; one-day workshop was held with the Austrian Ministry of Finance to examine Austrian country case; and part of the group attended the aforementioned meeting of the OECD Network on Performance and Results.

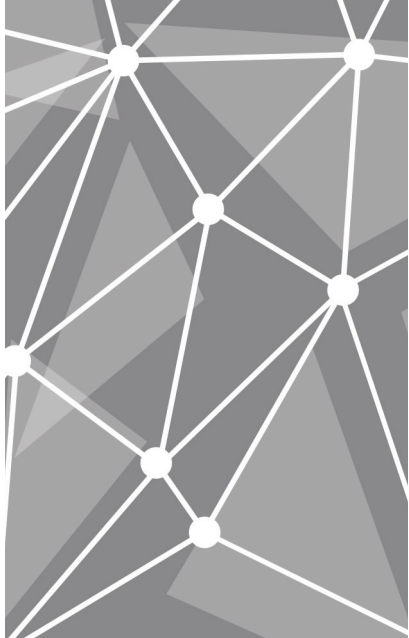
Performance Indicators in PEMPAL Countries: Trends and Challenges – knowledge product finalized by PPBWG in FY18

This knowledge product developed by BCOP's Program and Performance Budgeting Working Group takes stock of main characteristics of the indicators collected in budget planning processes in member countries and identifies countries' main challenges of PEMPAL countries related to performance indicators. It comprises of two parts: general performance indicator review based on 10 specific criteria and detailed review of indicators in health and education. Both parts provide the summary joint analysis and information per each country.

More detailed information on BCOP activities in FY18 is provided in **Attachment 4**.

BCOP annual action plans can be found at:

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



4.2.

Treasury Community of Practice (TCOP)

In accordance with the current TCOP strategic plan, the COP aims 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 high 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 in their countries; and

- involving top managers of treasuries and MOFs from member countries to support the TCOP activities and PEMPAL network in general.

TCOP organized seven thematic events in FY18, including an annual plenary meeting and six working group meetings. Three of the working group events were held face-to-face and another three – through videoconferences.

TCOP thematic priorities

The main themes of TCOP activities for the current strategy period include:

- **cash management and forecasting**, addressing various dimensions of cash management and forecasting, including design and operation of the Treasury Single Account (TSA), cash forecasting tools, design of cash buffers, active cash management instruments, relationship between treasury/MOF and central bank in the process of cash management, etc.;
- **evolution of the role and functions of the national treasury institutions**, with a focus on modernization of treasury controls, gradual shift to risk based and performance based approaches in managing treasury operations, and learning from experiences of institutional reorganizations;
- **use of information technologies in treasury operations**, with a focus on experiences of implementation of financial management information systems (FMIS) and their integration with other government systems in PEMPAL countries and around the world; and
- **public sector accounting and financial reporting**, focusing on practical aspects of design and implementation of public sector accounting and financial reporting reforms.

TCOP annual plenary meeting was hosted by the Ministry of Finance and Economy of Albania and took place in May 2018 in Tirana.

The main objective of the meeting was to deepen the understanding of approaches to performance measurement and monitoring and to share the ideas and experiences on how these could be applied to the core national treasury functions in the participating countries. The results of the meeting included detailed review of Albanian approach to measuring and monitoring PFM performance with a

particular emphasis on the indicators and tools used to monitor performance of the key treasury functions. Performance monitoring systems of the treasuries of Turkey and the Russian Federation were also discussed, along with broader international trends. The agenda also included a hands-on session on application of the Public Expenditure and Financial Accountability (PEFA) assessment indicator Pi22 measuring the arrangements for monitoring expenditure arrears. TCOP annual member survey was conducted during the meeting to collect suggestions for future TCOP activities which informed the update of the TCOP medium-term strategic plan.

4.2.1.

TCOP Working Groups and Knowledge Products

TCOP operates several working groups to allow sub-sets of members to meet more regularly to discuss and solve common problems.

The activities and results achieved by these working groups are briefly summarized below.

Working Group on Use of Information Technologies in Treasury Operations was established in 2013 and serves as a platform for the specialists from 11 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 System (FMIS). Since its launching and prior to FY18, the group conducted six thematic videoconferences, three study visits, and three thematic workshops. Main results of the group's activities for the prior period included familiarization of participants with various aspects of design and implementation of FMIS based on selected country experiences and discussion of their potential application in TCOP countries; deeper understanding of issues related to organization of IT support services in the MOF/treasury; review of the resources of the World Bank's FMIS COP. In FY18 the group held two videoconferences to review latest developments in Kazakhstan and Georgia in the areas of interest of the group and had a face-to-face meeting in

Baku followed by a joint meeting with the public sector accounting thematic group. During the internal meeting of the group, participants were introduced to innovative IT solutions used for provision of various public services in Azerbaijan, which included the visit to a citizen service center of Azerbaijan Service and Advice Network. The groups also reviewed lessons learnt by the State Treasury of Azerbaijan through development of the treasury information management system and heard about the latest developments in use of information technologies for public financial management in Albania, Belarus, Moldova, Russia, and Turkey, as well as the evolution of digital government technologies worldwide. The joint meeting was focused on reviewing solutions for automation of accounting and reporting at the spending unit level and their integration with the central FMIS. The results of the meeting included review of available options to provide access to the spending units to the FMIS functionality based on the latest global trends and experiences of participating countries.

Cash Management Working Group was established in 2015 and currently comprises 13 TCOP member countries looking to address a number of challenges faced in liquidity management and striving to move from passive to more active cash management practices.

Prior to FY18, the group had six thematic videoconferences and two thematic workshops. The group explored the experiences of Albania, Azerbaijan, Georgia, Moldova, Turkey, and

Russia in cash management. Members of the group enhanced their understanding of the treasury single account (TSA) operations, active cash management tools, cash balance targeting and design of cash buffer, interaction with central banks, and interaction with the debt management function. The results of the meeting held in Chisinau in October 2017 included the participants' familiarization with various issues related to interaction between cash management and debt management functions, reviewing the approach of Sweden to organization of cash and debt management, and discussion of the new draft knowledge product of the thematic group – Note on Service Level Agreements (SLA) with Central Banks. The group also reviewed the PEFA and Debt Management Performance Assessment (DeMPA) indicators that could be used for evaluation of performance of the cash management function and its interaction with debt management. The mentioned knowledge product was finalized during the year and is presented below.

The Service Level Agreement between the Treasury / Ministry of Finance and the Central Bank – new knowledge product developed by TCOP Cash Management working group in FY18

This note was prepared as a learning material on the request of the members of the PEMPAL Treasury COP Cash Management working group. The note elaborates on the nature of the Service Level Agreements between the Treasury/Ministry of Finance and the Central Bank that cover the treasury services supplied by the institutions to each other in the areas of government cash management, government debt management, and monetary policy operations. The note is designed to be of assistance to those countries designing a Service Level Agreement by providing material on which they could draw in preparing it. Service Level Agreements of this kind are rarely published as they usually include commercially confidential information; this note therefore fills a gap in the available information.

Since its establishment in 2013, Working Group on Public Sector Accounting and Reporting has grown to include 14 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). Prior to FY18, the group conducted four thematic workshops (in Macedonia – 2013, in Georgia and Montenegro – 2014, in Belarus – 2016) and one thematic videoconference. The group explored experiences of several countries regarding implementation of accounting standards aligned with international standards and provided peer advice to several member countries (including Belarus, Georgia, and Montenegro) regarding the implementation of international standards in their specific environments. The group also reviewed guidelines to identify deviations of the national methodologies from international standards and got familiar with examples of their application. During the brief internal meeting of the group in Baku, Azerbaijan, that followed the joint meeting with the IT group, the group shared information on the progress of public sector accounting and reporting reforms in selected ECA countries and agreed to proceed with preparation of a new knowledge product on design of the budget classification integrated with the chart of accounts based on practical examples from the member countries. This work is ongoing.

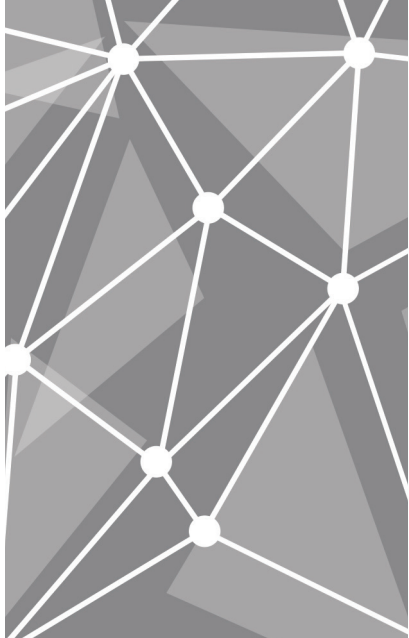
Working Group on Evolution of the Role and Functions of the Treasury, established in 2015, supports member countries in their discussions and plans for the changing role of treasuries in their countries.

The group has grown to comprise 15 member countries. Prior to FY18, the activities of the group shaped the agendas of the 2016–17 annual plenary meetings of the TCOP. The 2016 plenary meeting in Moldova discussed the evolving role of the treasury function given the transition from a traditional manual processing environment to automation using modern financial management information systems. The 2017 plenary meeting in Vienna examined application of the risk-based approaches in treasury operations. The agenda of the 2018 plenary meeting in Tirana was prepared by this working group. The group also met through videoconference in FY18 to discuss the experience of recent reorganization of the treasury system of Moldova.

Detailed information on TCOP activities in FY18 is provided in **Attachment 4**.

TCOP action plans can be found at:

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



4.3.

Internal Audit Community of Practice (IACOP)

In accordance with IACOP's latest strategic plan,¹⁰ the 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.

IACOP had five face-to-face meetings during the period, including an annual plenary meeting and four working group meetings.

IACOP annual plenary meeting was held in Tashkent, Uzbekistan in October 2017. The objectives of the plenary meeting were to share the latest achievements in reforming internal audit in IACOP member countries and

to explore the role of the Central Harmonization Unit (CHU) based on the evolution of public internal audit. IACOP also reviewed its strategy implementation status and the progress of its working groups and received insights on the internal audit reform plans in Uzbekistan. On the request from the Government of Uzbekistan several additional events (ten in Tashkent and one in the region) were delivered in parallel with the IACOP meeting, including five parallel conferences, and two press conferences/talk shows linked to the IACOP events, reaching out to more than one thousand public sector officials. One of the conferences was organized for 42 deputy ministers and governmental Anti-Corruption Committee members. The meeting enjoyed strong support from the Government of Uzbekistan and was extensively covered not only by the media in Uzbekistan, but also by the media in Ukraine, Russia, Brazil and some other countries, promoting PEMPAL IACOP and its value proposition.

IACOP thematic priorities

In FY18 IACOP organized its activities around the following main themes:

- **Financial Management Control (FMC) implementation with the emphasis on accountability and transparency;**
- **Practical implementation of audit cycle**, different types and models of audits, including IT solutions;
- **Challenges faced by Central Harmonization Units (CHUs) at different stages of the reform;** and
- **Promotion of IACOP**, including existing knowledge products and experience gained in on-going and previous working groups: Training and Certification, Continuing Professional Development, Risk Analysis, Quality Assurance, Body of Knowledge.

¹⁰ Refer to PEMPAL website:

4.3.1.

IACOP Working Groups and Knowledge Products

IACOP currently operates several working/thematic groups, 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.

The Working Group on Internal Control, launched in 2016, continued to work in FY18 and had a face-to-face meeting in Brussels.

This was the fourth meeting of the group. The earlier meetings focused on the role of internal audit and the CHU in the assessment and development of public internal control, (Committee of Sponsoring Organizations of the Treadway Commission) COSO Framework principles of effective internal control and its application in the public sector, and accountability and challenges in internal control implementation. This working group has many objectives and topics in its plans; however, the topic of accountability and responsibility, identified as a topic of interest for all three PEMPAL COPs, remains an umbrella theme for the group's activities. In Brussels, the group learned the key recent developments and good practices from the European Commission and Belgium in implementing public internal control (PIC). The group also made progress in development of the PIC glossary and its translation, internal control implementation assessment, and clarifications of the roles of internal auditors and Central Harmonization Units in internal control assessments. The group developed draft IACOP criteria for assessment of the managerial accountability of a budget organization, which is a base for the next IACOP knowledge product.

Audit in Practice Working Group (AIPWG), established in 2015 to address the practical implementation of the audit cycle and different types and models of audits, was particularly active during the period and held three face-to-face meetings (in Uzbekistan, Belgium, and Armenia). FY18 work built on the progress achieved by the group through



**Internal Audit
Community of
Practice**

the two face-to-face meetings held during the earlier years, which focused on learning from advanced internal audit and financial management control practices and activities of CHUs, as well as application of the practical auditing tools reflecting the progress of the internal audit function reforms in the region. During the three meetings held in 2018, participants gained knowledge of good practices in CHU annual reporting in PEMPAL countries and learned from the practices of European Commission, Belgium, South Africa, Armenia, and several other PEMPAL countries in organizing internal audit. The group worked intensively on the first phase of the audit, audit engagement planning, using concrete examples. Three practical case studies were used for training purposes. The main results achieved include draft IACOP knowledge products on Internal Audit Engagement Planning (templates on audit planning, audit work program, risk/control matrix) and case studies on IT, human resources, as well as the hospital audit case study.

IACOP also continued to promote in FY18 its multiple knowledge products developed during the previous years.

The good practice knowledge products developed by IACOP are the results of extensive exchange of ideas, experience, and knowledge on respective country practices among members. On average, a single product takes around two years to develop. These knowledge products are used by member countries to inform their internal audit reforms and guide development of respective documents.

IACOP also continued to prepare '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.

In addition, IACOP also continued to produce and publish its ‘newspapers’ covering the key recent developments on public internal control (PIC) reforms in the ECA region and beyond.

The fourth edition was issued in October 2017 and presented the Kyrgyz experience with internal auditors’ on-line training system, internal audit organisation in the Chisinau City Hall, internal audit developments in Tajikistan, as well as issues related to internal control and transparency in Brazil in the course of reforming public sector audit. During face-to-face events the favourite format of IACOP – “talk show” – has been used to further elaborate on the topics reflected in the newspapers and to provide opportunity for discussions with, and directly asking questions to, the newspaper contributors. The fifth edition of the IACOP newspaper was issued in June 2018, presenting the experiences of Russia, France, Ukraine, Hungary, Czech Republic, and Great Britain, including the conclusions on implementation of internal audit system in those respective countries and relevant lessons learned.

Of special note is the fact that all IACOP events in the fiscal year 2018 got financial and in-kind support from the hosting countries.

The high-level Government officials and officials of the European Commission made opening remarks, including the First Deputy Minister of Finance of Uzbekistan and the Director General of the Internal Audit Services of the European Commission. In Armenia, two Ministers of Finance, current one and former one, together acknowledged commitments and support of PIFC reform and internal audit implementation. The events were attended by the heads of PIFC units, treasury heads and their deputies from PEMPAL countries. Representatives from the Dutch Academy of MOF, from Directorate General for Budget and Internal Audit Service of the European Commission, as well as from France, Brazil, South Africa and Poland actively contributed, delivered presentations, shared practical experienced, participated in panel discussions, and worked on the knowledge products facilitating the events.

More detailed information on IACOP activities in FY18 is provided in **Attachment 4**.

Strategic and annual action plans for IACOP can be found at:

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





5

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

The high quality standards for PEMPAL products and services established during the past strategy period have been maintained in FY18. The report PEMPAL in 2012–17 provided solid evidence of high and growing levels of member satisfaction with the quality of resources and services provided by the network during the past strategy period. The challenge identified for the future was 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. This challenge was addressed successfully during the first year of the current strategy period, as evidenced by the data presented in this section.

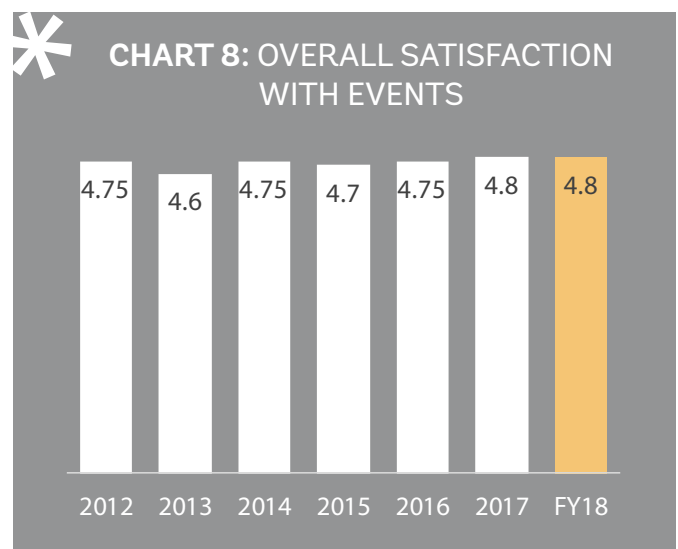


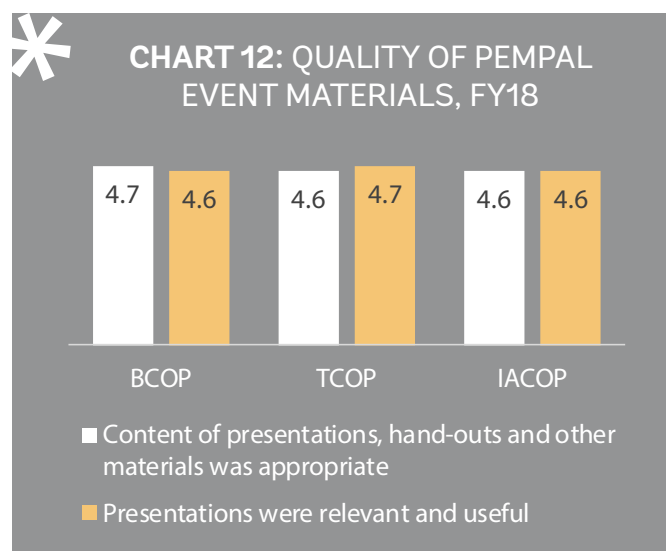
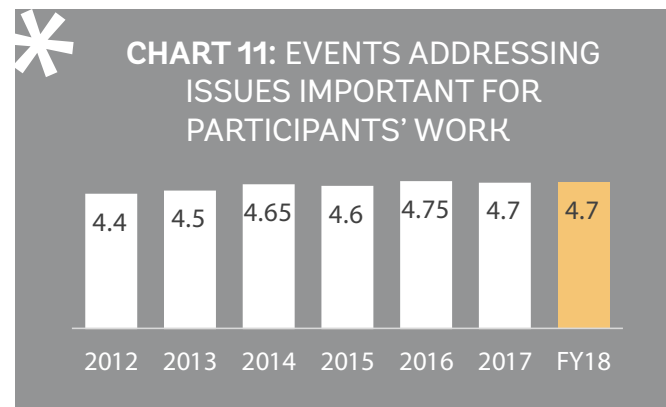
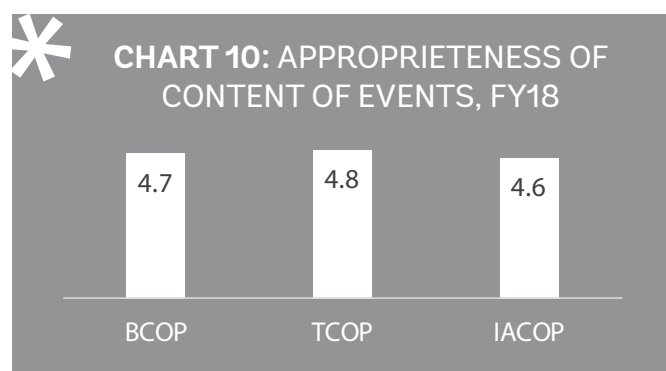
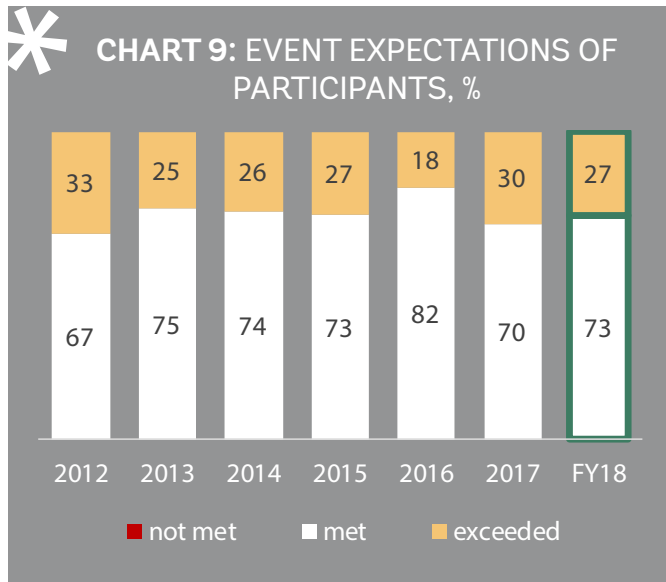
5.1.

Quality and Relevance of Events and Materials

A key service provided by PEMPAL is organization of thematic events focusing on the issues of priority interest for the members. Opinions of participants on the quality of PEMPAL events remained high in FY18, as evidenced by the data of the event evaluation surveys. The survey data shows that average ratings of satisfaction with the events remained at a historically high level (**Chart 8**) and that events also met expectations of the majority of participants and exceeded expectations of a significant number of them (**Chart 9**). Participants also felt that agendas of the events were properly prepared and, most importantly, that events addressed issues important to their work (**Charts 10 and 11**). **Attachment 3** provides data on many other indicators of quality of PEMPAL events monitored through event evaluation surveys. Event evaluation surveys also provide a rich set of written comments from the

participants on the quality of PEMPAL events, including practical suggestions for further improvements. Some of these comments are provided in **Boxes 2 and 3** below.





The same surveys also provide useful data on the opinions of participants about the quality of materials used for the events. FY18 survey data shows that participants of PEMPAL events value the resources provided by PEMPAL and find them relevant, adequate, and useful. In particular, the surveys show high ratings for appropriateness of content of presentations, handouts, and other materials used at the events, as well as for relevance and usefulness of presentations, as illustrated in **Chart 12**.

Provision of knowledge products generated by the COPs has been growing over the recent years and has become another important service provided by the network. Most of the already available knowledge products were generated by IACOP working groups, however both TCOP and BCOP have intensified the work on the knowledge products during the last years of the past strategy period. The knowledge products include results of benchmarking surveys on progress of reforms in countries within and outside the PEMPAL region, document the elements of good practices in various areas, and/or share reform challenges and solutions. Moreover, additional knowledge products are provided by PEMPAL, ranging 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 International Monetary Fund, World Bank, and OECD guidelines). Many of the examples of use of knowledge obtained through PEMPAL provided in section 2 refer to the COP knowledge products and attest to their quality and usefulness. Given the growing number of the knowledge products produced by the COPs, in the future PEMPAL intends to monitor the opinions on the quality of the knowledge products more systematically through the surveys that the COPs are undertaking internally.

PEMPAL also continued to share relevant PFM-related documents to support discussions during FY18. This included PowerPoint presentations which illustrated country cases, latest approaches and results of discussions, as well as PFM-related documents translated and/or delivered to ensure all members got access to, and were able to share information, in the official languages of PEMPAL – English, Russian, and Bosnian-Croatian-Serbian.

BOX 2: SELECTED COMMENTS PROVIDED BY PARTICIPANTS IN FY18 THROUGH POST-EVENT SURVEYS

"The Resource Team has done a great job of organizing and bringing experts to the event. The Executive Committee is increasingly involved in organizing and delivering the meeting."

— **BCOP PPBWG meeting in Vienna and BCOP plenary meeting in Vienna**

"It was evident that all the participating countries share the greatest interest in the experience and plans of other countries in carrying out reforms in order not to repeat mistakes and use the most successful steps."

— **TCOP WG meeting in Chisinau**

"Organization and administration of events were at a high level. Secretariat was at all times engaged and solved any issues at an early stage."

— **BCOP PPBWG and plenary meeting in Vienna**

"The event was interesting and organized well. Issues that were examined were very important for my work and once again I want to thank the organizers for everything."

— **IACOP plenary meeting in Tashkent**

"While working in small groups, we became familiar with information on the topic about all the member countries of the group, which was very useful and interesting."

— **TCOP plenary meeting in Tirana**

"The event was overall wonderful; everything was excellent, including organization, topics, presenters, and all colleagues who participated. You could feel the positive energy, synergy, and everyone focusing on the same goals."

— **IACOP WG meeting in Tsaghkadzor**

"Special praise for the additional time given to the participants for discussion and questions. All praise for extraordinary event organization and excellently planned schedule."

— **BCOP plenary meeting in Vienna**

"I am very satisfied. The interpreters were excellent! I want to especially point out their full-day engagement in all activities during the working part of the day where their professionalism and perfect command of internal audit terminology was on full display. I think that thanks to them I was able to fully contribute to this event because I could express my thoughts in my own language and easily exchange my experience with others."

— **IACOP WG meeting in Tsaghkadzor**

"Particularly interesting and useful are information of representatives of other countries about the challenges, problems, and risks they have faced during implementation of new budget instruments, as well as the measures that were being taken to preempt or reduce the negative impact. This is important to take into account when developing and implementing reforms in our country."

— **BCOP PPBWG meeting in Vienna**

"I liked the working atmosphere of these meetings, especially the active discussion. All participants actively participated."

— **IACOP WG meeting in Brussels**

"Even though I have been working as an internal auditor for many years, the experiences of internal auditors from other countries have opened up new horizons."

— **IACOP WG meeting in Tsaghkadzor**

"For me as a participant who participated for the first time, all topics were very interesting, all the speakers presented the materials at a high professional level. Personally, I have learned a lot and I still study the materials provided."

— **TCOP WG meeting in Chisinau**

BOX 3: SOME SUGGESTIONS FROM THE PARTICIPANTS AS TO EVENT ORGANIZATION AND OVERALL COP ACTIVITIES FROM FY18 POST-EVENT SURVEYS

“For the work in discussion groups, I suggest to select the moderators and the reporters in advance and to rotate around so that everyone has the chance to be involved.”

— **IACOP WG meeting in Brussels**

“Developing more specific guidelines in more areas, i.e. more knowledge products, would be very useful.”

— **BCOP PPBWG meeting in Vienna**

“I recommend providing more best practice examples of countries outside of PEMPAL region.”

— **TCOP WG meeting in Baku**

“There is room for improvement on allocation of time, especially for questions and group discussions.”

— **IACOP plenary meeting in Tashkent**

“I suggest dedicating more time in order to discuss the topic in more detail.”

— **BCOP PPBWG meeting in Vienna**

“More time for sharing the news from participant countries, please.”

— **TCOP WG meeting in Chisinau**

“More knowledge products! We need them a lot!”

— **IACOP plenary meeting in Tashkent**

“We need to talk less about achievements and talk more about arising problems and how to tackle them. And less focus on theory and more real practical cases.”

— **IACOP plenary meeting in Tashkent**

“The agenda was too full; leave some open space in the agenda for Q&A’s/general discussions.”

— **IACOP plenary meeting in Tashkent**

“I think it would be useful to have continuous discussions on issues among the participants in an electronic form, with the moderation by the Resource Team.”

— **TCOP WG meeting in Chisinau**





5.2.

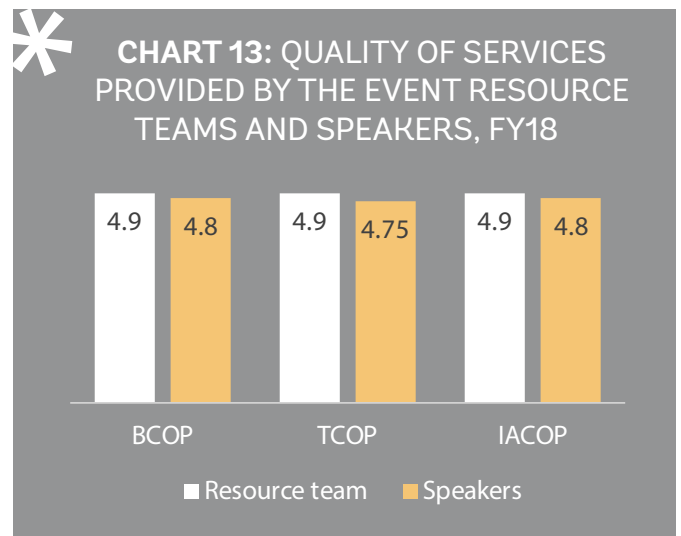
Quality of Content Support by the COP Resource Teams

Resource teams are key to providing support to the technical content required to address the PFM priorities identified by the member countries and to ensure the network meets the expectations of its members and donors. These teams provide the day-to-day support to the executive committees in designing agendas and surveys, sourcing technical materials and experts, facilitating working and discussion groups, developing and managing COP budgets, and implementing network improvement initiatives. The resource teams also include 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.

Starting from FY18, information on opinions of the members on the quality of services provided by the resource teams and event speakers is also available from the event evaluation surveys. Data collected for the period shows very high ratings for both resource teams and external speakers across all three COPs, as shown on **Chart 13**.

The core resource teams provided by the World Bank in FY18 included Elena Nikulina (PEMPAL Task Team Leader/TCOP Lead Coordinator), Maya Gusarova (BCOP Lead Coordinator), Naida Čaršimamović Vukotić (BCOP Resource Person), Arman Vatyán (IACOP Lead Coordinator), Diana Grosu-Axenti (IACOP Resource Person). Important changes took

place in the TCOP resource team during the period. Ion Chicu (TCOP Resource Person / Program Operations Adviser) left the resource team at the end of 2017 and Yelena Slizhevskaya joined as a resource person for TCOP in the spring of 2018. Nina Duduchava continued to provide support for implementation of the program surveys.



The network continued to benefit from the inputs of highly qualified thematic experts. The experts mobilized by the World Bank included Mark Silins (TCOP Lead Thematic Advisor), Mike Williams (TCOP Working Group on Cash Management), Cem Dener (TCOP Working Group on Use of IT in Treasury Operations), Jean-Pierre Garitte (IACOP Audit in Practice Working Group), Richard Maggs (IACOP Internal Control Working Group), and Harika Masoor (BCOP Budget Literacy and Transparency Working Group). The Ministry of Finance of the Netherlands, through its National Academy for Finance and Economics, also continued to provide thematic experts to IACOP. Manfred van

Kesteren and Ruslana Rudnitska contributed to the work of both Internal Control and Audit in Practice working groups. Finally, BCOP deepened its collaboration with OECD, IBP, and GIFT which provided important content contributions to BCOP's work.

In line with the trends envisaged under the current strategy, reliance of the network on external expertise is expected to decline while member involvement in the development and delivery of activities is expected to increase further. Table 2 provides data on the number of external experts involved in PEMPAL events.

TABLE 2: USE OF EXTERNAL EXPERTS AT PEMPAL EVENTS

	2012	2013	2014	2015	2016	2017	FY18
Events	15	27	29	28	18	15	20
Participants from PEMPAL countries¹¹	505	600	831	612	613	527	590
Resource Teams and International Experts	125	241	160	124	118	83	95



5.3.

Quality of Logistical and Administrative Support – Secretariat

The PEMPAL Secretariat is also key to achieving the strategy results given its role of providing administrative and logistical support services for the program. The Secretariat function includes: organizing face-to-face events e.g. coordinating event invitations, arranging flights, accommodation, visas,

translations, venue and supplies contracting, and document distribution; providing background materials for the PEMPAL 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

¹¹ By agenda.

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.

In FY18, the services continued to be provided by the Secretariat team based at the World Bank Moscow Office, including Ksenia Galantsova (BCOP Coordinator), Ekaterina Zaleeva (TCOP Coordinator), and Kristina Zaituna (IACOP Coordinator). Data from the event evaluation surveys indicates that the quality of the services provided by the Secretariat remained at a record high level in FY18. Changes to the standard questionnaire also provided new information on specific aspects of event organization, which all received very high ratings as shown on **Chart 15**.

Among its multiple responsibilities, the Secretariat maintains the PEMPAL website, which is the main storage platform for information on all the program activities. All the event materials are made publicly available on the site in three official languages of PEMPAL. Following the approval of the greening initiative in 2017, event materials are no longer distributed to the participants in hard copies but are posted on the website in advance of the events. The PEMPAL Virtual Library attached to the website provides an efficient and cost-effective storage facility for the event materials as well as country documents shared by the participants, including laws, regulations, analytical products, etc.

Data on the web traffic available from the new monitoring tool introduced in 2017, shows a positive trend on all the dimensions (users, visits and page views) as illustrated on **Chart 16**.

Real-time conferencing through the World Bank supported videoconference facilities and on-line communication rooms continued to be widely used (e.g. Skype, WebEx) not only for executive committee meetings and Steering Committee meetings, but also by BCOP and TCOP for their thematic workshops and seminars. It has proven to be an effective and efficient tool enabling quick and easy-to-organize knowledge exchange with minimum costs.

The program also continued to employ several other on-line tools for various activities. Most of PEMPAL surveys are administered electronically with the use of the SurveyMonkey instrument. The same instrument is used for electronic registration of participants for the events. PEMPAL quarterly Newsletters are also designed and distributed in an electronic format and are accessible through the website.

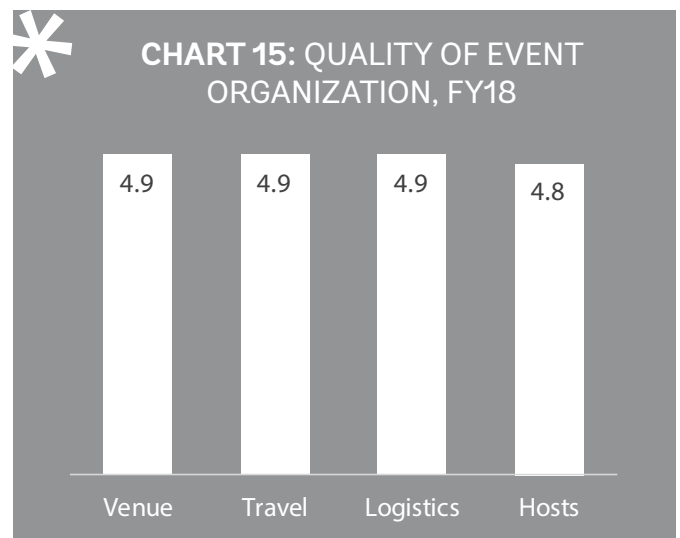
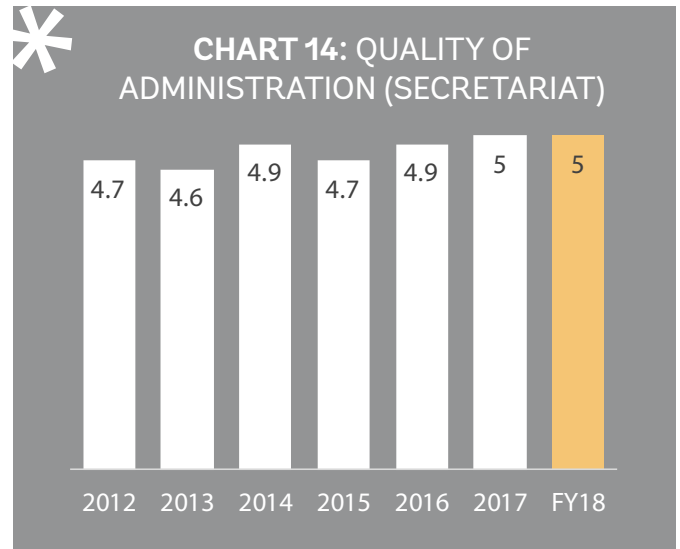
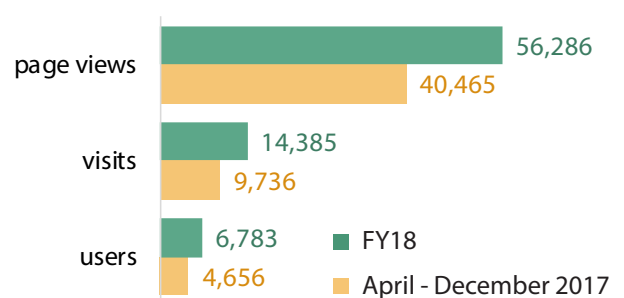


CHART 16: PEMPAL WEBSITE TRAFFIC





6

**PEMPAL RESULTS: A VIABLE
NETWORK SUPPORTED
BY COMMITTED PFM
PROFESSIONALS, MEMBER
COUNTRIES, AND DEVELOPMENT
PARTNERS**

Committed membership and leadership are key assets of PEMPAL network. Data for the past year provides evidence of a continued strong member commitment to the network, including through

increasing provision of in-kind and financial contributions to the program by the member countries. Strong partnerships with the donors have assured stable financial situation of the program during the period.



6.1.

Committed Leadership

The network continued to benefit from strong support of the member countries and individual members in FY18 through different channels.

COP executive committees, which serve the driving force of the network, include volunteers from the member countries. Members of the committees invest significant time into the network activities. Most of them have been serving on the respective committees for several years. Taking into account that many of the executive committee members hold senior positions in their home institutions, such dedication indicates strong commitment to PEMPAL network. In particular, 4 out of 9 members of the Treasury COP Executive Committee in FY18 were senior managers of the national treasuries from the member countries (Head of Treasury of Moldova,

Head of Treasury Operations of Albania, Deputy Heads of Treasuries of Belarus and Russia). The Secretary General of the Ministry of Finance and Economy of Albania has continued to serve as the Deputy Chair of the Budget COP Executive Committee and Assistant Minister for Budget of the Federal Ministry of Finance of Bosnia and Herzegovina continued to serve as a member of BCOP Executive Committee.

The executive committees are responsible for formulation and implementation of all the COP activity plans. The chairs and deputy chairs of the COPs are also members of PEMPAL Steering Committee (SC) and have a responsibility to provide updates to the SC on the progress of the COP activities during the quarterly SC meeting. Executive committees were meeting generally at least once each quarter in FY18. BCOP and TCOP Executive Committees each held 4 documented

meetings for which formal minutes were taken¹² during the period. IACOP Executive Committee had a less formal approach to its frequent meetings organized in various formats, with minutes stored in the COP's internal shared web resource, available on request.

As of end-June 2018, 16 of the 23 member countries were represented in at least one of the COP executive committees.

Composition of the committees is limited by the program operational guidelines to 9 country representatives. Each of the COPs has its own internal process for identification of the candidates for membership in the executive committee and electing the leadership but is required under the operational guidelines to hold annual elections of the chair (see **Attachment 1** for the lists of executive committee members).

Strong commitment of the member countries is also evident from their willingness to host PEMPAL events and invest significant resources into their organization.

As already mentioned in section 4, six out of nine locations used for the FY18 events were PEMPAL member countries (Albania, Armenia, Azerbaijan, Croatia, Moldova, and Uzbekistan). Hosting institutions used the opportunity of PEMPAL events to share with colleagues their experience in the reform areas being discussed. For this purpose, they mobilized multiple speakers for the events they hosted and prepared significant parts of the event agendas. This was in particular the case of the Treasury COP events, all of which took place in the member countries in FY18. Agendas of three TCOP events included 'country days' prepared by the hosting institutions. Agenda of the TCOP IT group meeting in Baku also included a site visit organized by the Treasury Agency of Azerbaijan. In several instances, contributions to the content of the event agendas were supplemented by significant in-kind or financial contributions provided by the hosting countries in various forms, including direct financing of event venues, conference packages, meals and other types of expenses. Most significant contributions were provided in FY18 by the Government of Uzbekistan and

the Ministry of Finance of Armenia for IACOP events held in the respective countries. Significant in-kind contributions were provided by the Ministries of Finance of Albania, Azerbaijan, and Moldova for TCOP events held in the respective countries.

FY18 events also benefited from strong attention of the senior managers from the member countries.

Meetings hosted by the member countries were opened by the senior management of the hosting institutions or higher-level leadership and several high-level officials attended the events. For example, Minister of Finance and Economy of Albania opened the TCOP plenary in Tirana; current and former Ministers of Finance of Armenia attended the IACOP meeting in Tsaghkadzor; Deputy Minister of Finance of Azerbaijan attended the joint meeting of TCOP thematic groups in Baku; while Deputy Ministers of Finance of Belarus, Armenia, and Kyrgyz Republic, as well as Assistant Minister of Finance of Federation of Bosnia and Herzegovina and General Secretary of the Ministry of Finance of Albania actively participated in several BCOP events during the year. Overall, 40 senior managers from the member countries attended PEMPAL face-to-face events in FY18, half of whom attended Treasury COP events. Selected member countries also continued to delegate additional participants to the events at their expense (39 such instances were recorded in FY18, 19 of which were for TCOP events).

More generally, members' active involvement in preparation and delivery of the COP events became an important success factor of PEMPAL activities.

The decrease in use of external experts illustrated in section 5.2 is compensated by a more active engagement of member country representatives in developing and delivering the event agendas and knowledge products and leading the thematic groups. According to the data collected by PEMPAL Secretariat, COP members prepared and delivered at the FY18 events 109 presentations, 69 of which were substantive presentations of the level typically expected from invited speakers and consultants.

¹² All minutes available at

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

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

To assure continued strong support of the program by the stakeholders, PEMPAL strengthened its marketing approach in FY18.

In addition to the Annual Report for 2016, the annual package sent to the stakeholders included the set of program success stories. The first PEMPAL impact survey that targeted senior management was also distributed together with the

annual package. The format and content of quarterly electronic newsletters was further improved. Members also continued to actively promote the value of PEMPAL in their countries and more systematic approach to capturing information on member promotion activities was adopted by the Secretariat. Some examples of promotion of PEMPAL activities provided by the participants through the FY18 post-event surveys are provided in **Box 4** below.

BOX 4: EXAMPLES OF PROMOTION OF PEMPAL ACTIVITIES PROVIDED BY THE MEMBERS IN FY18

“We placed the link of PEMPAL at CHU website.”

— **IACOP Plenary in Tashkent**

“We have published a short notice on the website of the Ministry of Finance on this event.”

— **BCOP-OECD meeting in Zagreb**

“We plan to put information about the event on our MOF web portal and on other governmental websites.”

— **TCOP WG meeting in Chisinau**

“My government intends to publicize the official website, as well as a campaign on social networks such as Facebook, Instagram and Twitter, with videos and details about what was discussed and the benefits that can be obtained with the implementation of the models.”

— **IACOP plenary meeting in Tashkent**

“A press release about this event will be published on the Ministry of Finance’s website.”

— **BCOP PPBWG meeting in Vienna**

“Information on this event is on the official website of the Federal Treasury in the “News” page.”

— **IACOP plenary meeting in Tashkent**

“Deputy Minister who participated in the event will send his report to the Government.”

— **BCOP plenary meeting in Vienna**

“Information on the PEMPAL event in Tashkent is posted on the MOF website.”

— **IACOP plenary meeting in Tashkent**

“Our Minister of Finance and Economy opened the event, media reported on it.”

— **TCOP plenary meeting in Tirana**

“The information is on our website.”

— **IACOP WG meeting in Brussels**

“Report about the meeting in Baku was published on the MOF website.”

— **TCOP WG meeting in Baku**

“We publish short information on PEMPAL events in our Bulletin for Internal Auditors that is published online twice a year.”

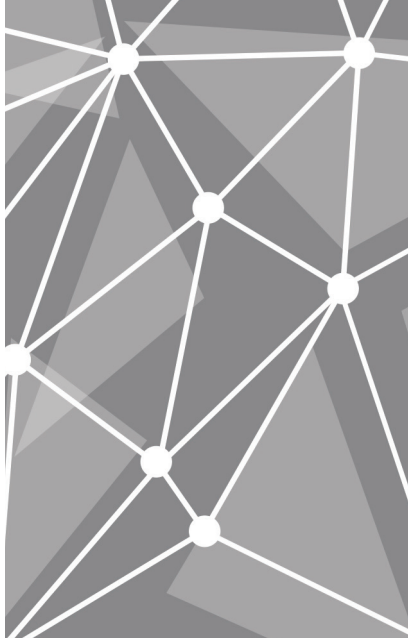
— **IACOP WG meeting in Brussels**

“Presentations, hand-out materials, and report are published in MOF Intranet.”

— **BCOP plenary meeting in Vienna**

“Our report about the meeting was published on the MOF website.”

— **TCOP WG meeting in Baku**



6.2.

Strong Donor Support and Oversight

Given the public good nature of benefits provided by the network, donors' continuous engagement is critically important for a sustainable approach to PEMPAL's activities.

In addition to providing financing for the program through PEMPAL MDTF, donor partners provide significant content support for the activities of the COPs and play key role in providing strategic oversight of the network operations through their involvement in the Steering Committee.

PEMPAL continued to benefit in FY18 from significant support of its long-standing development partners and also made progress in expanding its cooperation with some new partners.

Contributions provided by SECO and the Ministry of Finance of the Russian Federation through PEMPAL MDTF remained the main source of program funding in FY18.

Both donors also continued with their roles in PEMPAL Steering Committee, which was chaired by the representative of SECO, Irene Frei, until January 2018, after which the chairing was handed over to the WB representative. SECO also approved a new financial contribution to support the implementation of PEMPAL Strategy 2017–22, for which the Administrative Agreement was signed with the World Bank in December 2017.

The World Bank support to PEMPAL continued

to involve overall program management and administration of the main source of program funding, PEMPAL MDTF; administrative and logistical services provided by the Secretariat team based at the World Bank office in Moscow; and content support of the COP activities through the resource teams. Representative of the World Bank, Dan Boyce, Practice Manager for the Governance Global Practice in the ECA region, took over the role of the chair of PEMPAL Steering Committee in January 2018. Summary of PEMPAL Steering Committee activities follows in **Box 5** below.

BCOP continued close cooperation with its development partners, including the Organization for Economic Cooperation and Development (OECD), the International Budgetary Partnership (IBP), and Global Initiative for Fiscal Transparency (GIFT).

Cooperation with the OECD in FY18 included OECD's content contribution to BCOP plenary meeting, BCOP's participation and contribution to the OECD Senior Budget Officials regional network for Central, Eastern and South-Eastern European Countries (CESEE SBO), as well as participation and contribution of the PPBWG leadership in the meeting of the OECD Network on Performance and Results. Cooperation with the IBP and GIFT in FY18 included their content contribution to BCOP's plenary meeting and to BLWTG workshop. Moreover, BCOP participated and contributed to the GIFT workshop on Digital Tools, IT, and Citizen Engagement.

BOX 5: PEMPAL STEERING COMMITTEE ACTIVITIES IN FY18

In its capacity of the PEMPAL oversight body, PEMPAL Steering Committee (SC) held 4 meetings during the period, all through VC. The regular content of the SC meetings included monitoring of implementation of PEMPAL Strategy. The SC discussed and approved the COPs' budget envelopes for FY19 at its February 2018 meeting, and reviewed execution of the current year budgets at each meeting. Chairs and Deputy Chairs of executive committees represented in the SC provided regular updates on the COP activities at the SC meetings.

Annual thank you letters to the management of the beneficiary institutions were distributed under the signature of the Steering Committee Chair together with the 2016 annual report and the set of PEMPAL Success Stories in September – October 2017. The cross-COP working group formed by the Steering Committee in 2017 developed the survey of high-level officials to determine perception of impact of PEMPAL on PFM systems and

staff capacities. The SC also reviewed and endorsed the report PEMPAL in 2012–17, which substituted for the 2017 annual report and documented results of implementation of the first PEMPAL strategy.

The Steering Committee also supervised preparation of the cross-COP leadership meeting planned for July 2018. Budget for this event was approved by the Steering Committee as a separate line under the program budget. Dedicated organization committees led by the World Bank Team Leader was formed by the Steering Committee decisions for preparation of the meeting.

Composition of PEMPAL Steering Committee as of end-June 2018 is provided in **Attachment 2**.

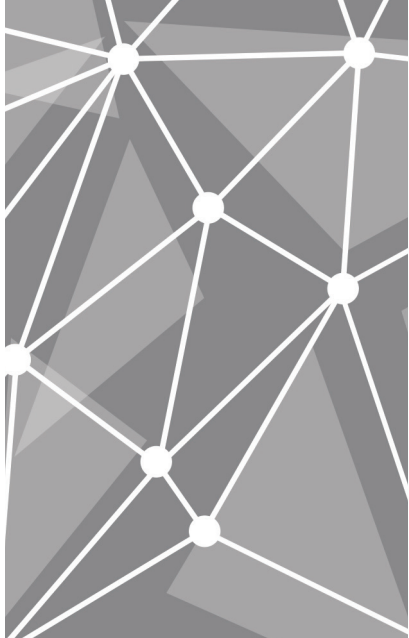
Minutes of all PEMPAL Steering Committee meetings are publicly available at:

www.pempal.org/event/sc_meetings

IACOP continued to benefit from strong support of the two experts provided by the Dutch Academy of MOF who contributed to the work of the Internal Control and Audit in Practice working groups.

At the same time, the COP deepened cooperation with the new partner, the Government of Belgium which co-financed IACOP working group meetings in Brussels. This was the most significant financial contribution provided to the network activities in FY18 by other partners.

In addition, multiple experts from the partners organization attended PEMPAL events and shared their knowledge and experiences with the COPs, including representatives of the European Commission, Ministry of Finance and State Chancellery of Austria, and Debt Agency of Sweden.



6.3.

Ensuring a Financially Viable Network – Key Indicators

Savings from the past strategy period accumulated in the multi-donor trust fund (PEMPAL MDTF) administered by the World Bank were the main source of funding for PEMPAL activities in FY18. PEMPAL continued active dialogue with the current and prospective donors and received the first new contribution from one of its long-standing partners, SECO, to be used for the future years.

PEMPAL multi-donor trust fund (MDTF) administered by the World Bank remained the main source of program funding in FY18. Actual spending from PEMPAL MDTF in FY18 was USD1,370,300, USD575,000 below the amount projected in the PEMPAL Strategy 2017-22 for this year, as shown in Table 3. PEMPAL had to continue to apply savings measures during FY18 because of the uncertainty about the availability of funding for the later years of the strategy period.

TABLE 3: PEMPAL EXPENSES, FY18

Expenses	Projected under PEMPAL Strategy 2017-22		Actual	
	USD	% of total	USD	% of total
Total expenses	2,150,000	100.0	1,615,800 ¹³	100.0
o/w expenses from PEMPAL MDTF	1,945,000	90.4	1,370,300	85.0

¹³ Includes an estimate of the equivalent of in-kind contributions provided by the member countries and third parties.

At the same time, the target for other contributions to PEMPAL funding was successfully achieved and exceeded.

FY18 was the first year when a systematic effort was made to capture contributions to the program funding not channeled through PEMPAL MDTF. Data collected by the Secretariat (**Chart 17**) shows that member countries provided financial contributions to the program in the amount estimated at USD82,400 (exceeding 5% of total program spending). This included direct financing by the hosting countries of event venues, conference packages, meals, and other types of expenses, as well as financing by the member countries of participation of their staff in the events. In addition, an estimated equivalent of 6% of total program spending was provided in-kind by the member countries through delegating speakers to the events and provision of inputs to the event agendas. Furthermore, about 4% of total program spending was covered by in-kind and financial contributions from other parties. The most significant contribution by a third party was the already mentioned contribution provided by the Government of Belgium for IACOP events in Brussels.

Savings measures applied during the year resulted in lower expenditures under all main spending categories –

logistical and administrative costs of event organization, resource teams, and Secretariat, as shown in **Chart 18**. All the savings achieved by the COPs in executing their FY18 budgets have been transferred to the FY19 budgets.

One of the measures used to contain event costs in FY18 was organization of back-to-back meetings (i.e. two or more face-

to-face meetings held sequentially in the one location, with different objectives and results sought for each meeting). This helped to increase the cost-effectiveness of expenditures, as travel and accommodation costs were minimized with the participant attending more than one meeting at the location. In FY18, there were five cases of events held back-to-back at the same location (two for BCOP, two for IACOP, and one for TCOP).

CHART 17: PEMPAL SOURCES OF FUNDING, FY18

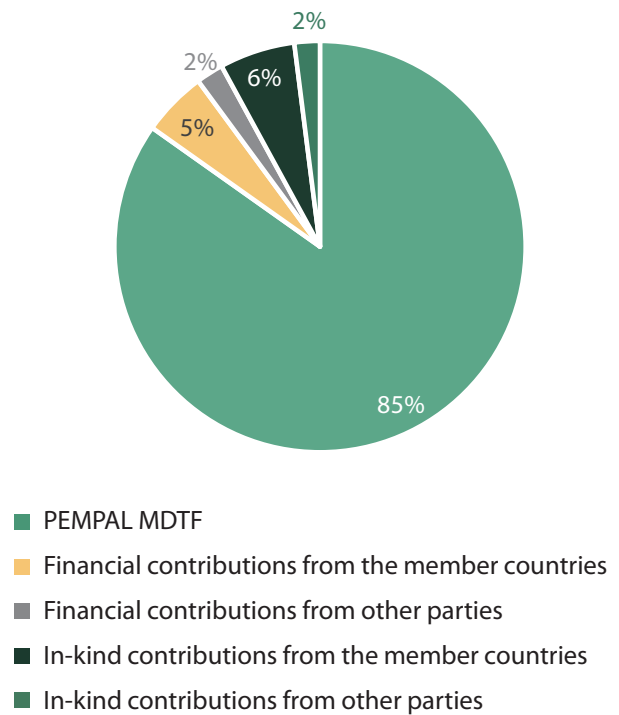
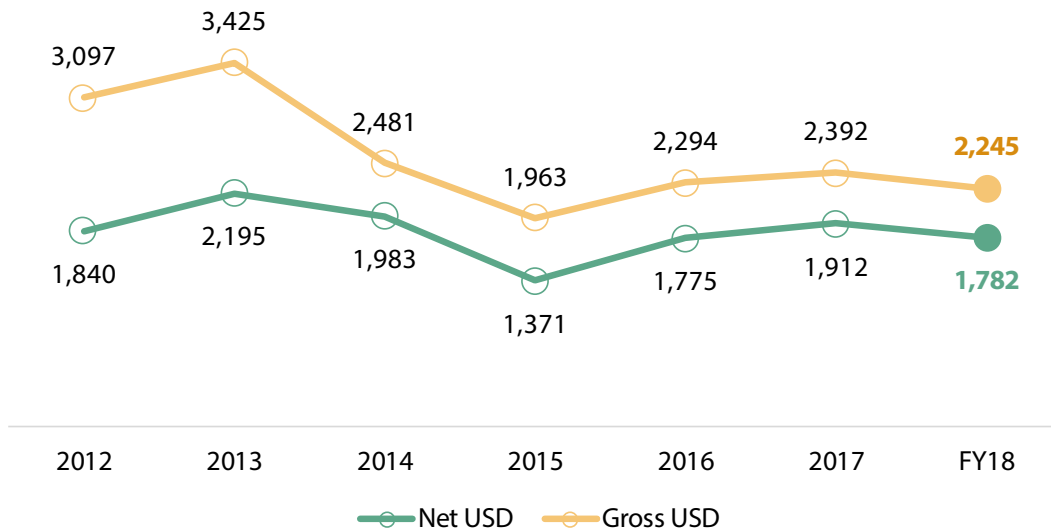


CHART 18: EXPENSES FINANCED FROM PEMPAL MDTF (FY18 ACTUAL VS PLAN, USD)



CHART 19: AVERAGE ADMINISTRATIVE AND LOGISTICAL EXPENSES (USD PER PARTICIPANT, BY EVENT LOCATION, INCLUDING VCS)

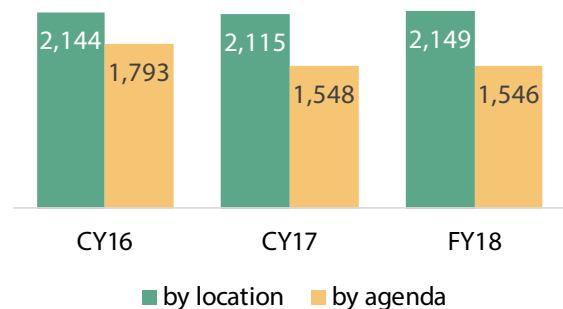


Event expenses present the biggest spending category for PEMPAL and are monitored particularly closely by PEMPAL Secretariat. Chart 19 shows two of the indicators used to monitor event expenses – average administrative and logistical expenses per participant¹⁴ in net and gross¹⁵ terms. Both indicators declined in FY18 compared to CY17 reflecting a bigger number of VC meetings held during the period.

Average expenses for face-to-face events are provided in Chart 20. These did not change much since CY16 if calculated by event location, but went down noticeably if calculated by event agenda, reflecting the intensified use of the back-to-back meetings.

Structure of event expenses is presented in Chart 21. Expenses for translation and interpretation continued to grow during the period, reflecting the increasing demand for written translation as part of the intensified work on the knowledge products. Data on the costs of individual events is provided in Attachment 5.

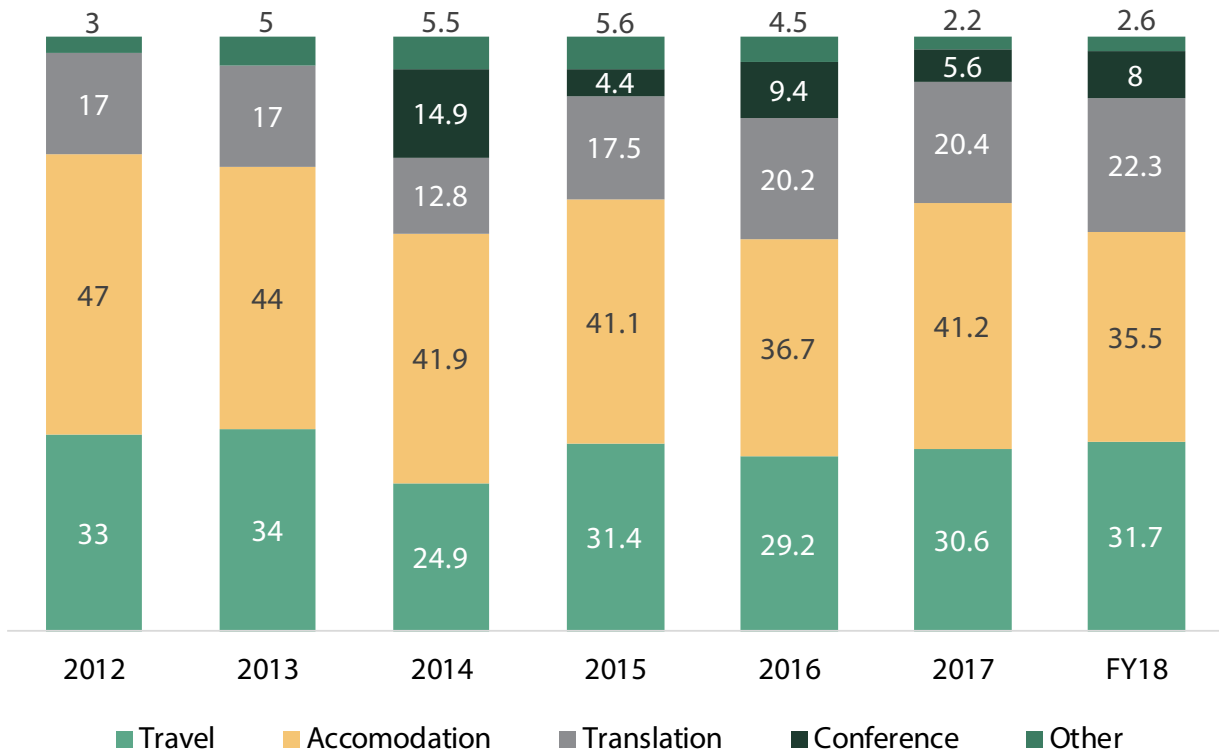
CHART 20: AVERAGE EXPENSES FOR FACE-TO-FACE EVENTS (USD, PER PARTICIPANT)



14 Calculations made on member country participants by location including videoconferences.

15 Administrative expenses in gross terms include Secretariat costs and other administrative expenses not attributable to individual events.

CHART 21: STRUCTURE OF EVENT EXPENSES, %





ATTACHMENT 1

COMPOSITION OF PEMPAL COP EXECUTIVE COMMITTEES AS OF END-JUNE 2018

Composition of PEMPAL Executive Committees

BCOP

Anna Belenchuk Russia
Head of Budget Analysis and Development Unit, Department of Budget Methodology and Public Sector Financial Reporting, Ministry of Finance

Kanat Asangulov Kyrgyz Republic
Head of Budget Policy Department, Ministry of Finance

Mladenka Karačić Croatia
Head of State Accounting and Non-Profit Organizations Accounting Service, Ministry of Finance

Gelardina Prodani Albania
General Secretary, Ministry of Finance

Vahagn Arshakyan Armenia
Head of Capital Expenditures Financial Planning Division, Budget Process Management Department, Ministry of Finance

Marina Tikhonovich Belarus
Deputy Head, Budget Process Methodology Department, Ministry of Finance

Alija Alijović Bosnia and Herzegovina
Assistant to the Minister of Finance

Emil Nurgaliev Bulgaria
Senior Expert, Budget Methodology Division of Budget Directorate, Ministry of Finance

Nikolay Begchin Russia
Deputy Head of Budget Policy and Strategic Planning Department, Ministry of Finance

IACOP

Edgar Mkrtchyan Armenia
Deputy Head of Public Finance Management Methodology Department, Head of Financial Management and Control Methodology Division, Ministry of Finance

Edit Nemeth Hungary
Head of Central Harmonization Unit, Ministry of Finance

Ljerka Crnković Croatia
Coordinator for Methodology and Development of Internal Audit Sector for Harmonization of Internal Control System, Ministry of Finance

Petru Babuci Moldova
Senior Consultant, PIFC Policy Division, Ministry of Finance

Amela Muftić Bosnia and Herzegovina
Assistant Minister, Head of Central Unit for Internal Audit of BiH Institutions, Ministry of Finance

Zamira Omorova Kyrgyz Republic
Head of Internal Audit Methodology Department, Ministry of Finance

Stanislav Bychkov Russia
Deputy Director, Department of Budget Methodology, Ministry of Finance

Olimjon Myrzoiev Tajikistan
Head of the Department of Management of Accounting, Financial Reporting and Auditing Policy, Ministry of Finance

Mioara Diaconescu Romania
Director, Central Harmonization Unit for Public Internal Audit, Ministry of Public Finance

TCOP

Angela Voronin Moldova
Head of State Treasury, Ministry of Finance

Liudmila Gurianova Belarus
Deputy Head of State Treasury, Ministry of Finance

Ilyas Tufan Turkey
Head of Cash Management Department, Ministry of Treasury and Finance

Zaifun Ernazarova Kazakhstan
Director of Budget Legislation Department, Ministry of Finance

Mimoza Pilkati Albania
Director of Treasury Operations Department, General Directorate of Treasury, Ministry of Finance

Marija Uljarević Montenegro
Head of Division for Budget Accounting, National Treasury, Ministry of Finance

Alexander Demidov Russia
Deputy Head of the Federal Treasury

Levan Todua Georgia
Head of State Loans and Deposit Operation Department, State Treasury, Ministry of Finance

Nazim Gasimzade Azerbaijan
Chief of Information Technology Department, State Treasury Agency, Ministry of Finance

Legend

Chair

Deputy Chair

Member



ATTACHMENT 2

PEMPAL STEERING COMMITTEE MEMBERS, END-JUNE 2018

TABLE 4: PEMPAL STEERING COMMITTEE AS OF END OF JUNE 2018

Name	Organization	Country	Role	Position
Daniel Boyce	WB		Donor, Practice Manager	Chair of the Steering Committee
Irene Frei	SECO	Switzerland	Donor	Member
Anna Valkova	MoF	Russian Federation	Donor	Member
Elena Nikulina	WB		PEMPAL Team Leader / TCOP Resource Team (Lead)	Member
Anna Belenchuk	MoF	Russian Federation	Chair of PEMPAL BCOP	Member
Kanat Asangulov	MoF	Kyrgyz Republic	BCOP Deputy Chair	Member
Edgar Mkrtchyan	MoF	Armenia	Chair of PEMPAL IACOP	Member
Edit Nemeth	MoF	Hungary	IACOP Deputy Chair	Member
Angela Voronin	MoF	Moldova	Chair of PEMPAL TCOP	Member
Liudmila Gurianova	MoF	Belarus	TCOP Deputy Chair	Member
Maya Gusarova	WB		BCOP Resource Team (Lead)	Permanent observer
Arman Vatyan	WB		IACOP Resource Team (Lead)	Permanent observer
Ekaterina Zaleeva	WB	Russian Federation	PEMPAL Secretariat (TCOP)	Permanent observer
Ksenia Galantsova	WB	Russian Federation	PEMPAL Secretariat (BCOP)	Permanent observer
Kristina Zaituna	WB	Russian Federation	PEMPAL Secretariat (IACOP)	Permanent observer



ATTACHMENT 3

SUMMARY OF RESPONSES TO THE STANDARD QUESTIONS FROM THE PEMPAL EVENT EVALUATION SURVEYS

Standardized on-line questionnaire is administered after most of face-to-face events by the PEMPAL Secretariat. These surveys are anonymous and provide a possibility for participants to provide written comments in addition to responses to the standard questions.

Data from 11 such surveys is available for FY18. The only event for which the survey was not conducted was BCOP attendance of the November OECD meeting in Paris because of a very small number of participants involved.

BCOP back-to-back events in Zagreb, and IACOP back-to-back events in Tashkent and Brussels were covered through one survey for each location.

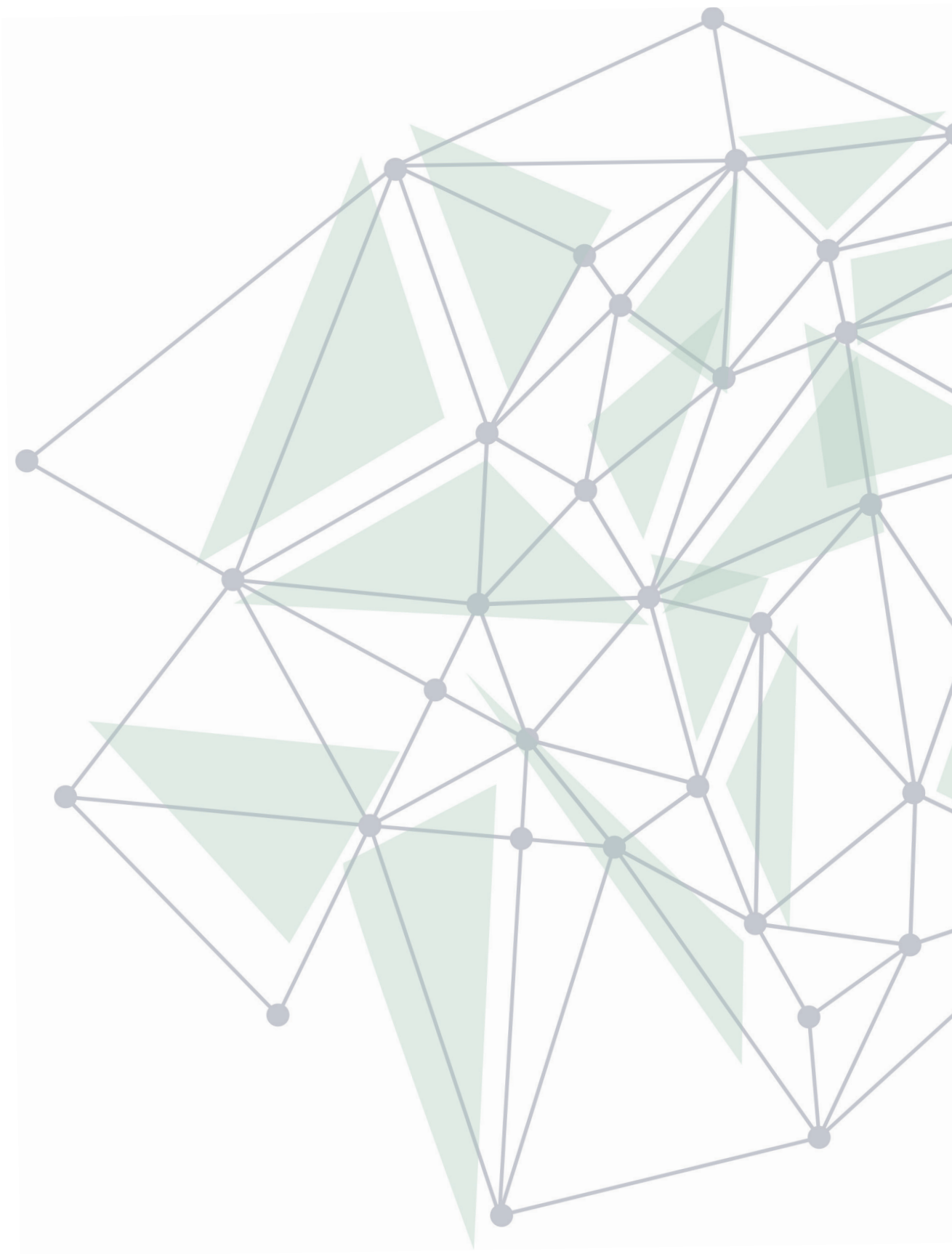
The table provides simple averages of responses for all the standard questions from the current survey template. Questions added to the standard questionnaire in 2017 are highlighted in yellow. If not indicated otherwise, response scale used is 1 to 5, where 5 is the maximum possible (best) rating.

TABLE 5: SUMMARY OF RESPONSES TO THE STANDARD QUESTIONS FROM THE PEMPAL EVENT EVALUATION SURVEYS

Question	FY18 average response rating
Was this your first participation in a PEMPAL event? (Yes, %)	21.4
How do you rate your participation in this event? (Active, %)	59.5
How do you rate the event duration overall? (Too short, %)	16
The level of the event was appropriate for a person with my experience and knowledge	4.7
I learned from the experience of other participants in the event	4.6
Participants had about equal level of prior expertise relevant to the event topics	4.0
Content of presentations, hand-outs and other materials were appropriate for a person with my level of knowledge	4.6
The event agenda was properly planned	4.8
The content of the event was properly prepared	4.7
The event addressed issues important to my work	4.7
The event covered a right number of topics for the amount of time available	4.5
The topics for the group discussions were relevant	4.7
Enough time was reserved for group discussions	4.5
Presentations made during the event were relevant and useful	4.7
Enough time was reserved for questions to speakers	4.5
Objectives of the event achieved	4.6
Quality of services by COP Executive Committee	4.9
Quality of services by resource team	4.9

Question	FY18 average response rating
Quality of services by event speakers	4.8
Quality of organization and administration	
• venue	4.9
• travel	4.9
• logistics	4.9
• hosts	4.8
Secretariat	5.0
• written communication	4.9
• registration	4.9
Paperless approach affect ability to understand / absorb information during the event (No, %)	72.4
Accessed event presentations on the website in preparation for the event (Yes, %)	93.8
Practice of posting presentations on the website before the event helpful (Yes, %)	98.9
Did you receive the agenda and event information in sufficient time before the event for them to be useful? (Yes, %)	98.4
Did you receive practical information (about the accommodation and other facilities, etc.) prior to the event? (Yes, %)	99.7
Are you satisfied with the quality of simultaneous ¹⁶ interpretation provided during the event?	4.7
Are you satisfied with the quality of written translation of event materials?	4.7
Did the event disappoint, meet, or exceed your expectations? (Exceed, %)	27
I will be able to apply the knowledge acquired at this event to my work	4.5
Do you plan to brief your colleagues on this event? (Yes, %)	99.3
Overall, my satisfaction with the event was...	4.8

¹⁶ Or consecutive interpretation for some events.





ATTACHMENT 4

COP EVENTS HELD IN FY18



Budget Community of Practice

BCOP's Participation in the Meeting of the OECD Senior Budget Officials' Network for Central, Eastern, and South-Eastern European Countries

Date: July 6-7, 2017

Location: Paris, France

This was the sixth annual OECD CESEE SBO meeting in which BCOP participated. These annual meetings give the opportunity for PEMPAL BCOP members to network with the Ministries of Finance of the OECD CESEE countries and learn about their current developments and plans in budgeting.

The objectives of the meeting were to review the results of the OECD-PEMPAL Survey on Performance Budgeting, to participate in the development of the OECD Best Practices for Performance Budgeting, and to discuss several other topics of priority interest for the participants.

The results of the meeting included in depth analysis of the results of the 2016 OECD-PEMPAL Survey on Performance Budgeting, as an input into the OECD Best Practices for Performance Budgeting. Participants reviewed also the recent budgeting and

public expenditure developments in several OECD countries. The process of introducing spending reviews was discussed, including what the output of the review process should be, and how the review could potentially be linked to other developments in modern budgeting. OECD team consulted with the participants on the OECD's forthcoming *Gender Budgeting Toolkit*, seeking to identify essential tools for gender budgeting, good practice examples and lessons learned from countries experience, was presented. The event also served the forum for dissemination of the findings of the BCOP knowledge product *Breaking Challenges in Constructing Citizen Budgets for PEMPAL Countries*.

Materials of the meeting can be found on the PEMPAL website.

www.pempal.org/events/oecd-senior-budget-officials-regional-network-central-eastern-and-south-eastern-european



Program and Performance Budgeting Working Group's Workshop on Performance Indicators (VC)

Date: September 20, 2017

The videoconference meeting brought together members of the BCOP Program and Performance Budgeting Working Group. This group is comprised of 15 BCOP member countries, and aims to: i) identify key trends in program budgeting implementation and spending reviews and ii) learn from specific PEMPAL and international country examples in these areas.

The objective of the meeting was to discuss performance indicators countries use to track performance under government programs and to decide further agenda of the working group on performance indicators.

The results of the meeting included the group's review of the performance indicators collected previously by member countries, which are used to track performance under government programs. The findings of the OECD Performance Budgeting Survey conducted in 2016 indicate that PEMPAL countries have a common challenge in defining and tracking performance indicators. Performance indicators collected from nine working group member countries were discussed. Participants identified general trends in setting and tracking performance indicators and agreed on aspects of performance indicators the WG could continue

working on in the future. In the meeting each member country presented on six criteria (predefined by working group Lead and the BCOP Resource Team) for assessing the performance indicators. It was decided that these six criteria assessed based on discussions and countries' submissions of indicators combined with additional information from the countries' responses from the OECD's Performance Budgeting Survey for total of ten criteria that the working group decided to use to assess performance indicators in nine BCOP countries. Furthermore, it was also decided that the group would further collect indicators from these countries in the area of health and education. These analyses were to be used for the BCOP's presentation at the OECD Performance and Results meeting in November 2017 (as the working group was invited by OECD Public Expenditure Division to make a presentation on PEMPAL practices in using indicators at this meeting) and later developed into a formal knowledge product.

Brief information on the working group's activities and achievements since its launching in 2016 is presented in the working group's Success Story available at PEMPAL website.

www.pempal.org/events/program-and-performance-budgeting-working-group-meeting

Budget Literacy and Transparency Working Group's Meeting on Public Participation (VC)

Date: October 27, 2017

The videoconference was attended by representatives from 7 member countries of BCOP's Working Group on Budget Literacy and Transparency: Belarus, Croatia, Kazakhstan, Kyrgyz Republic, Russia, Tajikistan, and Uzbekistan. Representatives of the World Bank, IBP, and GIFT participated in the discussion.

The objective of the meeting was to discuss next steps in the group's activities, including identifying PEMPAL country cases to be collected for inclusion in the planned knowledge product on public participation, and what reforms would be feasible for member countries to consider.

The results of the meeting included participants' familiarization with the background paper developed to support discussions of the working group to conceptualize a knowledge product to

assist in future reforms in public participation. Such a knowledge product will build on the working group's previous knowledge product on breaking challenges to constructing citizens' budgets, which was developed in 2016-17 and led to a significant improvement in the availability of such documents in the region, as evidenced by the preliminary results of the IBP's 2017 Open Budget Survey. In addition, experts from GIFT and IBP shared information on interesting international country cases, including those based on preliminary results of the latest Open Budget Survey currently underway. The working group plans to review these cases to determine a destination for a potential learning visit.

Materials of the meeting can be found on the PEMPAL website.

www.pempal.org/events/budget-literacy-working-group

BCOP's Participation in the Meeting of the OECD Network on Performance and Results

Date: November 16-17, 2017

Location: Paris, France

Small BCOP delegation led by BCOP Chair and including selected members participating in the BCOP Program Budgeting Working Group (representatives of Russia and Turkey) were invited by the OECD to participate in the annual meeting of OECD Senior Budget Officials' Network on Performance and Results.

The main objectives of this meeting were to learn about the current state of affairs and plans of OECD countries in performance budgeting reforms and to share in a dedicated session of the meeting the status of performance budgeting in PEMPAL member countries with a focus on use of performance indicators in program and performance budgeting.

The results of the meeting included participants' familiarization with newest trends in performance budgeting in OECD countries; BCOP's active

contribution in discussing and providing suggestions for improvement of OECD's Draft Best Practices in Performance Budgeting; as well as dissemination of BCOP's work on knowledge product on performance indicators in PEMPAL countries, which were commented on by the OECD Senior Budget Officials during the meeting. Moreover, based on OECD's request, a detailed presentation of the Russia's country case in performance budgeting was delivered by the Lead of the Program and Performance Budgeting Working Group, which generated lively discussion.

Materials of the meeting can be found on the PEMPAL website.

www.pempal.org/events/bcop-participation-oecd-senior-budget-officials-performance-and-results-network-meeting

BCOP Program and Performance Budgeting Working Group's Workshop on Performance Budgeting in Austria

Date: March 13, 2018

Location: Vienna, Austria

Twelve BCOP members from the Ministries of Finance of 11 BCOP PPBWG member Governments (Armenia, Belarus, Bulgaria, Croatia, Georgia, Kosovo, Kyrgyz Republic, Moldova, Russian Federation, Ukraine, and Uzbekistan) gathered in Vienna, Austria to attend the PPBWG workshop on the performance budgeting in Austria. The workshop was held a day before the 2018 BCOP Plenary meeting that also took place in Vienna. Austria has undergone through performance budgeting reforms and have presented to BCOP on their experiences in 2013. Thus, this was an opportunity for BCOP countries to get an update on Austrian performance budgeting reforms and to learn lessons related to the use of performance indicators in the budget decision making.

The objectives of the workshop of the BCOP's Program and Performance Budgeting Working Group were to identify technical elements and lessons learnt from the recent performance budgeting reform in Austria and to decide on future work of the BCOP's Program and Performance Budgeting Working Group.

The results of the meeting include a detailed review of the Austrian budgeting reform with participation of the Austrian Ministry of Finance and the Federal Performance Management office. The review focused on performance indicators and on regulatory impact assessment. It involved detailed technical discussions with the speakers from Austria and a round table discussion in which every participating delegation reflected on outcomes of the discussions with the Austrian colleagues, with focus on what specific lessons/elements from the Austrian case could be implemented in their own countries. Finally, topics for future activities of the working group were discussed.

Materials of the meeting can be found on the PEMPAL website.

www.pempal.org/events/workshop-program-and-performance-budgeting-working-group



BCOP Plenary Meeting on Improving Effectiveness and Accountability of Public Expenditures

Date: March 14–16, 2018

Location: Vienna, Austria

The 2018 BCOP plenary meeting gathered BCOP representatives from Ministries of Finance (MOFs) from 19 BCOP member Governments.

Presentations from the World Bank, OECD, PEFA Secretariat, Austrian Ministry of Finance, GIFT, along with PEMPAL country case studies of Russia, Serbia, Georgia, and Croatia were presented, as well as presentations of work on knowledge products and other updates of the BCOP Working Groups – Budget Literacy and Transparency Working Group and Program and Performance Budgeting Working Group.

The key objectives of the plenary meeting

were to: i) initiate discussions on intergovernmental fiscal relations, a new topic for BCOP, ii) review and advance the work of two BCOP working groups on knowledge products, and iii) collect country budgeting reform priorities to inform the FY19 BCOP Action Plan.

The results of the meeting include:

- Participants' review of approaches and trends in intergovernmental fiscal relations and familiarization with developments in OECD countries, as well as discussion of the possible approaches and options for PEMPAL countries;

- review and technical discussions on practices and approaches on the subtopic of use of performance indicators in performance budgeting, which has been in focus of BCOP Program and Performance Budgeting Working Group in the past year, as well as gathering additional feedback of the BCOP members on draft knowledge product on Performance Indicators in PEMPAL Countries: Trends and Challenges;
- review and technical discussions on practices and approaches on the subtopic of public participation in budget process and fiscal policy, which has been in focus of BCOP Budget Literacy and Transparency Working Group in the past year; and
- updating members on BCOP progress since the last plenary meeting and reporting back on countries' priorities gathered in the pre-meeting survey to inform the development of the BCOP FY19 Action Plan.

Materials of the meeting can be found on the PEMPAL website.

www.pempal.org/events/bcop-plenary-meeting-improving-effectiveness-and-accountability-public-expenditures-and



BCOP Participation in the Meeting of the OECD Senior Budget Officials from Central, Eastern, and South-Eastern Europe (SBO CESEE) and in the Workshop of Global Initiative for Fiscal Transparency (GIFT)

Date: May 23–25, 2018

Location: Zagreb, Croatia

The BCOP Executive Committee members from 8 BCOP countries attended the 14th annual meeting of the OECD Senior Budget Officials' regional network for Central, Eastern, and South-Eastern European Countries (CESEE SBO) in Zagreb, May 24–25, 2018. These annual OECD SBO CESEE meetings examine priority reform topics of interest to the Ministries of Finance in the region and provide an important platform at which PEMPAL countries can share their achievements and progress with reforms with countries from another network on a regular basis. This was the seventh OECD SBO CESEE meeting at which BCOP participated. On May 23, BCOP participants also attended a workshop on Digital Tools, IT, and Citizen Engagement organized by GIFT. Moreover, a meeting of the BCOP Executive Committee was held prior to the GIFT workshop.

The objectives of the participation in the OECD SBO CESEE meeting were to examine priority reform topics of interest to the Ministries of Finance in the region. This was the seventh annual meeting of this OECD network attended by BCOP.

The main results of the OECD SBO CESEE meeting include shared information and benchmark reforms with a wider representation of Ministries of Finance. BCOP members are increasingly having larger roles in these meetings. This year major inputs to the SBO agenda have been made by BCOP members from Bulgaria, Russian Federation, Kyrgyz Republic, and Croatia. Topics that were discussed included spending reviews; medium-term budgetary framework; green budgeting; as well as different dimensions of budget transparency and public participation. In the opening session, trends, tips, and ideas for improving budget information were discussed.

The objectives of the participation in the GIFT workshop were to demonstrate the importance of using information and communication technologies to improve fiscal transparency and promote citizen engagement and to present examples of the benefits of the use of social media channels and disclosure of budget information through open data.

The main results of the GIFT workshop included increased knowledge and shared experiences and ideas on fiscal transparency portals, open data, and building and targeting the audience. The workshop included group discussion on the tools and the audiences, seeking to flesh out ideas and innovative proposals for engaging with the users of budget information and a presentation on the use of social media as a two-way communication channel between government and citizens. BCOP participants actively contributed to the workshop in presenting the experiences from Croatia, Bulgaria, Russian Federation, Bosnia and Herzegovina, Belarus, and Kyrgyz Republic.

Materials of the meeting can be found on the PEMPAL website and OECD website.

www.pempal.org/events/bcop-participation-oecd-senior-budget-officials-performance-and-results-network-meeting-and

<http://www.oecd.org/gov/budgeting/senior-budgetofficialsfromcentraleasternandsouth-easterneuropeancountries.htm>



Treasury Community of Practice

Meeting of TCOP's Working Group on Cash Management

Date: October 11–13, 2017

Location: Chisinau, Moldova

The event was attended by 37 specialists representing 13 PEMPAL countries (Albania, Azerbaijan, Belarus, Croatia, Georgia, Kazakhstan, Kyrgyz Republic, Macedonia, Moldova, Russian Federation, Tajikistan, Turkey and Ukraine). Representatives of the Treasury of Hungary attended as observers.

The main objective of the event was to continue discussions on cash management and forecasting issues of priority interest for the group, with an emphasis on the interaction of the cash management function with debt management. The meeting also served the forum for updating the thematic group's activity plan.

The results of the meeting included the participants' familiarization with Moldovan approach to cash management and coordination with the debt management function based on the set of presentations

delivered by the hosts. The meeting participants addressed various issues related to interaction between cash management and debt management functions, reviewed the approach of Sweden to organization of cash and debt management and discussed the new draft knowledge product of the thematic group, the note on the service level agreements (SLA) with the Central Banks. The group also reviewed the PEFA and DeMPA indicators that could be used for evaluation of performance of the cash management function and its interaction with debt management. The event concluded with the group discussion of the plans for 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.

www.pempal.org/events/tcop-thematic-group-meeting-cash-management



Meeting of TCOP's Working Group on Use of Information Technologies in Treasury Operations (VC)

Date: December 12, 2017

The videoconference was attended by 15 members of the thematic group from 6 countries (Albania, Azerbaijan, Belarus, Kazakhstan, Moldova, and Turkey).

The main objective of the meeting was to share the experience of Kazakhstan on introducing the 4th budget tier at the local government level. Another objective of the meeting was discussing the preparation of the April 2018 thematic group meeting in Baku, Azerbaijan.

The results of the meeting included the group members' familiarization with Kazakhstan's experience with introducing the 4th budget tier at the local government level. Comprehensive information was provided in several specific areas, notably: on the national budget system, revenues and expenditures of

local governments, and the current local governments financings arrangements. The speakers described the existing Treasury information system, Treasury-Client solution as well as the efforts to integrate information systems. The VC participants discussed also the issues related to preparation of the next face-to-face meeting of the group, planned to take place in Baku in April. Discussion focused on the actions required to prepare the meeting, including the development of the event concept and preliminary agenda.

Materials of the meeting can be found on the PEMPAL website.

www.pempal.org/events/tcop-thematic-videoconference-use-information-technologies-treasury-operations-1

Meeting of TCOP's Working Group on Use of Information Technologies in Treasury Operations (VC)

Date: March 1, 2018

The objectives of the meeting were to i) continue exchange of information between the member countries on recent developments in application of IT for public finance management, and ii) discuss preparations for the face-to-face meeting of thematic group in Baku.

The results of the meeting include presentation by the Georgian participants on their experience in developing the MOF financial management information system in support of transition to accrual

method of accounting in public sector, followed by a group discussion and decision to include a modified version of the Georgian presentation into the agenda of the face-to-face meeting in Baku. In depth discussion on the agenda of the Baku meeting also took place.

Materials of the meeting can be found on the PEMPAL website.

www.pempal.org/events/tcop-thematic-videoconference-use-information-technologies-treasury-operations-2

Meetings of TCOP's Working Groups: WG on Use of Information Technology in Treasury Operations and WG on Public Sector Accounting and Reporting

Date: April 10–13, 2018

Location: Baku, Azerbaijan

TCOP events held in Baku included meetings of two thematic groups operating within TCOP: the Group on Use of IT in Treasury Operations and the Group on Public Sector Accounting and Reporting. The main event was the joint meeting of the groups which took place on April 12. It was preceded by an internal meeting of the IT WG and followed by a brief internal meeting of the Accounting and Reporting WG. The meetings were hosted by the State Treasury Agency of the Ministry of Finance of Azerbaijan.

The main theme of the joint meeting of the two groups was solutions for automation of accounting and reporting at the spending unit level and their integration with the central financial management information systems (FMIS). **The results of the joint meeting** included review of available options to provide access to the spending units to the FMIS functionality based on the latest global trends and experiences of participating countries.

The objectives of the internal meeting of the IT WG were to discuss the latest progress achieved by the hosting country, Azerbaijan, in developing the treasury information system and integrating it with other government systems, as well as share information on recent developments in the participating countries.

The results of the internal meeting of the IT WG included: i) familiarization of participants with the innovative IT solutions used for provision of various public services in Azerbaijan, including the visit to a citizen service center of Azerbaijan Service and Advice Network; ii) review of lessons learnt by the

State Treasury of Azerbaijan through development of the treasury information systems; iii) updates on the latest developments in use of information technologies for public financial management in Albania, Belarus, Moldova, Russia, and Turkey, as well as the evolution of digital government technologies worldwide.

Materials of the Working Group meeting, including the joint day with the Accounting and Reporting WG, can be found on the PEMPAL website.

www.pempal.org/events/заседание-тематической-группы-кс-по-ИТ

The Accounting and Reporting WG also had a brief internal meeting in Baku, mainly devoted to exchange of news among the members. The results of the meeting included sharing of information on the progress of public sector accounting and reporting reforms in selected ECA countries. Participants also discussed the plans for the future activities of the working group, including a decision to prepare a new knowledge product on design of the budget classification integrated with the chart of accounts based on practical examples from the member countries.

Materials of the Working Group meeting, including the joint day with the IT WG, can be found on the PEMPAL website.

www.pempal.org/events/tcop-thematic-group-meeting-public-sector-accounting-and-financial-reporting



Meeting of TCOP's Working Group on Evolution of the Role and Functions of the Treasury (VC)

Date: April 18, 2018

The objective of the meeting was to review the experience of the recent reorganization of the treasury system of Moldova.

The results of the meeting included group discussion of lessons learnt through the reorganization experience based on the presentation delivered by the representatives of the Moldovan State Treasury. The presentation covered the background for the reform, the challenges of managing the change and the current focus on examining further opportunities for efficiency.

Group discussion that followed underlined that modern automated government environment reduces the importance of the traditional transaction processing function of a treasury and shifts the emphasis to the new value-adding functions of active cash management and developing strategic reporting tools for managers and decision-makers.

Materials of the meeting can be found on the PEMPAL website.

www.pempal.org/events/videoconference-tcop-thematic-group-theme-%E2%80%9Cevolution-role-and-functions-treasury%E2%80%9D

TCOP Plenary Meeting on Measuring and Monitoring Treasury Performance

Date: May 21–23, 2018

Location: Tirana, Albania

The main objective of the annual plenary meeting of TCOP was to deepen the understanding of approaches to performance measurement and monitoring and to share the ideas and experiences on how these could be applied to the core national treasury functions in the participating countries. The meeting also served the forum to review the progress of TCOP activities and update the COP's medium-term strategic plan.

The results of the meeting included detailed review of Albanian approach to measuring and monitoring PFM performance with a particular emphasis on performance indicators and tools used to monitor

performance of the key treasury functions. Performance monitoring systems of the treasuries of Turkey and the Russian Federation were also discussed, along with broader international trends. The agenda included a hands-on session on application of the PEFA indicator Pi22 measuring the arrangements for monitoring expenditure arrears. TCOP annual member survey was conducted during the meeting to collect suggestions for future TCOP activities which informed the update of the TCOP medium-term strategic plan.

Materials of the meetings can be found on the PEMPAL website.

www.pempal.org/events/pempal-tcop-plenary-meeting-0





Internal Audit Community of Practice

Plenary Meeting and Meeting of the Audit in Practice Working Group

Date: October 24-27, 2017

Location: Tashkent, Uzbekistan

The IACOP event brought together around 70 participants from 26 countries. The IACOP coordination and support team secured the Dutch Academy of MOF contribution to the event. High-level country participants from Brazil (President of the National Council for Internal Control), South Africa (Internal Audit reform lead, via VC), and Federal Treasury of the Russian Federation (two deputy directors) joined the IACOP event to learn from the IACOP and share their experience. High-level MOF officials also attended the IACOP events including Deputy Ministers and Department Directors. The activity enjoyed support from the Government of Uzbekistan and was extensively covered not only by the media in Uzbekistan, but also by the Ukrainian, Russian, and Brazilian media.

The objectives of the plenary meeting were to share the latest achievements in reforming internal audit in IACOP member countries and to explore the role of the CHU based on the evolution of public internal audit. IACOP also had to review its strategy implementation status and the progress of its working groups and to receive insights on the internal audit reform plans in Uzbekistan. **The Audit in Practice working group objectives** were to review audit engagement planning process and to receive solid theoretical and practical knowledge on drafting an audit engagement plan.

The results of the plenary meeting include the evidence of the knowledge generated by the IACOP and country effective applications and IACOP's practitioners' feedback provided to Uzbekistan's plans

with internal audit reforms. **The results of the working group** were the knowledge participants got in drafting the audit objectives. Practical case studies for internal audit mission planning phase were developed to be used as a training tool.

On the request from the Government of Uzbekistan several additional events (10 in Tashkent and one in the region) were delivered in parallel with the IACOP meeting, including five parallel conferences, and two press conferences/talk shows linked to the IACOP events, reaching out to more than one thousand (1,000) public sector officials. One of the conferences was organized for 42 deputy ministers and governmental Anti-Corruption Committee members.

Materials of the meeting can be found on the PEMPAL website.

www.pempal.org/events/iacop-pempal-event-plenary-meeting-and-audit-practice-working-group-aip-wg-meeting



IACOP Internal Control Working Group (IC WG) Meeting and Audit in Practice Working Group (AIPWG) Meeting

Date: February 27 – March 2, 2018

Location: Brussels, Belgium

The objectives of the IC WG meeting were to:

- Learn the key recent developments and good practices from the European Commission and Belgium in implementing public internal control (PIC).
- Share good practices on implementing internal control, with emphasis on the key elements and facilitating factors of managerial accountability.
- Understand how to assess internal control including managerial accountability implementation and discuss the roles of internal auditors and Central Harmonization Units (CHU).
- Review the progress made with PIC glossary and its translation.
- Establish PEMPAL criteria for assessment of the managerial accountability of a budget organization.

The main results achieved include:

- Understanding of good practices in implementing and assessing PIC, including managerial accountability in the European Commission, Belgium, PEMPAL member countries and beyond.
- Agreed PEMPAL criteria for assessment of the managerial accountability of a budget organization.
- Updated PIC Glossary including its translation.

The objectives of the AIPWG meeting were to:

- Learn good practices from the European Commission and Belgium in organizing internal audit system and performing internal audit engagements.
- Review the PEMPAL draft audit plan and program template and the work done following the last AIPWG meeting.
- Understand the linkage between the planning phase (audit program) with the field work of the audit engagements, and review of the related standards (International Standards for the Professional Practice of Internal Auditing – ISPPA 2310, 2320).
- Identify good practices and further develop PEMPAL templates and case studies that can be used by member countries including for training purposes.

The main results achieved include:

- PEMPAL audit plan and program template and samples of working documents for performing an audit engagement.
- Practical case studies to be used as a training tool.
- Knowledge of good practices from the European Commission and Belgium.

Materials discussed in the meeting, including presentations and the background paper, can be found on the PEMPAL website.

www.pempal.org/events/iacop-internal-control-working-group-and-audit-practice-working-groups-meetings



Meeting of IACOP Audit in Practice Working Group (AIPWG)

Date: June 11–13, 2018

Location: Tsaghkadzor, Armenia

The objectives of the AIPWG meeting

were to establish good practices and draft IACOP knowledge product on internal audit engagement planning, to learn about the key recent developments and achievements in implementing Public Internal Financial Control (PIFC) reform and improving the effectiveness of internal audit in Armenia, and to identify internal audit central harmonization unit (CHU) good practices in annual reporting of the country level internal audit performance.

The main results achieved include draft IACOP knowledge products on Internal Audit Engagement Planning (templates on audit planning, audit work program, risk/control matrix). Participants got

knowledge of good practices in CHU annual reporting in PEMPAL countries and learned from European Commission good practices in internal audit engagement planning. Members appreciated Armenia's internal audit reform progress and experience of application of PIFC approaches. The fifth edition of the IACOP newspaper was issued presenting the experiences of Russia, France, Ukraine, Hungary, Czech Republic, and Great Britain, conclusions on implementation of internal audit system in the respective countries and relevant lessons learned.

Materials of the meeting can be found on the PEMPAL website.

www.pempal.org/events/pempal-iacop-audit-practice-wg-meeting





ATTACHMENT 5

PEMPAL EVENT EXPENSES

TABLE 6: PEMPAL EVENT EXPENSES (USD)

	Travel	Accommodation	Meals	Translation / interpretation	Conference facilities	Other	Total event expenses
BCOP, Paris, July	11,268	18,109	2,434	12,095	0	1,146	45,052
TCOP, Chisinau	16,072	13,000	8,467	17,519	5,500	1,374	61,933
IACOP, Tashkent	56,233	34,769	6,297	23,620	0	1,589	122,508
BCOP, Paris, Nov.	4,965	5,434	931	5,907	0	1,149	18,386
IACOP, Brussels	25,685	27,932	7,502	18,966	13,446	4,508	98,038
BCOP, Vienna	41,138	40,631	18,205	35,246	33,247	4,865	173,332
TCOP, Baku	36,466	30,000	11,190	17,940	4,000	1,168	100,764
TCOP, Tirana	28,713	14,000	10,000	12,859	1,969	1,821	69,362
BCOP, Zagreb	9,820	9,556	2,236	13,950	3,875	767	40,204
IACOP, Tsaghkadzor	26,345	15,493	10,985	22,650	2,490	2,580	80,543
TOTAL	256,706	208,924	78,247	180,751	64,527	20,967	810,121

TABLE 7: PEMPAL EVENT EXPENSES (%)

	Travel	Accommodation	Meals	Translation / interpretation	Conference facilities	Other	Total event expenses
BCOP, Paris, July	25.0	40.2	5.4	26.8	0.0	2.5	100.0
TCOP, Chisinau	26.0	21.0	13.7	28.3	8.9	2.2	100.0
IACOP, Tashkent	45.9	28.4	5.1	19.4	0.0	1.3	100.0
BCOP, Paris, Nov.	27.0	29.6	5.1	32.1	0.0	6.3	100.0
IACOP, Brussels	26.2	28.5	7.7	19.4	13.7	4.6	100.0
BCOP, Vienna	23.7	23.4	10.5	20.3	19.2	2.8	100.0
TCOP, Baku	36.2	29.8	11.1	17.8	4.0	1.2	100.0
TCOP, Tirana	41.4	20.2	14.4	18.6	2.8	2.6	100.0
BCOP, Zagreb	24.4	23.8	5.6	34.7	9.6	1.9	100.0
IACOP, Tsaghkadzor	32.7	19.2	13.7	28.1	3.1	3.2	100.0
TOTAL	32.0	26.0	10.0	22.0	8.0	3.0	100.0



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