Minutes with Chair's Conclusions and Recommendations

CEF Advisory Board Meeting. September 28, 2012 (including joint morning session with CEF Coordinators), Istanbul, Turkey

Session 1.1: Opening remarks from CEF Director Mira Dobovišek, Advisory Board Chair Regine Doornbos-Neyt, and Mitja Mavko, head of international finance department at Slovenia’s Ministry of Finance (on behalf of CEF’s Management Board).

- Mira Dobovišek thanked the hosts from Turkey, explained how the joint meeting of Coordinators and Advisory Board supports a direct flow of information between the recipient and donor communities, noting the shared focus on capacity development and the challenge of diminishing resources.
- Regine Doornbos-Neyt offered a welcome, noted that it had been her wish for some time for demand to meet supply through such a joint session, explained that this was her last meeting as chair due to new duties at the Dutch Ministry of Finance, expressed the wish for fruitful discussions today, new insights, deeper cooperation.
- Mitja Mavko noted that the crisis places demand on beneficiaries and the CEF itself, but also limitations on donors; it is important to embrace change, focusing on what's important and where we can deliver efficiently. The Slovenian government’s budget stress has affected the CEF. We are focusing on efficiency, but also looking for a budget increase in the next couple of years. Slovenia remains committed to the CEF, also to beefing it up into an international organization; we’re in the final push to that.

Session 1.2: Introductions, agenda. Irena Lukač outlined the meeting’s objectives and agenda, noting that all 12 CEF members had sent representatives to the Coordinators meeting. All who were present then introduced themselves by name, institution, and role in the meetings.

Session 1.3: CEF Coordinators meeting debrief. Tina Žagar briefly explained the function of the CEF Coordinators in strategic management of human capital within Ministries of Finance and Central Banks. She explained the objectives and activities of the Coordinators meeting.

The CEF Coordinators then presented the insights from the discussion during the CEF Coordinators meeting on the following questions.

1. Do you find the current capacity development programs in public financial management and central banking in the region sufficient? What is missing?
2. In what fields could these activities be strengthened?
3. What guidance could be suggested for the future CEF's training program? Is there a need for e-learning courses, blended learning events?

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1 CEF Advisory Board meeting took place back-to-back with the CEF Coordinators meeting (taking place on September 26-27, 2012 in Istanbul, Turkey).
For the Advisory Board, Stoyan Bozhkov of Bulgaria agreed to do so for Central Banks and Mustafa Bitiren of Turkey agreed to present the perspective of Ministries of Finance.

- **Central Banks.** Current programs are insufficient in almost all organizations. More needed: ethics, legal aspects of EU integration, talent management, succession planning, soft skills (leadership, HR/managing people, risk management, project management) and connection to technical knowledge, implementing a strategy; better policy design and implementation would strengthen other areas. E-learning and blended learning can be effective; need specific training for experts and managers; study visits; in-house training would improve cost efficiency and more could attend. Evaluation how subjects of training have been implemented and absorbed after a certain period of time.

- **Ministries of Finance.** CEF offerings are sufficient, but institutions are not able to participate enough. Need to identify trainings to go with a particular position; set training on the strategic level, with long-term focus. Lack of integration of theory and practice; need experience sharing among member states, not just international standards. More needed on fiscal decentralization, information systems, program-based budgeting in local circumstances, public debt management, customs from HR perspective (common code of ethics), tax administration, EU budget provision, debt sustainability, budget deficit, econometrics, soft skills, strategic management. E-learning could allow more people to participate but must be blended with face-to-face, would be good in local languages; do courses in rotation in member states, if one has the greater need it hosts the others.

In addition, the CEF Coordinators presented insights from the CEF Coordinators meeting session on “Partnering to respond to capacity development needs”. On behalf of three groups of their peers, we heard from Hristina Lozanoska of Macedonia, Stanka Vizi of Montenegro, and Ionut Serban of Romania.

- Based on capacity development needs, what are the **best modalities of learning** to respond? (1) Continuously building technical expertise. (2) Policy making. (3) Soft skills. (4) HRM structural changes. We need institutional motivation and implementation. We see e-learning as a good approach, but often blended learning is important. Need some high-level, prestige events. Emphasize train-the-trainer. HRM, institutional culture courses would be useful, also knowledge from the private sector.

- What are the **main challenges that your institutions face** and how can you overcome them? Cost savings pressure. We need to prepare people for change; they’re the capital we need to develop. Soft skills and technical knowledge are both important; as technical people become managers, they need to learn managerial skills, especially right as they’re promoted. Areas that need assistance: IT support to processes, automation; change management, strategic planning and implementation; good governance; business continuity planning, risk management. Shorter or longer programs, but do more in-country. To help change organizational culture, we need to strengthen HR; still a new function for us, not enough focus on capacity development. Important to analyze specific needs, define what the outcomes should be. Combine the expertise of our various institutions. Continue to implement the CEF’s excellent program.

- What about the **support that’s needed**? Four main ideas. (1) Strongest involvement of partner institution experts: conferences, seminars, study visits, high-level meetings. We need to interact. (2) We need financial support for the programs, given budget constraints in each country. (3) Specifically, coverage of travel and accommodation expenses. (4) We intend to organize, and coordinate capacity development activities and here we need support as well (training-of-trainers).
Discussion included the following: why private sector involvement in training would be helpful; how much of a barrier language issues have been, and how this varies by type of institution; what kinds of targets/percentage of staff time to set for training; which groups within institutions are in charge of donor relations; how the donor perspective differs (e.g., looking at the strengths of an organization vs. building individual skills); and methods for monitoring and evaluation; attempts to measure impact on the sector as a whole (e.g., by the World Bank) and how to adequately measure the impact of specific activities, including setting indicators when changes in skills are hard to identify and quantify; how to motivate staff, role of managers and how to help them understand why staff will benefit from training; lessons learned (e.g., ensuring that participants in certification training will be required to stay for a number of years after receiving a diploma); follow-up methods to ensure that staff share what they have learned with colleagues.

Session 1.4: Current partnerships for capacity development

- **Jan Willem van den Wall Bake, Ministry of Finance, Netherlands.** Short missions, 2-3 days delivered by our own experts, with peers in other countries; need follow-up and can lead to longer projects (e.g., twinning). Similar countries to CEF membership, plus others; 38 inward, 35 outward missions last year; demand-driven. Basis for operational cooperation; helps staff develop themselves; reinforces WB/IMF constituency links. Budget only for travel costs, supplemented by Ministry of Foreign Affairs. Use various knowledge institutions in Netherlands, also CEF. Some beneficiaries inhabit a more controlled, rules-based environment; whereas more advanced countries are more policy-oriented, need more specific topics. Overview of workshops covered by MoF at the CEF; successful project examples. Networking, both receiving and contributing information; work to reach those who can actually do something with the knowledge. CEF as a broker between donors and recipients, good at coordinating supply and demand. Potential role: broker for what bilateral donors are doing in the countries, help us identify needs, keep on the right path with the types of assistance we give.

- **Kentaro Ogata, IMF.** Not a donor, but cooperating with the CEF. Modalities; regional advisors an essential element in TA effectiveness, particularly in SEE region; we asked the CEF to host them. Regional advisors identify training needs, deliver workshops in cooperation with the CEF; synergies between TA and training, helping increase impact. Looking ahead, need to coordinate with other donors in the region, the peer learning and networking activities among public finance officials in region. Japanese government’s financial role is ending; need for enhanced EC involvement. SEE countries face challenges: fiscal consolidation and long-term fiscal sustainability, amid European crisis; need to comply with EU fiscal management requirements. This would benefit all stakeholders. We all need to avoid a fragmented approach to capacity building; prevents countries from benefiting from lessons learned by others, inefficient; need to send a consistent message about needs in the region, regarding effectiveness of TA. If we ask for EC involvement, it’s important that they hear from you (beneficiaries) about the value of these efforts, including the importance of combining TA and training.

- **Adrian Pulham, CIPFA.** We’re involved in capacity development with partners worldwide, including CEF; not just developing countries. If local differences aren’t recognized, then capacity development isn’t going to work. We have a long-term perspective: capacity development takes place over many years. CEF identifies market opportunities, countries for certification training; does the groundwork, negotiation; puts contracts in place; manages localization of materials. CIPFA trains local trainers and examiners; must build capacity to take the program forward, local ownership; we provide learning materials, write and mark exams. Together CIPFA and CEF attend
launch and graduation events. We’re working on a new, comprehensive framework agreement, to take our relationship forward. There’s no shared, universal view of CD; we have to respect different perspectives, ensure consistency; requires long-term commitment from those who deliver it and fund it. A human as well as systemic infrastructure, but with core capabilities; make skills better in a way that meets organizations’ strategic goals, help shape relationships that an organization needs to survive. Strengthening capacity doesn’t on its own mean better PFM; it’s also important where HR policies sit within an organization. The role of front-line managers in implementing: need support to move into new managerial roles, otherwise significant investment can be lost. Be clear what we mean by CD—the capacity we want to develop, who it’s for, clear responsibilities, roles. We need to think about the whole PFM infrastructure in which CD takes place. A commitment to institutional as well as individual knowledge; doesn’t happen overnight, a cultural as much as a personal change.

Discussion included the following: how much are presenters coordinating with other partners (e.g., Netherlands and IMF in some countries for tax work); CEF’s potential to help countries evaluate their needs; competition in TA isn’t necessarily bad but need to be sure who else is involved in a country, what they’re doing; whether institutions have someone formally responsible as coordinator for TA activities; whether there can be information exchange and de facto coordination without a formal agreement (e.g., Belgian Central Bank and ECB); the challenge of absorption capacity in small countries and institutions; coordination can determine who will cover which area, where the gaps are, how we will fill these in a reasonable period.

Session 1.5: End of joint session. Mira Dobovišek thanked CEF Coordinators, assuring them of follow-up on what the Advisory Board had learned. Key messages from the session: (1) Not just technical but soft skills, implementation of strategy is critical, building capacity of key staff with responsibility for implementation. How to attract key managers, help them see how they can become more efficient. (2) More resources are needed for programs, to run events, translate materials (though we still encourage people to learn in English). We know some agencies and local levels are not good with English, but we can’t reach all of these people as trainees; we want to train the trainers, so that they can share knowledge in the local language. (3) Adjust modalities to allow more people to participate; examples include e-learning, blended learning, conferences. Be adaptable; example where in less advanced countries e-learning didn’t work and we reorganized certification courses as classroom learning. Coordinators will certainly hear from us in the near future. Through cooperation we can continue to get good results.

Session 2.1: CEF update / Session 2.2: Working together to respond to capacity development needs. Irena Lukač and Deputy Director Jana Repanšek presented slides about the CEF, its evolution, and changes envisioned as the CEF becomes an international organization (governing bodies, funding sources, staff composition). They outlined the CEF’s learning cycle, four main program areas, and the complementary roles of CEF training and IMF technical assistance. They explained the five-year process of securing funds for the client-driven BCPDI program, noting its risks given the aim to be responsive to clients’ needs.
Discussion focused on the CEF’s change in status, including the following: why it's important to include three Advisory Board members on the new Governing Board, for a formal say in governance; Governing Board will be comparable to today's Supervisory Board; change in status will require new set of rules, where the CEF now follows those of Slovenia's public sector; international status will begin in 2014 at earliest; need to make work for the CEF more appealing, including financially to experts from across the region and beyond; new status may mean new competitors, whereas traditional supporters may not have the same built-in connection; important to increase CEF’s visibility, sharpen focus, define its value added; demand is growing, meaning that the CEF will need to provide more and increasingly complex services; CEF has strengthened capacity in recent years, including learning cycle and evaluation model, relations with the IMF; how CEF compares to JVI, different funding models, complementary roles, CEF founded not to compete but fill gaps; also a distinct role from ReSPA; risks of becoming international could include need for development capital, picking strategic collaborators and avoiding potential competition; there is a role for many institutions, CEF would not go into soft skills more than necessary for our area.

Additional questions/comments: CEF has potential as a regional convener, coordinator for countries and institutions that are active in the region, but mostly bilaterally; brand awareness and extension will be important early tasks, to be better recognized; risk in coordination is that if you advise on planning you could be excluded later, whereas the money is in delivery (compare CIPFA's past experience); complex regional activities as the place where CEF has added value vs. bilaterals, no other regional institution has the same knowledge or role; CEF location in the Mediterranean could support cross-regional cooperation, e.g. with center in Lebanon that the CEF has already started working with; CEF already a clearinghouse in some ways but could embrace a more active coordinating role; working with the CEF can help donors reach 12 countries, more cost efficient, also actively avoids possible overlaps; e-learning might be less appealing to donors than supporting face-to-face interaction, may be best suited to specific audiences and content; CEF can't build its own capacity in all languages, vs. training the trainers, working through tutors; question whether the downturn has affected partners' relations with the CEF (not for the Netherlands, for example).

Session 2.3: Closing remarks. Regine Doornbos-Neyt offered conclusions and recommendations; the following reflects the group discussion and some specific changes from that.

Chair’s conclusions and recommendations

Conclusions: What have we learned from the Coordinators?

1) They expect from the donors a long-term strategy and commitment
2) They also need to learn about soft skills, project management
3) They want to involve the private sector
4) E-learning is important
5) Financial support for participants to come to courses would be appreciated
6) Design events for senior management
7) Need to strengthen the human resources function
**Recommendations** from Advisory Board to the CEF

1) Expand your brand and strategic alliances
2) Don’t underestimate in-kind support
3) Try to involve the European commission more
4) Could the CEF take up a more coordinating role for TA?
5) Always be aware of the roles and objectives of your partners!
6) Timely consultation of donors in the process of changing CEF’s status to an international organization.

**Additional comments** included the following: outreach to senior staff can make them more aware of the CEF, could involve skills and knowledge not needed by staff at lower levels; next such event will be with the IMF in first half of 2013 supported by the EC financed project; question of how to compel managers to engage in learning activities; HR management strengthening is important in member institutions, other soft skills include project management and planning; the CEF needs to develop a strategic plan, reinforce all kinds of strategic alliances, as well as build a broader base of donors; critical to bring together the regions needs with the funding that the EC could provide, but not clear how outreach to EC can become more successful, need concrete ideas for involving them more; important to involve donors in the change of status as their perspective may change.

**Session 2.4: Meeting summary.** Mira Dobovišek offered last words, thanking the groups for its input; would be demanding to follow all recommendations, but will help the CEF manage its transition and future work. On soft skills we hope to work closely with ReSPA, add “soft” content as relevant to our courses. We do not want to compete; not the best use of resources and mandates are distinct. Final thanks until tonight’s dinner.