Minutes of the meeting

The 7th CEF Advisory Board Meeting was held at Hotel Lovec in Bled, Slovenia on March 23, 2009, starting at 2:00 PM and finishing at 6:00 PM. The meeting was chaired by Luc Bool from the Dutch Ministry of Finance, the Chairman of the CEF Advisory Board.

I. Program:

**Monday, March 23, 2009**

02:00 PM – 02:10 PM **Welcome Address**  
Luc Bool, Dutch Ministry of Finance, Chairman of the Advisory Board

02:10 PM – 02:30 PM **Looking Back to Achievements in 2008**  
Jana Repanšek, Center of Excellence in Finance

02:30 PM – 02:50 PM **Planning Ahead for 2009/2010 and Beyond**  
Mira Dobovišek, Center of Excellence in Finance

02:50 PM – 03:20 PM **Coffee break**

03:20 PM – 05:20 PM **Round Table Discussion:**  
Priorities in technical cooperation in the Southeast European region with a goal to increase efforts in harmonization and alignment of activities  
CEF partners and the CEF

05:20 PM – 05:30 PM **Re-appointment of the CEF Advisory Board Chairman**

05:30 PM – 06:00 PM **Conclusions**  
Luc Bool, Dutch Ministry of Finance
II. List of Participants:

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<th>First Name</th>
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<th>Institution (by alphabetical order of the institutions)</th>
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<td>1</td>
<td>Mr</td>
<td>Adrian</td>
<td>Central European Initiative (CEI)</td>
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<td>Mr</td>
<td>Peter</td>
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<td>Mr</td>
<td>Luc</td>
<td>Dutch Ministry of Finance</td>
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<td>Mr</td>
<td>Geoffrey</td>
<td>East-West Management Institute; Partners for Financial Stability (PFS) Program</td>
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<td>5</td>
<td>Mr</td>
<td>Michael</td>
<td>European Central Bank (ECB)</td>
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<td>Mr</td>
<td>Gérard</td>
<td>European Commission EuropeAid (Train4Dev)</td>
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<td>Mr</td>
<td>Gerd</td>
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<td>Mr</td>
<td>Vincent</td>
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<td>Mr</td>
<td>Brian</td>
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<td>Mr</td>
<td>Barry</td>
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<td>Mr</td>
<td>Migara</td>
<td>World Bank Institute (WBI)</td>
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<td>Ms</td>
<td>Marina</td>
<td>World Bank, Belgrade Office</td>
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<td>14</td>
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<td>World Bank, Belgrade Office</td>
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<td>15</td>
<td>Mr</td>
<td>Franz</td>
<td>World Bank, ECA (Central Europe and Baltic Countries)</td>
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The Center of Excellence in Finance (CEF)

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<th>Mira</th>
<th>Dobovišek</th>
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<td>16</td>
<td>Ms</td>
<td>Jana</td>
<td>Repanšek</td>
<td>Deputy Director</td>
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<td>Ms</td>
<td>Zdenka</td>
<td>Vidovič</td>
<td>Senior Program Manager</td>
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<td>Mr</td>
<td>Andrej</td>
<td>Kavarič</td>
<td>Project Assistant (minutes of the meeting)</td>
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<td>19</td>
<td>Ms</td>
<td>Ana</td>
<td>Frangež</td>
<td>Project Manager</td>
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<td>Ms</td>
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<td>Ms</td>
<td>Maja</td>
<td>Tomšić</td>
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<td>Ms</td>
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<td>25</td>
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<td>Mia</td>
<td>Pavešić - Škerlep</td>
<td>IMF SEE Interpreter</td>
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Participants from the CEF partner institutions participated at the round table discussion on priorities in technical cooperation in the South East European region with a goal to increase efforts in harmonization and alignment of activities.

Participants were asked to present their institutions and their respective priorities in technical cooperation in South East Europe focusing on the CEF member countries. They were also asked to present their focus on particular countries or sectors, and future plans. Moreover, they were asked if working with the CEF currently helps them in reaching priorities and goals and how they see working together could evolve in the future in order to achieve maximum results.
III. Minutes of the meeting:

The 7th CEF Advisory Board Meeting started with a welcome address by Mira Dobovišek, the CEF Director.

Luc Bool from the Dutch Ministry of Finance and the Chairman of the CEF Advisory Board introduced the plan of work and the proposed agenda of the meeting. No amendments to the agenda were raised.

I. Looking Back to Achievements in 2008

Jana Repanšek, introduced the CEF achievements in 2008, starting with the governance, staff and facilities.

The CEF mission is to promote awareness of international standards and best practice in public financial management and central banking by providing specialized training, encouraging knowledge sharing and research, and providing technical assistance.

She introduced the region of the CEF’s involvement (ten CEF member countries and through the World Bank PEM PAL (Public Expenditure Management - Peer Assisted Learning) sixteen PEM PAL members, of which eight are also CEF members) and made a brief overview of the CEF activities in the region.

The CEF governance consists of Supervisory Board (ministers of finance and central bank governors of member institutions from Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Macedonia, Moldova, Montenegro, Romania, Serbia, and Slovenia), Management Board (representatives of the founder, Republic of Slovenia), and Advisory Board (representatives of donor partners). CEF Coordinators (representatives of member institutions who are responsible for capacity building in their respective institutions) play an important role as well. By the current governance the interest of all stakeholders is equally represented, which allows the CEF to develop programs that bring together capacity building needs of member countries and available training resources and experts.

She also introduced the CEF partners, the facilities where the CEF operates and the two visiting fellows (Max Watson and Jean Tesche) who were stationed at the CEF in 2008.

Zdenka Vidović, Senior Program Manager, introduced the Permanent Certification Programs. Both programs are delivered in two stages, with a certificate level being the first stage and diploma level the second stage of the training. The Capacity Building in Public Accounting (CBIPA) has been attended by 112 students in 2008 (Kosovo 34, Macedonia 34, Moldova 26, and Slovenia 18) while the Training of Internal Auditors in the Public Sector (TIAPS) has been thus far delivered only in Slovenia with two generations finishing the training (75 Certificates and 32 Diplomas) and the third generation began training in October 2008. Both programs were developed together with the UK Chartered Institute of Public Finance and Accountancy (CIPFA).
Jana Repanšek continued that as a part of the permanent programs the “Introduction to Central Banking” workshop was developed and delivered in 2008/2009. It will be adjusted to accommodate participants’ comments for the delivery in 2009/2010. Permanent specialization program “Budget Specialist” was mentioned as well.

Short Programs remain the flagship program of the CEF. It is primary conducted through the workshops at the CEF or in member countries if so demanded. The CEF program is demand driven and therefore follows specific needs of the region and is tailored in accordance with the feedback from the member countries.

The CEF also offers two distance learning courses on Budget Preparation and Budget Execution, which are a part of the Budget Specialist Training. In 2008 the CEF organized altogether 36 workshops that were attended by 759 participants.

The CEF work also includes policy events, while research is being developed within the CEF capacities and staff. In 2008 the CEF organized together with the Chatham House, London-based Royal Institute of International Affairs, a roundtable titled Turbulence in global financial markets and its impact on Europe, a conference titled Development Assistance Operators from the EU New Member States: Experiences, Trends and Challenges, and launched a book on Pension Reform in Southeastern Europe together with the World Bank.

Technical Assistance in Public Financial Management is run by the IMF PFM Regional Advisor Brian Olden, who is stationed at the CEF and took over the position in January 2009 from Eivind Tainberg. Government Finance statistic is covered by the IMF GFS Regional Advisor Vincent Marie, who has been stationed at the CEF for almost two years. CEF also engages other technical assistance experts, who provide technical assistance within the region.

In addition, in January 2008 the CEF acquired responsibilities of the World Bank PEM PAL secretariat. CEF is also a member of GDLN (Global Development Learning Network) network and has become a Train4Dev member in 2008.

She concluded with introduction of a redesigned CEF web site and PEM PAL web site, which were launched in 2008.

II. Planning Ahead for 2009/2010 and Beyond

Mira Dobovišek briefly introduced the CEF program for 2009/2010. Planning of the program currently runs for an academic year (September to June) while reporting runs for a calendar year. The program is based on monitoring and evaluation of results, through which the CEF receives feedback from the participants of its courses and training. The monitoring and evaluation techniques are conducted through exit surveys (immediately after every event) and post evaluation surveys (usefulness of knowledge gained at a course or training evaluated after a certain period of time).

The CEF is still building a pool of experts for the programs it delivers and closely cooperates with recognized scholars such as Watson and Tesche, who served as visiting
fellows at the CEF. In 2009 the CEF expects a three month visit by Arun Shama, who has been appointed to the CEF by InWent as a part of the 5th advanced training and dialogue program "Managing Global Governance".

Due to the current crises, the CEF will strive to deliver more courses in the member states. These local courses reduce the costs, and tend to increase participation. The CEF will continue providing distance learning courses and will remain active in the development networks of which it already is a member. Partnership and close cooperation with similar institutions will be further promoted and enhanced. The CEF will remain active in the extended region (ex-Soviet Union states) and will enhance its visibility efforts in 2009/2010.

A high level seminar jointly organized by the IMF, European Commission and the CEF (attended by ministers of finance and governors of central banks of the CEF member states as well Kosovo and Turkey together with high representatives of the IMF, World Bank and European Commission) titled Economic Stability and EU Convergence in Southeast Europe: Building Capacities for Policy Design and Implementation will take place on April 24 in Washington. A conference titled Markets in European Health Systems: Opportunities, Challenges, and Limitations, jointly organized by the CEF and European Observatory, will take place in June 2009.

Luc Bool concluded the first part of the meeting with an observation that institutions have been confronted with the financial crises in 2008 and the CEF could benefit by adapting its programs to the situation while its beneficiaries should now more than ever take full opportunity of the programs offered.

Franc Kaps from the World Bank added that the World Bank already experiences increasing demands for technical assistance (Hungary and Latvia as examples) to confront the challenges. He suggested that CEF should stream its focus on a few specific areas, which seem to prove as a comparative advantage of the CEF.

Geoffrey Mazullo from the East-West Management Institute – Partners for Financial Stability (PFS) Program explained that their institution offered to engage Polish experts to provided training for which beneficiary countries should only cover the visa costs and per diems. However, due to the current crises, several countries declined the offer as they did not have resources. He suggested that creative solutions should be provided for this calendar year.

Barry Anderson from the OECD pointed out that financial literacy for legislation is very low in the region. Mira Dobovíšek responded that the CEF organized a workshop on the issue together with ReSPA. The CEF expected more enthusiastic participation from those that attended the workshop. Kaps added that while legislators are not trained to put legislation in place, the parliamentary staff is and therefore the workshops in the field of financial literacy for legislation should be targeted at them.

[coffee break]
III. Round Table Discussion: Priorities in technical cooperation in the Southeast European region with a goal to increase efforts in harmonization and alignment of activities

Luc Bool opened the round table discussion explaining and inviting participants to share and coordinate efforts for a coherent and complimentary technical assistance in the region.

Presentations of CEF partner institutions followed alphabetical order of the institutions.

**Adrian Keler from the Central European Initiative (CEI)** explained that CEI has been supporting CEF projects since 2005. The CEI is a regional intergovernmental organization which, among other activities, finances technical cooperation projects alongside and in support of the EBRD investments in 18 CEI member countries. The CEI also offers grant-type support to capacity building and technical assistance projects carried out between the EU and the non-EU member states of the Initiative.

The CEI could be potentially interested in co-financing Mazullo's project that involves trainings by Polish experts in case an attempt to obtain financing from the Polish ODA program fails.

**Peter Boulding from CIPFA** explained that CIPFA has been very active with the CEF in its permanent certification programs (CBIPA and TIAPS). CIPFA provides professional qualification and has no focus on particular countries. It is keen to further develop its program and enhance cooperation with the CEF.

The East Europe is an important region for historical and regional reasons. Therefore CIPFA looks for topics of possible cooperation in this region rather than membership. It has experience in working with the UK government on PFM infrastructure and has been working with the IMF, World Bank and also on the EU projects.

**Geoffrey Mazullo from the East-West Management Institute – Partners for Financial Stability (PFS) Program** explained that they have been working with the CEF for six years in delivering two programs per year.

The relationship has been mutually beneficial, and participant feedback about CEF-PFS Program joint events has been extremely positive. He suggested involvement of other US institutions in the CEF activities as such involvement would be mutually-beneficial: US speakers would benefit from the interaction with colleagues from South East Europe (SEE) while other speakers and SEE participants would benefit from the experience and expertise of US speakers.

Both the CEF and the PFS Program emphasize peer-to-peer interaction (Peer Assisted Learning) and practically-focused case studies in their approach. In his opinion it is not easy to find experts who are willing or able (in terms of time and resources) to prepare a tailor-made case study for a program. He also stressed the difficulty of finding the right
participants for the programs, also as a result of the current difficult financial situation of the participating countries.

**Michael Olsen from the European Central Bank (ECB)** explained that ECB has been just beginning its cooperation with the CEF. His department is working on a project focusing on countries that have received a perspective to become members of the European Union (the so-called candidate and potential candidate countries).

The EU Enlargement Commissioner Olli Rehn has just announced a package of initiatives as a response to the current crises. The overall package will be targeted to candidate and potential candidate countries and will include one component of support to the banking supervisors in these countries. The ECB aims at avoiding overlap of activities and seeks to be complementary to other institutions’ activities. The project is still very much under development but the current thinking foresees a three stage program. The first stage would include training of 150 to 200 staff in a beneficiary country to introduce them to the EU legislation, supervisory cooperation issues and the recent lessons from the financial crisis. The second stage (starting in 2011) would include a more national oriented approach during the first half of the year, and during the second half a third stage that would focus on supervisory cooperation between home/host supervisors including perhaps some simulation exercises relating to cross-border banking groups. He will contact the CEF shortly to propose future cooperation.

**Gérard Van Bilzen from the European Commission EuropeAid and the chairman of the Train4Dev network** explained that his division delivers 600 courses a year for the staff of the European Commission and oversees training. The courses and training are also offered to the CEF and partner institutions.

The CEF has recently become a Train4Dev network member. Its involvement in the region is highly appreciated and a joint training effort with its partners is a very positive approach.

Membership in Train4Dev offers opportunity of its members to talk to each other, exchange of trainers and e-learning courses. It has proved very beneficial and will further aim at providing an environment for a beneficial cooperation and delivery of joint training.

**Gerd Schwartz from the IMF** explained that the IMF has been involved with the CEF’s program since the early beginnings. Currently the CEF serves as host institution for two IMF regional advisers who provide technical assistance to South East Europe in PFM and GFS.

Demand by European countries for technical assistance has increased, including in key fiscal areas (expenditure management & policy, as well as revenue administration and policy). The IMF is searching for new potential donors to help finance its technical assistance and other capacity building efforts, and to cooperate with it on the ground. It would like to further strengthen its relationship with the CEF in this regard.
**Vincent Marie, the IMF GFS Regional Advisor stationed at the CEF**, presented his work in the region and stressed importance of technical assistance in GFS in the region, which is based on training and implementation of standards and codes. He added that further implementation is needed as it has been proceeding slowly due to difficulties in accepting new methodology.

**Brian Olden, the IMF PFM Regional Advisor stationed at the CEF**, who joined the CEF two months ago, has been indentifying the needs and any technical assistance or capacity building issues to be addressed.

His work will involve a continuous focusing on a number of different issues. Therefore he recommends experts in the region to address different modes of delivering technical assistance in the region. It is important that technical assistance in the region is coordinated with the European Union programs, World Bank and other institutions. Future possibilities of cooperation should be explored.

**Gerd Schwartz** summed up that Marie and Olden are identifying the needs of the region and report to the headquarters in Washington. The IMF is facing difficulties to find funding for its experts working in the region. He stressed valuable presence of the CEF. Cooperation between CEF and IMF has proved fruitful and mutually beneficial as well as beneficial for the countries in the region. At the same time, he pointed out that IMF experts stationed in the region are mostly financed by Japanese funds. He suggested that European countries, including the EU Commission, need to make more efforts to help finance the IMF’s support to Southeastern Europe.

**Van Bilzen** confirmed the complexity of Commission’s organization and therefore difficulties for more efficient cooperation. In his work he communicates with six different DGs for international cooperation.

**Barry Anderson from the OECD** noted he has been active in organizing Senior Budget Official (SBO) meetings, where recently the link between the credit crises and the budget has been prominently on the table. He explained that the OECD has been partner of CEF for a long time. The institutions have been cooperating on performance programming, which should be even strengthened, and medium term expenditure framework. The institutions will continue their cooperation and will aim at improving it.

In the field of budgeting the CEF should consider developing, in addition to medium term, also long term budgeting. CEF should continue to promote medium term budgeting and start promoting long term budgeting in its member countries as well. However, he also noted that countries should first get there cash systems right before entering in medium/long term budgeting exercises.

**Nicolas Dubois from the OECD SIGMA** explained that the Regional School of Public Administration (ReESPA) in Montenegro has progressed. It has been agreed that ReESPA will be operating as an international organization, for which the agreement was signed in 2008. ReESPA is willing to share its experience with the CEF, should it wish to change its status to an international organization.
ReSPA has been supporting CEF and its program and it does not want to duplicate CEF’s focus in public financial management and central banking although both organizations target the same region. Once per year ReSPA meets with regional schools to share their curriculum and experience. CEF will be invited.

He also explained the work of SIGMA, which is a joined EU/OECD program to assist the EU candidate and potential candidate countries. It runs with 15 administration staff who draft reform strategies and highlight the needs for training that are later translated into training.

A strong need for auditing in public procurement has been identified in the region and training should therefore be developed. He emphasized future cooperation and a need of working together in the region.

*Migara de Silva from the World Bank Institute (WBI)* announced a WBI partnership with CEF. Such partnership will help in creating knowledge and training methods from scratch and will provide a basis for knowledge sharing of two institutions to the beneficiaries.

WBI has been previously involved with CEF’s work and will enhance its involvement through the partnership. It will focus on the countries of the region through a region based approach.

The CEF invited WBI to prepare Medium term expenditure management and Performance based budgeting.

*Lewis Hawke from the World Bank Belgrade Office* explained the World Bank offer of technical assistance and capacity building in public expenditures to institutions as well as public expenditures reviews. Beneficiaries often have to pay for World Bank services.

From his work on public financial management in the region he observes that cooperation and partnerships between institutions can be used in creation and development of projects for countries in the region and thus make them more efficient. Experience in some current World Bank projects, delivered through the CEF, has demonstrated the beneficial effects of working together to address challenges when they arise.

*Marina Wes from the World Bank Belgrade Office* is involved in budget support operations and analytical work in the Western Balkans. She highlighted two studies on (i) public investment management practices in the Western Balkans and on (ii) performance budgeting and MTEFs that the World Bank is currently preparing and would like to disseminate in cooperation with the CEF. Regarding the CEF work, she suggested that it would be important to maintain some contribution from the institutions of training participants, also as a sign of revealed demand. However, with the current fiscal crunch in the region, some countries are implementing short-term blanket cuts on travel and training. In the short term, training participation could increase by offering more distance learning courses and video conferences, as well as by combining course.
Franz Kaps from the World Bank, Central Europe and Baltic Countries, explained that funding is the key issue in delivering training. IPA is in his opinion a tool that should be better explored at the CEF as it is the key instrument. The CEF should turn to countries rather than Brussels as the programs are being prepared by national coordinators. The CEF has to be identified as a potential partner in the beneficiary countries.

Luc Bool from the Dutch Ministry of Finance and Chairman of the Advisory Board concluded the round table discussion with an observation that he is the only MoF representative at the table. The Dutch MoF has been involved with the CEF from its early beginnings and provided a third of the experts to the CEF workshops in 2008.

From the round table discussion he concluded there are many possibilities for cooperation and coordination. A possible starting point for cooperation could be the common/shared use of assessments, for example country studies of OECD and World Bank. The current financial crisis also stresses the necessity to cooperate between the donors, as on the one hand there is a risen demand for courses and on the other hand a cut in budgets (as indicated by Geoffrey Mazzulo and Gert Schwartz).

In face of the current crises he suggested that there might be a way of financing the (travel costs of) trainings at the CEF with funding of the European Commission, to counter the possible risk of less participation of students in the future (which is not yet the case for the CEF).

The CEF as well as its partnership countries should try to take full advantage of the IPA funds while the use of TAIEX funds should be further explored as well. Finally the different donor institutions could also learn from each-other, for example by peer reviews like in the SBO-circuit).

IV. Re-appointment of the CEF Advisory Board Chairman

The CEF Advisory Board re-appointed Luc Bool as the CEF Advisory Board Chairman for another term.

Jana Repanšek praised Bool’s personal commitment and involvement with the CEF’s work as well as the importance of Dutch contribution to the CEF as one-third of the CEF workshops in 2008 were organized with their support.

V. Conclusions

Mira Dobovišek concluded the meeting. Sharing of information and knowledge between the CEF and its partner institutions is crucial for future cooperation. Exchange of staff between institutions would lead to an even deeper cooperation and exchange of knowledge beneficial to all sides. She thanked the Advisory Board members for their insights and invited them to attend the CEF coordinators meeting the next day.
IV. Conclusions adopted at the meeting:

The following conclusions were adopted at the meeting:

1. The Advisory Board was informed about CEF program and achievements in 2008.

2. The Advisory Board was informed and supported the CEF Work Plan for 2009/2010.

3. The Advisory Board discussed priorities in technical cooperation in the Southeast European region. The purpose of the discussion was to increase efforts in harmonization and alignment of activities, for which the current financial crises adds another motive

4. The following possibilities for harmonization and alignment were identified:
   - Sharing and common use of assessments as a starting point for Technical Cooperation;
   - Creating a common platform where students can identify the available programs in the region;
   - Finding common sponsorship for (travel) costs for participants of CEF-activities;
   - Learning from each other by way of exchanging experts and experiences (peer reviews).

5. The Advisory board re-appointed Luc Bool from the Dutch Ministry of Finance as the Chair of the Advisory Board.