The 11th CEF Supervisory Board Meeting was held in Ljubljana, Slovenia on June 24, 2011, starting at 8:30 AM and finishing at 9:30 AM. The meeting was chaired by Franc Križanič, the Slovenian Minister of Finance.
I. Program of the meeting

<table>
<thead>
<tr>
<th>Time</th>
<th>Item</th>
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<tr>
<td>08:30 AM – 09:30 AM</td>
<td>11th CEF Supervisory Board meeting</td>
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<tr>
<td></td>
<td>Chaired by Franc Križanič, Minister of Finance, Slovenia</td>
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<td></td>
<td>Mira Dobovišek, CEF Director and Jana Repanšek, CEF Deputy Director</td>
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<td>08:50 AM – 09:10 AM</td>
<td>Change of Status of the CEF to International Organization</td>
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<td>Franc Križanič, Minister of Finance, Slovenia</td>
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<tr>
<td>09:10 AM – 09:15 AM</td>
<td>Report of the CEF Management Board</td>
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<td></td>
<td>Mitja Mavko, Head of International Finance Department, Ministry of</td>
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<td></td>
<td>Finance of the Republic of Slovenia and Acting Chair of the CEF</td>
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<td>Management Board Member</td>
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<tr>
<td>09:15 AM – 09:20 AM</td>
<td>Report of the CEF Advisory Board</td>
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<td>Regine Doornbos-Neyt, Technical Assistance Coordinator, Ministry of</td>
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<td>Finance of The Netherlands and Chair of the CEF Advisory Board</td>
</tr>
<tr>
<td>09:20 AM – 09:30 AM</td>
<td>Signature of the Conclusions</td>
</tr>
</tbody>
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## II. List of participants

*alphabetical order*

<table>
<thead>
<tr>
<th>First name</th>
<th>Last name</th>
<th>Institution</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Irena</td>
<td>Bačič</td>
<td>Ministry of Finance, Slovenia</td>
<td>Head of Protocol</td>
</tr>
<tr>
<td>2. Mustafa</td>
<td>Bitiren</td>
<td>Undersecretariat of Treasury, Turkey</td>
<td>Head of HR</td>
</tr>
<tr>
<td>3. Darko</td>
<td>Bohnec</td>
<td>Bank of Slovenia</td>
<td>Vice Governor</td>
</tr>
<tr>
<td>4. Ibrahim Halil</td>
<td>Çanakci</td>
<td>Undersecretariat of Treasury, Turkey</td>
<td>Undersecretary</td>
</tr>
<tr>
<td>5. Mira</td>
<td>Dobovišek</td>
<td>CEF</td>
<td>Director</td>
</tr>
<tr>
<td>6. Regine</td>
<td>Doornbos-Neyt</td>
<td>Ministry of Finance, The Netherlands</td>
<td>Technical Assistance Coordinator</td>
</tr>
<tr>
<td>7. Bojana</td>
<td>Drobnjak</td>
<td>National Bank, Serbia</td>
<td>CEF Coordinator</td>
</tr>
<tr>
<td>8. Staša</td>
<td>Filipič</td>
<td>CEF</td>
<td>Project Coordinator</td>
</tr>
<tr>
<td>9. Vladimir</td>
<td>Ivandić</td>
<td>Ministry of Finance, Croatia</td>
<td>Assistant Minister and CFCU Director</td>
</tr>
<tr>
<td>10. Milorad</td>
<td>Katnić</td>
<td>Ministry of Finance, Montenegro</td>
<td>Minister</td>
</tr>
<tr>
<td>11. Franc</td>
<td>Križanič</td>
<td>Ministry of Finance, Slovenia</td>
<td>Minister</td>
</tr>
<tr>
<td>12. Aneta</td>
<td>Krstevska</td>
<td>National Bank, Macedonia</td>
<td>Chief Economist</td>
</tr>
<tr>
<td>13. Mitja</td>
<td>Mavko</td>
<td>Ministry of Finance, Slovenia</td>
<td>Head of International Finance Department</td>
</tr>
<tr>
<td>14. Mojmir</td>
<td>Mrak</td>
<td>University of Ljubljana, Faculty of Economics</td>
<td>Full time professor</td>
</tr>
<tr>
<td>15. Emilija</td>
<td>Nacevska</td>
<td>National Bank, Macedonia</td>
<td>Coordinator to Governor</td>
</tr>
<tr>
<td>16. Veaceslav</td>
<td>Negruta</td>
<td>Ministry of Finance, Moldova</td>
<td>Minister</td>
</tr>
<tr>
<td>17. Brian</td>
<td>Olden</td>
<td>IMF</td>
<td>Regional PFM Advisor</td>
</tr>
<tr>
<td>18. Jana</td>
<td>Repanšek</td>
<td>CEF</td>
<td>Deputy Director</td>
</tr>
<tr>
<td>19. Stanka</td>
<td>Vizi</td>
<td>Central Bank, Montenegro</td>
<td>HR Director</td>
</tr>
<tr>
<td>20. Max</td>
<td>Watson</td>
<td>Wolfson College</td>
<td>Fellow</td>
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</tbody>
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III. Minutes of the meeting:

The 11th CEF Supervisory Board Meeting was chaired by Franc Križanič, the Slovenian Minister of Finance.


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

The Center of Excellence in Finance (CEF) capacity development effort focuses on assisting in the implementation of public financial management (PFM) reforms and strengthening of central banking (CB) in South Eastern Europe (SEE) through tailor-made activities. In doing this, the CEF gives its members access to cutting-edge knowledge and the latest practical experience while simultaneously supporting them to develop their own solutions. The CEF’s long-term goal is to assure sustainability.

The CEF capacity development process consists of five steps: (1) engaging stakeholders; (2) understanding regional needs; (3) designing program; (4) implementing program; and (5) monitoring and evaluation. The specific circumstances of a given situation determine the prominence of each step within the process.

Program

In 2010, the CEF once again delivered an increased volume of high quality demand-driven capacity development programs. The CEF Work Plan for the 2011 calendar year was endorsed at the 10th CEF Supervisory Board meeting in April 2010. Combining the input received from South Eastern European institutions with that of experts from a wide range of international and other organizations, the CEF now puts forward a detailed Work Plan for the January 2012 to December 2013 period to the CEF Supervisory Board for confirmation.

In the area of permanent programs, the CEF will continue to offer two introductory workshops: Introduction to Public Financial Management, targeted at junior economists and new employees at ministries of finance and line ministries and Introduction to Central Banking which will be redesigned and delivered again in 2012/2013. It will be targeted at junior central bankers, ministry of finance and other public sector staff who would like to be familiar with central banking issues.

The CEF will continue to offer Budget Specialist Training as part of its specialization programs. Its goal is to provide the latest knowledge in budgeting and financial management to professionals who work in the budget departments of ministries of finance and line ministries.

Two CEF certification programs, both of which are awarded by the UK Chartered Institute of Public Finance and Accountancy (CIPFA), will continue to evolve. After completing the Capacity Building in Public Accounting (CBIPA) project in Albania, Croatia...
and Slovenia, the project was completed in Macedonia and Moldova by June 2011. Macedonia has already requested its continuation. Following the successful conclusion of the Training of Internal Auditors in Public Sector (TIAPS) pilot project in Slovenia, the CEF offered the TIAPS training and certification program to other member countries. The project has been delivered in Kosovo and will be concluded in 2011. Albania, Macedonia, Moldova and Montenegro have expressed an interest in the program; however, financing has yet to be secured. The CEF will strive to expand both programs to other member countries in the future.

As a meeting point for sharing experience gained in the process of reforms, the CEF's short programs will again attend to the most urgent capacity building needs in South Eastern Europe and beyond. In 2010, the CEF organized 39 events for 864 participants in the form of workshops, seminars, and distance learning courses. These were evaluated using an evaluation approach which is based on the Kirkpatrick model for training evaluation, modified to fit the dimensions of the CEF training endeavor. The annual program proposal for 2012 comprises 35 training events, covering public financial management and central banking topics. They are complemented by people and process management topics that will be provided either directly by the CEF or in cooperation with other training institutions. The number of workshops in 2013 is expected to remain at a similar level to 2012. The CEF will introduce new courses in the area of tax policy and administration, budgeting and general public financial management in 2012. Study tours will be offered on a per-request basis, depending on the availability of experts. In 2010, the CEF delivered five study tours for 69 participants.

In 2012 and 2013, the CEF will continue to place a special emphasis on policy events and research work. Enhancing the understanding of overall costs and savings of structural reform action and non-action will be one of the topics focused on by the CEF, in collaboration with the World Bank Institute and other partners. The most recent policy event organized by the CEF in partnership with the World Bank and the International Monetary Fund (IMF) was the conference on international trends in public sector accounting reforms, held in April 2011 in Ljubljana.

In 2010, the CEF co-organized the 6th Annual Meeting of Senior Budget Officials from Central, Eastern and South-Eastern European Countries with the Montenegrin Ministry of Finance and the Organization for Economic Co-operation and Development (OECD). The meeting was held in September in Budva, Montenegro. The amendment of existing growth models in the region was encouraged, as it will enable small and open economies to be resistant to external shocks.

As part of the CEF research program, a book discussing the transition of Slovenia From Tolar to Euro was published at the end of the April 2010. The contributions to this book discuss Slovenia's economic performance as well as policy makers' activities and dilemmas during the process of adopting the euro in January 2007.

The secretariat for the PEM PAL initiative was transferred from the World Bank to the CEF in 2008. PEM PAL is organized around three CoPs, for budgeting, treasury and internal audit. In 2010, the CEF supported 16 PEM PAL events for 178 participants. The CEF plans to continue playing an active role in the coordination and delivery of PEM PAL Communities of Practice (CoP) meetings and activities. The third PEM PAL plenary
meeting is planned for 2012 and will build on the successful approach used at the meeting held in Zagreb in January 2011. As of April 2011, the PEM PAL Communities Facilitator is located at the CEF.

The IMF’s **technical assistance**, delivered through the CEF in the fiscal area, will continue in 2011 and beyond. In January 2011, an IMF Tax Administration Reform Advisor joined the CEF. As a result, two regional IMF advisors and their interpreter are currently located in Ljubljana. The CEF is extremely pleased to observe synergies between regional advisors’ work and the CEF work program. *(A detailed overview of the IMF Regional Advisors past and planned activities can be found on pages 20-23 of the CEF Annual Report 2010 and pages 15-17 of the CEF Work Plan for 2012 and 2013.)*

In 2011, the CEF became the **priority area coordinator for the institutional capacity development and cooperation of the European Union (EU) Strategy for the Danube Region.** The strategy’s aim is to boost the development of the Danube Region and involves 14 countries, of which eight are CEF members. The strategy is supported by the European Commission DG for Regional Policy. Activities are planned to commence in 2011 and will continue into 2012 and 2013.

In 2012, the CEF plans to implement a capacity development project that will contribute to the strengthening of regional capacity in medium-term economic and fiscal policy design and implementation in the region of the Western Balkans and Turkey. The project—that is part of the **Building Capacities for Policy Design and Implementation (BCPDI)**—will be financed through the Multi-Beneficiary IPA for 2012 and 2013 (Public Administration and Governance; ReSPA component). In 2010, the CEF delivered 3 BCPDI events for 178 participants *(A more detailed BCPDI program development overview can be found in Appendix IV).*

The CEF may also be involved in **other projects** after careful consideration of beneficiaries’ demand, financing availability and its own capacity. An example of such a project is the **Regional Program for Social Cohesion in Latin America - EUROsociAL II,** in which the CEF will take part, together with key public institutions in various Latin American and EU countries. The aim of the project is to strengthen the institutional capacity of Latin American countries’ public administrations through awareness-raising activities and the sharing of experiences between EU and Latin American administrations.

The CEF is looking forward to further developing an already strong capacity development program. This will, above all, be achieved through the extremely close cooperation with member institutions’ representatives and experts from organizations involved in capacity development in public financial management and central banking. In addition, an important step in CEF’s capacity development endeavors is the measuring and evaluation of capacity development results.

**Financing**

All CEF revenues are earmarked, which is the reason why the income statement for 2010 does not report any financial results. Revenues that were not used for the selected
projects/activities were recorded in deferred revenues to finance expenditures for respective projects/activities in 2011.

In total, the CEF recorded EUR 1.6 million of revenues. Slovenian Government, which contributed EUR 861 thousand to finance CEF operations and investments necessary to run operations, remains a major contributor to financing of CEF activities. Other revenues stem from the PEM PAL project (EUR 335 thousand), the *Strengthening of Macro- and Micro-prudential Supervision* project (EUR 120 thousand), and other projects (EUR 124 thousand). In addition, revenues from operations amounted to EUR 232 thousand, from which 100 thousand was recorded under deferred revenues (TIAPS project in Kosovo, EUR 119 thousand and programs for Slovenia, EUR 65 thousand).

The majority of expenses in 2010 related to labor costs for 16 employees (EUR 530 thousand), and costs of material and services (EUR 984 thousand). From the latter, EUR 267 thousand were allocated to the PEM PAL project, EUR 72 thousand to short programs, and EUR 202 thousand to permanent programs in Slovenia and in member countries.

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

In addition to the financing recorded in the financial accounts, member countries contributed an estimated EUR 582 thousand to finance participation costs and partners that provided lecturers and training materials estimated at EUR 127 thousand.

For 2012, the CEF budgeted EUR 1.93 million of revenues, from which EUR 1 million was budgeted as a grant from the Slovenian budget, EUR 0.4 million from the BCPDI project, EUR 0.11 million from the PEM PAL project and the remainder from other projects. Budgeted expenses comprise labor costs (EUR 0.58 million), costs of material and services (EUR 0.62 million), costs of permanent programs (EUR 0.27 million), costs for the BCPDI project (0.37 million) and other projects (0.09 million).

For 2013, the CEF budgeted EUR 2.2 million of revenues, from which EUR 1 million was budgeted as a grant from the Slovenian budget, EUR 0.7 million from the BCPDI project, EUR 0.11 million from the PEM PAL project, and the remainder from other projects. Budgeted expenses comprise labor costs (EUR 0.6 million), costs of material and services (EUR 0.65 million), costs of permanent programs (EUR 0.25 million), costs for the BCPDI project (0.65 mill) and other projects (0.07 million).

*Appendix I:* CEF Annual Report 2010  
*Appendix II:* CEF Work Plan 2012 and 2013  
*Appendix III:* CEF Workshops and Seminars Calendar 2012  
*Appendix IV:* Building Capacities for Policy Design and Implementation (BCPDI) Program Development Overview
**CONCLUSION AD 1a:**
The Supervisory Board approves the CEF Annual Report and Financial Statements for 2010.

**CONCLUSION AD 1b:**
The Supervisory Board takes note of the CEF Work Plan for 2012 and 2013 and fully endorses the proposed activities and projects.

**CONCLUSION AD 1c:**
The Supervisory Board appreciates the contribution of the Regional IMF PFM Advisor in 2010 and endorses the Regional IMF PFM and Tax Administration Reform Advisors’ plans for 2012 and 2013.

It is now essential that a stable financing mechanism be pursued to ensure continuity of the regional technical assistance program. The European Commission should be strongly encouraged to provide financing to facilitate the strengthening of fiscal institutions for candidate and potential candidate countries.

**CONCLUSION AD 1d:**
The Supervisory Board welcomes the progress made on the Building Capacities for Policy Design and Implementation (BCPDI) program development and the fact that a part of this program will be financed through the Multi-Beneficiary IPA 2012-2013.

However, the envisaged funding is not sufficient to meet the needs of the region. Therefore, the Supervisory Board strongly endorses the proposal that the available budget should be increased to include structural issues or a new project with available financing should be introduced to fill the gap.
2 | Change of Status of the CEF to International Organization

Presenter: Franc Križanič, Minister of Finance, Slovenia

Background
The CEF was established in 2001 by the Slovenian Government on the initiative of the ministries of finance of the region. In 2002 central banks joined in membership. The primary mission of the CEF is to develop capacities to foster the implementation of reforms and the introduction of international standards and best practices in public financial management and central banking in the region.

The CEF was established as a non-profit private foundation under Slovenian Law. Presently, the CEF serves 12 members—Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Kosovo, Macedonia, Moldova, Montenegro, Romania, Serbia, Slovenia and Turkey—which are in most cases represented by ministries of finance and central banks.

The highest governing body which defines the policy, the objectives, the strategies, and the tasks of the CEF is the Supervisory Board. In most cases each member country is represented in the Supervisory Board by the minister of finance and the governor of the central bank or their nominated representatives. The Management Board represents the founder—the Slovenian Government—and oversees the daily operations, as defined by the Supervisory Board. The Advisory Board influences the CEF’s program and assists the Supervisory Board and the Management in designing the CEF’s strategies and operations.

Financing of the CEF is undertaken by a partnership of the Slovenian Government, various bilateral and multilateral donors and member countries. The main source of financing is a yearly grant from the Slovenian Government, which covers all the operational costs. In addition, the Slovenian Government provides free-of-charge premises for CEF activities. The Slovenian contribution has increased significantly in recent years in response to the constant increase in the scope of activities.

Donors finance the CEF program through two different mechanisms:
1. Grants in-kind by providing free-of-charge experts for the CEF’s short programs and
2. Grants given to (co-finance) the CEF’s projects.

Member countries finance the participation of their employees at the CEF programs. They also provide and finance local support to the CEF’s projects.

The CEF has—with its simple and effective structure, no membership fees and numerous activities and projects, implemented by a small yet efficient team—gained wide international prominence. It is regarded as the leading capacity building institution in the field of public financial management and central banking in the region and beyond. Nevertheless, with increasing demand for the implementation of the program, it is becoming evident that the current legal status restrains the organization and prevents its further future development.

The CEF started activities to change its status to fully recognized international organization.
**Reasons for change**

There are two main reasons for the change of legal status—access to donor funding and the employment of international and regional experts. More specifically:

1. **Increased funding opportunities from donors for the CEF’s projects and programs.** Many donors currently providing funding face constraints due to the status of Slovenia as a donor country. They cannot delegate funds to a Slovenian organization, regardless of the nature of the CEF program. Additional funds will lead to the increased diversity of the CEF’s program, ensuring the sustainability of operations and will increase visibility. Certain tax exemptions which are available solely to international organizations will encourage an increase in volume of donor funding, since all assets will be allocated directly to the CEF’s program.

2. **Increased employment opportunities for international experts, which will contribute to strengthening the international nature of the CEF.** Many non-Slovenian nationals have expressed an interest in employment at the CEF; however, under the current status, their employment is subject to Slovenian legislation. This includes mandatory participation in the Slovenian pension system and additional administrative requirements for applicants from outside EU Member States which make employment less attractive.

**Impact on current members**

The change of status will not influence the scope of services and programs offered by the CEF. The program will remain demand driven. It is envisaged that increased resources will foster considerable growth of the program, in line with the needs of the region. Membership will also be open to countries outside the SEE region.

Current members will continue to use the CEF’s services under the same conditions and without any financial obligations towards the running costs of the CEF.

The Governing Board will replace and take over the responsibilities of the Supervisory Board and the Management Board.

**Envisaged governance structure of the new organization**

The governance structure of the transformed CEF will rest on the following four pillars:

(i) **Members:** The 12 countries, current members of the CEF, will automatically become members of the new organization. Any other country interested in participating in the CEF’s work will be welcome to join. No capital subscriptions will be required from members.

(ii) **The Governing Board** will supervise the business of the CEF. It will consist of two representatives per member (normally one representing the finance ministry and one of the central bank). Only representatives of countries that ratify the Agreement of Establishment of the CEF will take decisions on the CEF’s finances and strategy.

(iii) **The Advisory Board** will assist in designing and coordinating the activities of the CEF. It will bring together donors that are active in the region and other institutions that are working with the CEF. Up to 3 members of the Advisory Board will represent the Advisory Board in the Governing Board.
(iv) The Director, a Slovenian national, will ensure the proper, regular and efficient functioning of the CEF.

Progress so far
The Supervisory Board discussed and endorsed the CEF proposal for the change of status at its 7th session in 2007 and requested the CEF Management to take necessary steps and to inform members on progress.

The CEF has commenced preparation of basic documents as a precondition for the change of status. It is planned that the Agreement on Establishment, Headquarters Agreement and Statute will be ready for dissemination by the end of 2011.

The Government of the Republic of Slovenia consents to the transformation of the CEF into a nonprofit international organization based in Slovenia. The added value of the new organization calls for support of the process from current CEF members and potential candidates for membership by taking the steps necessary to officially ratify the membership.

Actions to be taken
An international organization is established with an international agreement which should be ratified by at least three countries and registered with the UN before becoming operational.

The following activities are needed as a precondition for the CEF to start its operations as an international institution:

1. Agreement on Establishment and Statute will be submitted to the Supervisory Board for its approval.

2. The signature and ratification of the Agreement of the Establishment, which will be open for signature and subject to ratification, acceptance or approval by the interested members in accordance with their respective constitutional procedures.

   The Agreement of Establishment will enter into force after at least three countries deposit instruments of ratification.

   After the Agreement of Establishment enters into force, other current CEF members and other countries (especially countries from Caucasus and Central Asia) will have the opportunity to accede to the agreement at any time in the future.

   Current CEF members that will not accede to the Agreement of Establishment will be provided with the same scope of services, under the same conditions as currently, but will not have the possibility to decide on the CEF strategy, program and financial accounts.

3. Registration with the United Nations. The Agreement of Establishment will be registered with the United Nations after at least three countries deposit instruments of ratification with the Slovenian Ministry of Foreign Affairs.
4. The Agreement with the Government of Slovenia (Headquarters Agreement) will define the conditions under which Slovenia will host and finance the CEF. It is expected that the conditions will remain the same.

5. The Rules and Regulations for the CEF as an international organization will be drafted.

6. The first session of the Governing Board will be organized to approve the CEF’s Rules and Regulations.

It is envisaged that all the above activities will be completed in 12 to 24 months at which time the status will be changed effectively.

CONCLUSION AD 2:
The Supervisory Board is satisfied with developments in connection to the change of status of the CEF and will explore possibilities of gaining their respective authorities’ support in joining the international organization in its establishment.
3 | Report of the CEF Management Board

Presenter: Mitja Mavko, **Head of International Finance Department, Ministry of Finance of the Republic of Slovenia and Acting Chair of the CEF Management Board**

**Member**

The CEF Management Board is currently comprised of four public sector officers who are representatives of the Government of the Republic of Slovenia, the founder of the CEF.

Its primary function is to supervise both financial and other activities of the CEF, ensuring that it fulfills the purpose for which it was founded. In addition, the Management Board reports on the CEF’s work to the Supervisory Board.

In 2010, the Management Board held four regular sessions and three correspondence sessions. As part of its regular activities, it adopted the CEF’s Annual Report for 2009 and Work Plan for 2010/2011 and Financial Plans for 2010 and 2011. It approved the appointment of new staff to support a growing number of increasingly complex projects. It oversaw the CEF’s activities through regular reporting by the Director. In addition, it was briefed on the long-term development strategy and positioning of the CEF. It confirmed that both the performance and the program are in accordance with the stated objectives.

Members of the Management Board strongly support the CEF in its goal to become an international organization with its own demand-driven program, strongly and directly linked with similar institutions in the pursuit of the capacity development of civil servants in South Eastern Europe and beyond.

**CONCLUSION AD 3:**
The Supervisory Board takes note of the report of the Management Board.
Report of the CEF Advisory Board

Presenter: Regine Doornbos–Neyt, Technical Assistance Coordinator, Ministry of Finance of The Netherlands and Chair of the CEF Advisory Board

The Advisory Board is a representative body of the CEF donor partners and institutions with activities in South Eastern Europe. It advises the Supervisory Board and the Management on guidelines for its capacity building program and prepares periodic assessments of the CEF operations, which it presents to the Supervisory Board. The Advisory Board meets annually.

The 9th CEF Advisory Board meeting will take place on June 23, 2011 in the CEF premises in Ljubljana. Participants were invited to present their activities in South Eastern Europe and identify areas of possible cooperation.

At the meeting, the CEF will raise awareness of its activities and projects through the report on the CEF program in 2010 and will indicate its plans for 2011 and beyond. The CEF Advisory Board institutions’ activities and priorities for cooperation in the South Eastern European region will be discussed with the goal of increasing efforts in the harmonization and alignment of activities. Possibilities for future cooperation between the CEF and its current and potential partner institutions will also be discussed and explored during the meeting.

An updated report will be prepared for approval, by the Supervisory Board on June 23, 2011.

CONCLUSION AD 4:
The Supervisory Board takes note of the report of the Advisory Board.
Conclusions adopted at the meeting:


**CONCLUSION AD 1a:**
The Supervisory Board approves the CEF Annual Report and Financial Statements for 2010.

**CONCLUSION AD 1b:**
The Supervisory Board takes note of the CEF Work Plan for 2012 and 2013 and fully endorses the proposed activities and projects.

**CONCLUSION AD 1c:**
The Supervisory Board appreciates the contribution of the Regional IMF PFM Advisor in 2010 and endorses the Regional IMF PFM and Tax Administration Reform Advisors’ plans for 2012 and 2013.

It is now essential that a stable financing mechanism be pursued to ensure continuity of the regional technical assistance program. The European Commission should be strongly encouraged to provide financing to facilitate the strengthening of fiscal institutions for candidate and potential candidate countries.

**CONCLUSION AD 1d:**
The Supervisory Board welcomes the progress made on the Building Capacities for Policy Design and Implementation (BCPDI) program development and the fact that a part of this program will be financed through the Multi-Beneficiary IPA 2012-2013.

However, the envisaged funding is not sufficient to meet the needs of the region. Therefore, the Supervisory Board strongly endorses the proposal that the available budget should be increased to include structural issues or a new project with available financing should be introduced to fill the gap.

2. Change of Status of the CEF to International Organization

**CONCLUSION AD 2:**
The Supervisory Board is satisfied with developments in connection to the change of status of the CEF and will explore possibilities of gaining their respective authorities’ support in joining the international organization in its establishment.

3. Report of the CEF Management Board

**CONCLUSION AD 3:**
The Supervisory Board takes note of the report of the Management Board.
4. Report of the CEF Advisory Board

CONCLUSION AD 4:
The Supervisory Board takes note of the report of the Advisory Board