

PEMPAL TCOP Workshop Concept

Location: Tirana, Albania

Dates: May 20-22, 2015

Background

The main objective of the PEMPAL program is to strengthen the professional skills of public finance specialists in member countries and support them in implementing various aspects of reforms in their national PFM systems. The primary tools used by the program to achieve this objective are the exchange of experiences and knowledge transfer among the practitioners.

PEMPAL Treasury Community of Practice has identified several areas of priority interest for its members. Two such areas are cash management and treasury controls. The topics are of particular relevance for PEMPAL member countries as many have been transitioning from a traditional manual processing environment, with ex-ante central controls, to implementing automated financial management information systems. Countries are now presented with the option of replacing many of the traditional manual controls with system based automated controls. Cash management and forecasting is also an area of particular interest, with automation improving the reliability and timeliness of cash flow information. Countries are now better able to develop more precise cash management forecasting tools which improve their ability to forecast cash balances and future liquidity requirements.

Selected aspects of the respective reforms have already been discussed at past TCOP events. This includes a plenary meeting of the TCOP in Kiev, Ukraine, in 2013 which was primarily devoted to examining internal controls in a modern treasury function. It included presentations both within the TCOP group and externally by a number of experts including representatives from OECD countries.

Since 2013 a new approach in addressing treasury issues was applied within TCOP by establishing thematic groups for discussing specific topics of particular interest for the members. One of such groups launched in 2014 is focusing on cash management and forecasting. The group has thus far convened on three occasions via video conferences. The meetings included useful presentations on cash management and forecasting from four member countries, Moldova, Georgia, Turkey and Russia. Engagement of the participants in the question and answer sessions of those events has been at the highest level, demonstrating the relevance and importance of this theme for the members. It was therefore decided to make it the topic of the next COP plenary meeting.

Objectives

The main objective of the Tirana event is to offer an opportunity for TCOP members to exchange experiences in developing cash management practices and applying key elements of treasury controls. Participants will also learn about the role and functions of the treasury of Albania and recent treasury reforms implemented by the hosting country. The event will also serve the forum for updating TCOP activity plan.

Content

Following the tradition of TCOP meetings and based on agreement reached with the hosts of the event, the meeting will start with an overview of the PFM system and the role and functions of the treasury of Albania. Albania will also provide direct feedback on its current practices regarding cash management and treasury controls. Day one will conclude with group discussions regarding the Albanian experience and its relevance for member countries.

Agenda of day two will be prepared by the COP thematic group on cash management. It will include a mix of presentations by the experts and representatives of TCOP member countries on selected issues of cash management and forecasting. The countries to be invited to deliver the presentations on that day include Azerbaijan, Turkey and Russia (to be confirmed). International experts will also be invited to discuss good practice in these areas.

Second half of the second day will be devoted to discussions on the topic of the day in small groups. All participating country delegations will be invited to prepare brief presentations for this session focusing on existing issues in cash management and forecasting. Presentations will be based on the standard template to be developed by the resource team and distributed to the participants in advance.

The third day will be devoted to selected issues of treasury controls, specifically commitment controls and mechanisms for prevention of accumulation of arrears.

The timing for spending, particularly large capital expenditures, has a major impact on effective cash planning and forecasting. TCOP member countries seek to gather this information differently, and experience at previous TCOP events shows that a common concept of commitments does not exist. There are also significant differences in the definitions of expenditure arrears used and mechanisms for effective prevention of accumulation of arrears are sometimes missing.

As part of preparation for the workshop, a questionnaire will be sent to participant countries to determine the status of commitment controls and situation with expenditure arrears. The findings of the survey will be presented during the third of Tirana event and these results will be used as the basis for further group discussions on good practice in this area.

Core messages from the group discussions will be captured in the group reports to be presented and discussed on the third day.

Each member country will be invited to send 2 officials to the meeting in Tirana. The total number of participants expected is around 65, including experts, and around 10 representatives of the hosting country. The format of the meeting will be very informal and aimed at stimulating debate and encouraging participation by the country representatives. The working languages for the event will be Russian, English and Bosnian-Croatian-Serbian, using simultaneous interpretation.

The event preparation and implementation will be facilitated by the World Bank resource team working with the TCOP, including Elena Nikulina, Team Leader for the PEMPAL program, Ion Chicu, PEMPAL Operations Adviser, and Mark Silins TCOP Thematic Adviser.