**PEMPAL BCOP Participation in the Meeting of the OECD’s Network for Senior Budget Officials from Central, Eastern, and Southeastern Europe (OECD SBO CESEE) – July 4-5, 2019, Minsk, Belarus**

1. On July 4-5, 2019, a delegation of the PEMPAL Budget Community of Practice (BCOP) traveled to Minsk, Belarus to attend the 15th annual meeting of the Organization for Economic Development and Cooperation Network for Senior Budget Officials from Central, Eastern, and Southeastern Europe (OECD SBO CESEE). BCOP resource team, consisting of Iryna Shcherbyna, Senior Public Sector Specialist and BCOP Resource Team Lead; Naida Carsimamovic Vukotic, Consultant and BCOP Resource Team member; and Ksenia Malafeeva, Program Assistant, PEMPAL Secretariat and BCOP Resource Team member, facilitated the travel and participation of PEMPAL members, delivered two presentations, and led one group discussion.
2. BCOP resource team supported sixteen representatives of the Ministries of Finance from seven of member Governments from the Europe and Central Asia (ECA) region (Armenia, Georgia, Moldova, Republic of North Macedonia, Ukraine, Russia, and Uzbekistan). Representatives from host country Belarus and from Bulgaria and Croatia, which are also BCOP members, attended the meeting through OECD.
3. The meeting was co-hosted by the OECD and the Ministry of Finance of Belarus. In his opening remarks, the First Deputy Minister of Finance of Belarus, Mr. Yuri Seliverstov, thanked PEMPAL BCOP, noting that BCOP members enjoy truthful cooperation with OECD and appreciate a unique opportunity to discuss cutting edge topics of budget reforms and to share experiences with other countries through this cooperation. The agenda of the meeting and materials are available at <https://www.pempal.org/events/bcop-participation-meeting-oecd-senior-budget-officials-central-eastern-and-southeastern>.
4. This was the eighth annual OECD SBO CESEE meeting in which BCOP participated. BCOP actively contributed to the meeting’s agenda through several presentations, including a country case of Russia in performance budgeting and key performance indicators; review of overall trends in PEMPAL countries in spending reviews; and analysis of legal and institutional framework and challenges in capital budgeting (based on data collected from BCOP countries by the BCOP Resource Team).
5. The first day of the meeting was devoted to topics of budgeting in Belarus and in Slovak Republic, spending reviews, and key performance indicators for performance budgeting. The Ministry of Finance of Belarus presented the country system of public expenditure management and ongoing budget reforms. A session on budgeting in Slovak Republic was delivered by the OECD and presented a recent targeted budget review. The budget review has been conducted by OECD and covered alignment with mid-term strategic plans and priorities; performance, evaluation and value for money; and capital budget framework. The Ministry of Finance of Slovak Republic followed that with a presentation which was focused on budget frameworks for the delivery of improved outcomes.
6. Discussions on spending reviews provided an opportunity for countries to learn about different methodologies and trends and series of factors that have facilitated spending reviews’ effectiveness, including their implementation and integration in the budget process. OECD presented current trends and characteristics of spending reviews in the OECD countries. Notable current trends include: continued increase in number of OECD countries conducting spending reviews; increasing role of spending reviews in informing budget negotiations; shifting objectives of spending reviews from short-term budget cutting needs to a mid-term view on efficiency and effectiveness, and reallocation of spending towards the achievement of government priorities. PEMPAL BCOP presented current trends and challenges in spending reviews in PEMPAL countries. Based on a self-assessment internal BCOP survey conducted in early 2019, seven PEMPAL countries reported that they have conducted spending reviews: Croatia, Bulgaria, Russia, Belarus, Serbia, Moldova, and Bosnia and Herzegovina. Montenegro, Kazakhstan, and Georgia reported that there are plans to introduce spending reviews. Several reviews of public expenditures have been conducted by international organizations in several countries, such as the World Bank and IMF. Spending reviews in PEMPAL countries are much less prevalent than in OECD countries and where exist, have less developed regulatory and methodological basis. Topics and objectives in spending reviews in PEMPAL countries vary, while roles of different institutions in spending reviews are mixed, with notably less prominent role of line ministries. The list of top challenges indicated by PEMPAL countries clearly illustrates that most of countries are at the earlier stages of introduction of spending reviews. Those challenges are: low staff capacity, the lack of capability and technical expertise, time constraints, and weak regulatory and methodological frameworks. The session on spending reviews concluded with the country case presentation from the Department of Public Expenditure and Reform of Ireland, which has made significant advancements and improvements in the spending review processes in the last couple of years.
7. The last part of the first day was devoted to the topic of performance budgeting and key performance indicators.  The OECD presented the 2018 OECD Performance Budgeting Survey and also presented the final report on OECD Good Practices in Performance Budgeting. Two country cases were delivered by the Federal Ministry of Finance of Austria and by PEMPAL BCOP participants from the Ministry of Finance of the Russian Federation. Evolution of performance-based instruments for budget planning since 1995 were presented, as well as the recent and on-going large-scale improvements of the system of strategic and budget planning based on programs and performance. Specific examples of programs, projects, and processes were presented along with associated performance indicators. Participants paid attention that conditions for effective implementation of program and performance budgeting include a unified information system, direct link of government programs and national projects to a budget program classification, as well as involving subnational governments in implementation of national projects. The second part of this session was devoted to group discussions, during which one group of participants examined eights questions related to the topic of developing key performance indicators, while the other group discussed six questions related to strengthening the linkage between performance information and the budget process.
8. The second day of the event was devoted to topics of budgeting in Bulgaria, fiscal risk management, and capital budgeting. The session on budgeting in Bulgaria was focused on an ongoing OECD Budget Review of Bulgaria. Ministry of Finance of Bulgaria (PEMPAL BCOP member) presented the budget system and key progress since 2009. In addition, OECD presented main preliminary findings of the Budget Review of Bulgaria, after which peer reviewers remarks were presented by Estonia and Croatia. In the session on fiscal risk management, OECD presented different types of fiscal risks, from contingent liabilities linked to natural disasters to demography-related risks in health care and entitlement expenditures. Two country cases on the UK and Latvia were also delivered in this session, presented by the Office for Budget Responsibility of the UK and the Ministry of Finance of Latvia respectively.
9. The session on capital budgeting examined infrastructure governance framework and various dimensions important for infrastructure investment decisions, such as appropriate budgeting frameworks, staff capacities, proper delivery, and financing tools. OECD presented selected results of a research undertaken within the OECD Network of Senior Budget Officials for Public-Private Partnership, including current status and trends in this area in OECD countries. Different elements of the role of Ministries of Finance were highlighted in terms of capital budgeting, public investment management system, infrastructure development and commercial transactions. Ten dimensions or success factors identified within the OECD Framework for Governance of Infrastructure were also discussed. PEMPAL BCOP resource team presented trends and challenges in public investment management in PEMPAL countries. The presentation was built on the results of self-assessment internal BCOP survey conducted in early 2019 and international data available in open sources. Overall, public investments in PEMPAL countries have not been changed significantly over the recent years, while other expenditures recorded stronger growth. Several dimensions of weaknesses that affect public investment spending at each stage of a project life-cycle were examined. It was highlighted that if well managed, each of stages can lower costs and speed up project implementation. Most frequently mentioned challenges in planning and executing capital expenditure in PEMPAL countries are the absence of clear definition of the public investments; weak project preparation and evaluation; unclear selection criteria; and ad-hoc decisions on investment projects. Opposite to OECD countries, the lack of IT support in PIM remains a serious problem in PEMPAL countries. The session concluded with the country case presentation from OECD SIGMA on basic aspects of capital budgeting from SIGMA perspective, stemming from the PFM part of SIGMA principles of public administration reform.
10. In the last session of the meeting, OECD reported on the current work of the Budgeting and Public Expenditure Division of OECD’s Public Governance Directorate and its eight thematic and four regional networks (one of which is the OECD SBO CESEE network). The meeting was concluded with each of the 15 participating countries (11 of which are BCOP countries) presenting the priority topics they propose for further discussion by the OECD SBO CESEE network.
11. BCOP’s presentations were well received and BCOP representatives engaged in discussions with other delegates after the presentations, as well as throughout the remaining of the meeting and in discussion groups. Feedback on the BCOP participants on this event is being collected within the standard PEMPAL post-event survey and the results will be published on PEMPAL website at <https://www.pempal.org/events/bcop-participation-meeting-oecd-senior-budget-officials-central-eastern-and-southeastern>.