



## MINUTES

### PEM PAL Steering Committee meeting February 16 – 17, 2012; Ljubljana, Slovenia

#### 1. Present

*Members:* Salome Steib (Chair, SECO), Albana Gjinopulli (IA COP, Albania), Ljerka Crnković (IA COP, Croatia), Cristina Scutelnic (IA COP, Moldova), Angela Voronin (T COP Deputy Chair, Moldova), Senka Šogorović (B COP, Croatia), Anna Belenchuk (B COP; Ministry of Finance of the Russian Federation), Konstantin Klyuka (Ministry of Finance of the Russian Federation), Regina Bernhard (GIZ), Joop Vrolijk (OECD/SIGMA), Elena Nikulina (PEM PAL Task Team Leader, The World Bank), Marius Koen (The World Bank);

*Permanent Observers to the Steering Committee (SC):* Deanna Smith, PEM PAL PFM Advisor, Senka Maver (PEM PAL Secretariat);

*Observers:* Maya Gusarova (The World Bank Country Office, Russia), Arman Vatyan (The World Bank Country Office, Armenia), Ion Chicu (TCOP advisor, The World Bank), Anastasia Kulikovskaia (Interpreter), Živa Lautar, Bojana Crnadak, Maja Tomšič, Polona Sirnik and Gregor Šekoranja (PEM PAL Secretariat, partly).

#### 2. Welcome and introduction

The Chair of the Steering Committee (SC), Ms. Salome Steib, welcomed all participants. On behalf of the SC, she extended condolences to Ms. Anila Čili, Chair of the T COP, for the loss in her family, which prevented her from attending the SC meeting.

Ms. Steib also extended congratulation to Mr. Maksim Ermolovich, Chair of the B COP, and Mr. Tomislav Mičetić, Chair of the IA COP, for their promotion to the position of a Deputy Minister of Finance of Belarus, and Secretary General at the Croatian Ministry for Public Administration, respectively.

#### 3. Election of the Chair of the Steering Committee

The SC members asked Ms. Salome Steib (SECO) to serve as the PEM PAL SC Chair for another year; Ms. Steib agreed with pleasure and thanked the SC members for their continued trust in her chairing.

#### 4. No-objection of the budget revisions

The Chair of the SC informed the SC that, effective February 10, 2012, based on the SC's no-objection vote (re: the Secretariat's document circulated on January 31, 2012), three COPs events, all taking place in June 2012, (IA COP in Hungary, T COP in Russia and B COP in Estonia) and the budget increase for the B COP March event (from USD 132 thousand to USD 230 thousand), were deemed approved.

#### 5. Review of the recommendations of the Mokoro Evaluation

##### 5.1. Background

In mid-January 2012, the SC received the final version of the external evaluation report, the second in the PEM PAL's history. The external evaluation has been commissioned in early 2011 by the World Bank on behalf of the SC. The Mokoro Ltd evaluator (Alta Fölscher) re-applied the framework developed in the 2009 evaluation in order to provide for comparability of the findings. The overarching objective of the second external evaluation was to assess the accountability of the PEM PAL program, and to improve understanding of the factors contributing to its outputs and outcomes.

The SC discussed the evaluator's inception and draft reports at its earlier sessions on September 22, 2011 and November 30, 2011, respectively. It invited all stakeholders to provide comments to the draft report with respect to (i) format, language and style of the report, (ii) compliance with the ToRs requirements, and (iii) factual errors. The evaluator incorporated a wide range of comments into the final version.

## *5.2. Discussion*

The SC addressed two issues in connection with the final version of the evaluation report. One was the so called management's response. The SC decided to prepare it in order to provide for institutional memory, explain why certain recommendations have been taken on board, and others not, and to comply with the access to information policy followed by all major stakeholders. The second issue the SC worked on was to reach agreement on the recommendations from the evaluation report that would be reflected in the PEM PAL 2012 - 2017 Strategy.

Working in three groups, the SC reflected on the aspects to be included in (i) the management's response, and (ii) the strategy. Each group was assigned one of the evaluation report's three sections, addressing input objectives, output objectives and the PEM PAL's strategic objectives, respectively.

The SC agreed on the following recommendations of the evaluation, namely that the PEM PAL should:

- a. Develop clear strategic objectives;
- b. Provide for quality and sustainability of the network, and encourage the donors to decide on the nature and contributions of their long-term engagement with the network;
- c. Focus more on building professional competency of individuals who participate in PEM PAL activities, and less on general results in the PFM systems that would be difficult to measure and attribute to PEMPAL interventions; and, therefore,
- d. Provide for financial and technical support with a view to consolidate and improve the quality of participation of individuals at the COPs, and to enable them to contribute effectively to PFM reforms in their countries; and, to this end,
- e. Engage senior officials at a higher political level into the process to think about how PEM PAL can help them make a difference in their countries;
- f. Provide resources for creating PEM PAL-branded knowledge products;
- g. Develop a set of key performance indicators to be shared by all key stakeholders;
- h. Demonstrate the relevance of the PEM PAL for countries at a different level of development, and stress the importance of diversity (in terms of language, cultural and institutional background);
- i. Develop a clear assignment of roles and responsibilities between the SC, the PFM Advisor, the resource groups and the Secretariat;
- j. Given the growth in network activity, consider developing over time a full secretariat with adequate administrative structure, budget and full time staff.

These recommendations will be reflected in the PEM PAL Strategy 2012-2017.

## *5.3. Conclusion*

The PFM Advisor will draft the management's response in a form of an overall statement by March 19, 2012.

## **6. Agreeing on the final version of the PEM PAL Strategy**

### *6.1. Background*

The PEM PAL Strategy for 2012 – 2017 is intended to formulate the network’s relevance, sustainability and options for the next five years. The strategy’s main elements were discussed at the July 2011 Cross-COP meeting in Bern, Switzerland. Since then, two draft versions have been subject to extensive consultations with a wide array of stakeholders. The SC was also closely involved in its preparation, and discussed it at its September 2011 and November 2011 meetings. Also the Mokoro evaluation made some very relevant recommendations. The PFM Advisor incorporated all the insights and suggestions into the strategy’s third draft that the SC discussed at its session on February 16, 2012.

## 6.2. Discussion

Working in three groups, the SC reflected on the hierarchy of objectives and how the scenarios of the strategy should relate to these objectives. Three main objectives were identified to contribute to the depth, quality and impact of PEMPAL activities through, (i) ensuring quality knowledge resources and services to members (e.g., through knowledge products, virtual library, cross-COP cooperation, experts, diversity of the membership, clear assignment of roles of the SC, leadership groups, the Secretariat, PFM Advisor, resource teams); (ii) improving membership quality and sustainability (e.g., through medium term strategies, co-financing and in-kind contributions of the participating countries); and, (iii) engaging the higher political level to PEM PAL (e.g., by exploring options for a MOF network, through targeted marketing and in-depth PFM studies).

The SC also reflected on specific issues, such as the PEM PAL vision statement, definition of PEM PAL membership vs participation, contribution by members in terms of readiness for co-financing and in-kind contributions.

In light of this discussion, the SC asked the PFM Advisor to design the strategy around the following elements: (i) Background; (ii) Vision and mission of PEM PAL (including an organization scheme); (iii) Results achieved so far (indicators from the Annual Report and two external evaluations, recommendations from the second evaluation); (iv) PEM PAL objectives, in terms of depth, quality and impact; (v) Action plans and costing; (vi) Annexes (SWOT analysis, PEM PAL results framework, Updated action plans).

## 6.3. Conclusion

The PFM Advisor will redraft the wording of the strategy to include the elements as discussed at the SC meeting by 12 March 2012. The revised strategy would be circulated to SC members with a consultation period of 3 weeks.

# 7. COPs Updated budgets and general discussion on budget issues

## 7.1. Background

*General budget situation for the current funding period (until June 30, 2012).* In total, USD 3.9 million has been made available for PEM PAL activities in the period from July 2010 until June 2012 from the World Bank’s Development Grant Facility (DGF; USD 0.175 million) and the World Bank administered Multi-Donor Trust Fund (MDTF; USD 3.75 million). In 2010-2011, the MDTF received planned contributions from SECO (USD 0.76 million) and the Russian MoF (USD 1.9 million). The Russian MoF contributed an additional USD 0.95 million effective end-December 2011, allowing for a continued implementation of the previously planned activities.

On the expenditure side, there has been an under-spending for the resource teams, evaluation and knowledge databank (est. USD 0.835 million compared to USD 1.16 million planned). There has been an over-spending relating to COPs activities, Secretariat and Steering Committee (est. USD 2.773 million vs. USD 1.835 million planned), which was possible because of an additional contribution of the Russian MoF of USD 0.95 million. This contribution leaves the end June 2012 balance positive at around USD 0.3 million, providing for a smooth transition to the next funding phase.

*The expenses for the COPs activities and the COPs budgets.* The total expenses for PEM PAL events have been constantly increasing since the start of the current funding phase in July 2010, mainly for the following reasons: (i) inflation effect on expenses for accommodation and food; (ii) decentralization of PEM PAL activities; (iii) larger volumes of translated material; (iv) higher participation at the events (16 participants in average in 2009, and 42 in 2011); (v) intensified activity. As a result, the budget envelope for 2010 – 2012 for all three COPs increased from initial (2010) USD 1.2 million to current (February 2012) USD 2.1 million, or by 75 percent.

## 7.2. Discussion

*General budget situation for the current funding period.* The SC took note of the financial situation and extended appreciation to the Russian Ministry of Finance for its support that allowed for a continuation of the activities in the last part of the funding period.

*New donors' pledges.* For the time being, three donors are considering pledging new contribution to the PEM PAL network.

The Russian Federation is planning to provide USD 2 million for PEM PAL activities during July 2012 to June 2014; involvement beyond July 2014 is not excluded (to be confirmed in 2013).

SECO is considering a tentative contribution of CHF 3 million for the period from July 2012 until June 2017.

OECD/SIGMA decided to provide in-kind support to all three COPs at all their events taking place over the two-year period until end of CY 2013, in addition to one expert working with the COPs between the events to facilitate network discussion.

*Criteria to help keep the COPs budgets in check.* The SC expressed concern on the overspending and discussed trade-offs of (i) capping individual COPs events<sup>1</sup> against (ii) providing the COPs the budget envelopes and letting them decide on the allocations. There was more support for the latter option. Also, there was an agreement to develop generic guidelines for the benefit of the leadership groups (e.g., on criteria for participation; hard and soft ceilings) to assist them in budget decision-making.

## 7.3. Conclusions

- (i) *Current funding period.* PEM PAL will end the current funding period with a positive balance, which will allow for a smooth transition to a new funding phase. At the same time, the COPs activities have been much more ambitious than planned, and this was made possible because of an additional contribution from the Russian Federation.
- (ii) *COPs Action Plans and Budgets until end-June 2012.* The SC approved the following budget increases: IA COP Bulgaria (from USD 46 thousand to USD 120 thousand); IA COP Hungary (from USD 100 thousand to USD 120 thousand); T COP Georgia (from USD 110 thousand to USD 170 thousand); T COP Russia (from USD 100 thousand to USD 250 thousand). The SC approved the reduction of the budget for the B COP Estonia event from USD 120 thousand to USD 40 thousand.
- (iii) *COPs action plans and budgets beyond July 2012.* The SC could not approve any action plans and budgets for the activities beyond July 2012 given that the closing date of the main source of funding, PEM PAL MDTF, has not been extended yet, and new donor funding has not yet been officially confirmed.

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<sup>1</sup> The Secretariat suggested limiting (i) the events budgets: to USD 180,000 for big events, USD 60,000 for small group meetings, USD 30,000 for study visits; and/or, (ii) participation at the events to 2 per country, or up to 2+1 per country, or up to 2+1+1 per country.

- (iv) *Preparing new action plans and budgets.* By March 15, the COPs leadership groups are to be sent guidelines (to be drafted by an ad-hoc resource team lead by Marius Koen) to help re-cost their activities. The COPs will be requested to prepare, by mid-April, updated action plans and budgets, which the Secretariat will review. The guidelines should be posted on the PEM PAL website.
- (v) *Criteria to keep the COPs budgets in check.* The COPs leadership groups should be allowed to decide on the allocation of their budgets, based on the input information provided by the Secretariat to help project the expenses. Requests for increases can only be approved based on a review of their activity. The COPs leadership groups should be regularly (e.g. quarterly) informed about the budgets available to them for their activities. The COPs budgets presented in the strategy should be recalculated based on more recent and updated financial figures.

## **8. Marketing PEM PAL: 2011 Annual Report and Success Stories**

### *8.1. Background*

*PEM PAL 2011 Annual Report.* The Secretariat presented the 2011 Annual Report, which captures the activities through three lenses. One is looking at how the PEM PAL has been connecting practitioners, by presenting COPs events, leadership groups and post-event surveys. Through the second lens, the report is showing how the PEM PAL has been sharing good practices and lessons learned, by touching on the PEM PAL website, wiki, virtual library and the glossary of PFM terms. And finally, the report is also describing how the PEM PAL has been contributing to improved skills and knowledge of participants and how it has been facilitating change, by referring to the success stories, new PEM PAL strategy and second external evaluation. The report's attachments provide more details and indicators.

*PEM PAL Success Stories.* By interviewing seventeen PEM PAL participants, the Secretariat used the Wenger et al. evaluation model<sup>2</sup> to assess the immediate, potential, applied, realized and reframing value of PEM PAL, and to determine its impact on individual participants and PFM reforms in their countries. Conclusion of this impact evaluation was that, through PEM PAL, a lot of useful exchange of knowledge has been done and the members successfully learned from each other. The domestic capacities in PFM were enhanced through improved capacities of individual participants who transferred their newly gained knowledge to new institutional levels. PEM PAL activities have generated changes in practice, attesting PEM PAL's relevance and positive contribution to reforms.

### *8.2. Discussion*

The SC commended the nice format of both reports. The PEM PAL is taking a lead in following the new (2011) methodology for assessing the value creation in networks and communities of practice. In the future, the stories should also look at the country cases, not only individual experience (e.g., Moldova case in the current study). Success stories are an important instrument for the senior management, demonstrating concrete examples how some functions have improved through PEM PAL. They are helpful for the donors too. Going forward, the success stories could be provided on an on-going basis (each story on a separate sheet to be attached to a set, or removed from it).

### *8.3. Conclusion*

The SC approved publication of the PEM PAL 2011 Annual Report and PEM PAL 2011 Success Stories, in 300 copies each, at an estimated total cost of up to EUR 7,000. Before sending the reports to the publisher, the Secretariat should seek feed-back from the COPs leadership groups, allowing them to respond by March 14. The Secretariat will share the success stories with the authors of the methodology for comments (Beverly Trayner-Wenger and Etienne Wenger). Also, a financial paragraph will be added to provide for comprehensive information about the PEM PAL finances.

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<sup>2</sup> Wenger, Etienne, Trayner, Beverly and de Laat, Maarten (2011): Promoting and assessing value creation in communities of practice and networks.

It was decided that a template should be elaborated for future annual reports.

## **9. PEM PAL Virtual Library**

### *9.1. Background*

The meeting was entertained with a live demo of the functionality of the new on-line PEM PAL library that allows for an efficient and cost effective storage of laws and regulations, best practices, presentations, country cases, etc. The library can be accessed, free of charge, through the PEM PAL website <http://www.cef-see.org/pempal/library>. It also provides for a direct upload of PFM documents, subject to a quality control by the Administrator located at the Secretariat. During the testing period some 400+ documents (500+ including translated versions) have been uploaded. Designed to be used in three PEM PAL official languages, the library allows the search by PFM sub-categories, year and country, and by words and phrases, in documents and/or titles.

### *9.2. Discussion and conclusion*

The SC commended the work and felt that the virtual library is a very convenient resource tool. Questions were raised as to the official translation of documentations, to identification of power point presentations as well as to the domain of CEF for the library. These issues will be addressed. The virtual library's official launch was approved.

## **10. Update on the tender for the Secretariat services (closed session)**

## **11. Other business**

### **11.1. Criteria for COPs Chairs**

#### *11.1.1. Background and discussion*

With respect to the upcoming selection of two COP Chairs, to replace Mr. Ermolovich, outgoing B COP Chair, and Mr. Mičetić, outgoing IA COP Chair, the SC felt that the selection procedures should be defined and carried out by the COPs leadership groups.

#### *11.1.2. Conclusions*

- (i) The Secretariat will prepare a proposal for an amendment of the Rules of Operation, to be considered by the SC in a correspondence vote and on a no-objection basis, to (a) change, in the Article 21, the word "expected" to "required", to stress the importance of attendance by the COP Chairs or their Deputies at the Steering Committee meetings, (b) add criteria for the term of the COP Chair, reflecting the criteria that applies for the Chair of the SC, to allow for rotation in the leadership functions, (c) change the name of Community Facilitator to PFM Advisor, and (d) provide a definition of the tasks of the Executive Committee and the COP Chair.
- (ii) The concept of PEMPAL "Alumni" was discussed and should be elaborated. "Retired" Chairs can be invited to the PEM PAL events as "Alumni", however, covering their accommodation and travel costs.
- (iii) The Secretariat should prepare a Certificate of Appreciation for Mr. Maksim Ermolovich, outgoing B COP Chair, and Mr. Tomislav Mičetić, outgoing IA COP Chair, for their dedicated work and contribution to PEM PAL.

### **11.2. Next meeting**

Face-to-face meetings of the SC will be held twice per year, of which one face-to-face meeting will be held back-to-back with another PEM PAL event (e.g., Plenary).

The next SC will be held via videoconferencing in the afternoon of May 15, 2012.

Prepared by S. Maver

