

# Alumni Newsletter No 2

JOINT VIENNA INSTITUTE

MAY 2012



Thank you so much for the positive feedback on the inaugural Newsletter.

Your reactions will be our guide for making future editions still more enticing.

In this issue, we cover a number of topics

which we hope will catch your interest: the JVI@Twenty celebrations in July, reflections by JVI Board members, and other JVI news.

We are currently busy putting the finishing touches on the anniversary conference to make it an intellectually rewarding and memorable event. For all alumni who cannot attend, there is good news. We plan to stream the conference on the web and place the lectures on our website. Moreover, there will be extensive coverage in the upcoming Alumni Newsletter Nr. 3. Stay tuned!

There have been important changes on the JVI Board. We welcome Ms. Sharmini Coorey, the Director of the newly established IMF Institute for Capacity Development. Ms. Coorey shares her vision for the new department. Mr. Leslie Lipschitz, the former IMF Institute Director, recounts his recollections of 37 years' service for the IMF and his experiences with transition economies. Mr. Thomas Wieser, Director General of the Austrian Federal Ministry of Finance, took up a most challenging position at the European Commission and thus resigned from the JVI Board. We hope that he will report on his new position in the next Newsletter.

On behalf of the Alumni Newsletter team, I very much hope that you will find this Newsletter both interesting and inspiring. Enjoy reading!

*Eduard H. Hochreiter, Director*



## CONTENTS

Letter to Members of the JVI Community	2
The JVI: Slaking a Thirst for Practical Policy Wisdom	3
20 Years in the Blink of an Eye - A Personal Reflection	4
Where IT's @ - IT at the JVI	5
Innovations in Training on Fiscal Policy and Fiscal Institutions	6
Building the Future Together	7
Introduction of the New JVI Staff Members	8
Alumni Relations Corner	9

## The JVI's 20th Anniversary

**A high-level, two-day event on July 12-13, 2012 will mark the JVI's 20th Anniversary.**

The JVI's decision to mark its twenty years of operation with a special high-level event on July 12-13, 2012 has resonated well with its stakeholders, recipient countries, and alumni. As a result, high-ranking representatives from member organizations and recipient countries as well as from academia have confirmed their participation in what promises to be a memorable highlight of 2012.

The first day of conference will focus on the global economic crisis. Panelists will discuss the policy lessons that should be learned from the crisis; what (further) measures should be taken to maintain monetary and financial stability; and what future models for sustainable growth will look like. Particular emphasis will be placed on the perspectives of Central, Eastern, and South-eastern European economies.

Continued on page 9

# Letter to Members of the JVI Community

## Dear Members of the JVI Community:

Greetings! My name is Sharmini Coorey and I am the Director of the newly established IMF Institute for Capacity Development. This expanded name for the “Institute,” which you all know from the courses you have taken in Vienna, Washington and elsewhere, reflects some exciting changes to its mandate. The Institute has recently been charged with defining a strategy for the Fund’s capacity building activities, coordinating the provision of technical assistance (TA) and training across IMF departments, and building stronger partnerships with our donors. The aim is to ensure that these activities are driven by member country demand, are focused on the Fund’s core mandate, and are integrated with its surveillance and program work. We will be working closely with the Fund’s area and functional departments and with our network of regional training and technical assistance centers in a unified effort to help member countries strengthen institutions and boost their capacity to undertake sound macroeconomic and financial policies. We will strive to ensure that our capacity development efforts have a lasting impact on individuals, units and institutions. We will periodically report to the IMF’s management and Board on the results of our efforts.

The JVI will be a key node in this global learning network. Our operation in Vienna is large and is regarded as a model for other regional centers. The financial and intellectual contributions of the IMF, Austria and several international organizations to the JVI’s work create important synergies that benefit those who receive training at the JVI. Working closely with the Austrian authorities and our other JVI partners, we have enriched our menu of courses at the JVI in recent years. We will build on this solid foundation and add to the JVI brand. The synergies between TA and training are strong, and we want to explore ways the JVI can do more to help our member countries, their agencies and officials develop their individual and collective economic



management capacity. We will seek to experiment with technologies and pedagogical techniques that allow us to reach more people without sacrificing quality. For instance, we could explore new internet-based platforms for delivering the wealth of knowledge available in the Fund and the JVI. We could put more of our course materials online, with participants doing more work at home, so that they are better prepared when they come to our courses in Vienna or Washington. We intend to hold special events at IMF headquarters and at the JVI that will enable our audiences to learn from each other, and from their country experiences and knowledge. We will also enhance our outreach efforts to civil society, journalists, parliamentarians, students, and the public at large. Vienna’s wonderful tradition of intellectual creativity in all fields makes the ideal place for such a project.

I will periodically write to you about developments at the Institute. I want to enlist your ideas and energy to move the JVI forward so it can better serve the region.

With warm regards,

*Sharmini Coorey, Director*  
IMF Institute for Capacity Development

# The JVI: Slaking a Thirst for Practical Policy Wisdom

Based on 37 years' experience at the IMF, which included a great deal of time working with government officials, as well as training young IMF economists and official counterparts, I have two observations on why the JVI is important and why it has been successful:

- There is a thirst for knowledge—especially practical analytics—all over the world.
- The business of making government policy is complicated, and the task of explaining the policy alternatives is even more exacting—so equipping officials with these skills is a vital public good.



joy with which he had returned to Prague after these courses, empowered to be more effective and eager to share the material with his colleagues.

Experiences like these have taught me that the drive for knowledge and understanding is pervasive, and it can be a powerful force for good.

There is, of course, also a deep strain of skepticism—so much of what passes for information in our political lives today is advocacy or spin, designed not

to inform or explain but to persuade or manipulate. To be effective in these circumstances it is essential for an institution like the IMF Institute (and by extension the JVI) to eschew anything that smacks of propaganda—just tell it like it is. Participants in courses need to be allowed (indeed encouraged) to voice disagreement and express alternative points of view. The objective is not to win short-term arguments, but to help build an enduring intellectual framework for policy analysis.

It is particularly at times of massive social and political transition that building a common framework is important. Such times gave birth to the JVI. The extraordinary influence of the JVI's 29,000 alumni is testimony to the value of its first two decades. Europe is now mired in difficult times; the complexity of policy options under discussion will test the wisdom of economic and political leaders. And so, as the business of policymaking becomes increasingly more complex, the JVI remains as relevant and important as ever.

At the start of the transition to market economics in the old Warsaw pact countries of central and eastern Europe, I led the IMF teams on German Unification and on Czechoslovakia. This involved many struggles with unfamiliar economic terms and concepts and data catchment systems. I recall one long meeting in Prague in particular. We were struggling to put the old communist output measures into GDP format, but were getting strange results largely because of the inventory figures. Eventually in utter frustration I walked across to the blackboard in the room and wrote down some mathematical notation. There was a moment's silence and then an exclamation of delight from one of our Czechoslovak interlocutors—now it all made sense. We had found a common language and understanding.

A few years later I read an article by a Czech central bank official—who may well have been in the room that day. He wrote about the intense need to understand this economics of the west, of how a succession of courses at the JVI and the IMF Institute in Washington had helped fill this need, about the

*Leslie Lipschitz, Global Strategy Advisor,  
Investec Asset Management (former IMF Institute Director)*



# 20 Years in the Blink of an Eye – A Personal Reflection

1992—As the plane touched down at Vienna airport one frosty winter's morning, I was unaware that I was landing in a city that was to become my future home and place of work for the next 20 years. It was early Sunday morning and I had time to explore before my connection to London. Wandering around the town center, I had the strangest feeling I would return.

Three months later I was offered an IMF contractual position in Vienna as a Course Administrator (CA) in a new venture – a training institute for public officials from transition economies. It would mean leaving my job at Intourist UK (former USSR State Committee for Foreign Tourism) but I would still use my Russian language skills and experience in working with groups – an opportunity not to be missed.

August 31, 1992, saw the opening of the inaugural course at the JVI on “Natural Monopolies: Regulation, Structure, and Pricing Decisions” organized by the World Bank. As the CA assigned, I was both excited and nervous. The run-up to the seminar had been a challenge and a veritable exercise in teamwork. All staff pitched in to assist with the preparations, including the Director. Some of us even counted out duvets and pillow cases for the bedrooms, as a housekeeper had not yet been hired. The hours were long but I remember the laughter and camaraderie.

The Austrian Authorities provided the infrastructure. The JVI was located in the Federal Customs Training School, a vast “beehive” building in Vienna's 3rd district, which housed both the teaching facility and participant accommodation. Many an evening was spent in one of the communal kitchens discussing world affairs, while sampling delicious regional cuisine prepared by participants.



Working at the JVI has been a most enriching experience. Having studied in Russia in the mid 80's—pre-perestroika—it was fascinating to hear first-hand how things had changed since the collapse of communism. It was also an opportunity to learn about, and from, different cultures. The 90's was a period of great hope for a new future and the JVI was unique in providing a neutral platform enabling people—who had never before had the opportunity—to openly exchange views and network, and at the same time receive practical training by leading international financial institutions.

Twenty years sounds like a long time but it has passed in the blink of an eye. The initially envisaged life-span of the JVI was seven years with a sunset clause. By the mid 90's, however, it was abundantly clear that there was still a need for the specialized training that the JVI offered. Surveys and discussions with recipient countries confirmed, and the March 1997 Brainstorming Conference concluded, that the institute would continue. A new agreement in 2003 established the JVI as a permanent training institute, and it moved to its new premises in the 6th district. Since then the world has witnessed a financial crisis, and the JVI has continued to adapt existing courses and create new ones to meet the demands of the times.

More than 1,100 courses and 29,000 alumni later, it is humbling to know that our former participants are the ones shaping the future. None of this would have been possible without the generosity and continued, staunch support of our sponsors, in particular the Austrian Authorities and the IMF. But the success of the JVI must also be attributed to its dedicated staff that has put heart and soul into this unique venture. Vive le JVI!

*Michèle Burlington-Green,*  
Chief of Administration & former Course Administrator, JVI

# Where IT's @ - IT at the JVI

## Who we are

Although the IT department has only 3 people, we can claim heritage from 7 different countries. Denis is our first multinational—originally from Siberia but raised in Belarus and Austria, he now heads the IT department; Jimmy was born in Australia but raised in Northern Ireland; and Esteban completes the team, with roots in Ecuador and the USA.

## What we do

The IT department's work can be likened to a swan. Gliding across the lake, causing few ripples that soon blend into the ever undulating surface, the effort of the swan seems minimal. It's only when you look below the surface that the true work can be known - the paddling that powers the elegant swan to its destination. This is not to say anyone emits an aura that could be called elegant, and we definitely don't paddle—the message is simply that if everything goes smoothly, it's because we work hard to make it so.

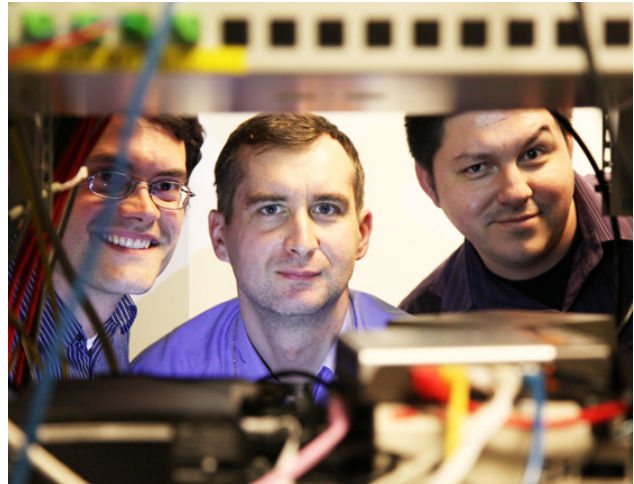
Our work is divided into 2 categories: long-term projects and daily tasks.

The long-term projects we're currently working on include upgrading our projection equipment, preparing for the system-wide migration to the newest version of Windows, implementing a new database, performing a system-wide PC upgrade, and many more.

Each day begins with a tour of the lecture rooms and workshops in use. We need to be on hand to deal with last minute technical problems that always seem to occur early in the morning before enough coffee has been consumed. Usually most problems are avoided by careful planning and preparation the days before. If a problem still comes up despite our careful preparation we usually employ the (Denis) Borissov method - turn the computer Borissov, then turn it Borisson again.

## Why the Borissov method works

In the industrial age it was easier to identify with machines as we could see their working parts and identify the 'broken bit.' This is not so easy to see



James McCracken, Denis Borissov, Esteban Clavijo

with electronics—but the idea is the same, computer chips are just intensely dense collections of switches. Occasionally switches can stick and need to be reset. Remember the old typewriters and how the keys could sometimes stick? There were maybe 50 keys in that confined space. A typical chip these days will pack millions of switches into a square centimeter. The chances for a switch sticking or breaking now seem immeasurably higher. Luckily, these are mostly eliminated by advanced error correction techniques, but some problems still slip through. A restart sets all the switches back to their starting position so they can have another go at their electronic dance, hopefully getting the moves right the next time.

## Why we do IT

Every year technology advances at a dizzying speed, however not everyone has the time to keep up with this pace. A dedicated team is required to maintain existing systems and plan for future needs. We also try very hard to provide a friendly, helpful response if any of the staff or participants have IT problems. IT at the JVI is an essential component to the training that goes on here, and we work hard to keep that swan swimming as elegantly and smoothly as we can.

*James McCracken, Junior IT Officer, JVI*

# Innovations in Training on Fiscal Policy and Fiscal Institutions

The JVI and its member institutions strive to keep the curriculum tailored to the policy challenges of the times. The global financial crisis has challenged many assumptions underlying the intellectual foundation of economic policies. Fiscal policy, in particular, regained relevance as a macroeconomic tool once the limits of monetary policy were reached in many advanced countries. Furthermore, the legacy of the crisis and the fiscal woes in Europe have revived interest in issues ranging from fiscal adjustment and growth, debt sustainability, to the adverse feedback between sovereign risk and financial stability.

In the past three years, the JVI's stakeholders have been enriching the curriculum by adding new courses and expanding existing ones. The objective is to foster new thinking not only on the fiscal policy responses in the post-crisis world, but also on how sound fiscal institutions could promote reforms to boost long-run growth, real incomes and employment. The twice-annual IMF "Macroeconomic Management and Fiscal Policy Issues" course has evolved to include topics such as fiscal rules, fiscal multipliers, and lessons from successful fiscal consolidations. During hands-on workshops based on country cases, participants compute and interpret the fiscal stance, assess debt sustainability, or discuss desirable fiscal reforms in their countries. Debt sustainability was further explored in a new analytical course by the Banque de France and the JVI earlier this year. In March 2012, the IMF launched a more technical fiscal course on "Macro-Fiscal Modeling and Analysis" aimed at deepening

the understanding of short- and medium-term macro-fiscal analysis as well as longer-term age-related fiscal challenges. During workshops, participants assess fiscal consolidations by a dynamic general equilibrium (DSGE) model and construct pension reform scenarios by calibrating an overlapping generations (OLG) model. Participants are also engaged in group discussions on key fiscal policy challenges in their countries.

Another set of courses deals with sound fiscal institutions and fiscal data. A key element of this initiative is the "Sound Fiscal Institutions" course initiated in 2011 by the Austrian Federal Ministry of Finance, in collaboration with the IMF, the JVI, and the OeNB. In lectures, workshops, and high-level panel discussions, fiscal experts teach the principles of sound public financial management and budget reform. The current architecture of European fiscal institutions and the implications of the crisis for emerging Europe are also being discussed. Other courses offered by the World Bank study domestic debt markets, teach quantitative debt management tools, and explore fiscal decentralization. Finally, the IMF Statistics Department offers technical courses on the theoretical and practical aspects of government finance statistics.

The quest for effective fiscal policy at the national and international levels, including the current challenge of crafting economic policies for the post-crisis world, will continue to be important drivers in the evolution of training offered at the JVI.

*Irina Bunda, Economist, JVI*

IMF Course on Macro-Fiscal Modeling and Analysis



IMF Course on Macroeconomic Management and Fiscal Policy Issues





# Building the Future Together

The future can be predicted. To quote Peter Drucker, the best way to predict the future is to create it. Here and now. With reference to the JVI this assertion has a very special meaning. Although 20 years is a relatively short time span, this institution's contribution to the economic development of countries in transition and of most of the European countries, lately, cannot be underestimated.

My first JVI experience was in 1996, when the institution was passing through the stage of self-affirmation (just as I was, at that time). However, the quality of the programs and of the courses taught at the JVI, even in those early days, distinguished it from other similar institutions, and the standards that the JVI imposed to itself were remarkably high. During those 4 months spent at the JVI, as well as through many other encounters with the JVI expertise, I gathered useful knowledge and experience that moulded my professional pathway and are still of a great utility to me. This institution plays a distinct role in teaching and maintaining the high level of the Ministry of Finance employees' professionalism, and I strive to encourage this cooperation. JVI courses offer a unique combination of theory and practice, coming up with practical solutions for tackling major problems encountered during our professional activity.

Studying at the JVI shapes the theory perspectives of our colleagues and makes them more open and eager to accept changes. Improving the quality of human capital is of great importance to any country, and is a priority for a country in transition, such as Moldova. Knowledge and experience gained by our colleagues, also due to the JVI experience, helped us to successfully overcome the challenges of the economic crisis of 2008. After taking lead of the Ministry in September 2009, in only a few weeks we had managed to reestablish relations with the IMF and to obtain the financial support needed (the budget deficit in 2009 was around 15% of the GDP). In 2011 Moldova boasted one of the highest economic growth rates in Europe (+6.4%), strong financial discipline (the budget deficit in 2011 was 2.4% of the GDP and for the year 2012 the

forecast is up to 1.9%) and a comfortable level of foreign public debt (around 25% of the GDP). We are aware of the fact that such results would have not been achieved without the valuable professional input and dedication of the Ministry's employees, most of them having been taught at the JVI.

Another extremely important factor to be mentioned is the warm and friendly personal relationships that can be built up during the courses. That's a valuable asset one should treasure throughout one's life. Such relationships are particularly useful for an efficient

exchange of experience, as well as for getting accustomed to the culture and traditions of other countries. I am very pleased and touched when I meet my former JVI colleagues at various events in other countries. Our friendship and experience gained at the JVI is a huge capital for growth, evolution and affirmation. For building the future together.

Last but not least I would like to mention those delightful memories of Vienna, one of the most beautiful and exquisite European cities. Vienna is a city where you would always want to return and where you would always find something new and breathtaking, regardless of how often you've been there. This city is always waiting for you, to show you something special and extraordinary.

I truly believe in a beautiful future for Moldova and for humanity. Albert Camus said that real generosity toward the future lies in giving all to the present. I would add here lots of sacrifices, lots of learning and lots of devotion. That's what we are doing daily together with our colleagues. That's what the great JVI team does, day by day. Congratulations and best wishes for the future!



*Veaceslav Negruta,*

Minister of Finance, Republic of Moldova

# Introduction of the New JVI Staff Members



**Esteban Clavijo** joined the JVI as a Junior IT Officer in February 2012. Having spent many years in various IT environments, Esteban's skills closely match those his position requires. He has hands on experience in administrating, managing and maintaining of different kinds of IT office equipment, especially in the audio/video areas from his time in the U.S. Army and from running his own business in his spare time. Born Ecuadorian and having grown up in Los Angeles and Quito, he fluently speaks Spanish and English which enabled him to teach both languages for business, technical and leisure purposes at all levels to different people of all walks of life. This shows his eagerness to work in a multi-cultural environment such as the JVI. His leisure time is well spent playing music and running a small scale silk-screen operation and painting.

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**James McCracken** joined the JVI as a Junior IT Officer in July 2011. Born in Australia but raised in Northern Ireland he had seen both sides of the world before he was 10. After obtaining an MEng in electrical and electronic engineering, he worked as a software engineer in Belfast during the dotcom boom and co-founded one of the first Northern Irish surf clubs. Fast forward- ing several years Northern Ireland was proving to be too small, so a world trip was undertaken that eventually landed James in Vienna where he has remained ever since. During his time in Vienna, he has taught business and technical English and joined a band as a guitarist. He would also enjoy surfing if it was possible in Austria, but until the sea level rises enough for that, he contents himself with swimming in the lakes and occasionally sailing.



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**Mikhail Pranovich** has been an Economist at the Joint Vienna Institute since October 2011. He previously headed the Monetary Analysis and Forecasting Division at the National Bank of Belarus, worked as a Research Fellow at Cambridge Finance and as an economist at the Resident Representative Office of the IMF in Minsk and the Regional IMF Office for Central and Eastern Europe in Warsaw. His primary expertise and research interests are in the areas of monetary policy, applied macroeconometrics, financial econometrics, asset returns predictability and investment portfolio allocation. Mikhail holds a Masters degree in Mathematics and Economics from Belarusian State University, an M.Sc. in Economics and Finance from the University of Warwick, UK, and a Ph.D. in Economics from the University of Cambridge, UK. Mikhail is a (co-)author of several publications in the area of macroeconomic modeling and forecasting. In his free time Mikhail enjoys traveling, watching movies and rehearsing 5th grade mathematics and reading with his daughter Polina.



**Markus Volderauer** is the new Finance Officer of the JVI as of April 2012. Before joining the JVI, Markus was heading the reporting team of an Austrian telecom operator, where he dealt, inter alia, with the acquisition and integration of another telecom company. Prior work experience includes auditor at one of the big four auditing firms, and Finance and Administration Manager at a leading Italian fashion brand. Markus studied in Innsbruck and Firenze (Italy) and holds a masters degree in International Business and Economics from the University of Innsbruck. He is fluent in German, English and Italian. When Markus is not busy with handling the financial matters at the JVI, he enjoys travelling, playing tennis and volleyball.





## The JVI's 20th Anniversary

A high-level, two-day event on July 12-13, 2012 will mark the JVI's 20th Anniversary.

Continued from page 1

The second day will be devoted to the past, present, and future of the JVI. Founding members, alumni and stakeholders will discuss the lessons to be learned from the JVI's past twenty years of operation, and its implications for the JVI's future strategy and curriculum.

For example, should the JVI expand its role beyond training to include capacity development and outreach?

The event will conclude with the 2012 Annual Lecture by Professor Philippe Aghion (Harvard) who will talk about the importance of sound institutions for economic growth.

Last but not least, the deadline for submissions to the *Essay & Video Contest* has passed, and with nearly eighty submissions, the contest can already be called a success. The winners will be announced shortly on the JVI's website and an award ceremony will be held during the anniversary event.

## Alumni Relations Corner

Dear Alumni Family and JVI Friends!

I promised in the previous issue of our Alumni Newsletter that there would be a special 'Alumni Relations Corner' in each forthcoming edition.

Therefore, I am taking the opportunity to update you on our JVI Alumni activities!



First of all, a few words about the alumni website: I was thrilled to receive several hundred Alumni registrations, and new registrations are being processed on a daily basis. Thank you for your active participation and for spreading the message regarding our Alumni platform!

I sincerely hope that our Alumni activities help you with re-establishing contact with colleagues and friends you met at the JVI as well as strengthening your bonds with the institution. Those of you who have not yet registered, please do so at:

<http://www.jvi.org/index.php?id=alumni>

At present we are very busy with the organization of a high-level conference with eminent speakers and participants celebrating the 20th Anniversary of the JVI, which will be taking place in July 2012. More information will follow soon.

Finally, I want to thank all of you for joining our Alumni community of the JVI and wish you all success in your work and private life!

Sincerely yours,

*Tamara Tsikhistavi, Alumni Relations*

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