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 PEM PAL program, we are also present in a number of other countries of Eastern Europe and Central Asia.

More information is available at online 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.
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.
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](http://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.

**PEM PAL - Public Expenditure Management Peer-Assisted Learning Network**

PEM PAL—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, Internal Audit, and Treasury. Each prepares 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 PEM PAL 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.

**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 Activities

CEF to Become an International Organization

The CEF is currently in the process of changing its legal status to an international organization. On September 3, 2013 the Agreement on Establishing the Center of Excellence in Finance as an International Organization was signed in Bled, Slovenia at the annual high-level international Bled Strategic Forum.

The Agreement was signed by Mr. Petar Pandushev Chobanov, Minister of Finance of the Republic of Bulgaria, Mr. Branko Grčić, Deputy Prime Minister and Minister of Regional Development and EU Funds of the Republic of Croatia, Mr. Zoran Stavreski, Vice Prime Minister and Minister of Finance of the Republic of Macedonia, Mr. Nikola Vukičević, Deputy Minister of Finance of Montenegro, and Mr. Karel Erjavec, Deputy Prime Minister and Minister of Foreign Affairs of the Republic of Slovenia. Moldova and Bosnia and Herzegovina will join the agreement with the exchange of letters. Albania will start with the necessary domestic procedures once a new government has been appointed. Kosovo, Romania, Serbia and Turkey decided not to join the Agreement at this moment; however, they may decide to do so later.

 Signing of the Agreement was the first step on the road towards becoming an international organization. In the next phase interested member countries will be invited to ratify the signed Agreement. It will enter into force after at least three countries deposit instruments of ratification. The Agreement with the Government of Slovenia (Headquarters Agreement) will define the conditions under which Slovenia will host and finance the CEF. In addition the Rules and Regulations for the CEF as an international organization will be drafted. It is expected that the procedure will conclude in 2014 with first session of the Governing Board where the CEF’s Rules and Regulations will have to be approved.

The new legal status will enable easier access to donor funding and hiring of international and regional experts. This will further improve the quality of CEF projects and programs for recipient countries.

CEF Advisory Board Meeting

This year the annual meeting of the CEF Advisory Board was held on September 2 in Bohinjska Bistrica, Slovenia, a day before the signing of the Agreement on Establishing the Center of Excellence in Finance as an International Organization and the High-Level Policy Dialogue on Strategic Planning and Budgeting in South East Europe that took place at Bled, Slovenia.

The CEF Advisory Board is a flexible network of our donors and partners that are actively supporting the CEF or have a large scope of activities in the South East European region. It contributes to the development of the CEF’s programs and assists the CEF Supervisory Board and management in designing the Center’s strategies and operations. The chair of the Advisory Board is Mr. Jan Willem van den Wall Bakke from the Dutch Ministry of Finance.

This year, 20 participants representing 18 institutions discussed how to expand cooperation while taking into account our synergies and complementary roles. For the first time, representatives from the emerging donor countries were invited to share their activities in the region and impressions on potential cooperation with the CEF. The Advisory Board addressed also the Center’s new institutional status and its impact on the member countries, programs, funding and CEF governance structure, in particular the Advisory Board.
The participants of the Advisory Board meeting concluded that, in the new set-up, the CEF should maintain its flexibility and demand-driven approach, and further strengthen engagement with existing and new donors and partners.

**CEF Website**

The third quarter saw the launch of the fully redesigned CEF website. The old website served us well but technology continues to develop and with this redesign the CEF hopes to take advantage of the most current state-of-the-art tools to make our communication most effective.

The launch of the new website, which offers quick and easy access to essential information on the CEF and our activities, is part of our ongoing efforts to enhance the quality and availability of information to our member and partner institutions and to all other stakeholders across South East Europe and worldwide.

The new website has a modern layout and design. It is also optimized to view it in multiple devices (mobile and Android phones, iPad, etc.) and different browsers. The website is more user-friendly, allowing to navigate through the content and resources easier and faster.

**How Learning works at the CEF**

**CEF Institutional Capacity Development and Knowledge Sharing Activities**

In order to develop our own capacities to develop and maintain our role of a knowledge hub, the CEF staff participated and shared our knowledge at the following event in the third quarter of the 2013:

**CEF Attended the Meeting of EU Member States’ Director Generals of Tax Administrations**

The CEF attended the General Meeting of the Tax Authorities of the EU Member States (G28 Meeting) on September 20, 2013 in Bucharest, presenting the CEF training program on taxation and inviting the participating countries to join the CEF’s efforts in responding to the most pressing capacity developments needs that tax authorities in South East Europe face.

The director generals of tax administrations in the EU gathered to this international event to discuss performance management in tax administration which is in many countries assuming greater importance. Participating countries shared their experience with performance management and performance measurement. This exchange of information and good practices was recognized as a very useful way of strengthening co-operation between the tax administrations in the EU member states.

Norman Gillanders, International Monetary Fund’s (IMF) Tax Administration Reform Advisor for South East Europe, based at the CEF, presented the IMF’s approach to performance management in tax administration. In his presentation Mr. Gillanders pointed out that according to his work experience across SEE, not all tax administrations have a clear definition of essential strategic change and specific methods to achieve it; a realistic view of inevitable obstacles and how to remove or get around them; or the ability to mobilize staff and resources to make plans happen. He offered advice on how tax administrations could apply performance management at strategic, operational and individual staff level.
Learning Activities

Workshops and Seminars

The CEF organized one workshop in the third quarter of 2013 with fifteen participants from the following countries: Bulgaria, Croatia, Romania, Slovenia, and Turkey.

More detailed information about the workshop is available under the following link:

Budget Supervision by the EU
September 16–18, 2013

Participation

Participants were financed by their sponsoring institutions, either by an employer or a donor. Member countries' participation is estimated at EUR 5,000 and the participation of other countries at EUR 2,000 (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>
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<th>Country/entity</th>
<th>Participants</th>
<th>Days</th>
<th>Estimated costs in EUR</th>
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<tr>
<td>Bosnia and Herzegovina</td>
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<tr>
<td>Turkey</td>
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<td><strong>Total member countries</strong></td>
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<td><strong>5,000</strong></td>
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<tr>
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<td><strong>2,000</strong></td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>15</strong></td>
<td><strong>37.5</strong></td>
<td><strong>7,000</strong></td>
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</tbody>
</table>

Donors

Donor partners sponsor lecturers (travel expenses and lecturers' fees) and materials for the courses. These were estimated at EUR 2,250. 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>
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<td>International Monetary Fund</td>
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<td>Federal Ministry of Finance, Germany</td>
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Certification Programs

Public Accountants Certification Training (PACT)

PACT Macedonia

In the third quarter of 2013, the joint initiative of the CEF and Macedonia resulted in issuing a decision by the Macedonian Ministry of Finance on September 13, 2013 to establish a working group for the localization of PACT and TIAPS programs in Macedonia.

The working group has been vested with the following tasks:

- Performing a SWOT analysis for the localization of the trainings for certification of accountants and internal auditors in the public sector of the Republic of Macedonia
- Drafting a strategic plan for the localization of the trainings for certification of accountants and internal auditors in the public sector of the Republic of Macedonia
- Performing a review of the existing national legislation and offering proposals for potential changes and amendments in the light of the localization of the trainings for certification of accountants and internal auditors in the public sector of the Republic of Macedonia

In the third quarter, the CEF finalized the translation of the first 25 International Public Sector Accounting Standards (IPSAS) and handed them over to the Macedonian Ministry of Finance. The translation of IPSAS aims to help students better understand the complex training curricula and training materials. In addition, the PACT tutors revised the terminology used in the training modules to prepare materials for the next iteration of the PACT program.

The CEF also worked together with the Macedonian Ministry of Finance on preparation of an application to the World Bank for continued program funding (level 1 cohort 2 and level 2).

Training of Internal Auditors in the Public Sector

TIAPS in Slovenia

The deadline for applying to the Training of Internal Auditors in the Public Sector (TIAPS) in Slovenia in 2013-2014 ended on September 6, 2013. On September 10, the Program Committee of TIAPS Slovenia decided to enroll the generation of 2013-2014 with 21 regular students, one transitional student who will take the differential exam between CBIPA and TIAPS, and four students who will take only the National Module IA taxation and legislation with the wish to receive the Slovenian certificate.

The CEF has facilitated six defenses of the final assignments for TIAPS for obtaining the Slovenian diploma and internal auditors’ titles.

As regards students from past training generations, in the third quarter of 2013 three students had presentations of the final assignments with one of them passing, one passing conditionally and one failing.

TIAPS in the Region

TIAPS Macedonia: Level 1 cohort 1 and cohort 2
The first cohort of level 1 of TIAPS in Macedonia took a second sitting of the exam on IM1 “International Audit Fundamentals” on July 6 (seven students out of ten passed); second sitting of the exam on IM2 “Public Sector Accounting and Financial Reporting” on August 31 (two out of eleven students passed); and the second sitting of the exam on IM3 “Governance and Control” on September 12 (three out of three students passed).

Slovenian tutors-supervisors provided their reports on the field work in Macedonia. The CEF together with CIPFA uses these reports to fine tune the training program, so as to improve and strengthen it for the next iteration of training and finally the localization.

In the third quarter of 2013, the Macedonian Ministry of Finance decided to establish a working group for the localization of PACT and TIAPS programs in Macedonia.

The working group has been vested with the following tasks:

- Performing a SWOT analysis for the localization of the trainings for certification of accountants and internal auditors in the public sector of the Republic of Macedonia
- Drafting a strategic plan for the localization of the trainings for certification of accountants and internal auditors in the public sector of the Republic of Macedonia
- Performing a review of the existing national legislation and offering proposals for potential changes and amendments in the light of the localization of the trainings for certification of accountants and internal auditors in the public sector of the Republic of Macedonia

TIAPS Montenegro

In the third quarter of 2013, 19 students took the second sitting of the exam on IM2 “Public Sector Accounting and Financial Reporting”. The assessment of the exam results is currently underway.

The working group for localization continued its work. Among other tasks, the first iteration of the capacities assessment report was drafted and handed over to external consultants for commenting.

Local tutors adjusted the terminology used in the training materials in Montenegrin and Slovenian tutors checked the changes done in the local language. This served to ensure that the teaching materials include updated terminology for the next iteration of TIAPS in Montenegro.

In the third quarter, the CEF made preparations for an agreement for continued funding of the project in Montenegro by the German Government Stability Pact. The new project is planned to start in early 2014.

Summer at the CEF

As summer is a low season for the CEF, we were delighted to welcome a much younger audience than we usually have at our workshops. A group of forty students from thirteen European countries taking part in the Faculty of Administration Summer School visited the CEF on August 21, 2013.

Final-year students from public administration, public management, public policy and administrative informatics study programs were in Slovenia on a two-week intense Erasmus program that focuses on challenges in public administration in the European Union.

The students learned about the CEF's tasks and activities and our efforts in promoting regional cooperation among the countries of South East Europe through offering trainings, seminars and programs in public financial management, central banking and people and process management. The students were interested in how the CEF interacts with public administration institutions in the region and in our approach to learning.

The Faculty of Administration at the University of Ljubljana is a member of the institutional capacity working group within the framework of the EU Strategy for the Danube Region. This working group, which the CEF coordinates, focuses on strengthening institutional capacity and regional cooperation.
Regional Cooperation

Building Capacities for Policy Design and Implementation

Building Capacities for Policy Design and Implementation (BCPDI) is a program of the CEF launched at the initiative of beneficiaries in South East Europe. Under the BCPDI, the CEF is currently running the Strategic Planning and Budgeting (SPB) project, which started in spring 2013 and will last for two years through March 2015. The SPB is an EU-funded project, designed to serve the needs of beneficiary institutions in SEE countries: 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 macrofiscal policies, and thus to achieve the goals of the SEE 2020 strategy as established by the beneficiaries.

In the third quarter of 2013, the CEF implemented the following SPB event.

High-Level Policy Dialogue on Strategic Planning and Budgeting in SEE

On September 3, 2013, the CEF organized a high-level policy dialogue on strategic planning and budgeting in South East Europe in Bled, Slovenia. The dialogue brought together ministers, governors and other high-level officials from across South East Europe and international experts to discuss macroeconomic and fiscal frameworks, fiscal impact of structural reforms, and policy coordination and planning processes. It was held as a highly participatory open round-table discussion that resulted in a number of valuable ideas and suggestions on how to further develop capacities and expertise for the design, implementation and coordination of economic and fiscal policies in South East Europe. The CEF will duly take this valuable input into account in implementing the next phases of the SPB project.

EU Strategy for the Danube Region

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

In the third quarter of 2013, the CEF preselected project ideas submitted for the Technical Assistance Facility for Danube Region Projects and supported the applicants in finalizing their application. Two project ideas that reflect the scope of institutional capacity and cooperation within the EUSDR were submitted to the Management Authority of the TAF-DRP.

The TAF-DRP is a EU grant scheme to develop project ideas relevant for the EU Strategy for the Danube Region into bankable projects that are mature enough to either apply for funding from donors and/or EU programs, and/or to start implementation with own resources. The TAF-DRP will support up to 40 project ideas to through the provision of consultancy services.

For further information about the EUSDR, please visit www.cef-see.org/eusdr.

Public Expenditure Management Peer-Assisted Learning network

In the third quarter of 2013, the CEF supported the organization of the following PEMPAL events:

- Cross-COP Executive and Steering Committee meetings (July 1–4, 2013 in Bohinj, Slovenia)

Further information about the BCPDI is available on www.cef-see.org/regional-cooperation/bcpdi.
- Internal Audit Community of Practice (IACOP) working group meetings on risk assessment, and relationship of internal audit with financial inspection and external audit (Sept 25–28, 2013 in StPetersburg, Russia)
- Treasury Community of Practice (TCOP) study visit "Public sector accounting and reporting" (Sept 22–25 in London, UK)
- TCOP working group meeting on public sector accounting and reporting reform (Sept 27–28, 2013 in Skopje, Macedonia)

For further information about PEMPAL’s activities, please visit www.pempal.org.

Regional IMF Technical Advisors

Dirk Jan Kraan, 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

In September the regional advisor took part in the mission of the IMF area department. The main objective of the mission to Albania was to advise the authorities about the 2014 budget. The advisor’s special task was to make an estimate of the arrears in Albania, to analyze their causes, and to propose measures to pay them off as well as remedies to prevent the future rise of arrears. During the mission, the advisor produced a report and a short note on obligation limits for the colleagues in the mission.

Moldova

The regional advisor carried out a mission to Moldova in July to consult with the Ministry of Finance about next steps in the area of local public finance reform after the new Law on Local Public Finance had been submitted to Parliament. According to the Ministry, the current policy priorities in this area included: (1) development of local taxes, in particular the property tax, (2) development of public financial management capacity at the local level, and (3) territorial reorganization of local governance. In each of these areas technical assistance could be useful.

Further consultations will take place about the modality of technical assistance in these areas.

The regional advisor also discussed with the UNDP the possibility that the CEF organize a course on local public finance for officials of the Moldovan Ministry of Finance. After consultation with the CEF management he informed the UNDP that the course could possibly take place in the autumn of 2014, provided that adequate funding can be found.

Romania

During a one-day mission in July, the Romanian Budget Director provided information about the Public Finance Law (PFL), on which FAD has provided advice in the beginning of the year. PFL has been passed by Parliament. The Law on the Insolvency of Local Governments has provisionally been adopted as an "emergency ordinance". The constitution allows such a procedure under the condition that the bill is subsequently submitted to Parliament.

The PFL prescribes a program classification. Efforts are underway to implement it step by step.

Thus far the experience with the budget framework has been mixed. The ceilings are expressed in nominal amounts for the upcoming budget year and as percentages of GDP for two more years (t+1 and t+2). There are also separate ceilings for wage expenditures. In Budget Director's view, the problems focus on multi-annual investment expenditures. The ceilings for future years do not in fact serve as binding constraints, and investment decisions tend to have their largest impact after the budget year.

The Budget Department is aware of the need to integrate the PFL with the Law on Fiscal Responsibility, since there are overlaps and inconsistencies. In virtue of European requirements, including the Fiscal Compact, they also have to integrate provisions concerning the production of ESA95 accounts and fiscal rules. In this respect there are still issues around the division of tasks between the Treasury, the Budget Department and the Fiscal Council.
The cash management team provided information about current progress on the reporting system since the HQ-based April 2013 mission: (i) the contract with the consortium “Intrarom” had been signed. Oracle is part of the consortium; (ii) the Treasury is working “shoulder to shoulder” with the providers; current efforts focus on the trial balance sheet, the profit-loss statement and the appendices to the balance sheet; (iii) there was good progress also in the area of consolidation, and for that purpose a “consolidation matrix” has been developed; (iv) the project has been regarded as the highest priority. Other aspects of cash management, such as active cash management to reduce idle balances, would come later.

The Debt Management Division mentioned that the middle office has been effectively working with the ICT system SAPHR since 2007. Reporting on debt and interest is now satisfactory. They can also perform scenario studies on alternative debt strategies. A problem is that it is not connected to the Treasury system. Six forms have to be filled out manually for each cash payment, and submitted it on paper to the Treasury.

CEF Courses

The regional advisor has designed and helped organize the course on European Budget Supervision. The course was well attended and much appreciated by the participants, in particular the simulation of the peer-review session of the EU Economic policy Committee.

Norman Gillanders, Tax Administration Reform Advisor

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

Croatia

Norman Gillanders made three visits to Croatia to work with the local tax administration on aspects of tax compliance.

Moldova

Mr. Gillanders visited Moldova in September 2013. He collaborated with the tax authorities and other technical assistance providers on a range of issues regarding the implementation of the Moldovan State Tax Inspectorate’s compliance improvement strategy.

Romania

In September, the advisor attended the G28 meeting of heads of EU tax administrations in Bucharest, representing the IMF. At the invitation of the Romanian hosts, he spoke about the need for performance management in tax administrations. Whilst in Bucharest, Mr. Gillanders held some useful discussions with managers of the National Agency for Fiscal Administration on risk-based approaches to compliance management and related topics.

Slovenia

In September 2013, Mr. Gillanders attended the CEF Advisory Board meeting, which was held in parallel with the Bled Strategic Forum.
Resources

The CEF received a donation from the Slovenian Government in the amount of EUR 640,207 by granting free-of-charge premises for CEF activities, which is estimated at EUR 14 per sq m + VAT per month, i.e. in total EUR 156,402 in nine months.

<table>
<thead>
<tr>
<th>Revenues from projects</th>
<th>EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project PEMPAL</td>
<td>569,725</td>
</tr>
<tr>
<td>TIAPS MAC</td>
<td>218,957</td>
</tr>
<tr>
<td>FIASR</td>
<td>38,461</td>
</tr>
<tr>
<td>Donation Bank of Slovenia</td>
<td>15,000</td>
</tr>
<tr>
<td>TIAPS MNE</td>
<td>–1,927</td>
</tr>
<tr>
<td>Other</td>
<td>4,508</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>844,724</strong></td>
</tr>
</tbody>
</table>

Expenses

Total expenses for CEF activities in July–September 2013:

<table>
<thead>
<tr>
<th>Expenses</th>
<th>EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Materials and energy</td>
<td>46,766</td>
</tr>
<tr>
<td>Running expenses and other services</td>
<td>166,556</td>
</tr>
<tr>
<td>Labor</td>
<td>589,450</td>
</tr>
<tr>
<td>Authors, tutors and interpreters</td>
<td>368,618</td>
</tr>
<tr>
<td>Costs of events</td>
<td>646,079</td>
</tr>
<tr>
<td>Amortization</td>
<td>30,781</td>
</tr>
<tr>
<td>Other costs</td>
<td>8,967</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,857,216</strong></td>
</tr>
</tbody>
</table>

NOTE: This financial report includes operational cumulative data for the period January–September 2013, as available on November 4, 2013.