



PEMPAL Budget Community of Practice (BCOP) Thematic Videoconference (VC) Workshop

BUDGETING FOR BASELINE EXPENDITURE

December 2, 2021

7.00 Washington DC/ 13.00 CET /15.00 MSK

BACKGROUND

Public Expenditure Management Peer Assisted Learning (PEMPAL) is a peer-learning platform that facilitates knowledge exchange among public finance practitioners from the Europe and Central Asia (ECA) region. The platform, launched in 2006, allows members to develop solutions to common public financial management (PFM) problems in the areas of budget, treasury, and internal audit.

The Budget Community of Practice (BCOP) is one of three Communities of Practice of PEMPAL, which aims to enhance budget policy, methodology, and transparency. BCOP has membership of 21 member countries and its priorities are: i) sharpening tools for effective fiscal management, ii) strengthening fiscal transparency and accountability, and iii) expanding internationally available data on PEMPAL countries.¹ BCOP, led by the BCOP Executive Committee², facilitates discussions on common budget reform challenges encountered by member countries through face-to-face and on-line discussions. BCOP operates two working groups, which comprise a sub-set of members who meet regularly - the Program and Performance Budgeting Working Group (PPBWG) and the Budget Literacy and Transparency Working Group (BLTWG).

This VC workshop is taking place to examine a new topic of interest for BCOP members: budgeting for baseline expenditures. This topic was given top priority by the BCOP members and complements the core areas of budgeting covered by the two working groups. The members selected this topic based on BCOP's internal online survey conducted in May 2021. Spending baselines are fundamental to making credible projections of medium-term budgets and to conducting robust spending reviews.

¹ BCOP member countries comprise Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Georgia, Kazakhstan, Kosovo, Kyrgyz Republic, North Macedonia, Moldova, Montenegro, Romania, Russian Federation, Serbia, Tajikistan, Turkey, Ukraine, and Uzbekistan. For more information on the work and impact of BCOP, see [PEMPAL reports](#) and [BCOP Fact Sheet](#).

² Comprising representatives from the Ministries of Finance of 8 BCOP member countries: Armenia, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Moldova, Russian Federation, and Uzbekistan. A Steering Committee has been set up to approve action plans and the financing of PEMPAL activities, and to monitor progress towards achievement of the results framework in the [PEMPAL Strategy](#). PEMPAL is supported by a full time Secretariat based in the World Bank's office in Moscow, and by technical PFM resource teams provided and coordinated by the World Bank.



In the Thematic VC Workshop, experts from the International Monetary Fund (IMF) will present their recent research on preparing expenditure baselines, soon to be published by the Fund. The presentation will provide the rationale for using expenditure baselines in budget preparation and provide guidance on how to prepare them, as well as discuss the key success factors for their effective use. A second presentation will be delivered by an Inspector General of Finance in France, focusing on capital expenditure. This will describe a robust tool for estimating a reliable baseline for capital expenditure in an annual or multi-annual budget framework. Experience of Slovak Republic in estimating spending baselines will be presented by the country's Ministry of Finance.

OBJECTIVES AND PARTICIPANTS

The objectives of this VC meeting are:

- i. *to examine the new research and technical guidance of the IMF and France on preparing expenditure baselines, both for recurrent and capital expenditure;*
- ii. *to examine the experience of the Slovak Republic in estimating baselines; and*
- iii. *to gather feedback from BCOP member countries on their interest to continue discussions in this area and on specific potential subtopics for BCOP to examine further.*

BCOP members from all 21 PEMPAL countries will be invited.

AGENDA



Moderator: *Iryna Shcherbyna, World Bank Senior Public Sector Specialist, Coordinator of BCOP Resource Team*

Time	Activity
10-15 minutes before meeting	Registration and testing of the IT online platform
5 minutes <i>7.00-7.05 DC time</i>	Welcome, Introductions, and Overview of the Workshop Objectives <i>Iryna Shcherbyna, World Bank Senior Public Sector Specialist and Coordinator of BCOP Resource Team</i>
45 minutes <i>7.05-7.50 DC time</i>	Why and How to Prepare Expenditure Baselines? <i>Fazeer Sheik Rahim, Senior Economist, Fiscal Affairs Department, IMF</i> <i>Claude Wendling, Technical Assistance Advisor, Fiscal Affairs Department, IMF</i> Q&A
35 minutes <i>7.50-8.25 DC time</i>	Establishing the Baseline for Capital Expenditure <i>Julien Dubertret, Inspector General of Finance and former Budget Director, Ministry of Finance of France</i> Q&A
35 minutes <i>8.25-9.00 DC time</i>	Experience of Slovak Republic in Estimating Spending Baselines <i>Matej Kurian, Deputy Head of Value for Money Unit, Ministry of Finance of the Slovak Republic</i> Q&A
40 minutes <i>9.00-9.40 DC time</i>	ROUND TABLE DISCUSSION TO GATHER MEMBERS' FEEDBACK Participants to: 1. provide feedback on the presentations in today's meeting; 2. consider whether there is interest within BCOP to continue discussions in this area, and on what specific topics.
20 minutes <i>9.40-10.00 DC time</i>	CONCLUSIONS <i>Aynura Bakaybaeva, Lead Economist in State Budget Department of the Ministry of Finance of Uzbekistan, BCOP Chair</i> <i>Iryna Shcherbyna, World Bank Senior Public Sector Specialist and Coordinator of BCOP Resource Team</i> <i>Richard Allen, BCOP Resource Team Thematic Advisor</i>