

PEMPAL TCOP Workshop Concept

Location: Tbilisi, Georgia

Dates: February 27-29, 2012

Background

The main objective of PEMPAL program is to strengthen professional skills of public finance specialists in the member countries and support them in implementing various aspects of reforms of their national PFM systems. Main tools used by the program to achieve this objective are exchange of experiences and knowledge transfer among the practitioners.

PEMPAL Treasury Community of Practice (TCOP) identified several themes of priority interest for its members. Use of information technologies in treasury operations, public sector accounting and reporting reforms and approaches to assuring treasury controls are the main topics for discussions among TCOP members.

Based on TCOP members' proposals, the community's Activity Plan for the first half of 2012 envisages organization of a workshop devoted to practical issues of integration of external financing into the processes of national budgets execution, accounting and reporting. The majority of the TCOP member countries are the recipients of external financing in various forms. The practical problems faced in the process of integration of external financing into national budget systems are widely known. In many cases the challenges are related to the fiduciary requirements of donor organizations. National systems do not fully fit those requirements, which leads to the use of parallel mechanisms, for example, in the process of implementation of investment projects funded by external donors. Within the framework of public finance management reforms, many PEMPAL countries pursue the objective of integrating external financing into all stages of the budget process.

It became a good tradition to conduct TCOP meetings in member countries, and to combine them with presentation of experience of public finance management reforms of the hosting country. Over the recent years, such events have been successfully organized in Albania, Moldova, Tajikistan and Kazakhstan.

During the meeting held in October 2011, TCOP Leadership Group has accepted the invitation of the Ministry of Finance of Georgia to organize the next community's workshop in Tbilisi, on February 27-29th, 2012.

Objectives

The main objective of the Tbilisi workshop is to offer an opportunity to the interested TCOP members to exchange experiences related to the topics on the agenda. TCOP member countries are at the different stages of reforming PFM systems and the workshop will offer a valuable opportunity for participants to share their opinions, and will provide a good impulse for promotion of the reforms. Workshop participants will have the opportunity to discuss different practical aspects related to implementation of the donor funded projects, including the issues of accounting and reporting. There are interesting experiences in this area in TCOP member countries, and one of the goals of Tbilisi workshop is to promote sharing of good practices among the members.

Another important objective of the workshop is to familiarize the participants with the experience of the hosting country, Georgia, in reforming the budget execution processes and national treasury system modernization.

Contents

Taking into account the preliminary discussions within the TCOP Leadership Group, and the hosting country representatives' proposals, the agenda of the workshop will include presentation of the experience of Georgia in implementation of PFM reforms, with the focus on the issues of budget execution, public sector accounting and reporting.

Georgia has achieved interesting results in some reform areas and is implementing far-reaching modernization of the treasury system. The experience of centralization of treasury services accompanied by abolition of the treasury regional offices and introduction of internet based services for the clients is likely to be of high interest for the workshop participants. Among other clients, the treasury of Georgia provides services for the projects funded by external donors. The hosting country has also an interesting experience in the area of public sector accounting and reporting reforms. The ministry of finance of Georgia is preparing a detailed presentation to highlight all these aspects of PFM reforms in the country. Live presentation of the information systems used in the process of budget predation and budget execution is envisaged as part of the workshop agenda. More details on the contents of presentation proposed by the hosting country can be found in Annex 1.

Along with the hosting country presentations, the cases of other participating countries will be presented during the workshop. Interested participants, willing to share their country experiences, will be invited to make brief presentations following the recommended format that will be circulated in advance. The issues recommended to be covered in those presentations, will include: (i) methodological issues of

reflecting external financing in the budget classification and chart of accounts (ii) approaches for solving technical difficulties in the process of integrating external financing into the single treasury account (the need to separate donor resources, multiple currencies, etc.) (iii) Examples of servicing donor funded projects through the treasury, and (iv) specifics of accounting and financial reporting as part of project management.

Experts will be invited to provide presentations, comments and conclusions on the discussed topics during the workshop.

Similarly to the previous TCOP events, the agenda of Tbilisi workshop will include a number of small group discussion sessions. The list of questions to be discussed during these sessions will be defined, taking into account community's members proposals expressed in the process of the event organization.

In addition to the main themes of the workshop, the Leadership Group members will discuss during the third day of the event the issues related to the TCOP future activity, principles of community's work coordination, and use of the new communication tools within the community.

Specialists from the countries represented in the TCOP Leadership Group¹ will be invited to the workshop. It is possible, also, to invite several specialists from the countries which are not leadership group members, but had expressed their interest to learn Georgia's experience in developing and using financial management information system². In conformity with the agreement on exchange between PEMPAL COPs, several Budget Community of Practice members will be invited to attend Tbilisi workshop. The total expected number of participants is 45-50, including experts. It is expected, that the ministry of finance of Georgia will delegate to the seminar around 10 representatives. The format of the workshop will be very informal and aimed at stimulating the debate and encouraging maximum participation of the country representatives. The working languages will be Russian and English, using simultaneous interpretation³.

The event will be facilitated by the World Bank team working with TCOP.

¹ Countries represented in the leadership group: Albania, Azerbaijan, Belarus, Georgia, Kazakhstan, Kosovo, Kyrgyzstan, Moldova, Ukraine and Tajikistan.

² During the workshop held in Astana, some participants have expressed their interest to learn more about the information system of the ministry of finance of Georgia

³ Some host country presentations will be made in Georgian language, with the simultaneous translation into Russian and English

Preliminary Agenda of the Tbilisi workshop

Day 1, morning

Session 1. Introduction, welcome, etc.

Session 2. Hosting country experience in PFM reforms implementation

Experts' comments

Questions&Answers session

Day 1, afternoon

Session 3. Live demonstration of the information systems of the Ministry of Finance of Georgia

Questions&Answers session

Session 4. Small group discussions on Georgia presentations

Day 2, morning

Session 5. Experts' presentations on integration of donor funding into the processes of budget execution, accounting and reporting

Session 6. Participating countries' presentations

Questions&Answers session

Day 2, afternoon

Session 6. Continuation of participating countries' presentations

Session 7. Small group discussions

Day 3, morning

Session 8.

- Group reports on the small group discussions sessions
- Plenary discussion - conclusions of the workshop

Session 9.

- PEMPAL library and TCOPempal wiki page demonstration

- Workshop closure

Day 3, afternoon

TCOP Leadership Group meeting devoted to:

- Issues related to TCOP future activity and community's work coordination;
- Preparation of the plenary TCOP meeting, planned to be carried out in Russian Federation, in July, 2012.

Annex 1.

Proposed content of presentations by the hosting country

1. General overview of the PFM reforms in the Treasury Service

(Language of presentation and slides – English; length of the session - 30 minutes)

- Current developments in the Treasury Information system;
- PFMS model – to be implemented by 2013;
- Double Entry Treasury General Ledger concept - to be implemented by 2013;
- IPSAS implementation – progress achieved so far;

2. Budget Receipts Accounting and Management; Donor Funded Investment Project Management

(Language of presentation –Georgian, language of slides – English; length of the session- 30 minutes)

- GEL Treasury Single Account management; TSA General ledger; Ledger Accounts for Resource Owners; Funds allocation to the resource owners;
- Single FX Account Management; Resource allocation on the Investment Project subaccounts;
- Donor Funded Investment Project subaccounts management;

3. State Budget Payment system (followed by live demonstration);

(Language of presentation and slides – English; length of the session - 75 minutes)

- State Budget Payment Procedures;
- State Budget Payment Information System;

- Data exchange via electronic service with the State Procurement Agency database and Budget Management module;
- State Budget Payment System Participant (BOs) interface – input documents (contracts, payments requests, FX payment requests);
- Treasury business processes – authorize documents;
- Green Corridor for standard documents – automatic authorization;
- Special format for some specific payments (Wages and salaries, travel expenses);
- Live Demonstration;

4. Tax and non-Tax Refund mechanisms

(Language of presentation –Georgian, language of slides – English; length of the session- 30 minutes)

- Tax refund subaccount arrangements;
- Tax refund procedures;
- Data Exchange with the Revenue Service;
- Non-tax refund mechanisms;

5. Cash and Dept Management practices in the Treasury

(Language of presentation and slides – English; length of the session- 30 minutes)

- State Securities; Financial Instruments currently in practice; Local capital Market overview;
- Cash management instruments: State budget loans; short term loans; deposits in the commercial banks;

6. Donor Funded Investment Project accounting and reporting

(Language of presentation –Georgian, language of slides – English; length of the session -45 minutes)

- Donor funded investment project implementation unit: Government entity vs PIU - LEPL
- Accounting and reporting methods and tools used by Donor funded investment project implementation units;
- Compilation of Donor funded investment project accounting data in the Spending Institutions (Line Ministries) integrated balance sheets;