



**PEM PAL Secretariat  
Progress report (January - September 2011)**

**Table of Contents**

1. Objectives of the report .....	2
2. PEM PAL events in the period from January 2011 to end-September 2011 .....	2
3. Implementation highlights .....	3
3.1. PEM PAL Strategy for 2012 – 2017 .....	3
3.2. PEM PAL 2011 Evaluation .....	4
3.3. Reinforcing leadership groups .....	4
3.4. PEM PAL marketing .....	4
3.5. Strengthening learning objectives .....	4
3.6. Going green initiative .....	5
4. Performance indicators .....	5
4.1. Financial indicators .....	5
4.2. Evaluation through PEM PAL post-event surveys .....	6
4.3. PEM PAL web page evaluation .....	7
5. Activities in the period from October 2011 to June 2012 .....	8
6. New initiatives and plans .....	8
6.1. Knowledge sharing .....	8
6.1.1. Virtual library .....	8
6.1.2. Success stories/evaluation portal .....	9
6.2. PEM PAL website updates .....	9
Attachment 1: Activities in 2011 .....	10
Attachment 2: Financial indicators .....	17
Attachment 3: PEM PAL evaluation through post-event surveys .....	18

# **PEM PAL Secretariat**

## **Progress report (January - September 2011)**

### **1. Objectives of the report**

This report has three main objectives:

- To present the activities and financing in the period January – September 2011;
- To highlight main performance indicators;
- To outline future activities and new initiatives.

### **2. PEM PAL events in the period from January 2011 to end-September 2011**

(see **Attachment 1** for more details)

#### **2.1. TOT on Learning Facilitation; January 24-25, 2011; Zagreb Croatia.**

The workshop was intended for the leadership groups with the objective to teach them participatory methods in learning sessions and meetings.

#### **2.2. Joint COPs Plenary meeting on January 26 – 28, 2011; Zagreb, Croatia.**

The Plenary meeting discussed managerial accountability in budget execution, in particular two related topics: (i) arrangements which inhibit or undermine managerial accountability, and (ii) the quality of budget formats and reporting, and how they contribute to decision-making process.

#### **2.3. T COP meeting on reforms in public sector accounting; April 18 – 22, 2011; Ljubljana, Slovenia.**

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

#### **2.4. IA COP ws: IA Manual (June 6-7) and Training & Certification (June 8 – 9); Chisinau, Moldova.**

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

#### **2.5. B COP meeting on reforms to capital budgeting practices; June 14 – 17, 2011; Minsk, Belarus.**

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

#### **2.6. Cross- COP meeting of the leadership teams of all three COPs; July 6 – 8, 2011; Bern, Switzerland.**

The PEM PAL Executive Committees of all three COPs met in Bern, Switzerland to discuss (i) how to improve the network's effectiveness and sustainability, (ii) PEM PAL strategy for the period beyond 2012, (iii) the

2012 – 2014 COPs Action Plans, and (iv) to learn about the Swiss practices and processes in budget and internal audit.

### **2.7. T COP meeting on the use of information technology (IT) in treasury operations; September 27 – 29, 2011; Astana, Kazakhstan.**

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

### **2.8. The PEM PAL Steering Committee meetings.**

The PEM PAL Steering Committee had four sessions in the period from January to end-September 2011: on January 25, 2011 in Zagreb, Croatia; on April 5, 2011 through adobe; on July 8, 2011 in Bern, Switzerland; and, on September 22, 2011 through adobe.

The Steering Committee discussed in its January session: the chairmanship and membership in the Steering Committee; PEM PAL (“Mokoro”) evaluation; options for the External Audit COP; and, Cross COP meeting in Bern.

The April session was devoted to the following topics: PEM PAL Secretariat Annual Report for 2010; performance indicators; PEM PAL strategy paper; PEM PAL evaluation, PEM PAL visibility, participation and sustainability; options for the External Audit COP.

The Steering Committee meeting held on July 8, 2011 at the occasion of the Cross-COP meeting in Bern, Switzerland (July 6-8, 2011) discussed: 2011 PEM PAL (“Mokoro”) evaluation, PEM PAL Strategy 2012 – 2017, PEM PAL Secretariat progress report for January – June 2011 and work plan, and the status of activities related to potential new COP (External Audit).

The Steering Committee meeting held through adobe on September 22, 2011 addressed the following topics: PEM PAL Strategy 2012 – 2017, PEM PAL (“Mokoro”) evaluation, use of the Multi Donor Trust Fund, COPs updated budgets and work plans, PEM PAL Secretariat update on the progress with the new initiatives.

## **3. Implementation highlights**

### **3.1. PEM PAL Strategy for 2012 – 2017**

The PEM PAL was launched five year ago, and has since then developed into an active network of some 150 public finance experts from Europe and Central Asia. A number of donors have supported the network’s growth. Its visibility is increasing together with the benefits it is providing to its membership.

Therefore, it is now time to think about next steps. A new Strategy will examine the network’s relevance, sustainability and options for the next five years. It will also look at its role, key strengths, opportunities and challenges, as well as various growth scenarios and funding options, and ways to ensure funding sustainability over time. These options will also be presented to donors. The Strategy will also review the governance arrangement, and how implementation support has been organized so far, and could be in the future.

Taking into account the input received during the Cross – COP leadership groups meeting in Bern, Switzerland (July 6 – 8, 2011), the Community Facilitator prepared a Strategy template by August 1, and will prepare, by mid-November, the second draft, that will also include valuable suggestions from various

stakeholders. The second draft will be posted on the PEM PAL website for another round of consultations. The Strategy is expected to be launched in March 2012.

### **3.2. PEM PAL 2011 Evaluation**

The Mokoro Ltd is conducting the second evaluation of the PEM PAL network against the TOR confirmed by the PEM PAL Steering Committee in April 2011. The first evaluation of the network was completed in early 2009 by the same evaluator. Taking the same evaluator will benefit a comparability of the progress of PEM PAL against the baseline defined in the first evaluation.

The purpose of the evaluation will be to evaluate the progress made in achieving PEM PAL objectives over the period since February 2008 Plenary meeting in Istanbul, Turkey. It will examine the network's governance, ownership, funding options, effectiveness of the Secretariat and the Steering Committee, and that of the network as such. It will also look at what scope and forms of learning has taken place. The timeline for the evaluation is the following: an inception report by August 1, a draft report by November 1, and a final report by December 15.

### **3.3. Reinforcing leadership groups**

In the first six months of 2011, the IA COP and the B COP introduced changes in operation of their leadership groups.

The IA COP now has a four tier membership: Platinum members (Executive Committee), Gold members (two to three official country representatives), Green members (other interested professionals), and Resource persons (experts). Linked to it are criteria for moving into higher level (e.g., participation in IA COP events and activities, such as wiki, presentations and discussions).

The B COP at its June meeting in Minsk expanded the leadership group. The leadership group now includes eight members from eight countries. Each member is helped by her/his peers (one or two). These peers are involved in all activities and replace the member in her/his absence.

The leadership groups of all three COPs have been meeting frequently, through video-conferencing and Adobe, to discuss upcoming events.

### **3.4. PEM PAL marketing**

3.4.1. IMF Blog: three blogs have been posted on the IMF PFM blog (2011 Plenary, T COP event in Ljubljana, T COP event in Astana).

3.4.2. PEM PAL Newsletters: The PEM PAL Secretariat continues to distribute newsletters to PEM PAL members. Four newsletters were prepared until end-September 2011.

3.4.3. Member of the PEM PAL Secretariat team presented main features of the PEM PAL initiative at the launch of the Justice Peer-Assisted Learning (JUST PAL) network in Athens, Greece, from April 12-14, 2011. Sponsored by the World Bank, the JUST PAL brings together representatives of justice sector from twenty-four ECA countries and several international organizations ([www.justpal.org](http://www.justpal.org)).

### **3.5. Strengthening learning objectives**

Activities, especially those linked to preparation of events, intensified, also thanks to active engagement of the community facilitator who started to work with the COPs, in particular the B COP, in early 2011. This contributed to better quality of COP events (pre-event surveys, presentations of individual country cases, training material selection, involvement of several resource persons), which is also being recognized by the participants. The COPs strengthened efforts to collect legislation (e.g. budget system laws, PIFC laws, annual

budgets) and country indicators, set up glossaries of terms, build up an IA Manual template, etc., which resulted in a rich depository of knowledge and resources.

### 3.6. Going green initiative

At the initiative of the participants, and in line with the September 22 PEM PAL Steering Committee decision, the agenda and presentations at the events will, from September 2011, continue to be made available in hard copies, but the background material in electronic form only. The hosting institutions will be requested to print the material for the events to save on transportation costs.

## 4. Performance indicators

### 4.1. Financial indicators

The financial information<sup>1</sup> in the Tables 1 below and the Table 2 and the Table 3 in [Attachment 2](#) reflects the following developments:

- (i) PEM PAL immediate costs are increasing due to increased participation at the PEM PAL events, and increased activity.

Participation at the PEM PAL events (excluding Plenary meetings and study visits) increased from, in average, 16 participants/event in 2009 to 26 participants/event in 2010, and to 40 participants/event in the first nine months of 2011 (see Table 3 for more details). Also the total number of COP members participating at PEM PAL events increased in (I-IX) / 2011 compared to 2009-2010, also due to the Plenary meeting organized in Zagreb, Croatia (133 members).

- (ii) A decline in the share of Secretariat cost in the total cost, from 30 percent in 2008 to 15 percent in I-IX/2011 reflecting initial set-up costs, and an increase in the volume of funding.
- (iii) Stabilization of the cost per participant per event (excluding Plenary, study visits and TOT) at around USD 2.500. Daily cost per participant, not including translation and moderation costs, is USD 600 in average (see Table 3 in the Attachment 2 for more details).
- (iv) Specific cost drivers contributed to increased costs for some individual events (see Table 3 in the Attachment 2 for more detail).

	2008		2009		2010		I-IX 2011		Total	
	000 USD	%	000 USD	%	000 USD	%	000 USD	%	000 USD	%
<b>1. Financial contribution to PEM PAL activities</b>										
1.1. WB DGF	214		263		286				763	38
1.1.1 WB: DGF 2008 (300)	214		74						288	
1.1.2. WB: DGF 2009 (300)			189		111				300	
1.1.3. WB DGF 2010 (175)					175				175	
1.2. WB Bdg, est. Plenary 2008	55								55	3

<sup>1</sup> The PEM PAL activities have been financed from the WB Development Grant Facility (DGF) (USD 775 thousand; 2008 – 2009), InWent (USD 139 thousand; 2009-2010), OECD/SIGMA (USD 1 thousand; 2010), and the WB administered Multi-Donor Trust Fund (MDTF), including contributions from SECO (USD 780 thousand, tied to community facilitator), Russian MoF (USD 2,000 thousand) and unspent balance from earlier years. The financial information and indicators shown in the Table 1, and the Tables 2 and 3 in [Attachment 2](#) only relate to immediate costs of PEM PAL activities, paid through the PEM PAL Secretariat, such as expenses for logistics of COP members, translators and moderators, Secretariat staff and some presenters (travel, accommodation, translation /moderation), plus the Secretariat services (staff time, administrative and technical support, and additional services, such as virtual library and success stories).

1.3. WB admin. MDTF				54		1.014		1.068	53	
1.4. InWent			58		81			139	7	
1.5. OECD/SIGMA					1			1	0	
<b>Total 1 (=1.1+1.2.+...+1.5.)</b>	<b>269</b>		<b>321</b>		<b>422</b>		<b>1.014</b>	<b>2.026</b>	<b>100</b>	
<b>2. PEM PAL expenses by beneficiaries</b>										
2.1. B COP			31	10	51	12	154	15	236	12
2.2. IA COP			137	43	163	39	47	5	347	17
2.3. T COP			74	23	102	24	251	25	427	21
2.4. Cross COP	1	0	2	1	32	8	102	10	136	7
2.5. Plenary	188	70					312	31	500	25
2.6. Secretariat	80	30	77	24	75	18	148	15	380	19
<b>Total 2 (=2.1.+2.2.+...+2.6.)</b>	<b>269</b>	<b>100</b>	<b>321</b>	<b>100</b>	<b>423</b>	<b>100</b>	<b>1.014</b>	<b>100</b>	<b>2.027</b>	<b>100</b>
<b>3. PEM PAL expenses, by purpose</b>										
3.1. Accomodation & food	55	20	81	25	117	28	381	38	634	31
3.2. Travel	103	38	115	36	129	31	295	29	642	32
3.3. Translation	24	9	42	13	92	22	142	14	300	15
3.4. Other	8	3	5	2	9	2	48	5	70	3
3.5. Secretariat	80	30	77	24	75	18	148	15	380	19
<b>Total 3 (=3.1.+3.2.+...+3.5.)</b>	<b>270</b>	<b>100</b>	<b>320</b>	<b>100</b>	<b>422</b>	<b>100</b>	<b>1.014</b>	<b>100</b>	<b>2.026</b>	<b>100</b>

Notes: Items 2.6. and 3.5, for 2011, do not include the Secretariat staff travel and accommodation cost. This cost is part of the expenses in items 2.1. to 2.5. and 3.1. to 3.4., for 2011. This cost is included in the Secretariat cost in 2008 – 2010. Item 2.6. and 3.5., for 2011: Secretariat cost include expenses for services (EUR 9,200 per month) and technical support (avg. EUR 2,375 per month).

#### 4.2. Evaluation through PEM PAL post-event surveys

The post-event surveys<sup>2</sup> have been carried out for seven events in the period from January to end-September 2011 (TOT and Plenary in Croatia in January, T COP in Slovenia in April, IA COP in Moldova in June, B COP in Belarus in June, Cross COP in Switzerland in July and T COP in Kazakhstan in September). The **Attachment 3** provides detailed results of the surveys based on two series of indicators, (i) measuring activity and interaction, such as attendance, organization of events, etc., and (ii) assessing the value of the events, such as relevance of topics, learning from the experience of the peers, etc..

*Activity and interaction.* Overall satisfaction with the event is high, and generally meets or (highly) exceeds expectations. Duration of events is mostly considered about right, so is time devoted to questions and free discussions, and objectives are seen by participants as clearly defined. Enough time is devoted to questions and practical examples. Also the quality of organization is high. All or almost all participants intend to share their knowledge with their peers and feel that PEM PAL is useful. There is, in view of the participants, still scope for improvement. Participants believe that they could to greater extent use informal contacts established with the PEM PAL members, contribute more to the leadership groups work and event discussions.

*Value of the events.* All seven surveys show that the topics discussed in PEM PAL events are very relevant. Also, the level of knowledge shared at the events is right. The participants highly value the experience of their peers and they feel they will be able to apply what they have learned. The level of knowledge of the participants is considered about the same.

“The participation at the PEM PAL meetings helped me a lot to create a vision for the future, clarify my mind on issues raised continuously in my country and taking better and more careful decisions several times.” is a quote of one participants that reflects those of many others. The participants value in particular PEM PAL’s active exchange of experiences and ideas, and the professional development it brings. Often, they are faced with unclear issues in their daily work, but PEM PAL allows them to see them in a broader perspective. The

<sup>2</sup> Post-event surveys are done by the World Bank.

social side of events is also considered important: making friends and meeting new people promotes cooperation among the peers and direct exchange of experience. This is because the atmosphere is usually friendly and positive, encouraging people to talk and present their ideas.

### 4.3. PEM PAL web page evaluation

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

The Table 4 below shows the PEM PAL website traffic for the period between October 2008 until end-September 2011, separately from October of each year until end-September of the next year, and for the last four quarters. The Table 4 shows:

- (i) Continuous increase of visitors and visits.  
The traffic doubled in the period from October 2009 – September 2010 compared to October 2008 – September 2009, and almost doubled again in the period October 2010 – September 2011 compared to October 2009 – September 2010. This increase could be attributed to increased visibility of PEM PAL due to a larger number of activities (e.g., Plenary in January 2011) and participants at the PEM PAL events, and in light of occasional distributions of the PEM PAL newsletter and thank you letters, which include direct links to the relevant contents published on the PEM PAL website.
- (ii) Visitors, in average, look at around 4+ pages, and stay on the website around 3:20 minutes.
- (iii) The visitors from Croatia, Serbia, Moldova, the US, Ukraine, Slovenia, Bosnia and Russia are among the most active ones. Overall, visitors from 138 countries accessed the PEM PAL website in October 2010 – September 2011.
- (iv) Most of the visitors, around 40 percent, access the website through search engines (e.g., google), around 30+ percent through referring sites (e.g., cef-see.org), and around one quarter directly, mostly using key words such as “pempal” or “pem pal” (39 percent).

Further improvements of the web page, scheduled for the last quarter of 2011 and aimed to add more content to the website (such as the virtual library, success stories, glossary of terms, “behind the scene” activities), will make the website even more attractive for the users.

**Table 4: PEM PAL site traffic**

	Oct08 – Sep 09	Oct09 - Sep10	Oct10 - Sep11	Oct10 - Dec10	Jan11 - Mar11	Apr11 - Jun11	Jul11 – Sep11
Visitors	1.399	2.715	5.143	1.360	1.387	1.411	1.549
• New	1.379	1.438	2.462	667	627	633	818
• Returning	1.103	1.277	2.681	693	760	778	731
Visits	2.482	4.951	10.272	2.460	2.591	2.697	2.534
Page views	10.472	22.355	40.394	10.966	9.722	9.954	9.763
Pages/Visit	4,22	4,52	3,93	4,46	3,75	3,69	3,85
Avg. Time on Site	3:12	3:43	3:22	3:47	3:15	2:54	3:32
Countries /Total Visits/Country	...	114 Slovenia 646 US 425 Moldova 404 Croatia 341 Ukraine 238	138 Croatia 878 Serbia 805 Moldova 697 US 655 Ukraine 525	95 Serbia 218 Slovenia 179 Croatia 166 Ukraine 165 US 149	94 Croatia 306 Serbia 186 US 178 Moldova 163 Bosnia 153	108 Moldov 213 Croatia 200 Serbia 197 US 137 Ukrain 128	97 Serbia210 Croatia 207 US 191 Moldov 183 Russia 124
Traffic Sources:							
• Search Engine	...	40%	42%	43%	40%	37%	48%

• Referring Site		32%	32%	286%	35%	38%	28%
• Direct Traffic		28%	26%	29%	25%	25%	24%

Source: Google Analytics

## 5. Activities in the period from October 2011 to June 2012

The PEM PAL Steering Committee approved at its session on September 22, 2011 the COPs updated Action Plans for the period 2010 – 2012. Within these Action Plans, only the budgets until March 2012 have been approved. In order to stay within the MDTF ceilings, other activities (i.e., beyond March 2012) could not be approved yet. The PEM PAL Steering Committee will reconsider these activities once there is more clarity on the available donor financing, most likely by December 2011. COPs were requested to manage their spending strictly within the approved budget limits, as program financing is expected to remain tight till at least June 30, 2012, and there will be no flexibility to accommodate even insignificant budget overruns.

The COP's planned activities' status is shown below:

	Activity	Budget, in USD 000	Status
<b>B COP</b>			
1	Full meeting; Program budgeting; TBC; Feb/Mar12	132	Approved
2	Study visit; Uzbekistan/Slovenia; Oct11	30	Approved
3	Participation at the T COP event in Astana; Sep11	7	Approved
4	Full meeting; Estonia; Jun12	120	Not yet approved
<b>IA COP</b>			
1	Study visit; Moldova/Croatia; Oct11	15	Approved
2	Full meeting; Macedonia; Oct11	125	Approved
3	Back-to-back w / shop in Bulgaria; April12	46	Approved
4	Study visit ExCom to EU: PIFC; Jan12	24	Approved
5	IA Certification; Macedonia to Croatia; Oct11-Jun12	12	Approved
6	Full meeting; Hungary; Jun12	100	Not yet approved
<b>T COP</b>			
1	Full meeting; Kazakhstan, Sep11	190	Approved
2	Full meeting; Georgia, February12	110	Approved
3	Training for leadership officers; CoA	10	Approved
4	Leadership group meetings	10	Approved
5	Full meeting; Russia; May12	100	Not yet approved

## 6. New initiatives and plans

### 6.1. Knowledge sharing

Knowledge sharing is a cornerstone of the PEM PAL initiative. In this context, the PEM PAL Steering Committee discussed and approved at its September 22 session two projects to be launched in the last quarter of CY 2011: a virtual library, and a success stories/evaluation portal and a related brochure.

#### 6.1.1. Virtual library

Storing documents in a systematic way and making them available through the PEM PAL webpage can increase efficiency of the network because it allows substantial time and resource savings. Also the analysis of the PEM PAL webpage suggests that PEM PAL site visitors are looking for more content rich documents that they could use in their daily work.

In response to suggestions made by the PEM PAL community, and in light of the July 8 discussion in the Steering Committee, the Secretariat developed a virtual library platform. Once the upload of the documentation, based on the catalogue prepared by the Community Facilitator, and testing are completed, the virtual library will be made available to the PEM PAL community through the PEM PAL website.

### **6.1.2. Success stories/evaluation portal**

The Secretariat is developing a “PEM PAL success stories” portal that will gather short, informal stories, enjoyable to read, which will try to show the impact of the activities of PEM PAL network, both on the reform processes and the participants personally. The stories will be posted on the PEM PAL website, including the interviews with some 10 – 15 PEM PAL participants.

The “Success stories” portal attempts to be a step towards an enhanced evaluation framework that will include an expanded list of indicators with a view to measure how PEM PAL affects PFM reforms, and to find out whether and how the ideas discussed in the PEM PAL meeting were applied.

### **6.2. PEM PAL website updates**

The following additions to the PEM PAL website are envisaged during the last quarter of CY 2011: Glossary of terms, PEM PAL Strategy Update corner, “Behind the scene” corner (to provide an update on the news published on wikis).

Prepared by: Senka Maver  
November 15, 2011

## Attachment 1: Activities in 2011

Event 1: <b>ToT on Learning Facilitation for the COP leadership groups (ITC ILO)</b>	B COP	IA COP	T COP
Date / Venue: January 24 - 25, 2011; Zagreb, Croatia	✓	✓	✓
<p><b>1. Objectives:</b>            Help trainers and facilitators to effectively use creativity and participatory methods in their learning sessions and meetings. Specifically, how to: (i) Establish communicative comfort; (ii) Apply innovative facilitation techniques; (iii) Use social software to enhance learning within their sessions; (iv) Be creative in proposing ad-hoc learning ideas; (v) Apply learning monitoring and assessment techniques.</p>			
<p><b>2. Topics discussed:</b></p> <ul style="list-style-type: none"> <li>(i) Building good working relationships in face-to-face learning. Setting the initial working relationship: how to establish a good learning climate. Individual and group induction activities.</li> <li>(ii) Facilitating learning in a face-to-face course. Managing the learning environment. Facilitating learning: what does it mean? Participatory and innovative training methods for individual and group learning. Being creative: continuously adapting and innovating to ensure appropriate learning.</li> <li>(iii) Monitoring the learning process in face-to-face learning. Monitoring individual and group learning processes. Methods for formative assessment. Providing feedback and orientation.</li> </ul>			
Event 2: <b>2011 PEM PAL Plenary</b>	B COP	IA COP	T COP
Date / Venue: January 26 - 28, 2011; Zagreb, Croatia	✓	✓	✓
<p><b>1. Objectives:</b></p> <ul style="list-style-type: none"> <li>(i) Raising awareness of the need to improve the quality of management and managerial accountability, the consequential capacity building requirements, and the ideal sequencing of reforms;</li> <li>(ii) Examining inter-linkages in budgeting, treasury and financial management in the budget execution process to steer the budget formulation and execution process in an orderly and integrated way, and with internal audit to ensure that arrangements for risk management and the systems of internal financial control are robust;</li> <li>(iii) Assessing and disseminating good practice with ideas on how to increase political commitment and public support for PFM reforms at all levels;</li> <li>(iv) Identifying gaps in training and, where appropriate, the need for certification using the experience of some other countries; and, providing</li> </ul>			

practical guidance for setting up regional training schemes.
<p><b>2. Topics discussed:</b> Managerial accountability in budget execution. Two topics related to this theme were discussed: (i) arrangements which inhibit or undermine managerial accountability; (ii) the quality of budget formats and reporting, and how they contribute to decision-making.</p>
<p><b>3. Conclusions:</b></p> <ul style="list-style-type: none"> <li>(i) Reforms in PFM will only work if there is managerial accountability. Organizational structure should be aligned to program structure to facilitate monitoring of expenditures against the programs in program budgeting.</li> <li>(ii) Managerial accountability requires a clear assignment and delegation of tasks, responsibilities and authority to managers of spending units. For this, the following is needed: appropriate legislation; authority and flexibility to managers to make resource decisions, however, with key control points on spending; budget rules not limiting managerial accountability; performance information developed and reporting formats and templates to lead to higher quality decisions.</li> <li>(iii) IA function should be introduced in countries where it does not yet exist, with financial inspection keeping an important, but different role.</li> <li>(iv) Budget planning, execution and monitoring processes, timeframes and responsibilities should be clearly identified and documented.</li> <li>(v) There should be an appropriate follow-up of IA recommendations.</li> <li>(vi) PFM reforms should be appropriately sequenced and designed for the country's context and its existing capacities, and be supported by accompanying managerial reforms and improvements in (i) targeted training, (ii) competency standards, (iii) strategies to attract and retain managers and PFM specialists in MoFs, line ministries and local governments.</li> </ul> <p>Future actions for PEM PAL. Prepare/secure:</p> <ul style="list-style-type: none"> <li>a. Comprehensive glossary of translated PFM terminology to be posted on the PEM PAL website.</li> <li>b. International examples and case studies in (i) program budgeting and (ii) managerial accountability.</li> <li>c. Continued assistance through providing common frameworks, standards and clear definitions of roles and responsibilities in PFM.</li> <li>d. Summary of progress made in PFM reforms over the course of the past five years of PEM PAL, using PEFA, PIFC and other data sources.</li> </ul>

<b>Event 3: Steering Committee meeting</b>	SC
Date / Venue: January 26, 2011; Zagreb, Croatia	✓
<p><b>1. Topics discussed:</b></p> <ul style="list-style-type: none"> <li>(i) Appointed new Chair of the Steering Committee: Salome Steib from SECO for another one year term.</li> <li>(ii) Membership of the Steering Committee: Joop Vrolijk new member from OECD SIGMA; DFID withdrew from the SC; GIZ (InWent, GTZ) will continue to be SC members.</li> <li>(iii) B COP updated budget and action plan approved.</li> <li>(iv) ToR for the evaluation: the same person/company will be approached as in the past to ensure quality and consistency.</li> <li>(v) Miscellaneous: a joint leadership meeting to increase cross COP relation will be held in Switzerland in June/July, and will be combined with a SC meeting.</li> </ul>	

<p><b>2. Conclusions:</b> To be discussed in the next SC meetings: 4th COP (External Audit); CF performance plan; Virtual Library; TOR evaluation; Secretariat reports.</p>
---

Event 4: <b>Steering Committee meeting</b>	SC
Date / Venue: April 5, 2011 / Adobe	✓
<p><b>1. Topics discussed:</b></p> <ul style="list-style-type: none"> <li>(i) PEM PAL Secretariat Report for 2010</li> <li>(ii) PEM PA Quarterly Report for Q1 2011 and 2011 Plenary report</li> <li>(iii) PEM PAL Evaluation: Draft TOR for the second evaluation of the PEM PAL program</li> <li>(iv) Zagreb evaluation survey</li> <li>(v) External Audit COP</li> <li>(vi) Cross COP Executive Committee and Steering Committee meetings; July 6-8, 2011, Bern, Switzerland</li> </ul>	
<p><b>2. Conclusions:</b> SC approved the PEM PAL Secretariat reports for 2010 and for the Q1 of 2011. The SC also discussed the draft TOR for the second PEM PAL Evaluation (Mokoro). On the Zagreb evaluation survey, the SC made several recommendations. In particular they stressed the following. Reporting by the participants of the PEM PAL events to their peers in their home institutions/countries should become a regular practice. Participants' role in defining questions and agenda should be increased. Thorough preparation and planning of the events pay off. Zagreb survey results should be posted on the PEM PAL web page, although w/o the comments because they reflect individual views. Success stories should be posted on the PEM PAL webpage. Thank you letters to ministers with the communiqué attached to them help spread the outcomes of the PEM PAL meetings. On the External Audit COP, the SC elaborated on the options to establish an additional COP (External Audit). Also the objectives of the Cross-COP Executive Committee and SC meetings to be held in early July 2011 in Bern, Switzerland, were discussed.</p>	

Event 5: <b>2011 PEM PAL Treasury Community of Practice (TCoP) Meeting</b>	T COP
Date / Venue: April 18 - 22, 2011; Ljubljana, Slovenia	✓
<p><b>1. Objectives:</b> The main objective of the TCoP workshop was to offer an opportunity to the TCoP members to exchange experiences in designing and implementing public sector accounting reforms, in particular public sector accounting standards.</p>	
<p><b>2. Topics discussed:</b></p>	

<ul style="list-style-type: none"> <li>i. Pros and cons of transition to accrual accounting in the public sector</li> <li>i. Issues to be considered when designing national public sector accounting standards</li> <li>i. Pros and cons of direct adoption of IPSAS versus development of the national standards</li> <li>v. Sequencing the implementation of IPSAS based standards</li> </ul>
--

<b>Event 6: Internal Audit (IA) Manual workshop and a Training and Certification (T&amp;C) workshop</b>	IA COP
Date / Venue: June 6 - 7, 2011 (IA Manual) and June 8 - 9 (T&C); Chisinau, Moldova	✓
<p><b>1. Objectives:</b></p> <p><i>1.1. Objectives specific for the IA Manual workshop:</i></p> <p>The objective of the IA Manual workshop was to develop a deeper understanding of current IA manuals in the public sectors from PEM PAL and other EU countries and to deliver the first draft of the IA Manual template prepared by members and discussed with SIGMA experts and members from EU countries. The experts presenting at the workshops were from Hungary, Bulgaria and OECD Sigma.</p> <p><i>1.2. Objectives specific for the T&amp;C workshop:</i></p> <p>The objective of the Training and Certification (T&amp;C) workshop was to make connection between the Body of Knowledge (BoK) and T&amp;C and to place BoK in the T&amp;C system for internal auditors. The workshop focused on the development of the Training syllabus template and the first draft of the Training program (syllabus) for operational internal auditor in the public sector that should be based on BoK. During the workshop experts from four countries (Moldova, Hungary, Croatia and Bulgaria) presented their case studies of the T&amp;C program and shared difficulties that they faced.</p>	

<b>Event 7: Reforms to capital budgeting practices</b>	B COP
Date / Venue: June 14-17, 2011, Minsk, Belarus	✓
<p><b>1. Objectives:</b></p> <ul style="list-style-type: none"> <li>(i) Review capital budgeting practices in PEM PAL member countries and to discuss options on how to improve them;</li> <li>(ii) Identify key benchmarks for effective capital budget planning, prioritization and implementation;</li> <li>(iii) Discuss obstacles in capital budgeting reforms and potential options to remove them.</li> <li>(iv) Disseminate information on good practices and participate in discussions on how to apply those practices within PEM PAL member countries.</li> </ul>	
<p><b>2. Topics discussed:</b></p> <p>The current financial crisis has seriously affected capital budgets in many PEM PAL countries. Many weaknesses in organization and regulation contribute to inefficient solutions in capital budgeting processes. The roles of finance and line ministries are now being more clearly defined. There is no one-fits-all approach to strategic planning in capital budgeting. Key pillars of every capital budgeting are the following: asset inventory, strategic planning, project identification and selection process, project budgeting, project monitoring and evaluation, dialogue with politicians, capital project</p>	

filtering, and training. Each of these pillars was discussed in more detail. A report on the discussion is available on the PEM PAL web page (look for the B COP Capital Budgeting event in Minsk, Belarus).

Event 8: <b>Cross – COP meeting</b>	B COP	IA COP	T COP
Date / Venue: Bern, Switzerland; July 6 – 8, 2011	✓	✓	✓
<p><b>1. Objectives:</b> The overall purpose of the meeting was to bring the PEM PAL’s leadership groups together as part of a consultation strategy to prepare the PEM PAL strategy for 2012 – 2017. This strategy will aim to improve the network’s effectiveness and sustainability.</p> <ul style="list-style-type: none"> <li>(i) Develop and discuss medium-term strategies to improve the effectiveness and sustainability of the PEM PAL network;</li> <li>(ii) Identify and share good communication and management practices within and between COPs and develop strategies to address any challenges and problems;</li> <li>(iii) Learn about the Swiss practices and processes in budget and internal audit.</li> </ul>			
<p><b>2. Topics discussed:</b></p> <ul style="list-style-type: none"> <li>(i) Improving the network’s effectiveness and sustainability. Participants shared views on what makes a sustainable and effective network to identify PEM PAL’s strong and weak points, and avenues for the future. They also discussed how to establish a sense of ownership and committed membership, and strengthen the network’s visibility, performance measurement and sustainability.</li> <li>(ii) Developing the PEM PAL Strategy. The main objective of the Strategy will be to examine PEM PAL’s relevance, sustainability and options for the next five years. These options will also be presented to the donors. The strategy is set to be finalized by the end of 2011 and released in early 2012, with internal consultations on its template starting in early August 2011, and continuing in the fall.</li> <li>(iii) Swiss Government study visit. Presentations and discussions addressed the question of how budget and internal audit functions can be delivered in a decentralized environment. Switzerland is quite decentralized. Cantons, which differ considerably by their size, population, have a very large fiscal autonomy, and are very independent from the federal level. Fiscal rule is playing an important role in keeping the budgets in check. This is essential, as the public finance responsibilities and independence of municipalities has been increased. But there is also a long tradition of accounting and auditing, with well defined standards and rules.</li> </ul>			

Event 9: <b>Steering Committee meeting</b>	SC
Date / Venue: July 8, 2011	✓

<p>1. <b>Topics discussed:</b></p> <ul style="list-style-type: none"> <li>(i) PEM PAL 2011 Evaluation</li> <li>(ii) PEM PAL Strategy 2012 – 2017</li> <li>(iii) PEM PAL Secretariat progress report for January – June 2011, and work program</li> <li>(iv) Information on the status of activities re potential External Audit COP</li> </ul>
<p>2. <b>Discussion and conclusions:</b></p> <p>Timelines and processes relating to the PEM PAL (Mokoro) 2011 evaluation were discussed: inception report by August 1, draft report by November 1, and a final report by December 15. Also discussed were timelines for the PEM PAL Strategy for 2012 – 2017: outline and first draft and release. COPs inputs to the Strategy were considered important. The Steering Committee approved the PEM PAL Secretariat report for January 2011 to June 2011. The COPs were asked to update their Action Plans by end-August. Also discussed were proposed new initiatives: virtual library, glossary of terms, wiki/website, going green initiative, and enhanced reporting, daily debriefs and best practices benchmarking initiatives. All these initiatives will be discussed further. Discussion on the External Audit COP (interest, financial implications, impact) will be made part of a broader discussion on the rationale and feasibility of establishing additional COPs in the context of the overall Strategy discussion.</p>

<b>Event 10: Steering Committee meeting</b>	SC
Date / Venue: September 22, 2011 through adobe	✓
<p>1. <b>Topics discussed:</b></p> <ul style="list-style-type: none"> <li>(i) PEM PAL Strategy 2012 – 2017</li> <li>(ii) PEM PAL (Mokoro) Evaluation</li> <li>(iii) Report on the overall use of the Multi Donor Trust Fund</li> <li>(iv) COPs updated budgets and work plans</li> <li>(v) PEM PAL Secretariat update on the progress with the new initiatives</li> </ul>	
<p>2. <b>Discussion and conclusions:</b></p> <p>The PEM PAL Strategy will be subject to internal consultations until December 2011. First draft was available on August 1, and the second will be finalized by November 15. The Strategy will then be released in March 2012. The Steering Committee felt that the August 1 draft was a rich document. Several valuable suggestions were received from various stakeholders, mainly from the WB staff, and the Community Facilitator will incorporate them into the mid-November second draft. The COPs will discuss their individual strategies and will also provide input for the mid-November draft. With respect to PEM PAL (Mokoro) evaluation, suggestions were made how to help the evaluator with scheduling interviews. The resource envelope for PEM PAL activities did not change since June 2010. Of USD 3 million, USD 1,94 million has been spent or committed, and, considering the current plans, additional commitments of USD 1,05 million were expected to be incurred for the expenses planned for the first quarter of 2012. The Steering Committee approved revised COPs action plans and budgets until March 2012. In order to stay within the MDTF ceilings, activities beyond March 2012 could not be approved. A virtual library will become operational in October 2011. Also a success stories initiative that aims to reflect on experiences of the participants and their institutions with PEM PAL network is underway and will be finalized by November 2011. A tender for the Secretariat services, for the phase starting in July 2012, will be launched in December 2011.</p>	

--

<b>Event 11: Use of information technology (IT) in treasury operations.</b>	T COP
Date / Venue: Astana, Kazakhstan; September 27 – 29, 2011	✓
<p><b>1. Topics discussed:</b>  An automated financial management information system (FMIS) is essential for a well functioning accounting and financial system. Experience suggests that it takes time and significant resources to design, procure and implement an FMIS. Some important questions need to be answered before starting with implementation. Introduction of an FMIS requires a comprehensive plan, looking at every detail, and with realistic deadlines and implementation milestones. This plan needs to take into account the legal framework, existing institutional set up, business processes and other PFM reforms. It should tell exactly what is needed and why for the FMIS to operate efficiently and effectively, offer ICT solutions (how, where, when), and devise capacity development and implementation steps. Unless all the details are clear from the start, problems tend to emerge in implementation (e.g., often in procurement). It is also important that the users understand the benefits of the new system, and constantly provide their feedback. To support implementation of the FMIS projects, the World Bank in September 2010 established a FMIS Community of Practice (COP) to promote exchange of information and experiences gained in the design and implementation of FMIS solutions. The FMIS COP membership is open to all specialists and officials from interested countries and development partners, who wish to communicate and collaborate for the improvement of PFM practices through FMIS solutions. The World Bank has also issued a comprehensive FMIS study, set up an FMIS data mapper and a database.</p>	
<p><b>2. Conclusions:</b>  The participants agreed that the success of any FMIS project depends on three key pillars. One is political will and strong leadership, assisted by a dedicated team. The other is a commitment and detailed plan and proper risk analysis. And, finally, special attention needs to be given to capacity building and training, as well as communication strategy, so that the benefits of the project are well understood.</p>	

## Attachment 2: Financial indicators

	Transport		Accommodation		Transl/Moderation		Other		Total		Exchange rate USD/EUR
	EUR	USD	EUR	USD	EUR	USD	EUR	USD	EUR	USD	
	1. TOT ws, Croatia; Jan11					6.193	8.741			6.193	
2. PEM PAL Plenary,Cro; Jan11	74.393	105.006	97.146	137.122	33.271	46.962	16.483	23.266	221.293	312.355	1,4115
3. TCOP, Slo; Apr11	28.647	40.894	32.553	46.469	10.671	15.233	2.163	3.088	74.034	105.684	1,4275
4. IA COP, Moldova; June11	12.254	17.496	15.266	21.797	4.513	6.444	535	764	32.568	46.501	1,4278
5. B COP, Belarus; June11	26.237	37.773	49.653	71.485	19.898	28.647	11.332	16.315	107.120	154.221	1,4397
6. Cross-COP, Switzerl.;July11	18.265	26.285	24.735	35.596	19.934	28.687	1.798	2.588	64.732	93.156	1,4391
7. T COP Kazakhstan; Sep11	46.293	67.125	47.341	68.644	4.873	7.066	1.710	2.480	100.217	145.315	1,4500
<b>8. Total (=1+2...+7)</b>	<b>206.089</b>	<b>294.579</b>	<b>266.694</b>	<b>381.113</b>	<b>99.353</b>	<b>141.780</b>	<b>34.021</b>	<b>48.499</b>	<b>606.157</b>	<b>865.972</b>	1,4296

	Total expenses			Participation									Expenses /COP member/excl.transl.*			Cost drivers (Note)
	EUR	USD	In %	Total #	Resour %	Trnslat/ moderat	Secret. staff	Spe akers	Total	No of count	No of inst	event		day		
												EUR	USD	USD		
	A	B	C	D	E	F	G	H	I	J=D+F+G+H+I	K	L	M	N	O	
<b>1.B COP</b>	<b>107.120</b>	<b>154.221</b>	<b>18</b>	<b>54</b>	<b>16</b>	<b>6</b>	<b>5</b>	<b>2</b>	<b>6</b>	<b>73</b>			<b>1.615</b>	<b>2.325</b>	<b>664</b>	A
1.1. B COP, Belarus; June11	107.120	154.221		54		6		2	6	73	19	7	1.615	2.325	664	
<b>2. IA COP</b>	<b>32.568</b>	<b>46.501</b>	<b>5</b>	<b>24</b>	<b>7</b>	<b>5</b>	<b>2</b>	<b>2</b>		<b>33</b>			<b>1.169</b>	<b>1.669</b>	<b>417</b>	B
2.1.IA COP, Moldova; June11	32.568	46.501		24		5		2		33	10	3	1.169	1.669	417	
<b>3. T COP</b>	<b>174.251</b>	<b>250.999</b>	<b>29</b>	<b>102</b>	<b>29</b>	<b>12</b>	<b>10</b>	<b>3</b>	<b>21</b>	<b>148</b>			<b>1.556</b>	<b>2.242</b>	<b>584</b>	C
3.1. TCOP, Slo; Apr11	74.034	105.684		41		6		1	3	56	15	3	1.545	2.206	490	
3.2.T COP Kazakhstan; Sep11	100.217	145.315		61		6		2	18	92	20	3	1.563	2.266	648	
<b>4. Cross COP**</b>	<b>292.218</b>	<b>414.252</b>	<b>48</b>	<b>166</b>	<b>48</b>	<b>21</b>	<b>21</b>	<b>10</b>	<b>26</b>	<b>244</b>			<b>1.502</b>	<b>2.128</b>	<b>608</b>	D E F
4.1. TOT ws, Croatia; Jan11	6.193	8.741		11		4		4	1	24	5	2	326	460	230	
4.2. PEM PAL Plenary,Cro; Jan11	221.293	312.355		133		8		4	18	175	21	12	1.414	1.995	570	
4.3.Cross-COP, Switzerl.;July11	64.732	93.156		22		9		2	7	45	17	5	2.036	2.930	837	
<b>5. Total (=1+2+3+4)</b>	<b>606.157</b>	<b>865.972</b>	<b>100</b>	<b>346</b>	<b>100</b>	<b>44</b>	<b>38</b>	<b>17</b>	<b>53</b>	<b>498</b>	<b>Weight. average</b>		<b>1.513</b>	<b>2.161</b>	<b>596</b>	

Note: \* Per participant expenses (per event and per day) relate to transport, accommodation and other expenses only, and do not include translation/moderation expenses. Plenary includes TOT ws accommodation expenses. Weighted averages apply for individual COP and Cross COP, as well as total expenses (see columns M, N and O above). TOT ws excluded from calculations.

**Cost drivers explained:** A: Accommodation and travel. B: Back to back two workshops. C: Accommodation and travel. D: Moderation expenses only. E: Accommodation includes TOT ws. F: Travel, accommodation and translation.

**Attachment 3: PEM PAL evaluation through post-event surveys**

<b>Level 1: Activity / interaction indicators:</b> measure attendance, efficiency of events, participants' opinion, quality of interactions and organization of events..									
#	Indicator	Value	TOT ws Croatia, Jan	Plenary, Croatia, Jan	T COP Slove, Apr	IA COP Mold, Jun	B COP Belarus, Jun	Cross_COP Switzerl, Jul	T COP Kzkhst, Sep
1.1.	Information on objectives and activities	1-5 scale		4,3	4,2	4,3	4,1		
1.2.	Interest in being an active member of PEM PAL	1-5 scale		4,2	4,1	4,8	4,0		
1.3.	Frequency of informal contacts	1-5 scale		3,3	2,6	4,0	2,9		
1.4.	Contribution to leadership and mngm tasks	1-5 scale		2,9	2,7	3,0	2,6		
1.5.	Inputs to event discussions	1-5 scale		2,8	2,8	4,0	2,3		
1.6.	Event duration	Too short About right Too long		14% 81% 5%	15% 77% 8%	17% 82% 0%	7% 89% 4%	6% 89% 6%	
1.7.	Event participation	Active Average Passive		54% 44% 2%	31% 39% 31%	47% 41% 12%	44% 48% 7%	61% 39%	
1.8.	Time allowed for questions	1-5 scale	4,4	3,6	4,4	4,1	4,6		
1.9.	Time allowed for free discussions	1-5 scale		3,7	4,3	4,2	4,7		
1.10.	Quality of organization	1-5 scale	4,9	4,1	4,6	4,5	5,0	4,2	
1.11.	Quality of administration	1-5 scale	4,8	4,3	4,6	4,8	5,0	4,5	
1.12.	Agenda and event information	On time	Y/89%	Y/89%	Y/100%	Y/100%	Y/100%	Y/89-100%	
1.13.	Overall satisfaction with the event	1-5 scale	4,9	4,2	4,5	4,9	4,9	4,7	
1.14.	Workshop meeting the expectations	Disappoint Meet Exceed	- 26% 74%	7% 81% 13%	- 92% 8%	- 53% 47%	- 71% 29%		
1.15.	Most valued element of the event	List three	New tools, Directly applicable	Exch.exper. Discussions Prsntations	Experts Exch.exper. Prsetations	Exch.exper. Prsetations Discussions	Exch.exper. Prsntations Discussions	Swiss prsn. All 3 COPs Exc.exper.	
1.16.	Suggestions to improve content	List three	More time	More case studies, time for discussion	More practical cases, focus on spc.topic	More dtiled exploration Of practice areas	Survey on future topics	More discussion on Strategy.	
1.17.	Reporting to the peers	y/n; %		Y/97%	Y/96%	Y/100%	Y/96%		
1.18.	Event considered useful for the colleagues	y/n; %		Y/100%	Y/100%	Y/100%	Y/96%		
1.19.	Regular use of PEM PAL website (wiki)	1 - 5 scale		3,4	3,5	4,3	3,2		

**Level 2: Assessing the value of the event:** assess whether the event has contributed to better skills and knowledge of participants.

#	Indicator	Value	TOT ws Croat, Jan	Plenary, Croatia, Jan	T COP Slove, Apr	IA COP Mold, Jun	B COP Belarus, Jun	Cross_COP Switzerl, Jul	T COP Kzkhst, Sep
2.1.	Applicability in the daily work	1-5 scale	4,6	3,6	3,8	4,1	3,8		
2.2.	Learning from the experience of the peers	Yes No, but will No 1-5 scale	4,4	45% 53% 2% 3,9	27% 73% - 4,5	56% 44% - 4,7	36% 60% 4% 4,2		
2.3.	Level of prior experience relevant to the event	1-5 scale	4,0	2,8	3,8	3,1	3,2		
2.4.	Enough time for practical exercises and projects	1-5 scale	4,5	3,35	3,7	4,1	4,2		
2.5.	Level of ws v/v experience and knowledge	1-5 scale	4,7	4,0	4,5	4,5	4,5		
2.6.	Number of topics v/v allocated time	1-5 scale	4,7	3,6	4,3	4,5	4,2		
2.7.	Relevance of topics	1-5 scale	4,7	4,1	4,6	4,6	4,5		
2.8.	Most contacted PEM PAL countries	List top three		Croatia Mntnegr Alb, Russia, Bosnia, Serb, Ukr.	Cro,Maced, Moldova, Albania	Ukr, Cro, Arm, Georg, Russia	Cro, Serb, Montng, Mold, Belarus		