

Organisation de Coopération et de Développement Économiques Organisation for Economic Co-operation and Development

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PUBLIC GOVERNANCE AND TERRITORIAL DEVELOPMENT DIRECTORATE PUBLIC GOVERNANCE COMMITTEE

Working Party of Senior Budget Officials

8th ANNUAL MEETING OF OECD-CESEE SENIOR BUDGET OFFICIALS

PROVISIONAL AGENDA

Tallinn, Estonia 28-29 June 2012

The meeting will be hosted by the Estonian Ministry of Finance. It will be held at Swissotel in Tallinn.

Chair: Ms. Ivana Jakir-Bajo, Director, State Budget Execution, Ministry of Finance, Croatia

The financial assistance of the Norwegian Ministry of Foreign Affairs is gratefully acknowledged.

Interpretation into Russian will be provided.

For further information, please contact Knut KLEPSVIK at OECD Headquarters Tel: +33 1 45 24 83 32 -- Email: knut.klepsvik@oecd.org

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8th Annual Meeting of OECD-CESEE Senior Budget Officials Tallinn, Estonia, 28-29 June 2012

PROVISIONAL AGENDA

Wednesday 27 June 2012

19:00-21:00 Welcome reception (Swissôtel)

Thursday 28 June 2012

13:15-14:45 Lunch

9:00-9:30	Registration
9:30-10:00	Opening and introductory remarks by Ivana Jakir-Bajo , Chair, Jürgen Ligi , Finance Minister of Estonia, and Jon Blondal , Head of the Budgeting and Public Expenditures Division, Public Governance and Territorial Development Directorate, OECD.
10:00-11:30	 Delegates' introductions Presentation of the delegates. Roundtable on recent institutional developments in budgeting. One delegate from each country gives a brief description of essential recent developments in the country's institutional budgetary frameworks.
11:30-12:00	Group Photo and Coffee break
12:00-13:15	 Keynote speech: <u>Lessons learned from the fiscal crisis and the recovery endeavours</u> Presentation by Alexander Lehmann, Office of the Chief Economist, European Bank for Reconstruction and Development. Reactions by Veiko Tali, the Secretary General of the Ministry of Finance of Estonia. Discussion.

14:45-16:00 **Breakout sessions**

Subject A: The role of International organisations in the region

There are several international organisations that are providing advice on financial management to the national governments of Central, Eastern and South-Eastern Europe (CESEE), like the International Monetary Fund, the Word Bank, the Centre of Excellence in Finance, the European Commission, the European Bank for Reconstruction and Development, and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ). This session is designed to discuss the respective roles of the organisations, current efforts to coordinate the organisations' work programmes in the CESEE region, mechanisms for achieving better coordination and how to improve learning across borders to reinforce desired outcomes.

- Chair: Balázs Romhanyi, Director General, Fiscal Responsibility Institute, Hungary.
- Brief presentations by some international organisations in the region.
- Comments by delegates followed by a discussion.

Subject B: Political commitment to fiscal discipline: Is it more important than legal provisions?

Fiscal outcomes are essentially influenced by three factors. The first and major one is economic performance. Economic growth influences budget parameters more than any other variable for fiscal performance. The second factor is the institutional framework supporting fiscal discipline. The third, probably a core factor and the focus of the workshop, is the political commitment to fiscal discipline. This session will focus on mechanisms for promoting the political will for fiscal consolidation, the role of the executives, and tools for reinforcing communication between politicians and managers. The session will also touch on whether adopting a law is conducive to fiscal discipline if political commitment is lacking.

- Chair: Jon Blondal, Head of Division, OECD.
- Presentation by **Dirk-Jan Kraan**, IMF.
- Comments by delegates followed by a discussion.

16:00-16:30 Coffee break

16:30-16:45 Report on the Breakout sessions in the plenary session

16:45-17:45 OECD Recommendations for use of PPPs

Public-Private Partnerships (PPPs) are long term agreements between the government and a private partner whereby the latter delivers and funds public services using a capital asset, sharing the associated risks. PPPs may deliver public services both with regards to infrastructure assets (such as bridges, roads) and social assets (such as hospitals, utilities, prisons). The interest in PPPs has been growing in recent years and the need for fiscal restraint in many countries is expected to further increase their usage. This presents policy makers with particular challenges that need to be met with prudent institutional answers. Building on lessons learnt, OECD countries have created a Recommendation on Principles on Public Governance of Public Private Partnerships. The Recommendation provides

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principles for Public Governance of Public-Private Partnerships that help guide policy makers when using PPPs. The Recommendation covers the governance pre-conditions for successful use of PPPs with regard to the institutional framework and the skills and competence of the relevant authorities; how to ground the selection and management of PPPs in a value for money; the use of the regular budget process to minimise fiscal risks and ensure sustainability and integrity.

- Presentation: Ian Hawkesworth, OECD secretariat.
- Comments by country delegates.
- Discussion.

19:30 Evening programme hosted by the Estonian authorities.

Busses will leave from the Swissôtel at 19:00.

Friday 29 June 2012

9:00-10:15 Recent developments in strengthening fiscal governance in the EU

Against the background of the global economic crisis and its effects upon the public finances of Member States, European Union authorities have announced their intention to reinforce economic governance. The new set of rules on enhanced EU economic governance includes the "six pack" which entered into force on 13 December 2011, encompassing both preventive and corrective measures. Adding to this, the "fiscal compact", which will enter into force following ratification by at least twelve "euro-area Member States", introduces rules to be implemented in national law, preferably constitutional. This session will highlight the new set of rules and procedures that is intended to fundamentally strengthen economic and fiscal governance in the EU and the euro area, including the consequences on national law and national institutional frameworks.

- Presentation by **Hans Feddersen**, European Commission.
- Reactions by country delegates.
- Discussion.

10:15-10:45 Coffee break

10:45-12:15 Panel: <u>Budgeting in the circumstances of austerity measures and slower economic growth</u>

This session will discuss institutional fiscal frameworks and budgetary measures conducive to short-term fiscal consolidation and long-term economic growth drawing on recent developments and country experience. In the short-term, the pace of consolidation needs to balance consolidation requirements with the effects of fiscal retrenchment on aggregate demand. In this context, consolidation should aim to use instruments that are friendly to long-term growth. The session will also discuss the challenges and tentative solutions adaptive to comprehensive consolidation needs in the present situation of muted economic growth.

- Ivar Sikk, Deputy Secretary-General of Fiscal Policy, Ministry of Finance of Estonia.
- The **OECD Secretariat** presents findings of the draft report *Restoring Public Finances* 2012 and the Budget Procedures and Practices Survey with focus on recent developments of budgetary institutional frameworks.
- Panel discussion with Ivana Jakir-Bajo, Ivar Sikk, Jon Blondal, Hans Feddersen and Dirk-Jan Kraan.

12:15-12:30 Programme of Work and closing remarks

12:30-14:00 Lunch

Plenary Session with Senior Budget Officials' CESEE Regional Network

The issue of sustainability of health spending in Eastern Europe is pressing. Eastern European health expenditures are rising rapidly whilst the revenue base for sustaining health spending is declining due to decrease in the population in the workforce. Health systems in CESEE countries share many common institutional characteristics. Almost all of the countries in the region have some type of social insurance system, for example, where responsibility is split between Ministries of Health and Health Insurance Funds. This presents a complex challenge of co-ordination in order to achieve sustainability, but also an opportunity for countries with similar challenges and systems to compare experiences and to learn from one another.

Leveraging the work of a new SBO Network on the Financial Sustainability of Health Systems (conducted jointly with the OECD Health Committee), the OECD has partnered with the World Health Organisation and the World Bank to launch a regional dialogue on the sustainability of health financing, bringing together health and finance officials from the CESEE region, as well as key international organisations. Participants of this meeting – which will be held in Tallinn in parallel with the OECD-CESEE SBO meeting – will join the OECD-CESEE SBO meeting for this afternoon session to share findings and to discuss the role of the Budget Office in maintaining the financial sustainability of health systems.

14:00-15:30 The role of the Budget Office in maintaining the financial sustainability of health systems

- Introduction by meeting Chairs, Geert van Maanen and Ivana Jakir Bajo.
- Hanno Pevkur, Minister of Social Affairs, Estonia: Sustainability of Health Financing in Estonia.
- Tamás Evetovits, Senior Health Financing Specialist, Barcelona Office for Health Systems Strengthening, WHO Regional Office for Europe: Financial sustainability in the context of economic crisis.
- Edwin Lau, OECD Secretariat: What is the role of the Budget Office for managing the financial sustainability of health systems?

15:30-16:00 Coffee break

16:00-17:30 Discussion facilitated by OECD Secretariat and WHO Regional Office for Europe

- Do you have medium-term budget frameworks that help with the planning of revenues and expenditures on health? How successful have these been?
- Do you have counter-cyclical features in your health financing system?
- Do you have debates in your country on whether revenue for health should be earmarked or part of the annual budget negotiations/allocation process? What are the arguments for and against either?
- What measures do you have in place to monitor and control health care costs? What has worked? What has not?
- How do Ministries of Finance, Ministries of Health and Health Insurance Funds work together to identify and manage cost escalation? What lessons have you learned? How could this work better?

17:30-18:00 Concluding comments

- OECD Secretariat
- Hans Kluge, Director, Division of Health Systems and Public Health, World Health Organisation Regional Office for Europe.
- Ivana Jakir Bajo, Director, State Budget Execution, Ministry of Finance, Croatia.
- 18:30 City tour hosted by the Estonian authorities.

GENERAL MEETING INFORMATION

Meeting Location

The meeting will take place at the SWISSÔTEL, Tornimäe 3, Tallinn 10145, Estonia.

Tel: +372 624 000 - Fax: +372 624 0001 - Email: Tallinn@swissotel.com

Website: www.swissotel.com/tallinn

Accommodations

The Estonian authorities have negotiated special rates at the SWISSÔTEL. Please fill out the hotel reservation form and send it to reservations.tallinn@swissotel.com, Fax: +372 624 0001,

Tel: +372 624 4444

Single Deluxe room: 110 EUR per room per night Double Deluxe room: 125 EUR per room per night

This includes breakfast and taxes.

Registration Form

All Delegates need to complete the attached registration form and return it to the Secretariat ahead of the meeting. Entry passes can only be issued to the registered Delegates.

Hospitality

The Estonian authorities invite all Delegates to a Welcome Reception on the eve of the meeting at **SWISSÔTEL** (Wednesday, 27 June at 19:00 to 21:00).

The Estonian authorities invite all Delegates to a Dinner at the **Seaplane Harbour** in Tallinn at the conclusion of the first day of the meeting (Thursday, 28 June). Buses will leave at 19:00 from **SWISSÔTEL**.

The Estonian authorities invite all Delegates to a city-tour (Friday, 29 June at 18:30).

For more information about Estonia: http://www.visitestonia.com/en/

Spouses are welcome to join Delegates at the above social events. Please confirm your attendance at these events by completing the appropriate "Social Activities" boxes on the attached registration form. All Delegates are also invited to luncheons on both days of the meeting. These will take place at the SWISSÔTEL.

Entry Formalities

Delegates are advised to confirm any necessary visa requirements for entry in Estonia. For more information please go to the following website: http://www.vm.ee/?q=en/node/4039

Documentation

Background documents will be available for all substantive sessions of the meeting. The documents will be distributed electronically to all registered Delegates prior to the meeting.

Simultaneous Translation

Simultaneous translation between English and Russian will be available throughout the meeting.



8th Annual Meeting of OECD-CESEE Senior Budget Officials Tallinn, Estonia, 28-29 June 2012

Meeting Registration Form

Please return the completed form for each participant to: lyora.raab@oecd.org Fax: +33 1 44 30 63 34		
Mr. [] Mrs. [] Ms. []		
NAME (in block letters please):		
First Name:		
JOB TITLE:		
ORGANISATION:		
MAILING ADDRESS:		
COUNTRY:		
TELEPHONE:		
FACSIMILE:		
E-MAIL ADDRESS:		
Social Activities		
Wednesday 27 June - Welcome Reception at the Swissôtel person(s) will participate Thursday 28 June - Dinner at Seaplane Harbour		
person(s) will participate		
Friday 29 June – City Tour person(s) will participate		
<u>Accommodation</u>		
For the above-mentioned event, I have made my hotel reservation		
at the Swissôtel		
at another Hotel		