



## PEMPAL Steering Committee and Cross COP Executive Committee Meeting

### CONCEPT NOTE

#### ESTABLISHING AN AGREED RESULTS FRAMEWORK FOR PEMPAL AND EXAMINING THE PFM SYSTEM OF THE FRENCH GOVERNMENT

**Date:** September 3-6, 2012 **Location:** Paris, France

#### **Background**

The Public Expenditure Management Peer Assisted Learning network (PEMPAL) has up to 400 participants from 22 Europe and Central Asia countries. It effectively provides professional development and peer learning opportunities where members can benchmark their public financial management (PFM) systems through active participation in meetings, workshops and study tours. The network is organized in three Communities of Practice (COPs) in budget, treasury and internal audit, led by COP Executive Committees, and overseen by a Steering Committee of donor and member government representatives. Technical content is facilitated through donor supported resource teams (World Bank and OECD/Sigma staff) and logistics, administration and network performance reporting services are provided by a Secretariat, within the Center of Excellence of Finance in Slovenia.

This concept note provides the background and rationale for bringing the executive of PEMPAL together in a face-to-face meeting to a) review the PEMPAL Strategy 2012-17 results framework which will guide network activities for the next 5 years, and b) to learn from the process, systems and procedures used by the French Government. The PEMPAL executive comprises approximately 40 people from three COP Executive Committees and a Steering Committee which guide and steer PEMPAL.<sup>1</sup> The Executive Committees provide strategic and operational direction to each COP and facilitate the development and implementation of action plans on behalf of the members that address key public finance reform priorities. The Steering Committee provides strategic oversight and includes representatives from SECO Switzerland (Chair), Russian Federation MoF, World Bank, OECD/SIGMA, GIZ (Germany) and the Chair and Deputy Chair of each of the COP Executive Committees (who are elected from COP members).

The meeting will have three key functions:

1. Results Framework review and approval
2. Face-to-Face Steering Committee meeting and COP Executive Committee meetings
3. Examination of the PFM systems of the French Government

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<sup>1</sup> These Executive Committees (or Leadership Groups) currently comprise 22 people: six members in BCOP; nine members in TCOP; and eight members in IACOP.

**Results Framework review and approval.**<sup>2</sup> In July 2011, the Steering Committee and COP Executive Committees met in Berne, Switzerland, hosted by the network's key donor SECO. In this meeting, the executive began a strategic planning process that resulted in the draft PEMPAL Strategy 2012-17. This draft strategy was later revised by the Steering Committee in its February 2012 meeting in Ljubljana, to reflect the recommendations of an independent evaluation finalized in January 2012.

This evaluation was conducted during 2011 and the results found that PEMPAL had expanded its membership in terms of countries and individual members; accessed more financial resources and deepened its functionality through improved functioning of the Executive Committees and the Steering Committee; and had built network institutional infrastructure. The evaluation also found that countries were more in charge of the agendas of the individual COPs and that individuals and countries were learning from each other, in ways that resulted in direct demonstrable impact on some PFM systems. It was also found that significant value was generated at the level of individual learning that contributes to better PFM systems in the long term.<sup>3</sup> However, it was acknowledged that it is difficult to directly attribute improved PFM systems to the network and the focus should be more on the purpose level. Thus, the evaluation recommended that the network should develop an objective framework that incorporates the value of building the professional competency of individuals involved in PFM in the region and that a joint, negotiated, internalized and operationalized vision of PEMPAL for all stakeholders is established.<sup>4</sup>

The PEMPAL Strategy 2012-17 aims to provide that vision and the previous vision of improved PFM systems has been revised to provide a more realistic and achievable goal. In summary, over the next five years the strategy aims to:

*To position and brand the network over the coming five years as an internationally recognized, effective and sustainable peer assisted learning and professional knowledge exchange provider that contributes to practical Public Financial Management (PFM) solutions in the ECA region.*<sup>5</sup>

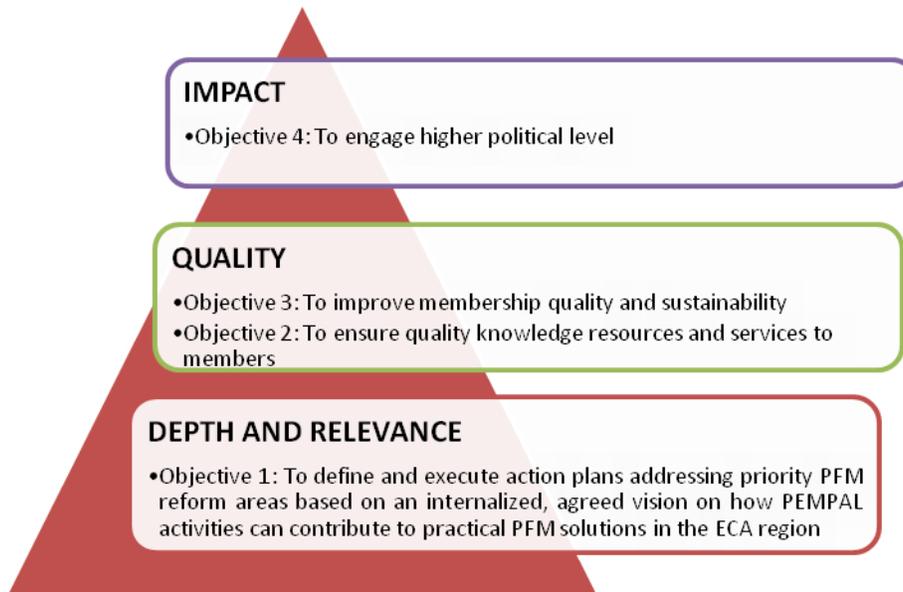
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<sup>2</sup> The results framework is based on the Logical Framework Approach. This is where expected results are aligned with activities in a cause-effect chain and performance measurement is guided by indicators for monitoring different levels of results. Source: NADEL, ETH ZÜRICH, November 2010, An introduction to Results-based Management in SECO Economic Cooperation and Development

<sup>3</sup> Source 'Fölsher, Alta, 2012, '2nd Evaluation of the PEMPAL network – Final Report, January 2012' Commissioned by the World Bank on behalf of the PEMPAL Steering Committee, Mokoro Ltd p. ii

<sup>4</sup> Ibid, pp.71-72

<sup>5</sup> Source: PEMPAL Strategy 2012-17 available at [www.pempal.org](http://www.pempal.org)



The strategy has four key objectives and 16 key actions to achieve these objectives. These objectives and actions were the result of an extensive consultation process of members, donors and key stakeholders. At the request of the Steering Committee, these key objectives and actions were recently presented within a new results framework, rather than the previous interim solution of presenting the objectives within the existing agreed results framework which had been in place since 2008. This new results framework was then reviewed by a small working group of Steering Committee and Secretariat representatives (Marius Koen, Salome Steib and Senka Maver) and a revised version developed to serve as a starting base for discussions at the Paris meeting. It is hoped that these discussions will lead to a common agreement and understanding of how the goal, outcome and output objectives contained in the PEMPAL Strategy 2012-17 will be achieved and measured.

**Face to Face Steering Committee and COP Executive Committee meetings.** It is important for the executive of PEMPAL to meet face-to-face on a periodic basis particularly when discussing the strategic framework of the network. It is also an opportune time to hold the quarterly meetings of both the Steering Committee and the Executive Committees to take advantage of the presence of all of the network’s executive bodies.

**Examination of the PFM system of the French Government.** The government members of the network’s executive have expressed a specific interest in the PFM system of France, particularly in light of it being driven by performance. Most PEMPAL member countries are currently implementing elements of performance based budgeting and some are also considering aspects of the francophone approach.<sup>6</sup>

<sup>6</sup> This refers to the budget system practiced in countries based on that of the historical colonial administration of France. Francophone countries have inherited a strong attachment to the need to incorporate specific budget principles in law. This is not generally the case in Anglophone countries (former English colonies). (Source, Ian Lienert, paper delivered at 4th Annual Cabri Seminar 13–15 December 2007, Accra, Ghana). Many other key differences exist between the Francophone and the Anglophone approaches but are outside the scope of this paper. It is recommended that a knowledge product be prepared highlighting characteristics, strengths and weaknesses of both approaches for the benefit of PEMPAL members.

To facilitate the design of the French days, each COP Executive Committee was asked to provide specific areas of interest which were provided to OECD/SIGMA. OECD/SIGMA, as a key in-kind donor to the network, is facilitating the organization and contact with French Government officials to arrange the “French Days” which will begin in the afternoon of Tuesday 4 September and go to the end of the day, Wednesday 5 September.

The French have adopted a “big bang” approach based on a new comprehensive law introduced on January 1, 2006 which contains all parameters defining budgeting, management, and accounting rules. The initiative and main design of the reforms came from Parliament with the new methodology tailored to ensure questions could be answered on what public money would be used for, for what objectives, and subject to what commitments to performance.<sup>7</sup>

This concept note has been prepared by the PEMPAL PFM Adviser, Deanna Aubrey in consultation with the Paris Organization Committee (Elena Nikulina, Annes McGoogan, Senka Maver, Ion Chicu and Joop Vrolijk). The Steering Committee agenda has been prepared by Senka Maver in close consultation with the Steering Committee Chair, Salome Steib.

## **Contents**

The meeting will open on Sunday evening September 2, 2012 with a welcoming reception hosted by OECD/SIGMA within the Mercure Hotel at 19.00. Earlier that day at 15.00, the resource team (comprising Steering Committee and Secretariat representatives) will meet with the professional facilitator, Frank Little, who will brief them on their roles during Day One.

**Day One**, Monday 3 September, will include a full day dedicated to review of the PEMPAL results framework. This framework is based on the *Logical Framework Approach* as requested by donors. Thus a professional facilitator skilled in the application of this methodology has been engaged specifically for this day. Although the format of this day will be driven by this facilitator, it is envisaged that the group of 40 will be split into four for group work from 11.00 in the morning to 15.30. Additional rooms at the World Bank Paris offices have been booked to cater for this approach. The facilitator will use the resource team to assist these groups. Given simultaneous translation will not be available for these sessions, groups will be formed based on language preference where possible (ie English, Russian and Serbo-Croatian). The groups will report back in plenary and simultaneous translated discussions will be held on the main elements of the revised results framework.<sup>8</sup> Dinner is then proposed in a French Brasserie, Le Scheffer.

**Day Two**, Tuesday 4 September, will have two components, one in the morning and one in the afternoon. The morning will be allocated to the quarterly meeting of the Steering Committee and to the discussion of the results framework indicators. A group photo will also be arranged after lunch. The ‘French Days’ will then begin at 14.15 with an introduction by OECD/SIGMA followed by two

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<sup>7</sup> Source: Pierre Lubek, “The French Experience in Performance Management: from the principles to the application of the 2001 Organic Law on the Law of Finance”.

<sup>8</sup> Discussion on the results framework indicators will then continue on Tuesday 4 September and Thursday 6 September.

presentations by the French authorities on PFM Institutions and the Organic Budget Law. After questions, there will be a free evening with dinner provided by the hotel.

**Day Three**, Wednesday 5 September, will continue to showcase the French Government's approach and include an outline of the budget development process, the Treasury system and accounting basis, how internal audit functions, and how performance audits of the budget law are conducted. After returning to the hotel, a dinner cruise on the river Seine will be provided.

**Day Four**, Thursday 6 September, each COP Executive Committee will hold its quarterly meeting in the World Bank Office conference rooms. A plenary meeting of all participants to wrap up the discussion on the results framework and a Steering Committee meeting to endorse the results framework will also take place. The afternoon agenda will include a city tour of Paris.

The agenda with the meeting's objectives and key expected outputs is shown in a separate document. Please note the agendas for the individual COP Executive Committee meetings to be held on the morning of Thursday 6 September will be prepared separately by the relevant Committees and/or by their resource teams.