



CEF
Annual Report
2017

Supporting capacity development
for finance officials in South East Europe
through learning

LEGEND



Blended learning is a combination of online learning activity and face-to-face workshop



Round-table discussion



Webinar / Online course



Conference



Workshop



Seminar



High-level meeting



In-country certification program



Online PFM portal for line ministries



Country visit / Study visit



Experts from the region



Meeting

CEF Annual Report 2017

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OUR MISSION

We support capacity development for finance officials in South East Europe through learning.

OUR WORK

We work with our constituency by directly contributing to the design and implementation of their public financial management, tax policy and administration, and central banking reform efforts. We do this through innovative, participatory, and practical learning solutions. The CEF serves as a knowledge hub for the region: we combine topical expertise and in-depth knowledge of countries with a good grasp of leadership skills required to manage reforms. We know how to nurture and deepen learning among individuals and institutions.

OUR HISTORY

We were established in 2001 under the Stability Pact for South East Europe by the Slovenian Government, at the initiative of the Slovenian Ministry of Finance and in close cooperation with other ministries of finance of former Yugoslav countries and Albania. In 2015, the CEF became an international organization.

OUR CONSTITUENCY

We primarily serve ministries of finance, tax administrations, and central banks in Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Kosovo, Macedonia, Moldova, Montenegro, Romania, Serbia, Slovenia, and Turkey. We also address capacity development needs of other stakeholders and are present in some other countries.

DIRECTOR'S WELCOME



I am pleased to share with you the CEF Annual Report for 2017.

This overview of the work done showcases our contribution to the development of capacities in South East Europe. We are proud that the upgraded knowledge and reinforced professional confidence of our participants support positive change in their teams, institutions, and countries.

The CEF constituency countries' economic development and reform agendas are ambitious. Capacities needed at the national level critically depend on the knowledge of individuals, teams and institutions. The CEF provides support by understanding their needs, adjusting the learning program accordingly, and by providing physical and online platforms for learning and networking.

In 2017 we organized 58 learning events in the areas of public financial management, tax policy and administration, central banking, and leadership for managing reforms. These events were attended by 1,204 participants. In addition, the CEF managed two in-country certification programs for public internal auditors and accountants in Montenegro and an in-country certification program for public accountants in Serbia. A total of 92 students upgraded their knowledge within these programs.

We focused on increasing our presence in the region. We visited each country of our constituency to understand regional challenges and knowledge needs. In addition, more regional experts were involved. They now represent half of our pool of experts that deliver the CEF learning program.

Empowering regional experts to take an active role in their learning and knowledge sharing is important to scale up their institutions' role of knowledge hubs. Knowledge hubs are institutions dedicated to capture, package and share broad or sector-specific experience with domestic and international partners in order to accelerate reform processes for meaningful results. Going forward, this will remain our priority.

I would like to thank the members of our Governing Board, donors and partners, CEF Coordinators and, of course, the CEF staff for all their support, dedication and the incredible work done.

Jana Repanšek
Director

A handwritten signature in black ink, appearing to be 'JR' with a stylized flourish.





BUSINESS REPORT





OUR APPROACH TO LEARNING

We use participatory approach to learning. We engage participants in the design, delivery and monitoring of our learning events, and build on their experience. We put emphasis on understanding how learning happens and also how it influences individuals, their colleagues and consequently their institutions.

Our participatory approach to learning includes:

- Understanding and keeping pace with the learning needs of individuals and institutions as well as regional reform agendas.
- Ensuring that the learner is at the heart of the learning process. The CEF learning experts take the roles of curators, facilitators, moderators, co-creators and observers, helping learners voice their learning objectives and assist them in achieving these objectives.
- Using a wide range of learning methods and tools to maximize interaction between lecturers and participants, and among participants.
- Incorporating participants' feedback before, during and after the learning event.
- Showcasing the skills and knowledge that participants acquire: how they personally and their teams and institutions have benefited.

CEF = KNOWLEDGE HUB

We serve as a knowledge hub for finance officials in South East Europe. Knowledge hubs are institutions that have the capacity to capture, package, and share broad or sector-specific experience with domestic and international partners in order to accelerate reform processes for meaningful results. In our knowledge hub role, we strive to **empower our member institutions to become knowledge hubs themselves.**



Capturing Knowledge and Experience

Consultation and close communication with our constituency is at the very heart of the design of the CEF learning program, so that it best suits individual and institutional needs and supports the ongoing change endeavors.

We capture the learning needs through our **Governing Board**, consisting of ministers of finance and governors of central banks, and consultations with the CEF **Coordinators**, our regional representatives in finance ministries, tax administrations and central banks, in charge of strategic human resource management and talent development. We regularly conduct learning needs surveys, distill information from past learning events and country reports, and engage with other key stakeholders, such as CEF associate fellows and experts. We are **partners** with a variety of bilateral and multilateral organizations, knowledge institutions and peer organizations that share our commitment towards reform efforts in the region.



IMF AND CEF: PARTNERING THAT CREATES SYNERGIES BETWEEN TECHNICAL ASSISTANCE AND LEARNING

We complement our learning program with technical assistance delivered by the Fiscal Affairs Department and the Statistics Department of the International Monetary Fund (IMF FAD, IMF STA). We act as a hub for two IMF FAD advisors in public financial management and revenue administration for South East Europe (SEE) and a government finance statistics advisor from IMF STA. Many of our learning initiatives are co-delivered by the IMF advisors, contributing content that is strongly informed by the findings of their missions.

Unique synergies in our work have contributed to a steady rise in our constituency's demand for help with capacity development. We assure that the IMF technical assistance program and CEF learning initiatives are complementary and mutually reinforcing.

Our excellent cooperation with the IMF in 2017 resulted in signing a Memorandum of Understanding (MoU). The MoU will further reinforce partnership between the two institutions in addressing South East European capacity development challenges.

More information on the missions and activities of the IMF advisors in 2017 is provided in the Appendix.

Packaging Knowledge and Experience

Drawing on our in-house experts in learning and supporting learning environment, we ensure that we turn our knowledge exchange initiatives into unique, fresh and sharp experiences with direct relevance and immediate practical application for finance officials in South East Europe.

We carefully select the knowledge providers. We engage as many **experts from the region** as possible as they are the forerunners in knowledge of key contextual elements, such as country specifics and regional culture. Besides ensuring that experts have the required technical and operational expertise, we pay close attention to non-technical skills, such as their understanding of the importance of leadership skills, change management, team work, and creating an enabling environment.

We categorize our knowledge and experience sharing initiatives into two learning interventions: microlearning and macrolearning, depending on their duration and degree of the learner's engagement. **Microlearning** depicts short and focused learning experiences, for example learning nuggets that take 10 minutes or less to follow and learners get immediate answers. **Macrolearning** gives an opportunity to learn a whole new domain – it requires learners to commit more time and effort.

Our physical and online **learning spaces** are designed to support learning and knowledge sharing. The physical learning spaces – classrooms, lobby, terrace – are bright and dynamic environments where participants feel relaxed and motivated to learn and connect. In 2017, we renovated our fourth-floor terrace that used to be a dull walk-through area and turned it into a place of formal and informal meetings for our staff, a venue for evening receptions and a place for break-out sessions at our

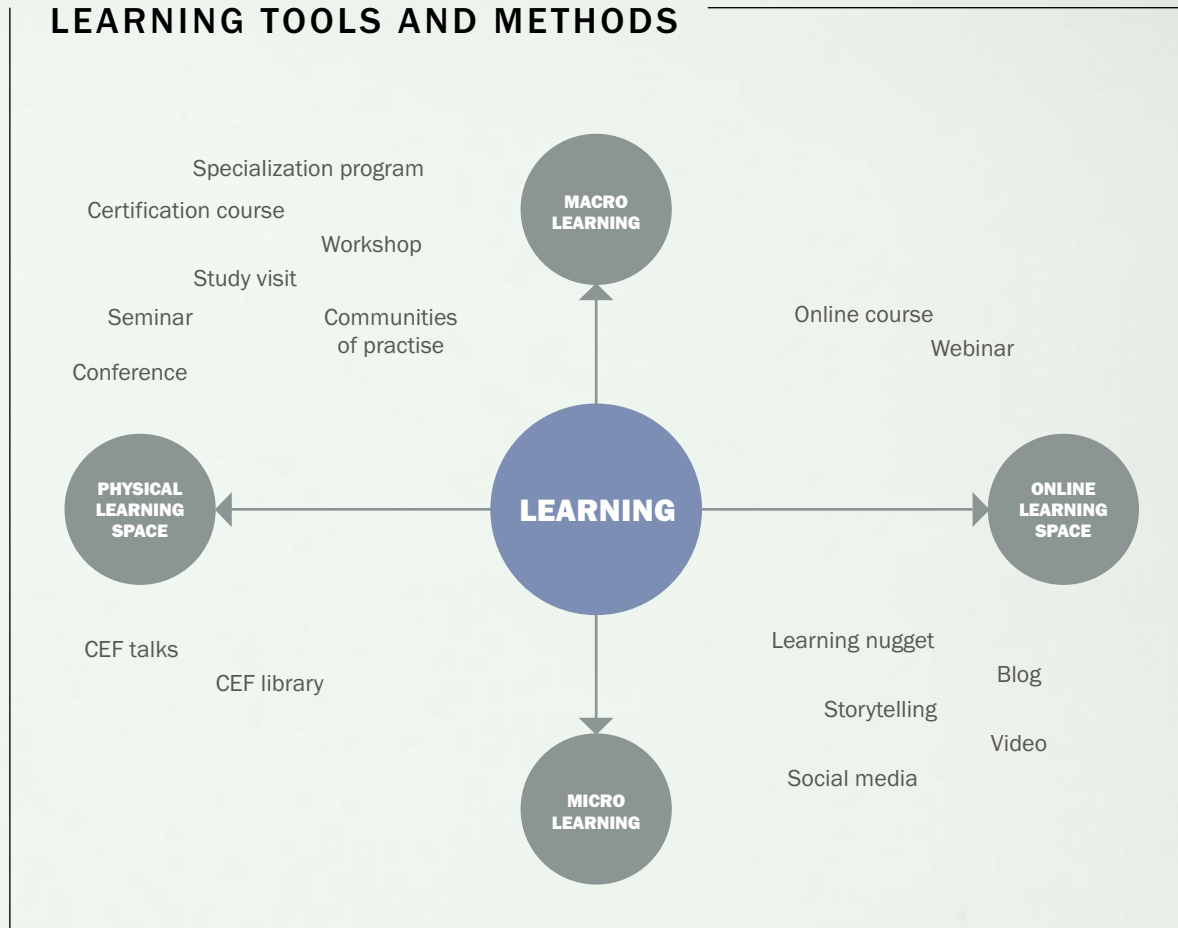
learning events. The CEF was recognized by the Slovenian newspaper Dnevnik as one of top three institutions that has created an innovative learning and working space that encourages relaxation and creativity, and inspires and motivates learning.

Taking into account the evolving dynamics of learning that the online environment is offering, we have extended our face-to-face learning initiatives with online learning through webinars, blended learning courses, live-streams and other activities on the **CEF Online Learning Campus**. ➤ www.cef-see.org/olc

We strongly believe that online learning is vital for capacity development. Therefore, we have been increasingly engaging participants in intensive online discussions prior to coming to face-to-face events. This combination of methods is known as 'blended learning.' It helps participants get familiar with the theoretical background and set the stage for face-to-face events.

Apart from gradually upgrading face-to-face learning initiatives with blended learning courses, we introduced a webinar series in 2017 on different thematic areas. Webinars are an efficient audiovisual way to share knowledge and experience, using a range of online tools that promote online collaborative learning, such as surveys and polls, as well as various communication channels to engage participants in the learning experience.

LEARNING TOOLS AND METHODS



GOING DIGITAL



Online
Learning
Campus

585

REGISTERED
USERS IN 2017

As a platform for knowledge exchange, we substantially strengthened our online learning space in 2017. We developed the CEF **Online Learning Campus (OLC)** with a vision to support knowledge exchange and experience sharing among South East European finance officials in an online learning environment. Through online learning we engage a broad group of stakeholders who wish to learn together. In 2017, **585 users** had registered to the platform.

➤ www.cef-see.org/olc

We also set up the **Line Ministries Portal**, an online learning space that supports knowledge and experience exchange in public financial management among officials working at finance and line ministries in South East Europe.

The portal offers access to the latest developments and learning resources, and provides space for sharing experience, case studies, good practices and other information. Visitors can engage with peers, international partners and networks, and exchange ideas through online communication and collaboration.

The Line Ministries Portal was developed and implemented as part of the «Strengthening Financial Management Functions of Line Ministries» project.

➤ www.lineministries.org










2017 ONLINE LEARNING IN NUMBERS

585	REGISTERED USERS @OLC
10	WEBINARS
2	BLENDED LEARNING EVENTS
1	ONLINE COURSE
13	VIDEO LEARNING NUGGETS
21	KNOWLEDGE HUB BLOG POSTS

218 ONLINE PARTICIPANTS



CEF ON SOCIAL MEDIA

	269 FACEBOOK POSTS
	518 TWEETS
	96 LINKEDIN POSTS
	128 YOUTUBE MINUTES
	38 DIGITAL STORIES

Sharing Knowledge and Experience

Through our communication and reporting activities we illustrate the immediate impact and long-term results of our work, showcase the region's successes, publicize our learning programs, and share our experience at international events and with peer institutions.

We always look for ways to showcase **reform successes and examples of good practice in the region** through a variety of channels, such as our website, social media, monthly newsletter, program publications, and annual reports. We publish value creation stories narrated by our participants, showcasing the skills and knowledge that they acquire at our learning events, and how they personally as well as their teams and institutions have benefited from them. We publish them on our website under **Voices from the region**. > www.cef-see.org/voices-from-the-region

We share knowledge beyond classroom through **digital storytelling**. We are using our website and different social media platforms – Facebook, LinkedIn, Twitter, YouTube and Exposure – to capture and convey the lessons learned, share relevant materials, research findings and highlights of discussions, which extends the reach of our learning initiatives beyond classroom while also increasing the visibility of our donors, partners, participants and their institutions.

We produce **video learning nuggets** – inspiring interviews with experts highlighting key issues related to learning events – and publish them on our website under **You wanted to know, we asked**. These are short interviews with top notch experts who lecture and participate at our learning initiatives. > www.cef-see.org

We run our **own blog on learning** where we as a knowledge hub regularly share our reflections along with the lessons learned on ways we capture, package and share knowledge and experience in our constituency. > knowledgehub.cef-see.org

We share our experience globally. We attend international events, partner with peer institutions and participate in international networks, such as learn4dev, sharing information about the latest technologies and innovative approaches in learning.

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FOLLOW US ON



Website: www.cef-see.org

Subscribe to the CEF newsletter on our website.

Monitoring and Evaluation

As a regional knowledge hub, we pay attention to monitoring and evaluating our work and articulating its value. We systematically collect feedback from our participants on the usefulness and impact of our learning program to review and customize our learning initiatives to the emerging needs of the beneficiaries and to demonstrate the created value of our work to the partners.

We use a range of tools to verify the achievement of expected results of our learning initiatives. We carry out post-event surveys that measure participants' reaction to the learning experience (general assessment and impressions of the event, delivery, faculty and organization) and learning effect with respect to increased knowledge (usefulness of the event, achievement of learning objectives, and likelihood of future application of gained knowledge).

While the collection of quantitative data might not always illustrate the link between our learning initiatives and the impact on institutions, we compile and analyze such information also qualitatively. For that, we use an adjusted Wenger-Trayner value creation conceptual framework that shows how a change in behavior traverses different cycles, providing an account of how learning initiatives have created value for participants, their organizations and stakeholders. We collect data at different cycles and cross-reference it with the value creation stories to show the causal link between our learning initiatives and the impact on beneficiary institutions.

The value creation stories are available on our website under **Voices from the region**. > www.cef-see.org/voices-from-the-region



HOST &

2018 PROGRAM

@terrace



THEMATIC
SESSIONS



CLOSING
REMARKS





LEARNING PROGRAM

Our partnership with finance officials in South East Europe is articulated around the delivery of learning initiatives across four thematic areas.

Public Financial Management

- Budget Preparation and Execution
- Accounting and Auditing

Tax Policy and Administration

Central Banking

Leadership for Managing Reforms



2017 HIGHLIGHTS



58

LEARNING
INITIATIVES

1,204

PARTICIPANTS



3,056

PARTICIPANT
DAYS

3

IN-COUNTRY
CERTIFICATION
PROGRAMS

92

PARTICIPANTS



3,413

PARTICIPANT
DAYS

We delivered the learning program in different learning formats. More **face-to-face** learning initiatives were accompanied by **online** learning modules and webinars.



We introduced a **webinar series**, a set of 10 webinars as standalone or complementing face-to-face events.



We set up an **online PFM portal** for line ministries.



We devoted more time to stay connected with finance officials through **country visits**.



96

EXPERTS FROM
THE REGION

96 experts from the region lectured at the CEF learning events to share their recent reform experience.

Public Financial Management

Our learning program in Public Financial Management (PFM) covers budget preparation, budget execution, accounting and auditing topics.

BUDGET PREPARATION AND EXECUTION

The budget preparation and execution program focused on strengthening fiscal discipline and consolidation. More attention was given to achieve value for money and effective use of resources. We supported the efforts of finance ministries to design well-functioning medium-term macroeconomic and fiscal frameworks. We also assisted our constituency in establishing a program classification, performance orientation and evaluation function in the budget, as well as the use of effective spending reviews. The learning program also addressed cash and debt management.

We scaled up reaching out to line ministries to help them strengthen their financial management functions. The

primary focus was on budget-intensive sectors, such as social protection, education and health care. In addition, we addressed line ministries with regard to the process of applying for or already using sector-budget support under the EU's Instrument for Pre-accession Assistance, and other EU funds.

We design our learning initiatives under this program closely with the IMF FAD Public Financial Management Advisor for South East Europe, who is involved in many learning initiatives of this program. Her technical assistance missions in the SEE region strongly inform our learning program.

STRENGTHENING FINANCIAL MANAGEMENT FUNCTIONS OF LINE MINISTRIES

In January 2017, we started the project »Strengthening Financial Management Functions of Line Ministries«. Its objective is to support line ministries in strengthening their coordination in the financial management area and promote regional collaborative learning.

The project entailed six workshops, in-country meetings with project partners from EU potential candidate countries. To facilitate collaboration, we set up a Line Min-

istries Portal www.lineministries.org where finance officials of line ministries from around the SEE region come together and learn from each other.

The project is supported by the Trust Fund for Strengthening Accountability and the Fiduciary Environment (SAFE), administered by the World Bank Group on behalf of the European Commission and the Swiss Government.



NUMBER OF PARTICIPANTS:

206



NUMBER OF EVENTS:

9

EVENTS:

- EU Funding Sources for South East Europe
- Managing Public Investments
- Strengthening Fiscal Risk Management and Oversight of Public Corporations



- Understanding Baseline vs. New Policy Estimates
- Strengthening Transparency through Citizens Budgets
- Reinforcing the Role of Parliament in the Budget Process



- Fiscal Programming of Structural Reforms
- Program and Performance Budgeting



- Carrying out Effective Spending Reviews

OUR MAIN PROGRAM PARTNERS:

European Union • International Monetary Fund • Ministry of Finance, the Netherlands • Ministry of Finance, Slovakia • Ministry of Finance, Slovenia • Overseas Development Institute, United Kingdom • UN Women • World Bank Group (SAFE Trust Fund)





Responsible and transparent use of public funds is not only a key element of good governance but also a cornerstone of trust in democratic institutions. Efficient internal auditing is an essential instrument for attaining this objective and thereby supporting the efforts made by Western Balkan countries to comply with EU standards.

This is why the German Foreign Office is glad to contribute, together with the Ministry of Foreign Affairs of the Republic of Slovenia, in the CEF's program »Training and Certification of Internal Auditors in the Public Sector (TIAPS) in Montenegro« for the fifth year in a row. Since 2012, several cohorts of young auditors have received specialized education within this framework, and Montenegro's current position as one of the frontrunners among candidate countries is the best proof that the considerable funds from the German »Stability Pact for South-East Europe« have been well invested.

Peter Riedel

Ambassador

Embassy of the Federal Republic of Germany in Slovenia

ACCOUNTING AND AUDITING

Our learning program in accounting focused on International Public Sector Accounting Standards (IPSAS) and on strengthening SEE countries' accounting systems by switching to accrual-based accounting. The learning program for internal auditors is based on the Public Internal Financial Control (PIFC) designed by the EU to guide candidate and potential candidate countries in developing their public internal control systems to ensure good governance and protect public resources. The accounting and auditing program included various peer learning initiatives and in-country certification programs for public sector internal auditors and accountants.

ACCOUNTING AND AUDITING EVENTS

The events addressed fundamentals and planning of internal audit engagements according to international standards and managing internal audit units to explore how to add value. As auditing has to keep up with budget innovations, such as program budgeting, we also focused on reviewing efficiency and effectiveness as a part of program budgeting incentives. To promote co-creating of public internal control, we involved public sector managers and promoted learning of the core concepts of risk management and internal control. We further supported better awareness of financial management and control among various budget users and engaged finance officials in a discussion on the interdependence of public sector reforms. Our activities supported the constituency in upholding fiscal transparency through financial reporting.

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NUMBER OF PARTICIPANTS:

355



NUMBER OF EVENTS:

16

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EVENTS:

- Planning Internal Audit Engagements
- Strengthening the Management of Internal Audit Activity to Add Value
- Internal Audit Fundamentals (I) delivered in Egypt*
- Internal Audit Fundamentals (II) delivered in Egypt*
- Introduction to Public Finance Management (IPFM) delivered in Egypt*
- Tackling Fraud and Corruption, Cairo, Egypt*
- Internal Auditing for Non-auditors
- IPSAS Accounting Training delivered in Egypt*
- Financial Statements: How to Improve Coverage and Comprehensiveness
- Government Finance Statistics in SEE**



- Financial Management and Control Beyond Ministries of Finance (I/III)
- Financial Management and Control Beyond Ministries of Finance (II/III)
- Financial Management and Control Beyond Ministries of Finance (III/III)
- Management and Accounting for Non-Financial Assets



- Egyptian Ministry of Finance to Slovenia and Montenegro*



- EC Working Group »Public Internal Control«***

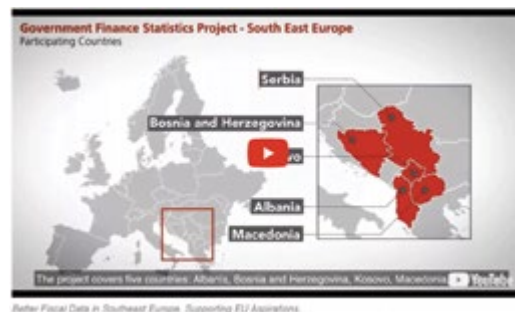
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OUR MAIN PROGRAM PARTNERS:

Eurostat • Expertise France • International Monetary Fund • Ministry of Finance, the Netherlands • Ministry of Finance, Slovenia • State Secretariat for Economic Affairs (SECO), Switzerland

* Workshop delivered as part of the project Support to Public Financial Management Reforms in Egypt.

** Workshop on Government Finance Statistics in SEE was delivered as part of the project »Improving Capacity for Government Finance Statistics (GFS) in South-East European Countries« with funding from State Secretariat for Economic Affairs (SECO), Switzerland. The event focused on government finance and excessive deficit procedure statistics and was organized for the third year in an ongoing series. The project involves five countries: Albania, Bosnia and Herzegovina, Kosovo, Macedonia, and Serbia.



***Meeting organized by Budget Supervision Office, Ministry of Finance Slovenia.

SUPPORT TO PUBLIC FINANCIAL MANAGEMENT REFORMS IN EGYPT

In late 2016, we initiated our involvement in the project »Support to Public Finance Management Reforms in Egypt«, which will be implemented through 2018 in collaboration with Expertise France.

In 2017, we delivered five workshops focused on internal audit function and organized a study visit to Slovenia and Montenegro for the officials of the Egyptian Ministry of Finance. The project gives experts from the CEF constituency an opportunity to share their countries' recent reform experience.

CERTIFICATION PROGRAMS

Public Accountants Certification Training (PACT)

Our work in implementing PACT, an internationally recognized professional qualification program, continues to combine theory with practical experience. It is designed by the **Chartered Institute of Public Finance and Accountancy (CIPFA)** and is delivered in local language. We continue to support public accountants as they develop their skills in financial and management accounting, audit and assurance, public sector financial reporting, and financial and organizational management. This provides a sound base for the introduction and implementation of accrual accounting. By investing in local capacity, we also help ensure the longer-term sustainability through full local implementation of this program.

Training of Internal Auditors in the Public Sector (TIAPS)

We designed the curriculum of TIAPS **in partnership with CIPFA** with a special focus on the requirements of the EU accession process. The topics include national legislation and taxation, internal audit fundamentals, public sector accounting and financial reporting, governance and control, advanced internal auditing, auditing management performance, and managing the internal audit function. We rely on local expertise to ensure continuity when the CEF disengages from the project upon its completion.

Both programs consist of two levels, the certificate and the diploma level, and include the following modules:

	PACT	TIAPS
CERTIFICATE LEVEL	<ul style="list-style-type: none"> • Management Accounting • Financial Accounting • National Public Finance Legislation, Public Accounting and Taxation 	<ul style="list-style-type: none"> • Internal Auditing Fundamentals • Public Sector Accounting and Financial Reporting • Governance and Control • National Public Finance Legislation, Public Accounting and Taxation
DIPLOMA LEVEL	<ul style="list-style-type: none"> • Audit and Assurance • Financial Management • Business and Change Management • Public Sector Financial Reporting 	<ul style="list-style-type: none"> • Advanced Internal Audit • Auditing Management Performance • Managing the Internal Audit Function

In 2017, our certification program for public sector accountants was implemented on certificate level in Montenegro and Serbia:

PACT in Montenegro

Second generation • launched in March 2017

PROJECT PARTNERS:

Ministry of Finance, Montenegro • Ministry of Foreign Affairs, Slovenia • US Government



NUMBER OF STUDENTS
ENROLLED:

40

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PACT in Serbia

First generation • launched in October 2016

PROJECT PARTNERS:

Ministry of Finance, Serbia • Ministry of Foreign Affairs, Slovenia • United States Agency for International Development



NUMBER OF STUDENTS
ENROLLED:

25

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In 2017, our program for public sector internal auditors was implemented on certificate level in Montenegro:

TIAPS in Montenegro

Fourth generation • launched in June 2017

PROJECT PARTNERS:

Federal Ministry of Foreign Affairs, Germany • Human Resources Management Authority, Montenegro • Ministry of Finance, Montenegro



NUMBER OF STUDENTS
ENROLLED:

27

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After successful cooperation with the CEF on training projects of public accountants in Montenegro, I have accepted with pleasure the invitation to participate as a tutor in the implementation of a similar project in Serbia.

As an instructor with work experience on related projects, I can freely say that the project is more than successful, i.e. it represents a win-win situation for me as a tutor and for participants. A sharp eye of the observer, the tutor, must occasionally take on the role of an active observer who cannot miss any visual information. Here I would like to emphasize that the participants showed great interest and actively participated in the realization of the project.

Cooperation with the CEF on this project for me as a tutor was a new challenge as well as a highly enriching experience.

Vladan Martić

Assistant Professor
Faculty of Business Studies
Montenegro Business School

Tax Policy and Administration

Our learning program in the area of Tax Policy and Administration supported tax authorities in their efforts to progress the modernization agenda towards the adoption of contemporary tax administrations contained in the EU's recommendations, the Compliance Risk Management Guide for Tax Administrations and Fiscal Blueprints.

The learning initiatives were aimed at helping tax administrations to reorganize themselves to become a citizen-oriented service provider with strategies to influence the behavior of taxpayers instead of being a government body in charge of sanctioning taxpayers.

We design our learning initiatives under this program closely with the IMF FAD Revenue Administration Advisor for South East Europe, who is based at the CEF. He co-delivered the tax courses and contributed content that was strongly informed by his missions in the SEE region.



NUMBER OF PARTICIPANTS:

248



NUMBER OF EVENTS:

9

EVENTS:



- Revenue Forecasting and Tax Policy Analysis
- Investigating VAT Fraud
- Market Value Based Taxation of Real Property: Lessons from International Experience
- Changing Perspective: From Enforced to Voluntary Tax Compliance
- Tax Auditing in Electronic Environment
- The Shadow Labor Market – Why Is It a Problem and How to Address It
- Developing a Tax Compliance Plan



- Influencing Taxpayers Behavior
- Why Tax Administration Reform?

OUR MAIN PROGRAM PARTNERS:

African Tax Institute, South Africa • Australian Taxation Office, Australia • Brigham Young University • DTZ Kinnisvaraekspert • Faculty of Law of Masaryk University • International Monetary Fund • International Property Tax Institute, Canada • Office of the Revenue Commissioners, Ireland • Lincoln Institute of Land Policy, USA • Ministry of Finance and General Taxation Directorate, Albania • Ministry of Finance, the Netherlands • Ministry of Finance, Slovenia • Norwegian Tax Administration • State Tax Service, Moldova





The CEF has been our long-standing partner in the process of education and professional training of tax officials, as the most important resource of the tax administration. The CEF seminars and workshops on outstanding topics in the field of tax policy enable connecting officials from tax administrations of the region and beyond; and promote exchange of experience, knowledge and good practice. They thus allow the implementation of international standards in the national tax systems.

We appreciate the expertise, openness for cooperation and knowledge exchange with the IMF, Tax Administration of the Netherlands, and other leading tax agencies. The professionalism and hospitality of the CEF staff speaks for itself. Our tax officers come back from Ljubljana full of enthusiasm to implement the acquired knowledge into their daily tasks. At the CEF they feel at home.

Bearing in mind the experience so far, I am looking forward to many more years of successful cooperation. Each learning event brings even more professional and more motivated employees who are able to respond to all the challenges in implementing tax policies and tax collection and build together a modern and proactive tax administration.

Miomir M. Mugoša
Director General
Tax Administration, Montenegro



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Over the years, CEF has consolidated its position as one of the leading regional knowledge hubs in finance and the National Bank of Moldova is proud to be part of its continuous involvement.

We highly appreciate the CEF dedication to provide valuable learning programs implemented by a most proficient pool of experts. Its training activities are designed for areas that continuously demand professional expertise and improved skills, central banking, certainly, being one of them.

A distinctive feature of CEF's activities, highlighted by our participants, is the interactivity during the entire training process. This approach enables the attendees not only to enrich their proficiency in many areas, but also to understand thoroughly the essence and scope of the topics learned, providing critical insights presented by the extended practical experience of the participants. We believe that this is the best route to achieve superior learning outcomes and knowledge sharing.

The National Bank of Moldova remains strongly committed to actively supporting the progress of CEF on its way to affirming its position among the leading European training organization.

Vladimir Munteanu
First Deputy Governor
National Bank of Moldova

Central Banking

The learning program addressed central bank independence as a key element of good economic governance.

Beyond the coherence of underlying policy frameworks, a critical element upholding credibility is the ability of a central bank to earn broad-based respect for its institutional autonomy. We raised awareness of the governmental role on central bank boards to ensure that board members can effectively contribute to oversight without inflicting costly political interference in the conduct of policy.

We offered several learning opportunities to discuss the application of analytical tools needed for better-informed monetary and financial policymaking, for example in the areas of macroeconomic and macrofiscal forecasting, and operationalizing macroprudential policies. We provided officials a look at the latest trends in the development of financial markets and retail payment systems. And we engaged participants in reflecting on some core functions of central banks, for example the internal audit and strategic communication functions.

Participants were drawn from different public institutions, primarily from central banks, finance ministries and financial supervisory agencies. This approach creates scope for promoting a better understanding of the benefits of greater coherence in monetary, fiscal and financial sector policy frameworks and clearly defined allocation of institutional responsibilities.



NUMBER OF PARTICIPANTS:

115

NUMBER OF EVENTS:

8**EVENTS:**

- Deepening Money Markets and Promoting the Use of Local Currency Instruments
- Payment Systems Regulatory Perspectives, EU Initiatives and Retail Innovation
- Central Bank Governance and Financial Stability
- Strengthening Internal Audit and the Role of Audit Committees in Central Banks
- Improving the Reliability of Macroeconomic and Macroeconomic Forecasts
- Harmonization in Prudential Regulation and Supervision
- Prerequisites for Designing Macroprudential Toolkit
- Strategic Communication and Financial Stability

OUR MAIN PROGRAM PARTNERS:

Bank for International Settlements • Bank of England • Banque de France • Banka Slovenije • De Nederlandsche Bank • Deutsche Bundesbank • European Central Bank • European Investment Bank • Institute of Macroeconomic Analysis and Development, Slovenia • International Monetary Fund • Joint Vienna Institute • Ministry of Finance, Slovenia • National Bank of Belgium • National Bank of Macedonia • Oesterreichische Nationalbank





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With Montenegro intensifying its efforts to advance progressively the reform of public finance management as a mean to consolidate public finances in the country, it is crucial to take timely institutional reforms in this regard. It is for the Ministry of Finance to take a leading role as the main actor in charge for designing and undertaking budgetary measures. In achieving these goals, we can think of no better partner than your organization, which is considered a leader in offering professional programs based on the »problem-driven iterative adaptation« approach. We believe that joining forces with you will help us achieve the main objective regarding the capacity building of our public administration.

Darko Radunović

Minister

Ministry of Finance, Montenegro

Leadership for Managing Reforms

Leadership has been in the center of our learning program across all thematic areas.

Learning initiatives provided change leaders and agents with complementary knowledge that is essential for designing and implementing complex reforms and empowered them to better manage change. Learning initiatives supported officials to become better managers. We enabled change processes in our target institutions by helping officials understand, cope with and manage change.

We gave finance officials opportunities to reflect on their institution's internal and external communication, and to learn using new and innovative communication channels, such as social media platforms, and online tools for digital storytelling. We strengthened capacities of finance officials in knowledge sharing and promoted collaborative learning and experience sharing. And, we supported SEE senior officials in better coordinating their countries' technical assistance needs in strengthening economic governance and public financial management with international partners, in particular the European Commission and the IMF.



NUMBER OF PARTICIPANTS: **280**



NUMBER OF EVENTS: **16**

EVENTS:



- Albania, Bosnia and Herzegovina, Kosovo, Macedonia, Montenegro, Serbia*
- Bulgaria, Moldova, Romania, Slovenia**



- Enabling Finance Officials as Trainers and Learning Facilitators
- Planning and Leading Organizational Change
- Public Speaking and Effective Communication
- Building HR and Institutional Capacities to Deliver Public Sector Reforms



- Digital Communications in Public Institutions



- 2nd IMF/EC/SEE Annual Coordination Meeting

* Country visits were part of the project Strengthening Financial Management Functions of Line Ministries.

** Country visits were part of the Tax Policy and Administration Learning Program.

OUR MAIN PROGRAM PARTNERS:

Ministry of Finance, Slovenia • International Monetary Fund • World Bank Group (SAFE Trust Fund)



2017 LEARNING PROGRAM IN NUMBERS

The 1,204 participants, who attended 58 CEF learning initiatives in 2017, accumulated a total of 3,056 participant days. Most of them were financed by a sponsoring institution, i.e. their employer or a bilateral donor. Costs are estimated at EUR 200 per participant per day plus EUR 500 for airfare. Attendance by Slovenians and participants that were financed through the CEF is estimated at nil cost.

 **58**
LEARNING
INITIATIVES

 **1,204**
PARTICIPANTS

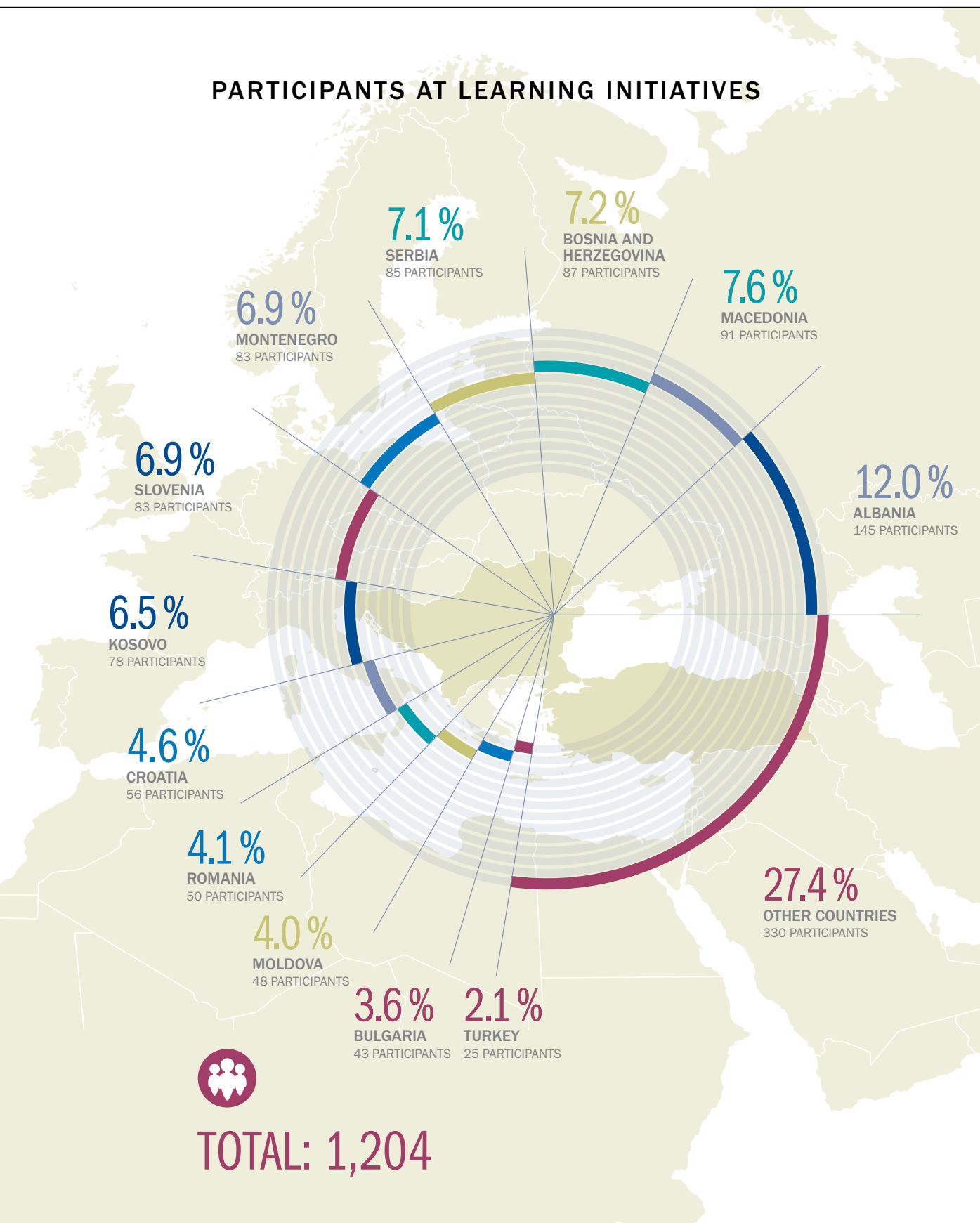
 **3,056**
PARTICIPANT
DAYS

COUNTRY	All Participants		Participants sponsored by sending institution		
	Number	Days	Number	Days	Costs in EUR
Albania	145	350.00	56	113.00	50,600
Bosnia and Herzegovina	87	205.75	18	25.50	14,100
Bulgaria	43	90.75	16	32.75	14,550
Croatia	56	81.25	24	38.25	19,650
Kosovo	78	204.25	31	67.75	29,050
Macedonia	91	223.25	25	47.50	22,000
Moldova	48	99.75	16	30.50	14,100
Montenegro	83	217.00	20	37.75	17,550
Romania	50	97.25	17	30.50	14,600
Serbia	85	194.25	43	70.25	35,550
Slovenia	83	180.25	68	161.75	0
Turkey	25	61.00	21	51.00	20,700
OTHER COUNTRIES	330	1,051.25	99	164.75	82,450
TOTAL	1,204	3,056.00	454	871.25	334,900

OTHER COUNTRIES:

Armenia, Australia, Austria, Belgium, Czech Republic, Egypt, France, Georgia, Germany, Hungary, Ireland, Italy, Jordan, Latvia, Lithuania, Malta, Mongolia, Netherlands, Pakistan, Poland, Slovakia, Spain, Switzerland, Turkmenistan, Ukraine, United Kingdom, USA.

PARTICIPANTS AT LEARNING INITIATIVES





**58**LEARNING
INITIATIVES**1,204**ALL
PARTICIPANTS**986**

FACE-TO-FACE

**218**

ONLINE

TOPIC	Number of participants at CEF learning initiatives			Number of learning initiatives
	All	Face-to-face	Online	
Accounting and Auditing	355	273	82	16
Leadership for Managing Reforms	280	262	18	16
Tax Policy and Administration	248	207	41	9
Budget Preparation and Execution	206	129	77	9
Central Banking	115	115	0	8
TOTAL	1,204	986	218	58

**3**IN-COUNTRY
CERTIFICATION
PROGRAMS**92**

PARTICIPANTS

**3,413**PARTICIPANT
DAYSNUMBER OF
LECTURING
EXPERTS**194**TOTAL NUMBER
OF EXPERTS**96**EXPERTS FROM THE
CEF CONSTITUENCY



GOVERNANCE

Our governance structure consists of the Governing Board, the Advisory Board, the Coordinators, and the Secretariat. The governance bodies have distinct and complementary goals and responsibilities.



Governing Board

The Governing Board is the key decision-making body of the CEF. It confirms our work program, annual report and financial statements, reviews our progress, and deliberates on other relevant issues.

Members of the Board comprise ministers of finance and/or governors of central banks from CEF member countries (Albania, Bulgaria, Macedonia, Moldova, Montenegro, Romania, Slovenia). The Governing Board also includes up to three representatives of the Advisory Board. The Board is currently chaired by Dimitar Bogov, Governor of National Bank of the Republic of Macedonia. The third annual meeting of the CEF Governing Board took place on June 1, 2017 in Ljubljana.

MEMBERS OF THE CEF GOVERNING BOARD (MARCH 31, 2018)

Arben Ahmetaj, Minister	Ministry of Finance, Albania
Gent Sejko, Governor	Bank of Albania
Vladislav Goranov, Minister	Ministry of Finance, Bulgaria
Dragan Tevdovski, Minister	Ministry of Finance, Macedonia
Dimitar Bogov, Governor	National Bank of the Republic of Macedonia
Octavian Armașu, Minister	Ministry of Finance, Moldova
Sergiu Cioclea, Governor	National Bank of Moldova
Darko Radunović, Minister	Ministry of Finance, Montenegro
Radoje Žugić, Governor	Central Bank of Montenegro
Eugen Orlando Teodorovici, Minister	Ministry of Public Finance, Romania
Mugur Isărescu, Governor	National Bank of Romania
Mateja Vraničar Erman, Minister	Ministry of Finance, Slovenia
Boštjan Jazbec, Governor	Bank of Slovenia
Sabina Stadler Repnik, Director-General	Ministry of Foreign Affairs, Slovenia
Mickie Schoch, Head of Unit	Ministry of Finance, the Netherlands
Xavier Hawia, Technical Cooperation Coordinator	National Bank of Belgium



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Modern times impose high dynamics on the working environment and require high quality of performance, ongoing capacity building and professional development of the staff employed in the public financial sector and in the central banks. Specialized training courses are a very efficient way of strengthening and improving the skills and increasing the knowledge of the employees. In this context, the CEF is definitely recognized as an outstanding international training institution that has been providing high-quality specialized learning programs for more than sixteen years.

It is my honor and great pleasure to chair the CEF Governing Board this year. The National Bank of the Republic of Macedonia has built a close and strong working relationship with the CEF over the past years. However, we do not stop here, but stand ready to bring our excellent cooperation to the next level, by sharing our experience and sending our experts to be speakers at some forthcoming CEF events. I am looking forward to our exciting future cooperation.

Dimitar Bogov

Governor

National Bank of the Republic
of Macedonia

Chair of the CEF Governing Board



I have had the opportunity to meet some of the CEF's distinguished representatives, in Albania or elsewhere. I have admired their conduct and professionalism but I never had the chance to fully understand the real dimensions of the institution. The year 2017 made it possible.

The CEF offers:

- A chance to get updated with modern theories and visions thanks to remarkable lecturers who make participation at the learning event truly worthy.
- A vibrant, dedicated and friendly team who makes the stay comfortable.
- A well-designed and custom-made program specifically for the needs of our institutions.
- A great opportunity to expand our network with colleagues from the region and beyond.

Gramoz Kolasi
Director
Bank of Albania
CEF Coordinator

Coordinators

Coordinators are the cornerstone of our close collaboration with our constituency.

They are the regional representatives who are directly involved in capacity development and strategic management of human capital in their respective institutions. We engage coordinators in participants' recruitment and rely on them when organizing in-country meetings. We typically meet with our Coordinators every two years to discuss and exchange ideas about how the needs of their institutions can be incorporated into the CEF program. The last joint meeting of the Coordinators and Advisory Board members was held on October 19–21, 2016 in Ljubljana.



CEF COORDINATORS

Albania	Gelardina Prodani, Ministry of Finance • Eriola Sada, General Taxation Directorate • Gramos Kolasi, Bank of Albania
Bosnia and Herzegovina	Vlatko Dugandžić, Ministry of Finance and Treasury • Irma Burzić, Tax Administration of the Federation of Bosnia and Herzegovina • Sandra Kovačević, Tax Administration of Republic of Srpska • Denisa Seho, Indirect Taxation Authority of Bosnia and Herzegovina • Sanela Leto, Central Bank of Bosnia and Herzegovina
Bulgaria	Galina Tzekova, Ministry of Finance • Boryana Yankova-Sharkova, National Revenue Agency • Stoyan Bozhkov, Bulgarian National Bank
Croatia	Andrea Kocelj, Ministry of Finance • Ivana Ključariček, Tax Administration
Kosovo	Orhan Devaja, Ministry of Finance • Floransa Sahiti, Tax Administration of Kosovo • Vjollca Tërbunja, Central Bank of the Republic of Kosovo
Macedonia	Viktor Mitevski, Ministry of Finance • Goran Andonovski, Vesna Novakovikj, Public Revenue Office • Hristina Lozanoska, National Bank of the Republic of Macedonia
Moldova	Tatiana Onici, Ministry of Finance • Mihai Burunciuc, State Tax Service • Aliona Străjescu, National Bank of Moldova
Montenegro	Aleksandra Marković, Jelena Mirković, Marija Popović, Ministry of Finance • Lidija Šečković, Tax Administration • Tijana Vakirević, Stefan Janić, The Human Resources Management Authority • Ana Šćepanović, Central Bank of Montenegro
Romania	Emanuel Constantin, Ministry of Public Finance • Iulia-Mihaela Barbieru, Marieta Catana, Costin Naghi, National Agency for Fiscal Administration • Mugur Tolici, National Bank of Romania
Serbia	Dragana Rakić, Svetlana Ljubičić, Jelena Djoković, Ministry of Finance • Snežana Ilić, Tax Administration • Bojana Drobnjak, National Bank of Serbia
Slovenia	Špela Tomič, Ministry of Finance • Branka Hercog, Nataša Marušič Kuhar, Financial Administration of the Republic of Slovenia • Sanja Pregl, Banka Slovenije
Turkey	Yalçın Yüksel, Undersecretariat of Treasury





Advisory Board

The CEF Advisory Board is an advisory group of experts from our donors and partners. They assist us in designing and coordinating the delivery of our activities.

By working closely with the partners gathered in our Advisory Board, we ensure continued relevance of our work and complementarity to the programs of other providers. Our partners are institutions with a particular interest in the promotion of knowledge exchange, delivery of training, and facilitation of technical assistance. They share our long-term approach to reforming public financial management, tax policy and administration, central banking and leadership reform efforts in South East Europe.

Up to three representatives of the Advisory Board are also members of the Governing Board. The chair of the Advisory Board is Sabina R. Stadler from the Slovenian Ministry of Foreign Affairs. A meeting of the Advisory Board was held in Ljubljana on September 12, 2017.

PARTICIPATING INSTITUTIONS AT THE ADVISORY BOARD MEETING IN 2017:

Banka Slovenije • De Nederlandsche Bank • Deutsche Gesellschaft für Internationale Zusammenarbeit • Embassy of Germany to Slovenia • European Commission, DG NEAR • Expertise France • International Monetary Fund • Joint Vienna Institute • Ministry of Finance, the Netherlands • Ministry of Finance, Slovakia • Ministry of Finance, Slovenia • Ministry of Foreign Affairs, Slovenia • National Academy for Finance and Economy, the Netherlands • National Bank of Belgium • The World Bank Group



The very productive working relationship between the IMF's Fiscal Affairs Department (FAD) and the CEF has been in place for more than 15 years. The success of this partnership is underpinned by the shared determination and enthusiasm to support Public Financial Management and Revenue Administration reforms in South Eastern Europe. This success comes from the purposeful blending of FAD's on-the-ground technical assistance with the regionally based learning opportunities delivered by the CEF.

In addition, FAD continues to utilize the CEF as a regional hub for its technical assistance delivery by basing its resident advisors for Public Financial Management and Revenue Administration in the CEF office in Ljubljana. We are committed to continuing this partnership to support the economic governance and public financial management reform programs for SEE countries.

Vitor Gaspar
Director
Fiscal Affairs Department
International Monetary Fund

PARTNERS' IN KIND CONTRIBUTIONS TO OUR PROGRAM

Financing in cash is recorded and reported in the CEF's financial statements. Only contributions in kind that are not recorded and reported in the financial statements are reported below. Several partner institutions and donors sponsored lecturers (travel expenses and lecturing fees) for the courses. For the purpose of this report, a session of a lecturer (a half-day lecture) is estimated at EUR 500 and travel expenses at EUR 1,500 per lecturer, as appropriate.

In 2017, the CEF was included in the OECD Development Assistance Committee (DAC) list of Official Development Assistance (ODA) eligible international organizations. Donations to CEF's core budget may be by donor countries reported as their contributions to ODA.

Institution	Sessions	EUR
African Tax Institute, South Africa	18.0	12,000
Australian Taxation Office, Australia	3.5	3,250
Bank for International Settlements	6.0	6,000
Bank of England, United Kingdom	1.0	2,000
Banka Slovenije	14.5	7,250
Banque de France	1.0	2,000
Brigham Young University, Provo, USA	9.0	6,000
De Nederlandsche Bank	10.0	8,000
Deloitte, Slovenia	1.0	500
Deutsche Bundesbank	5.0	4,000
DTZ Kinnisvaraekspert, Estonia	9.0	6,000
European Central Bank	6.5	7,750
European Investment Bank	1.0	500
European Union	4.5	5,250
Eurostat	8.0	7,000
Faculty of Law of Masaryk University, Czech Republic	9.0	6,000
Institute of Macroeconomic Analysis and Development, Slovenia	1.0	500
International Monetary Fund	73.5	54,750

Institution	Sessions	EUR
International Property Tax Institute, Canada	9.0	6,000
Irish Revenue Commissioners, Ireland	5.0	4,000
Joint Vienna Institute	1.0	2,000
Lincoln Institute of Land Policy, USA	9.0	6,000
Ministry of Finance and General Taxation Directorate, Albania	1.0	500
Ministry of Finance, Slovakia	1.0	500
Ministry of Finance, Slovenia	10.0	5,000
Ministry of Finance, the Netherlands	85.0	68,000
National Bank of Belgium	3.5	3,250
National Bank of Macedonia	1.0	2,000
Oesterreichische Nationalbank	3.0	1,500
Overseas Development Institute, United Kingdom	1.0	3,500
State Secretariat for Economic Affairs (SECO), Switzerland	2.0	2,500
State Tax Service, Moldova	1.0	500
Norwegian Tax Administration, Norway	13.0	11,000
UN Women	6.0	3,000
Others	3.0	2,750
TOTAL	335.0	257,500



An IMF government finance statistics (GFS) Resident Advisor has been based at the CEF since September 2016. With financial support from Switzerland's State Secretariat for Economic Affairs (SECO), the Resident Advisor is working in cooperation with the CEF, Eurostat, the World Bank, and UNCTAD to provide technical assistance and training to build capacity and improve GFS and related macroeconomic data in Albania, Bosnia and Herzegovina, Kosovo, Macedonia and Serbia. The Resident Advisor is stationed at the CEF for the duration of the project, and can therefore support participating countries directly in the region. He advises compilers in various national institutions on how to further develop GFS data and data reporting in compliance with international fiscal reporting requirements.

The cooperation of the IMF Statistics Department (STA) with the CEF demonstrates the value of blending on-the-ground technical advice with the regionally-based learning opportunities delivered at the CEF. In our collaboration, the CEF and STA have joined hands in contributing to each other's work programs, for the benefit of countries in the region. Concrete examples are the CEF's role in enhancing the annual GFS project workshops with its progressive approach to facilitate the learning experience; and the Resident Advisor delivering lectures on GFS and fiscal accounting during CEF-organized workshops. We look forward to continuing strengthening this relationship going forward and exploring ways to deepen our shared capacity development vision.

Louis Marc Ducharme

Director

Government Finance Statistics Department
International Monetary Fund





Secretariat

The Secretariat is composed of the director, staff and experts who carry out the day-to-day activities of the CEF.

As at December 31, 2017 we counted on a team of 28 staff members and the director. In addition, three IMF regional technical assistance advisors and their interpreter work at the CEF. We also collaborated with seven affiliated experts.

The CEF Governing Board appointed Jana Repanšek as the new director, starting her five-year term on July 1, 2017. Jana served for many years as CEF's deputy director. CEF's long-term director Mira Dobovišek retired.





FINANCIAL REPORT

1. Financial Statements

1.1. STATEMENT OF FINANCIAL POSITION

Items	Note	in EUR		
		December 31, 2017	December 31, 2016, new	December 31, 2016, old
Non-current assets		458,936	447,587	447,587
Intangible assets	1	82	347	347
Property, plant and equipment	2	458,854	447,240	447,240
Current assets		1,176,945	1,322,427	1,322,427
Trade receivables	3	226,318	93,331	93,331
Cash and cash equivalents	4	950,627	1,229,096	1,229,096
Prepayments and other assets	5	212,708	51,275	51,275
TOTAL ASSETS		1,848,589	1,821,289	1,821,289
Equity		1,077,115	987,295	4,398
Share capital (Founder's funds)	6	4,173	4,173	4,173
Capital surplus	6	225	225	225
General reserves	6	1,072,717	982,897	0
Provisions and long-term accrued costs and deferred revenue		587,157	536,036	1,518,933
Provisions	7	128,116	88,344	1,071,241
Long-term accrued costs and deferred revenue	8	459,041	447,692	447,692
Operating liabilities		128,463	254,284	254,284
Trade payables	9	46,770	138,652	138,652
Liabilities to employees	9	80,521	81,167	81,167
Other short-term payables	9	1,172	34,465	34,465
Advances payable and other current liabilities	10	55,854	43,674	43,674
TOTAL EQUITY AND LIABILITIES		1,848,589	1,821,289	1,821,289

1.2. STATEMENT OF PROFIT OR LOSS

Items	Note	in EUR 2017	in EUR 2016, new	in EUR 2016, old
Revenue from program	11	2,120,279	2,287,601	2,184,021
Other revenue	13	181	12	12
Total revenue		2,120,460	2,287,613	2,184,033
Cost of materials	14	81,447	66,810	66,810
Cost of services	15	809,262	1,035,975	1,035,975
Labor costs	16	1,068,422	1,035,931	1,035,931
Depreciation and amortization costs	17	43,527	41,124	41,124
Other operating costs	18	10,617	10,802	10,802
Other expenses	20	2,289	103	103
Total expenses		2,015,565	2,190,746	2,190,746
Financial income	12	4,931	10,106	10,106
Financial expenses	19	20,008	3,393	3,393
Annual result – Transfer to reserves		89,819	103,580	0

1.3. STATEMENT OF OTHER COMPREHENSIVE INCOME

	in EUR Generated in 2017	in EUR Generated in 2016
Comprehensive income		
Annual result	89,819	103,580
Other comprehensive income		
Actuarial gains (losses)	0	0
Other comprehensive income for the period	0	0
Total comprehensive income (loss) for the period	89,819	103,580

1.4. CASH FLOW STATEMENT

Items	in EUR	
	Generated in 2017	Generated in 2016
Cash flows from operating activities		
Annual result	2,120,460	2,287,613
Total expenses	-2,015,565	-2,190,746
Adjustments for		
Amortization and depreciation	43,527	41,124
Write-downs of property, plant and equipment	0	105
Financial income	3,278	9,694
Financial expenses	-20,008	-3,393
Income tax		
Operating profit before changes in net current assets and taxes	131,693	144,397
Changes in net current assets and provisions		
Change in receivables	-132,987	194,445
Change in prepayments and other assets	-161,433	-17,327
Change in operating liabilities	-125,821	96,365
Change in provisions	51,121	37,510
Change in advances payable and other current liabilities	12,181	-92,051
Income paid tax		
Net cash flow from operating activities	-225,247	363,339
Cash flow from investing activities		
Interest received	1,655	412
Acquisitions of property plant and equipment	-54,877	-8,563
Net cash flow from investing activities	-53,222	-8,151
Cash flow from financing activities		
Interest paid	0	0
Net cash flow from financing activities	0	0
Cash and cash equivalents at the beginning of period	1,229,096	873,908
Net increase in cash and cash equivalents	-278,469	355,188
Cash and cash equivalents at the end of period	950,627	1,229,096

1.5. STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2017

YEAR 2017

Items	in EUR			
	Share capital (Founder's funds)	Capital surplus	General reserves	Total Equity
Opening balance as at December 31, 2016	4,173	225	0	4,398
Entry of additional capital payments	0	0	0	0
Restatement of prior period	0	0	982,897	982,897
Opening balance as at January 1, 2017	4,173	225	982,897	987,295
Entry of additional capital payments	0	0	0	0
Annual result	0	0	89,819	89,819
Closing balance as at December 31, 2017	4,173	225	1,072,716	1,077,114

YEAR 2016

Items	in EUR		
	Share capital (Founder's funds)	Capital surplus	Total Equity
Opening balance as at January 1, 2016	4,173	225	4,398
Entry of additional capital payments	0	0	0
Other changes	0	0	0
Closing balance as at December 31, 2016	4,173	225	4,398

2. Introductory notes and accounting policies

2.1. REPORTING ENTITY

The reporting organization Center of Excellence in Finance (CEF) is based in Slovenia. Its registered office is at Cankarjeva 18, SI-1000 Ljubljana, Slovenia.

The CEF's core activities include designing and organizing high-quality, practical and learning-centered specialization programs and training events for finance officials in South East Europe and promoting their cooperation.

The financial statements of the CEF were prepared for the business year that ended on December 31, 2017.

2.2. BASIS FOR PREPARATION

(A) STATEMENT OF COMPLIANCE. The financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and the provisions of the CEF Internal Rules.

The financial statements were approved by the CEF Director on April 6, 2018.

The financial statements were compiled in accordance with the assumption of ongoing concern. The CEF's work is not influenced by seasons; however, the financial result depends on the number and duration of approved projects.

(B) MEASUREMENT BASIS. The financial statements were compiled on a historical cost basis.

(C) FUNCTIONAL AND PRESENTATION CURRENCY. The financial statements are expressed in euros, the CEF's functional currency. All accounting data presented in euros are rounded to the nearest integer.

(D) REPORTING PERIOD. The CEF's financial year equals the calendar year.

(E) USE OF ESTIMATES AND JUDGMENTS. When preparing the financial statements, the CEF's management is required to make judgments, estimates and assumptions that affect the application of accounting policies and the reported values of assets, liabilities, revenues and expenses in accordance with the IFRS. Actual results may vary from these estimates.

The estimates and underlying assumptions are reviewed on a regular basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Estimates and assumptions are mainly associated with: estimated useful lives of amortizable assets, asset impairment, employee earnings, provisions, and contingent liabilities.

2.3. SIGNIFICANT ACCOUNTING POLICIES

The CEF has consistently applied the accounting policies to all periods presented in its financial statements.

(A) FOREIGN CURRENCY

Foreign currency transactions

Foreign currency transactions are converted into the functional currency of the CEF using the exchange rate applied on the day they arise. Cash, cash equivalents and liabilities denominated in foreign currencies are converted into the functional currency using the exchange rate applicable at the end of the reporting period. Positive or negative exchange differences are differences between the amortized cost in the functional currency at the beginning of the period, increased or decreased by the amount of applicable interest and payments in the period, and the amortized cost expressed in foreign currency, converted using the exchange rate at the end of the period. Exchange rate differences are recognized in the income statement.

(B) FINANCIAL INSTRUMENTS

Non-derivative financial assets

Receivables and deposits are initially recognized on the day they arise. Financial assets are derecognized when the contractual rights to cash flows from these assets expire, or when the CEF transfers the rights to cash flows from financial assets based on a transaction that involves the transfer of all risks and benefits associated with the ownership of the financial asset.

Depending on their maturity, they are classified as current financial assets (maturity of up to 12 months from the date of the statement of financial position) or non-current financial assets (maturity of more than 12 months from the date of the statement of financial position). Deposits and receivables are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method, less any impairment losses.

Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments not quoted on an active market. They are initially recognized at fair value and increased by any direct transaction costs. After initial recognition, loans and receivables are measured at amortized cost using the effective interest rate method, less any impairment losses. Loans and receivables include operating and other receivables.

The CEF does not invest in non-derivative financial assets with fixed or determinable payments.

The CEF checks the materiality of disclosed receivables at least once a year. Receivables for which there exists the possibility that they will not be settled in part (or not at all) within 180 days of maturity, are generally deemed as doubtful. The CEF creates an allowance for doubtful and disputed receivables in an amount equal to 100%, which is charged to revaluation operating expenses.

The ECB's reference exchange rates and the Bank of Slovenia's monthly exchange rates for currencies for which the ECB does not publish reference exchange rates are used to convert receivables denominated in foreign currencies

Cash and cash equivalents

Cash and cash equivalents include cash in hand and sight deposits.

Financial and operating liabilities

Other financial and operating liabilities are initially recognized at fair value on the day they arise, and afterwards at amortized cost using the effective interest rate method.

Liabilities are only derecognized if they have been extinguished, meaning that they have been fulfilled. The difference between the carrying amount of liabilities that have been extinguished and the consideration paid (including non-monetary assets or assumed liabilities) is recognized immediately in the profit or loss account.

Share capital (Founder's funds)

Share capital is the capital contributed by the founder. The CEF's total equity comprises capital and capital surplus.

General reserves

As envisaged in Article 17 of the CEF Financial Rules and Regulations, general reserves are created to cover the annual running costs of the CEF and its core program and shall amount at least to the total sum of one million euro. Financial result of the year shall be transferred to the general reserves, unless otherwise decided by the Governing Board.

(C) PROPERTY, PLANT AND EQUIPMENT**Recognition and measurement**

Items of property, plant and equipment are disclosed at historical cost, less depreciation costs and impairment losses.

Costs of assets produced comprise the costs of materials, direct costs of labor, other costs that can be directly attributed to enabling the use of assets for their intended purpose, costs of disposal and removal, costs of restoring the location of the asset to its original state, and capitalized borrowing costs.

Any computer software that contributes significantly to the assets' functionality should be capitalized as part of these assets.

Components of items of property, plant and equipment that have different useful lives are accounted for as separate items.

Subsequent costs

Costs arising from the replacement of parts of fixed assets are recognized at carrying value if future economic benefits associated with a part are likely to increase and if its historical cost can be measured reliably. All other costs (such as daily maintenance) are recognized as expenses in the income statement immediately after they arise.

Spare parts

Spare parts and maintenance equipment of lower value with useful lives of up to one year are treated as inventory and recognized as costs in the income statement. Spare parts and equipment of significant value with estimated useful lives exceeding one year are recognized as items of property, plant and equipment.

Depreciation

Depreciation is calculated using the straight-line method based on the useful life of each component of an item of property, plant and equipment. This is the most accurate method for predicting asset usage patterns.

Estimated useful lives for the current and comparative period are as follows:

Depreciation rates	2017	2016
Computer equipment, mobile phone, copy machine	2–3 years	2–3 years
Investment in premises	33 years	33 years
Other equipment	3–5 years	3–5 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period and adjusted if necessary. No changes in recording depreciation were applied in 2017.

(D) INTANGIBLE ASSETS**Other intangible assets**

Other intangible assets with limited useful lives are disclosed at historical cost, less amortization costs and accumulated impairment losses.

Subsequent costs

Subsequent costs associated with intangible assets are only capitalized if they increase future economic benefits arising from the asset to which the cost is related. All other costs are recognized as expenses in the income statement when they arise.

Amortization

Amortization is calculated based on an asset's purchase value or another value that is used instead. Amortization is recognized in the income statement using the straight-line method and is based on the useful life of intangible assets, starting from the date the asset is available for use. This is the most accurate method for predicting the patterns of future economic benefits associated with the asset.

Estimated useful lives for the current and comparative year are as follows:

Amortization rates	2017	2016
Software	2–3 years	2–3 years

Amortization methods, useful lives and other values are reviewed at the end of each business year and adjusted if necessary. No changes in recording amortization were applied in 2017.

(E) SHORT-TERM DEFERRED COSTS AND ACCRUED REVENUE

Costs that will occur in the next financial year but were already paid in the financial year are recorded as short-term deferred costs.

Short-term accrued revenues are revenues where costs occurred in the financial period but the formal report and reimbursement request will be submitted to the donor in the next financial year.

(F) EMPLOYEE EARNINGS

Liabilities from short-term employee earnings are measured on an undiscounted basis and are recognized as expenses as soon as the work is performed by an employee and comprise basic gross salary, allowances, and benefits.

(G) SHORT TERM ACCRUED COSTS AND DEFERRED REVENUE

The CEF records short-term deferred revenues for revenues from projects that were received in the financial year (as advance payments) for deliverables due in the next financial year.

The CEF reports short-term accrued costs for materials and services that were delivered in the financial year but for which invoices will be received in the next financial year.

(H) PROVISIONS

Provisions are recognized for legal or constructive obligation as a result of a past event that can be measured reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money, and—where appropriate—the risks specific to the liability.

Provisions for severance payments and long-service bonuses

Pursuant to the internal rules, the CEF is obliged to pay long-service bonuses and severance payments to employees and has created long-term provisions for this purpose. There are no other obligations relating to pensions. Provisions are created in the amount of estimated future severance payments and long-service bonuses, discounted at the end of the reporting period.

The CEF created non-current provisions in 2017 for long-service bonuses and severance payments at retirement as the present value of future payments required to settle liabilities arising from employees' service in the current and future periods, taking into account the costs of severance payments at retirement and the costs of all expected long-service bonuses until retirement. A discount rate of 1.9% was set for the calculation at December 31, 2017, based on the yields on 15-year corporate bonds with high credit rating in the euro area. The calculation was prepared by an outsourced actuary.

Labor costs and interest expenses are recognized in the income statement, while recalculated post-employment benefits and unrealized actuarial gains or losses from severance pay are recognized as an equity item in other comprehensive income.

(I) REVENUE

Revenue is recognized as follows:

For long-term projects, the revenue from services rendered is recognized based on the stage of completion as at the balance sheet date. Under this method, the revenue is recognized in the accounting period in which the services are rendered.

Grants

All types of grants are recognized in the financial statements when the CEF submits a report and/or issues a reimbursement request or a payment request. In addition, they are recognized in deferred revenues when the work was done but the report was not submitted by the end of the financial year.

Deferred/accrued revenues and expenses

The CEF records in short-term deferred revenues advance payments received for projects with expected deliverables in the next financial year. Short-term accrued revenues comprise revenues generated from activities delivered in the financial year that will be reported and paid for in the next financial year.

The CEF records in short-term deferred costs expenses that were paid in the financial year (such as advance payments) that will occur in the next financial year, and in short-term accrued costs expenses in the financial year for which invoices have not yet arrived.

(J) FINANCIAL INCOME AND FINANCIAL EXPENSES

Financial income includes interest from deposits and positive exchange rate differences. Financial expenses include negative exchange rate differences.

(K) INITIAL APPLICATION OF NEW AMENDMENTS TO THE EXISTING STANDARDS EFFECTIVE FOR THE CURRENT REPORTING PERIOD

The following amendments to the existing standards and new interpretation issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current reporting period:

- Amendments to IAS 7 “Statement of Cash Flows” – Disclosure Initiative – adopted by the EU on 6 November 2017 (effective for annual periods beginning on or after 1 January 2017);
- Amendments to IAS 12 “Income Taxes” – Recognition of Deferred Tax Assets for Unrealised Losses – adopted by the EU on 6 November 2017 (effective for annual periods beginning on or after 1 January 2017);
- Amendments to various standards “Improvements to IFRSs (cycle 2014–2016)” resulting from the annual improvement project of IFRS (IFRS 1, IFRS 12 and IAS 28) primarily with a view to removing inconsistencies and clarifying wording – adopted by the EU on 8 February 2018 (amendments to IFRS 12 are to be applied for annual periods beginning on or after 1 January 2017).

(L) STANDARDS AND INTERPRETATIONS ISSUED BY THE IASB BUT NOT YET EFFECTIVE

At the date of authorization of these financial statements, the following new standards issued by IASB and adopted by the EU are not yet effective:

- IFRS 9 “Financial Instruments” – adopted by the EU on 22 November 2016 (effective for annual periods beginning on or after 1 January 2018).
IFRS 9 introduces a new approach to the classification of financial assets, which depends on the characteristics of cash flows and the business model for managing a financial instrument. This

unified approach, based on the principle, replaces the existing rules-based requirements of IAS 39. IFRS 9 introduces a new impairment method with regard to the expected loss, which requires earlier recognition of expected credit losses. IFR 9 requires impairment of financial assets to use the expected credit loss model rather than the credit derived incomes model as required by IAS 39. The expected credit loss model requires the company to take into account the expected losses and their changes at each reporting date as an expression of the changed credit risk, respectively. It is no longer necessary that losses due to credit risk occur before the loss is recognized. The company estimates that the effect of the transition will not be material due to low receivables. Therefore the impact assessment of the transition as at January 1, 2018 has not yet been carried out. The transition to the new standard will be carried out during the financial year 2018.

- IFRS 15 “Revenue from Contracts with Customers” and amendments to IFRS 15 “Effective date of IFRS 15” – adopted by the EU on 22 September 2016 (effective for annual periods beginning on or after 1 January 2018).
- Amendments to IFRS 15 “Revenue from Contracts with Customers” – Clarifications to IFRS 15 Revenue from Contracts with Customers – adopted by the EU on 31 October 2017 (effective for annual periods beginning on or after 1 January 2018).
- IFRS 16 “Leases” – adopted by the EU on 31 October 2017 (effective for annual periods beginning on or after 1 January 2019).
- Amendments to IFRS 4 “Insurance Contracts” – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – adopted by the EU on 3 November 2017 (effective for annual periods beginning on or after 1 January 2018 or when IFRS 9 “Financial Instruments” is applied first time).
- Amendments to various standards “Improvements to IFRSs (cycle 2014–2016)” resulting from the annual improvement project of IFRS (IFRS 1, IFRS 12 and IAS 28) primarily with a view to removing inconsistencies and clarifying wording – adopted by the EU on 8 February 2018 (amendments to IFRS 1 and IAS 28 are to be applied for annual periods beginning on or after 1 January 2018).

New standards and amendments to the existing standards issued by IASB but not yet adopted by the EU.

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except for the following new standards, amendments to the existing standards and new interpretation, which were not endorsed for use in the EU as at April 6, 2017 (the effective dates stated below is for IFRS in full):

- IFRS 14 “Regulatory Deferral Accounts” (effective for annual periods beginning on or after 1 January 2016) – the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard;
- IFRS 17 “Insurance Contracts” (effective for annual periods beginning on or after 1 January 2021);
- Amendments to IFRS 2 “Share-based Payment” – Classification and Measurement of Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2018);
- Amendments to IFRS 9 “Financial Instruments” – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019);

- Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded);
- Amendments to IAS 19 “Employee Benefits” – Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019);
- Amendments to IAS 28 “Investments in Associates and Joint Ventures” – Long-term Interests in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2019);
- Amendments to IAS 40 “Investment Property” – Transfers of Investment Property (effective for annual periods beginning on or after 1 January 2018);
- Amendments to various standards due to “Improvements to IFRSs (cycle 2015–2017)” resulting from the annual improvement project of IFRS (IFRS 3, IFRS 11, IAS 12 and IAS 23) primarily with a view to removing inconsistencies and clarifying wording (effective for annual periods beginning on or after 1 January 2019);
- IFRIC 22 “Foreign Currency Transactions and Advance Consideration” (effective for annual periods beginning on or after 1 January 2018);
- IFRIC 23 “Uncertainty over Income Tax Treatments” (effective for annual periods beginning on or after 1 January 2019).

The CEF anticipates that the adoption of these new standards, amendments to the existing standards and new interpretations will have no material impact on the financial statements of the CEF in the period of initial application.

3. Changes in financial statements for 2016

The CEF has made two corrections in the financial statements for 2016. The General Reserve Fund that the CEF has created from positive annual results has been moved from Provisions (see Note 7) to Equity (see Note 6) in the Statement of Financial Position.

The CEF is a non-profit international organization. The income that has not been spent for current year operations is treated as a positive result that is transferred to the reserves and intended for future financing of the Program. The positive result may not be distributed to the members. In previous years unused income was transferred to the provisions before calculating the annual result that has always been 0. Such formation of provisions is not in accordance with IAS 37. The Statement of Financial Position for 2016 was restated, changed in a way that the surplus of income over expense is treated as annual result, which is shown as part of the general reserves in equity.

4. Notes to the financial statements

NOTE 1: INTANGIBLE ASSETS

Intangible assets					in EUR
	January 1, 2016	New investments	Write-offs	Amortization	December 31, 2016
Purchase value	22,842	192	-2,958	0	20,076
Accumulated amortization	-19,773	0	2,958	-2,914	-19,729
Carrying value	3,069	192	0	-2,914	347

	January 1, 2017	New investments	Write-offs	Amortization	December 31, 2017
Purchase value	20,076	0	-221	0	19,855
Accumulated amortization	-19,729	0	221	-265	-19,773
Carrying value	347	0	0	-265	82

Intangible assets comprise computer software and are recorded at purchase value. A change in position results from investment and accumulated amortization. Write-offs relate to the software that is no longer in use and was fully amortized.

NOTE 2: EQUIPMENT

Equipment					in EUR
	January 1, 2016	New investments	Write-offs	Depreciation	December 31, 2016
Purchase value	1,089,406	8,371	-92,218	0	1,005,559
Accumulated depreciation	-612,222	0	92,113	-38,210	-558,319
Carrying value	477,184	8,371	-105	-38,210	447,240

	January 1, 2017	New investments	Write-offs	Depreciation	December 31, 2017
Purchase value	1,005,559	54,877	-12,535	0	1,047,901
Accumulated depreciation	-558,319	0	12,535	-43,263	-589,047
Carrying value	447,240	54,877	0	-43,263	458,854

Equipment owned by the CEF is used to carry out the CEF's activities and comprises office, computer and other equipment, as well as investments and improvements in the business premises. A change in the position results from purchases, write-offs and accumulated depreciation. Write-offs relate to the equipment that is no longer in use.

New investments in 2017 comprise electronic equipment (computers and printers) and an air conditioning system in the CEF premises. The CEF's equipment is not pledged.

NOTE 3: TRADE RECEIVABLES

Trade receivables		in EUR	
		December 31, 2017	December 31, 2016
World Bank	FMLM	154,060	0
European Union	EUSDR	0	11,360
USAID	PACT Serbia	0	41,634
Expertise France	PFM reform Egypt	40,431	5,047
Advance payments		0	292
Other receivables		31,827	34,998
Total		226,318	93,331

Trade receivables comprise claims from projects and other receivables from original documents and without any valuation adjustment.

Trade receivables are non-interest bearing. The method of impairment did not change in 2017.

Trade receivables change from year to year depending on the life cycle of a project run by the CEF. Project EUSDR ended in 2016, while project FMLM started in 2017.

Other receivables comprise VAT refunds and social security refunds.

Age structure and changes in impairments of receivables

Age structure of receivables	in EUR			
	December 31, 2017		December 31, 2016	
	Gross amount	Impairments	Gross amount	Impairments
Not past due	226,318	0	93,164	0
Past due up to 90 days	0	0	0	0
Past due from 91 to 180 days	0	0	167	0
Past due from 181 to 365 days	0	0	0	0
More than one year	0	0	0	0
Total	226,318	0	93,331	0

NOTE 4: CASH AND CASH EQUIVALENTS

Cash and cash equivalents		in EUR	
	December 31, 2017		December 31, 2016
Cash and deposits in EUR	835,759		1,125,423
Cash and deposits in USD	114,619		103,319
Cash in hand	249		354
Total	950,627		1,229,096

Cash and cash equivalents comprise short-term deposits in EUR and USD with UniCredit Bank, Ljubljana.

NOTE 5: PREPAYMENTS AND OTHER ASSETS

Prepayments and other assets				in EUR
	January 1, 2016	Disbursement	Formatting	December 31, 2016
Accrued revenue (not yet invoiced)	24,159	-24,159	31,003	31,003
Deferred costs	9,789	-9,789	20,272	20,272
Total	33,948	-33,948	51,275	51,275

	January 1, 2017	Disbursement	Formatting	December 31, 2017
Accrued revenue (not yet invoiced)	31,003	-31,003	150,287	150,287
Deferred costs	20,272	0	42,149	62,421
Total	51,275	-31,003	192,436	212,708

Short-term deferred costs and accrued revenue comprise accrued income and costs that were paid in 2017 and will occur in 2018, such as insurance premiums and costs for developing of study material that will be put in use in 2018. Accrued revenues relate to costs of events in 2017 that will be reported to the donor in 2018.

NOTE 6: EQUITY

Equity				in EUR
	December 31, 2017	December 31, 2016 new	December 31, 2016 old	
Share capital (Founder's funds)	4,173	4,173	4,173	
Capital surplus	225	225	225	
General reserves	1,072,717	982,897	0	
Total	1,077,115	987,295	4,398	

Share capital represents start-up contribution in the amount of 4,173 euro and capital surplus.

The surplus generated in 2017 was allocated to the general reserve fund (as envisaged in the internal rules of the CEF).

NOTE 7: PROVISIONS

Provisions					in EUR
	January 1, 2016	Disbursement	Formatting	December 31, 2016	
Fund to finance CEF projects	234,893	-234,893	0	0	
World Bank / Pension reforms Conference	8,351	-8,351	0	0	
Reserves for severance pay	18,273	-3,450	73,521	88,344	
Reserves for investment	116,744	-116,744	0	0	
General reserves	519,329	0	463,568	982,897	
Total	897,590	-363,438	537,089	1,071,241	

	January 1, 2016	Disbursement	Formatting	Restatement for prior year- Transfer to equity	December 31, 2016
Fund to finance CEF projects	234,893	-234,893	0	0	0
World Bank / Pension reforms Conference	8,351	-8,351	0	0	0
Reserves for severance pay	18,273	-3,450	73,521	0	88,344
Reserves for investment	116,744	0	0	-116,744	0
General reserves	519,329	0	0	-519,329	0
Total	897,590	-246,694	73,521	-636,073	88,344

	January 1, 2017	Disbursement	Formatting	December 31, 2017
Reserves for severance pay	88,344	-10,700	20,472	98,116
Reserves for material	0	0	30,000	30,000
Total	88,344	-10,700	50,472	128,116

The CEF created provisions for severance payments and long-service bonuses based on the current value of its liabilities to employees (see also Note 16).

NOTE 8: LONG-TERM ACCRUED COSTS AND DEFERRED REVENUE

Long-term accrued costs and deferred revenue				in EUR
	January 1, 2016	New investments	Amortization and depreciation	December 31, 2016
Fund to finance amortization and depreciation	480,253	8,563	-41,124	447,692
Carrying value				447,692
	January 1, 2017	New investments	Amortization and depreciation	December 31, 2017
Fund to finance amortization and depreciation	447,692	54,877	-43,528	459,041
Carrying value				459,041

Long-term accrued costs and deferred revenue comprise a fund to finance depreciation and amortization.

NOTE 9: OPERATING LIABILITIES

Operating liabilities			in EUR
	December 31, 2017	December 31, 2016	
Trade payables to Slovenian suppliers	43,112	58,474	
Trade payables to foreign suppliers	33,658	80,178	
Liabilities to employees	80,521	81,167	
Other short-term liabilities	1,172	34,465	
Total	158,463	254,284	

Operating liabilities comprise accounts payable (short-term trade payables to suppliers of goods and services, including maintenance services), liabilities to employees (December salary), and other short-term liabilities (other taxes and lecturers' fees).

Trade payables to foreign suppliers were significantly higher on December 31, 2016 than on December 31, 2017 because the partner institution CIPFA sent its invoices for services rendered in 2016 only in January 2017.

NOTE 10: ADVANCES PAYABLE AND OTHER CURRENT LIABILITIES

Advances payable and other current liabilities				in EUR
	January 1, 2016	Disbursements	Formatting	December 31, 2016
Deferred revenues for projects	0	0	39,135	39,135
Accrued expenses for projects	54,350	-54,350	0	0
Other deferred revenues	74,170	-74,170	0	0
Other accrued costs	7,205	-7,205	4,539	4,539
Total	135,725	-135,725	43,674	43,674

	January 1, 2017	Disbursements	Formatting	December 31, 2017
Deferred revenues for projects in the region	39,135	-39,135	0	0
Other accrued costs	4,539	-4,539	55,855	55,854
Total	43,674	-43,674	55,855	55,854

Short-term accrued costs comprise costs in 2017 for which invoices have not yet been received.

Formatting deferred revenues for projects represent revenues received in 2016 for costs that occurred in 2017 and comprise deferred revenue for project PACT Serbia. There is no such project at the end of 2017.

Other accrued expenses relate to auditing services and costs of unused annual leave days that were allocated to the staff for year 2017 and are to be used by August 31, 2018

NOTE 11: REVENUE FROM PROGRAM

Revenue from program in 2017	Project	Invoiced	From/To accrued revenue	From/To deferred revenue	in EUR
					Net amount
Ministry of Finance, Slovenia	Program 2017	800,000	0	0	800,000
Ministry of Foreign Affairs, Slovenia	PACT Montenegro	49,966	0	0	49,966
Ministry of Foreign Affairs, Slovenia	PACT Serbia	60,000	0	0	60,000
World Bank	FMLM project	154,060	0	0	154,060
USAID	PACT Montenegro	36,881	0	39,135	76,016
USAID	PACT Serbia	0	105,169	0	105,169
Federal Ministry of Foreign Affairs, Germany	TIAPS Montenegro	99,707	0	0	99,707
IMF	Workshops	91,173	35,726	0	126,899
Ministry of Finance, the Netherlands	Tax Administration, PIFC, FMLM	290,040	9,392	0	299,432
Bank of Slovenia	CB workshops	272,500	0	0	272,500
Expertise France	PFM reform Egypt	78,260	0	0	78,260
Other	Small events	9,619	0	0	9,619
To provisions to finance amortization and depreciation		0	0	-54,877	-54,877
From provisions to finance amortization and depreciation		0	0	43,528	43,528
Total		1,942,206	150,287	27,786	2,120,279
Transfer to reserves		0	0	-89,820	-89,820

Revenue from program in 2016	Project	Invoiced	From/To accrued revenue	From/To deferred revenue	in EUR
					Net amount
Ministry of Finance, Slovenia	Program 2016	800,000	0	0	800,000
Ministry of Finance, Slovenia	TIAPS Montenegro	60,000	0	0	60,000
Ministry of Foreign Affairs, Slovenia	PACT Serbia	60,000	0	0	60,000
World Bank	PEM PAL	9,375	0	0	9,375
World Bank	PACT Macedonia (MoF Macedonia)	89,863	0	0	89,863
USAID	TIAPS Macedonia	140,535	0	0	140,535
CEI	PACT Macedonia	18,786	0	0	18,786
Federal Ministry of Foreign Affairs, Germany	TIAPS Montenegro	100,000	0	0	100,000
UNDP	PACT Montenegro	87,907	31,003	0	118,910
IMF	Workshops	94,244	0	0	94,244
Ministry of Finance, the Netherlands	Tax Administration, PIFC	400,214	0	24,159	424,373
OECD	Workshop	3,395	0	0	3,395

Revenue from program in 2016	Project	Invoiced	From/To accrued revenue	From/To deferred revenue	in EUR
					Net amount
GIZ	RMMS	70,000	0	0	70,000
European Union (Danube Strategy Point)	EUSDR	53,358	0	0	53,358
European Central Bank	Annual regional seminar	4,000	0	0	4,000
Bank of Slovenia	Visiting expert	0	0	51,000	51,000
Bank of Slovenia	Workshops	100,000	0	0	100,000
Expertise France	Tax administration	17,449	0	23,169	40,618
Other	Small events	16,583	0	0	16,583
To provisions to finance amortization and depreciation		0	0	-8,563	-8,563
From provisions to finance amortization and depreciation		0	0	41,124	41,124
Total		2,125,709	31,003	130,889	2,287,601
Transfer to reserves		0	0	-103,580	-103,580

In addition, the Government of Slovenia contributed to the CEF by granting free of charge premises. This is an in-kind contribution that was not recorded in the CEF books estimated at euro 12 per square meter (in total EUR 178,742.62 + VAT (39,323.24 EUR) = EUR 218,066).

NOTE 12: Financial income represents interest on deposits and exchange rate changes.

NOTE 13: Other revenue represents the reconciliation result.

NOTE 14: COSTS OF MATERIALS

Costs of materials	in EUR	
	Generated in 2017	Generated in 2016
Costs of energy	35,420	32,808
Materials and spare parts	32,170	18,995
Office supplies	4,112	5,087
Other costs of materials	9,746	9,920
Total	81,447	66,810

Costs of materials and spare parts comprise spare parts for equipment and materials for renovating and maintaining the CEF premises.

NOTE 15: COSTS OF SERVICES

Costs of services	in EUR	
	Generated in 2017	Generated in 2016
Production services costs	121,579	104,762
Transport services costs for events	188,905	174,851
Rents	2,245	3,700
Costs of employees' business travels	29,548	29,229
Payments, bank services, insurance costs	9,264	10,203
Intellectual services costs for events	58,654	194,000
Intellectual services costs	44,220	27,055
Costs of exhibition, advertising	1,125	4,236
Personal services costs for events (authors, translators, mentors)	160,837	241,489
Costs of other services for events	192,885	246,450
Total	809,262	1,035,975

Intellectual services for events records fees for experts, authors, translators and mentors who work from their companies and issue invoices to the CEF; and personal services for events records fees for experts, authors, translators and mentors who are paid by contract. The CEF records transport services for events (e.g. travel for participants) only when sponsored by a donor. Other services for events comprise copying materials, rent of interpretation equipment and classrooms when workshops are organized outside the CEF, as well as refreshments and lunches for participants. Intellectual services are costs of experts that support the CEF with services, such as communications, legal advice and recruitment of staff needed to replace the staff members on maternity leave.

NOTE 16: LABOR COSTS

Labor costs	in EUR	
	Generated in 2017	Generated in 2016
Employee salaries	796,859	732,743
Employee salaries compensation	13,805	8,880
Reimbursement and other employee benefits	116,678	99,739
Employer's salaries contributions, taxes	120,608	121,048
Other labor costs	20,472	73,521
Total	1,068,422	1,035,931

The CEF calculates salaries and other labor-related costs (meal and travel allowance, supplement health and pension insurance, travel insurance) according to the CEF Rules of Employment, Annex I. On December 31, 2017, the CEF had 29 employees, comparing to 26 on December 31, 2016.

In 2017, the CEF calculated the costs of annual leave days that were unused in 2017 and are to be used by the end of August 2018.

Other labor costs comprise provisions for severance payments and long-service bonuses.

The earnings of members of the Executive Management and Governing Board

Data regarding groups of persons	in EUR	
	Employees under individual employment contract	
	December 31, 2017	December 31, 2016
Salaries	65,781	61,642
Reimbursement and other employee benefits	15,113	4,339
Total	80,894	65,981

Members of the Governing Board are not compensated.

Number of employees by formal education level

Number of employees by formal education level (EQF)		
	December 31, 2017	December 31, 2016
Level 4	3	2
Level 5	1	1
Level 6	3	3
Level 7	18	16
Level 8	4	4
Total	29	26

NOTE 17: AMORTIZATION AND DEPRECIATION

Amortization and depreciation		in EUR
	Generated in 2017	Generated in 2016
Amortization of intangible assets	265	2,914
Depreciation of equipment	25,158	20,105
Depreciation of other fixed assets	18,105	18,105
Total	43,527	41,124

NOTE 18: OTHER OPERATING COSTS

Other operating costs		in EUR
	Generated in 2017	Generated in 2016
Contributions not related to labor costs	2,395	2,628
Students' work	7,772	7,426
Other costs	450	748
Total	10,617	10,802

NOTE 19: Financial expenses record negative exchange rate changes.

NOTE 20: Other expenses represent differences from rounded amounts paid in cash.

5. Determination of fair value and risk management

The CEF is exposed to the following risks: strategic, reputational, operational and financial.

The CEF's prudent approach to risk management helps the CEF maintain its high level of operational quality and is crucial for achieving its business goals. The use of standard methodologies and risk management procedures enables quality risk assessment, timely responses, and minimum exposure of the CEF to major risks, being strategic, reputational, operational and financial.

Strategic risks may arise from the pursuit of an unsuccessful business plan, poor business decisions, substandard execution of decisions, inadequate resource allocation, and/or from a failure to respond well to changes in the business environment. The CEF manages these risks by close cooperation and under supervision by the Governing Board and other stakeholders.

Reputational risks may result in damages to the CEF's reputation, which may manifest either in lost revenues or increased costs and in destruction of stakeholders' value and trust. To minimize these risks, the CEF invests in building its ethics, security, sustainability, quality and innovation to remain capable of answering to stakeholders' needs.

Operational risks are imputed in CEF business activities through inadequate or failed internal processes, people and systems, as well as from some external events. The CEF manages these risks by strict implementation of internal procedures that include but are not limited to strict implementation of the principle of four eyes, introduction of the internal audit function, and training managers to improve their control functions.

Financial risks are associated with financing, including budgeting, managing expenses within budgets, and overspending in case a project cannot be successfully completed without additional expenses. The CEF manages these risks by budgeting for all expenses that might occur within the project and building sufficient reserves to cover potential loss from the project.

CREDIT RISK

Credit risk		in EUR	
	Note	December 31, 2016	December 31, 2016
Cash and cash equivalents	4	950,627	1,229,096
Trade receivables	3	226,318	93,331
Total		1,176,945	1,322,427

CURRENCY RISK

Exposure to changes in exchange rates is presented in the table below.

Currency risk		in EUR			
	December 31, 2017	EUR	USD	CHF	GBP
Cash and cash equivalents	950,627	836,008	114,619	0	0
Trade receivables	226,318	190,592	35,726	0	0
Operating liabilities	128,463	125,741	0	2,722	0
Total	1,305,407	1,152,340	150,345	2,722	0

Currency risk					in EUR
	December 31, 2016	EUR	USD	CHF	GBP
Cash and cash equivalents	1,229,096	1,125,777	103,319	0	0
Trade receivables	93,331	51,697	41,634	0	0
Operating liabilities	254,284	249,453	836	2,211	1,784
Total	1,576,711	1,426,927	145,789	2,211	1,784

INTEREST-RATE RISK

Exposure to interest-rate risk, i.e. the risk of changes in interest rates on deposits, is low. By planning investment activities, current operations and deposits, the CEF's cash flows are coordinated and do not require borrowings.

Interest-rate risk			in EUR
	December 31, 2017	December 31, 2016	
Financial instruments at fixed interest rates			
Financial assets (deposits)	834,782	1,124,454	
Financial liabilities	0	0	
Financial instruments at fixed interest rates			
Financial assets	0	0	
Financial liabilities	0	0	
Total	834,782	1,124,454	

Determination of fair value

Given the CEF's accounting policies and classification approach, the determination of the fair value of both financial and non-financial assets and liabilities is necessary.

The fair values of individual groups of assets were determined for measurement and/or reporting purposes based on the method described below.

Non-current financial assets

The fair value of non-current financial assets is determined based on the closing market price as at the reporting date.

Financial liabilities

Fair value is calculated for reporting purposes based on the present value of future principal and interest payments, discounted using a market interest rate at the end of the reporting period.

Trade and other receivables

The fair value of operating and other receivables is calculated for reporting purposes based on the present value of future principal and interest, discounted according to a market interest rate at the reporting date.

Financial instruments are categorized to three levels with respect to the calculation of their fair value:

Level 1 – assets and liabilities at market price (the use of published prices arising on an active market for the same assets or liabilities);

Level 2 – assets and liabilities not classified as Level 1 but whose value is determined directly or indirectly on the basis of market observables;

Level 3 – assets and liabilities whose value cannot be determined on the basis of market observables and thus cannot be classified to Level 1 or Level 2.

The fair value of current assets and liabilities is equal to their carrying amount.

FAIR VALUE

Fair value				in EUR
	Carrying amount	2017 Fair value	Carrying amount	2016 Fair value
Non-current assets	458,936	458,936	447,587	447,587
Trade receivables	226,318	226,318	93,331	93,331
Cash and cash equivalents	950,627	950,627	1,229,096	1,229,096
Prepayments and other assets	212,708	212,708	51,275	51,275
Trade payables	76,770	76,770	138,652	138,652
Other short-term payables	1,172	1,172	34,465	34,465
Advances payable and other current liabilities	25,854	25,854	43,674	43,674
Total	1,952,385	1,952,385	2,038,080	2,038,080

FAIR VALUE OF ASSETS

Fair value of assets				in EUR		
	2017			2016		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Non-current assets	458,936	0	0	447,587	0	0
Trade receivables	226,318	0	0	93,331	0	0
Cash and cash equivalents	950,627	0	0	1,229,096	0	0
Prepayments and other assets	212,708	0	0	51,275	0	0
Total	1,848,589	0	0	1,821,289	0	0

FAIR VALUE OF LIABILITIES

Fair value of liabilities				in EUR		
	2017			2016		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Trade payables	76,770	0	0	138,652	0	0
Other short-term payables	1,172	0	0	34,465	0	0
Advances payable and other current liabilities	25,854	0	0	43,674	0	0
Total	103,796	0	0	216,791	0	0

6. Related party transactions

The CEF does not have related parties.

The earnings of members of the Executive Management and Governing Board are presented in Note 16: Labor costs.

7. Events after the statement of financial position date

There were no events after the balance sheet date that would have a material effect on the financial statements for the year 2017.

8. Certified auditor's report



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INDEPENDENT AUDITOR'S REPORT to the founders of Center of Excellence in Finance

Opinion

We have audited the financial statements of the organization Center of Excellence in Finance (hereinafter "the Organization"), which comprise the statement of financial position as at 31 December 2017, and the statement of profit or loss, statement of other comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at 31 December 2017, and its financial performance and cash flow statement for the year then ended in accordance with the International Financial Reporting Standards as adopted by the EU (hereinafter 'IFRSs').

Emphasis of Matter

We draw your attention to note 3 'Changes to financial statements for 2016' in the financial statements, where the management describes the restatement in accordance with the IFRSs. Our opinion is not modified in respect of this matter.

Other Matter

The financial statements of the Organization for the year ended 31 December 2016 were audited by another auditor, who issued an unmodified opinion on 21 April 2017.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and other ethical requirements that are relevant to our audit of the financial statements in Slovenia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Information

The other information comprises the information, included in Annual report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information.

Ime Deloitte se nanaša na Deloitte Touche Tohmatsu Limited, pravno osebo, ustanovljeno v skladu z zakonodajo Združenega kraljestva Velike Britanije in Severne Irske (v ovrhah UK) priretno company limited by guarantee, in mrežo njenih članic, od katerih je vsaka ločena in samostojna pravna oseba. Podroben opis pravne organiziranosti združenja Deloitte Touche Tohmatsu Limited in njenih družb članic je na voljo na <http://www2.deloitte.com/si/en/pages/about-deloitte/articles/about-deloitte.html>

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In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, assess whether the other information is materially inconsistent with the financial statements, legal requirements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements.
- The other information is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Organization obtained in the audit, on whether the other information contains any material misstatement of fact. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact.

Responsibilities of Management and Governing Board for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing matters related to going concern and using the going concern bases of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Governing Board is responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

With Governing board we communicate the planned scope and timing of the audit and significant findings from the audit, including significant deficiencies in internal control we have identified during our audit.

DELOITTE REVIZIJA d.o.o.

Anja Gorenc
Certified auditor



Deloitte.

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Ljubljana, Slovenija 3

Ljubljana, 6 April 2018

APPENDIX:

IMF Technical Advisors' Report

The CEF currently hosts two IMF Fiscal Affairs Department technical assistance advisors, Suzanne Flynn, covering public financial management, and Steffen Normann Hansen, covering revenue administration, and an IMF Statistics Department technical assistance advisor, Deon Florian Tanzer, covering government finance statistics.



IMF FAD Public Financial Management Advisor

This position is funded by the European Union as part of the project »Strengthening Economic Governance and Public Financial Management in Southeastern Europe«

Country	Priorities areas	Activities	Comments on progress
Albania	PFM reforms Fiscal transparency Medium-term budget framework (MTBF) Fiscal risks Multi-year commitments Legal framework	FAD missions: public investment management and public-private partnerships (October); fiscal risk management and development of the fiscal risks statement (March, September) Regional advisor's visits focus on enhancing public investment management and PEFA (desk reviews)	Fiscal Risk and Public Investment Units established in the Ministry of Finance. Drafts of the first fiscal risks statement produced and a framework for fiscal risk management developed
Bosnia and Herzegovina	PFM reforms Budget credibility Fiscal reporting	Regional advisor's visits focus on PFM reforms (January) Regional advisor's presentation on public investment management assessment (August) Desk review of the draft PFM reform strategy for the Federation of Bosnia and Herzegovina (March)	PFM reform strategy development underway, drafts approved for state institutions, Federation of Bosnia and Herzegovina and District of Brcko

Country	Priorities areas	Activities	Comments on progress
Kosovo	Public investment and medium-term expenditure framework	FAD mission to strengthen the medium-term expenditure framework, follow up on PIMA (April) Short-term expert mission to develop improvements to the PIP system and multi-year commitments (October)	Enhanced quarterly reporting of PIM projects. Draft administrative instruction on PIM developed
Macedonia	Fiscal rules PFM reform program	FAD mission on cash management and PFM reform Regional advisor's visit on PFM reform dialogue and comments on the draft strategy Short-term expert mission on developing the organic budget law	Draft organic budget law produced PFM reform program approved in December 2017
Montenegro	Public debt, cash management Transition to accrual accounting	FAD mission on medium-term budget framework and spending reviews Regional advisor's visit to take stock Two short-term expert's visits on cash forecasting, institutional framework for cash management, credit risk assessment of guarantees, debt reporting and implementing the new structure of the debt department Desk review of the action plan for transition to accrual accounting	Framework and model for cash forecasting developed, annual revenue forecasts produced. Methodology for credit risk assessment of guarantees drafted Draft action plan developed to support the strategy for transition to accrual accounting
Serbia	PFM reform program Budget credibility Legal framework Accounting and reporting SOE monitoring	FAD mission on spending review process (June) Regional advisor's and FAD's comments on GAP analysis of current accounting practices Short-term expert's visit on accrual accounting reforms (March)	GAP analysis on accounting practices produced by the World Bank, expected to provide a basis for a detailed action plan for transition to accrual accounting
All countries in the region	CEF workshops and other CEF-led activities	Understanding Budget Baselines vs. New Policy Initiatives webinar (April) EU Funding Sources for South East Europe (April) Public Investment Management (September) Improving the Reliability of Macroeconomic and Macroeconomic Forecasts (October) Managing Non-Financial Assets webinar (October) Spending Reviews webinar (November) Fiscal Risks and Public Corporations (December) Improving the Coverage and Comprehensiveness of Financial Statements (December)	Support to MTEF development in the region Effective programming, implementation and monitoring of externally funded projects Improved public investment management Enhanced macrofiscal forecasts to support PFM Support to accounting reforms Support to fiscal consolidation efforts Support to enhanced fiscal risk management and oversight of public corporations Support to accounting reforms

IMF FAD Revenue Administration Advisor

This position is funded by the European Union as part of the project »Strengthening Economic Governance and Public Financial Management in Southeastern Europe«

Country	Priorities areas	Activities
Albania	<p>Progressive alignment of tax administration organization, governance, business processes, and compliance management with EC Fiscal Blueprint standards</p> <p>Properly organized headquarters and regional structures, and sound and effective governance structures</p>	<p>In 2017, the IMF continued a strong support program for the General Directorate for Taxation (GDT). This included one IMF Headquarters (HQ) mission, several visits by the regional revenue advisor, and a program of seven visits by short-term expert advisors</p> <p>The GDT's HQ is now better organized to guide, monitor and support field operations; a new strategic plan is in place; previously identified weaknesses, including those identified through the 2016 TADAT mission, are being systematically addressed; and there is evidence of high-level management and staff engagement throughout the GDT with the new strategic direction</p>
Kosovo	<p>Core tax administration functions to be developed to a level that supports correct and timely registration of taxpayers and filing of returns of overpaid taxes</p>	<p>In 2017, the IMF shifted its focus from assisting the merger process between the Customs and Tax Administrations back to a more direct assistance to the Tax Administration of Kosovo (TAK). This included two HQ missions, several visits by the regional revenue administration advisor, and a program of eight short-term expert advice</p> <p>The TAK has continued to successfully develop and strengthen its tax administration capabilities over the recent years. The main achievement is significant improvements in services to taxpayers. Modern taxpayers' service centers have been opened in all regions and e-services have been introduced, including e-filing for all return types</p>
Montenegro	<p>Core tax administration functions to be efficient, especially registration and filing, effective management of late stop-filers, and control of tax arrears</p> <p>Adopting a compliance risk management approach that promotes voluntary compliance and focuses on identifying and mitigating major risks</p>	<p>One HQ mission, several visits by the regional revenue advisor and a program of seven short-term expert advice have guided the Montenegro Tax Administration (MTA)</p> <p>The MTA has made significant improvements to lift performance, notably in reversing the upward trend in tax arrears. The recently enacted incentive to reschedule tax arrears shows early signs of being successful and should help accelerate a downward movement in arrears. New service initiatives have been introduced, e.g. a charter of taxpayers' rights and responsibilities</p>
All countries in the region	CEF training courses and conferences	<p>IMF workshop on Revenue Forecast (January)</p> <p>From Enforced to Voluntary Compliance (April)</p>

IMF Government Finance Statistics Technical Advisor

A resident advisor has been based at the CEF since September 2016, providing the IMF's technical assistance regarding government finance statistics (GFS) in South East Europe. His work is funded by the Switzerland State Secretariat for Economic Affairs as part of the second phase of the GFS capacity building project. The resident advisor assists compilers in various national institutions on how to develop GFS data and data reporting, both for the IMF and the EU, in compliance with the fiscal reporting requirements (the so-called Maastricht deficit and debt and the Excessive Deficit Procedure).

The resident advisor is responsible for five EU pre-accession countries: Albania, Bosnia and Herzegovina, Kosovo, Macedonia and Serbia. Successful implementation of Eurostat reporting on GFS will contribute to closing EU Acquis Chapter 18 (statistics) during formal EU membership negotiations.

Country	Activities	Comments on progress
Albania	Developing a bridge from the chart of accounts to GFSM 2014 and ESA 2010 Developing reconciliation methods – cash accounting to GFS Establishing integrated compilation process BOA, MOF and INSTAT Methodological questions addressed UNCTAD workshop on Statistics and Debt Management Facility 5 project missions	Register of public sector units classified and published on INSTAT's website Core general government debt data disseminated to the QPSD database Comprehensive GFS data reported to the IMF GFS Yearbook Compiling experimental EU data as part of an EU-funded project started
Bosnia & Herzegovina	Developing a bridge from the chart of accounts to GFSM 2014 and ESA 2010 for all levels of government Developing reconciliation methods – accrual accounting to GFS Methodological questions addressed GFS presentation at the International Conference on Official Statistics, Sarajevo 7 project missions	Register of public sector units classified, yet to be published Core general government debt data disseminated to the QPSD database Comprehensive GFS data reported to the IMF GFS Yearbook Compiling experimental EU data as part of an EU-funded project started
Kosovo	Developing a bridge from the chart of accounts to GFSM 2014 and ESA 2010 Developing reconciliation methods – cash accounting to GFS Developing compilation methods public sector units Methodological questions addressed 5 project missions	Register of public sector units classified, published on MOF website Core general government debt data disseminated to the QPSD database Operations and financing GFS data reported to the IMF GFS Yearbook Migration fiscal surveillance data to GFSM 2014 framework in test phase

Macedonia	Developing a bridge from the chart of accounts to GFSM 2014 and ESA 2010 Developing reconciliation methods – cash accounting to GFS Developing GFS compilation systems Advising on financial accounts compilation, including GFS financial balance sheet Methodological questions addressed 3 project missions	Register of public sector units classified, yet to be published Core central government debt data disseminated to the QPSD database Operations and financing GFS data reported to the IMF GFS Yearbook Compiling experimental EU data as part of an EU-funded project started
Serbia	Developing a bridge from the chart of accounts to GFSM 2014 and ESA 2010 Developing reconciliation methods – cash accounting to GFS Developing GFS compilation systems Developing cash to accrual accounting methods Advising on GFS financial accounts compilation Methodological questions addressed 5 project missions	Register of public sector units classified, yet to be published Compiling experimental and official (taxes received) EU data as part of an EU-funded project started
5 project countries + Montenegro + Slovenia	SECO-funded GFS project workshop	
All countries in the region	CEF workshop on Financial Statements: How to Improve Coverage and Comprehensiveness?	Has started compiling experimental EU data as part of an EU-funded project.

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IN PREPARATION AND IMPLEMENTATION OF OUR LEARNING PROGRAM WE COOPERATE WITH A NUMBER OF LONG-STANDING PARTNER AND KNOWLEDGE INSTITUTIONS, PEER ORGANIZATIONS AND NETWORKS



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About us

CEF is international organization with the mission to support capacity development for finance officials in South East Europe through learning. We work with our constituency to support their public financial management, tax policy and administration, and central banking reform efforts. We do this through innovative, participatory, and practical learning solutions. The CEF serves as a knowledge hub for the region. We combine topical expertise and in-depth knowledge of countries in the region with a good comprehension of how reforms take place. We know how to nourish and expedite learning among individuals and institutions.

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