**BCOP EXECUTIVE COMMITTEE MEETING MINUTES**

**February 23 and 25, 2016 MINSK, BELARUS**

**Participated:**

1. Alija Aljovic (Bosnia and Herzegovina)
2. Mikhail Prokhorik (Belarus)
3. Kanat Asangulov (Kyrgyz Republic)
4. Anna Belenchuk (Russian Federation – on 23 February only)
5. Mladenka Karacic (Croatia)
6. Nicolay Begchin (Russian Federation - 25 February only)
7. Gelardina Prodani (Albania - 25 February only)
8. Naida Carsimamovic (Resource Team)
9. Maya Gusarova (Resource Team)
10. Deanna Aubrey (Resource Team)

**Observers:**

1. Ksenia Galantsova (Secretariat)
2. Kristina Zaituna (Secretariat)

**Agenda items:**

1. Welcome (BCOP Deputy Chair, Anna Belenchuk)

2. Roles of Executive Committee members during the plenary meeting

3. Discussion on Executive Committee membership and leadership

4. Report on the process of preparation of 2017-2022 PEMPAL Strategy

5. Updates on BCoP Working Groups:

a. Wage Bill Working Group

b. Budget Literacy and Transparency Working Group

c. Program Budgeting Working Group

6. BCOP Action Plans for 2015-2016 and 2016-17

7. Attendance at plenary meeting – observers and international organizations.

8. Other business.

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1. **Welcome (BCOP Deputy Chair, Anna Belenchuk)**

The Deputy Chair welcomed all participants and outlined the agenda.

1. **Roles of Executive Committee members during the plenary meeting**

The roles of the Executive Committee members during the plenary meeting were discussed, including moderation, collection of feedback on event delivery, and collection of country priorities for development of the FY17 action plan. These tasks were allocated to members and the approach discussed and agreed. It was decided that Mr. Asangulov would deliver the presentation on results of collecting member feedback during the plenary to inform the BCOP action plan on the last day of the plenary meeting. All of the Executive Members were assigned the role of observing and talking to BCoP membership with the goal of identifying the active participants who could be potential new members of the Executive Committee.

1. **Discussion on Executive Committee membership and leadership**

Ms. Maya Gusarova noted that the Chair of the Executive Committee is an elected position and can only be chosen by Executive Committee members. Ms. Gusarova reminded members that elections last time went through two stages: firstly with a round of nominations being collected and secondly with members with the majority of nominations being put forward for vote via virtual elections. It was agreed that the Secretariat would initiate a similar process after the plenary meeting.

As for general members of the Executive Committee, it was noted that the PEMPAL Operational Guidelines allows up to 9 member countries to participate and currently there were only 7 member countries represented on the Committee. Thus there was an opportunity to expand membership by up to two member countries. Ms. Anna Belenchuk agreed with Ms. Gusarova that the Executive Committee should distinguish the most active plenary meeting participants and then nominate this person in order to include him/her to the Executive Committee team. During the last Executive Committee meeting held in Minsk, the Executive Committee unanimously decided that Mr. Armen Manukyan was the most active participant during the plenary meeting and meetings previously and it was therefore agreed to invite Mr. Armen Manukyan to represent Armenia in the Committee.

The Executive Committee also discussed Executive Committee Membership in the cases of members who are often not able to be present at the Executive Committee events due to their busy schedules. It was agreed that back up members could be nominated, to ensure the availability of at least one member country participant for all key meetings.

* **Conclusions.** It was also agreed to extend the membership on the BCOP Executive Committee to Armenia, given how active Mr. Armen Manukyan had been in past meetings and the support that he had from his First Deputy Minister to take the role. The position of Chair of the Committee would be put to virtual nomination and vote. Members were encouraged to nominate a back up member for the Committee to prevent missing of key meetings.

1. **Report on the process of preparation of 2017-2022 PEMPAL Strategy.**

Ms. Deanna Aubrey informed the Executive Committee that the new five-year Strategy for 2017-22 was currently under development. The Steering Committee established a Strategy Development Working Group that had held its first meeting in December 2015. The two Deputy Chairs and the BCOP resource team were represented on this cross-COP group. This Working Group was also divided into two subgroups: the first to work on strategic objectives and results framework and the second on costings options and funding scenarios. A meeting of the three COP Executive Committees is scheduled for July 2016 to review the draft strategy.

* **Conclusions.** A meeting of all COP Executive Committees to review the draft PEMPAL Strategy 2017-22 is planned for the week starting July 11th, in Berne Switzerland. BCOP Executive Committee members were urged to participate given the importance of establishing the strategic framework for the program for the next five years.

1. **Updates on BCoP Working Groups** 
   1. **Wage Bill Working Group**

Ms. Gusarova noted that the Wage Bill Management Working Group had held one videoconference on Croatia experience in November 2015 since the Committee’s last meeting. The group had not come up with a topic for the second videoconference yet and if there was any interest, the Resource Team would organize it. The major activity in the future is a Study Visit to Slovenia on the public pay system reforms. Dates for this event were confirmed for April 14-16, 2016. The Secretariat distributed invitations on February 23, 2016 to seven participant countries, inviting two participants per country. According to PEMPAL guidelines, there is a limit for 15 country participants that the program may cover. The Kyrgyz Republic expressed a wish to nominate an additional participant, which was supported by the Committee given the active contribution that Kyrgyz Republic had made to this group.

* 1. **Program Budgeting Working Group**

Mr. Nikolay Begchin prepared a Concept for the new Working Group on Program Budgeting, which was circulated to the Executive Committee and also presented to the BCoP membership during the plenary meeting. Within the work of this Working Group, participation of PEMPAL countries in the OECD Performance Budgeting Survey is envisaged. This will be the topic (including clarification of survey questions and the review of preliminary survey responses) of the face-to-face workshop of the Working Group to take place prior to the OECD CESEE SBO meeting in Ljubljana in June 2016. This event will replace the previously planned study visit of this Working Group in the current FY, thus also contributing to BCoP budget savings (since the event will be back-to-back with the OECD SBO meeting).

Membership to the new working group would be conditional on participation in this survey and final results will be presented in a report to be prepared by February 2017. Also it is planned to have one videoconference this FY and another next FY in September-October, as well as a study visit to a country of interest, and a back-to-back meeting with the plenary next year.

* 1. **Budget Literacy and Transparency Working Group**

Ms. Belenchuk noted that on February 23, prior to the Executive Committee meeting, the Budget Literacy and Transparency Working Group held a meeting which examined success factors for citizens’ budgets and public participation with a focus on performance of PEMPAL member countries in the 2015 Open Budget Index. She also explained that a representative of the International Budget Partnership presented at the workshop and members were given the opportunity to raise questions. A videoconference of this Working Group is planned for the fall of 2016 as well as a meeting back-to-back with a Budget Literacy Conference planned in Moscow in the spring of 2017. Ms. Belenchuk noted that Working Group members will discuss a knowledge product over the coming months and questioned whether an additional event could be scheduled; using the forecast underspend for the BCOP action plan (refer next agenda item for this discussion).

* **Conclusions**. It was confirmed that a back-to-back meeting on Program Budgeting would be held on June 27 with the OECD CESEE SBO meeting in Ljubljana, Slovenia, on June 28-30 and membership of the new working group would be conditioned on participation in the OECD survey. Before this joint event the Wage Bill Management Working Group will hold a Study visit in Ljubljana on April 14-16. For this event it was agreed to cover the participation in the upcoming Study visit to Ljubljana of three participants from the Kyrgyz Republic. The Budget Literacy and Transparency Working Group will meet via videoconference in the fall 2016 and will continue developing its knowledge product via email before this meeting.

1. **a. BCOP Action Plan FY16 (2015-16)**

Ms Aubrey noted the savings forecast for BCOP in FY16 was around 80 K USD, due to: i) not holding the planned joint TCOP event due to fact that TCOP already had pre-determined events thus there was no possibility to plan for another joint event this year (25 K USD), ii) replacement of the program budgeting study visit with back-to-back workshop parallel to the OECD CESEE SBO meeting (50 K USD) and iii) from achieving a slight underspend from the recent Croatia study visit (5 K USD). However, it was noted that to schedule a further event in FY16 in the remaining four months would not be feasible, given members were already attending several events over this time. Further, it was noted that it takes at least two months to prepare for these face-to-face events given the invitation, visa and logistics required. It was agreed by all that getting additional time away from offices would not be possible so scheduling further events this FY was not feasible.

Ms. Belenchuk questioned the Resource Team whether these 80K USD savings will be allocated to the next FY for BCOP only. Ms. Gusarova noted that the SC does not guarantee that saved funds will go back to BCOP noting BCOP had already carried forward funds into this year. She also noted that the SC were welcoming savings given PEMPAL was coming to the end of the current strategy and had yet secured funding for the next five year period. However, she suggested that the Deputy Chair raise this question at the next SC meeting. Mr. Kanat Asangulov advised to confirm the policy whether it was possible to allocate saved funds for the next FY and also suggested to consider increasing the number of participants (to more than 15) for the events of Program Budgeting and Budget Transparency and Literacy Working Groups in the future, given the large number of countries interested in these topics (including the proposed Slovenia meeting this FY). Ms. Belenchuk agreed to go to the SC with a request to allocate saved money for the new FY for Program Budgeting and Budget Literacy and Transparency activities.

Executive Committee also discussed options for Type B Study Visits, as Mr. Alija Aljovic and Ms. Mladenka Karacic explained that Bosnia and Herzegovina would like to visit Croatian Ministry of Finance (primarily on connection between strategic planning and budgeting), while Mr. Kanat Asangulov also mentioned that Kyrgyz Republic is considering Type B visit to Russia (on program budgeting). Ms. Aubrey clarified that such study visits are not funded by individual COP budgets, but are covered under a budget held by the Secretariat and countries interested could apply for these funds. It was noted that demand for these funds had been limited in the past so if there was agreement between the two countries, that they should proceed with applying for the funds to the SC. If the SC receives competing applications, it is the SC’s responsibility to coordinate and prioritize applications across COPs.

* **Conclusions**. For the remainder of this year, the following is planned: a Study Visit on wage bill management to Slovenia in April; and an OECD CESEE SBO back to back meeting with a Program Budgeting Working Group workshop in June. The Committee agreed that it was not feasible to arrange additional events this financial year, given logistical constraints in planning such events in timeframes of less than three months and member constraints in getting additional time away from MoF work. However, the Deputy Chair will ask the Steering Committee of the possibility of carrying forward the underspend for this year, to the next to allow the funds to be available to BCOP Working Groups. Further, additional participation in the Program Budgeting workshop in Slovenia this FY, would also be investigated.

1. **BCOP Action Plan FY17 (2016-17).**

Ms Gusarova advised that the Steering Committee assigned 330K USD for the next FY17. Within this allocation, it is planned to hold one plenary meeting on February-March 2017, where 175K USD is allocated, in addition to a back-to-back meeting of the Program Budgeting Working Group. A study visit is also planned for this working group. A meeting of the Budget Literacy and Transparency Working Group is planned back-to-back with the Budget Literacy Conference in Moscow, with the remainder of funds allocated for videoconferences and translations.

From feedback collected from member countries during the plenary meeting, Ms. Gusarova reported that the majority of countries proposed program budgeting as a topic for the next plenary meeting and as a topic for a Study Visit. These suggestions will not be accommodated given the working group for Program Budgeting has been recently established. Ms. Gusarova reminded the Committee that the new working Group on Program Budgeting has already planned a back-to-back meeting with the next Plenary meeting and a Study visit is also planned for spring 2017.

Ms. Carsimamovic suggested to have a small group meeting instead of a study visit, given the study visit format limits participation to 15 participants.

The second most mentioned topic for the next year’s country member priorities was the topic of strengthening fiscal responsibility/accountability for overall public finance management. As it was primarily Western Balkans countries who proposed this topic, the Executive Committee held an extensive discussion on whether and how this topic could be formulated and formatted to also fit the priorities of other PEMPAL countries. In addition, given extensive interest of the member countries on the topics of the two Working Groups, the Executive Committee also discussed what would be the best way to also include some discussion on these topics in the next plenary meeting. After much discussion, it was proposed that the 2017 BCoP plenary meeting, under the general topic of Tools for Fiscal Accountability, Sustainability/Stability, and Transparency, cover a variety of issues related to tools for strengthening public financial management systems such as Fiscal Responsibility Laws, fiscal risks (including issues of stability, such as the risks associated with the extra-budgetary funds, state owned enterprises, and other sub-national general government units, as well as risks associated with commodity revenues), program budgeting, and budget transparency. This topic would also cover fiscal risks, which fits nicely into overall BCOP priorities, since a fiscal risk event previously planned with the OECD for this year was replaced with the PEMPAL participation in OECD Performance Budgeting Survey.

The third most mentioned topic for the next year’s country member priorities was intergovernmental budgetary finances, which has never been covered by BCOP. As there are different types of Ministries who are working on this topic, the Resource Team suggested to have one learning event on this topic as a videoconference in FY 2017, to see if this topic generates enough interest for a separate working group to be considered.

The fourth and final common mentioned topic for the next year’s country member priorities was medium-term budgeting.

Mr. Asangulov confirmed with the Minister of Finance of Kyrgyz Republic that Kyrgyz Republic offers to host the next BCoP plenary meeting in Bishkek, Kyrgyz Republic.

* **Conclusions.** Member feedback indicated program budgeting remains the key priority and the new working group will address this. The plenary meeting topic will cover Tools for Fiscal Accountability, Sustainability, and Transparency, which will include some discussion on the working group topics. It was also agreed to have a videoconference on intergovernmental budgetary finances. The next plenary meeting will take place in Bishkek, Kyrgyz Republic.

1. **Attendance at plenary meeting** – **observers and international organizations**.

Ms.Gusarova briefed Committee members that speakers were invited from two OECD countries - Latvia and Sweden and that the World Bank presentation will be delivered by Mr. James Brumby. She also advised that Ms. Naida Carsimamovic will be the meeting rapporteur for the plenary event and that the following WB experts will take part in the meeting: Mr. Oleksii Balabushko, Ms. Yelena Slizhevskaya, Mr. Stepan Titov and Mr. Adrian Fozzard. An OECD expert will also present the results of the fiscal rules survey undertaken by PEMPAL countries in 2012, and Ms Deanna Aubrey will provide an update of these results from the pre-meeting thematic survey which used the same OECD questions from 2012. Mr Jason Harris from the IMF will also present and he is known to the Committee given his participation in last year’s plenary.

1. **Other business.**

During the concluding meeting of the Executive Committee in Minsk, Ms. Carsimamovic reported on membership feedback collected during the plenary meeting. The most reactions were not about the format of the event but about its content. The main suggestion for improvement was to distribute discussion group questions prior to the event. It was also suggested to assign international experts as commentaries on PEMPAL country cases.

Ms. Gusarova raised the issue about monitoring of quality membership which is one of the responsibilities of the BCOP Executive Committee. Ms. Gusarova questioned whether participants should get some form of certification of eligibility. Mr.Alija Aljovic noted that Ministries do not have sufficient knowledge about the PEMPAL program to make appropriate decisions on attendance. Ms. Carsimamovic suggested to send a promotional brochure, along with the Annual Report, and Ms.Aubrey confirmed that this is a very good idea and this was currently in train as part of development of the next strategy. Mr. Mikhail Prokhorik suggested to have such participants as self payers and Ms. Belenchuk advised to add necessary requirements to the PEMPAL policy that if the nominee is not a “budget specialist” he/she should only attend events as a self payer.

* **Conclusions**. It was agreed to strengthen membership quality under the current guidelines of the Executive Committee. The Resource Team will draft a paragraph and in all future invitations it will be included that if people do not fit the criteria for membership, they can only participate as self payers.

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