

## PEMPAL Budget Community of Practice (BCoP) Action Plan for FY 2016

PEMPAL BCoP Action Plan for FY2016 presents the proposed activities of BCOP in the period July 2015 to June 2016. These have been linked to the PEMPAL Strategy for 2012-2017. Improvement initiatives for BCOP will also be driven by the results of the Mid-Term Review of the PEMPAL Strategy 2012-17, which are not expected to July 2015 so some of the ongoing network improvement initiatives outlined below may be subject to change.

### **The main mid-term objectives of the BCoP following from the PEMPAL Strategy are:**

#### **Output objective 1: PFM priorities of member governments in budget related areas of Ministries of Finance are addressed by BCOP.**

- Action 1: Develop two year rolling COP action plans aligned with COP specific strategic plans and the PEMPAL Strategy 2012 – 2017 and its Results Framework.
- Action 2: Implement COP action plans, in accordance with budget management guidelines that address PFM priorities.
- Action 3: Identify synergies and working projects between COPs.

The BCOP will continue to identify member governments' priorities within the annual plenary meeting, and will endeavor to do their best to prioritize an action plan within the available budget and time constraints. This budget development and implementation will continue to be done within the budget management guidelines approved by the Steering Committee. Synergies between other COPs will also be investigated including a possible joint meeting with TCOP on accounting and budget reporting.

During FY2016, the BCOP Executive Committee will also initiate a strategic planning process, to develop a strategic plan for the community, after the results of the strategy review are available. This will be done in a back-to-back meeting in July 2015, after the proposed cross-COP executive meeting to consider the review results.

#### **Output objective 2: Quality resources and network services, supporting relevant PFM practices, are provided to BCOP members.**

- Action 4: Ensure the Secretariat addresses members' needs, in an efficient and effective way.
- Action 5: Develop and share knowledge resources and products.
- Action 6a: Facilitate access to PFM experts.
- Action 6b: Provide the Executive Committees with sufficient and effective support (COP technical Resource Teams).
- Action 7: Differentiate services to cater for needs of countries at different reform levels.
- Action 8: Roles and responsibilities of key network actors as specified in the Operational Guidelines are understood and followed.
- Action 9: Facilitate access to PFM institutes through a) showcasing institutes at COP plenary meetings, and b) support study tours for those countries interested in establishing such institutes.
- Action 10: Facilitate members working together in a geographically dispersed environment by adopting suitable technology solutions.

The BCOP Executive Committee members will identify and share any related country documents that may be of use and upload them to the library. The BCOP Resource Team will also continue to identify technical resources that may be of benefit for members and have them translated and posted on wiki. Encouragement of members to do the same will be done during meetings. What to have translated will be based on an assessment of cost-effectiveness. Given some very useful budget-related manuals and methodologies can be quite large and therefore costly to translate, an additional translation budget has been included in the plan, to allow for such translations to proceed if assessed by the Executive Committee as having high value to the community. PFM experts in the thematic area under discussion, will also be identified and invited to meetings, on direction of the Executive Committee.

Knowledge products, including resources developed by the working groups, will be shared through wiki and the PEMPAL library. Each year the listing of useful links to materials provided for events held over the last several years will be circulated for the benefit of new members. Events will continue to be designed in a way that the needs of countries at all reform levels are addressed (eg more advanced PEMPAL countries will share their experiences, and those countries assessed as international good practice will be invited to share their experiences). At plenary meetings, BCOP Executive Committee members and their resource team will continue to encourage countries to use available funds to access PFM institutes if needed. Wiki and other technology solutions will continue to be trialed as they emerge and advance.

**Output objective 3: A financially viable network of budget professionals, committed to improving PFM practices in the ECA, is built and maintained.**

- Action 11: COPs monitor and sustain quality membership.
- Action 12: Seek co-financing and in-kind contributions from members, where possible.
- Action 13: Implement targeted marketing to donors and professional associations.

A membership analysis was undertaken in 2011-12, which resulted in the identification of data gaps to effectively undertake a full analyses (i.e. the department name was missing from information provided by several members so it was difficult to determine if participants were from the appropriate budget related areas of MoF). Despite these data constraints, the analysis concluded that target members were attending and an explanation given for those outside this group. Subsequently the registration form was amended to collect more comprehensive data on job function. A membership analysis is currently in train as part of the mid-term review of the PEMPAL Strategy, and any recommendations from that analysis, will be implemented in FY16. Preliminary results from that analysis include the following:

- **From the period mid July 2012 to end 2014, there were 61 'members' of BCOP** (ie those who had attended two or more events during this period). These members are from the following 21 eligible member countries: Albania (8), Armenia (5), Azerbaijan (2), Belarus (5), Bosnia and Herzegovina

(4), Bulgaria (0), Croatia (6), Georgia (2), Kazakhstan (0),<sup>1</sup> Kosovo (2), Kyrgyz Republic (6), Macedonia (1), Moldova (2), Montenegro (4), Romania (1), Russian Federation (4), Serbia (3), Tajikistan (1), Turkey (3), Ukraine (0)<sup>2</sup> and Uzbekistan (2).

- **Eighteen (18) of the 21 eligible countries have had active participation over the strategy period.** The following countries **have not** had active participation: Bulgaria, Kazakhstan and Ukraine although please see the footnotes below in relation to the last two countries.
- **Those with the most active participation have tended to come from the 8 countries represented on the Executive Committee** eg Albania (8), Croatia (6), Kyrgyz Republic (6). Albania also hosted an event and KR usually sends additional participants that it pays for, thus explaining the increased participation for these countries. Normally only 2 representatives per country are eligible to participate ie. except in cases where they are members of the Executive Committee and therefore allowed 3, or when they have active involvement in the agenda).
- **The majority of members are at middle to high management levels.** Forty-seven (47) members or 77% of participants attending are Heads or Deputy Heads of departments/divisions/units/sections/sectors including 1 Assistant Minister and Main State Treasurer of Croatia, 1 Assistant Minister from BiH, and 1 General Secretary (head of MoF) from Albania.
- **A significantly smaller proportion of members come from the technical levels.** Fourteen (14) or 23% of participants attending are at technical levels. Eg advisers, experts, specialists.
- **Two members were from political levels.** Mr Safaryan First Deputy Minister of Finance of Armenia attended plenaries in 2012 and 2015 and a SBO meeting in 2014; and Mr Ficor the State Treasurer from Croatia who attended BCOP plenary meetings over the last several years. **Overall 100% of participants come from target ministries (ie Ministry of Finance or other related central coordinating ministries).**

The COP Executive Committee and resource team will continue to a) improve membership monitoring and ensure registration processes are streamlined to collect necessary membership data b) monitor in-kind and financial contributions to promote long term sustainability c) implement a targeted marketing program to promote the benefits of PEMPAL to ensure it continues to get ongoing support from both member countries and donors. BCOP will also continue its collaboration with the OECD SBO network given the benefits to members in being exposed to the discussions and work of a broader network, and will continue to be on the lookout for potential new collaborations that could benefit members.

#### **Output objective 4: Awareness of high government and political levels is raised regarding the benefits and value of engaging through BCOP.**

- Action 14: Investigate feasibility of transforming PEMPAL into a more formal network of national PFM institutions.
- Action 15: Implement revised approach to marketing at senior management level.

BCOP members will continue to promote the benefits of PEMPAL to high and political levels. BCOP countries are increasingly hosting events and efforts are always made for the Minister for Finance or Deputy Minister to open events, subject to availability. In addition, the participation of the highest-level civil servants in the PEMPAL events is on the rise – for example, First Deputy Minister of Finance of Armenia Pavel Safarian attended plenary meeting in Albania and OECD SBO in the Hague; Deputy Minister of Finance of Belarus Maxim Yermolovich participated in the study visit on the UK reforms in financing public education; Minister of Finance of Kyrgyz Republic, Olga Lavrova participated in the study visit to Austria on the parliamentary role in budgeting. Treasurer of Croatia attends the plenary meetings, and the

---

<sup>1</sup> A representative from Kazakhstan attended the 2015 BCOP plenary meeting, so future participation may increase.

<sup>2</sup> 15 participants from Ukraine utilized a type B study visit (outside the BCOP action plan) and participated in a study visit to Estonia in 2014, supported by PEMPAL.

Study Visit to Slovenia was attended by two Assistant Ministers from Serbia and Bosnia and Herzegovina. We are also continually collecting positive feedback provided from these levels as a demonstration of their support. BCOP will also continue to work where needed, to assist with the development and implementation of PEMPAL's marketing program.

During the period 2013-2015 the BCoP organized its activities around the **following three main themes which will continue during FY16:**

1. Tools for effective fiscal management (ie program budgeting and results based monitoring and evaluation including spending reviews; fiscal rules; long term budgeting; management of fiscal risks, wage bill and consolidation plans).
  2. Fiscal Transparency and accountability with a new focus on budget literacy
  3. Knowledge exchange between a) OECD member and accession countries in Europe and Central Asia at SBO annual meetings b) other COPs, through joint initiatives or activities
- (Under PFM priorities identified under Output Objective 1 in the plan at **Annex A**, each priority is categorized according to these themes.)

The CoP made good progress in implementing recommendations from the 2012 independent evaluation reflected in the PEMPAL Strategy 2012-17, including increasing its focus on the development of knowledge products. This included informal and formal benchmarking to document the status of reform in BCOP member countries. During 2013-14, formal benchmarking was undertaken through a joint collaboration between PEMPAL and OECD whereby the budget practices and procedures of 13 BCOP member countries were benchmarked against 33 OECD countries, and good practices and international trends were documented. During FY16, information will also be added to the OECD database of over 100 countries to enable monitoring of reform progress over time. Informal benchmarking also is conducted before every plenary meeting, to determine the status of reforms and several surveys have now been conducted on program budgeting, results based monitoring and evaluation and fiscal consolidation and will continue to be done to support major events in FY16.

The wage bill working group has also contributed to the knowledge work of BCOP over the last 18 months, resulting in a better understanding of institutional arrangements and wage bill management policies in PEMPAL countries. This work also led to the development of a customized wage bill forecasting model, that participating countries can use as a knowledge tool to better manage wage bill policy options. Members have requested that this working group continue in 2016 to build on this successful work.

A new working group is being launched in FY16 on budget literacy after the successful operation of the wage bill management working group. It is being established to enhance budget openness which has been a priority for most PEMPAL countries. Findings of the Open Budget Index (OBI) survey in 2012 demonstrated that in many cases the governments do not ensure their citizens and civil society organizations with sufficient opportunities to participate in

the budget processes. Main objectives of this working group are: to learn from international experience with raising budget literacy among citizens and budget openness and accessibility in order to generalize it and develop recommendations for PEMPAL countries and “new knowledge products” enabling dissemination of such practice across the ECA region. The status of reforms will also be documented through completion of a proposed online survey. The first meeting of this working group is proposed to be held back-to-back with attendance at the OECD SBO meeting in Warsaw, Poland in May 2015, where the agenda for the following year will be confirmed (thus this plan may be subject to further change). One more working group may be launched in FY17 on program budgeting, after a proposed study visit is undertaken during FY16. This study visit will be used to scope the specific needs of members in this area, given the topic continues to be categorized as high priority despite several plenary meetings already held on such reforms.

Other technical knowledge resources that were provided over the last year included the collation of good practice examples of program budgeting (including key performance indicators by sector), budget laws, regulations and procedures; the collation of citizens guides to the budget; the development of a synopsis of a) macro-fiscal trends in PEMPAL countries and b) recent research in fiscal consolidation efforts; and translation of technical PFM documents related to budget transparency. This work will continue in FY16 and will be dependent on the technical needs of each event, as defined in the concept note developed as part of event preparations.

Information on BCoP activities, objectives, target audience, tentative locations and estimated budget of the events envisaged by the Plan is presented in **Annex A**. The tentative calendar plan of events and budget summary is presented in **Annex B**.

The following formats of events preferred by the BCoP members are included in the Plan:

1. BCOP plenary meeting of all members (only one per year, given the demands of the budget process)
2. Thematic video conferences and study visits (for purposes of two working groups a) wage bill management b) budget literacy) and one specifically for the Executive Committee as a recognition of their leadership and contribution to BCOP.
3. Joint collaboration with OECD through input and attendance to the annual Senior Budget Officers meeting for CSEE region.
4. BCOP Executive Committee meetings (a minimum of four a year, three of which will be face-to-face in conjunction with the annual plenary, annual OECD SBO, and cross-COP Executive Committee meeting and one via video-conference. More will be held where needed to meet event preparation demands)

To maximize budget efficiencies where possible events will be held back-to-back with other events, to minimize logistical costs of face-to-face meetings.

The total BCoP Budget for FY 2016 is **USD 330 thousand in addition to a proposed carryover of USD 75,000 (ie from the 90,000 allocated to knowledge products in the FY2015 budget) to create a new budget for FY 2016 of 405,000 USD subject to approval by the Steering Committee.** The reason for the unspent funds from FY 2015 was from a delay in the establishment of a number of working groups that were meant to start operation in FY 2015 but will now begin operation in FY 2016 as reflected in the detailed plan below. Circumstances beyond the control of the leaders of these working groups, prevented the time available to establish these groups.<sup>3</sup> However, a new concept note for the budget literacy group (circulated separately) has now been prepared and events planned in accordance with the objectives of this new group. The second working group that was to be initiated will now be scoped during FY 2016 during a proposed study visit (on program and performance based budgeting).

## Annex A

### BCOP Action Plan FY2016.

| Activity   | Type and description of activity   | Target participants   | Place and duration   | Preliminary budget        |
|--|--|---|--|---------------------------|
| <b>Output objective 1: PFM priorities of member governments in budget related areas of Ministries of Finance are addressed by BCOP</b> |  |   |  |                           |
| BCoP PFM priority theme:<br><b>1.0 “Fiscal rules and long-term budgeting”</b>  | <u>One plenary meeting</u>   | All 21 BCOP member countries ( <i>about 60 members</i> )                          | Minsk, Belarus<br><br>Duration – <b>3 days</b><br><br><b>February or March 2016</b><br>(to be confirmed by hosts)        | USD 150,000               |
| BCoP PFM priority theme: <b>2.0 “Budget literacy”</b>  | <u>1 One thematic video-conference</u><br><i>Sharing findings on budget literacy events in the ECA region</i><br><u>2 One small-group study visit</u><br><i>To a country that has advanced approach to budget literacy including</i> | Members of the thematic group on budget literacy ( <i>about 20 participants</i> ) | Duration – <b>3 hours</b><br>Date – <b>Autumn 2015</b><br><br>Duration – <b>2-3 days</b><br>Date – <b>early December</b> | USD 500<br><br>USD 45.000 |

<sup>3</sup> Further an initial study visit was scheduled for late FY 2015 for the new budget literacy working group, yet unexpected developments in the provision of Secretariat services led to the deferral of this study visit to FY 2016.

| Activity   | Type and description of activity  | Target participants  | Place and duration  | Preliminary budget                                |
|--|---|--|---|---|
|  | <p><i>school curriculum, and citizen budget advocacy and training</i></p> <p><b>3</b> <u>One small-group workshop</u><br/> <i>Closing workshop to share final lessons learnt from initiatives to improve budget literacy across ECA region.</i></p>   |  | <p>Location - <b>TBA</b></p> <p>Duration – <b>1 day</b></p> <p>Date – <b>February/March 2016</b></p> <p>Location - <b>Belarus</b><br/>           (Back-to-Back with plenary meeting)</p>                                | USD 30.000  |
| BCoP PFM priority theme: <b>1.0 “Wage bill management”</b>   | <p><b>1</b> <u>One small group study visit/workshop</u><br/> <i>In depth county case discussion on approaches to effective wage bill management</i></p> <p><b>2</b> <u>Two thematic video-conferences<sup>4</sup></u><br/> <i>Sharing experience on various aspects of improving wage bill management</i></p> | Members of the thematic group on wage bill management ( <i>about 20 participants</i> )                   | <p>Tentative location – <b>Serbia</b></p> <p>Duration – 2-3 days</p> <p>Date – <b>October/November 2015</b></p> <p>Duration – <b>1.5 hours</b> each</p> <p>Date - <b>January 2016</b></p> <p>Date – <b>May 2016</b></p> | <p>USD 40.000</p> <p>USD 1000 (500 per event)</p> |
| BCoP PFM priority theme: <b>3a “Annual OECD SBO meeting and 1.0 Back-to-back workshop on fiscal risks”</b> | <p><b>1</b> <u>Two small-group workshops</u><br/> <i>Addressing issues of relevance to OECD and PEMPAL countries in annual SBO format. Second workshop for countries who expressed interest for workshop on fiscal risks.</i></p>   | Excom members and other countries who identified fiscal risk management as priority ( <i>15 people</i> ) | <p>Location to be identified</p> <p>Duration - <b>3 days</b> (2 for SBO and 1 for fiscal risk workshop)</p> <p>Date – <b>June 2016</b> TBC</p>  | USD 50.000  |

<sup>4</sup> Subject to needs of small-scale thematic groups, the number of video-conferences can be increased

| Activity   | <u>Type and description of activity</u>   | Target participants   | Place and duration   | Preliminary budget                              |
|--|---|---|--|---|
| BCoP PFM priority theme: <b>1.0 “Program budgeting”</b>  | <u>One small-group study visit/workshop</u><br><i>In depth county case discussion on implementation of program budgeting<sup>5</sup></i>  | Excom members and other countries who identified this is priority issue (15 people) | Location to be identified<br>Duration – <b>2-3 days</b><br>Date – April/May 2016 TBC | USD 50.000                                      |
| BCoP PFM priority theme: <b>3b Joint Meeting with TCOP on budget data and statistical reporting</b>                                | <u>COP joint meeting format</u><br><i>With TCOP to discuss budget data and statistical reporting, to clarify the link between government accounting and budget reporting.</i>   | Excom and three other countries identified this as a priority                       | TBD and needs further discussion with TCOP   | 25.000  |
| <b>Output objective 2: Quality resources and network services, supporting relevant PFM practices, are provided to BCOP members</b> |   |   |  |   |
| <b>2.1</b> Use/ contribution to common PEMPAL network resources.   | <u>Further additions to PEMPAL library and wiki</u><br><i>Uploading various materials originated from the BCoP events into the PEMPAL library, BCOP wiki. This will also include an annual update of the listing of useful resources for new members and development and/or translation of knowledge products</i> | BCoP members, BCOP Resource Team  | On regular basis   | 13.000 (translations)                           |
| <b>2.2</b> Involvement of international experts  | <u>Inviting international PFM experts to participate in preparation and implementation of BCOP events and surveys</u>   | International PFM experts contracted to work with PEMPAL BCOP                       | On the BCOP Executive Committee request  | Will be covered from events budget in section 1 |

<sup>5</sup> This represents the beginnings of a third (new) working group on program budgeting. Several plenary meetings have been held on this topic in BCOP over the last three years, yet members continue to list this reform as a priority. Thus, this study visit will also be used to scope the unmet needs of countries who continue to request this topic to ensure products and services are tailored to meet member needs.



| Activity   | Type and description of activity  | Target participants                          | Place and duration  | Preliminary budget   |
|--|---|--|---|--|
|  | <i>Various inputs (presentations, questionnaires, comments to the prepared papers, etc) by PFM experts contracted to work with the BCoP</i>   |  |   |  |
| <b>Output objective 3: A financially viable network of budget professionals, committed to improving PFM practices in the ECA, is built and maintained.</b> |   |  |   |  |
| <b>3.1</b> Assessment of the level of effectiveness and usefulness of the participation of BCoP members in COP activities                                  | <u>Review of member feedback and implementation of improvements</u><br><i>Feedback survey reports and the MTR survey results report will be examined and areas of improvement identified and implemented</i><br><br><u>Ongoing review of membership quality</u><br><i>To ensure target members are participating to maximize peer learning and donor investment value</i> | BCoP Executive Committee, BCoP resource team | Following each event conducted within BCoP, and as part of MTR process. |  |
| <b>3.2</b> BCoP Executive Committee activities   | <u>Executive Committee meetings</u> (1 videoconference and 3 face-to-face meetings <sup>6</sup> are envisaged for this period)<br><br><i>Discussions on the BCoP current activities and preparation of future events</i>  | Executive Committee members                  |   | USD 500 (for VC)<br><br>Face-to-face meetings held back to back with other events, so costs included elsewhere |

<sup>6</sup> Combined with the joint meeting of PEMPAL COPs leadership in Slovenja, in July 2015, Annual BCOP Plenary meeting February/March 2016, and annual SBO meeting in June 2016

| Activity   | Type and description of activity   | Target participants   | Place and duration  | Preliminary budget                              |
|--|--|---|---|---|
| <b>3.3</b> Joint activities of PEMPAL CoPs   | <u>Joint meeting of PEMPAL COPs Leadership</u><br><br><i>Discussions on the results of the PEMPAL midterm review. Preparation of BCOP activities for FY 2016 including initial preparations for development of BCOP Strategic Plan</i> | Members of all CoP Executive Committee (9 BCoP participants)  | Tentative location - <b>TBC</b><br><br>Duration - <b>3 days</b><br><br>Date – <b>July 15-17, 2015</b> | Will be financed from the PEMPAL general budget |
| <b>3.4</b> Participation in activities of the PEMPAL Steering Committee  | <u>Steering Committee meetings</u>   | BCoP Chair and deputies   | Meetings held every quarter subject to decision by Committee  | Will be financed from PEMPAL general budget     |
| <b>Output objective 4: Awareness of high government and political levels is raised regarding the benefits and value of engaging through BCOP</b> |  |   |   |   |
| <b>4.1</b> Increasing the level of awareness of the top managers of MOFs member countries about the results of BCoP activity                     | <u>Targeted marketing and promotion of BCOP activities</u>   | Input to promotional reports and marketing plan. Also Executive Committee and BCOP resource team to identify and document any positive feedback and quotes made from senior levels. | Ongoing.  |   |

### Draft calendar plan of BCoP events for FY2016

### Annex B

| #  | Event   | Planned time                | Budget                |
|----|---|-----------------------------|-----------------------|
|    | <b>Events for July 2015- June 2016</b>  |                             | USD                   |
| 1  | <b>Cross-COP Executive Committee Meeting</b> on MTR of PEMPAL Strategy + <b>Back-to-Back Meeting</b> of BCoP Executive Committee on BCOP Strategic Plan                               | July 15-17 2015             | -                     |
| 2  | <b>Thematic videoconference</b> on budget literacy  | Autumn 2015                 | <b>500</b>            |
| 3  | <b>Small group meeting/study visit</b> on wage bill management – Serbia (TBC)   | October/November 2015       | <b>40,000</b>         |
| 4  | <b>Meeting of the BCoP Executive Committee</b> (videoconference)  | November 2015               | <b>500</b>            |
| 5  | <b>Small group meeting/study visit</b> on budget literacy – Location TBC  | Early December 2015         | <b>45,000</b>         |
| 6  | <b>Thematic videoconference</b> on wage bill management   | January 2016                | <b>500</b>            |
| 7  | <b>Plenary meeting</b> on fiscal rules and long-term budgeting + <b>Two Back-to-Back Meetings</b> (COP Executive Committee Meeting and Budget Literacy small group meeting) - Belarus | February/March 2016         | <b>150,000+30,000</b> |
| 8  | <b>Small group study visit</b> on program budgeting – location TBC  | April/May 2016 TBC          | <b>50,000</b>         |
| 9  | <b>Thematic videoconference</b> on wage bill management   | May 2016                    | <b>500</b>            |
| 10 | <b>Small group meeting of OECD SBO + Two Back-to-Back Meetings</b> (Fiscal Risks workshop and BCOP Executive Committee meeting) – Location TBC  | June 2016                   | <b>50,000</b>         |
| 11 | <b>Joint Meeting with TCOP</b> on accounting and budget reporting   | To be determined, with TCOP | <b>25,000</b>         |

**TOTAL EVENT PLAN: 392,000 (plus additional translation costs over and above normal shared translation budget 13,000 USD)**

**TOTAL BCOP PLAN: 405,000**