Knowledge sharing and learning in Public Financial Management through Communities of Practice: Experiences from Europe and Central Asia

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INTRODUCTION

A Community of Practice (CoP) is a group of active practitioners who work in the same area and seek to learn from each other's experience. CoPs have proved useful in spreading specialist knowledge and innovations between and within many organizations. Through their ability to raise the level and quality of knowledge sharing, and by their support of continuous learning, CoPs have the potential to significantly improve the process of decision-making in Public Financial Management (PFM) in developing countries.

A community of practice (CoP) is, according to cognitive anthropologists Jean Lave and Etienne Wenger, a group of people who share an interest, a craft, and/or a profession. The group can evolve naturally because of the members' common interest in a particular domain or area, or it can be created specifically with the goal of gaining knowledge related to their field of endeavour. It is through the process of sharing information and experiences with the group that the members learn from each other, and have an opportunity to develop themselves personally and professionally. A CoP is different from a network in the sense that it focuses on a substantive topic; it is not just a set of relationships. A CoP is different from a work team in that the shared learning and interests of its members keep it together. It is defined by knowledge rather than by an individual task, and exists because participation has value to its members. A CoP is different from other communities since its members are more likely to share a common profession or work situation. It is important to remember that "people belong to communities of practice at the same time as they belong to other organizational structures. In their business units, they shape the organization. In their teams, they take care of projects. In their networks, they form relationships. And in their communities of practice, they develop the knowledge that lets them do these other tasks. This informal fabric of communities and shared practices makes the official organization effective and, indeed, possible."

PUBLIC FINANCIAL MANAGEMENT CoPs IN EUROPE AND CENTRAL ASIA (ECA)

The Public Expenditure Management Peer-Assisted Learning (PEM PAL) network initiative was launched in April 2006 with a workshop in Warsaw. It was initially conceptualized in 2005 by the World Bank and the United Kingdom's Department for International Development, as a response to a concern that many governments are not spending their resources as effectively and transparently as they might and that institutional controls on public expenditures have room for improvement. PEM PAL represents a multilateral regional approach to develop capacity and to share reform experiences, and is thus designed to support the enhancement of domestic capacity in public expenditure management and in financial management, to play a catalytic role justifying increasing foreign aid, and to strengthen government and public institutions and policies.

In the five years since its inception, PEM PAL has grown to enjoy the active participation of PFM professionals from 21 of the 30 ECA countries. It has about 150 active members and it is widely accepted that this active diversity is one of the key strengths of the network. The target groups for membership are the Ministries of Finance or other related central ministries or agencies that are responsible for government budget planning, preparation, execution, and monitoring, and the coordination/harmonization of the internal audit function.

Rather than emphasizing a traditional model that relies on technical assistance provided by expatriate consultants, PEM PAL’s success depends on demand-driven CoPs in which officials from different countries but with similar responsibilities develop much of their own agenda and decide how best to share experiences among themselves using networking, electronic learning, and face-to-face meetings. The network describes itself...
as providing opportunities for these officials to benchmark their PFM systems against one another and to pursue opportunities for peer learning with the aim of enhancing knowledge transfer. This is regarded as an appealing approach in a region that is in transition, is experiencing rapidly declining donor funding and has an increasing number of countries that are in the process of joining the EU or are graduating to IBRD status with the World Bank.

Currently the network operates predominantly through three Communities of Practice (CoPs) for key professional groups in treasury, budget, and internal auditing. These CoPs bring together practitioners at the most senior levels in these specific fields of PFM. It is overseen by a Steering Committee (SC) that includes a number of representatives of the CoPs and the contributing donors. The Steering Committee approves the work plan and budget of the network.

Each CoP selects an executive committee from its members that is required to propose a program of activities for that CoP. The Center for Excellence in Finance (CEF) in Ljubljana assumes the role of secretariat, playing a vital role in the administration of the network and the organization of PEM PAL activities and events.

PEM PAL arranges different levels of events. It provides learning events, study tours and resource materials in accordance with member-driven action plans, in the three CoP thematic areas. In addition to a regular network-wide “plenary” conference – the most recent of which was held in Zagreb, Croatia, in January 2011 – the individual CoPs arrange workshops. There are also country-specific activities and events and support from a small grants fund which can be used for country-specific projects. Currently the network owns its own website (http://www.PEMPAL.org) which contains a wealth of documentary resources of which the most pertinent ones are published in the region’s key languages, namely English, Russian and Serb-Croat. The network also issues an e-newsletter.

ACHIEVEMENTS, OPPORTUNITIES AND CHALLENGES

The PEM PAL SC commissioned an evaluation of the performance of the network and its activities three years after its establishment. Salient achievements and successes mentioned in the evaluation reportiii, as well as subsequent results, opportunities and remaining challenges are briefly highlighted below.

Effective secretariat. The input and support provided by CEF as the secretariat is vital to the successes of the three CoPs. It provides logistical and administrative support including the development of procedures, reporting, marketing, website maintenance and translation management.

Sufficient resources. The network has been sufficiently resourced up to now. The important role of donors in funding network activities is widely recognized and acknowledged.

Governance structure. The two-tier governance structure, with an overall SC and established leaderships for the three CoPs through executive committees, works well in as much as it ensures ownership as well as keeping the focus on issues that are important to the members rather than those that the donors, employers or others may think are important.

Committed membership. The members’ sense of ownership of the CoPs and its manifestation varies significantly between the three CoPs. The strongest sense of ownership is evident amongst members of the internal audit CoP. This CoP happens to have the most active executive committee: it organizes many events on a regular basis and has a strong results focus that ensures that members benefit not only through general network contact, but also from achieving pre-identified outputs. For instance, in the 12 month period ending 30 June 2011 the IA-CoP organized five workshops and developed two Good Practice Working Papers (the Internal Audit Manual Template and the Internal Audit Training Syllabus). While member countries are encouraged to use this voluntarily, indications are that these good practice working papers will even be used in countries beyond ECA.

Language barriers. This has proven to be a key challenge given that more than 15 national languages are spoken across the ECA region. To manage it, PEM PAL has recognised three official languages – English, Russian and Serb-Croat – and oral and written translations are arranged for all meetings and documents. This multilingualism is achieved and supported by a team of expert translators who are directly engaged by the network’s Secretariat. A glossary of budget, treasury and internal audit terminology (in all three languages) is under development to facilitate shared understanding of PFM reform-related concepts.

Knowledge management. PEM PAL generates valuable country-specific information related to PFM reforms through the development and implementation of thematic surveys on key public reform issues and through the sharing of policies, laws and procedures. The thematic surveys in particular are an important tool to benchmark and track the progress of reforms, and to identify synergies and to address common problems. Study tours and bilateral visits between member countries are also pursued as part of this approach. Member countries also prepare presentations and work together on specific problems and reforms. PFM related reference material is also translated for members on demand, to support this work.

Use of technology. To enable members to work together in a geographically dispersed environment, Adobe Connect and Wiki are key technology platforms that are used regularly. For example, during 2010/11 the internal audit CoP developed a template for an Internal Audit manual on Wiki which was refined through examining examples from other countries (specifically Hungary and Bulgaria) and through in-kind assistance from OECD/SIGMA.

Networking events. While the use of modern technology allows members of different countries to work together on joint tasks, as well as allowing them to keep in touch with one another, experience has shown that face-to-face contact remains invaluable for effective networking. Conferences and plenary events are crucial in network formation. At this stage the value of these events rests not...
only on the learning that takes place, but also in the value derived from building a network of peers with whom they have developed personal relationships and can connect with outside of the formal event. Members have expressed themselves strongly in favour of these events, indicating that face-to-face meetings with peers, and the development of inter-personal relationships drive network effectiveness. The cross-learning that occurs through country exchanges are regarded to be highly valuable as they allow focused and in-depth engagement with other countries’ PFM systems.

**Contributions by members are crucial to building a cohesive network.** In these early years of their establishment it appears worthwhile to accept a limited trade-off between the fact of getting contributions and quality of those contributions in order to encourage participation in and ownership of the events and organizations. Event agendas should therefore provide enough space for members to contribute, and to discuss issues of relevance.

**Network effectiveness, relevance and impact.** The evaluation report identifies a strong positive correlation between the activeness of the network, the high rating of its resource quality and the learning it generates. Members strongly believe that their engagement with their CoP is of significant value. This is particularly true of their engagement with peers in countries that have similar PFM and cultural contexts. Although expert inputs are regarded as valuable, the demonstrations of reform approaches, new mechanisms and of operational know-how by peers are regarded as far more valuable. Members also confirm that they learn from each others’ mistakes. The opportunity to use the experience gained in other countries of similar state of development to motivate for change in their own countries is also seen as important.

Networks such as PEM PAL are built on relationships and connections between their members. They provide an effective mechanism for innovation and learning, and enable collaboration that overcomes the usual functional, cultural and institutional boundaries. According to the latest research, networks should have a clearly defined objective; governance and support arrangements should be formalised, and they should provide the following key functions to members: knowledge management; amplification and advocacy; convening heterogeneous groups and resource mobilization\(^iv\). The experience with PEM PAL up to now is evidence of these conclusions.

**Endnotes**


ii Etienne Wenger, quoted in: http://www.km.gov/op/op_primer.html.


iv Simon Hearne and Enrique Mendizabel, May 2011, Overseas Development Institute Background Note: Not everything that connects is a network, ODI, London.