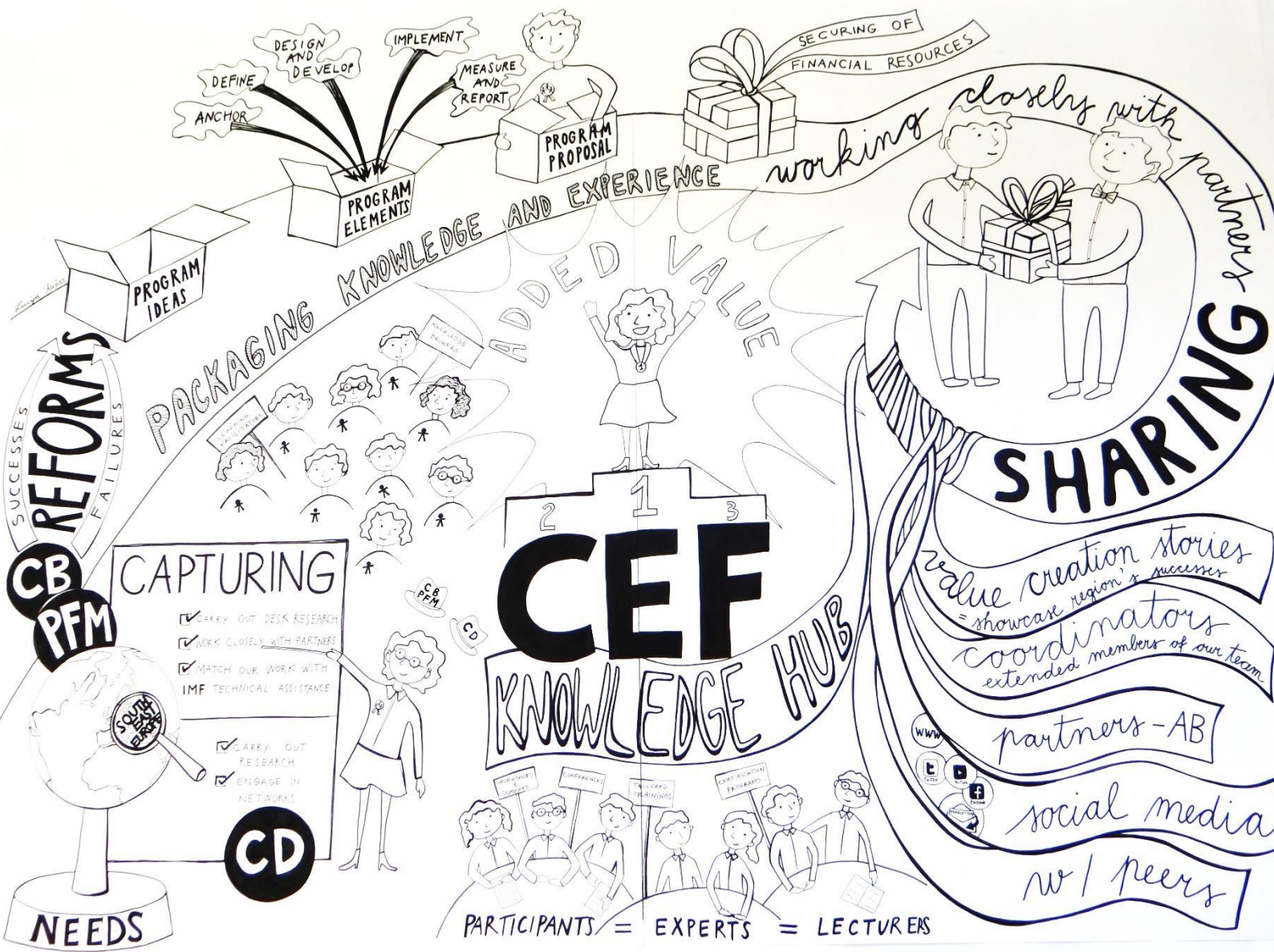




Center
of Excellence
in Finance

Quarterly Report

July–September 2014



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CENTER OF EXCELLENCE IN FINANCE

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

CEF member countries include Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Kosovo, Macedonia, Moldova, Montenegro, Romania, Serbia, Slovenia and Turkey. Through our role as secretariat for the World Bank's PEMPAL program, we are also present in a number of other countries of Eastern Europe and Central Asia.

Online information is available at www.cef-see.org.

Governance

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

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

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

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

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

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

Partnerships

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

Slovenia: A Unique Partnership

- Ministry of Finance
- Bank of Slovenia

Selection of CEF bilateral partners:

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

CEF multilateral partners:

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

Knowledge institutions:

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

Peer organizations:

- International Training Centre of the International Labour Organization
- Regional School of Public Administration (ReSPA)
- Joint Vienna Institute (JVI)

How Learning Works at the CEF

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

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

CEF Institutional Capacity Development and Knowledge Sharing

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

Learning and Regional Cooperation

Learning Activities

Workshops and Seminars

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

Public Financial Management

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

Central Banking

People and Process Management

Tailored Trainings

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

Certification Programs

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

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

Level	PACT	TIAPS
1 – CIPFA Certificate Stage	Accountant in the Public Sector	State Internal Auditor
2 – CIPFA Diploma Stage	Verified Accountant in the Public Sector	Verified State Internal Auditor

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

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

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

Regional Cooperation

Building Capacities for Policy Design and Implementation

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

EU Strategy for the Danube Region

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

PEMPAL – Public Expenditure Management Peer Assisted Learning Network

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

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

Policy Conferences and Research

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

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

Regional IMF Technical Advisors

The International Monetary Fund's long-term regional advisor positions are part of a Japanese Government-funded program for strengthening fiscal management for SEE. The program has significantly boosted the resources available in the region for technical assistance and has contributed to a more programmatic approach to delivery. It focuses on achieving medium-term capacity building reform objectives in Public Finance Management and Tax Administration.

The partnership between the IMF and the CEF combines technical assistance and training and has proven to be a resource effective and efficient approach. Advisors benefit from using the CEF's network of experts and training professionals, facilities, and conference and meeting venues. In turn, findings from advisors' missions help identify needs for additional training at the CEF. The advisors collaborate closely with the CEF in formulating training programs and contribute as lecturers and coordinators to CEF courses.

QUARTERLY REPORT

Governance

Annual Meeting of the CEF Advisory Board

The CEF Advisory Board took place back to back with the meeting of the CEF Coordinators who were joined by other CEF key liaison officers. They reported on the outcomes of the Coordinators' meeting concerning capacity development needs of their institutions, how to address them and further strengthen regional cooperation. The Coordinators and key liaison officers underlined the importance of soft skills development and enhancing the relationship between ministries of finance and line ministries. The Advisory Board and Coordinators agreed to continue joint meetings, if possible on an annual basis.

The participants learned more about CEF's role as a knowledge broker, its current and upcoming projects and opportunities for collaboration. The Advisory Board concurred that the CEF should continue to capture the needs of the SEE region in central banking and PFM including taxation. The CEF should package programs in a way that would help attract interested donors to make financial or in-kind contributions to the CEF. The Advisory Board also underlined the importance of medium term programming and support.

In more detail, the Advisory Board discussed their role and functioning in the new governance structure of the CEF as a result of our changeover to international organization. In the new institutional setup, the Advisory Board wishes to continue to have an open, consensual and flexible approach and the CEF to remain a platform for dialogue among partners/donors and institutions benefiting from CEF activities. The Advisory Board endorsed institutions to represent them in the Governing Board of the CEF International - Slovenian Ministry of Foreign Affairs, Dutch Ministry of Finance and National Bank of Belgium.

The Advisory Board thanked Mr. Jan Willem van den Wall Bake for his chairmanship and welcomed new chair of the CEF Advisory Board - Mr. Mitja Strukelj of Slovenian Ministry of Foreign Affairs.

Meeting of CEF Coordinators and other key liaison officers

In our efforts to effectively support our member countries' institutions to develop their capacities in public financial management and central banking, our clear understanding of their needs is indispensable. An important channel of communication is the group of our CEF Coordinators who are involved in the development of strategic learning capability of our member institutions. They work on ensuring that their institutions are ready for challenges of an uncertain and fast-changing global environment. As human resources professionals, they focus on strategic personnel retention and talent development, and meet periodically with us. At this year's meeting in September, our Coordinators were – for the first time – augmented by several groups of other key liaison officers in our member countries who provided additional insight into capacity

development needs in the main thematic priorities of our learning program and regional cooperation efforts.

In addition to our Coordinators, we welcomed (a) the newly established program development committee to our central banking coursework, (b) the recently established group of representatives of tax administrations in our member countries, (c) the local coordinators of our certification programs, as well as (d) experts advising us on the delivery of strategic planning and budgeting training and networking activities.

At the meeting we reflected the CEF needs assessment efforts, and updated them based on the input; informed participants about our upcoming learning program; identified opportunities to further develop this program and to match it optimally to our members' own reform efforts; and sought opportunities to further strengthen regional cooperation. The CEF's role as regional knowledge hub framed our discussions; outcomes are presented at <http://knowledgehub.cef-see.org/>.

On the last day, the Coordinators presented the outcomes of the joint meeting to the CEF Advisory Board, which represents our donors and partners.

How Learning Works at the CEF

CEF Institutional Capacity Development and Knowledge Sharing Activities

In the third quarter of 2014, to develop our own capacities and to develop and maintain our role of a knowledge hub, the CEF organized, shared knowledge, or participated in the following events:

18th General Assembly of the Intra-European Organization of Tax Administrations (IOTA)

The CEF joined the heads of revenue administrations from 47 countries and entities at the 18th General Assembly of the Intra-European Organization of Tax Administrations (IOTA) to advance efforts in addressing capacity development needs of our member countries in tax modernization

The theme of this year's General Assembly focused on optimizing the timing of the actions and interventions of tax administrations to encourage voluntary compliance. Making it easy to comply and difficult to avoid complying is an increasingly critical objective underpinning the work of many tax administrations.

In the opening speech to over 150 delegates from IOTA Member and non-Member Tax Administrations, high ranking officials of the Serbian Government, European Union, Organization for Economic Co-operation and Development, International Monetary Fund and representatives of other international organizations, tax practitioners, researchers and special guests, Serbian Finance Minister Lazar Krstić recognized the need for the Serbian tax administration to be reorganized towards a citizen-oriented service instead of a government body in charge of sanctioning tax payers. In continuation, participating countries discussed the importance of the timely and automatic exchange of information between countries in the fight against tax evasion. Initiatives aimed at encouraging and supporting timely compliance along with the strategies to influence the behavior of taxpayers were also discussed.

The 18th General Assembly of the IOTA, organized with the support and under the Presidency of the Serbian Tax Administration, was held on July 3-4, 2014 in Belgrade, Serbia.

Learning Activities

Workshops and Seminars

The CEF organized four learning events in the third quarter of 2014 with 99 participants from the following:

- Member countries: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Kosovo, Macedonia, Moldova, Montenegro, Serbia, Slovenia, and Turkey
- Non-member countries: Georgia, Latvia, Lithuania, Mongolia, Slovakia, Ukraine

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

- [Capital Budgeting](#)
- [Financial Reporting on General Government and its Sub-sectors](#)
- [The Role of Internal Auditing in Risk Management with an Emphasis on Fraud and IT Risks](#)
- [Financial Audit](#)

Participation

Participants were financed by their sponsoring institutions, either by an employer or a donor. Member countries' participation is estimated at EUR 17,000 and the participation of other countries at EUR 3,000 (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).

Country/entity	ALL Participants		Participants Sponsored by Sending Institution		
	Number	Days	Number	Days	Estimated costs in EUR
Albania	11	5	7	5	3,500
Bosnia and Herzegovina	24	0	3	0	1,500
Bulgaria	3	0	3	0	1,500
Croatia	4	0	4	0	2,000
Kosovo	9	10	4	10	2,000
Macedonia	8	10	2	10	1,000
Moldova	4	5	0	5	0
Montenegro	7	5	1	5	500
Romania	0	0	0	0	0
Serbia	2	0	2	0	1,000
Slovenia	5	0	3	0	0
Turkey	10	5	8	5	4,000
Total member countries	87	40	37	40	17,000
Other countries	12	0	6	0	3,000
Total	99	40	43	40	20,000

Donors

Donor partners sponsor lecturers (travel expenses and lecturers' fees) and materials for the courses. These were estimated at EUR 4,500. For this report, a half-day lecturer session is estimated at EUR 500 and travel expenses at EUR 1,500 per lecturer.

Donor	No of sessions	Amount in EUR
Ministry of Finance, Netherlands	9	4,500
Total sponsored lecturers	9	4,500

Certification Programs

Public Accountants Certification Training (PACT)

PACT Macedonia

In the third quarter the CEF has signed a contract with Ministry of Finance of Macedonia for the implementation of second cohort of Public Accountants Certification Training (PACT) in Macedonia. The financing is secured by the World Bank SAFE Trust Fund and the Central European Initiative (CEI).

The project started in autumn with the opening event that took place on September 18, 2014 in Skopje. The program aims to train up to 40 students on certificate level in 2014-2015 and up to 40 students on diploma level provided that the project is extended to 2015-2016. In addition the program will enable training of up to three local trainers per module. Macedonian authorities will also be supplied with the training materials in local language. The project also envisages establishment of a task force for complete institutionalization and localization of the certification program.

Training of Internal Auditors in the Public Sector (TIAPS)

TIAPS in Slovenia

The Program Committee has decided that due to small number of applicants the training of Internal auditors in public sector will not be delivered during the academic year 2014/15.

The participants of the previous generations are completing final theses and will start with presenting them to the examination committee.

TIAPS in the Region

TIAPS Macedonia

The US Donors Challenge Fund through the USAID and Slovenia's Development Cooperation through the Ministry of Foreign Affairs of Slovenia decided to extend their financial support for the CEF's Training of Internal Auditors in the Public Sector (TIAPS) program in Macedonia. The decision to extend financing was based on the very favorable results achieved by the first two cohorts at the certification level (level 1) of the program, who studied in the period from 2012 to 2014. The CEF signed a contract with the Slovenian Ministry of Foreign Affairs in early July 2014

for the period of 15 months. The remaining period of the project will be funded by the US Donors Challenge Fund. The two-year program will end in 2016.

The opening ceremony for the second generation of students that will be enrolled in the TIAPS in the years 2014-2015 was held on October 21, 2014 in Skopje. The newly enrolled 2nd generation will have 35 students who have passed enrollment test on basic accounting and bookkeeping. Local tutors were already trained and a consultation meeting with CIPFA was held. Materials and tutors are ready for a smooth project start.

The closing event with delivery of certificates for the first generation of students enrolled in the TIAPS took place in October 2014. Two groups of Macedonian public sector staff attended for the first time the certification training of internal auditors in public sector. The training has resulted in certification of 45 students - public sector internal auditors from all state levels. Successful students will be awarded with the Chartered Institute for Public Finance and Accountancy (CIPFA) Certificates.

The training was delivered by 14 local tutors who were trained to teach CIPFA course for internal auditors in local language. The Slovenian tutors have supported sound observation of CIPFA standards by the local tutors. Ministry of Finance of Macedonia was handed over the quality, international-standards-based CIPFA materials translated to Macedonian language. The project implementation has also resulted in completion of a study on localization that targets smooth hand over of the certification training to a local authority.

TIAPS Montenegro

In Montenegro, the second group of 25 students is completing their training commitments according to the schedule. In the third quarter of 2014 the students have completed the in-class training for the last international module and attended the scheduled in-class days with international tutor supervisor. The training activities shall be completed by the end of 2014.

The Ministry of Finance has expressed the need for continuation of TIAPS activities with another group of Level 1 students and has submitted a supportive letter to implement the training for accountants in public sector (PACT). The beneficiary – Ministry of Finance and CEF have composed a project proposal and are contacting donors to secure the project funding.

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 September 2015 (tentative). 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 macro-fiscal policies, and thus to achieve the goals of the SEE 2020 strategy as established by the beneficiaries.

In the third quarter, we continued with documenting the value creation of SPB activities through interviewing selected participants after their return to office; the 'stories' are included in the CEF newsletter (see SPB Newsfeed). In this quarter, we delivered the SPB workshop on 'Capital Budgeting', which – in addition to ministries of finance – addressed public finance experts of other budget users, especially budget-intensive line ministries.

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.

During the summer the Priority Area 10 submitted to the European Commission annual implementation report outlining main achievements and challenges of the implementation of the strategy actions.

Regular informal consultations with the office of Slovenian national coordinator for the EUSDR were held in relation to governance of the strategy and in particular the establishment of the Danube Strategy Point which will act as a support to the national coordinators and priority area coordinators and other relevant actors.

In September, activities related to the preparation of the 7th meeting of the Priority Area 10 to be hosted by the Representation of the land Baden-Wuerttemberg in Brussels in October were intensified.

For more information about the EU Strategy for the Danube Region and the role of the CEF as Priority Area Coordinator for institutional capacity and cooperation please visit www.danube-capacitycooperation.eu.

Public Expenditure Management Peer Assisted Learning network (PEMPAL)

In the third quarter of 2014, the CEF supported the organization of the following PEMPAL event:
- Internal Audit Community of Practice - Working group meetings, Astana, Kazakhstan, Sep 22-25

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

Republika Srpska, Bosnia and Herzegovina

In the period March – July 2014 the regional advisor carried out a technical assistance project to the Republika Srpska (RS) in the area of macroeconomic forecasting. For this purpose three missions were made to Banja Luka: one mission of the regional advisor and a short-term expert Mr. Bostjan Vasle, Director of the Slovenian Institute of Macroeconomic Analysis and Development, and two follow-up missions of Mr. Vasle. The third one-week mission took place in July. This mission was aimed at providing additional technical assistance on inflation analysis and forecasting, and on the implementation of the recommendations related to the new GDP forecasting methods. The third mission to Banja Luka resulted in: (i) the establishment of a database of price indices, (ii) the production of estimates of core inflation, (iii) the production of estimates of the GDP change, resulting from the recent flooding in the framework of the recommended “expenditure-side” approach to GDP forecasting.

The aim of the new framework for forecasting GDP, presented during the three missions, is to (i) improve the understanding of the GDP formation process, (ii) deepen the insight into the dynamics of the GDP formation, and (iii) facilitate the organization of the forecasting process around the National Accounts Standards ESA-95, used also by the RS Institute of Statistics. In order to fully implement the new approach, some changes related to the division of tasks inside the Department for Macroeconomic Analysis and Policy are still needed.

Croatia

In July 2014 the Budget Department of the Ministry of Finance asked the regional advisor to provide advice on the introduction of a spending review procedure. The background was that the European Commission had stated in its reaction to the 2014 Croatian Convergence Program that Croatia should step up its efforts in the area of fiscal consolidation and should consider establishing a spending review procedure for that purpose. The advisor consulted with the Ministry of Finance as well as with several line ministries (Ministry of Health, Ministry of Labor and Pension, Ministry of Social Policy and Youth). The recommendations, laid down in an Aide Memoire, covered the procedural features of a spending review procedure that would fit in the institutional context of Croatia, the most important design choices, the regulation of the spending review procedure and the organizational consequences within the Ministry of Finance. Recommendations included also next steps, given that the Croatian authorities want to start with the procedure in the autumn of 2014.

CEF Courses

In the context of the EU funded Strategic Planning and Budgeting Program, a CEF course took place on Capital Budgeting from 17 to 19 September. The course consisted of three components: cost-benefit analysis, investment planning and investment execution. The importance of cost-benefit analysis as a gateway procedure before investment projects can be inserted in the planning and decision-making process was emphasized. In the sessions on investment execution, the focus was on conditions that have to be met in order to implement investments “on time and on budget” (a big challenge in the region!). The regional advisor took care of the initial session on “Key concepts of capital budgeting”. Other lecturers were: Eivind Tandberg, Director in the Municipality of Oslo, Frits Bos, Expert on Cost-Benefit Analysis of the Dutch Central Planning Bureau, Koert Ruiken, expert on project execution from the Dutch Ministry of Transport and Elton Stafa, budget expert from the Albanian Ministry of Finance.

At the request of the Eurostar Project, which carries out a program of seminars on the improvement of financial reporting in Bosnia and Herzegovina at all levels of government, the CEF organized a course on financial reporting from 22 to 24 September. The formula of the course was that it would be open to participants of all CEF member countries and that the program would be focused on financial reporting in general, while the last afternoon would be reserved for the participants of Bosnia and Herzegovina and the special problems of that country in the area of financial reporting. The regional advisor took care of the initial session of the course which provided an overview of the subjects to be addressed. Other lecturers were Vincent Marie, expert on Government Finance Statistics, Andrej Flajs and Marjana Klinar, experts from the Slovenian Statistical Office, Stane Vencelj, expert on Government Finance Statistics and the European System of Accounts, from the Slovenian Ministry of Finance.

Other Activities

The regional advisor participated in the panel discussion at the Conference on Structural Challenges of the Slovenian Economy, organized in July in Ljubljana by the Institute of Macroeconomic Analysis and Development.

Steffen Normann Hansen, Tax Administration Reform Advisor for SEE

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

Country Activities

Albania

June 9-12, Mr. Hansen undertook a stock-taking mission to the Ministry of Finance and the General Directorate for Taxation (GDT) in order to get acquainted with the development of the reform program; he used this opportunity to present himself as Mr. Gillanders' successor. Mr. Hansen returned to Albania on July 31 – August 8 and again on August 19 – 29 focusing on improving the VAT refund procedures, on implementation plans for the new IT system, and to assist with drawing the drafts for a new organizational structure of the GDT.

Moldova

July 7 – 10 Mr. Hansen carried out a mission to the State Tax Inspectorate (STI) to take stock of the development of the reform program. During the visit Mr. Hansen participated in a roundtable meeting with partners and donors arranged by the State Tax Inspectorate. The purpose of this meeting was for donors to coordinate their support to the STI.

Serbia

In September Mr. Hansen participated in a headquarters-led IMF mission as part of a technical assistance (TA) program for strengthening the Tax Administration in Serbia. The main purpose of the mission was to take stock of the Tax Administration reform efforts and, in this context, to review the need for further technical assistance.

Other Activities

On July 3-4 IOTA's 18th General Assembly was held in Belgrade, Serbia. Mr. Hansen participated in the assembly as part of the IMF delegation. During the technical sessions delegates were debating the professional theme "Be there on time - Best impact with right timing: engaging taxpayers and using information, data and interventions to influence compliance behavior". Apart from taking part in the lively and open discussions in the breakout sessions, Mr. Hansen used this opportunity to meet almost all director-generals in the SEE region.

FINANCIAL REPORT

Resources

The CEF received a donation from the Slovenian Government in amount 487,750€ and by granting free-of-charge premises for CEF activities, which is estimated at EUR 14 per sq.m + VAT per month in total EUR 156,402 € in 9 months.

Revenues from Projects	in EUR
Project PEM PAL	957,273
TIAPS Slovenia	29,250
TIAPS Macedonia	6,495
TIAPS Montenegro	108,863
SPB project	147,623
Danube Strategy	173
Donation Bank of Slovenia	15,000
Other	69,166
	1,333,842

Expenses

Total expenses for CEF activities in January–September 2014:

Expenses	in EUR
Materials and energy	39,476
Running expenses and other services	288,613
Labor	631,472
Authors, tutors and interpreters	287,446
Costs of events	815,319
Amortization	30,159
Other costs	34,415
	2,126,899

NOTE: This financial report includes operational cumulative data for the period January–September 2014, as available on October 20, 2014.



Center of Excellence in Finance (CEF)

Cankarjeva 18
1000 Ljubljana, Slovenia
Phone: +386 1 369 6190
Fax: +386 1 369 6244
info@cef-see.org
www.cef-see.org

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