

SUCCESS STORIES



KYRGYZ REPUBLIC

KNOWLEDGE EXCHANGE AND PEMPAL MATERIALS HELP TO DEVELOP BUDGET RELATED LEGISLATION AND METHODOLOGY

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The first PEMPAL event that I attended was the one held in Tirana, Albania in February 2013 on 'Selected Aspects of Program Budgeting and Performance Management.' This proved a very useful experience, for at that time efforts to introduce performance budgeting were under way. In the course of designing budget programs some challenges were encountered. It was difficult to select performance indicators for certain sectors and align programs with policy priorities and national strategies. During PEMPAL meetings, examples of sector performance indicators were shared, and country cases illustrated on how best to ensure programs are aligned with national strategies, which assisted in these challenges. The experience also helped the Ministry of Finance of the Kyrgyz Republic to improve the Guidelines on Designing Medium-Term

Expenditure Framework (MTEF) under the Medium-Term Budget Framework (MTBF).

I should also mention subsequent PEMPAL activities that discussed results-based monitoring and evaluation of government programs.

During the events, staff of the Ministry of Finance of the Kyrgyz Republic improved their knowledge on program budgeting, were able to study and discuss with colleagues and experts possible applications of the new knowledge at home, and got familiarized with experience of other countries regarding results-based monitoring and evaluation. I also got the opportunity to examine

the approach to spending reviews in Ireland during a study visit in 2013 that also increased my knowledge of evaluation tools. The above activities contributed to the implementation of program budgeting in the Kyrgyz Republic: in the course of designing MTBF for 2013-2015, MTEFs were submitted by 15 ministries and agencies; which also increased to 20 ministries and agencies when the MTBF for 2014-2016 was developed.

More ministries and agencies are using the program format to submit their budgets: in the course of developing the national budget for 2014-2016, 28 ministries and agencies submitted program budgets, and in the course of budgeting for 2016-2018 the number of such ministries and agencies reached 75. Further, some improvements have been made to the Budget Circular on the Development of Program Budgets, Instruction on the Development and Presentation of Performance Indicators Reports for Budget Programs, and program classification has been approved.

In addition, a major improvement of the Kyrgyz Republic's position in the Open Budget Index should be stressed.

Based on the International Budget Partnership research, in 2008 the OBI score was 8, in 2012- 20, and in 2015 – 54. Thus, the Kyrgyz Republic jumped from the 76-th position in 2012 to the 34-th position in 2015. This improvement was helped by exposure to international experience as well as by active efforts by the Ministry of Finance of the Kyrgyz Republic aimed at developing and publishing 8 key budget documents that were used in estimating the index. Kyrgyz Republic is an active member in PEMPAL's Budget Literacy and Transparency Working Group, and recently shared its knowledge with other members, and is benefiting from the exposure to other country practices

including getting direct advice from the International Budget Partnership, who attended a PEMPAL workshop in early 2016.

Participation in PEMPAL events also contributed to the development of the draft Public Finance Management Development Strategy in the Kyrgyz Republic for 2016-2025. Implementation of the Strategy will ensure efficient use of the public money, improved government services provision and enhanced transparency of the budget process.

During PEMPAL events we reviewed budget legislation provisions of Russia, Kazakhstan, Georgia and other countries. We also benefited from information from Austria on the Parliament's role in the budget process, and from South Africa on their budget processes, procedures and regulatory framework. Information was gained from these countries through active participation in PEMPAL study visits held in 2014 and 2015 respectively. All this contributed to the development of the Budget Code of the Kyrgyz Republic, which was passed by the Parliament of the Kyrgyz Republic in April 2016.

Thanks to the networking opportunities provided by PEMPAL, I have also invited representatives of the Ministry of Finance of the Russian Federation to share experience with the Russian legislation.



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"The delegation of the Kyrgyz Republic is always keen to participate actively in order to study state-of-the-art international PFM experience using the PEMPAL public finance network platform, which is a unique and valuable tool for PFM reform advancement."

KNOWLEDGE EXCHANGE AND PEMPAL OUTPUTS FACILITATE INTERNAL AUDIT LAWMAKING AND METHODOLOGY DESIGN

Zamira Omorova

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I first attended a PEMPAL event in Istanbul in 2008. It proved to be a very valuable experience as the Kyrgyz Republic was in the process of drafting a Law on Internal Audit, and I learned from colleagues from Moldova, Armenia, Croatia, and a few other countries about the substance of their laws. We benchmarked our legislation against theirs, as we knew that their laws were designed in compliance with the PIFC framework and they worked well in practice. The new law was subsequently adopted by Parliament in 2009.

There are a number of examples that illustrate the value of IACOP events.

Participating in the PEMPAL events has enabled us to shape our vision for the evolution of financial management and control and internal audit frameworks, and apply this knowledge when

designing the 2015-2020 Action Plan to implement financial management and control and internal audit in the Kyrgyz Republic.

Another example showcases the progress achieved in collaboration between internal and external audits following examples of best practice set by the IACOP Working Group in its

knowledge product "Concept for collaboration between internal and external audit and financial inspection in the public sector".

As per the IACOP Concept, a collaboration agreement on public sector audit was signed between the Ministry of Finance of Kyrgyz Republic and the Chamber of Accounts of the Kyrgyz Republic, and a decision was made to design internal documents and inter-ministerial documents to exchange information on the audit period, on compiling audit reports by internal audit units in ministries and agencies in the Kyrgyz Republic in a format that would be acceptable to the Chamber of Accounts of the Kyrgyz Republic, and on conducting joint events to improve the methodology used by the Chamber of Accounts of the Kyrgyz Republic and by internal audit units in ministries and agencies in the Kyrgyz Republic.

In June, 2015 the Kyrgyz Republic hosted the 34th IACOP thematic meeting showcasing the experience of Moldova, Bulgaria, and South Africa in training and certification, which gave us an idea about future training and certification programs for internal auditors and helped us launch the preparation and adoption of the Training Policy for Internal Auditors. The Best Practice Guidelines: Internal Audit designed by PEMPAL IACOP helped us to amend and improve the quality of our Internal Audit Guidelines.

In 2014, the Kyrgyz Republic adopted its Internal Audit Standards in the *Law on Internal Audit*, and a Financial Management and Control Policy for Budget Institutions was adopted based on a review of the experience of our peers from Bulgaria, Croatia, Moldova, and other countries.



Zamira Omorova

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"We greatly appreciate every opportunity to gain new knowledge and information from our PEMPAL peers. The experience that our colleagues share is very useful as it spares us the need to learn it the hard way. This helps us skip barriers and gives me personally a chance to share my professional experience with peers and help them overcome their challenges. IACOP PEMPAL materials facilitate the lawmaking process and methodology design, and serve as an example of best practice."



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