

The purpose of this newsletter is to keep all members of PEM-PAL up-to-date on the latest developments. This edition is distributed by e-mail to all members of the PEM-PAL network¹.

We would like to hear your ideas on PEM-PAL initiatives and your suggestions for this newsletter. Please send your comments to pempal@worldbank.org.

Successful Start of the Community of Practice for Internal Auditors (IA COP)

We have received many positive comments on the first workshop for the Internal Auditors held in December in Ljubljana. Internal Auditors from 17 countries attended a three-day workshop at which the second PEM-PAL professional Community of Practice (COP) was launched. The results of the evaluation by the workshop participants show that the vast majority of participants were very positive about the usefulness of the workshop agenda for their practical work.



During the workshop, two maturity frameworks for internal audit were introduced. All the participants of the workshop applied these frameworks to assess the readiness of conditions for internal audit development in their countries as well as maturity of the internal audit systems where those exist. Lithuanian experience in establishing

the internal audit function in the public sector was presented. Representatives of EU and the Institute of Internal Auditors (IIA) took active part in the workshop agenda. Part of the workshop was used to establish the PEM-PAL Community of Practice for Internal Auditors (IA COP) and to develop a follow-up program. The members of the COP

¹ Distribution list for this newsletter comprises the participants of the following PEMPAL events: Warsaw 2006 workshop, Ljubljana, June 2006 workshop for Treasurers, Ljubljana, December 2006 workshop for Internal Auditors, Vilnius 2007 workshop for Budget Officials.

identified several topics of common interest that they would like to follow up. Five topic leaders were delegated to the design team tasked to develop the plans for the COP follow up activities.

Following the agreements reached at the IA COP launch workshop, the design teams continued regular communication through video sessions to discuss the plans for activities and to prepare the agenda for the follow up workshop planned for June in Chisinau, Moldova.

The draft activity plans have been posted on the PEM-PAL website, together with the launch workshop materials and the list of IA COP members.

Launch of the Community of Practice for Budget Officials (BCOP), at the OECD SBO Meeting in Vilnius.

In March, the third PEM-PAL community of practice for the Budget Officials was launched at a workshop in Vilnius. This event was combined with the Third OECD Senior Budget Officers Meeting (SBO) for Southern and Eastern Europe. The PEM-PAL participants took part in all the activities of the SBO meeting, which was attended by 29 country delegations. The agenda included presentations and panel discussions on various aspects of modern budgeting practices, including citizens' participation in budgeting, interaction with Parliament in the budget process, accruals and performance based budgeting, approaches to evaluation of performance of public finance systems, etc. Case studies of budgeting in Hungary and in Turkey were presented and discussed.



Before and after the SBO meeting there were sessions to launch the PEM-PAL Budget COP. The Budget COP elected an executive committee among the members of the COP. The Deputy Minister for Budget from Moldova was chosen as the first Chairperson, with the Deputy Ministers from Montenegro and Georgia as Deputy Chairs. Topics of common interest for the follow up agenda were also identified and discussed. Results of

evaluation completed by the PEM-PAL participants at the end of the workshop indicate that they highly appreciated the opportunities for broader communication and knowledge exchange offered by the integration of the event with the OECD SBO agenda.

The Budget COP has agreed to meet again at the end of June in Tbilisi for the workshop on program budgeting.

Membership of the PEM-PAL Steering Committee expanded to include COP representatives

Two of the PEM-PAL Communities of practice, Internal Auditors COP, and the Budget COP now have their representatives in the PEM-PAL Steering Committee. The second meeting of the Steering Committee was held in January and discussed a broad range of issues related to the progress with launch of the COPs, mobilization of additional financing to support PEM-PAL program in the medium-term, increasing the role of the Center of Excellence in Finance (CEF) in Slovenia in the management of the program, the requests for membership from non-IDA countries (e.g. Russia), and the response to several funding requests. The committee decided to postpone a next round of country led applications for PEM-PAL until after the next Steering Committee meeting, This meeting has been scheduled for May.

PEM-PAL Electronic Discussion Forum Launched.

In response to member requests to facilitate communication between the members of the Communities of Practice, an electronic discussion forum has been designed and launched in March. Members who join the web based forum have to register to obtain access to the discussion forum at the following address <http://www.pempal.org/discussions>.

Additional activities supported by PEM-PAL

Support to the Communities of Practice is a major part of PEM-PAL. In addition the program also supports additional events and activities, as requested by the participating countries. In the past few months three activities have taken place, all undertaken with great success, based on the willingness of the participants to share experience and learn lessons:

Study tour by Kyrgyz delegation to Moldova and Russia, March 2007.

Kyrgyz Ministry of Finance team completed a study visit to Russia and Moldova supported by PEMPAL. The purpose of the visit was to exchange experience in the efforts to improve budget



classification and chart of accounts. The team stopped over in Moscow for a day of consultations with the Russian Ministry of Finance on the topics of mutual interest. The agenda of the three day meeting in Chisinau included an introduction to the experience by both countries in improving their budget, treasury, accounting systems, as well as in-depth presentations on the progress achieved in developing new budget classification and chart of accounts. These presentations served as the basis for extensive technical discussions, especially on the latter topic.

The last day of the agenda was dedicated to additional technical discussions between the counterparts on various issues which were found to be of particular interest during the first days. The Kyrgyz delegation also had the opportunity to see the Moldovan information system in operation as it is currently used by the Treasury. They familiarized themselves with the plans for replacing this with a modern integrated financial management information system. Both the Kyrgyz and Moldova Ministry of Finance participants are enthusiastic about maintaining their bilateral contacts. They have identified further work on the new chart of accounts as a topic of common interest, on which the teams would like to collaborate further.

Round table discussion on MTEF in Dushanbe, Tajikistan May 3-4, 2007:

The Tajik Ministry of Finance has held a two day workshop in Dushanbe on regional experiences with MTEF implementation. The World Bank Institute provided help with preparing the agenda. Practitioners from Slovakia, Armenia, Georgia, and Moldova were invited to share their country experiences on various aspects of MTEF implementation and lessons learnt. The workshop was called to help the Tajik Government to develop practical mechanisms for MTEF implementation, following the official launch of MTEF this



year, including the pilot exercise in the education sector. The hosts were especially interested in practical aspects of macroeconomic framework development, mechanisms for policy prioritization, experiences with building line ministries capacity for developing sector expenditures plans and in the institutional arrangements for the MTEF process. The workshop was attended by the representatives of the Ministry of Finance, Ministry of Education and other line ministries and some local administrations, NGOs, and donor representatives. The link to the workshop presentations in Russian and English is available on the PEMPAL web site.

Study tour by Montenegro delegation to Lithuania

Immediately prior to the BCOP/SBO meetings in February, a group from the Republic of Montenegro Ministry of Finance met with counterparts from the Lithuanian Ministry of Finance to discuss cash management and other matters of mutual interest. The meetings were held 15 and 16 February in Vilnius. The study tour was coordinated by the United States Department of the Treasury, Office of Technical Assistance and financially supported by PEM-PAL.

A short overview of the study tour discussing what was learned and future actions was presented to the BCOP by Mr. Nikola Vukicevic, Assistant Minister-Budget, Montenegro. The presentation is on the PEM-PAL web site.

The consensus of both ministries was the discussions were helpful and new approaches learned will assist both in the future. One outcome voiced by the Lithuanians was the process to put together the meeting material caused them to pause, step back, and take a look at what they were doing. The result was the identification of areas that they will examine in greater detail with the goal of improving the Lithuanian processes.

Schedule of Upcoming PEM-PAL events.

Second workshop for Internal Auditors Community of Practice, Chisinau, June 20-22

Internal Auditors COP will gather in June in Chisinau, Moldova for the follow up workshop that will be devoted to the topics of practical interest for the COP members. IA COP design committee is currently working on the agenda, and invitations for the workshop are being mailed to the COP members.

Second workshop for Budget Community of Practice, Tbilisi, June 27-29.

Budget officers will gather later in June in Tbilisi, Georgia, for their follow up workshop the topic of which was identified in Vilnius. The workshop will look into the experiences and issues related to implementation of program budgeting. It will be supported by the US Treasury and the World Bank. The workshop agenda is currently being discussed with the BCOP executive committee.

Second workshop for the Treasury Community of Practice is tentatively planned for September.

Workshop agenda and location will be announced closer to the event.

The launching workshop for the External Auditors Community of Practice will be held in September 2007.

Workshop dates and location will be confirmed closer to the event.

Opportunities for Initiating PEM-PAL Activities

PEM-PAL continues to offer a range of options for gaining and sharing knowledge between the members. There are the scheduled events, such as those announced above. In addition to these events, the members are encouraged to initiate their own ideas for activities that can be supported by the PEM-PAL. These activities could include video conferences between members, joint learning events, thematic workshops and seminars, peer-to-peer exchanges, etc.

For each Community of Practice, there is funding available for such activities. To use these funds, a number of members from at least two or more countries need to submit a joint application for CoP follow up activities.

In addition to CoP activities, there will be a next round of general country applications in June 2007. The details of the round of applications will be announced after the Steering Committee meeting at the end of May.

The forms for applications are available on the PEM-PAL website in three languages.

The completed application forms have to be submitted to PEMPAL@worldbank.org. Members are advised to submit applications as early as possible, definitely no later than two months before the event so that there is enough time for the Steering Committee to decide and for all required preparations to take place.

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