**MINUTES OF BCOP EXECUTIVE COMMITTEE MEETING**

**Thursday, October 25, 2018 (14.00 Moscow time, 13.00 CET, 17.00 Bishkek time)**

**Videoconference**

**Participated:**

1. Ruzanna Gabrielyan (Armenia)
2. Marina Tikhonovich (Belarus)
3. Emil Nurgaliev (Bulgaria)
4. Mladenka Karacic (Croatia)
5. Kanat Asangulov (Kyrgyz Republic)
6. Elena Nikulina (Program Leader)
7. Maya Gusarova (Resource Team)
8. Naida Carsimamovic (Resource Team)
9. Iryna Shcherbyna (Resource team)

**Observers:**

1. Ksenia Galantsova (Secretariat)

**Agenda items:**

1. **Welcome and overview of the Agenda**
2. **Acceptance of the minutes to the previous meeting held in July 2018**
3. **Overview of the Final BCOP FY2019 Budget and Action Plan, with revisions agreed in July 2018 meeting**
4. **Update on Working Groups:**
	* **Budget Literacy and Transparency Working Group**
	* **Program and Performance Budgeting Working Group**
5. **The 2019 BCOP Plenary Meeting Preparations – overview of pre-draft Concept Note and discussion on pre-event survey**
6. **Announcement of Executive Committee Chair Elections**
7. **Other business**

**Minutes:**

1. **Welcome and overview the Agenda**

Ms. Maya Gusarova welcomed all participants and informed them that Ms Anna Belenchuk was not able to participate and have authorized Mr. Kanat Asangulov to chair the meeting on her behalf. Mr Asangulov gave a short overview of the meeting agenda. Ms. Carsimamovic informed the participants that Mr. Nikolay Begchin and Mr. Alija Aljovic had to cancel their participation due to unexpected work commitments but provided/will provide their comments for circulated meeting materials.

1. **Acceptance of the minutes of the previous meetings held in July 2018**

***Conclusion:***

* The Executive Committee accepted the minutes of the previous meeting held on July 6, 2018 in Budapest, Hungary.
1. **Overview of the final BCOP FY2019 Budget and Action Plan, with revisions agreed in July 2018 meeting**

Ms. Gusarova reminded the Executive Committee that, due to remaining uncertainties/delays in donor funding, PEMPAL Steering Committee’s decision to keep the program at the low budget scenario (COP budget of US$180K plus COP’s FY18 savings) for FY2019 is still standing.

Ms. Carsimamovic reported that based on conclusions of the previous Executive Committee meeting, the Resource Team submitted to Steering Committee the BCOP FY2019 Action Plan in which adjustments were made based on additional savings achieved in FY2018 compared to previous estimate. She gave a brief reminder of activities and events planned under both low and high FY2019 BCOP budget scenarios and explained that under assumption of Steering Committee not approving the high budget scenario by end of December 2018, the learning visit of the PPBWG on spending reviews planned for spring in high budget scenario would have to be moved to FY2020, given the long preparations needed for such visit to an advanced country. She also informed the members about BCOP’s current financial position, noting that BCOP has been operating in continuous savings mode, admits continued financing uncertainties. Around US$30K will be achieved in savings in the first half of FY2019, as a result of being able to get low hotel rates for Portugal event and smaller number of participants than planned in Moscow and Portugal event. She reminded that the low budget scenario also does not envisage BCOP’s participation at the OECD CESEE SBO meeting, planned for May or June 2019 in Belarus.

***Conclusions:***

* The Executive Committee reconfirmed the BCOP FY2019 Action Plan submitted to the Steering Committee in July 2018.
* The Executive Committee decided that unless Steering Committee approved the high budget scenario by end of December 2018, the learning visit of the PPBWG on spending reviews will be moved to FY2020.
* The Executive Committee decided that BCOP’s savings achieved in the first half of FY2019 will be directed for participation of our Executive Committee at the meeting of the OECD Senior Budget Officials’ Network for Central Eastern and South Eastern Europe, taking place this May or June in Belarus. The number of participants will be determined based on the final cost estimate of the 2019 plenary meeting and the contribution of Uzbekistan Ministry of Finance, after which the revised FY2019 Action Plan will be submitted to Steering Committee.
* Ms. Marina Tikhonovich will inform the Executive Committee once the final date of the OECD Senior Budget Officials’ Network for Central Eastern and South Eastern Europe is established.
1. **Update on Working Groups:**
2. **Budget Literacy and Transparency Working Group (BLTWG)**

Ms. Gusarova reported that the event co-designed and co-organized with GIFT that took place on October 15-17, 2018 was very successful. Around 60 participants from 31 countries attended. The first day was dedicated to the exchange of information about the two networks (PEMPAL and GIFT) and presentations of their recent achievements in the area of public participation. Additionally, parallel group discussions on how to motivate citizens to use information technologies, supporting public participation in budget process, were organized. The second day was dedicated to learning from Portuguese government national level participatory budgeting initiatives, in which significant amount of money is invested by Portuguese government. On the third day the participants of the event visited Cascais municipality, which is considered a global champion in participatory budgeting. Cascais municipality representatives shared with the participants lessons from Cascais local participatory budgeting initiative, which in their view led to change of how local policy was made, shifting focus to people values and restoring trust in local government institutions. The participants had an opportunity to visit one of the projects, selected for funding through participatory budgeting initiative and see the impact of participatory budgeting on the ground.

As per usual practice of BCOP, an internal BLTWG round table was also held to discuss lessons from the knowledge exchange with GIFT and Portuguese government. PEMPAL members appreciated the opportunity to be included into the global dialogue on public participation. In addition to specific lessons learned presented by each participating country, BLTWG members discussed and made decisions on further activities of this Working Group (including collecting PEMPAL countries’ public participation practices with legislative acts supporting their implementation, as well as continuing discussions related to fiscal transparency) and agreed on the agenda of the Budget Transparency and Literacy Working Group day at the annual plenary meeting in Uzbekistan, which would be dedicated to innovative mechanisms of public participation and their implementation in PEMPAL countries (*further discussed within the next agenda item*).

Ms. Ruzanna Gabrielyan noted that this was a very informative visit and that she shared materials with the Budget Department of the Ministry of Finance of Armenia. They are currently reviewing it to identify potential similar practices that could be implemented Armenia.

Ms. Marina Tikhonovich added that usually WG members meet and exchange information and lessons learned with the ECA countries, while this meeting was unique in that the members of the WG exchanged information with African and Latin America countries, which provided a different and very useful perspective.

Mr. Asangulov also noted the discussions held in Cascais were particularly helpful, especially because Kyrgyz Republic is working on further improving participatory budgeting, including with the assistance from the World Bank.

***Conclusions:***

* BLTWG’s knowledge product on Public Participation in Fiscal Policy and the Budget Process remains in the form of Power Point presentation. The Resource Team will confirm feasibility of converting Power Point presentation into a paper, it depends on the availability of Ms. Harika Masud from the World Bank for this task.
1. **Program and Performance Budgeting Working Group (PPBWG)**

Ms. Carsimamovic reported that the WG members are busy with 2 activities: conducing the 2018 OECD Performance Budgeting Survey and preparations for the participation in the meeting of the OECD Performance and Results meeting in November 2018.

The Survey questionnaire and accompanying glossary were translated to Russian and BCS languages and the invitations were sent to all PEMPAL countries.. The deadline for survey completion is October 30. Ms. Carsimamovic explained that taking part in this Survey, which is simultaneously in the same exact format being filled out by the most advanced OECD countries, contributes to one of the three BCOP priorities in this PEMPAL Strategy period – expanding internationally available data on PEMPAL countries. Specifically, taking part in this survey will allow for extensive regional and international benchmarking, as well as identification of innovations and good practices in performance and program informed budgeting. Moreover, for PEMPAL countries that took part in the previous iteration of this Survey in 2016 (also through BCOP), it will be possible to track the recent progress and trends. In other words, this exercise will permit benchmarking in relation to OECD best practices and instruments and in relation of performance over time.

She reminded that the OECD is an important source for content work of PPBWG. Within this cooperation, PPBWG will for the fourth time participate in the meeting of the OECD’s Senior Budget Officials’ Network on Performance and Results, to be held on November 26-27 in Paris. This Network provides PPBWG with an opportunity to share and benchmark our progress in program and performance budgeting with OECD countries and to learn and discuss new trends in program and performance budgeting in OECD countries. This year specifically, this meeting will include a session on newest developments and recommendations on spending reviews in OECD countries, which will be very beneficial to PPBWG leadership, as this is the subtopic that this WG will be working on in the next period. In November, a small delegation of PPBWG, consisting of four participants from the lead country of the PPBWG, Russian Federation and the other most active country in this WG, Bulgaria The Working Group Lead, Mr. Nikolay Begchin from the Ministry of Finance of Russian Federation along with Ms.Carsimamovic from the Resource Team will deliver a presentation of preliminary results of the PEMPAL countries on the OECD’s 2018 Performance Budgeting Survey.

***Conclusions:***

* Resource Team and PPBWG leadership will prepare a knowledge product on results of the Performance Budgeting Survey, which will be presented and circulated at the BCOP 2019 plenary meeting.
1. **The 2019 BCOP Plenary Meeting Preparations – overview of draft Concept Note and discussion on pre-event survey**

Ms. Carsimamovic explained that the Resource Team has prepared draft of the Concept Note and Agenda for the BCOP 2019 Plenary Meeting, to be held in Uzbekistan in March 2019. This has been circulated to the Executive Committee prior to this meeting, noting that only English version is currently available and will be translated into Russian and BCS after the adjustments based on outcomes of this meeting are included.

She explained that 3 full days of agenda are planned, in addition to a half of day planned for the cultural program hosted by the Ministry of Finance of Uzbekistan at their request. The version presented at the meeting has been prepared based on assumption that the hosts would provide some financial contribution, however, by the Executive Committee meeting the Resource Team had not received final confirmation from the Uzbekistan Ministry of Finance on which cost item they will cover.

Ms. Carsimamovic then reminded that in line with previous decision of the Executive Committee, the plenary meeting would follow the format of the two previous plenaries and would include one day dedicated to each of the two working groups and the third day dedicated to a new topic – capital budgeting and public investment. As always, the topics were selected based on country priorities which were collected during this year’s plenary meeting. Proposed speakers for this plenary will include the combination of international organization including the World Bank, OECD, GIFT, and European Commission and PEMPAL country cases. Then she gave detailed overview of planned agenda for the day devoted to the new topic on capital expenditure/public investments and the day devoted to PPBWG.

On the day of capital expenditure/public investments, Ms. Iryna Shcherbyna from the World Bank will deliver a presentation on key concept and trends. In addition, she also will present the results of the thematic pre-event survey which is planned to be conducted to collect information on status and issues in this topic in PEMPAL countries. Another speaker from the World Bank, Mr. Darwin Marcelo, Senior Infrastructure Economist, will present a new World Bank assessment tool – Infrastructure Prioritization Framework. The Resource Team also propose to invite a speaker from the OECD to provide a presentation on capital budgeting/public investment in OECD countries to give an overview of tends in public investment governance and prioritization in OECD countries and the work of OECD’s Network on Public-Private Partnerships and Infrastructure. European Commission will also be invited to present on EU capital budgeting recommendations. Then the Executive Committee and the Resource Team discussed in detail how to structure the afternoon PEMPAL country cases and which countries should give presentations. There will be four PEMPAL country cases, based on the four subtopics identified earlier by the Executive Committee - i) assessing effectiveness and prioritizing capital expenditure; ii) role of independent fiscal institutions in capital budgeting context; iii) fiscal risk management related to capital budgeting (including role of private sector); and iv) role of rainy funds/sovereign funds in capital budgeting. The following countries were mentioned as potential candidates to present: Bulgaria for subtopic 2, Russian Federation for subtopic 4, Croatia for subtopic 1, and Armenia for subtopic 3.

On the of PPBWG day, it is proposed that the WG Lead would present on progress and plans of this WG and that Ms. Carsimamovic presents the results of the PEMPAL countries on 2018 OECD Performance Budgeting Survey and Comparison to OECD countries will be presented. The rest of the day will be devoted to the subtopic of spending reviews. OECD will be invited to present a presentation on the new OECD trends and best practices in spending reviews and PPBWG leadership will present on PEMPAL countries’ status, plans, and challenges related to spending review, based on the results of the OECD Survey’s part on spending reviews and pre-event thematic survey that will be designed and conducted. In the afternoon, discussion groups on spending reviews will be held.

Ms. Gusarova next presented that the BLTWG agreed in Portugal to focus on mechanism of public engagement in participatory budgeting during the BLTWG day. GIFT will provide an overview presentation on public participation mechanism at the national level in advanced countries with a focus on engaging stakeholder groups.Uzbekistan Ministry of Finance will provide an update on advancing in fiscal transparency and public participation reforms, which were implemented over the past two years using lessons from PEMPAL countries. Next, PEMPAL countries will present innovative public participation practices that were recently implemented – Sakhalin region from the Russian Federation and Croatia. Finally, the World Bank Russia Local Initiatives Support Project team will conduct a workshop on implementing participatory budgeting in countries with multi-level budget structure.

Ms. Gusarova explained that on March 21, there is a national holiday in Uzbekistan and that hosts kindly suggested to have a cultural program on that day. Ms. Elena Nikulina explained that based on the PEMPAL policies, a social program should be organized within the event dates (starting on the day of the welcome reception and finishing on the last day of the agenda), not intervene in the core event activities, and is expected to last on average around three hours. Ms. Galantsova also noted that due to scarcity of flight options to Uzbekistan, the Secretariat advises that the program starts in the afternoon, as opposed to morning, to give as much as time as possible for participants’ arrivals.

***Conclusions:***

* Executive Team endorsed in general the draft of the Concept Note and Agenda for the BCOP 2019 Plenary Meeting. The meeting agreed that the agenda is to be revised taking into account PEMPAL policy on cultural program, available budget and flights schedule. Then the Resource Team should work to confirm with the hosts on their contribution, confirm all speakers and prepare pre-event survey, invitations, and other materials. The invitations will be issued in early January 2019.
* For the day of capital expenditure/public investments, PEMPAL country case will briefly present their current practices and then focus on their main problems and challenges related to specific subtopic given to that country. After each of the four country presentations, international experts will be asked to provide their short feedback (and advice if applicable or examples of how other countries approach similar issues) to each presenting country, after which the floor would be opened to questions from participants. The Resource Team is tasked with preparing detailed explanations and draft template for these presentations, which will be sent to Executive Committee, based on which it will be decided which four countries will present.
1. **Announcement of Executive Committee Chair Elections**

Ms. Gusarova reminded the Executive Committee that each COP was supposed to conduct the elections every year according to PEMPAL Rules of Operations and it was time for BCOP to organize election

***Conclusions:***

* Secretariat will circulate an email with a proposal either to re-elect the current BCOP Chair for one more year or organize elections of the new BCOP Chair.
1. **Other business**

Ms. Gusarova announced that she got a new assignment in a different department and is moving to Washington.. She thanked everyone for support and experience that the BCOP team gained for these 7 years. Everybody thanked Ms. Gusarova for leading PEMPAL BCOP, congratulated on her career move and wished her all the best. Ms. Nikulina informed the Executive Committee that Ms. Gusarova would still be available until end December and would assist with the plenary meeting preparation, while the World Bank has already started working on appointing Ms. Gusarova’s replacement and assured the Executive Committee that the Resource Team would ensure a smooth transition over the next two months.