MINUTES OF THE MEETING

The 9th CEF Advisory Board Meeting was held in Washington DC on the margins of the IMF and World Bank 2009 Spring Meetings on April 24, 2009, starting at 12:00 PM and finishing at 1:00 PM. The meeting was presided by Franc Kržanič, Minister of Finance of the Republic of Slovenia.
### I. Program:

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| 12:00 PM – 12:30 PM | **1 | CEF Annual Report and Financial Statements for 2008 and CEF Work Plan for 2009/2010  
Mira Dobovišek, CEF Director and Jana Repanšek, CEF Deputy Director |
| 12:30 PM – 12:40 PM | **2 | IMF Regional Technical Assistance  
Brian Olden, IMF Regional PFM Advisor and Alfred Kammer, IMF OTM Director |
| 12:40 PM – 12:50 PM | **3 | Report of the Advisory Board  
Luc Bool, Coordinator Technical Cooperation, Ministry of Finance of the Netherlands and Chairman of the CEF Advisory Board |
| 12:50 PM – 12:55 PM | **4 | Re-appointment of the CEF Director  
Andrej Kavčič, Head of the International Finance Department, Ministry of Finance of the Republic of Slovenia and Chairman of the CEF Management Board |
| 12:55 PM – 01:00 PM | **5 | Proposal for the 10th CEF Supervisory Board Meeting in 2010 |
| 01:00 PM       | **6 | Signature of the Conclusions |
## II. List of Participants:

**Member Countries (by alphabetical order of the institutions)**

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<td>1</td>
<td>Mr</td>
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<td>2</td>
<td>Ms</td>
<td>Radica</td>
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<td>3</td>
<td>Mr</td>
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<td>4</td>
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<td>Sherefedin</td>
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<td>6</td>
<td>Mr</td>
<td>Franc</td>
<td>Križanič</td>
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<td>7</td>
<td>Mr</td>
<td>Dimitar</td>
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**Observers (by alphabetical order of the institutions)**

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<td>13</td>
<td>Ms</td>
<td>Ksenija</td>
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<td>14</td>
<td>Ms</td>
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**The Center of Excellence in Finance (CEF)**

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<td>Ms</td>
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<td>Andrej</td>
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III. Minutes of the meeting:

The 9th CEF Supervisory Board Meeting started with a welcome address by Franc Križanič, Minister of Finance of Slovenia, who presided the meeting.


Presenters: Mira Dobovišek, CEF Director and Jana Repanšek, CEF Deputy Director

The CEF positive trend of 2007 continued in 2008. An increased demand for capacity building in public financial management and central banking in the South East European region and beyond was matched by an increased financial and operational support from the Government of the Republic of Slovenia. The Government of Slovenia increased the budget to finance the CEF activities by 45%. The CEF almost doubled its number of staff (from 7 to 13) and quadrupled the size of its classroom facilities.

CEF cooperation with partners – the international development organizations, bilateral partners, and other institutions that effectively deliver capacity building and technical assistance in the European and Central Asia regions – substantially increased. The CEF’s already close collaboration with the participating institutions again tightened and scaled up.

The CEF program and activities can be grouped in five groups: permanent programs, short programs (workshops and seminars; including distance learning), policy and research work, projects, and technical assistance. In addition, the CEF is a member of networks that help increase the CEF effectiveness in delivering its program and projects.

**Permanent programs** include introductory, certification, and specialization programs aiming at achieving sustainable training in the areas of special attention.

- The CEF delivered three introductory workshops on public financial management and a newly designed introductory workshop on central banking. Targeting at junior economists and new employees at ministries of finance, line ministries, and central banks, the CEF will include both workshops in the future program.

- Certification programs will continue to evolve. After completing the Capacity Building in Public Accounting (CBIPA) project in Albania, Croatia, and Slovenia in 2007, the project was launched in Macedonia, Moldova, and Kosovo in 2008 and will continue to be delivered in these countries throughout 2009 and 2010. After successful completion of the Training of Internal Auditors in Public Sector (TIAPS) pilot project in Slovenia, the project will commence in Albania, Moldova, and Kosovo, provided that funding becomes available.
- Developed in the 2008/09 academic year, the CEF will continue to offer the Budget Specialist. The program’s goal is to provide the most up-to-date knowledge in budgeting and financial management for professionals who work in the budget departments of ministries of finance and line ministries.

**Short programs** respond to immediate training needs of the region. In 2008, the CEF organized 36 events in the form of workshops, seminars, and distance learning courses. The program proposal for 2009/2010 comprises 35 workshops and seminars covering budget and treasury, tax policy and administration, accounting and auditing, general public financial management, central banking, and soft skills. Study tours will be offered on the basis of a peer request and experts’ availability. Additional attention will be paid to providing continuing professional development (CPD) training system to students that successfully completed their studies under permanent programs. In design and delivery the CEF will focus on assuring high quality and effectiveness of events.

**Policy and research** support agenda setting and policy-making in member countries by promoting new ideas in the field of public financial management and central banking, and encouraging exchange of experience. In the past the CEF policy events addressed various pressing issues: taxation, pension systems, labor markets, financial markets, and education. In 2008, the CEF delivered three policy events: Tertiary Education and the Economic Policy Agenda; Stress-Testing the Regulators: Market Risks and the EU Economy; and Pension Reform in South-Eastern Europe: Linking to Labor and Financial Market Reforms. While in the 2008/09 academic year, the focus is on the cost efficiency and quality of health care, the CEF will in 2009/10 focus specifically on economic policy design and implementation.

**Technical assistance** targets specific needs in member countries. In fall 2005, the IMF appointed the first CEF-based regional public financial management advisor, whose three-year assignment ended in August 2008. Since January 2009, his position has been assumed by a new IMF PFM advisor. The advisor’s duties include delivering focused technical advice as short-term assistance, defining reform priorities, coordinating with and leveraging technical assistance from other advisors, and contributing to the IMF missions in the region. The second advisor joined the CEF in fall 2007 covering GFS. His work consists of providing focused technical advice to the CEF member countries; assisting them in defining priorities for the implementation of the Government Finance Statistics Manual 2001 (GFSM 2001) methodology; and in designing, preparing, and delivering GFS courses and seminars at the CEF. His assignment terminated at the end of April 2009.

The CEF intention is to participate in fully financed projects initiated by European Commission or other sources. In pursuit of this goal, the CEF will search for strategic partners for the best project implementation. Particular focus will be given to projects that focus on capacity building in public financial management and central banking in the CEF member countries.

Starting in calendar year 2010 and as part of the EU funded Crisis Response Package, the CEF will – in close cooperation with the European Central Bank (ECB) – deliver up to ten workshops on banking supervision for EU candidate and potential candidate countries.
The CEF is a member in a number of networks that work as a platform to exchange experiences and learn from other successes and failures. CEF's involvement in different networks includes the following:

**PEM PAL** – the Public Expenditure Management Peer-Assisted Learning network – represents a multilateral effort to develop capacity and share reform experiences among countries in Europe and Central Asia. As the secretariat for the PEM PAL initiative was transferred from the World Bank to the CEF in 2008, the CEF will in 2009 continue to play an active role in the coordination and delivery of PEM PAL Communities of Practice (CoPs) meetings and activities.

Established by the World Bank, the Global **Development Learning Network (GLDN)** facilitates cooperation between its affiliates in offering facilities, services, and interactive distance learning techniques to the development community, to organize and implement knowledge sharing, training, consultation, and dialogue events. The CEF has been an associate member of GLDN since 2004.

In 2008, the CEF became a member of the **Train4Dev Network**. The overall objective of the network is to promote improved aid effectiveness through enhanced donor co-operation in the field of competence development and training.

Total cost for the CEF activities in 2008 amounted to EUR 1.34 million and EUR 0.12 million for investment in premises, software, and equipment. These expenses were covered by a donation of the Slovenian Government (EUR 0.65 million) and other donors in the amount of EUR 0.29 million (the World Bank, US Department of the Treasury, Bank of Slovenia, and OECD ReSPA). In addition, revenues from CEF operations amounted to EUR 0.36 million (CBIPA project EUR 0.22 million and programs for Slovenia EUR 0.14 million). The remaining EUR 0.04 resulted from investment income and other revenues.

Majority of expenses in 2008 related to labor costs for 13 employees (EUR 0.49 million), and costs of material and services (EUR 0.76 million).

The financial statements were audited by KPMG and the CEF received unqualified opinion.

The CEF budgeted EUR 1.58 million of revenues for calendar year 2009, from which EUR 0.9 million from the Ministry of Finance of Slovenia and EUR 0.32 million from deferred revenues, EUR 0.26 million from revenues from operations, and EUR 0.1 million from other donors.

Budgeted expenses comprise labor costs (EUR 0.56 million), costs of material and services (EUR 0.48 million), costs for introduction of permanent programs to the region (EUR 0.23 million), and investment (EUR 0.31 million).
Bank of Slovenia is supporting the CEF morally and financially. Božo Jašovič, as a representative of the Bank of Slovenia, explained that therefore the Bank nominated the CEF to the European Central Bank (ECB) for the Crises Response Package through which the CEF and ECB will institutionalize their cooperation.

Sherefedin Shehu, Deputy Minister of Finance of Albania, thanked the government of Slovenia and other donors for supporting the CEF program and for providing assistance to member countries. He explained that Albania has been both active and supportive in the programs provided by the CEF.

Moreover, Shehu also observed that the CBIPA (CIPFA) certificates are not officially recognized in Albania and therefore an arrangement of recognition and acceptance of the CBIPA (CIPFA) certificates should be established. CEF support in this regards is welcomed.

He also welcomed the organization of the IMF, European Commission and CEF seminar Economic Stability and EU Convergence in Southeast Europe: Building Capacities for Policy Design and Implementation, which was in his opinion a good asset that should be continued in the future.

Shehu reiterated Albania’s support for the CEF, which is a valuable and sustainable asset to be kept in the future. Therefore the CEF should not compete with ReSPA but the two institutions should complement each other. In his opinion more technical assistance would deliver tangible outputs.

The CEF will follow-up on the proposals and recommendations.

The Supervisory Board approved the CEF Annual Report and Financial Statements for 2008 and agreed on the 2009/2010 work plan and proposed activities.

2. IMF Regional Technical Assistance

Presenter: Brian Olden, IMF Regional PFM Advisor

As presented in the prepared materials, the CEF has since September 2005 collaborated with the International Monetary Fund (IMF) in providing technical assistance to the CEF member countries. The assistance has been provided in the areas of public financial management (PFM) and government finance statistics (GFS) through the posting at the CEF of two IMF resident advisors. The CEF and the IMF are now seeking to extend and strengthen their cooperation through examining possibilities to secure multi-annual funding for the PFM advisor position. An extension of the program will critically depend on external financial support.

The assignment of the current public financial management (PFM) advisor has been supported by the government of Japan and Slovenia for a period of one year commencing in
January 2009. The assignment of the current GFS advisor, who joined the PFM advisor in November 2007, has been supported by the governments of Italy and Slovenia up until end April 2009. The statistics advisor is due to complete his assignment at that time.

The current one year assignment of the PFM advisor is expected to be extended and expanded further for the next five years provided funding can be put in place. This is proving problematic. Discussions with EU to finance the position have so far been inconclusive and not other immediate sources of funding have been identified thus far. All avenues will be explored in this regard.

Against this background donor financing for technical assistance activities will continue to be arranged by the IMF, channeled through IMF facilities and managed following standard IMF policies and practices. The IMF is in charge of selecting the resident advisors, monitoring and backstopping their work, and reporting to donors on the progress of the technical assistance program.

2a) IMF Regional Public Financial Management Advisor

In 2005 the IMF appointed a regional public financial management advisor. The advisor is based at the CEF in Ljubljana, for all ten member countries. His duties included delivering focused technical advice as short-term assistance, defining reform priorities, coordinating with and leveraging technical assistance from other advisors, and contributing to the IMF missions in the region. The advisor completed his assignment in September 2008 and was replaced by a new advisor in January 2009 for an initial period of one year. The new advisor has built on the work of the previous advisor, with similar objectives and has also focused on advising countries to assist them in completing their long-term PFM reform programs against a back-drop of rapidly deteriorating economic conditions that are putting increasing strain on fiscal policy implementation capacity.

The draft work program for the new advisor included four missions to Moldova, Montenegro, Serbia, and Kosovo with a primary focus on identifying PFM issues to be addressed by IMF TA over the medium-term and identifying pressing issues that can be addressed by the regional advisor in the short-term. In many of the countries visited so far, the issue of capital budgeting and cash and debt management appears to be the most pressing concerns of the authorities. The program for the early part of FY2009/2010 will be a continuance of this approach with missions due to be completed of the rest of the CEF member countries with a view to developing a longer-term work program with specific objectives and deliverables over a 2-3 year horizon. The program envisages a total of 14 missions in FY2009/2010. The program also suggests engaging regional experts for 40 days for specific issues, such as, capital budgeting, fiscal reporting, and cash and debt management.

2b) IMF Regional Government Finance Statistics Advisor

Following the positive results stemming from the work of the IMF PFM Advisor, the CEF member institutions in 2006 endorsed an initiative to broaden IMF technical assistance in
South-East Europe to the area of Government Finance Statistics (GFS). Following a request to the IMF to identify a suitable candidate, the position was filled in the fall of 2007.

The work program for 2009, which did not get sufficient financing availability after April 2009, gave priority to the compilation and reporting of GFS by Macedonia and Montenegro, which have never reported their GFS to the IMF Statistics Department. A particular attention was given to countries, such as Albania, undergoing or planning to undergo accounting reforms as these reforms should help generate statistical sources that are better suited for the compilation of accrual based GFSM 2001 and ESA 95 flow and stock data. The need to assist countries to report regular sub-annual data to the IMF Statistics Department for publication in International Financial Statistics was also taken into account.

The GFSM 2001 Glossary has been translated into Serbian and will be further discussed with local experts. The editing and revision of the Serbian version of the GFSM 2001 is expected to be finalized in 2009.

Alfred Kammer, the IMF OTM Director, reiterated that the IMF will do all necessary to assure funding for the extension of the PFM regional technical assistance program. He assured that strong and effective partnership between the CEF and the IMF will continue in the future.

The Supervisory Board supported the extension of the IMF PFM Regional Technical Assistance program for SEE region for additional five years after the end of the current one year period and commits to provide support and assistance to the CEF and the IMF in fundraising. The Supervisory Board took note of the overview of the IMF PFM Advisor results in 2008/2009, endorsed plans for 2009/2010 and took note of the overview of the IMF GFS Advisor results in 2008/2009.

3. Report of the Advisory Board

Presenter: Luc Bool, Chairman of the CEF Advisory Board, Dutch Ministry of Finance

The 7th CEF Advisory Board Meeting was held on March 23, 2009 in Slovenia.

Participants discussed the CEF achievements in 2008 and the program for 2009/2010. It was attended by the representatives of the Central European Initiative (CEI), the Chartered Institute of Public Finance and Accountancy (CIPFA), Dutch Ministry of Finance, the East-West Management Institute, the European Central Bank (ECB), European Commission, IMF, OECD, OECD SIGMA, and the World Bank.

The following conclusions were adopted at the meeting:

1. The Advisory Board was informed about CEF program and achievements in 2008.
2. The Advisory Board was informed and supported the CEF Work Plan for 2009/2010.

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

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

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

The Supervisory Board took note of the Advisory Board Report with no objections.

4. Re-appointment of the CEF Director

Presenter: Andrej Kavčič, Chairman of the CEF Management Board, Ministry of Finance of the Republic of Slovenia

The CEF Management Board, composed of representatives of the founder, proposed to re-appoint Mira Dobovišek as the CEF director for another 4-years term from 2009 to 2013.

Mira Dobovišek has been the CEF director since the establishment of the CEF in 2001. During this period the CEF has evolved to a leading educational and training institution in the area of public financial management in the Southeast Europe and beyond. The CEF has attracted many partners who contribute to the program and financially support the CEF projects.

The CEF has developed well recognized programs with measurable results. The programs are tailor-made to specific requests of the region and targeted to address the transition challenges of the member countries. In the opinion of the CEF Management Board there is no doubt that Mira Dobovišek has credits for the success and reputation the CEF has gained internationally in these years. For her performance as the CEF director she enjoys trust and support of the CEF governance and the members.

The Supervisory Board approved the Management Board decision to re-appoint Mira Dobovišek as the CEF director for another 4-years term.
5. Proposal for the 10th CEF Supervisory Board Meeting in 2010

For the purpose of efficiency, the CEF suggests that the same as this year also next year the CEF Supervisory Board Meeting is organized in conjunction with another event or meeting of high interest to ministers of finance and central bank governors to benefit from their presence and contribute to saving of resources.

The Supervisory Board endorsed the proposal to organize future Supervisory Board meetings back-to-back with another event or meeting of high interest to ministers of finance and central bank governors.

6. Signature of the Conclusions

Members of the Supervisory Board signed proposed conclusions and with that the meeting was officially concluded.
IV. Conclusions adopted at the meeting:


CONCLUSION 1a:

CONCLUSION 1b:
The Supervisory Board was informed about the CEF work plan for 2009/2010 and supports the proposed activities.

2. IMF Regional Technical Assistance

CONCLUSION 2:
The Supervisory Board:
a) Supports the extension of IMF PFM Regional Technical Assistance program for SEE region for additional five years after the end of the current one year period and commits to provide support and assistance to the CEF and the IMF in fundraising;
b) Takes note of the overview of the IMF PFM Advisor results in 2008/2009 and endorses plans for 2009/2010; and


3. Report of the Advisory Board

CONCLUSION 3:
The Supervisory Board takes note on the Advisory Board Report.

4. Re-appointment of the CEF Director

CONCLUSION 4:
The Supervisory Board approves the CEF Management Board decision to re-appoint Mira Dobovišek as the CEF Director for another four years term.

5. Proposal for the 10th CEF Supervisory Board Meeting in 2010

CONCLUSION 5:
The Supervisory Board endorses the proposal.