**MINUTES OF THE STEERING COMMITTEE MEETING**

**WebEx, November 1, 2017**

**PRESENT AT THE MEETING**

**SC members**

1. Irene Frei (SECO – Donor, Steering Committee Chair)
2. Daria Kirillova on behalf of Anna Valkova (Ministry of Finance of the Russian Federation – Donor)
3. Anna Belenchuk (Ministry of Finance of Russian Federation- BCOP Chair)
4. Angela Voronin (Ministry of Finance of Azerbaijan – TCOP Chair)
5. Edgar Mkrtchyan (Ministry of Finance of Armenia – IACOP Chair)
6. Edit Nemeth (Ministry for National Economy of Hungary – IACOP Deputy Chair)
7. Elena Nikulina (World Bank – PEMPAL Team Leader)
8. Marius Koen (World Bank)

**Observers**

1. Ion Chicu (World Bank – PEMPAL Operations Advisor, TCOP Resource Team)
2. Maya Gusarova (World Bank – BCOP Resource Team Coordinator)
3. Ksenia Galantsova (World Bank – PEMPAL Secretariat)
4. Ekaterina Zaleeva (World Bank – PEMPAL Secretariat)
5. Kristina Zaituna (World Bank – PEMPAL Secretariat)

**AGENDA ITEMS**

* + - 1. **Opening of the meeting**
			2. **Report on distribution of the annual letters and the program impact survey -** Elena Nikulina and Ksenia Galantsova (PEMPAL Secretariat), World Bank. *SC to take note of the status*
			3. **Briefing on the launch of monitoring of implementation of PEMPAL Strategy -** Elena Nikulina, World Bank
			4. **Discussion on the timeline and process for preparation of the completion report for PEMPAL Strategy 2012-17. -** Elena Nikulina will present the World Bank team proposal. *SC to decide on the timeline and process of preparation of the completion report*
			5. **Update on the progress of implementation of the FY18 action plans, status of the COP strategic plans –** COP Chairs. *SC to take note of the status*
			6. **PEMPAL finances -** Elena Nikulina and Ekaterina Zaleeva (PEMPAL Secretariat) - *SC to take note of the budget status, confirm budget allocations for FY18 and decide on the timing and process of approval of FY19 budget allocations*
			7. **Closing of the meeting**

**MINUTES OF THE DISCUSSION**

**1. Opening of the meeting**

Ms. Frei welcomed all participants to the third Steering Committee (SC) meeting of the year, noting that key decisions were required to discuss budget status and confirm budget allocations for FY18, discuss timeline and process of preparation of the completion report, in addition to the SC’s regular review of PEMPAL’s finances and activities. Ms. Frei has taken note of Mr. Edgar Mkrtchyan, IACOP Chair, that he is to leave earlier due to other commitment, and suggested that Update from COP Chairs is discussed as item 4 of the agenda, instead of initially planned item 5.

**2**. **Report on distribution of the annual letters and the program impact survey**

Ms. Elena Nikulina briefed the meeting on the status of the annual thank you letters and program impact survey distribution. The annual package was more substantive this year and included the new strategy and success stories. The distribution effort has been successfully completed. Ms. Nikulina and Ms. Frei commended PEMPAL Secretariat team for their efficient support to this task. Ms. Frei praised the team for the quality of the package and informed that she distributed it internally in SECO.

The impact survey was included as part of the package. Responses have been received from 12 countries and the PEMPAL team continues collecting them. Ms. Nikulina noted that collection of responses was taking longer than planned because the survey targeted senior officials who delegated this responsibility to their staff members who needed to prepare responses and coordinate it with the management. In some cases, responses were provided by the lower level staff and it was not clear if delegation took place or if they just took it upon themselves to respond. The team is following up on such cases to obtain clarifications. The PEMPAL Secretariat is also communicating with individual Executive Committee members to finalize collection of responses as soon as possible. Ms. Nikulina proposed that the approach to the survey needed further revision in the future to make sure that senior management was involved in responding.

**Conclusions:**

* SC has taken note that the distribution of thank you letters package has been successfully completed.
* SC has taken note that the responses from impact survey continue being collected. A report on the survey results will be prepared by the next Steering Committee meeting.
1. **Briefing on the launch of monitoring of implementation of PEMPAL Strategy**

Ms. Frei introduced the subject, emphasizing it was important for the SC to discuss updates on the actions, envisaged under the Strategy implementation plan, at each meeting.

Ms. Nikulina informed that 11 out of 15 actions of the implementation plan have intermediate deadlines, which have passed or were approaching. There were at least 5 actions, where a delay was expected for various reasons. PEMPAL lost its Strategic Advisor, who left PEMPAL in August 2017 and whose terms of reference included monitoring of the progress of the Strategy implementation plan. There is also uncertainty with finances to support the new PEMPAL Strategy and it has impact on some of the actions.

At the same time, many actions are in progress. In particular, the Secretariat started to collect several types of data envisaged under various actions of the implementation plan.

Two actions with the approaching deadlines fall within the area of responsibility of the Steering Committee. At its next meeting, the SC needs to take a decision on the launch of preparations for the next Executive Meeting. The Secretariat will explore the location options by that time. The Steering Committee also needs to approve revisions to the Operational Guidelines regarding the section related to the requirements for the countries hosting PEMPAL events. An initial proposal will be presented at the next SC meeting.

Ms. Nikulina suggested that the formal update on the implementation plan progress is prepared by the Secretariat for the next SC meeting. This will require a monitoring template to be developed. The program management team will also review the actions where there is a delay and will work with the secretariat team to reduce the number of such actions.

**Conclusions:**

* The SC has taken note of the status of the launch of the new Strategy monitoring. A format for tracking progress will be developed and the first formal monitoring report will be prepared by the next SC meeting.
* The options for the location of the next Cross COP Executive meeting will be explored and presented by the Secretariat team at the next SC.
* A proposal for the revision of the Operational Guidelines regarding the section related to the requirements for the countries hosting PEMPAL events will be presented at the next SC meeting.
1. **Update on the progress of implementation of the FY18 action plans, status of the COP strategic plans**

**IACOP**

Mr. Edgar Mkrtchyan, IACOP Chair, reported on the successful IACOP Plenary Meeting and Audit in Practice Working Group (AiP WG) meeting, held on October 24-27, 2017 in Tashkent, Uzbekistan. The event received good coverage in Uzbekistan press, including several reports on national TV.

Mr. Mkrtchyan also raised the question related to IACOP knowledge products, bringing to the SC attention, that IACOP members had heard about instances of the sale of IACOP knowledge products by third parties. IACOP expressed concerns that the situation would continue and requested SC permission to approve revenue generating mechanism from selling their knowledge products. SC referred to earlier SC decisions that the sale of IACOP knowledge products was hardly possible due to absence of accounting mechanisms. It is not possible to sell knowledge products through PEMPAL Secretariat, which is functioning under the Trust Fund, operated by the World Bank. The World Bank team reiterated that it would be essential to find evidence that the knowledge products were being sold by third parties, before officially raising the issue.

Mr. Mkrtchyan also raised the question on acknowledging certain countries as PEMPAL donors. There were some countries in IACOP which had contributed significantly to IACOP events and IACOP suggested to formalize these countries as donors (the cases of Hungary, Uzbekistan and Belgium were mentioned). Ms. Nikulina acknowledged it was a positive trend. It would be important to see how this trend would develop and propose the format of acknowledging different types of contributions to the events by the member and other countries. The Secretariat started to capture relevant information in the internal records, and will include it in the future annual reports.

**BCOP**

Ms. Anna Belenchuk, BCOP Chair, reported on BCOP Executive Committee participation in the 13th OECD CESEE SBO meeting, where BCOP significantly contributed to the agenda and got praised on its knowledge product on citizen budget. Other two BCOP events included two VCs of the working groups – on program budgeting and public transparency and participation. She also informed, that BCOP leadership was planning to attend OECD Performance and Results meeting in mid- November 2017. The annual plenary meeting will be organized in Austria, with a day of new topic – interregional fiscal affairs, followed by a day dedicated to performance and program budgeting group agenda and a day focused on budget transparency group agenda. Finally, OECD invited BCOP Executive Committee for its 14th CESEE SBO in Croatia in summer 2017, where BCOP would organize back-to-back meeting with member countries’ Deputy Ministers of Finance – a new format BCOP would like to try.

**TCOP**

Ms. Angela Voronin, TCOP Chair, has presented TCOP progress since last SC meeting. TCOP conducted TCOP Executive Committee meeting by VC in September, where TCOP leadership has approved Action Plan for FY18-19. Face-to-face meeting of the working group on cash management has taken place in Chisinau, Moldova in October 2017. Issues of single treasury account and relations between treasuries and debt management departments as well as treasuries and central banks were also discussed at that event. TCOP is planning to merge two face-to face events into one event in Baku, Azerbaijan, on automation of accounting in public sector and connection with FMIS. Finally, a plenary meeting in Tirana, Albania, is planned for June 2018. While there are sufficient funds for the meeting in Baku under the current budget, plenary meeting organization will depend on the availability of resources for the second half of the fiscal year.

Ms. Voronin presented key focus areas of TCOP Action Plan for FY18-19, approved by TCOP Executive Committee in September 2017. They include:

* Cash Management;
* Use of Information Technologies in Treasury Operations;
* Public Sector Accounting and Financial Reporting;
* Evolution of the Treasury's Role and Functions.

The format of events will remain the same. 4 working groups, currently working, will continue operating under the Action Plan.

**Conclusions:**

* The SC has taken note of COPs good progress on action plans for FY18, emphasizing great progress with working groups and BCOP cooperation with OECD, recently captured in PEMPAL success stories;
* The SC has approved TCOP Action Plan for FY18-19, showing well how TCOP is planning to implement their priorities;
* The SC has noted information about rumours on the sale of IACOP knowledge products by third parties. The PEMPAL TTL will follow up with IACOP resource team to obtain clarification and to decide on the next steps.
* The SC reiterated that there is no accounting mechanisms to sell IACOP knowledge products through PEMPAL at the moment, as PEMPAL is operated by the World Bank as a project and the World Bank cannot sell IACOP products. IACOP will need to propose concrete mechanism to enable the SC to revisit the issue.
* The SC will consider information on cases of country’s contributions at the next meeting, as part of the update on the progress of the Strategy implementation plan.
1. **Discussion on the timeline and process for preparation of the completion report for PEMPAL Strategy 2012-17**

According to the World Bank procedures, a completion report needs to be prepared for any project within 6 months after its closing date. Given the approved extension of the current source of PEMPAL funding, the completion report will be due by end-June 2019. Ms. Elena Nikulina proposed to initiate the work on the report much earlier and that PEMPAL World Bank team starts working on the completion report for the Strategy 2012-2017 in parallel with the annual report for 2017 calendar year. Therefore, the draft reports should be ready for review by SC around May 2018. In terms of the format, it was proposed for the report to follow the logic of the mid-term review report but be more concise, with the detailed data on the achievement of results included in the annexes. The team is committed to prepare the completion report as a public document. The SC Chair confirmed that there should be two separate reports and they should not be merged into one document while the completion report should benefit from information already documented in annual reports by referencing it rather than repeating all of it

**Conclusions:**

* SC has endorsed the approach to preparation of the completion report, noting it should be separate from the annual report. The SC will expect to review it around May 2018.
1. **PEMPAL finances**

Ms. Nikulina reminded that FY18 is a transition year when PEMPAL is still spending funds that resulted from savings from the previous strategy period while mobilizing financing for the new Strategy. Unfortunately, there was less progress than planned in finalizing financing agreements with two potential financial donors. Ms. Nikulina confirmed that SECO intends to commit funds before the end of 2017 calendar year. Ms. Daria Kirillova informed the SC that the proposal of Russian MoF was going through internal discussions within the government and the MoF would inform the SC about the decision as soon as the internal government decision would be obtained.

Ms. Nikulina emphasized that savings from the previous year turned out to be higher than expected and would allow to cover COPs Action Plans in FY18 almost in full (not 50% as discussed in previous meetings). The Resource team also will be covered in full from savings in FY18.

SC approved financing of COP budgets in FY18 in the following amounts:

* BCOP: US$ 330.00
* TCOP: US$ 287.00
* IACOP: US$ 417.00

Ms. Nikulina has also reminded that to enable the use of the balance of funds under the existing PEMPAL MDTF in the second half of FY18, it is critically important that the letters extending the MDTF closing date are countersigned by both donors within the next few weeks.

Mr. Marius Koen recommended that the Resource Team explain the use of font colors in the financial reports in the future.

Conclusions:

* SC approved financing of COP budgets in FY18, taking into account savings from the last year in the amounts reflected above.
* The World Bank and the Russian Ministry of Finance will continue working on countersigning extension of the current Trust Fund Administrative Agreement.
* The World Bank will continue working with SECO on Administrative Agreement for the new Trust Fund to support new PEMPAL Strategy.
* The Russian Ministry of Finance will inform the SC about their decision as soon as the Government decision on PEMPAL new Strategy financing is obtained.
1. **Closing of the meeting**

Mr. Marius Koen informed SC meeting that he would be moving to a different region within the World Bank and it was the last PEMPAL SC meeting he participated in. He thanked the SC, PEMPAL TTL and SC Chair for the enthusiasm and exciting collaboration. Ms. Nikulina and Ms. Frei thanked Mr. Koen for his invaluable contribution to PEMPAL and wished success in his new assignment.

Before Ms. Frei closed the meeting, an indicative date for the next SC meeting was set for the second part of February 2018. The exact date will be discussed and confirmed in January 2018.

**Annexes:**

1. **Minutes of the previous meeting**

****

1. **TCOP action plan for FY18-19**

****

1. **COP budgets update note**

****

1. **Program budget table**

****