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The Center of Excellence in Finance (CEF) is a leading regional institution promoting capacity development in public financial management and central banking in South East Europe (SEE). We develop tailor-made training for staff working in the public sector, including central banks. We provide also technical assistance and promote research and policy dialogue on issues of public financial management and central banking.

CEF member countries include Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Kosovo, Macedonia, Moldova, Montenegro, Romania, Serbia, Slovenia and Turkey. Through our role as secretariat for the World Bank’s PEMPAL program, we are also present in a number of other countries of Eastern Europe and Central Asia. Online information is available at www.cef-see.org.

Governance

Through our governance structure, the CEF ensures that the interests of all stakeholders are represented.

The highest governance body is the Supervisory Board, through which member countries oversee CEF operations and influence our program. It meets annually to set guidelines for CEF activities, adopt a work plan for the year ahead, and approve the Annual Report and financial statements for the previous year. Members are ministers of finance and governors of central banks or their nominated representatives.

The Management Board represents the founder, the Government of the Republic of Slovenia. It provides supervision of the CEF’s financial and other activities and reports its activities to the Supervisory Board.

The Advisory Board represents the CEF’s donor partners. It advises the Supervisory Board and CEF Management on the guidelines for its training program and prepares periodic assessments of CEF operations, which it presents to the Supervisory Board. The Advisory Board meets annually.

The Director organizes and manages CEF operations in accordance with decisions adopted by the Supervisory and Management Boards and works to ensure efficient and effective management of the CEF.

Member countries’ ministries of finance and central banks nominate CEF Coordinators, who serve as lead contacts to ensure that the CEF maintains a strong understanding and responsive approach to the region’s training needs.
Partnerships

The CEF partners with many institutions that share our commitment to the region’s reform efforts: multilateral and bilateral agencies, knowledge institutions, and peer organizations. These partners draw upon our knowledge of the region’s needs to leverage their resources, and cooperating with the CEF helps expand the reach and impact of their efforts. Partners, in turn, contribute top-quality expertise to the CEF’s programs.

Slovenia: A Unique Partnership
- Ministry of Finance
- Bank of Slovenia

Selection of CEF bilateral partners:
- Bank of Slovenia
- Government of Slovenia
- Federal Ministry of Finance of Germany
- Ministry of Finance, the Czech Republic
- Ministry of Finance, the Netherlands
- Ministry of Finance, Slovakia
- Ministry of Finance, Sweden
- Ministry of Foreign Affairs, Germany
- Ministry of Foreign Affairs, Poland
- Ministry of Health, Welfare and Sport, the Netherlands
- National Bank of Belgium
- National Bank of Moldova
- De Nederlandsche Bank (DNB)
- PricewaterhouseCoopers
- Tax and Customs Administration, the Netherlands
- U.S. Agency for International Development

CEF multilateral partners:
- Central European Initiative
- European Central Bank
- European Commission
- European Court of Auditors
- European Insurance and Occupational Pensions Authority
- Eurostat
- International Monetary Fund
- Intra-European Organization of Tax Administrations
- Organisation for Economic Co-operation and Development
- United Nations Development Programme
- The World Bank

Knowledge institutions:
- Chartered Institute of Public Finance and Accountancy
- U.S.-based Lincoln Institute of Land Policy
- University of Ljubljana
- University of Oxford / European Studies Centre, St. Antony’s College

Peer organizations:
- International Training Centre of the International Labour Organization
- Regional School of Public Administration (ReSPA)
- Joint Vienna Institute (JVI)
How Learning Works at the CEF

Capacity development empowers individuals, leaders, institutions, and societies. We see it as a process through which people, organizations, and entire countries build, strengthen, and maintain their capabilities to define and achieve their own development objectives over time. At the CEF, this means sharing knowledge and experience through workshops, seminars, tailored trainings, certification programs, communities of practice, and conferences.

We believe that capacity can only be developed when the effort has strong ownership by the countries themselves. Hence we support the implementation of public financial management reforms in South East Europe through tailor-made activities. We give our members access to cutting-edge knowledge and the latest practical experience, while helping them develop their own solutions. Our long-term goal is to assure sustainable reform throughout the region.

CEF Institutional Capacity Development and Knowledge Sharing

As a development training institution (DTI), the CEF pays a particular attention to capacity development of its own staff and involves in knowledge sharing with similar institutions.

Learning and Regional Cooperation

Learning Activities

Workshops and Seminars

The CEF provides tailor-made training to address immediate training needs and priorities in the region and share experiences in solving specific problems. Training is highly focused to offer guidance for current and future tasks in reforming public financial management, in central banking, and in adopting international standards. The CEF’s offerings cover many key areas:

- **Public Financial Management**
  - Tax Policy and Administration
  - Budgeting
  - Treasury
  - Accounting
  - Auditing
  - General Public Financial Management

- **Central Banking**
  - **People and Process Management**

Tailored Trainings

The CEF organizes tailored trainings to facilitate the exchange of experiences and knowhow in areas of particular interest to member countries. These usually include presentations by and on-site visits to ministries of finance, line ministries, central banks, and other institutions involved in public financial management or central banking. Occasionally the CEF also facilitates tailored trainings from non-member countries.
Certification Programs

The Public Accountants Certification Training (PACT) and Training of Internal Auditors in the Public Sector (TIAPS) programs emphasize the importance of establishing and maintaining international standards in public sector accounting and auditing and of raising the status of both professions. They aim to enhance recipient countries’ ability to implement a modern approach to accounting, to ensure an effective internal audit function in the public sector, and to improve the quality of public financial management.

Both programs are offered as two-level, post-graduate professional certifications. TIAPS program consists of three international modules and one national module at the certificate level and three international modules at the diploma level. PACT program consists of three modules at the certificate level and four at the diploma level out of which six have an international focus and are developed by the CIPFA while the seventh is a national module developed by local authors.

<table>
<thead>
<tr>
<th>Level</th>
<th>PACT</th>
<th>TIAPS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 – CIPFA Certificate Stage</td>
<td>Accountant in the Public Sector</td>
<td>State Internal Auditor</td>
</tr>
<tr>
<td>2 – CIPFA Diploma Stage</td>
<td>Verified Accountant in the Public Sector</td>
<td>Verified State Internal Auditor</td>
</tr>
</tbody>
</table>

These programs operate as distance learning and focus on international standards and best European practice in accounting and auditing, emphasizing practical application of standards to the special circumstances of the public sector. Although materials are designed for self-study, participants can upgrade their knowledge at regular meetings with tutors on more demanding topics. Students can also consult with tutors and other students through an internet forum.

After each of the modules, participants sit for a written exam or complete a workplace assignment. Students in the Slovenia’s TIAPS program are also required to complete a written final assignment after passing exams for the first level of qualification.

Both qualifications (certificate and diploma levels) are internationally recognized and are awarded by the United Kingdom Chartered Institute of Public Finance and Accountancy (UK CIPFA). Each participating country may also award a local certification.

Regional Cooperation

Building Capacities for Policy Design and Implementation

BCPDI is a program proposal prepared by the CEF at the initiative of beneficiaries in South East Europe, with input from the European Commission and the involvement of international financial institutions. The aim is to build beneficiary countries’ capacities for medium-term macroeconomic and fiscal policy analysis, design, and implementation and to foster stronger internal and external policy coordination for the medium term. The program entails three delivery components: training activities, communities of practice, and technical assistance. Under the first of these, the CEF has prepared two projects: the Fiscal Impact Assessment of Structural Reforms (FIASR), and Strategic Planning and Budgeting (SPB). For more details, see www.cef-see.org/bcpdi.
EU Strategy for the Danube Region

The EU Strategy for the Danube Region (EUSDR) is a macro-regional strategy adopted by the European Commission in December 2010 and endorsed by the European Council in 2011. It aims to boost development by seeking synergies and coordination among policies and initiatives across the Danube region. The CEF is a coordinator for Priority Area 10 along with the City of Vienna: we are tasked with stepping up institutional capacity and cooperation. The focus is on challenges of institutional capacity and the public service, better coordination of funding, and collaboration among cities and citizens in the region. To date, it is one of the most active priority areas within the strategy.

PEMPAL – Public Expenditure Management Peer Assisted Learning Network

PEMPAL – the Public Expenditure Management Peer Assisted Learning Network – is a multilateral effort to develop capacity and share reform experiences among countries in Europe and Central Asia. Professionals from these countries can benchmark their systems against each other and pursue opportunities for peer learning. The network is supported financially and in-kind by a number of development organizations, including the World Bank, State Secretariat for Economic Affairs (SECO), the Ministry of Finance of the Russian Federation, OECD Sigma (Organization for Economic Co-operation and Development Support for Improvement in Governance and Management), and others. The CEF serves as its Secretariat.

The network operates in three Communities of Practice (COPs): Budget (BCOP), Internal Audit (IACOP), and Treasury (TCOP). Each drafts an action plan within a budget, allocated by the Steering Committee for the respective fiscal year. In addition, a plenary meeting brings together all three PEMPAL COPs to discuss common public financial management challenges.

Policy Conferences and Research

The CEF promotes effective policy dialogue by bringing together policy-makers, practitioners, academics, and other experts for discussions that balance theory and practice. Many policy events involve research efforts of longer duration and generate knowledge that is published on the CEF web site, in journals, or in book format.

Since 2006, the CEF has, in cooperation with partner institutions, addressed a number of policy topics: taxation, pension systems, tertiary education, turbulence in global financial markets, and European health systems. In 2009 and 2010 the CEF’s focus was on medium-term policy design and implementation, and in 2011 the CEF, in partnership with the World Bank and the IMF, organized a conference on international trends in public sector accounting. In 2013, the CEF held a high-level dialogue to address taxation issues.

Regional IMF Technical Advisors

The International Monetary Fund’s long-term regional advisor positions are part of a Japanese Government-funded program for strengthening fiscal management for SEE. The program has significantly boosted the resources available in the region for technical assistance and has contributed to a more programmatic approach to delivery. It focuses on achieving medium-term capacity building reform objectives in Public Finance Management and Tax Administration.
The partnership between the IMF and the CEF combines technical assistance and training and has proven to be a resource effective and efficient approach. Advisors benefit from using the CEF’s network of experts and training professionals, facilities, and conference and meeting venues. In turn, findings from advisors’ missions help identify needs for additional training at the CEF. The advisors collaborate closely with the CEF in formulating training programs and contribute as lecturers and coordinators to CEF courses.
Governance

CEF Governing Board Adopted the Framework Documents

The 1st annual meeting of the Governing Board of the CEF international took place at the CEF premises on March 31, 2015. The Governing Board adopted framework documents that will enable the CEF efficient functioning and transition into the new legal form and governance structure.

The meeting was attended by dr. Dušan Mramor, Minister of Finance and Chair of the Governing Board, dr. Bostjan Jazbec, Governor of the Bank of Slovenia, as well as representatives of the central banks of Belgium, Montenegro and Macedonia, representatives of the Dutch, Macedonian and Slovenian Ministry of Finance and the Slovenian Ministry of Foreign Affairs.

How Learning Works at the CEF

CEF Institutional Capacity Development and Knowledge Sharing Activities

In the first quarter of 2015, to develop our own capacities and to develop and maintain our role of a knowledge hub, the CEF organized, shared knowledge, or participated in the following events:

Meeting with Counterpart Learning Professionals through the learn4dev Network

The CEF attended meetings of the learn4dev Core Group and the learn4dev Organizational Learning (OLEG) Expert Group. As a co-organizer of the 2014 learn4dev Annual Meeting, we shared our experience with this year’s meeting organizers, the European Commission and the UK Department for International Development (DFID). In addition we contributed to the discussion in the OLEG group by presenting our role of a regional knowledge hub and how we do development differently. DFID expressed interest for its staff to attend the CEF training on the art of knowledge exchange.

The planning and preparation process for the 2015 Annual Meeting that will take place in East Kilbride, Scotland, 15-17 June, 2015 are under way. We discussed the progress in preparations and shared our experiences and ideas with the organizers. We also exchanged information about what’s happening in the field of development cooperation and were informed about the current activities of the learn4dev Expert Groups.

Meeting of the OLEG expert group was held back-to-back to the Core Group meeting. The group was set up in September 2014 to enable members to share knowledge, experience and learn more about how organizations learn. The group seeks to understand how organizations have used learning to address challenges, embed a culture of learning and continue to learn. Currently seven bilateral and multilateral donors expressed interest to be active in the OLEG: besides CEF also DFID, European Commission, GIZ, LuxDev, Swiss Agency for Development and Cooperation (SDC), and Swedish International Development Cooperation Agency (SIDA).


World Bank Webinar: CEF the Thematic Knowledge Hub for South East Europe

As part of the World Bank Knowledge Hubs 2015 Webinar Series we made a video presentation on our Role of a Thematic Knowledge Hub for South East Europe. Speakers Jana Repanšek, CEF Deputy Director and Urška Zrinski, CEF Program Manager in their presentation focused on culture, leadership and results measurement at the CEF. The presentation was followed by a live question and answer session on Wednesday, February 25, 2015.

The CEF has strongly focused on creation and sustainability of an enabling environment that stimulates staff growth, team work, and knowledge exchange among an increasing number of staff with special attention for growing and retaining talent. The staff meets regularly to share their experience and knowledge in supporting reform processes in the region, and we have recently launched a blog to share knowledge and experience internally and with partners about CEF’s role as a knowledge hub. One of the key areas of staff work includes design and
implementation of a framework to measure and report on the results of learning and knowledge exchange initiatives, and feed the results back into design of new initiatives.

At the interactive Q&A session participants had an opportunity to ask questions on the presentation, contribute ideas and experience, and learn from other participants.
Learning Activities

Workshops and Seminars

The CEF organized 9 learning events in the first quarter of 2015 with 191 participants from the following:

- Member countries: Albania, Bulgaria, Bosnia and Herzegovina, Croatia, Kosovo, Macedonia, Moldova, Montenegro, Romania, Serbia, Slovenia, and Turkey.
- Non-member countries: Armenia, Cyprus, Czech Republic, Denmark, Estonia, Georgia, Greece, Hungary, Jordan, Lithuania, Poland, Slovakia, Ukraine

More detailed information about the workshops is available under the following links:

- IPA II
- Training of Trainers for Line Ministries
- Retail Payments
- Strengthening Government Finance Statistics
- E-Learning Course on Budget Formulation
- Performance Auditing
- Market Value-Based Taxation of Real Property: Lessons from International Experience
- Strengthening Management Skills
- Tackling Tax Evasion and Avoidance

Participation

Participants were financed by their sponsoring institutions, either by an employer or a donor. Member countries’ participation is estimated at EUR 77,800 and the participation of other countries at EUR 38,000 (at EUR 200 per participant per day, plus EUR 500 per travel). Participation in distance learning is estimated at nil costs; the same applies for participation from Slovenia (except when courses take place outside of Ljubljana).

<table>
<thead>
<tr>
<th>Country/entity</th>
<th>ALL Participants</th>
<th>Participants Sponsored by Sending Institution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Days</td>
</tr>
<tr>
<td>Albania</td>
<td>25</td>
<td>101.5</td>
</tr>
<tr>
<td>Bosnia and Herzegovina</td>
<td>12</td>
<td>46</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>5</td>
<td>14.5</td>
</tr>
<tr>
<td>Croatia</td>
<td>8</td>
<td>26</td>
</tr>
<tr>
<td>Kosovo</td>
<td>19</td>
<td>70</td>
</tr>
<tr>
<td>Macedonia</td>
<td>19</td>
<td>61.5</td>
</tr>
<tr>
<td>Moldova</td>
<td>13</td>
<td>49</td>
</tr>
<tr>
<td>Montenegro</td>
<td>7</td>
<td>18</td>
</tr>
<tr>
<td>Romania</td>
<td>7</td>
<td>29.5</td>
</tr>
<tr>
<td>Serbia</td>
<td>17</td>
<td>69.5</td>
</tr>
<tr>
<td>Slovenia</td>
<td>9</td>
<td>27.5</td>
</tr>
<tr>
<td>Turkey</td>
<td>14</td>
<td>45.5</td>
</tr>
<tr>
<td>Total member countries</td>
<td>558.5</td>
<td>78</td>
</tr>
</tbody>
</table>
Donors
Donor partners sponsor lecturers (travel expenses and lecturers' fees) and materials for the courses. These were estimated at EUR 34,500. For this report, a half-day lecturer session is estimated at EUR 500 and travel expenses at EUR 1,500 per lecturer.

<table>
<thead>
<tr>
<th>Donor</th>
<th>No of sessions</th>
<th>Amount in EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Center of Excellence in Finance, Slovenia</td>
<td>5</td>
<td>4,000</td>
</tr>
<tr>
<td>Bank of Slovenia</td>
<td>1</td>
<td>500</td>
</tr>
<tr>
<td>Dutch Central Bank, Netherlands</td>
<td>10</td>
<td>8,000</td>
</tr>
<tr>
<td>European Court of Auditors, Luxembourg</td>
<td>5</td>
<td>4,000</td>
</tr>
<tr>
<td>International Monetary Fund</td>
<td>20</td>
<td>10,000</td>
</tr>
<tr>
<td>Ministry of Finance, Netherlands</td>
<td>10</td>
<td>8,000</td>
</tr>
<tr>
<td>Total sponsored lecturers</td>
<td>61</td>
<td>34,500</td>
</tr>
</tbody>
</table>
Certification Programs

Public Accountants Certification Training (PACT)

PACT Macedonia

The activities of the Public Accountants Certification Training (PACT) in Macedonia are running according to foreseen schedule. The project started in autumn with the opening event on September 18, 2014 in Skopje. The program aims to train up to 40 students on certificate level in 2014-2015. The extension of the project to 2015-2016 was approved which will enable training of up to three local trainers per module and up to 40 students on level 2, the diploma level. Macedonian authorities will also be supplied with the training materials in local language. The project includes functioning of a task force - working group for localization) for complete institutionalization and localization of the certification program in the country.

The financing of the Project is secured by the World Bank SAFE Trust Fund and the Central European Initiative (CEI).

Training of Internal Auditors in the Public Sector (TIAPS)

TIAPS in the Region

TIAPS Macedonia

The activities of the Training of Internal Auditors in the Public Sector (TIAPS) in Macedonia, Level 1 are running as scheduled. The opening ceremony for the second generation of students that are enrolled in this certification training in the years 2014-2015 took place on October 21, 2014. The 2nd generation has 35 TIAPS students who have passed enrollment test on basic accounting and bookkeeping.

The professional certification program for Macedonian internal auditors from public sector is made possible through joint funding from the US Donors Challenge Fund through the USAID and Slovenia’s Development Cooperation through the Ministry of Foreign Affairs of Slovenia.

TIAPS Montenegro

On January 14, 2015 the German Embassy in Slovenia and the CEF signed the third grant agreement for funding the Training of Internal Auditors in the Public Sector (TIAPS) in Montenegro.

The German government allocated the new grant of 200,000 EUR to continue the professional qualification training program for public sector internal auditors in Montenegro. This represents a big approval of CEF activities in the region. The CEF will jointly with the UK-based Chartered Institute of Public Finance and Accountancy and the Ministry of Finance of Montenegro run the project through 2015 and 2016 with the funding of German Stability Pact for South East Europe. The aim is to support the implementation of public finance reforms in the Western Balkans.

The expected long-term outcome of the TIAPS project is to achieve an independently and sustainably running program in Montenegro once the project completes. The goal is to involve selected local tutors, who will be, together with three generations of students, the driving force
behind enhancing the internal auditing profession in Montenegro also in the future. The project opening ceremony took place on April 9, 2015.
Building Capacities for Policy Design and Implementation (BCPDI) is a program the CEF launched at the initiative of beneficiaries in South East Europe (SEE). Under the BCPDI, the CEF is currently implementing the Strategic Planning and Budgeting (SBP) project, which started in spring 2013 and will last through September 2015. The SPB is an EU-funded project, designed to serve the needs of beneficiary institutions in EU candidate and potential candidate countries (Albania, Bosnia and Herzegovina, Kosovo, Macedonia, Montenegro, Serbia and Turkey), and the recently acceded EU member Croatia; all these being also CEF member countries.

The SPB addresses capacity needs in policy design, implementation and coordination of medium-term macroeconomic and fiscal frameworks, and enclosure of the fiscal impact of structural reforms into these frameworks. The project aims to stimulate governance for growth of SEE countries by strengthening their capacity to design and implement medium-term macro-fiscal policies, and thus to help achieve the goals of the SEE 2020 strategy as established by the beneficiaries.

In the first quarter, the CEF has delivered the following learning events:
- Workshop on Training-of-Trainers (delivered at the CEF on February 17-19, 2015)
- E-learning course on Budget Formulation (delivered via the CEF online learning platform on February 23 – March 23, 2015)

SPB team members have been travelling to Croatia and Serbia, i.e. to get input for upcoming activities, assure activities are in line with beneficiaries’ needs, recruit participants for SPB activities, and get input to CEF efforts to assure the project’s impact is sustained and extended through future action.

The SPB Project Steering Committee has been reviewing and approved the Narrative Report of the Project for the second implementation year.

The following Value Creation Stories have been collected:
- SPB strengthens capacities at line ministries in improving budget submissions and inputs to strategic macro-fiscal documents: M. Vasilevski, Ministry of Transport and Communications, Macedonia
- SPB helps improve budget planning capacities of line ministries, and gives opportunities to learn about best budgeting practices in the region: K. Kozmaqi, Ministry of Education, Science and Technology, Kosovo
- SPB gives experts from line ministries experts and other relevant budget users a frame of reference to better understand how learning works, and to design and deliver training and learning activities: T. Tripunova, Ministry of Finance, Macedonia
**EU Strategy for the Danube Region**

The CEF is coordinating a priority area of the EU Strategy for the Danube Region (EUSDR) which deals with institutional capacity and cooperation together with the City of Vienna.

A meeting of the advisory committee of the Danube Region Capacity Building platform was organized by the CEF in Ljubljana in February back to back with a region-wide conference Reinforcement of e-Government: Government Innovation and Digital Agenda in the Danube Region. The CEF also participated at the stakeholder conference related to urban issues in the Danube region organized by the City of Vienna. The CEF also attended meeting of the EUSDR Priority Area Coordinators in Stuttgart (PACs) related to future governance and financing of PACs’ coordination efforts.

More on the EUSDR and Priority Area 10 activities is available at [www.cef-see.org/regional-cooperation/eusdr](http://www.cef-see.org/regional-cooperation/eusdr)

**Public Expenditure Management Peer Assisted Learning network (PEMPAL)**

In the first quarter of 2015, the CEF supported the organization of the following PEMPAL events:

**Budget Community of Practice:**
- Plenary Meeting, Yerevan, Armenia, February 11-13
- Study Visit, Pretoria, South Africa, March 10-13

**Treasury Community of Practice:**
- Study Visit, Vienna, Austria, January 28-30
- Study Visit, Seoul, South Korea, March 25-27

**Internal Audit Community of Practice:**
- Study Visit, Chisinau, Moldova, March 16-19
Regional IMF Technical Advisors

Duncan Last, Public Financial Management Advisor

Since May 2010, this position has been funded as part of a Japanese Government sponsored program for strengthening fiscal management for SEE.

Country Activities

Albania
A headquarters PFM mission on fiscal rules visited Albania in the second half of March. In addition to proposing a long-term sustainable debt target which would place Albania in a good position for eventual adoption of EU fiscal rules, the mission reviewed the medium-term budgeting and fiscal risks practices and made a number of recommendations to strengthen them. The authorities were clearly appreciative of the approach taken and analysis provided by the mission and confirmed their intention of including fiscal rules and related provisions in this year’s amendments to the Organic Budget Law.

The regional advisor joined the mission for the wrap up meeting, and then met separately with senior officials in the Ministry of Finance and the EC Delegation in Tirana to discuss follow up technical assistance under the new EC-funded successor regional project starting in June 2015.

Based on his desk analysis of the Albania PFM Strategy launched in December 2014, the regional advisor also discussed with senior officials his concerns regarding prioritization and sequencing of the Strategy’s action plan. In addition to the amendments to the Organic Budget Law planned for this year, the successful implementation of the PFM Strategy will depend on staffing increases in key areas and significant capacity building efforts. Regarding staffing the officials confirmed that 46 new staff had been approved by the Cabinet for the Ministry of Finance to be split between budget, debt, legal, procurement, PPP unit, fiscal policy, macro, and accounting functions. Regarding the capacity building challenges the discussion focused on gaps not currently covered by existing projects, and how CEF could best assist with local training.

Croatia
The five spending review working groups established in late 2014 by the Croatian Government, with technical support from FAD and the World Bank, submitted their reports in March 2015. The reviews examined expenditures amounting to about 22 percent of GDP, but the savings proposed by 3 out of the 5 review commissions did not meet the 10 percent target, and where savings were proposed they were generally either already enacted in the context of the 2015 budget or would be difficult to implement. While the results from this exercise may have been less than hoped for, it has been a good experience for the Ministry of Finance and they now expect to establish it as an annual exercise.

During this period the regional advisor also provided comments on the amendments to the Fiscal Responsibility Act aimed at bringing it more in line with EU requirements on fiscal rules and fiscal councils. The comments focused on the independence of the chair of the proposed Fiscal Policy Commission, and the need to tighten the provisions related to the MTBF by requiring reconciliation with previous vintages.

Romania
The regional advisor participated in a headquarters PFM mission in January 2015, focused on MTBF, program/performance budgeting, public investment management, fiscal reporting, and expenditure management issues. The mission followed up on recommendations made by earlier FAD missions, as well as on the finalization of the Fiscal Transparency Evaluation report undertaken in 2014. The MTBF advice included the need to strengthen sectoral strategic planning, to set binding expenditure ceilings earlier in the budget preparation process, to use
supplementary budgets more conservatively, and to better integrate the calendar for recurrent and capital budget preparation. On program/performance budgeting, the mission supported the authorities’ efforts to review program structures, rationalize key performance indicators, strengthen the links to strategic planning, and establish a program budget team, and recommended the introduction of a spending review approach. Regarding public investment management, the mission recommended better coordination between the major stakeholders, and closer alignment with strategic planning and program budgeting initiatives. Regarding fiscal reporting and expenditure management, the mission stressed the need to see the previous FAD recommendations in commitment control and accounting through to conclusion, in particular the completion and roll out of amendments to IT systems.

**Serbia**

The regional advisor participated in a headquarters PFM mission in late January, early February which focused on fiscal risks, medium-term budgeting, and fiscal reporting. Regarding fiscal risks, the mission followed up on earlier support from the regional advisor in SOE monitoring, notably the design of the framework and formats for financial monitoring based on key financial performance indicators, and on arrears, notably improving the reporting, extending the coverage, and strengthening commitment controls. In the budgeting area, building on FAD recommendations in 2014, the mission focused on improving the credibility of medium-term forecasts, providing practical advice on methodologies for medium-term program level baseline projections and costing of new policy proposals. Finally on fiscal reporting, the mission made key recommendations aimed at the coverage and content of annual reports, and provided advice on moving to accrual accounting over the medium-term.

During the mission, the terms of reference for a resident budget advisor to be funded by SECO were drawn up and agreed, as were the terms of reference for peripatetic support in accounting and reporting. During March, the regional advisor oversaw the first follow up short term expert visit by Mr. Frans van Schaik in accounting and reporting standards based on the above mentioned peripatetic ToR agreed in February. The visit identified shortcomings in current annual financial reporting practices and initiated work on a gap analysis against cash-basis IPSAS. A second part of this assistance is planned for April.

The mission also shared a local half day workshop with a visiting CEF/CIPFA team to go over the requirements for moving to accrual accounting. The CEF team was in Belgrade to follow up on the possibility of establishing a training and certification program for accountants.

**Slovenia**

The regional advisor met with Budget Department staff to discuss possible support in strengthening the program/performance budgeting system. Using data provided by the authorities, he prepared a time-series analysis of programs over the last 10 years, as well as analysis of indicators since 2010. The program analysis provided senior staff with a tool to review spending on programs and subprograms in each policy area, including the impact of recent consolidation efforts. The analysis of indicators showed clear weaknesses in setting and monitoring of targets and expected results in successive years, indicated the still limited impact of performance in the budget management system. The regional advisor discussed the possibility of introducing a spending review approach to better focus attention on performance issues. This suggestion was well received and a headquarters spending review mission was agreed for the end of April.

**CEF Courses**

During this reporting period, the regional advisor initiated preparations for the May workshop on Medium-Term Budget Framework and the June workshop on Budget Institutions.
Other Activities

The regional advisor presented in February 2015 at a JVI seminar on “Sound Fiscal Institutions: The Basis for Stability, Growth and Prosperity”. His presentations were on fiscal rules and fiscal councils. Around half the participants were from CEF countries.

Steffen Normann Hansen, Tax Administration Reform Advisor for SEE

This position was created in January 2011 and it is funded by the Japanese Government as part of a program for strengthening fiscal management in SEE.

Country Activities

Albania
During February 2-6, 2015, Mr. Hansen carried out a mission to the General Directorate for Taxation (GDT), primarily to follow the implementation of the new IT system which has been phased in from the beginning of January 2015. During the mission Mr. Hansen also discussed a new organizational structure for the GDT Headquarters and assisted in preparing a new risk-based approach to VAT refund.

In February/March Mr. Hansen participated in a headquarters-led mission as part of a technical assistance (TA) program to provide advice on the way forward with respect to tax administration reforms. Specifically, the mission delivered workshops throughout its stay to enable the tax administration develop a corporate strategy for the period 2015 to 2019.

Croatia
On February 17-18, 2015, Mr. Hansen participated in the IOTA PCP meeting, hosted by the Croatian Tax Administration in Zagreb. Mr. Hansen gave a presentation to the PCP meeting on IMF priorities in the region (SEE).

Kosovo
During March 24-27, 2015 Mr. Hansen carried out a mission to the Tax Administration of Kosovo (TAK) mainly to discuss the need for further TA with the DG, and to participate in a workshop with the purpose of drafting a new corporate strategy for 2015-19.

Montenegro
During March 30 – April 1, 2015 Mr. Hansen visited the Montenegro Tax Administration (MTA) do discuss with the Director General the need for further technical assistance.

Slovenia
On January 21, 2015, Mr. Hansen had a meeting with the Financial Administration of the Republic of Slovenia (FURS) to discuss possible technical assistance aimed at improving tax compliance and reduce compliance cost.

Other Activities

Mr. Hansen was interviewed by the CEF about the compliance risk management (CRM) approach to improve compliance in tax administrations.
Resources

The CEF received a donation from the Slovenian Government by granting free-of-charge premises for CEF activities, which is estimated at EUR 14 per sq.m + VAT per month in total EUR 52,134 in 3 months.

<table>
<thead>
<tr>
<th>Revenues from Projects</th>
<th>in EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ministry of Finance Netherlands - for workshops</td>
<td>204,030</td>
</tr>
<tr>
<td>ADETEF - for workshops</td>
<td>40,000</td>
</tr>
<tr>
<td>Other</td>
<td>5,774</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>249,804</strong></td>
</tr>
</tbody>
</table>

Expenses

Total expenses for CEF activities in January-March 2015:

<table>
<thead>
<tr>
<th>Expenses</th>
<th>in EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Materials and energy</td>
<td>21,564</td>
</tr>
<tr>
<td>Running expenses and other services</td>
<td>38,424</td>
</tr>
<tr>
<td>Labor</td>
<td>206,896</td>
</tr>
<tr>
<td>Authors, tutors and interpreters</td>
<td>79,598</td>
</tr>
<tr>
<td>Costs of events</td>
<td>237,988</td>
</tr>
<tr>
<td>Amortization</td>
<td>11,040</td>
</tr>
<tr>
<td>Other costs</td>
<td>17,196</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>612,705</strong></td>
</tr>
</tbody>
</table>