

# STRATEGIC PLANNING AND BUDGETING

## Effective Multi- Beneficiary Learning and Networking Project

**4** Strategic planning and budgeting at a glance

**6** What difference the project made?

**8** Value creation stories

**12** Who supported the learning agenda?

**16** CEF at a glance



This project is funded by the European Union.



## Dear colleagues,

**As South East European countries pursue to strengthen governance for growth, and work toward EU accession and convergence, they face major challenges to develop and implement effective macroeconomic and fiscal policies.**



We have delivered 21 EU-funded learning and networking activities since 2013, attended by more than 400 participants. The SPB activities were implemented in cooperation with our partners: the International Monetary Fund, Joint Vienna Institute and Regional School of Public Administration. Our work has been highly rewarding. Through a series of trainings we have experienced the dynamic capacity development of countries in South East Europe that are preparing for EU accession. We have learned a lot from local and international experts, and have better understood the specific needs of beneficiaries and how to address them.

**T**he economic and financial crisis, which has affected many emerging markets, including in the region, underscores the key role that strongly anchored medium-term economic and fiscal programs need to play in helping the region's economies apply international standards.

The Strategic Planning and Budgeting (SPB) project that we developed on the initiative of our beneficiaries has helped strengthen countries' knowledge and skills in responding to the European Commission's macrofiscal surveillance requests.

We have been collecting feedback from the beneficiaries throughout the project to get first-hand information about the project results. We also headed on a tour in the region to talk with the beneficiaries in person and write down their stories. To this end, we followed the Wenger-Trayner conceptual framework on value created by training activities for participants, their organizations, and stakeholders.

I am pleased that the CEF has considerably contributed to the region's capacity development as a unique cross-link for the project's donors, experts, beneficiaries, and training experts.

**Jana Repanšek**, CEF Deputy Director

# Strategic planning and

## LEARNING AND NETWORKING PROJECT

- Implemented between 2013 and 2015
- Developed at the request of member institutions, with input from the European Commission and close involvement of international financial institutions and experts across South East Europe

## IMPLEMENTED BY LEADING INSTITUTIONS IN CAPACITY DEVELOPMENT

- Center of Excellence in Finance
- European Union
- International Monetary Fund
- Joint Vienna Institute
- Regional School of Public Administration

## DESIGNED TO ADDRESS CAPACITY DEVELOPMENT PRIORITIES

- Ineffective medium-term macroeconomic framework
- Ineffective medium-term fiscal framework
- Insufficient incorporation of structural policies with national budgets
- Insufficient integration of planning processes and reporting in preparation of strategic documents

## TOTAL BUDGET

- EUR 1,000,000 (MB IPA 2012), 2-3 funded places per beneficiary country and activity
- In kind contributions of the IMF, ReSPA and several experts



## FACTS AND FIGURES

**21**  
activities

delivered, with a total length of 53 days (excluding e-learning)

**400+**  
participants

of which over 320 were funded by the EU

**50+**  
faculties

involved

**10+**  
experts

from beneficiary countries

**30+**  
SPB Newsfeed items

**20+**  
value creation stories

collected

# budgeting at a glance

## BENEFICIARIES

### • Beneficiary region

EU candidates and potential candidates covered by the IPA 2007–2013 (Western Balkans + Turkey).

Officials from other South East European countries (especially Moldova) joined several SPB activities, as far as space permitted and other funding sources were identified. Their participation supported the regional exchange of knowledge and experience.

### • Target institutions

Institutions in charge of strategic planning and budgeting processes (mainly ministries of finance), budget users (in particular budget-intensive line ministries) and, to some degree, central planning authorities, central banks, and macroeconomic research institutes

### • Target groups

Public administration officials at top, middle, and junior levels involved in the design, implementation, and coordination of medium-term macroeconomic and fiscal policies



# What difference the project made?

## The SPB project helped:

Raise awareness among top-level officials coordinating and contributing to medium-term macrofiscal frameworks about the need and opportunities to improve those frameworks

Strengthen capacities, and share experiences and good practices in the preparation of medium-term macrofiscal frameworks

Create networks among officials involved in the preparation of medium-term macrofiscal frameworks

Identify and train experts from beneficiary countries and involve them in the project's capacity development activities

Improve policy coordination processes among institutions coordinating and contributing to medium-term macrofiscal frameworks



## Beneficiaries' impressions:

“ We are in the process of adopting the Fiscal Responsibility Law, so medium-term budget frameworks in the context of fiscal rules and fiscal councils will be useful.

“ The knowledge from the workshop is very useful for my work, because we prepare and execute the budget, and we also submit reports to the members of the parliament.

“ My country will implement fiscal rules and establish a fiscal council in the future and I will advise the ministry in these matters.

“ I will now be able to give more precise answers to the budget department's questions about macro forecasting.

“ For me, the identification of the challenges and bottlenecks in introducing a medium-term budget framework was most helpful.

“ The lecturers' knowledge of the topic was very good and they answered all our questions.

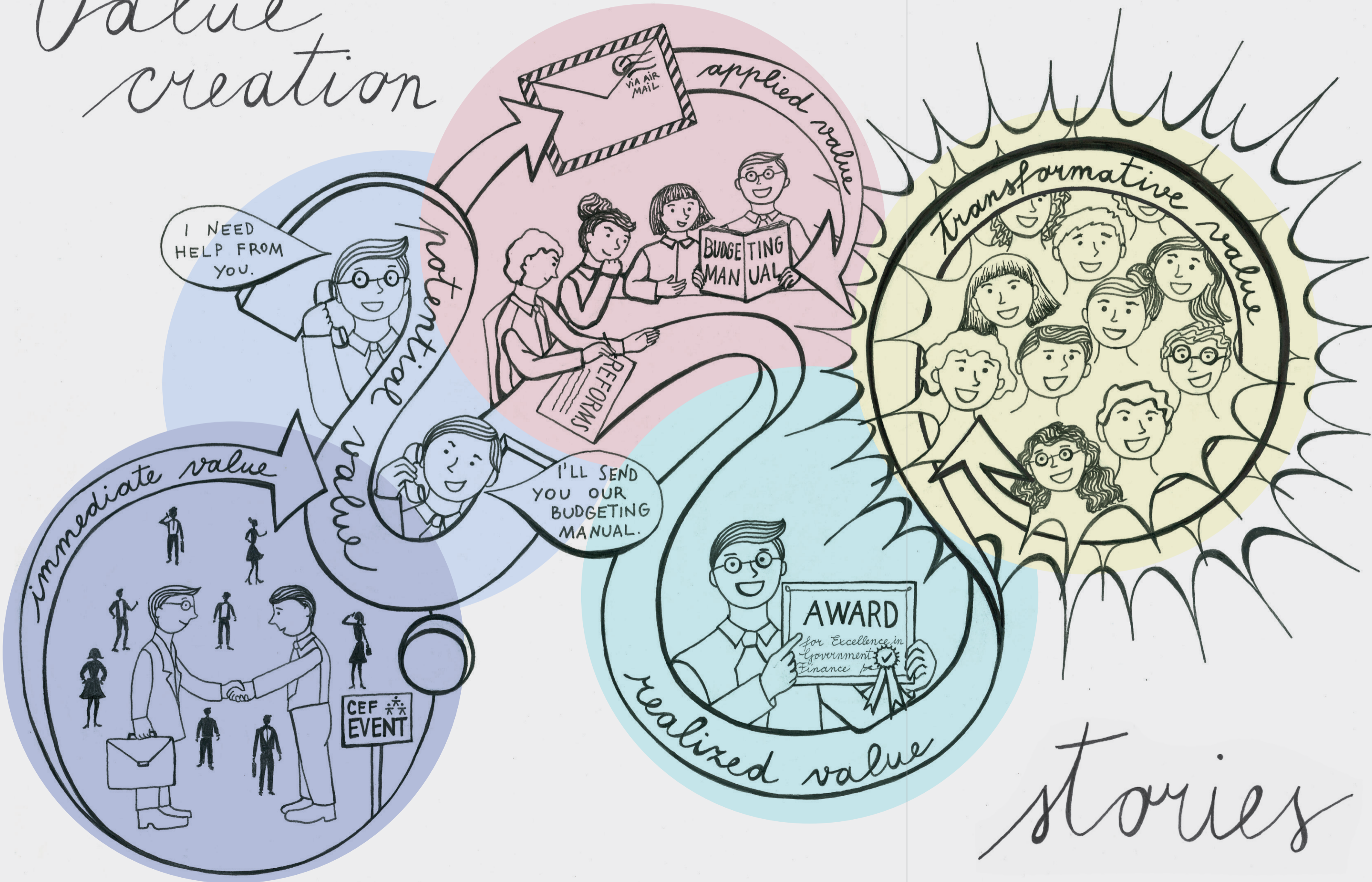
“ I have broader knowledge of the need for medium-term budget frameworks within line ministries. I will try to incorporate some of the things I learned into the writing of the fiscal strategy (including the reconciliation table and less aggregate ceilings reported in the strategy).

“ I gained new knowledge that will help me be smarter in work-related discussions, and I will also share it with my colleagues.

“ The lecturers were incredibly good, with powerful energy during their presentations.

“ The preconditions for medium-term budgeting also affect the implementation of institutional strategic plans. So I will now consider and pay greater attention to these preconditions.

# Value creation



**W**e collected value-creation stories to better understand the impact of the project activities on the work of individual participants, as well as their organizations. According to the Wenger-Trayner conceptual framework, 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 stories to show the causal link between our learning initiatives and impact on beneficiary institutions.

## The value created by attending a learning initiative:

### CYCLE 1

Starts with describing the immediate values: sharing experience, meeting others, sharing similar challenges, etc.

### CYCLE 2

Continues with outlining the newly created knowledge capital: inspiration, new insights, new methods & tools, new connections, etc.

### CYCLE 3

Explains any application of it to solve a specific challenge: change practice, start a new collaboration, apply a new method, etc.

### CYCLE 4

Finally, the learning experience may link to actual performance changes that are meaningful to participants and their organizations: improve personal or Ministry performance in area of budgeting, etc.

### CYCLE 5

And may inform a redefinition of performance or reconsideration of strategies, goals and values: possible transformation in the way things are done.

# Value creation stories



**Milena Milović**  
Advisor, Budget Directorate, Ministry of Finance, Montenegro

” I attended the kick-off SPB event on Strengthening Fiscal Institutions. I found the comparative approach very useful as it enabled me to deliver a set of comparative models and solutions during drafting of our reformist laws, in particular the Budget Responsibility Law. I also learned about the experiences of other countries in the region regarding fiscal rules and shared that knowledge with the working group responsible for writing this law in our Ministry of Finance, who will take the regional experiences in account in further law drafting.

I find it very useful that line ministries participated at the SPB learning events this year, as they benefit from the trainings equally with the Ministry of Finance.

At the SPB workshops, I experienced that not all countries in South East Europe have sufficient access to suitable domestic literature and coursework on applied economics and macroeconomic forecasting. Especially young professionals have limited options to learn from senior experts, both at home and abroad.

**Elton Stafa**  
Budget Director, Ministry of Finance, Albania

” I believe that creating opportunities for professionals from different countries, who face different realities, to meet and exchange ideas, policy advices and experiences, is the highest benefit that the CEF is bringing to the region, in addition to state-of-the-art trainings on budget, macro and fiscal issues. I participated at a CEF workshop, where we discussed new institutions to be created, or existing ones to be strengthened, to meet the challenges imposed by the global financial crisis. One of the topics was the creation and functioning of economic councils based on the experiences of Croatia, Ireland and the UK. These experiences have definitively helped us shape our recently established National Economic Council. One may think it as a matter of luck, being at the right place at the right time. Or, as me, one may find out that the CEF constantly updates its trainings, workshops and seminars by shaping them to the beneficiaries' needs and anticipating challenges faced by the region in the aftermath of the global crisis. Thus, I would like to thank the CEF team and donors for making these trainings possible.



**Kushtrim Kozmaqi**  
Budget Officer, Ministry of Education, Science and Technology, Kosovo\*

” The workshop on Budget Submissions of Line Ministries made me better understand the main challenges in budgeting at my ministry and other line ministries in the region. At the workshop we did budget negotiation simulations between a Ministry of Finance and line ministries, and learned about the best budgeting practices in developed countries. That helped me strengthen my capacities in countering bottlenecks, such as papers submitted very late in the budget process, and I learned practices that are used to eliminate such bottlenecks. As a result, I have decided to communicate more often with the budget organizations under my supervision, so that they could feel my support. The workshops also strengthened confidence in my daily work. I can now manage time more efficiently and perform better at my job.

\* The designation of Kosovo is without prejudice to positions on status, and is in line with UNSCR 1244/99 and the ICJ Opinion on the Kosovo Declaration of Independence.

**Ivana Jakir Bajo**  
Head of Budget Execution Department, Ministry of Finance, Croatia

” The SPB learning events gave our officials opportunities to network with colleagues from other beneficiary countries and to share good practices, which certainly empowers future cooperation with colleagues in the region. These events also helped young staff members of the ministry to get a more profound understanding of various topics we are working at, which in turn increases their confidence and knowhow, thus preparing them to become future managers at the ministry and leaders of reforms in the region.

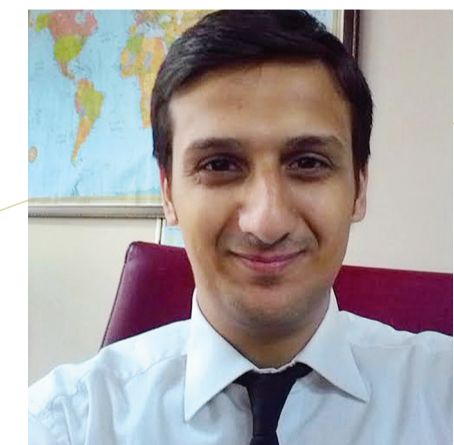


**Dimitar Točkov**  
Advisor, Department for Macroeconomic and Fiscal Analysis and Projections, Ministry of Finance, Serbia

” The Strategic Planning and Budgeting (SPB) learning experience has extended my professional horizon. Conversations with the CEF staff – like for such interviews – have helped me reflect on my professional development in reference to the regional context and my country, as well as to the learning opportunities that are out there. I am now looking more strategically for occasions to engage with others in learning about macroeconomic issues.

**Erdogan Yilmaz**  
Junior Treasury Expert, Undersecretariat of Treasury, Turkey

” Continuation and extension of the SPB project could benefit more Turkish officials, and importantly contribute to further develop capacity of Turkish institutions. To better carrying out tasks at the Turkish Undersecretariat of Treasury, it was very useful for me to attend the Capital Budgeting workshop. I learned more about concepts and processes of capital budget formulation and capital budget execution, as essential elements for ensuring a country's social and economic development and its financial stability; as well as about good practice in cost-benefit analysis. I also attended the SPB Training-of-trainers. I enjoyed presenting to other international participants in the classroom, jointly reflecting on my performance, and learning from their feedback. The simulation of giving powerful presentations, especially in the context of the medium term budgeting framework, was a particularly memorable experience, as it is part of my daily job to give such presentations.



**Maja Jeličić**  
Senior Associate, Department for Macroeconomic Analysis and Policy, Ministry of Finance of the Republika Srpska, Bosnia and Herzegovina

” After returning to the office from the recent CEF-IMF course on medium-term budgeting (Recent Developments and Issues in Medium-Term Budgeting), I shared the materials with my colleagues. I very much appreciate the opportunity given by the CEF to receive hands-on comments on our ongoing challenges and draft laws. Namely, I shared with my colleagues the comments on the Draft Law of Fiscal Responsibility that is currently at the parliamentary reading. We expect the adoption of this law by the end of the year and subsequent appointment of the Fiscal Council. I also appreciate the preparatory online reading materials that enabled me to take full advantage of the core training on macroeconomic forecasting in Montenegro last year.

# Who supported the learning agenda?

Experts (in alphabetic order)	Position (at time of delivery)
Taşkin BABAĞLAN <sup>#</sup>	Planning Expert, Ministry of Development of Turkey
Sebastian BARNES	Economic Counsellor to the Chief Economist, OECD; Member of the Irish Fiscal Advisory Council
Maja BEDNAŠ	Macroeconomic Expert, Institute of Macroeconomic Analysis and Development, Slovenia
Peter van den BERG	Budget Director, Ministry of Finance, the Netherlands
Karl BERGSTRAND	Ministry of Finance, Sweden
Frits BOS	Bureau for Economic Policy Analysis, the Netherlands
Corina den BROEDER	Budget Inspectorate, Ministry of Finance, the Netherlands
Luis CATAO	Senior Economist, Joint Vienna Institute
Vesna DERENČIN	Senior Advisor, Department for Budget System Development, Ministry of Finance, Slovenia
Eriona ELEZI QOKU <sup>#</sup>	Financial Planning and Budgeting Expert, Ministry of Transport and Infrastructure, Albania
Brian FINN	Senior Policy Adviser, OECD Sigma
Dritan FINO <sup>#</sup>	Advisor to Cabinet of Minister, Ministry of Finance, Albania
Norbert FUNKE	Director, Joint Vienna Institute
Adam GERSL	Senior Economist, Joint Vienna Institute
Wijnand van GOUDOEVER	Inspectorate of Finance, Ministry of Finance, the Netherlands
Bert HOF	Senior Researcher, Competition & Regulation Department, SEO Economic Research, the Netherlands
Maksym IVANYNA	Economist, Joint Vienna Institute
Aleksandra IVANOVSKA <sup>#</sup>	Head of Budget Coordination Unit, Ministry of Transport and Communications, former Yugoslav Republic of Macedonia
Andreja JERINA	National Coordinator, EU Macroeconomic Strategies, Ministry of Foreign Affairs, Slovenia
Joanne KELLY	Professor of Public Administration, Australia/New Zealand School of Government
Nora KOKAJ <sup>#</sup>	Macroeconomist, Ministry of Finance, Kosovo*
Dirk-Jan KRAAN	CEF Advisor (former Public Financial Management Advisor for South East Europe, International Monetary Fund)
Duncan LAST	Public Financial Management Advisor for South East Europe, International Monetary Fund
André LUNDVALL	Ministry of Finance, Sweden
Qemajl MARMULLAKAJ <sup>#</sup>	Director of Strategic Planning Office, Office of the Prime Minister, Kosovo*
Paul MCCLURE	Senior Communications Officer, World Bank Group; CEF Associate Fellow
Mojmir MRAK	Professor, University of Ljubljana, Faculty of Economics; CEF Associate Fellow
Frans van NISPEN TOT PANNERDEN	Associate Professor of Public Administration, Erasmus University, Rotterdam
Jos NOUWT	Ministry of Health, Welfare and Sport, the Netherlands
L'udovit ÓDOR	The Council for Budget Responsibility of the Slovak Republic



Brian OLDEN	Deputy Division Chief, Public Financial Management Division I, Fiscal Affairs Department, International Monetary Fund
Bojan PAUNOVIĆ <sup>#</sup>	Senior Advisor, Ministry of Finance of Montenegro
Mikhail PRANOVICH	Economist, Joint Vienna Institute
Stephanie RISO	Head of Unit, Fiscal Policy and Surveillance, Economic and Financial Affairs, European Commission
Koert RUIKEN	Ministry of Infrastructure and the Environment, the Netherlands
Marta RUIZ-ARRANZ	Deputy Chief, Fiscal Policy Division, Fiscal Affairs Department, International Monetary Fund
Andrea SCHAECHTER	Deputy Division Chief, Fiscal Policy and Surveillance Division, Fiscal Affairs Department, International Monetary Fund
Gerd SCHWARTZ	Deputy Director, Fiscal Affairs Department, International Monetary Fund
Majda SEDEJ	USAID Serbia
Elton STAFA <sup>#</sup>	Budget Director, Ministry of Finance, Albania
Tijana STANKOVIĆ <sup>#</sup>	Advisor to Vice Prime Minister for Economic Policy and Financial System, Prime Minister Office of Montenegro
Daniel M. STURM	Reader (Associate Professor) in Economics, London School of Economics
Janez ŠUŠTERŠIČ	Partner and consultant at Re-forma, d.o.o.; Senior Economist on the EU-project "Support to Ministry of Finance", Kosovo*
Eivind TANDBERG	Municipality Director, City of Oslo, Norway
Georges TOURNEMIRE	DG ECFIN, European Commission
Christopher TOWE	Deputy Director, Fiscal Affairs Department, International Monetary Fund
Mišo VASILEVSKI <sup>#</sup>	Head of Budget Control Unit, Ministry of Transport and Communications, former Yugoslav Republic of Macedonia
Stane VENCELJ	Ministry of Finance of Slovenia
Mojca VOLJČ	Undersecretary, Department for Budget System Development, Ministry of Finance, Slovenia
Nina VUJOŠEVIĆ <sup>#</sup>	Adviser to the Prime Minister of Montenegro; Docent, University of Donja Gorica, Montenegro
Beverly WENGER-TRAYNER	Social Learning Theorist and Consultant
Thomas WILHELMSSON	Ministry of Finance, Sweden
Sami YLÄOUTINEN	Director General, Economic Policy Coordination, Ministry of Finance of Finland
Urška ZRINSKI	Program Manager, Center of Excellence in Finance

<sup>#</sup> Expert originates from a beneficiary country.

Project activities were delivered by several regional experts.

Several ministers and central bank governors (or their representatives) participated as speakers at the high-level policy dialogues.

The design and delivery of SPB activities have been facilitated by CEF learning experts.

## Who supported the learning agenda?



**Duncan Last**  
Public Financial Management Advisor for South East Europe, International Monetary Fund

”

As a “founding father” of the CEF, I have taken a close and personal interest in its activities, from the experimental workshops in the early days of 2001 to the current highly experienced deliverer of a wide variety of focused and practical “learning activities” in the areas of public financial management, revenue administration, central banking, and managerial skills to its current constituency of 12 South East European partner countries. The significant and positive transformation made in the region since the 1990s has delivered 4 new EU member countries and brought the remaining countries closer to their ultimate goal of integration with the EU. Support for the EU integration agenda is one of the Fiscal Affairs Department’s (FAD) objectives for its PFM technical assistance program in the region now being funded from EU resources.

FAD has been an important partner in the design and delivery of the EU-funded SPB project and has participated in many of its key events and training activities over the last three years – I have participated in 3 workshops in the 9 months that I have been regional PFM advisor. Our focus has been on strengthening macro-fiscal frameworks and the underlying fiscal institutions essential to consolidation and structural reform efforts in the region. We have found the framework of the SPB project to be particularly useful and productive in conveying FAD global experience and best practices to senior and mid-level staff in the region. We look forward to our on-going collaboration with the CEF in PFM areas of importance to the region and the EU convergence agenda.



**Mojmir Mrak**  
Professor, University of Ljubljana, Faculty of Economics;  
CEF Associate Fellow

”

I have been working with the CEF in the design and delivery of training activities promoting a better use of EU financial instruments to support pre-accession of (potential) candidate countries in South East Europe. Upon initiative of its members, the CEF has been addressing learning needs linked to the EU’s macro-fiscal surveillance.

Through the SPB project we contributed to better coordination among relevant government actors. It was a pleasure to join the productive knowledge and experience exchange stimulated among participants through mutual learning as part of SPB activities. I look forward to work with the CEF on further developing its learning program to incorporate the needs of different government actors across different sectors and to consolidate PFM reforms with beneficiaries of EU pre-accession agenda.



**Beverly Wenger Trayner**  
Social Learning Theorist and Consultant

”

I’m always struck by the way the CEF manages to take on complex problems with a combination of imagination and rigor. This project is an example of that. They have taken a strategic, operational, and enabling approach to developing the capacity of beneficiary countries in a cutting-edge way.

My role has been to support the project in using a framework to monitor the value-creation of social learning in the project. Which activities organized by CEF generate ideas that get put into practice and lead to results? What is the strategic and enabling value created that will help this become a sustainable project? This is done through an integration of indicators and “value-creation stories” which can be fed back into the project activities as learning loops for improving the process.



**Mišo Vasilevski**  
Head of Budget Control Unit, Ministry of Transport and Communications, former Yugoslav Republic of Macedonia

”

The CEF invited me to showcase as expert part of my own work at the workshop on Budget Submissions of Line Ministries. This was a unique opportunity for me to strengthen my skills in sharing knowledge, and it was a very rewarding experience to get positive feedback from my colleagues. We are all experts in our specific fields, and work areas, but do not have many opportunities to share our knowledge and expertise internationally.



# CEF at a glance

## Established

We are a leading regional knowledge hub located in Ljubljana, Slovenia. 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 2014 the CEF became an international organization. This status will enable us to further improve the quality of our programs and projects.

## Our mission

To support capacity development in public financial management and central banking topics for individuals and institutions. We do this by designing high-quality, practical, and learning-centered specialization programs and learning events; by promoting networks of professionals; and by stimulating regional cooperation. We partner with multilateral and bilateral agencies, knowledge institutions, and peer organizations, and we tap the expertise of a broad range of individual experts.

## Our advantage

We understand that we need to combine expertise in public financial management and central banking and contextual specifics of countries we work with, but also to have a good comprehension of how reforms take place, and how to nourish and expedite learning among individuals, institutions and countries in the region.

## We serve

Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Kosovo\*, former Yugoslav Republic of Macedonia, Moldova, Montenegro, Romania, Serbia, Slovenia, and Turkey. With the change of CEF legal status to an international organization all remain beneficiaries of the CEF program.



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