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Foreword
As Chair of the Public Expenditure Management Peer Assisted Learning network (PEMPAL) Steering Committee, it is with great pleasure that I present the 2014 PEMPAL Annual Report.

PEMPAL has proven to be a valuable platform for which to connect public finance peers to benchmark and discuss public finance reform issues. This report documents the achievements and results of PEMPAL during 2014.

One of the key highlights of the year was the meeting of all three Communities of Practices, which was hosted by the Ministry of Finance of the Russian Federation, and held in our capital Moscow. The meeting gave the opportunity for the performance of the PEMPAL region to be examined in fiscal transparency and accountability with recommendations made not only by the international organizations such as the World Bank, IMF and the International Budget Partnership (IBP) but also by the countries and COPs themselves (through examining their plans and progress and benchmarking against each other and international good practices).

This is a very important topic particularly given the average performance of the region showed slowing or declining performance in transparency in 2012 compared to 2010. Citizens Budgets in particular, are not common in the region with only Kazakhstan, Russian Federation, Tajikistan and Turkey producing them although the information is readily available in different forms. Lack of sufficient coverage of institutions in the budget such as SOEs and off budget funds continues to also present serious fiscal risks and citizen engagement in the budget process is weak.

In light of these assessments examined during the meeting, COPs identified a proposed work program under PEMPAL to support members’ plans to strengthen fiscal transparency and accountability. BCOP plan to visit a high performing country in the OBI and also plan to examine forms and methods of citizen engagement in the budget process within the context of strengthening budget literacy. TCOP plan to continue its work on supporting reforms related to IPSAS implementation and IT solutions for treasury systems. IACOP plan to establish a financial management control working group and hold a case clinic on internal audit engagement in transparency processes.

Such a regional collaboration between central government agencies, in a meeting provided by PEMPAL, shows the usefulness of the network in bringing countries together to discuss common problems and their solutions. Learning from international good practices and sharing information between countries is a key tool and PEMPAL can support this work through initiatives that COPs have identified.

We are excited about the future of PEMPAL and are very happy to be actively involved in such a successful and valuable network.

Ms. Anna Valkova
Chair, PEMPAL Steering Committee
Ministry of Finance of the Russian Federation

1 According to the Open Budget Index and other diagnostic assessments.
2 Global average for participation is very low at 19% with no country scoring above 50% in PEMPAL region so improvements could be made by most countries in this area.
The 2009 global economic crisis hit Europe and Central Asia harder than any other region, and the recovery has been slower than elsewhere, despite a modest rebound since 2010. This has presented a challenge to the governments of the region, causing a need to focus on fiscal consolidation measures and strengthening public financial management performance.

Participation in PEMPAL has assisted member countries to discuss potential solutions to such common challenges. PEMPAL was established over eight years ago in 2006 and currently has active participation of public finance professionals from up to 23 of the 30 World Bank classified Europe and Central Asia countries. It provides learning events, workshops, study tours and resource materials in accordance with member driven action plans in the thematic areas of budget, treasury and internal audit. This peer learning approach has been effectively used in both the public and private sectors and is supported by research and independent evaluation results. The Center of Excellence in Finance, Slovenia acts as the Secretariat and the current financial donors are the Ministry of Finance of the Russian Federation and the Swiss State Secretariat for Economic Affairs (SECO), with the World Bank playing a key role in providing technical resource teams and managing the overall program, including the multi-donor trust fund.

There are three distinct Communities of Practice i.e. the Budget Community of Practice (BCOP), the Treasury Community of Practice (TCOP) and the Internal Audit Community of Practice (IACOP), who are led by COP Executive Committees comprising volunteer members from 8 member countries for each COP. COPs meet regularly in a variety of ways either through meetings of all members, working groups of a sub-set of members, or study visits to countries to discuss and address problems in more depth. Regular meetings also occur via video-conference and information shared via the public website and COP specific wikis. The institutional structure of PEMPAL is provided in Figure 1.

**BACKGROUND**

4 Countries represented include Albania, Azerbaijan, Armenia, Belarus, Bosnia and Herzegovina, Hungary (IACOP only), Bulgaria, Czech Republic (IACOP only), Croatia, Georgia, Kazakhstan, Kosovo, Kyrgyz Repub-

lic, Moldova, Montenegro, Romania, Russian Federation, Serbia, Tajikistan, Turkey, Ukraine and Uzbekistan.
5 An independent evaluation of PEMPAL completed in 2012 found that the individuals and countries in the network were learning from each other in ways that resulted in a direct demonstrable impact on public finance management systems.
BACKGROUND

Figure 1: PEMPAL institutional structure

STEERING COMMITTEE - STRATEGIC OVERSIGHT AND DIRECTION
Donors: MOF Russian Federation (chair), SECO, World Bank
Members: COP Executive Committee (EC) Chairs
Content Support Representatives: Resource teams, PEMPAL Strategic Adviser (SA)

Content support
BCOP Resource Team (WB)
Other PFM Experts as needed

Content support
TCOP Resource Team (WB)
Other PFM Experts as needed

Content Support
IACOP Resource Team (WB)
Other PFM Experts as needed

Member Working Groups

Logistical and administrative support
Secretariat support from Center of Excellence in Finance, Slovenia,
Contact managed by World Bank (WB),
Administration of event surveys also supported by WB.
PEMPAL strategy and reporting against its results framework
The PEMPAL Strategy and its Results Framework aim to enable the COPs to link their operational plans to the PEMPAL’s strategic values and objectives. The implementation cost of the PEMPAL Strategy is estimated at USD 10.5 million over the period of five years, from FY2012 to FY2017. See more: pempal.org/strategy.

This strategy hopes to contribute to PEMPAL member Governments from the Europe and Central Asia region to more efficiently and effectively using public monies resulting from applying new PFM practices. It will do this through building and maintaining a sustainable, professional public financial management platform through which individual members are networked to strengthen their capacities and to enable them to share learnings and benchmarking between countries.

The Strategy’s four output objectives and fifteen actions set the future direction for PEMPAL against a set of key performance indicators and several means of verification. 2014 was the second full year of the strategy implementation. This report is framed around the Strategy output objectives with Sections 4, 5, 6 and 7 of this report directly addressing progress with meeting the four output objectives of the Results Framework. During 2014 a mid-term review of the Strategy was initiated and results will be considered by the Steering Committee and COP Executive Committees in 2015.

Output objective 1:
PFM priorities of member governments are addressed by the PFM network platform.

**Action 1:** Develop two year rolling COP action plans aligned with COP specific strategic plans and the PEMPAL Strategy 2012 – 2017 and its Results Framework.

**Action 2:** Implement COP action plans, in accordance with budget management guidelines that address PFM priorities.

**Action 3:** Identify synergies and working projects between COPs.

Output objective 2:
Quality resources and network services, supporting relevant PFM practices, are provided to members.

**Action 4:** Ensure the Secretariat addresses members’ needs, in an efficient and effective way.

**Action 5:** Develop and share knowledge resources and products.

**Action 6a:** Facilitate access to PFM experts.

**Action 6b:** Provide the Executive Committees with sufficient and effective support (COP technical Resource Teams).

**Action 7:** Differentiate services to cater for needs of countries at different reform levels.

**Action 8:** Roles and responsibilities of key network actors as specified in the Operational Guidelines are understood and followed.

**Action 9:** Facilitate access to PFM institutes through a) showcasing institutes at COP plenary meetings, and b) support study tours for those countries interested in establishing such institutes.

**Action 10:** Facilitate members working together in a geographically dispersed environment by adopting suitable technology solutions.

Output objective 3:
A financially viable network of PFM professionals, committed to improving PFM practices in the ECA, is built and maintained.

**Action 11:** COPs monitor and sustain quality membership.

**Action 12:** Seek co-financing and in-kind contributions from members, where possible.

**Action 13:** Implement targeted marketing to donors and professional associations.

Output objective 4:
Awareness of high government and political levels is raised regarding the benefits and value of engaging through PEMPAL.

**Action 14:** Investigate feasibility of transforming PEMPAL into a more formal network of national PFM institutions.

**Action 15:** Implement revised approach to marketing at senior management level.
Output objective 1: PFM priorities of member governments are addressed by the PEMPAL network platform.
Looking back at the past year offers excitement and satisfactions. Not only that PEMPAL saw yet another increase in the number of its activities in comparison to preceding years, the year of 2014 was also marked by the biggest ever plenary of the whole PEMPAL network, and by the enlargement of the network’s membership. The former demonstrated engagement and dedication of the COPs’ members, whereas the latter demonstrated the increasing interest PEMPAL is generating among other countries of the region.

Through active participation of public finance professionals from up to 23 PEMPAL member countries, COPs addressed a number of different topics relevant for the advancement of public financial management systems and management of public funds in PEMPAL member countries. The PFM themes addressed in 2014 included:

**Budget Community of Practice**
- Results-based monitoring and evaluation
- Public sector wage bill management
- The role of parliament in budgeting: Austria experience
- Revisions to the PEFA framework
- Benchmarking against OECD countries through participating in annual OECD Senior Budget Officer meetings and the OECD budget practices and procedures survey
- Fiscal policy and the relations between the state and local authorities: Estonia experience
- Management of EU funds: Slovenia experience

**Treasury Community of Practice**
- Practical issues in relation to accounting and financial reporting in the public sector, with a particular focus on:
  - Introduction of public sector accounting standards
  - Consolidation of financial reporting
  - Public assets accounting policies
- Public sector accounting and reporting practices in TCOP countries (experiences of Georgia, Montenegro)
- Cash management practices in TCOP countries (experiences of Georgia, Moldova, Turkey and Russian Federation)
- Design and implementation of financial management information systems (FMIS) (experience of the Russian Federation, peer advice to Belarus)

**Internal Audit Community of Practice**
- Internal Audit Quality Assurance
- Risk based Audit Planning
- Role, function, relationship and collaboration of Internal Audit with Financial Inspection and Supreme Audit Institution
- Public Sector Internal Audit Systems in South Africa
- Study visit to Hungary to share PIFC reform implementation experience in Hungary including IA methodology and good practices applied by internal auditors
- Developments in PIC/PIFC and Audit Committees

**Cross-cutting issues**
- Fiscal transparency and accountability
In 2014, PEMPAL events took place in thirteen different countries, including seven PEMPAL countries who agreed to host meetings to promote PFM reforms.

<table>
<thead>
<tr>
<th>Events</th>
<th>CY 2014</th>
<th>CY 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>PEMPAL participants</td>
<td>831</td>
<td>600</td>
</tr>
<tr>
<td>Resource teams and international experts</td>
<td>160</td>
<td>241</td>
</tr>
</tbody>
</table>

Their work agendas have been driven by the countries’ needs and have been devised by the Executive Committees of each of the three COPs in consultations with their constituencies. Each of the three COPs individually agrees on key topics, and discusses main challenges to address emerging needs and opportunities. The process of identifying the priorities ensures all country members are consulted on their preferences which are then prioritized by the Executive Committees. The 2014 Annual Report is a detailed account of these events, as well as of the benefits brought by the network to its key members and stakeholders.

In 2014, PEMPAL thus brought together 664 PEMPAL participants and 135 international experts at 17 face-to-face events taking place in 13 different countries.

In comparison, PEMPAL brought together 600 participants plus 241 international experts joining 26 events in 2013.

In 2014, COPs increasingly continued organizing back-to-back events (e.g. smaller working group meetings either before or after a plenary meeting of all members), which resulted in strengthening the benefits of bringing PEMPAL participants together. The following events in 2014 had sub-events: IACOP Budva, Moscow plenary, BCOP the Hague, IACOP Astana, and IACOP Bucharest. With taking into account sub-events into the overall statistics, the total number of events in 2014 reaches 27 and total number of PEMPAL participants in 2014 climbs up to 831. It comprises participants of videoconferences, as well as those who took part in study visits, plenaries and small group meetings.

Note: * COP Plenary (A); Small group meeting (B); Study visit (C); Video Conference: (VC), F-t-F – face-to-face meeting
Budget Community of Practice (BCOP)

**BCOP priorities during 2013 – 2015**
- Program budgeting including results based monitoring and evaluation
- Wage bill management (working group)
- Fiscal Consolidation and tools
- Fiscal Rules and long term budgeting
- Fiscal Risks
- Joint collaboration between BCOP and OECD for benchmarking and expanding internationally available data on PEMPAL countries budget practices and procedures
- Knowledge exchange between OECD member and accession countries in ECA at SBO annual meetings
- Fiscal transparency and accountability including budget literacy working group from 2015
- Knowledge related initiatives:
  - collation of good practice examples of program budgeting (including examples of key performance indicators by sector), budget laws, regulations and procedures
  - collation of citizens guides to the budget
  - synopsis of macro-fiscal trends in PEMPAL countries
  - synopsis of recent research in fiscal consolidation efforts
  - translation of technical PFM documents related to budget transparency
  - development and translation of demo forecasting model and guidelines based on the World Bank’s wage bill forecasting model.
  - development of wiki as a repository of technical resources
  - continued monitoring and analysis of BCOP membership quality (including analysis of organizational structure of PEMPAL countries’ Finance Ministries to ensure proper targeting).

In 2014, the BCOP met once for a plenary, organized one meeting back-to-back with the Cross-COP meeting, one working group meeting back-to-back with the OECD’s Senior Budget Officials’ meeting, as well as participating in 2 study visits and 2 videoconference meetings. In addition, one type-B study visit was organized.

Members also participated in OECD budget practices and procedures survey which benchmarked performance against 33 OECD countries and identified good and innovative practices internationally and in the region.
BCOP study visit:
January 30 – 31, 2014; Vienna, Austria

Twelve participants from five PEMPAL member countries were familiarized with the budget planning process in Austria and the role of Parliament in monitoring and approving the government’s budget.

The objective of the study visit was to gain an overview of the budget planning process in Austria and the role of Parliament in monitoring and approving the government’s budget. Thus within this context, the objectives were to (a) gain improved knowledge of the role of Parliament in Austria through PPT presentations, and more effectively through discussions with peers from Government, Parliament and other relevant institutions, and (b) to get an opportunity to consider and discuss with peers and experts how the approaches outlined during the study visit could be applied to their own country contexts (if appropriate) and how their own experiences could be meaningful for other countries.

The results of the study visit included a roundtable discussion on the main elements of the Austrian system, key learnings and how they could be applied. These discussions were captured in a report (coordinated by the BCOP resource team) which included input from participating countries. These were also shared with other members at the BCOP plenary meeting.


BCOP Working Group on Wage Bill Management:
2 Video Conferences on February 25, September 23, and 1 face-to-face meeting, May 25, 2014

BCOP working group met via two videoconference meetings and one face-to-face meeting (held before the cross-COP meeting) to further discuss the topic of Wage Bill Management involving up to 17 participants from 7 countries.

The objectives of the meetings were to review trends in public sector pay and employment, learn from the findings of the World Bank study on public sector wage bill management and discuss public sector pay reforms in selected participating countries.

The results of the meeting included better understanding of institutional arrangements and wage bill management policies in PEMPAL countries by participants of the working group through presentation of the results of the survey and discussion of good practices and reform challenges. The discussions helped to formulate the ongoing agenda of the working group learning events, which included examining customized Wage Bill Forecasting Models to manage policy options.

Links to presentations and the study results can be accessed at:
www.pempal.org/event/read/116,
www.pempal.org/event/read/111,
www.pempal.org/event/read/123.
OUTPUT OBJECTIVE 1: PFM PRIORITIES OF MEMBER GOVERNMENTS ARE ADDRESSED BY THE PEMPAL NETWORK PLATFORM

BCOP Plenary:
March 3 - 6, 2014; Antalya, Turkey

65 participants from 20 PEMPAL member countries gathered to discuss various aspects to results-based monitoring and evaluation, tackling its key concepts and their application. The meeting was also used as an opportunity to update the members on the work of the BCOP since the last plenary meeting and to gather feedback on priorities to inform the development of the BCOP Action Plan 2014-16.

The objective of the meeting was to examine Results Based Monitoring and Evaluation (RBME) components of strategic planning, monitoring and evaluation. The meeting discussed their role in RBME, country experiences in developing them and how to develop or do each component better. The meeting focused on four key issues in developing and implementing RBME i.e. (a) the importance of line ministry strategic plans, (b) using the performance information in budgetary decision making, as opposed to merely publishing it, (c) developing appropriate institutional arrangements (ensuring that the respective roles of Ministries of Finance and other central ministries such as Economy or Planning and of line ministries are clear and complementary, and (d) moving beyond monitoring to (in depth) evaluation.

The results of the meeting included detailed discussions between countries on how to implement RBME and what were the key impediments. Action planning was also undertaken which identified the PFM priorities of member countries for future meetings. It was decided that fiscal consolidation would be the topic of the next meeting and that study visits would be organized on EU management of funds and budget transparency over the coming twelve months.

A report was prepared that captured these discussions which can be accessed at: www.pempal.org/event/eventitem/read/105/281.

The agenda and presentations can be accessed at: www.pempal.org/event/read/105.

BCOP meeting / OECD SBO meeting:
June 25 - 27, 2014; the Hague, the Netherlands

A meeting on the revised PEFA framework was held of which 19 participants from 13 PEMPAL member countries attended. The objective of the meeting was to familiarize BCOP members with the recently revised PEFA framework. Presentations were delivered on the mechanics of the framework; use of PEFA assessment for PFM reform formulation and monitoring; the assessment process; and update on the PEFA revision process. Group work was also conducted which allowed participants to experience common problems, working with indicators.

Most countries had done PEFA assessments or were planning to, and the results of the meeting were that countries gained a better understanding of the value and constraints of this diagnostic tool. After this meeting, BCOP representatives attended the 10th annual meeting of OECD-CESEE Senior Budget Officials (SBO), which includes countries in Central, Eastern and Southeastern Europe who meet annually to discuss common public finance challenges.

The objective of the OECD SBO meeting was to examine the last 10 years of reform in CESEE countries with a focus on managing multi-year allocations for national development; effective parliamentary oversight and accountability; and strategic planning and the annual budget. Results from PEMPAL’s participation in the OECD budget practices and procedures survey were also shared, which benchmarks 13 PEMPAL member countries against 33 OECD countries.

The results of the meeting included active participation of PEMPAL members in the agenda, including presentations prepared and delivered by Turkey, Russian Federation, Croatia, Kyrgyz Republic and Croatia. This was a significant result for PEMPAL members, who had previously participated in the OECD annual meeting largely as observers. Further, PEMPAL members got to share approaches and discuss solutions to PFM related problems with country members from outside the PEMPAL region.

You can access the OECD-PEMPAL report at: www.pempal.org/event/eventitem/read/112/311; or access the agendas and presentations at: www.pempal.org/event/read/112.
BCOP Study Visit:
November 19-21, 2014, Ljubljana, Slovenia

Representatives from six Western Balkan countries attended a study visit on Budget Planning and Management of the EU funds.

The **objective of the study visit** was to learn about Slovenian experience with the management of EU given participating countries share some commonalities with the Slovenian public financial system from their common past and are currently in the process of EU integration (candidates or potential candidates) or have recently become a member of the EU. Slovenia has relatively recently gone through the similar phases of EU integration and the subsequent adjustments of its public financial system, thus Slovenia was chosen as the host of this visit as an EU country with the most relevant technical experience for the Western Balkans.

The **results of the study visit** included visiting PEMPAL countries exchanging valuable information and lessons learnt from their Slovenian colleagues in the area of planning, executing, and recording of the EU funds, including issues of financial reporting and statistical reporting.

You can access the report at: [www.pempal.org/event/eventitem/read/126/340](http://www.pempal.org/event/eventitem/read/126/340).

Or access the agendas and presentations at: [www.pempal.org/event/read/126](http://www.pempal.org/event/read/126).
OUTPUT OBJECTIVE 1: PFM PRIORITIES OF MEMBER GOVERNMENTS ARE ADDRESSED BY THE PEM PAL NETWORK PLATFORM

Internal Audit Community of Practice (IACOP)

**IACOP priorities for 2013-2015 are:**
- Finalizing Internal Audit body of knowledge product.
- Progress in developing guides of good practices in Risk assessment and Quality Assurance.
- Launch and progress a new working group: Relationship of Internal Audit with Financial Inspection and External Audit.
- Elevating the mandate and visibility of the IACOP in the ECA region to obtain stronger political support to advance reforms in all the 22 IACOP member countries.
- Expand to internal control in Public Finance Management including in the common field with other 2 PEMPAL COPs.

In 2014, the IACOP organized one Plenary meeting, two study visits and six WG meetings (five of them back-to-back with the Cross-COP and other meetings),

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**IACOP Study Visit:**
January 28-30, 2014; Pretoria, South Africa

The **objective of IACOP Executive Committee’s study visit** to the Republic of South Africa (RSA) was to study RSA’s public sector internal audit system, with a view to identify and learn from good practices. RSA has successfully advanced internal audit reforms in the public sector and represents one of the world’s good practices. The **results of the study** visit were the documentation of good practices, which were shared and discussed with other IACOP members to improve knowledge of different approaches to reform in countries outside the PEMPAL region. You can access the report at: [www.pempal.org/event/eventitem/read/100/306](http://www.pempal.org/event/eventitem/read/100/306).
Or access the agendas and presentations at: [www.pempal.org/event/read/100](http://www.pempal.org/event/read/100).

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**IACOP Working Groups:**
March 3-5, 2014; Budva, Montenegro

IACOP representatives attended their 27th and 28th IACOP Working Group meeting on Risk Assessment (RA) and Quality Assurance (QA) in Budva, Montenegro.

The **objectives of the Risk Assessment working group** were: (a) to learn from countries experience on RA methodology (b) to review and agree on the final draft of RA template (c) to learn how to apply RA template (d) to discuss about the draft methodology on risk assessment in annual planning, and (e) to decide on priorities and next steps for RA WG.

The **results of the meeting were**: (a) final RAP Guide agreed, (b) action plan and next steps agreed, (c) gained a solid understanding of the Risk Assessment process in developing annual internal audit plan, (e) practical experience in applying Risk Assessment methodology gained

The **objectives of the Quality Assurance working group** meeting were (a) to finalize and approve the template on periodic internal assessment (b) to learn from Croatia how the CHU performs its external assessment (c) to develop a

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8 These are indicative strategic directions of IACOP which need to be agreed and approved by Executive Committee members of IACOP.
IACOP meeting:
May 25 - 26, 2014; Moscow, Russian Federation

Back to back with the Cross-COP meeting, IACOP continued the work of its working group on RIFIX (relationship of internal audit with financial inspection and external audit) by delivering a two-day workshop, as well as holding its Executive Committee meeting.

The objective of the IACOP RIFIX meeting was to study the international good practice for the role, function, relationship and cooperation of Internal Audit, Financial Inspection and Supreme Audit Institutions, and provide possible solutions to challenges faced by countries.

The result of the meeting was documentation of these good practices, challenges and discussions.

You can access the agenda at: www.pempal.org/event/read/111/
Or access the presentations at: www.pempal.org/event/eventitem/read/111/285

IACOP Study Visit:
June 25 - 27, 2014; Budapest, Hungary

Fourteen representatives from three countries - BiH, Montenegro and Serbia participated in the study visit to the Ministry of Finance of Hungary.

The objectives of the IACOP study visit to Budapest were to (a) share PIFC reform implementation experience of Hungary and participant countries, (b) get knowledge on Hungarian IA methodology, as well as (c) share practical experience and good practices applied by internal auditors in Hungary and participants countries.

The results of the study visit were the understanding of the host practices in those areas and improved internal audit documentation of participating countries, which were also shared and discussed with other IACOP members to improve knowledge of different approaches to PIFC and IA methodology reform.

The report can be accessed at: www.pempal.org/event/eventitem/read/113./308;
The agenda and presentations can be accessed at: www.pempal.org/event/read/113
IACOP Working Groups:  
September 22-25, 2014; Astana, Kazakhstan

IACOP organized its 30th IACOP working group (WG) meeting on Relationship of internal audit with financial inspection and external audit (RIFIX), and 31st working group meeting on Risk Assessment (RA) with the objectives for the RA workshop to finalize the Case Study on RA covering risk categorization and rating, annual audit plan preparation, and work on an exercise on communication of the annual audit plan to the management for endorsement. The group also discussed the training methods of RA used in Hungary and prepared a vision for transformation of the RA WG into the Internal Control WG.

The objective of the new RIFIX working group was to elaborate and use the existing country survey on RIFIX arrangements to identify the major issues, discuss principles and identify good practices in RIFIX in the region and beyond including the whole process of transition from financial inspection system towards professional internal audit. A separate discussion was held for transition from financial inspector role into internal auditor, with a guidance agreed to be developed as a result.

The group also elaborated on the case study to help Kazakhstan to update the RIFIX Concept Note to include main principles and connect with the phase of internal audit maturity (with links to ISSAI and INTOSAI GOV standards).

The report can be accessed at: [www.pempal.org/event/eventitem/read/122/317](http://www.pempal.org/event/eventitem/read/122/317);

The agenda and presentations can be accessed at: [www.pempal.org/event/read/122](http://www.pempal.org/event/read/122).

IACOP Quality Assurance Working Group Meeting:  
November 30 – December 1, Bucharest, Romania

Participants from 20 PEMAPAL countries gathered in Bucharest, Romania, for the 32nd IACOP meeting to address the following objectives: (a) finalizing and approving the PEMAPAL approach to external assessment of the internal audit function by the CHU, including a scoring system; (b) developing the PEMAPAL approach to internal assessment of the CHU; (c) developing detailed practical plans for the future (application of the methodology); and (c) finalizing the progress report for the Plenary session.

The results of the meeting were: (i) country experience on IA quality assurance shared, (ii) a unique good practice in external assessment of the internal audit activity and quality assessment of a CHU established, and (iii) application of the knowledge product in country IA system assessments discussed. It was agreed to copyright the unique methodology developed by the IACOP.

The agenda and presentations can be accessed at: [www.pempal.org/event/read/131](http://www.pempal.org/event/read/131).

IACOP Plenary Meeting:  
December 2-4, 2014; Bucharest, Romania

IACOP community members gathered in Romania for the plenary meeting which was aimed at (a) strengthening the IACOP partnership, (b) presenting working groups’ progress and knowledge products: (Quality Assurance, Risk Assessment, and RIFIX), (c) detecting added value and revisiting priorities of IACOP, (d) studying Romanian experience of internal audit (IA) reforms and its challenges and sharing IACOP perspective, and (e) discussing good practices in establishing audit committees and FMC in the public sector. The IACOP event brought together more than 60 participants from 23 countries including the Czech Republic for the first time as an IACOP member country. High level MOF officials from IACOP member countries also attended the events.

The results of the meeting were as follows: IACOP Strategy midterm update was conducted with the priority topics endorsed by the plenary; the working groups reported their strong progress in knowledge creation and presented valuable knowledge products in the areas of Quality Assurance, Risk Assessment, and Relationship of Internal Audit with Financial Inspection and External Audit; Romanian experience of internal audit reforms and its challenges were reviewed and IACOP perspectives on those shared; the recent developments on PIC/PIFC were presented and discussed; good practices in establishing audit committee and FMC in public sector were reviewed with the key conclusions reached; and upcoming activities have been agreed.

The agenda and presentations can be accessed at: [www.pempal.org/event/read/131](http://www.pempal.org/event/read/131).
In 2014 the TCOP conducted one plenary workshop, 3 thematic group meetings (one of them back-to-back with the Cross-COP meeting), 7 thematic videoconferences and several thematic surveys.

TCOP thematic priorities for 2013 – 2015
- Public sector accounting and financial reporting, with a particular focus on:
  - Financial reporting consolidation
  - Accounting of public assets
  - Introduction of public sector accounting standards
- Use of information technologies in treasury operations
- Cash management
- Financial management and treasury control issues
- Knowledge resource initiatives: contribute treasury related country documents to the PEMPAL virtual library, further develop TCOP wiki and use the opportunities offered by TCOP cooperation established with international PFM organizations (CIPFA, IFAC, IPSASB).

In 2014 the TCOP conducted one plenary workshop, 3 thematic group meetings (one of them back-to-back with the Cross-COP meeting), 7 thematic videoconferences and several thematic surveys.

TCOP Workshop:
February 10–12, Tbilisi, Georgia

The Treasury Community of Practice (TCOP) workshop on “Practical Issues in Relation to Accounting and Reporting in the Public Sector” brought together 65 participants: 54 practitioners from 18 PEMAPAL countries and experts from the World Bank. The Plenary meeting was followed by thematic group meetings on (1) accounting standards, (2) assets accounting, and (3) financial reporting consolidation, Tbilisi event represented the second face-to-face meeting of the three thematic groups. The members of Executive Committee met on their regular meeting as well.

The objectives of the meeting were to offer an opportunity for TCOP members to exchange experiences in implementing and improving public sector accounting and reporting in member countries and also to identify examples of good practice in this area among member countries, and internationally, that could be of used as models for other TCOP members. This workshop continued on from the earlier work initiated in 2013 Kiev, and then deepened in Skopje.

The results of the meeting were an increased understanding and use of practical tools by member countries across three interrelated themes: Consolidation of Financial Reporting, Accounting Standards, and the Reporting of Assets. More information about the meeting results can be found in the workshop Report.

The agenda and presentations can be accessed at: www.pempal.org/event/read/106
TCOP meeting:
May 26, 2014; Moscow, Russian Federation

Back-to-back with the Cross-COP meeting, TCOP held its one day plenary meeting where experience of the Federal Treasury of Russia in modernizing the treasury system was discussed.

The objective of the meeting was to give TCOP members an opportunity to learn about the experience of the Russian Federation in reforming various areas of treasury activities. In particular, participants were presented the methods applied by the hosting country in creating the functional model of the Federal Treasury and personnel training, the practice of in-sourcing within the treasury system of the Russian Federation, the role of treasury in financial reporting generation, the experience in managing the treasury single account and cash management, as well as the approaches to delimitation of responsibilities within the budget execution process between the treasury and budget institutions.

The results of the meeting included deeper understanding of peculiarities of the Russian practice and identification of the elements that could be applicable in other countries which were captured in a meeting Report.

The agenda and presentations can be accessed at: www.pempal.org/event/eventitem/read/111/284

TCOP workshop:
October 15-17, 2014; Minsk, Belarus

TCOP thematic group on Use of IT in Treasury Operations continued its program with a workshop in Minsk devoted to experiences in implementation of financial management information systems (FMIS). The meeting was attended by 37 specialists from 10 member countries.

The main objective of the Minsk event was to offer an opportunity to the group members to deepen their knowledge on selected aspects of Finance Management Information Systems (FMIS) implementation. The hosting country is taking major steps for modernizing the public finance management information system, and Belarus representatives were especially interested to discuss the topic of FMIS implementation and get relevant practical advice from experts and colleagues.

The results of the workshop included a better understanding of challenges faced at various stages of FMIS implementation, as well as many lessons learned from country cases presented during the meeting. Also, the hosting country benefited from the group members expert opinion on the draft Concept of Modernization of the FMIS of Belarus. More information on the results achieved and details on the event discussions can be found in the workshop Report.

The agenda and presentations can be accessed at: www.pempal.org/event/read/120
TCOP workshop:  
November 10-12, 2014; Podgorica, Montenegro

38 delegates from 13 TCOP member countries, together with experts from the World Bank, attended the workshop in Montenegro entitled “Public Sector Accounting Policies and Practices”. The workshop agenda combined meetings of the three thematic groups, focusing, respectively on implementation of accounting standards, public assets accounting, and consolidated financial reporting with plenary sessions devoted to general issues related to public sector accounting and reporting.

The main objective of the event was to offer an opportunity for TCOP members to exchange experiences in implementing improvements in public sector accounting and reporting in member countries. The event was also designed to provide opportunities for participants to become familiar with the public sector accounting and reporting practices of the hosting country, Montenegro.

The main result of the event was the significant progress achieved by the three thematic groups. The group on Accounting Standards provided peer advice to Montenegro colleagues on their approach to the public sector accounting reform and got comprehensive information on the gap analysis instrument for comparing local and international financial reporting standards. The members of the group on Assets Accounting examined a number of country cases highlighting various approaches applied for assets management, including evaluation, recognizing service concessional arrangements, often referred to as public private partnerships (PPPs), etc. The group on Financial Reporting Consolidation made a good progress in developing the Guidance on Financial Reporting Consolidation. All groups reached agreements on their further work plans. More information on the workshop results can be found in the event Report.

The agenda and presentations can be accessed at: www.pem-pal.org/event/read/121.
TCOP videoconferences

Besides face-to-face meetings, the TCOP conducted in 2014 seven thematic videoconferences on cash management, public assets accounting, use of information technologies in treasury operations, and financial reporting consolidation.

Cash management practices in PEMPAL TCOP countries (3 TCOP thematic videoconferences)

The objective of this series of videoconferences was to launch the exchange of information among the member countries on cash management practices. Experiences of Georgia, Moldova, Turkey and Russian Federation have been discussed during the events. The group members agreed on the list of topics to be discussed within the thematic group and developed an Action Plan to organize the group activities.

At the launch videoconference in May 2014, Georgia and Moldova representatives made short presentations, highlighting the reasons their countries are interested to discuss cash management issues on the PEMPAL platform. Countries are particularly interested in identifying best approaches for liquidity management in crisis situations, to ensure that expenditures are smoothly financed during the year, so as to minimize borrowing costs/ optimize opportunity costs. The report and presentations can be accessed at: www.pempal.org/event/read/114

The videoconference in September was devoted to Turkey experience in cash management and forecasting. Turkey represents a very good example of a country that is integrating its PFM processes and understands what it means to move from passive cash management to more active cash management. The report and presentations can be accessed at: www.pempal.org/event/read/124

The Russian Federation experience in liquidity management was discussed during the December 2014 videoconference. Effective cash management and forecasting depends on the ability to readily determine the cash position each day, thus consolidation through a Treasury Single Account is key. In Russia this has importantly extended to what are termed extra-budgetary funds including Social Security and Health Insurance Funds. The report and presentations can be accessed at: www.pempal.org/event/read/133

Public assets accounting practices in TCOP member countries (2 TCOP videoconferences)

The objectives of these videoconferences were to discuss various aspects of public assets accounting using the examples of several countries. Relevant methodology documents from several OECD countries were collected and discussed during the events. The experiences of Georgia and Croatia were also discussed. The reports and presentations can be accessed at: www.pempal.org/event/read/115 and www.pempal.org/event/read/128.

Treasury systems modernization projects implementation: experience of the Russian Federation (TCOP videoconference)

The objective of the videoconference was to familiarize the members of the TCOP thematic group on use of information technologies in treasury operations with the Russian Treasury experience in implementing the treasury information system modernization project. In addition to the presentations delivered by the Russian representatives the group members were provided with the final Report on the project implementation, which was discussed during the videoconference. The report and presentations can be accessed at http://www.pempal.org/event/read/119.

TCOP member countries experience in financial reporting consolidation area (TCOP videoconference)

The objective of the videoconference was to discuss the issues related to the development of a Guide on Financial Reporting Consolidation. The report and presentations can be accessed at http://www.pempal.org/event/read/125.
Cross-COP meeting

May 27-29, 2014; Moscow, Russian Federation

Executives of Budget, Internal Audit and Treasury COP meet at least once a year face-to-face. Regular Cross-COP leadership meetings are essential to share achievements of each COP and facilitate network wide initiatives. However, members of all three COPs only meet together every 3-4 years, with the last such meeting occurring in 2011. The next such meeting was held in Moscow in 2014, on Fiscal Transparency and Accountability. This meeting brought together around 200 participants, including PEMPAL network members from 18 countries, representatives of key donors, and speakers from different international and national organizations. The objectives of the meeting were to a) share information about the concepts and tools of fiscal transparency and accountability and how these can be applied (from a central finance agency perspective) and b) to form a long term view of how the topic can be involved in the future work of PEMPAL COPs. The results of the meeting included sharing of information from international organizations such as IMF, World Bank, OECD, International Budget Partnership, Global Initiative for Fiscal Transparency, and government representatives from South Africa, Mexico, Russia and Turkey. The key donor to PEMPAL, the MoF of the Russian Federation hosted the meeting and showcased its IT portals along with several other countries. COPs played an active role in agenda development and group discussions were held on a) using budget and treasury portals and applying transparency frameworks and b) country based plans and progress in strengthening fiscal transparency and accountability. In the closing summations, it was acknowledged that central government agencies can play an important role as one of the key stakeholders to promote and facilitate improvements in fiscal transparency and accountability. The agenda and presentations can be accessed at: www.pempal.org/event/read/111/ and a comprehensive report summarizing key discussions and results can be accessed at: www.pempal.org/event/eventitem/read/111/300.

Steering Committee meetings

In 2014 the Steering Committee - the governing body of the PEMPAL network - met 3 times – twice via videoconference and once face-to-face in Moscow, back-to-back with the Cross-COP plenary meeting. This meeting took place on May 30 and it brought together representatives of COP leadership and donor organizations who discussed important issues related to the implementation of the PEMPAL strategy and network wide improvement initiatives. You can access minutes to these meetings at: www.pempal.org/event/sc_meetings/.
Type B Study Visits

As part of the overall PEMPAL budget, a small separate budget allocation is held with the Secretariat to fund countries who want to conduct a study visit to a specific country to advance reforms (outside the normal priorities addressed in the COP Action Plans). Applications to use funding for type B study visits are submitted to the Steering Committee to ensure prioritization and coordination across COPs. On October 2-3, 2014, 15 Ukrainian budget officials attended meetings at various public institutions and local government associations in Tallinn, with the aim to gain knowledge on fiscal policy in Estonia and the relations between the state and local authorities, including identifying trends and prospects of reforms in these areas.

The objective of the study visit was to examine:
(1) Regulation of the administrative-territorial division of the country by creating a single system of national and local governments, division of authority between local governments in the Estonian Republic
(2) The budget system and finances of local self-government units
(3) The structure of the city budget and the main investment projects in Tallinn
(4) The role of Associations in the activities of local self-governments.

The results of the study visit was the Estonian experience could be applied in the practical activities of the Ministry of Finance of Ukraine, including in the process of implementing the Plan of actions on implementation of the Concept of Local Self-Government and Territorial Authority Division Reform in Ukraine.

You can access the report on results of the study visit prepared by the Ukraine participants at:
www.pempal.org/event/eventitem/read/118/323
or access the agenda and presentations at:
www.pempal.org/event/read/118.

Looking ahead

The FY2015-16 COP budgets were approved by the Steering Committee in early 2015, indicating the COPs plan active agendas over the coming year. In addition significant resources of key PEMPAL stakeholders i.e. resource team, Executive Committees, donors, and beneficiaries, will be allocated to the implementation of the mid-term review of the PEMPAL Strategy. The process is expected to be concluded in the first half of the year, and will identify future direction of the PEMPAL network as a whole.
Output objective 2: Quality resources and network services, supporting relevant PFM practices are provided to members
Output Objective 2 of the PEMPAL Strategy 2012-2017 is to ensure the provision of quality resources and network services, supporting relevant PFM practices, are provided to members. The role of the COP Executive Committees and their Resource Teams are key to provide support to the technical content required to meet the PFM priorities identified by the member countries, and to ensure the network is meeting the needs of its members and donors. Tasks include designing agendas and surveys, sourcing technical materials and experts, facilitating working and discussion groups, developing and managing COP budgets, and leading and developing network improvement initiatives.

The role of the PEMPAL Secretariat is also key to achieving this output objective given its role of providing administrative services to support the PEMPAL program. The Secretariat function includes: organizing face-to-face events e.g. coordinating event invitations, arranging flights, accommodation, visas, translations, venue and supplies contracting, document distribution; providing background materials for the Steering Committee discussions, e.g. amendments to internal regulation, updates on the COPs budgets; monitoring performance based on a comprehensive set of indicators; preparing progress and annual reports; maintaining and editing the PEMPAL website and newsletter; maintaining records of the PEMPAL events and the virtual library; and, organizing on-line meetings.

As part of the Secretariat’s role, it administers and coordinates online-resource materials and communication such as the PEMPAL website, COP wikis, and meetings through video-conferencing and other technologies.

Refer to Figure 1 for the institutional framework that illustrates the support services provided to members and Section 5.1 below which provides the listing of members of the Steering Committee, COP Executive Committees, and their resource teams who provided strategic oversight and leadership services; and the Secretariat members, who provided administrative, logistical and performance reporting during the time period.

On-line resource materials and communication

PEMPAL website

The PEMPAL is about learning from peers, sharing information and asking questions. The PEMPAL website is the main storage facility for information on meetings, study visits and COP reform progress. A Frequently Asked Questions (FAQ) section remains located on the PEMPAL website (www.pempal.org/faq/) with the purpose to exchange information among the COP members. PEMPAL members are also able to address their questions to the Secretariat who then collects and posts answers from the network’s Resource Teams.

The PEMPAL Secretariat monitors PEMPAL web page visits systematically through Google Analytics, which provides a wealth of helpful information, e.g. on visits (number, duration, etc.). The PEMPAL website traffic continues to stay at high levels, with the number of visits in 2014 amounting to 11,518, compared to 12,131 visits in 2013. The number of pages viewed stays high at 50,106 in 2014, compared to 50,127 in 2013.
Virtual library and glossary of terms

The PEMPAL Virtual Library (www.pempal.org/library/) and Glossary of Terms available at the PEMPAL website (www.pempal.org/glossary/) have been designed to help the PFM practitioners in their daily work: find laws and regulations of other countries, share best practices, and check the meaning of a specific term for example.

The Virtual Library at end-2014 included 410 different unique items; that is 1166 available language versions of unique items. It allows for an efficient and cost effective storage facility and direct upload of documents.

Video conferencing and on-line chat rooms

Real-time conferencing through the World Bank supported video conference facilities and on-line chat rooms (e.g., Skype, WebEx) are widely used not only for Executive and Steering Committee meetings, but also by the COPs for their workshops and seminars. It has proved to be an effective and efficient tool enabling quick and easy-to-organize knowledge exchange with minimum costs.

Wiki

The three COPs use a wiki, an informal tool, to discuss action plans, store event agendas, resource materials, and to form a shared understanding of their activities. Each COP operates one wiki, with an administrator for each COP in charge for updating and keeping track. This role is sometimes performed by the COP Executive Committees, the COP Resource Teams or the Secretariat depending on the nature of the material and thematic reform being worked on. Access to wikis is restricted to COP members only.
Knowledge products

A key service to members is the provision of knowledge products related to PFM reform to assist in their work. This includes benchmarking against progress in reforms in countries within and outside the PEMPAL region. This is done through presentations and discussions with country representatives and also through formal and informal surveys which document status of reforms in countries.

Specifically PEMPAL generated its own PFM information through developing 15 knowledge products for, and often by, its members:

• Thirteen BCOP countries undertook a comprehensive OECD budget practices and procedures survey that collected information that allowed benchmarking of participating countries against 33 OECD countries. This represented a joint collaboration between PEMPAL and OECD, which expanded OECD’s database of over 100 countries and produced a report that identified good practices in both regions. Report is available here: www.pempal.org/event/eventitem/read/112/311

• IACOP produced a guide for auditors on how best to assess risks when planning audit work. This was developed through several working group meetings to produce the publication Risk Assessment in Audit Planning guide, which was finalized in April 2014. The guide is available at: www.pempal.org/data/upload/files/2014/06/cross_day-2_4_pempal-iacop-risk-assessment-in-audit-planning_eng.pdf

• BCOP collated several examples of key performance indicators by sector in its document Illustrative key performance indicators by sector. This was to support discussions on fiscal transparency and accountability and was done at the request of all COPs given most member countries are currently implementing program budgeting and facing challenges with indicator development by line ministries. Available at: www.pempal.org/data/upload/files/2014/06/cross_day-2_3_pempal-bcop-sector-kpis-examples_eng.pdf

• The paper entitled “Integration of the Budget Classification and Chart of Accounts: Good Practice among TCOP member countries” presents TCOP knowledge product documenting the results of activities of the TCOP thematic group that was operational in 2012-13. The paper explains the rational for integration of the budget classification and chart of accounts and summarizes applicable approaches based on examples from TCOP countries that participated in the group. The paper is available at: www.pempal.org/data/upload/files/2014/11/pl_good-practice-design-of-coa-in-tcop-member-countries_slins_eng.pdf

• Information was collected on the status of reforms in member countries (through implementation of informal thematic surveys before major meetings). These surveys were undertaken for BCOP (on results-based monitoring and evaluation; and wage bill management as part of the World Bank study), IACOP (on the progress in internal audit reforms in the member countries since IACOP was established) and TCOP (on public assets accounting practices and financial reporting consolidation in TCOP member countries). Refer to event links for presentation of results. Event links also provide PEMPAL and international country case studies and discussions which identify good practices and possible solutions to challenges.
Not only do the COPs develop their own knowledge products but technical PFM material is also translated into the PEMPAL languages to support reform processes (for example IMF, World Bank and OECD guidelines). In fact, during 2014 PEMPAL shared 967 relevant PFM related documents to support discussions. This included 364 PowerPoint presentations which illustrated country cases, latest approaches and results of discussions and 603 text documents translated and delivered to ensure all our members got access to, and shared information in the official languages of PEMPAL – English, Russian and Bosnian-Croatian-Serbian.

For example, the following technical materials were translated during 2014 to support discussions on key PFM reforms for the benefit of members:

- IMF revised code of fiscal transparency (2014)
- OECD guidelines for budget transparency (2001)
- Draft OECD principles for budgetary governance (2013)
- Lough Erne Declaration (Cross-COP meeting Concept Note: Attachment C)
- World Bank FMIS and Open Budget Data a) study report (Russian and English only) and b) EXCEL dataset – contained useful MOF and other website links
- IPSASB Policy Paper: Process for considering GFS reporting guidelines during development of IPSAS
- IPSASB “Conceptual framework for general purpose financial reporting by public sector entities” (English only)
- GIFT High Level Principles on Fiscal Transparency, Participation, and Accountability (Cross-COP Concept Note: Attachment B)
- Examples of citizen guides to the budget. Ukraine and South Africa were translated and several others distributed in original languages as examples of format and approach
- International Budget Partnership’s ‘Summary Table on Transparency in Key Budget Reports’ Includes ideal content of key budget reports (Attachment D, Cross-COP Concept Note).
- Guidelines on how to prepare a citizens budget by Russian Federation
- IMF, Role of the Legislature in Budget Process by Ian Lienert
- Establishment Control & Pay Determination, World Bank, Governance and Public Sector Management Group
- Salary Top-Ups, World Bank, Governance and Public Sector Management Group,
- Value for Money Analysis Guidelines from Ireland, based on the BCOP members’ request.
- Macro Fiscal Trends and Fiscal Consolidation (two informal knowledge products collated and translated for BCOP Executive Committee)
Output objective 3:
A financially-viable network of PFM professionals, committed to improving PFM practices in ECA region is built and maintained.
Output Objective 3 of the PEMPAL Strategy 2012-2017 is to ensure that a financially-viable network of public financial management professionals, committed to improving PFM practices in the Europe and Central Asia region, is built and maintained. To do this, PEMPAL requires strong leadership and collaboration between the COP Executive Committees and their Resource Teams, the Steering Committee and the PEMPAL Secretariat. It also requires a strong accountability framework.
Leadership

To be successful in promoting dialogue and change, COPs need to develop committed leaderships, with personal rather than positional power, and able to understand the needs of the members of the COPs. As COPs are driven by their members, responsibility for setting up the action plans and budgets, devising the event agendas, and providing insights rests with the COP leaderships, acting on behalf of the members, with support where needed from specific Resource Team assigned to each COP. The three PEMPAL COPs use the term “Executive Committees” for these leadership groups which consists of between seven to ten members in each COP, currently coming from 8 volunteer member countries from each COP.

All three COP leaderships saw changes in their composition in 2014 and also sub-groups being formed to address specific issues.

The composition of BCOP Executive Committee has been changed. Re-election of the chair was held online in October as well, with Mr. Konstantin Krityan taking over the position.

The IACOP Executive Committee has a new chair – Ms. Edit Nemeth, as well as new members.

Mr. Vugar Abdullayev was elected as the TCOP Chair in September. Consequently, deputy chairs have been nominated and Montenegro joined the Executive Committee in November.

At the end of 2014, the COPs’ Executive Committees / leadership groups included the following members:

**BCOP**: Konstantin Krityan (Armenia, Chair), Gelardina Prodani (Albania, Deputy Chair), Anna Belenchuk (Russia, Deputy Chair), Mikhail Prokhorik (Belarus), Alija Aljović (Bosnia and Herzegovina), Mladenka Karačić (Croatia), Kanat Asangulov (Kyrgyz Republic), Elena Zyunina and Nikolay Begchin (Russia), Hakan Ay (Turkey).

BCOP retains its thematic working group on Wage Bill Management, formed in 2013 and is in the process of establishing a budget literacy group for 2015.

**IACOP**: Edit Nemeth (Hungary, Chair), Svilena Simonova (Bulgaria), Zamira Omorova (Kyrgyz Republic), Ljerka Crnković (Croatia), Cristina Scutelnic (Moldova), Amela Muftić (BiH), Maksim Timokhin (Ukraine), Stanislav Bychkov (Russia).

IACOP closed its working group on Risk Assessment and retains two working groups for topic specific discussions: Quality Assurance (QA) WG, and Relationship of Internal Audit and Financial Inspection/External Audit (RIFIX) WG.

**TCOP**: Vugar Abdullayev (Azerbaijan, Chair), Nino Tchelishvili (Georgia, Deputy Chair), Zaifun Ernazarova (Kazakhstan, Deputy Chair), Mimoza Pilkati (Albania), Angela Voronin (Moldova), Marija Popović (Montenegro), Alexander Demidov (Russia), Ismatullo Khakimov (Tajikistan).

TCOP has formed several thematic groups on Public Assets Accounting, Financial Reporting Consolidation, Accounting Standards, Use of Information Technologies in Treasury Operations, and Cash Management.
The COP Resource Teams providing support to the Executive Committees include: Elena Nikulina and Ion Chicu as TCOP Resource Team; Maya Gusarova, Deanna Aubrey and Naida Ćaršimamović Vukotić as BCOP Resource Team; Arman Vatyan and Diana Grosu-Axenti as IACOP Resource Team. They were supported by a dedicated PEMPAL Secretariat of Bojana Crnadak, (TCOP), Živa Lautar (BCOP), and Marija Milošić (IACOP). Nina Duduchava also provides support for implementation of electronic post event feedback surveys.

The PEMPAL Steering Committee (SC) held three meetings in 2014, on January 16 via video conferencing; on May 30 in Moscow, Russian Federation; and on October 2 via videoconferencing. The agendas of the meetings included strategic documents, finances, reporting, internal regulation, and acceptance of new member countries. (See minutes from these meetings: www.pempal.org/event/sc_meetings/).

COPs action plans, budgets and update on funding. The SC discussed and approved the COPs budget envelopes for the FY15 (from July 2014 until June 2015). At each session, it reviewed implementation of the COPs action plans and budgets, and related funding. The SC also endorsed the 2013 PEMPAL Annual Report.

At end-2014, the Steering Committee included the representatives of donors (the World Bank, SECO, and Ministry of Finance of the Russian Federation) and COPs (Chairs of Executive Committees). Representatives from the COP Resource Teams also participate.

At the beginning of 2014 OECD/SIGMA decided to discontinue their involvement with PEMPAL, due to budget restriction and a strategic decision.

In 2014, the chairmanship of the Steering Committee was passed from Mr. Marius Koen (WB)9 to Ms. Anna Valkova (MoF Russia).

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<th>Anna Valkova</th>
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9 At its first session in 2014, the chairmanship of the Steering Committee has been assumed by Mr. Andrey Bokarev, Ministry of Finance of the Russian Federation.
Accountability

The PEMPAL is about working with a broad audience: practitioners and their institutions in PEMPAL countries, donors, COP Resource Teams and other international experts and stakeholders. PEMPAL is accountable for the use of donor funds so it must ensure it meets the needs of all its key stakeholders and executes its budget, at minimum cost with maximum impact while complying with its approved fiduciary framework.

In strengthening accountability, feedback on PEMPAL’s performance from both short and long term assessments is important for measuring PEMPAL’s relevance. Short term assessments focus on direct outputs of PEMPAL activities (e.g., through reporting), while the emphasis of the long term assessments is on the PEMPAL’s impact on the reform processes in the PEMPAL member countries (where both quantitative and qualitative assessments are essential), and on its sustainability.

The PEMPAL continues to use a plethora of tools and processes for monitoring, measuring and evaluating its performance and relevance:

- Internal guidelines: Operational Guidelines (including guidelines for budget management), Guidelines for events, and Guidelines for study visits;
- Managing event budgets;
- Qualitative and quantitative performance indicators – measured after every event through post-event surveys;
- Internal and External evaluations (e.g. periodic external evaluations and in-house reviews);
- Monitoring the Results framework of the PEMPAL Strategy for 2012 – 2017;
- Quarterly newsletters and annual reports;
- Internal self-monitoring of the membership targeting performed by the COPs.
Internal rules and guidelines

PEMPAL Operational Guidelines (OG) is an administrative document meant to define the nature of the PEMPAL program, and the roles and relationships among different stakeholders. It pays particular attention to participation, governance and decision-making. The OG integrates various functions, including that of the Steering Committee and the COPs Executive Committees.

In addition, OG also define Budget Management Guidelines which provide for basic principles that guide the COPs spending, and three limits vis-à-vis the amounts endorsed by the Steering Committee for COPs annual budgets (+/-15%); small group meetings in the budget range of USD 90 K to USD 180 K (+20%); and, individual COPs plenary events (USD 180 K + 20%). The principles set by the guidelines are the following:

- The COPs, assisted by the Secretariat, are to decide on the allocation of their annual budget envelopes.
- Flexibility is provided through the 15 percent COPs annual budget limit, and the 20 percent event limit for events in the budget range of USD 90 K to USD 180 K.
- For smaller events below USD 90,000 overruns are allowed up to a total budget limit of USD 90,000 per event.
- A “hard” cap of USD 180 K (+/- 20 percent) applies for a single COP plenary event.
- For study visits (type A and B) a total budget limit is set to USD 60,000 per visit. To assure flexibility, 20% overrun of the total budget amount is allowed.
- Requests for increases beyond the 20% limit can only be approved by the Steering Committee based on an ex-ante review of the COPs activities, as well as objectives and rationale for the budget increase.
- A standard template, as part of the Budget management guidelines, has been designed to facilitate reporting to the Steering Committee and monitoring the COPs budgets.

These principles put the Executive Committees of the three COPs in the driving seat when it comes to setting the event agendas against the available budget envelopes because the Steering Committee has made them responsible for managing their annual budgets and making sure they stay within the limits set by the Steering Committee. The Secretariat constantly updates the information on the current status of these budgets (already used and still available amounts) so that the COPs can use the information when they plan their future activities. See more: http://www.pempal.org/rules/

Guidelines for events, study visits and, social activities\(^{10}\) are intended to define expected outputs, procedures and forms with respect to organization of events and study visits. As such, the three guidelines offer practical guidance to the COPs, Resource Teams, local partners, etc., and are meant to ensure efficient distribution of tasks and coordination. They make the COPs responsible for devising the event agenda and the list of participants, and reporting back on the outcomes. Evaluation, through standardized post-event feedback surveys completed by participants, are also one of their most important elements.

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\(^{10}\)The objectives of a study visit are to (i) examine how a specific aspect of the public financial management system has been dealt with successfully in another country; (ii) exchange ideas and lessons learned between the visitors and the hosts; and (iii) assist the flow of information among the members of the PEMPAL community. There are Type A and Type B study visits. The Type A Study Visit is part of the COP activities and planned within the COP specific budget. The Type B Study Visit is part of the Stand-alone study visit program, and planned through a special budget line within the overall PEMPAL budget (and not within the COP specific budgets).

The main objective of a PEMPAL event is to involve all participants in an active exchange of ideas and information. This facilitates the process of learning from other countries’ experience, successes and mistakes. This also promotes benchmarking and comparing the reform process, and providing an incentive for change.
Internal evaluation by The World Bank

As part of arrangements for supervision of the PEMPAL Secretariat Services contract signed between the World Bank and the CEF in March 2013, the World Bank program management team (comprising Elena Nikulina TL, and Ion Chicu) conducted regular quarterly progress review meetings with the secretariat team to discuss program activities and performance issues. Quarterly progress reports produced by the Secretariat served the basis for these reviews.

During November 2014 the World Bank conducted a review of the financial management arrangements with regard to PEMPAL Secretariat Services contract. The objective of the review was to provide (a) recommendations on internal controls on the expenditure cycle, and accounting and financial reporting process and (b) insights on how to potentially streamline the process for the reimbursement of expenses. The review concluded that the CEF complies in all material respects with the financial management requirements of the legal agreement (contract) with the Bank and that the internal controls over the expenditure cycle and financial reporting provide reasonable assurance that expenditures are made for the purposes intended.

Ensuring a financially viable network – key indicators

Donors’ continuous engagement is necessary for a sustainable approach to PEMPAL’s future activities. The Russian Federation and SECO stand ready to support PEMPAL financially through FY16, which covers the majority of activities in the PEMPAL Strategy 2012-17. To ensure sustainability of the network, it is necessary to secure sources of funding and ensure value is demonstrated from the use of current sources of funding.

More and more, the PEMPAL member countries sponsor accommodation and travel expenses to enable greater participation over and above that covered by the PEMPAL, which also provides a small but growing source of finance.

Total PEMPAL event-related expenses in 2014 increased from 2013, and totaled EUR 1.4 million (USD 1.9 million) in 2014 compared to EUR 1.1 million (USD 1.5 million) in 2013. These expenses include travel, accommodation, translation/ moderation, conference-related expenses for the PEMPAL practitioners, and support of the Secretariat but do not include expenses relating to the resource teams.
Average event expenses have decreased. The average expenses of an event in 2014 were EUR 42K (USD 56K); compared to EUR 70K (USD 93K) in 2013, and EUR 99K (USD 125K) in 2012. The decrease in average expenses per event is due to the fact that the COPS actively started using videoconferencing.

Structure of event expenses remains roughly the same as in previous years. The relative shares of accommodation, travel and translation expenses remained roughly the same as in previous years. For more clarity, for 2014 the chart depicts conference-related expenses separately.

Expenses per participant / event (weighted average): net expenses in EUR decreased compared to 2013. If observed in net terms (excluding translation), these expenses decreased from EUR 1,650 in 2013 to EUR 1,185 in 2014. The decrease in expenses per participant/event can be explained by expanding the usage of videoconferencing as well as different costs of services at different locations combined with effective negotiation efforts for organizing the events. If observed in gross terms (including translation and Secretariat), in 2014 they decreased to EUR 1,719 (2,290 USD) from 2,585 (USD 3,429) in 2013.

Expenses per participant / day: decreased due to larger number of participants per event. Daily net expenses\(^{11}\) per participant (weighted average), measured in both EUR and USD terms, went down from EUR 666 (USD 891) to EUR 550 (USD 760).

### Structure of event expenses

<table>
<thead>
<tr>
<th>Year</th>
<th>Travel</th>
<th>Accommodation</th>
<th>Conference</th>
<th>Other</th>
<th>Translation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>33</td>
<td>47</td>
<td>17</td>
<td></td>
<td>32</td>
</tr>
<tr>
<td>2013</td>
<td>34</td>
<td>44</td>
<td>17</td>
<td></td>
<td>25</td>
</tr>
<tr>
<td>2014</td>
<td>25</td>
<td>42</td>
<td>15</td>
<td></td>
<td>13</td>
</tr>
</tbody>
</table>

### Average expenses per participant

<table>
<thead>
<tr>
<th>Year</th>
<th>Net, USD</th>
<th>Gross, USD</th>
<th>Net, EUR</th>
<th>Gross, EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>3098</td>
<td>2449</td>
<td>1840</td>
<td>1445</td>
</tr>
<tr>
<td>2013</td>
<td>3429</td>
<td>2585</td>
<td>2195</td>
<td>1640</td>
</tr>
<tr>
<td>2014</td>
<td>2290</td>
<td>1719</td>
<td>1579</td>
<td>1185</td>
</tr>
</tbody>
</table>

\(^{11}\) Including travel and accommodation expenses.
Other quantitative and qualitative performance indicators

The PEMPAL aims to produce value for participants, value for institutions in which they work, and by enhancing capabilities and performance, produce value for the PEMPAL countries.

A series of key quantitative and qualitative indicators has been developed in order to capture PEMPAL’s value creation and devise directions for future work. Participants are being regularly asked through post-event surveys to provide feedback on the value they see in PEMPAL. The indicators are also intended to help the donors evaluate the effects of their contributions to PEMPAL. See Attachment 1 for more details.

The post event surveys, mainly conducted by the World Bank resource teams and survey expert, provide two sets of indicators: one assessing the value of events, and the other measuring interaction and activity, such as attendance, efficiency of events, participants’ opinion, etc. In addition, the surveys also collect participants’ observations and suggestions.
Feed-back from participants in 2014

These were the outcomes of the surveys for 2013 and 2014.

- Overall event satisfaction is increasing...
- Participants appreciate learning from their peers’ experience ...
- Presentation at events are increasingly relevant and useful ...
- The quality of organization ...
- Participants felt they were equally active in 2014 and in 2013.
- For over a quarter participants it was their first PEMPAL event...
- ... and for a third of participants the events exceeded expectations.

- ... because knowledge is increasingly applicable to daily work and ...
- ... and the level of discussion is increasingly aligned with their knowledge level ...
- ... and the participants show increased interest for more active participation in terms of time devoted to questions ...
- ... and administration increased...
- ... and the event duration about right.
- ... events address relevant issues.
- ... as well as the prior expertise of participants
- ... and discussions.

Note: the last four charts’ indicators only show survey results with answers given in percentages.
Feedback from participants in 2014

“The event was organized perfectly from the beginning to the end."

“The spirit of the PEMPAL community paired with the hard work on the topics of the respective work programs."

“The exchange of experiences with colleagues from many countries helped me to gain considerably wider picture on many professional dilemmas I have had."

“The acquired knowledge will be useful in developing new regulations on budget reform, as well as plans for their implementation."

“I appreciated the proximity to practical realizations and use of solutions by different countries to develop similar systems.”

Some suggestions the participants made in 2014 as to event organization

“To plan within every future event timeframe, aside from the delivery of qualitative presentations on the selected topics, the presentations on foundations of financial system of the hosting country which will help participants to more easily get familiar with concrete and most important indicators."

“A recommendation to improve the event is to expand to more practical applications and study cases adopted in different countries."

“I would like to have more time available [thus, know the topics to be discussed] to prepare for the event in advance."

“There should be active participation of all countries of similar level of development, accompanied with examples of highly developed countries."

“There should be more time for group discussions; better organization of feedback from group discussions to plenary (only one speaking person, better structured presentation, have a facilitator to sum up the results from the group discussions)."
Output objective 4: Awareness of high government and political levels is raised regarding the benefits and value of engaging through PEMPAL.
Output Objective 4 of the PEMPAL Strategy 2012-2017 is to facilitate raised awareness of high Government and political levels of the benefits and value of engaging through PEMPAL.

**Awareness of high government and political levels**

As mentioned earlier, in 2014 PEMPAL events took place in thirteen different countries, including seven PEMPAL countries who agreed to host meetings to promote PFM reforms. This helps hosting countries not just to show experience in the area of reform being discussed, but also raises the profile of PEMPAL to high political levels. These levels have shown an increasing interest in the work of PEMPAL in discussing PFM reform challenges, opportunities and best practices. As a result, reforms in several countries got more political support and stakeholder recognition of the benefits and value of engaging through PEMPAL.

For example at the Moscow Cross-COP plenary welcome speech of Russia’s Minister of Finance, Mr. Anton Siluanov stated *that this was a continuous process where governments can benefit from the new developments in other countries. Confidence and trust in government can only be achieved through transparency and accessibility to the government’s budget process.*

Some of our COP representatives also hold high level positions in Government and are able to see first-hand the benefit of participation in PEMPAL, while also ensuring that the program design meets PFM reform needs of members (for example, Gelardina Prodani, is Secretary General of Ministry of Finance, the highest position within the Ministry in Albania and currently acts as a BCOP Deputy Chair).

A revised marketing approach was also implemented throughout 2014, with thank you letters and quarterly newsletters being coordinated among all COPs and sent to relevant Ministers by the PEMPAL Secretariat summarizing the achievements and results of PEMPAL activities.

As part of the mid-term review of the PEMPAL Strategy 2012-17, measurement of attendance and interest of senior and political levels is currently underway and will be outlined in next year’s annual report.

**Working with other stakeholders**

The PEMPAL has so far received substantial financial and in-kind support from donor governments and multilateral institutions, including the SECO (Swiss State Secretariat for Economic Affairs), the Russian Federation, the World Bank, the GIZ (German development agency), the IMF, the US Treasury, the DFID and others. PEMPAL maintains relationships with its past and current donors, with representatives often participating in meetings and sharing information. Each COP also establishes and maintains relationships with professional associations as required to implement their COP action plans. It is important that these stakeholders are regularly made aware of the results and value of PEMPAL to ensure continuing and potential future support. Current donors (World Bank, Ministry of Finance of the Russian Federation and SECO) also need regular evidence of returns on their donor investments.
## OUTPUT OBJECTIVE 4: AWARENESS OF HIGH GOVERNMENT AND POLITICAL LEVELS IS RAISED ABOUT VALUE OF PEMPAL

<table>
<thead>
<tr>
<th></th>
<th>CY 2014</th>
<th>CY 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Events</strong>¹²</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plenary</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Small group meeting</td>
<td>10</td>
<td>9</td>
</tr>
<tr>
<td>Study visits</td>
<td>5</td>
<td>8</td>
</tr>
<tr>
<td><strong>Videoconferences</strong></td>
<td>8</td>
<td>6</td>
</tr>
<tr>
<td><strong>PEMPAL participants by location</strong>¹³</td>
<td>759</td>
<td>433</td>
</tr>
<tr>
<td><strong>PEMPAL participants by agenda</strong>¹⁴</td>
<td>831</td>
<td>600</td>
</tr>
<tr>
<td><strong>Hosting countries</strong></td>
<td>13</td>
<td>13</td>
</tr>
<tr>
<td><strong>Total event expenses</strong></td>
<td>EUR 1.4 million</td>
<td>EUR 1.1 million</td>
</tr>
<tr>
<td></td>
<td>(USD 1.9 million)</td>
<td>(USD 1.5 million)</td>
</tr>
<tr>
<td><strong>Average expenses per regular event</strong> (includes speakers, resource and supporting staff)</td>
<td>EUR (47K)</td>
<td>EUR (70K)</td>
</tr>
<tr>
<td></td>
<td>USD (62K)</td>
<td>USD (93K)</td>
</tr>
<tr>
<td></td>
<td>Av. 43 Participants</td>
<td>Av. 44 participants</td>
</tr>
<tr>
<td><strong>Net expenses/participant/event</strong></td>
<td>EUR 1,185</td>
<td>EUR 1,650</td>
</tr>
<tr>
<td></td>
<td>(USD 1,579)</td>
<td>(USD 2,195)</td>
</tr>
<tr>
<td><strong>Net expenses /participant/day</strong></td>
<td>EUR 550</td>
<td>EUR 666</td>
</tr>
<tr>
<td></td>
<td>(USD 760)</td>
<td>(USD 891)</td>
</tr>
<tr>
<td><strong>Gross expenses/participant/event</strong></td>
<td>EUR 1,719</td>
<td>EUR 2,585</td>
</tr>
<tr>
<td></td>
<td>(USD 2,290)</td>
<td>(USD 3,429)</td>
</tr>
<tr>
<td><strong>Overall satisfaction w/events</strong></td>
<td>4.6 – 5.0 / 5.0</td>
<td>4.3 – 5.0 / 5.0</td>
</tr>
<tr>
<td><strong>Appreciate learning from peers</strong></td>
<td>4.1 – 4.8 / 5.0</td>
<td>4.0 – 4.6 / 5.0</td>
</tr>
<tr>
<td><strong>Knowledge level appropriate</strong></td>
<td>4.2 – 4.9 / 5.0</td>
<td>4.2 – 4.8 / 5.0</td>
</tr>
<tr>
<td><strong>Topics applicable for work</strong></td>
<td>4.0-5.0 / 5.0</td>
<td>3.4-4.5 / 5.0</td>
</tr>
<tr>
<td><strong>Event participation active</strong>¹⁶</td>
<td>1.7-1.0U</td>
<td>1.2-1.6U</td>
</tr>
<tr>
<td><strong>PEMPAL website</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td># of visits</td>
<td>11,518</td>
<td>12,131</td>
</tr>
<tr>
<td># of page views</td>
<td>50,106</td>
<td>50,127</td>
</tr>
</tbody>
</table>

¹² Number of events excludes Video-Conferences.

¹³ For consistency reasons this number is also taken when presenting trends throughout this report. Individual participants who took part in several events back-to-back (at one location) were counted based on the number of distinct activities that they participated in. It comprises participants of videoconferences, as well as those who took part in study visits, plenaries and small group meetings.

¹⁴ Location based counting of participants, i.e. one place – one event, which was applied in previous years, was in 2013 amended by the agenda based counting. It comprises participants of videoconferences, as well as those who took part in study visits, plenaries and small group meetings.

¹⁵ Average level of satisfaction for 2014 events was 4.76/5.0. Averages are presented in Section 5.3.1.

¹⁶ Participation can vary depending on whether the member is new to the network; whether the country is advanced in the reforms under discussion; and the type of meeting it is (a smaller working group meeting as opposed to a plenary meeting). Event participation measure for 2014 - 1 active, 2 average, 3 passive.
Attachment 1: PEMPAL Performance indicators for 2013 and 2014

<table>
<thead>
<tr>
<th>Measure</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>PEMPAL events (see legend)</td>
<td>1 3 4 5a 5b 6 7 9 10a 10b 11 12 13a 13b 14 15 16</td>
<td>1 2 3 4 5 6a 6b 6c 6d 7 8 9a 9b 10 11 12 13 14</td>
</tr>
<tr>
<td>No of people responding</td>
<td>37 50 9 15 47 50 47 46 44 47 46 46 43 43 47 47 47 48 47 48 47 46 48 47 48 47 46 48 47</td>
<td></td>
</tr>
<tr>
<td>1.1. Overall satisfaction with event</td>
<td>4.6 4.4 5.0 4.9 4.7 4.6 4.4 4.9 4.6 4.3 4.3 4.8</td>
<td>5.0 4.8 4.7 4.6 4.8 4.8 4.7 4.8 4.8 4.8 4.7 4.7 4.6 4.8 4.7 4.6 4.8 4.7</td>
</tr>
<tr>
<td>1.2. Knowledge applicable to daily work</td>
<td>3.7 3.4 4.3 3.8 4.3 4.5 4.1 4.0 4.5 4.8 4.2 3.9 3.9 4.3 4.3 4.3 4.3 4.3 4.3 4.3 4.3 4.3 4.3 4.3 4.3 4.3 4.3 4.3</td>
<td></td>
</tr>
<tr>
<td>1.3. Event addressed issues important to my work</td>
<td>4.7 4.4 4.5 4.8 4.1 4.7 4.5 4.3 4.5 4.8 4.8 5.0 4.3 4.3 4.3 4.3 4.3 4.3 4.3 4.3 4.3 4.3 4.3 4.3 4.3 4.3 4.3 4.3</td>
<td></td>
</tr>
<tr>
<td>1.4. Learning from experience of other participants</td>
<td>4.1 4.6 4.0 4.6 4.6 4.2 4.3 4.1 4.3 4.1 4.2 4.6 4.2 4.3</td>
<td></td>
</tr>
<tr>
<td>1.5. Level appropriate for knowledge level</td>
<td>4.2 4.8 4.6 4.8 4.8 4.5 4.4 4.4 4.8 4.6 4.9 4.5 4.8 4.8 4.9 4.9 4.9 4.9 4.9 4.9 4.9 4.9 4.9 4.9 4.9 4.9 4.9 4.9</td>
<td></td>
</tr>
<tr>
<td>1.6. Participants with about equal prior expertise</td>
<td>3.6 4.5 4.1 3.9 4.2 3.3 3.4 3.7 3.8 3.5 3.8 4.3 3.9 4.0</td>
<td></td>
</tr>
<tr>
<td>1.7. Presentation relevant and useful</td>
<td>4.4 4.2 4.8 4.4 4.4 4.3 5.0 4.8 4.4 4.7 4.6 4.4 4.6 4.8 4.8 4.5 4.9 4.3 4.5 4.8 4.5 4.7 4.6 4.7 4.6 4.7 4.7 4.7</td>
<td></td>
</tr>
<tr>
<td>1.8. Delivery v. expectation</td>
<td>%</td>
<td>59 80 67 71 77 77 48 68 70 78 88 88 88 93 50 74 43 45 75 17</td>
</tr>
<tr>
<td>Meet</td>
<td>%</td>
<td>38 16 33 23 29 23 57 32 26 22 12 36 7 50 24 57 5 5</td>
</tr>
<tr>
<td>Exceed</td>
<td></td>
<td>84 80 20 21 22 23 24 22 20 19 19 23 2.0 1.7 1.4 15.4 50 342.4 26</td>
</tr>
<tr>
<td>Russian MoF, SECO</td>
<td></td>
<td>Russian MoF, SECO</td>
</tr>
</tbody>
</table>

1. Legend: 2013 PEMPAL events: (1) IACOP, Albania, January; (2) TCOP, Estonia, February; (3) BCOP Albania, February; (4) BCOP, Georgia, April; (5a) ACP,C, Georgia, April; (5b) ACP,C, Georgia, April; (5d) BCP, UK, April; (7) TCOP, Ukraine, April; (8) BCP, Latvia, June; (10) IACOP, Russia, September; (13) IACOP, Armenia, September; (14) BCP, Ireland, November; (15) TCOP, Bulgaria, November; (16) BCP, Poland, December.

2014 PEMPAL events: (1) IACOP, South Africa, January; (2) BCP, Austria, January; (3) BCP, Georgia, February; (4) BCP, Turkey; March; (5) IACOP, Montenegro, March; (6a)Cross COP, Russian Federation; May; (6b) IACOP, Russian Federation; May; (6c) TCOP Russian Federation (May); (7) TCOP, Hungary, June; (8) BCP, The Netherlands, June; (9a) IACOP, RFX, Kazakhstan, September; (9b) IACOP, RFX, Kazakhstan, September; (10) BCP, Estonia, October; (11) TCOP, Belarus, October; (12) TCOP, Montenegro, November; (13) BCP, Slovenia, November; (14) IACOP, Romania, December.

17 Event delivery versus expectations (1 disappoint, 2 meet, 3 exceed).
## 2. Measuring activity and interaction

<table>
<thead>
<tr>
<th>Measure</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>PEMPAL events (see legend)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>No of people responding</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.1. Quality of organization</td>
<td>1–5 scale</td>
<td></td>
</tr>
<tr>
<td>2.2. Quality of administration</td>
<td>1–5 scale</td>
<td></td>
</tr>
<tr>
<td>2.3. Time allowed for questions</td>
<td>1–5 scale</td>
<td></td>
</tr>
<tr>
<td>2.4. Time allowed for discussions</td>
<td>1–5 scale</td>
<td></td>
</tr>
<tr>
<td>2.5. First participation in COP event</td>
<td>%</td>
<td></td>
</tr>
<tr>
<td>2.6. Event participation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Active Average Passive</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.7. Event duration</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Too short About right Too long</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Sources:
For 2013, post-event surveys were conducted by the World Bank.

2014 PEMPAL events: (0) A COP, South Africa, January; (1) B COP, Austria, January; (2) C COP, Estonia, February; (3) T COP, Georgia, February; (4) B COP, Turkey, March; (5) A COP, Montenegro, March; (6a) Cross-COP, Russian Federation, May; (6b) A COP, Russian Federation, May; (6c) T COP, Russian Federation, May; (7) A COP, Hungary, June; (8) B COP, The Netherlands, June; (9a) A COP, RA, Kazakhstan, September; (9b) A COP, RA, Karakalpakstan, September; (10) B COP, Estonia, October; (11) T COP, Belarus, October; (12) T COP, Montenegro, November; (13) B COP, Slovenia, November; (14) A COP, Romania, December.

2013 PEMPAL events: (0) A COP, Albania, January; (1) T COP, Estonia, February; (2) B COP, Albania, February; (3) B COP, Georgia, April; (5) B COP, Georgia, April; (5a) A COP, WG, Georgia, April; (5b) A COP, PL, Georgia, April; (6) B COP, UK, April; (7) T COP, Ukraine, April; (8) B COP, Latvia, June; (9) Cross-COP, Novarina, July; (10a) A COP, RA, WG, Russia, September; (10b) A COP, PRX, WG, Russia, September; (11) T COP, UK, September; (12) T COP, Macedonia, September; (13a) A COP, QA, WG, Armenia, November; (13b) A COP, SV, Armenia, November; (14) B COP, Ireland, November; (15) T COP, Turkey, November; (16) B COP, Poland, December.

18 Event participation: (1 active, 2 average, 3 passive)
19 Event duration: (1 too short, 2 about right, 3 too long)
### 3. Monitoring event expenses

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EUR</strong></td>
<td><strong>USD</strong></td>
<td><strong>EUR</strong></td>
<td><strong>USD</strong></td>
</tr>
<tr>
<td>3.1. Total travel, accomm., tran/moder. exp</td>
<td>79%</td>
<td>1,129,383.66</td>
<td>100%</td>
</tr>
<tr>
<td>3.1.1. Transport</td>
<td>280,692.54</td>
<td>249%</td>
<td>374,004.29</td>
</tr>
<tr>
<td>3.1.2. Accommodation</td>
<td>307,300.20</td>
<td>27.2%</td>
<td>409,457.24</td>
</tr>
<tr>
<td>3.1.3. Meals</td>
<td>166,036.80</td>
<td>14.7%</td>
<td>221,233.07</td>
</tr>
<tr>
<td>3.1.4. Translation/moderation</td>
<td>144,503.06</td>
<td>12.8%</td>
<td>192,540.79</td>
</tr>
<tr>
<td>3.1.5. Conference facilities</td>
<td>168,252.15</td>
<td>14.9%</td>
<td>224,184.89</td>
</tr>
<tr>
<td>3.1.6. Other</td>
<td>62,598.91</td>
<td>5.5%</td>
<td>83,408.92</td>
</tr>
<tr>
<td>3.2. Reimbursable expenses (not related to specific COP)</td>
<td>2.5%</td>
<td>36,434.33</td>
<td>45,701.37</td>
</tr>
<tr>
<td>3.3. Secretariat fee</td>
<td>18.5%</td>
<td>263,003.00</td>
<td>332,679.07</td>
</tr>
<tr>
<td>3.3.1. Event related</td>
<td>N/A</td>
<td>15,750</td>
<td>20,860</td>
</tr>
<tr>
<td>3.3.2. Fixed</td>
<td>225,002</td>
<td>301,009</td>
<td>115,000</td>
</tr>
<tr>
<td>3.4. Total event expenses</td>
<td>100%</td>
<td>1,428,730.99</td>
<td>1,883,209.65</td>
</tr>
<tr>
<td>3.5. Gross expenses per part. (=3.4 / 3.10)</td>
<td>1,179</td>
<td>2,210</td>
<td>2,585</td>
</tr>
<tr>
<td>3.6. Net expen. participant, wav. (=3.1 – transl. / 3.10)</td>
<td>1,185</td>
<td>1,579</td>
<td>1,650</td>
</tr>
<tr>
<td>3.6.1. BCOP, w. av.</td>
<td>986,05</td>
<td>1,323,31</td>
<td>1,241</td>
</tr>
<tr>
<td>3.6.2. IACOP, w. av.</td>
<td>1,239,52</td>
<td>1,620,17</td>
<td>2,408</td>
</tr>
<tr>
<td>3.6.3. TCOP w. av.</td>
<td>735,12</td>
<td>957,92</td>
<td>1,552</td>
</tr>
<tr>
<td>3.6.4. Cross COP w. av.</td>
<td>2,454,95</td>
<td>3,341,68</td>
<td>1,552</td>
</tr>
<tr>
<td>3.7. Expenses per participant per day, weighted average</td>
<td>550,26</td>
<td>760,02</td>
<td>666</td>
</tr>
<tr>
<td>3.8. Av. total exp/reg. ev (excluding plenary, small events)</td>
<td>47,353.83</td>
<td>62,300.05</td>
<td>N/A</td>
</tr>
<tr>
<td>3.9. Secret. fee, in % of total event ex (3.4)</td>
<td>18.5%</td>
<td>22%</td>
<td>19%</td>
</tr>
<tr>
<td>3.10. # of COP participants</td>
<td>831</td>
<td>433</td>
<td>434</td>
</tr>
<tr>
<td>3.11. # of COP part/reg.ev (exc.Plen., small events)</td>
<td>43</td>
<td>N/A</td>
<td>48</td>
</tr>
<tr>
<td>3.12. # of COP ev. (reg/small group events-SVs/Plenary/VC)</td>
<td>27 (10/5/4/8)</td>
<td>N/A</td>
<td>13 (8/5/0)</td>
</tr>
<tr>
<td>3.13. Average USD/EUR exchange rate</td>
<td>1.3324</td>
<td>1.3331</td>
<td>1.2699</td>
</tr>
<tr>
<td>3.14. Event exp (3.1) and part. (3.10) by COP</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>by COP</td>
<td>% of expenses</td>
<td>% of participants</td>
<td>% of expenses</td>
</tr>
<tr>
<td>BCOP</td>
<td>13</td>
<td>19</td>
<td>29</td>
</tr>
<tr>
<td>IACOP</td>
<td>22</td>
<td>24</td>
<td>35</td>
</tr>
<tr>
<td>TCOP</td>
<td>16</td>
<td>30</td>
<td>30</td>
</tr>
<tr>
<td>Cross-COP</td>
<td>47</td>
<td>26</td>
<td>6</td>
</tr>
<tr>
<td>Type B study visit</td>
<td>2</td>
<td>2</td>
<td>N/A</td>
</tr>
</tbody>
</table>

---

*ATTACHMENT 1: PEMPAI PERFORMANCE INDICATORS FOR 2013 AND 2014*
### 3.15. No of COP participants

<table>
<thead>
<tr>
<th>Currency</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR</td>
<td></td>
<td></td>
</tr>
<tr>
<td>USD</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### 3.16. Expense/partic/event

<table>
<thead>
<tr>
<th>Currency</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR</td>
<td></td>
<td></td>
</tr>
<tr>
<td>USD</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### 3.17. Expense/partic/event/day

<table>
<thead>
<tr>
<th>Currency</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR</td>
<td></td>
<td></td>
</tr>
<tr>
<td>USD</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### 3.18. Expense/partic/event/day

<table>
<thead>
<tr>
<th>Currency</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR</td>
<td></td>
<td></td>
</tr>
<tr>
<td>USD</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: PEM PAL Secretariat

### 4. Promoting knowledge sharing

<table>
<thead>
<tr>
<th>Source</th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>PEM PAL website traffic analysis</td>
<td>I-XII</td>
<td>Q4</td>
<td>Q3</td>
<td>Q2</td>
</tr>
<tr>
<td>• No of visits</td>
<td>11,518</td>
<td>10,506</td>
<td>14,052</td>
<td>2,295</td>
</tr>
<tr>
<td>• No of page views</td>
<td>50,916</td>
<td>50,106</td>
<td>50,106</td>
<td>2,295</td>
</tr>
<tr>
<td>PEM PAL website traffic analysis</td>
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<td>Q3</td>
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<td>• No of page views</td>
<td>50,916</td>
<td>50,106</td>
<td>50,106</td>
<td>2,295</td>
</tr>
<tr>
<td>Exchange rates EUR/USD at the time of events</td>
<td>1.07</td>
<td>1.07</td>
<td>1.07</td>
<td>1.07</td>
</tr>
</tbody>
</table>

Sources: Google Analytics (PEMPAL website and wiki traffic analysis) and PEM PAL Secretariat (Virtual Library and Newsletter)
PEMPAL at a glance

23 member countries
Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Bulgaria, Czech Republic (IACOP only), Croatia, Georgia, Hungary (IACOP only), Kazakhstan, Kosovo, Kyrgyz Republic, Macedonia, Moldova, Montenegro, Romania, Russian Federation, Serbia, Tajikistan, Turkey, Ukraine and Uzbekistan.

Three Communities of Practice
Budget
(www.pempal.org/about/governance/ex-com-bcop/)
Internal Audit
(www.pempal.org/about/governance/ex-com-iacop/)
Treasury
(www.pempal.org/about/governance/ex-com-tcop/)

Community of Practice (COP)
… is a learning partnership among practitioners, who find it useful to learn from and with each other about experiences and solutions in public financial management.

Members of the COP
… are public finance officials in the PEMPAL member countries, who have been nominated by public administration institutions that provide services to the governments in these countries’ existing functional areas of budget, treasury and internal audit as interpreted/evaluated by the Executive Committee of the respective COP.

Executive Committee (EC)
… is a governing body of a COP. Membership is determined through nomination by the current members of the EC through consideration of the level of active involvement of a member of the COP.

Chair of a COP
… is elected by the members of the EC.
PEMPAL Steering Committee (SC)  
... represents the PEMPAL network. It is comprised of two representatives of the World Bank; two members of each COP, including the Chair; one representative of each donor. The Secretariat and Resource Team representatives act as permanent observers (www.pempal.org/event/sc_meetings/)

World Bank Task Team Leader  
... is a representative of the World Bank responsible for approving activities within PEMPAL World Bank administered budget and assuring overall budget implementation.

PEMPAL Secretariat  
Center of Excellence in Finance, Ljubljana, Slovenia (www.cef-see.org)

Resource Team  
... is a group of thematic experts who provide professional expertise, coordination support, technical assistance, and strategic guidance on activities and events to the SC, EC and COP members. Each COP has a core Resource Team. Other international experts are engaged where necessary (as speakers at meetings, or to work on a specific thematic issue for example)

Alumni  
All members of the COPs, representatives of the donors as well as experts, who continue to stay engaged with PEMPAL even after their retirement from the position that made them eligible for participation in PEMPAL.

PEMPAL study visits  
There are two types of study visits, Type A and Type B. The main distinction is based on the budget source from which the visit is paid (www.pempal.org/activities/).

PEMPAL plenary meetings  
Cross – COP meetings (www.pempal.org/event/plenary_meeting/)

PEMPAL regulations  
Operational Guidelines (formerly Rules of Operation) (www.pempal.org/rules/)  
Guidelines for study visits (www.pempal.org/rules/)  
Guidelines for events and social activities (www.pempal.org/rules/)  
Budget management guidelines (www.pempal.org/rules/)

PEMPAL resource materials  
PEMPAL encourages creation of resource materials to help members of the COPs improve skills and knowledge, and facilitate change.

Virtual Library (www.pempal.org/library/)  
Glossary of Terms (www.pempal.org/glossary/)  
Frequently Asked Questions (www.pempal.org/faq/)

PEMPAL strategy  
Launched in September 2012, provides guidance for PEMPAL activities in 2012 – 2017 (www.pempal.org/strategy)

Monitoring and evaluation  
2012 Annual Report (www.pempal.org/reports/)  
2013 Annual Report (www.pempal.org/reports/)  
2012 External Evaluation (www.pempal.org/evaluation/)