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**Project against Corruption in Albania**  
**(PACA)**

**Second Progress Report**  
**(September 2010)**

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*This report has been prepared by PACA team.  
The views expressed herein can in no way be taken  
to reflect the official opinion the European Union  
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## **1 BACKGROUND INFORMATION**

The Project against Corruption in Albania (PACA) – started on 1 September 2009. The present report summarizes the activities carried out during the six months of the project from 1 March 2010 to 31 August 2010.

### **1.1 Beneficiary Country and Institution(s)**

The beneficiary country is Albania. The main Beneficiary Institution is the Department of Internal Administrative Control and Anti-corruption (DIACA), which is also the main counterpart institution for the implementation of the project.

The project beneficiaries are the following: High Inspectorate of Declaration and Audit of Assets (HIDAA); Ministry of Education and Science of Albania; National Institute for Curricula Development and Teacher Training (now the Institute for Development of Education); Ministry of Justice; General Prosecutor's Office; High Council of Justice; School of Magistrates; State Police; Ministry of Finance – Directorate General for the Prevention of Money Laundering, Agency for the Administration of Seized and Confiscated Assets (AASCA); Ministry of Interior – Department for Public Administration (DPA); Training Institute for Public Administration (TIPA).

### **1.2 Contracting Authority**

The European Community, represented by the Commission of the European Communities (since 1<sup>st</sup> December 2009 and entry into force of the Lisbon Treaty - 'the European Union, represented by the European Commission').

### **1.3 Implementing Organization**

The Council of Europe is responsible for the implementation of the project and the use of the project funds under the contract with the European Union. Within the General Secretariat of the Council of Europe in Strasbourg, Directorate General of Human Rights and Legal Affairs, the Directorate of Co-operation, and more specifically the Economic Crime Division is responsible for the overall management and supervision of the project. Additionally, the Education Policy Division at the Directorate of Education is to provide substantive technical guidance on matters related to Purpose 2 of the project (prevention of corruption in the education sector). A Project Team based in Tirana supported by Economic Crime Division and Education Policy Division in the Headquarters of Council of Europe is responsible for day-to-day implementation of the project in Albania.

### **1.4 Project Objective**

PACA's overall objective is to contribute to democracy and the rule of law through the prevention and control of corruption.

The project's specific objectives are the following:

- 1) To enhance the implementation of anti-corruption policies and strategies (Anti-corruption Strategy and Action Plan 2007-2013) in line with GRECO and MONEYVAL recommendations and European Partnership commitments;
- 2) To contribute to the prevention of corruption in the education sector by improving transparency, accountability and social participation in the education system.

PACA will deliver these objectives through the provision of targeted expertise and training by international and national experts, and through outreach to all relevant stakeholders and civil society on the expertise acquired.

The current Workplan is included in Annex 1. Progress is marked on the Calendar of Activities in Annex 2, with a more detailed description of Output and Activity delivery provided in Section 3 of this report.

## **2. CURRENT STATUS: COUNTRY SITUATION**

### **2.1 Anti-corruption policy**

#### Implementation of the National Anti-corruption Strategy

On 8 March 2010 the Inter-ministerial Working Group (IWG) approved the 2010 Anti-corruption Action Plan, as mentioned under Activity 1.1.6 below. On 30 March 2010 the IWG approved a summary report on implementation of the Action Plan for 2009. On 8 June the IWG approved a final implementation report ('Achievements in the Fight Against Corruption 2009'), further elaborated in Section 3 - Activity 1.1.9 of this report).

During April the 2010 Anti-corruption Action Plan was placed on the Council of Ministers website (in English at [http://www.dsd.gov.al/dsd/pub/pl\\_vep\\_20101\\_en\\_2\\_517\\_1.pdf](http://www.dsd.gov.al/dsd/pub/pl_vep_20101_en_2_517_1.pdf) and downloadable in Albanian at [http://www.dsd.gov.al/dsd/Strategjite\\_28\\_1.php](http://www.dsd.gov.al/dsd/Strategjite_28_1.php)). According to DIACA other ministries will be displaying their components of the Action Plan on their websites. The Anti-corruption Strategy can be found on the same section of the CoM website (in English at [http://www.dsd.gov.al/dsd/pub/crosscutting\\_strategy\\_for\\_prevention\\_fight\\_on\\_corruption\\_and\\_transparent\\_final\\_engl\\_11dec08\\_181\\_1.pdf](http://www.dsd.gov.al/dsd/pub/crosscutting_strategy_for_prevention_fight_on_corruption_and_transparent_final_engl_11dec08_181_1.pdf) and in Albanian at [http://www.dsd.gov.al/dsd/pub/strategji\\_2008\\_diac\\_473\\_1.pdf](http://www.dsd.gov.al/dsd/pub/strategji_2008_diac_473_1.pdf)).

According to the assessments of PACA produced in June and July 2010 (referred to in Section 3 under implementation of Activity 1.1.6) the 2010 Action Plan represented a major improvement over the initial 2009 Action Plan. In particular, line ministries have in many cases derived more-or-less specific objectives from the general items set out in the Anti-corruption Strategy, rather than pasting these items in to the Plan; moreover, a standard table format was used in which objectives, measures, resources allocated and indicators were clearly required. As a result, objectives are clearer, more often grouped into logical areas and reflected in more specific measures. Nevertheless, there remains significant room for improvement, as set out under implementation of Activity 1.1.6 in Section 3.

## Law enforcement

Following establishment in May 2009 of regional Joint Investigative Units (JIUs) in Durrës, Shkodra, Korça, Fier, Vlora and Gjirokastra (itself following the establishment of the Tirana JIU in 2007), there are possible signs of an increase in law enforcement activities vis-à-vis corruption. A number of cases of investigation/prosecution for corruption-related offences were published in June and August (for example concerning the director of the central inspectorate at the Ministry of Energy, 2 doctors from a Tirana Maternity Hospital, the Chancellor of the Korca Judicial District Court and the former head of the Office for Registration of Immovable Property). The report approved by the IWG in March 2010 provides some detail on corruption cases, including information on the first two cases of judges whose immunity was lifted during 2010 to allow prosecution for corruption offences. However, the information presented does not provide any comparison with previous years, and in general too little information is available to judge trends in the investigation and prosecution of corruption offences.

### 3 MARCH-AUGUST 2010: OUTPUTS, ACTIVITIES AND ACHIEVEMENTS

During the reporting period, the following activities were conducted in order to fulfil the Workplan:

#### **Output 1.1: Tools and mechanisms available to ensure the implementation of the anti-corruption strategy and action plan in line with GRECO recommendations and good practices**

Activity 1.1.1	Identify sectors and institutions for anti-corruption risk analysis
Actions	<p>On 26<sup>th</sup> April 2010 members of the Steering Committee met to review and confirm five subjects (institutions or areas) for risk analyses under Activity 1.1.1 of the PACA Workplan. The following four areas were agreed:</p> <ul style="list-style-type: none"><li>• Office for Registration of Immovable Property</li><li>• Financing Reform in the Healthcare Sector (health insurance)</li><li>• Complaints procedures in the judiciary</li><li>• The allocation by local government of housing provided by central government</li></ul> <p>The final area for risk analysis was agreed to be either inspections (either a specific inspectorate or the inspectorate function in general) or the Competition Authority. In June DIACA informed PACA that the Task Force responsible for preparation of inspections reform chaired by the Prime Minister stated that a risk analysis would not be necessary in light of the expert input already received. It is expected that the fifth area for risk analysis will be selected definitively at the PACA Steering Committee meeting scheduled for 8 September 2010.</p>

Indicators	Working Group reports Final report on identified sectors, institutions, and policies with recommendations for actions in line and in support to the ACS/AP for preliminary assessment by civil society.
Progress	Four areas chosen for risk analyses in April 2010
Activity 1.1.2	Preliminary assessment (following the identification of the institutions under 1.1.1) by civil society organizations and experts of sectors and institutions identified for anti-corruption risk analysis, including identification of sources of information for risk assessments and analyses to be conducted
Actions	<p>In July PACA received preliminary assessments (Technical Papers) on the four areas already selected, which are to serve as the basis for the risk analyses proper to be conducted on the same areas. The fifth institution is expected to be selected at the PACA Steering Committee to be held on 8 September 2010. The main content of the four assessments is summarised below.</p> <p style="padding-left: 40px;">1. <u>Registration of Immovable Property (see Annex 3)</u></p> <p>Despite the establishment of the key institutions necessary for the registration of immovable property in the first half of the 1990s, this assessment underlines continuing major blockages in the process of registration of land and other immovable property (where still only 25% of urban properties have gone through 'first registration'), some of which result from or are/may be linked to corruption. These include: a lack of coordination between key institutions - for example different information storage systems of the Office for Registration of Immovable Property (IPRO), the restitution agency, and ALUIZNI; the absence of genuine centralisation of the processing of requests for registration – IPRO can not demand relevant information from the other relevant institutions, increasing the scope for corruption as citizens have to gather such information themselves; and inadequate professional training for IPRO staff. It is suggested that corruption within IPRO itself is likely to be a particular problem in local IPRO offices during applications for property registration, and the study notes the very high number of court cases – which are not being addressed or registered properly by the central IPRO. The study argues that the government's 2008 draft Inter-Sector Strategy Reform in the Field of Property Rights (2008) addresses issues of property reform but not in an integrated fashion, addressing each of the institutions mentioned above separately.</p> <p style="padding-left: 40px;">2. <u>Healthcare (see Annex 4)</u></p> <p>The assessment provides an outline of the Albanian healthcare</p>

system including the breakdown of financing sources - of which around 60 per cent are estimated to constitute informal payments – and current financing reforms after the establishment of the mandatory health insurance system. The paper outlines the main types of corruption: informal payments, which range from relatively harmless considerations through genuine contributions to redress the lack of funds, to clear products of abuse of power by healthcare staff; corruption in procurement and allocation of drugs and medical equipment, and unnecessary diversion of patients to private healthcare providers with connections to public doctors. While the current system creates numerous incentives for corrupt behaviour by medical staff, solutions will need to address not only these incentives but also include significant enforcement efforts and other measures to overcome ingrained patterns of behaviour. Solutions outlined include increases in the size of the mandatory insurance contribution, but also important alterations in the services reimbursed by the new insurance system and the procedures by which this is carried out, as well as vital other reforms including awareness campaigns to ensure patients know their rights, as well as proper enforcement efforts.

### 3. Allocation of Public Housing (see Annex 5)

This study describes the complicated development of housing policy in Albania and the large number of institutions and actors involved, and outlines in particular the two main types of housing assistance provided: provision of social housing and credit support. The study underlines the way in which a large number of functions have been transferred from central to local government – including decisions on specific allocations of social housing. Key corruption risks related to housing provision and assistance are listed. The main ones are the criteria utilised by local government to buy land on which to build social housing, abuse of the concept of low-cost housing by all actors resulting in low-quality housing, a high level of discretion of local government in determination of criteria for allocation of housing, unclear rules under which social housing may be sold by occupants after ten years, and a lack of emphasis on the a communications strategy to ensure that the most needy are aware of their entitlements. Similar problems are identified for credit support, while the study also argues that the risk analysis will also need to take into account problems in the processes of urban planning and allocation of construction permits as these are also sources of corruption that have a direct impact on social housing availability.

### 4. Judicial Complaints (see Annex 6)

This study focuses on complaints submitted by citizens or other parties against misconduct by judges. It identifies a number of problems or unclear components of the process of submission of and verification of such complaints: the fact that complaints may be

	submitted to either the High Council of Justice or the Ministry of Justice with no clear criteria to determine which institution processes them; the lack of any register or formal record of complaints, or any standard format for complaints submission; unclear procedures of verification, for example whether inspectors have access to court files; very short time limits for the completion of inspections; and the institutional capacities of the HCJ to verify complaints properly.
Indicators	Workshop/Working Group Meetings Evaluation and assessment sessions carried out by Civil Society and other think tank representatives to respective institutions and assessment carriers Final Assessment Report Publication of Report Dissemination of the Report
Progress	Preliminary studies completed on four areas in July 2010. The risk analyses will contribute directly to better implementation of Recommendation iii of the 2002 GRECO First Round Evaluation to 'systematically collect and process in a coherent way data concerning corruption, in particular in fields where there are particular corruption problems encountered', as well as Council of Europe Guiding Principle 18 'to encourage research on corruption'. The risk analyses (including the preliminary studies) will enable the authorities to address individual sectors/areas identified by the EU, in particular the "adoption of a comprehensive health reform strategy" as called for in the 2009 EU Progress Report.
Activity 1.1.5	Review and analysis of the results of High Council of Justice (HCJ) and Ministry of Justice (MoJ) thematic inspection of Albanian courts in order to identify priority areas for training and, as appropriate, recommendations for other legislative or institutional reforms.
Actions	A PACA national expert prepared a Technical Paper on the thematic inspection of courts. The paper (see Annex 7) provided a number of very important findings and recommendations, and in particular underlined the need to end the current dualism between the High Council of Justice and Ministry of Justice in the implementation of judicial inspections in general, ensure that inspections may result in criminal proceedings against judges where appropriate (including addressing the issue of judges' immunity), issue a regulatory act to regulate inspections, consider employing inspectors from outside the ranks of the judiciary, to evolve the system of inspections into a tool for addressing systemic problems rather than simply a means for punishing judges, and to increase the capacity of the HCJ ( <i>inter alia</i> through working manuals and training for inspectors).



Indicators	<p>Working Group Meetings  Review and Analysis Report on Priority Areas for HCJ in view of systematic inspection;  Recommendations on Legislative and Institutional Reforms;  Report and Recommendations Launching Session;  Publication and Dissemination;  Recommendation's Follow up session (10 months after publication of report);</p>
Progress	<p>A Review and Analysis Report has been completed including recommendations for legislative and institutional reforms. The Report includes recommendations specifically aimed at addressing issues and recommendations formulated in reports by international bodies – in particular, the overlapping competencies of the HCJ and MoJ and lack of capacity of the HCJ (2009 EU Progress Report).</p> <p>It should be noted that this activity could not be carried out fully as originally envisaged and planned due to a lack of response from the Ministry of Justice. PACA's March Steering Committee meeting resolved that the best way to implement the activity would be not to simply analyze the results of the thematic inspections and assess their anti-corruption potential, but to assist the MoJ and the HCJ in preparing a specific thematic inspection to shed light on the way corruption-related offences are adjudicated by the judges. However, the Minister of Justice did not respond to PACA's enquiry in this regard. As a result PACA confined itself to a mere analysis of the results of existing thematic inspections.</p>
Activity 1.1.6	<p>Support further development of the Anti-corruption Strategy and its Action Plan (2007-2013) by providing technical support and advice to its monitoring structures (DIACA)</p>
Actions	<p>Following the assistance provided to DIACA and line ministries in preparation of the 2010 Anti-corruption Action Plan during January and February 2010, two PACA Technical Papers in June ('Comments on 2010 Anti-corruption Action Plan and Recommendations for Future Action Plans', see Annex 8) and July 2010 ('The 2010 Action Plan, Recommendations for Next Steps and Further Assistance', see Annex 9) provided an assessment of the 2010 Action Plan.</p> <ul style="list-style-type: none"> <li>• The papers identified problems still remaining in the structure and content of the Action Plan. These included in particular: the inclusion of items whose anti-corruption relevance is questionable or not primary; a level of clarity that, while much improved since 2009, still leaves room for improvement; the absence of sections for key institutions with an anti-corruption role (for example the High Inspectorate for the Declaration and Audit of Assets or the Public</li> </ul>

	<p>Procurement Agency); and fragmented coverage of cross-cutting issues such as licensing and immovable property registration;</p> <ul style="list-style-type: none"> <li>• The Paper made a number of key recommendations including the streamlining of the Action Plan to include only items whose primary objective is to tackle corruption, and the formulation of a multi-year plan instead of one-year plans to cover the remaining implementation period of the current Anti-corruption Strategy (up to 2013).</li> </ul> <p>Two trainings provided to line ministries on 18-19 June 2010 illustrated the problems of Action Plan content with concrete examples and communicated these through exercises for participants on how to correct those problems. The trainings were attended by 25 participants from line ministries and DIACA. The participants showed a marked improvement in understanding of the guidelines and principles for Action Plan formulation since the first trainings/meetings held in January-February 2010. A Sample Institutional Risk Questionnaire was also presented to the participants as a tool for assisting in the more focused design of Action Plan measures.</p> <p>During June-July PACA began discussing with DIACA the possibility of assistance to a coordinated strategy to maximise the visibility of the Anti-corruption Action Plan.</p>
Indicators	<p>Technical Papers  Legal Opinions  Technical Support and practical assistance  Working group meetings  Use of inputs and recommendations submitted by civil society organisations (documented and recorded materials/exchange)</p>
Progress	<p>2 Technical Papers provided  2 trainings provided</p>
Benchmark progress	<p>Benchmark: 2010 and 2011 Action Plans elaborated, amended and updated taking into account CoE/PACA comments and recommendations.</p> <p>Timeline: March 2010, January 2011.</p> <p><u>March 2010 benchmark is regarded as fulfilled:</u></p> <ul style="list-style-type: none"> <li>• The assistance provided by PACA to line ministries and DIACA in January-February 2010 was reflected in a much-improved Action Plan for 2010, as described in PACA Technical Papers (see especially Annex 8 for details).</li> </ul>

	<p><u>January 2011 benchmark</u></p> <ul style="list-style-type: none"> <li>• The further assistance to be provided by PACA during the final quarter of 2010 – particularly through a conference expected to be held in November on taking stock of anti-corruption reforms in Albania – is expected to result in further improvements in the content of the Action Plan. Indicators of such improvements by January 2011 will be regarded as the following: <ul style="list-style-type: none"> <li>○ The elaboration of a multi-year Action Plan for 2011-2013;</li> <li>○ Assistance with streamlining of the Action Plan to include only measures with clear and direct anti-corruption relevance;</li> <li>○ Integration of cross-cutting issues/measures;</li> <li>○ Inclusion of sections on measures for institutions with key anti-corruption roles currently not included.</li> </ul> </li> </ul>
Activity 1.1.8	Support the development of indicators to assess/measure the implementation of the Anti-corruption Strategy, Action Plan and workplans/policies developed
Actions	Two types of indicator have now been clarified or developed under the PACA Project. First, under the assistance provided in January 2010 rules were provided for the use of clear indicators based directly on Action Plan measures. Second, the Questionnaire provided at the June trainings also provided line ministries with a basis for the development of objective indicators of success in implementation of the Anti-corruption Strategy, as a tool for monitoring progress in fulfilment of institutional conditions for prevention of corruption.
Indicators	<p>Technical Paper on Indicators to Assess and Measure the Implementation of the ACS/AP;</p> <p>Inclusion of Indicators in the ACS/AP Monitoring Implementation Reports</p> <p>Training staff of DIACA on the use of Indicators and Assessments 4 training events</p>
Progress	Technical Paper already provided on development and clarification of indicators in January 2010. Draft Sample Risk Questionnaire provided at June training.
Benchmark progress	<p>Benchmark: Indicators for implementation revised and included in Action Plan for 2011 and Action Plan for 2012.</p> <p><u>This benchmark is regarded as 25-50% fulfilled already:</u></p> <ul style="list-style-type: none"> <li>• The assistance provided by PACA to line ministries and DIACA in January-February 2010 was reflected in a much-improved Action</li> </ul>

	<p>Plan for 2010, including the clarification of many indicators, as described in PACA Technical Papers (see especially Annex 8 for details). PACA expects indicators to be improved further in the Action Plan for 2011.</p> <ul style="list-style-type: none"> <li>• The sample Risk Questionnaire has provided a basis for line ministries to assess their general progress on an annual basis according to a number of anti-corruption indicators. PACA and DIACA will discuss during the final quarter of 2011 the adaptation and use from the 2011 of the Questionnaire.</li> </ul>
<p>Activity 1.1.9</p>	<p>Assisting DIACA in improving the existing standing interagency coordination mechanism by developing and providing methodologies and standardised templates for public administration institutions on the formulation of anti-corruption action plans (including performance indicators), and reporting on implementation of specific anti-corruption related reforms</p>
<p>Actions</p>	<p>A PACA Technical Paper on 'Reporting on Implementation of the 2009 Anti-Corruption Action Plan' (Annex 10) assessed the report on 'Achievements in the Fight Against Corruption 2009' approved by the Inter-ministerial Working Group (IWG) for Implementation of the Anti-corruption Strategy on 8 June 2010. It noted that the Report did not provide a systematic inventory of implementation based on the 2009 Action Plan. A binding template has been issued to ministries for reporting on implementation of the 2010 Action Plan for January-June 2010. PACA will propose to DIACA a template for the annual final report on implementation in order that the report provides an objective account of implementation and reliable account of the impact of reforms.</p> <p>In addition, the July Technical Paper on the 2010 Action Plan provided more specific recommendations concerning the institutional coordination mechanism, specifically that the following structure/mechanism be established/consolidated:</p> <p>Ministerial Working Groups chaired by deputy-ministers clarify and maximise the quality of the policy materials prepared internally by each ministry.</p> <p>The Technical Working Group of ministry contact points coordinates policies that cut across more than one ministry, through working meetings scheduled during the process of Action Plan formulation.</p> <p>DIACA plays an active role in coordinating the Action Plan drafting process both in organisational and substantial terms, especially by flagging issues that are cross-cutting and ensuring that they are being</p>

	<p>discussed by and with the TWG, and reviewing/editing/commenting draft action plans from ministries and the TWG (for cross cutting issues)</p> <p>The Technical Paper reiterated the need to devote special attention to ensure that DIACA has the human resources necessary to perform the role outline above. The PACA Team believes that the current engagement of one official in day-to-day policy coordination is insufficient, and recommends that an assessment of needed capacity is made and that human resources are made available in some way, for example by expanding DIACA's staff, or using ministry contact points or personnel of other relevant Council of Ministers departments.</p>
Indicators	<p>Methodology and Standard Template Guide for Interagency Coordination</p> <p>3 training events</p> <p>Working group meetings</p>
Progress	<p>One Technical Paper, was provided. Following the trainings a binding template for line ministry reporting on Action Plan implementation was issued.</p>
Benchmark progress	<p>Benchmark: Templates developed, adopted and introduced by the reporting agencies within six months of completion of training events.</p> <p>Timeline: January 2011</p> <ul style="list-style-type: none"> <li>• A binding template for reporting on Action Plan fulfilment was already provided to line ministries, and has been used already to submit reports on implementation for the first 6 months of 2010. The benchmark for Activity 1.1.9 is regarded as 50% fulfilled.</li> <li>• PACA has reiterated its proposal that a precise binding template for individual line ministry action plans be issued in order to rule out any continuing discrepancies in the approaches of different line ministries. If the template is formally adopted by January 2011 then the benchmark will have been 100% fulfilled.</li> </ul>
Activity 1.1.13	<p>Publicize and disseminate all GRECO evaluations and compliance report findings</p>
Actions	<p>In July a compilation of all GRECO evaluations and compliance reports ("Albania in GRECO") was printed in Albanian, for distribution at all future PACA events.</p>
Indicators	<p>Production of the Compilation "Albania in GRECO"</p> <p>Publication and Information Launching Event</p>

	Technical Forums
Progress	GRECO Compilation printed. The publication will be followed by a second compilation of European anti-corruption standards in Albanian (Activity 1.1.12), the translation of which was completed in July 2010.

**Output 1.2: Proposals available for more efficient anti-corruption legislation in line with international standards**

Activity 1.2.2	Provide a review of the legal and institutional framework for regulating and supervising the financing of political parties and elected representatives, including recommendations for amendments to the Law on Political Parties, and the Electoral Code as appropriate, <i>inter alia</i> in the light of Third Round GRECO Evaluation recommendations
Actions	<p>PACA produced a Technical Paper on the current legal framework for regulation of political party finance in Albania, submitted in March and updated in April (see Annex 11). The Technical Paper confirmed the findings of the GRECO Third Round Evaluation Report on Transparency of Party Funding, especially concerning the near absence of regulation of the ordinary (non-election related) finances of political parties, and identified additional issues in the legal framework that need to be resolved, in particular the absence of clear definitions of key concepts. A number of recommendations were forwarded, particularly on reform of the framework for oversight of political party finance.</p> <p>Two roundtables/working meetings were held on 19 April and 2 June 2010, attended by representatives of the institutional stakeholders (Prime Minister's Office, DIACA, Central Election Commission, High Inspectorate for the Declaration and Audit of Assets), representatives of the main political parties and also civil society organisations. The main outcomes of these events were the following:</p> <ul style="list-style-type: none"> <li>• Agreement was reached on the key issue of institutional oversight, and namely that the Central Election Commission should oversee both the ordinary and election campaign finances of political parties.</li> <li>• In addition, it was agreed that other issues raised by PACA (such as the provision of clear definitions of concepts) should be addressed in upcoming legislative reform.</li> </ul>

	<p>The representative of the Office of the Prime Minister declared the aim of the authorities as to formulate a draft amended Political Parties Law to be ready for submission to Parliament before Albania reports to GRECO in November 2010 on its implementation of GRECO recommendations.</p> <p>Examples from foreign experience were provided to the Central Election Commission to enable it to formulate templates for the auditing of election campaign finances of political parties. PACA also provided DIACA and the Ministry of Justice with a Technical Paper containing recommendations on where amendments should be inserted and changes made to the Law on Political Parties (see Annex 12).</p>
Indicators	<p>Legal Opinions  Review on the legal and Institutional Framework for regulating financing of Political Parties  Legal working group meetings  2 workshops/round tables</p>
Progress	<p>A legal opinion/review, and two workshops/roundtable were held. The implementation of this activity so far has created a clear basis on which to implement GRECO recommendations on the regulation of political party financing, and especially on the reform of the system of institutional oversight, which currently provides virtually no oversight of ordinary political party finances. This activity not only contributes to the implementation of GRECO recommendations but also the concerns of the European Commission concerning oversight of political party finances, as identified in the 2009 Progress Report.</p>
Benchmark progress	<p>Benchmark: After the completion of second workshop a specific proposal to amend the existing/draft new legislation or adopts policy position, taking into account CoE/PACA recommendations, is submitted to Government by DIACA.</p> <p>Timeline: March 2011</p> <p><u>This benchmark is expected to be fulfilled by November 2010</u>, in order that Albania may report progress to GRECO at its November Plenary. PACA will propose the formation of a working group to assist with draft amendments in cooperation with the Open Society Fund Albania.</p>
Activity 1.2.3	<p>Provide advice on amendments to relevant legislation in order to comply with recommendations of the Third Round GRECO Evaluation concerning criminal liability and incriminations.</p>

Actions	A Technical Paper was made available by the Council of Europe expert (see Annex 13) concerning the proposed amendments aimed at fulfilling GRECO recommendations with the exception of the establishment of jurisdiction over corruption offences committed by Albanian citizens abroad, itself due to a continuing reservation held concerning Article 17 of the Council of Europe Criminal Law Convention on Corruption, on the basis of which Albania maintains the requirement of dual criminality for Albanian citizens to be prosecuted in Albania for corrupt acts committed abroad.
Indicators	Legal Opinions Working Group Sessions
Progress	Technical Paper completed. PACA will monitor the progress of the proposed amendments into law. This activity clearly contributes to the implementation of the recommendations of the GRECO Third Round Evaluation by confirming the value of currently tabled amendments, and underlines the need to take Recommendation iv seriously (to consider abolishing the requirement of dual criminality for prosecutions of Albanians engaged in corruption abroad).
Benchmark progress	Benchmark: Within 6 months of submission of legal opinions, Ministry of Justice includes in its proposed legislative changes or policies specific proposals to comply with GRECO recommendations.  Timeline: November 2010  <u>This benchmark has been fulfilled already:</u> <ul style="list-style-type: none"> <li>The proposed amendments drafted by the Ministry of Justice fulfil GRECO recommendations. The abolishment of requirement of dual criminality is recommended for consideration only, though PACA will monitor steps taken in this area also.</li> </ul>
Activity 1.2.4	Provide assistance to HIDAA in the development of proposed amendments to legislation on conflicts of interest
Actions	In July PACA submitted an opinion on the Law on the Prevention of Conflicts of Interest in the Exercise of Public Functions (see Annex 14, including the proposed amendments provided to PACA by HIDAA. The opinion identified a number of very important problems in the law, in particular problematic definitions of key terms, a very high level of complexity that is unnecessary for the effective regulation of conflict of interest, a tendency to overregulation, the imposition of similar obligations on elected officials (MPs, mayors and heads of Regional Councils) as non-elected officials, and over-radical



	<p>provisions on the invalidity of acts taken or contracts closed under conditions of conflict of interest.</p> <p>The opinion was submitted to HIDAA and the Ministry of Justice (the initiator of legal acts in this area) in August 2010. The problems identified by PACA yield a number of key recommendations to address the above problems. PACA regards it as of high importance that HIDAA and the authorities address these problems in the legislative changes currently envisaged.</p>
Indicators	<p>Legal Opinions/Technical Paper</p> <p>Legal working group meetings</p> <p>Legislative and Institutional Recommendations Report</p> <p>Working Group Sessions</p>
Progress	<p>Legal opinion completed and submitted.</p>
Benchmark progress	<p>Benchmark: Within 4 months of submission of legal opinions/technical papers, Ministry of Justice reviews and includes proposed amendments on conflicts of interest and declarations and audit, if any, within its proposed legislative changes or policies.</p> <p>Timeline: December 2010</p> <p>Fulfilment:</p> <ul style="list-style-type: none"> <li>• DIACA will clarify for PACA by the end of September exactly who will formally submit legislative amendments in this area. Following this, PACA will hold working meetings with HIDAA and the relevant ministries/institutions to discuss PACA's technical opinions.</li> <li>• The benchmark may be easily fulfilled if amendments are limited or mainly limited to the changes proposed by HIDAA. PACA's technical opinion constitutes a deeper critique of the law, and would require a longer period to be resolved through amendments if the Albanian authorities are in agreement on the need to amend the law more radically.</li> </ul>
Activity 1.2.4	<p>Provide assistance to HIDAA in the development of proposed amendments to legislation on declaration and audit of assets</p>
Actions	<p>PACA provided a review of amendments to the 2003 Law "On the Declaration and Audit of the Assets, Financial Obligations of the Elected Officials and Certain Public Officials" proposed by HIDAA (see Annex 15). The opinion supports many of the proposed amendments, in particular those that would enable HIDAA to</p>

	<p>differentiate among the different categories of public officials in accordance with the risk level they pose, the extension of the items that must be declared, the establishment of renewability of the Inspector General's term of office, and the clarification and stiffening of sanctions for violations. The paper however underlines the need to reduce the number of those subject to declaration requirements, to allow HIDAA to concentrate on higher level officials.</p> <p>The opinion was submitted to HIDAA and the Ministry of Justice (the initiator of legal acts in this area) in August 2010.</p>
Indicators	<p>Legal Opinions/Technical Paper  Legal working group meetings  Legislative and Institutional Recommendations Report  Working Group Sessions</p>
Progress	<p>Legal opinion completed.</p>
Benchmark progress	<p>Benchmark: Within 4 months of submission of legal opinions/technical papers, Ministry of Justice reviews and includes proposed amendments on conflicts of interest and declarations and audit, if any, within its proposed legislative changes or policies.</p> <p>Timeline: December 2010</p> <p>Fulfilment:</p> <ul style="list-style-type: none"> <li>• DIACA will clarify for PACA by the end of September exactly who will formally submit legislative amendments in this area. Following this, PACA will hold working meetings with HIDAA and the relevant ministries/institutions to discuss PACA's technical opinions.</li> <li>• It is expected that the amendments will be completed and submitted within the timeline, provided the responsible institutions are identified promptly.</li> </ul>
Activity 1.2.5	<p>Provide a review of the current Civil Service Law and proposed amendments to it</p>
Actions	<p>In April 2010 an opinion on the Albanian Civil Service Law was submitted by a PACA expert (see Annex 16). The opinion also covered the Law on Rules of Ethics in Public Administration. The purpose of the opinion was to assess the efficacy of these and other relevant regulations in boosting/preserving the integrity of civil servants and preventing corruption, and in particular with regard</p>

	<p>to provisions on recruitment, promotion, job security, and the independence and capacity of the body/bodies responsible for oversight. The opinion did not assess proposed amendments as these had not (and still have not) been tabled.</p> <p>The Technical Paper provided a comprehensive summary of the deficiencies of the civil service legal framework and the potential it creates for corruption, and makes a number of important recommendations, concerning for example the need for more detailed regulations on the use of temporary contracts or the restructuring of state institutions or units thereof.</p> <p>Following an agreement reached in February 2010, PACA submitted the opinion to SIGMA as an input into the latter's broader review of the civil service legal and regulatory framework.</p>
Indicators	<p>Legal Opinions  Legal working group meetings  Draft Legislation Reports/Texts</p>
Progress	<p>Legal opinion completed and provided to SIGMA. This activity should contribute (together with SIGMA's work in this area) to clarifying the specific issues that need to be addressed by the Albanian authorities in order to meet the concerns raised by the EU in the 2009 Progress Report concerning the Albanian public administration.</p>
Activity 1.2.7	<p>Elaboration of a 'compliance matrix' for domestic legislation against the relevant international legal instruments signed and ratified by Albania: the Council of Europe Criminal and Civil Law Conventions, Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism; European Convention on Mutual Assistance in Criminal Matters</p>
Actions	<p>PACA prepared the first draft of a matrix of compliance of the relevant Albanian legislation with the Council of Europe Criminal and Civil Law Conventions on Corruption and the European Convention on Mutual Legal Assistance.</p> <p>The draft matrix is currently under assessment by an international expert and will be completed in September 2010, when a legal workshop will be held to discuss the findings.</p>
Indicators	<p>Legal Opinions  Legal working group meetings  Compliance Matrix</p>

	1 legal workshop
Progress	First draft of compliance matrix completed. The completion of the compliance matrix will clearly be a contribution that enables Albania to identify areas in which it is non-compliant with international conventions or could implement them more effectively.
Activity 1.2.8	Provide a methodology for screening proposed or valid legal acts for provisions that create risks of corruption ('corruption proofing')
Actions	<p>On 13<sup>th</sup> April 2010 PACA held a Workshop on 'Introduction to the Corruption Risk Analysis of Draft Laws ('Corruption Proofing') jointly with EURALIUS with the participation of the EU Delegation, DIACA, Parliament, Council of Ministers, Ministry of Justice, Ministry of Integration, and Ministry of Culture, Youth and Tourism. A PACA international expert presented an advanced corruption proofing methodology employed for screening of draft laws in Moldova.</p> <p>Following the event, the expert submitted two Technical Papers: a draft methodology on the avoidance when drafting laws of provisions that could give rise to corruption risks (Annex 17), and a methodology for screening completed draft laws or laws for corruption risks (Annex 18).</p> <p>The first methodology is envisaged by PACA as an addendum to the Law Drafting Manual completed at the Ministry of Justice under the EURALIUS project, and in line with the PACA Workplan and benchmark for this activity. However, in August the MoJ responded to a formal request by PACA in this matter by appearing to reject the inclusion of the addendum, and PACA has requested the Ministry's representative on the PACA Steering Committee to clarify the Ministry's position in the matter.</p> <p>The second methodology is intended as an optional methodology for use by the Council of Ministers and/or Parliament to screen already completed draft laws, and will be provided to these institutions after the situation concerning the first methodology has been clarified.</p>
Indicators	<p>Methodology Paper</p> <p>Draft of Legal Act in introducing the corruption proofing tools/obligations</p> <p>Legal working group meetings</p> <p>2 workshops</p>

Progress	Proposed addendum to Law Drafting Manual and corruption screening methodology completed.
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**Output 1.3: Proposals available to improve legislation and practice and increase the efficiency of the key institutions with regard to the search, seizure and confiscation of proceeds from crime and prevent money laundering and the financing of terrorism**

Activity 1.3.1	Review the new legislation related to money laundering/ financing of terrorism seizure and confiscation of proceeds of crime for its internal consistency and functionality in the light of relevant treaty obligations and Albanian judicial practice in the interpretation of search and seizure of crime proceeds and their procedural provisions.
Actions	<p>In March 2010 a PACA international expert submitted two Technical Papers (see Annexes 19-20) providing the following:</p> <ul style="list-style-type: none"> <li>i) a comparative analysis of how criminal law provisions on forfeiture and provisions on civil forfeiture of the Law on Preventing and Striking at Organised Crime and Trafficking through Preventive Measures against Assets ('Anti-mafia Law') apply to money laundering offences;</li> <li>ii) an analysis of the internal consistency of the Law on the Prevention of Money Laundering and Terrorism Financing ('AML/CFT Law') and the legislation on seizure and confiscation (Anti-mafia Law and Criminal Code) in the light of the CoE's Warsaw Convention, the UN Convention against Corruption, ECHR relevant case law, as well as in accordance with the recent MONEYVAL report on Albania (September 2009).</li> </ul> <p>Following the Technical Papers PACA organized a workshop on 31 March 2010 in Durres in cooperation with the US Overseas Prosecutorial Development Assistance and Training Programme (OPDAT). The workshop was attended by 26 participants representing the Prosecutor's General Office (PGO), the Serious Crimes Prosecution Office (SCPO), the Joint Investigative Units (JIUs), the Albanian State Police (ASP), the Directorate General for Prevention of Money Laundering (DGPML or FIU), the State Intelligence Service (SIS) and the Supreme State Audit (SSA). At the workshop the PACA experts presented the Technical Papers, pointed out problems that may be expected in implementation of the Anti-mafia Law, and highlighted in particular human rights concerns arising from the unclear basis on which non-conviction based asset seizures may be initiated, and the apparent ability of the prosecution</p>

	<p>to seize assets in the course of a civil forfeiture proceeding without initiating criminal proceedings.</p> <p>Following the feedback from the workshop, the Technical Papers were slightly modified and submitted to the GDPML, the PGO, the SCPO and the JIUs. A second workshop is planned in September in order to discuss concrete proposals for legislative amendments or other policies (e.g. guidelines) in the light of the recommendations of the Technical Papers and problems encountered to date in the implementation of the Anti-mafia and AML/CFT laws.</p>
Indicators	<p>Legal Opinions Review Report 2 legal drafting workshops</p>
Progress	<p>2 legal opinions submitted, 1 legal workshop held, 1 legal workshop planned and scheduled for September 2010. This activity directly contributes to the implementation of recommendation ii of the GRECO Second Evaluation Report “to provide appropriate training to prosecutors ....concerning the use of interim measures and confiscation .....The Albanian authorities should also consider establishing an appropriate apportionment of the burden of proof .....to assist the authorities in identifying corruption proceeds liable to confiscation.....” as well as the Council of Europe Guiding Principle 4.</p>
Benchmark progress	<p><b>Benchmark:</b> Within 6 months of completion of second workshop, recommendations from legal opinions/review report are included within proposed legislative changes or policies of relevant line ministries.</p> <p><b>Timeline:</b> February 2011</p> <p><b>Fulfilment:</b> PACA’s second workshop will take place on 15 October 2010. Before the end of October PACA will compile a document with recommendations. The 6 months should be sufficient time for the relevant line ministries to include the ensuing PACA recommendations within proposed changes or policies concerning the Anti – Mafia Law.</p>
Activity 1.3.2	<p>Support the drafting of proposals/regulations on basis of MONEYVAL recommendations and reviews conducted under 1.3.1 to improve the new Law on the Prevention of Money Laundering and its implementation as recommended through the suggested MONEYVAL’s progress report action plan.</p>

<p>Actions</p>	<p>On 27-28 April 2010, PACA organized a two day workshop that brought together the FIU and all reporting entities under the AML/CFT Law. The workshop was organized in three sessions tailored to the specific needs and problematic of the three aforementioned groups of professionals/officials. Each session was conceived as an opportunity for FIU and the reporting entities to face each other and check the state of affairs regarding their respective duties and obligations in the process of implementation of the AML/CFT. For each and every pending obligation FIU and PACA reported on the relevant AML/CFT requirements, international standards as well as MONEYVAL recommendations. On the other hand the reporting entities reported on their actual policies and practices aimed at meeting the pending obligations.</p> <p>The event yielded several important conclusions which were used by PACA to further the aim of this particular activity. PACA completed a Technical Paper on the level of implementation of the AML/CFT law in Albania in June (see Annex 21). The paper highlight the low quantity and quality of Suspicious Transaction Reports (STRs) by financial institutions, and an over-formal approach by obliged entities to customer due diligence, including in the identification of beneficial owners. The paper contains several important recommendations, including the revisiting of compliance structures within the obliged entities, continuous training and the establishment of a consultation mechanism among the main AML/CFT stakeholders, and that the FIU should conduct more cross-checking of data processed by different reporting entities and coordinate better with other government agencies and law enforcement bodies.</p> <p>PACA will use the conclusions of the workshop and the findings of the technical paper to assess in a legislative proposal paper the proposed amendments to the AML/CFT law sponsored by the FIU, which were formally submitted by the FIU to the Ministry of Finance (MoF) at the beginning of 2010.</p>
<p>Indicators</p>	<p>Legal Opinions Legislative Proposal Report Legal working group meetings 2 legal drafting workshops</p>
<p>Progress</p>	<p>Legal opinion on the level of implementation submitted, one legal workshop held, scope of Legislative Proposal Paper decided, second legal workshop planned. The implementation of this activity has and will provide a direct contribution to the implementation of the MONEYVAL recommendations on the improvement of the AML/CFT framework, for example by assessing the way in which customer due diligence, record keeping, reporting of suspicious transactions and internal controls, are performed by financial</p>

	institutions and DNFBPs (Recommendations 5, 10, 13, 15).
Activity 1.3.3	Support the development of guidelines (if necessary including rules of ethical conduct) and tailored methodologies for investigations of economic crime (including corruption) and the tracking of the proceeds from crime, by the use of special investigative means (SIMs)
Actions	<p>Following an agreement with the United States Office of Overseas Prosecutorial Development, Assistance and Training (OPDAT) in January on PACA's involvement in the preparation of a Manual on the Investigation of Corruption and Economic Crime PACA engaged two experts to review OPDAT's draft Manual in the light of the relevant Council of Europe documents and from the perspective of the Albanian Criminal Procedure Code. Both experts submitted their comments and recommendations in particular with regard to the role of non-prosecutorial institutions in the investigation of economic crime. PACA also prepared a separate chapter on the Jurisprudence of the European Court of Human Rights concerning the use special investigative means in the investigation of crime.</p> <p>In addition to the ongoing work for the preparation of the Manual, PACA organized a study visit of 12 Albanian prosecutors, police officers, tax and customs' officers as well as FIU officials at the Federal Bureau of Anti-corruption/Federal Ministry of the Interior in Vienna on 20-23 July 2010. The study visit touched upon and provided valuable hands-on foreign experience on the main themes of the Manual such as the methods of proof deployed in the investigation of economic crime, the use of special investigative techniques in the investigation of economic crime, the use of witnesses and informants in the prosecution of economic crime and inter-agency cooperation in the prosecution of economic crime.</p>
Indicators	<p>Guidelines and Methodology Report</p> <p>1 training event/workshop</p> <p>Working group sessions</p> <p>1 study visit</p>
Progress	<p>Guidelines and methodologies in the form of a manual completed by OPDAT and PACA. Study visit completed. Training event planned and scheduled for September. The implementation of this activity has contributed directly to Recommendation i of the GRECO Second Evaluation Report to "develop clear procedures to be used by police officers and prosecutors concerning financial investigations in respect of offenders' asset... Furthermore, specialisation, resources and training in this area should be increased".</p>



Benchmark progress	<p><b>Benchmark:</b> Within 6 months of completion of training/study visit Guidelines are adopted by the General Prosecutor's Office and used in practice.</p> <p><b>Timeline:</b> November 2010</p> <p><b>Fulfilment:</b> On 27 October 2010 the Manual (Guideline) for the Investigation of Economic Crime will be launched and publicly endorsed by the Prosecutor General and immediately used in the training with the Tirana JIU on 28 October 2010. Additionally, under activity 1.5.4 PACA will make sure that parts of the Manual are made part of the School of Magistrates Curricula.</p>
Activity 1.3.4	Support the development of guidelines on the detection of money laundering (including typologies of operations) involving persons and institutions subject to duties to report suspicious transactions, including private accountants and auditors as provided through MONEYVAL recommendations.
Actions	Following the elaboration by the FIU of six guidelines/typologies for the detection of money laundering and their translation into English, an international expert prepared a Technical Paper reviewing and commenting upon the typologies (see Annex 22). Training on the same subject matter was organised in Tirana on 13 July 2010 for 18 participants from the Directorate General for Prevention of Money Laundering (DGPML), General Directorate of Taxes (GDT) and the Institute of Authorized Auditing Experts (IAAE)". Additionally, in August 2010 the expert drafted a specific guideline/typology for private accountants and auditors, which are not covered by the FIU typologies but are envisaged in the PACA Work plan. One more training on the subject matter is envisaged.
Indicators	Guidelines on Detection and Typologies 2 training events Working groups sessions

Progress	<p>FIU guidelines/typologies reviewed and commented upon, guidelines/typologies for private accountants and auditors prepared and submitted to the FIU, one training event held, second training event planned. The implementation of this activity has provided a direct contribution to the implementation of the MONEYVAL recommendations on the enhancement of AML/CFT implementation, for example fostering cooperation among the main AML/CFT stakeholders and helping eliminate diverging interpretation of the legal requirements (Recommendation 31), and helping to develop a dialogue between the GDPML and the various sectors of the DNFBBs and financial institutions (Recommendation 16). The activity also contributes to the implementation of Recommendation xiii of the GRECO Second Round Evaluation to develop 'guidelines and training for private accountants and auditors on how to identify signs of corruption and its proceeds as part of their professional activities and to report their findings'.</p>
Benchmark progress	<p><b>Benchmark:</b> Within 5 months of completion of training, Guidelines are adopted by Ministry of Finance and used in practice.</p> <p><b>Timeline:</b> December 2010</p> <p><b>Fulfilment:</b> Following agreement by the PACA last steering committee of 8 September 2010 as to the nature of the benchmark (an endorsement in the form of an official letter by the FIU Directors accompanying the guidelines rather than the adoption of a legal act), the benchmark for this activity should be fulfilled fully and within the timeline.</p>
Activity 1.3.6	<p>Provide training to entities with obligations to report suspicious transactions on the detection of suspicious transactions, with particular emphasis on developing a risk-based approach and client profiling techniques in accordance with the DPML Action Plan.</p>
Actions	<p>In July PACA prepared and submitted to the FIU a draft training module on the reporting of suspicious transactions (STRs) by reporting entities with special focus on the development by the reporting entities of a risk based approach and client profiling techniques, containing practical scenarios drawn from real STRs.</p> <p>Based on the training module, a training was held on 12 July 2010 and was attended by 55 participants from government agencies and private entities including the Directorate General for Prevention of Money Laundering (DGPML), Ministry of Finance (MF), Bank of Albania (BoA), General Directorate of Customs (GDC), Financial Surveillance</p>

	<p>Authority (FSA), Albanian State Police (ASP) and a number of banks and one Local Office for Registration of Immovable Property.</p> <p>PACA finalized the training module during August 2010 following feedback received by the participants of the 12 July 2010 training.</p>
Indicators	<p>Training Modules</p> <p>1 training event</p>
Progress	<p>Training module prepared and submitted. Training event held.</p> <p>The implementation of this activity has provided a direct contribution to the implementation of the MONEYVAL recommendations on the enhancement of AML/CFT implementation, for example by providing training to obliged entities to perform Client Due Diligence measures in line with a risk based approach (Recommendation 5) .</p>
Benchmark progress	<p><b>Benchmark:</b></p> <p>Number of entities' representatives trained</p> <p>Number of Suspicious transactions being identified and reported in comparison with 2008 and 2009 years.</p> <p><b>Timeline:</b></p> <p>December 2010</p> <p><b>Fulfilment:</b></p> <p>55 participants from government agencies and private entities including almost all commercial banks, the Directorate General for Prevention of Money Laundering (DGPML), Ministry of Finance (MF), Bank of Albania (BoA), General Directorate of Customs (GDC), Financial Surveillance Authority (FSA), Albanian State Police (ASP) and representatives from the Central and Local Offices for Registration of Immovable Property were trained by PACA on client profiling and risk based approach.</p> <p>The benchmark should be fulfilled given the strong emphasis the project has put on the suspicious transactions both during the trainings and the 27-28 April Conference on the implementation of anti-money laundering regime and the growing capacity at FIU and the reporting entities.</p> <p>PACA expects FIU to release the relevant statistics in due time for the benchmark to be considered fulfilled within the timeline.</p>

**Output 1.4: Participation of civil society organizations in the promotion and monitoring of the implementation of anticorruption initiatives, and conducting independent periodic and thematic surveys is increased**

Activity	Provide recommendations and facilitate public consultations and
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1.4.1	debates organized with NGOs on anti-corruption reforms aimed at supporting legal and institutional anticorruption initiatives
Actions	<p>Two consultative NGO fora were held in March 2010, one on institutions/areas to be selected for corruption risk analysis (2 March 2010) and one on corruption and anti-corruption reforms in the education sector on 4 March 2010. The events brought together relevant NGOs, donor organizations and government representatives to discuss these key components of the PACA Project.</p> <p>The two events secured valuable feedback and information for the PACA Project on which institutions to select for risk analysis, and which areas of the education system to focus upon in the risk analysis planned under Activity 2.1.1. In addition, the events were highly useful in identifying local experts for engagement in the areas discussed.</p> <p>In addition, on 1 April 2010 PACA held a forum jointly with the Open Society Foundation on to present the Anti-mafia Law to NGOs and other stakeholders and discuss its implementation. Around 25 people participated including a PACA international expert. The forum also secured valuable feedback and information on the law, notably on concerns of NGOs regarding alleged human rights risks posed by the law, and <i>inter alia</i> a challenge to the law filed by the Albania Helsinki Committee at the Constitutional Court.</p>
Indicators	Recommendations and Consultations Reports 10 public debates
Progress	Three events held 2 and 4 March 2010 and 1 April 2010.
Activity 1.4.2	Assist in the establishment of a mechanism (network) for coordinating information exchange and activities for NGOs active in the area of anti-corruption policy
Actions	<p>A forum of NGOs and donor organizations was held on 24 March 2010 to identify options for cooperation/coordination between NGOs involved in the fight against corruption, following the disintegration of the Albanian Coalition Against Corruption (ACAC).</p> <p>The main conclusions of the event were that two forms of general coordination should be pursued: a common Code of Ethics/standards for NGOs willing to subscribe to such a Code; and a loose mechanism for information exchange and - where appropriate - joint statements/policy positions on topical issues.</p>

Indicators	Network Contact List and Activity Agreements 2 events
Progress	Options for cooperation/coordination clarified, prior to organisation of a second event to establish more specific forms of cooperation.

**Output 1.5: Human capacities of anti-corruption and law enforcement agencies and the judiciary enhanced to ensure that they efficiently meet their obligations under applicable laws and apply international best practices.**

Activity 1.5.6	<p>Provide training for HIDAA( High Inspectorate of Declaration of Assets) inspectors, Agency for the Administration of Seized and Confiscated Assets (AASCA) officials and other relevant law enforcement officials (including customs and tax officials, prosecutors and judicial police) with responsibilities for seizing/confiscating assets, with regard to</p> <ul style="list-style-type: none"> <li>i) investigations of corruption and economic crime offences,</li> <li>ii) investigation of money laundering and terrorism financing offences, and</li> <li>iii) tracking proceeds from crime; and</li> <li>iv) training trainers.</li> </ul>
Actions	<p>On 15 April 2010, PACA received an official letter from HIDAA whereby it requested its deletion as a beneficiary of activity 1.5.6 on the grounds that its investigation of corruption and economic crime is of an administrative rather than criminal nature (making a joint training event impractical) and that it already had training materials on the investigation of corruption and economic crime in the form of the Manual for the Administrative Investigation of Corruption and Economic Crime and that training on such theme was already planned under the USAID Rule of Law Program.</p> <p>PACA divided the remaining beneficiaries into 2 groups. The first group consisted of AASCA only as it does not perform any form of investigation (neither criminal nor administrative). The second group consisted of the prosecution, judicial police, tax and customs' authorities.</p> <p>Corresponding to this division, PACA provided the following assistance:</p> <p><u>'1.5.6 AASCA'</u></p> <p>A PACA international expert provided training to the Albanian Agency for the Administration of Seized and Confiscated Assets (AASCA) to ensure that the agency manages effectively and in</p>

	<p>compliance with international best practices the assets seized under Albania’s civil forfeiture and AML/CFT laws. The training was held on 21 June and was attended by 16 AASCA officials and asset administrators. The PACA expert provided a very concrete account of guidelines that should be followed and risks that need to be taken into account when sequestering and administering proceeds of crime. The event revealed very important information on the problems facing AASCA, notably that the internal rules of its functioning had not yet been approved by the Council of Ministers.</p> <p>With a view to ensuring sustainability, the PACA expert submitted a training module on the management of seized and confiscated assets. The expert also submitted a Technical Paper on ‘Findings from Discussions with AASCA and a Review of the Law on Preventing and Striking at Organised Crime and Trafficking through Preventive Measures against Assets’ (see Annex 23). The Paper examines Albanian law and practice from the viewpoint of the Financial Action Task Force’s guidelines on ‘Best Practices: Confiscation’, and provides a set of 12 recommendations for the Albanian authorities.</p> <p><u>‘1.5.6 JIU’</u></p> <p>PACA provided two trainings to the Joint Investigative Units of 3 regions (Vlora, Korca and Gjirokastra) on 23 June (in Saranda) and 24 June (in Korca). The trainings were attended by 31 JIU members in total and were based on case studies on the use of special investigative techniques, the use of witnesses and informants and the methods of proof deployed in the investigations of corruption and economic crime offences. Special emphasis was put on inter-agency cooperation.</p> <p>The trainings revealed interesting insights into the problems faced by JIUs in the investigation of economic crime, notably their perception of an insufficient level of cooperation and support from other law enforcement agencies (e.g. Vlore Regional Police Directorate, Customs General Directorate) and the courts in particular, in contrast with better cooperation with the State Intelligence Service.</p> <p>The PACA expert prepared and submitted a training module, which has been provided to the respective government agencies in charge of training of prosecutors (School of Magistrates) and public officials (Training Institute of Public Administration), for use in the future. A final ‘training of trainers’ activity is to take place under this activity.</p>
Indicators	<p>Training Module  Number of Trained Customs Officers and Law enforcement  Certificates of Training  3 training events</p>

	1 'train the trainers' event with three components
Progress	<p>Two training modules "On the Management of Seized Assets" and "On the Use of Special Investigative Techniques in the Investigation of Economic Crime" were prepared and submitted. Three training events were held respectively with AASCA and its assets' administrators (16 AASCA staff and asset administrators were trained), with the Vlora and Gjirokastra JIUs, and with the Korca JIU. 31 prosecutors, customs' judicial police officers, and tax judicial polices officers were trained in the 3 training events.</p> <p>The implementation of this activity has provided a direct contribution to the implementation of Recommendation i of the GRECO Second Round Evaluation Report that "resources, specialisation and training in this area (investigation of financial crime) should be increased.</p>
Benchmark progress	<p><b>Benchmark:</b> Within 4 months of completion of training, Training Module is incorporated into TIPA curricula and used.</p> <p><b>Timeline:</b> January 2011</p> <p><b>Fulfilment:</b> PACA expects the benchmark to be fulfilled fully and within the timeline.</p>

**Output 2.1: Risk analyses carried out and awareness raised with regard to opportunities of corruption in the education system**

Activity 2.1.1	Conduct risk analysis to identify corruption risks within the education system
Actions	<p>According to the PACA Workplan a risk analysis of the education sector was to be completed by August 2010. However, after the withdrawal in April-May of the international experts who had been expected to lead the risk analysis, PACA decided to bring forward Activity 2.3 (see below) and move the date for completion of the risk analysis to March 2011. The change in schedule is not expected to affect the achievement of any project benchmarks.</p> <p>In order to meet this situation, and in view of the quality of local expertise on education issues, PACA commissioned and in August received a preliminary assessment of corruption in the education sector from a national expert (see Annex 24). The report identifies</p>

	key areas of corruption in education, and more extensively the areas of regulation on which a risk assessment should focus, including human resources policy, teacher conduct, textbook procurement, licensing and inspection of schools and universities, information and financial control mechanisms, and the engagement of a wider range of stakeholders in management of education institutions. PACA is currently in discussions with the Scottish General Teaching Council on the engagement of experts to participate in the main risk analysis.
Indicators	Risk Analysis Document Working group meetings 1 technical workshop in introducing risks analysis results and reviewing shortcomings
Progress	Preliminary assessment completed.

**Output 2.3: Development of anti-corruption education modules for primary and secondary schools**

Activity 2.3.1	Developing a framework of anti-corruption terms, governance and ethics concepts to be included to the existing civic values education programmes
Actions	As mentioned above, the timetable for implementation of Activity 2.3 was moved forward in April.  Following a mission to Albania by two PACA international experts (from the Lithuanian Modern Didactics Centre and Kosovo Education Centre), agreement was reached with experts at the Institute for Development of Education on the need to introduce compulsory components into curricula being developed, and for a process of training and development of the components with teacher involvement. In June the experts submitted a Technical Paper on Recommendations for the Integration of Anti-corruption Education Principles into the General Education Curriculum of Albania (see Annex 25).
Indicators	Proposed framework Working Group Meetings Follow up Report
Progress	Proposed framework submitted, prior to a presentation mission by international experts in October.



## 5. PROJECT ACHIEVEMENTS AND CONCLUSIONS

Project implementation has proceeded according to the Workplan, with only minor changes in schedule due to unforeseen circumstances (in particular the selection of the fifth sector for corruption risk analysis, or implementation of the education sector risk analysis). Certain activities are being implemented ahead of schedule, including the development of anti-corruption components for school curricula or assistance to amendments of the conflict of interest and asset declaration laws.

The activities implemented or under implementation by PACA have contributed or enabled the Albanian authorities to implement or better implement the recommendations of GRECO (in its evaluation reports) and the European Union (in its Progress Reports on Albania). More specifically, the Project has yielded the following concrete achievements/impact during 2010.

- Preliminary assessments on corruption in four selected policy areas have provided a solid basis for the completion of risk assessments, which will enable the development of focused and comprehensive policies to tackle/prevent corruption in these areas. It is important that the fifth area for corruption risk analysis is selected without delay.
- Assistance to the main counterpart, DIACA and line ministries has resulted in the approval of a much-improved Action Plan for 2010, although there remains significant room for further improvement. If sufficient resources are provided to the main counterpart, the assistance that has been provided since February 2010 will enable the authorities to formulate a cross-cutting, multi-year, streamlined Action Plan for 2011 and the following years, which contains specific indicators of fulfilment, and for which proper templates and procedures for interagency coordination are in place and a visibility strategy ensures public dissemination.
- Substantial assistance has been provided for the development/improvement of anti-corruption legislation in line with international standards and best practices in the areas of political party finance, incriminations/criminal liability, conflict of interest, asset declarations, civil service legislation, and an overall matrix of compliance with European anti-corruption conventions has been drafted. In addition, a methodology has been provided that will enable the authorities to avoid the passage of laws that facilitate corruption.
- PACA has provided extensive assistance in the areas of anti-money laundering policy, seizure and confiscation of assets, and investigation and prosecution of economic crime. This has taken the form of:
  - Assessments of existing legislation. These enable the authorities to ensure that new legislation on civil forfeiture will be implemented in such a way as to avoid violations of human rights and consequent annulment in the courts, and that the upcoming amendments to money laundering legislation reflect current problems of implementation.

- Guidelines and training modules for the investigation and prosecution of economic crime and the seizure/confiscation of assets.
  - Training by PACA experts in the above areas, including at regional level.
- PACA has engaged the NGO community through three fora focusing on key anti-corruption activities/policy areas. These have facilitated the further engagement of civil society experts in project activities, notably in the corruption risk assessments.
- PACA has developed a framework for the inclusion of anti-corruption components into school curricula, the further specification and implementation of which can provide a key mechanism to increase the resistance to corruption of the current school generation. In addition, a solid knowledge base has been established for the conduct of a comprehensive risk assessment of the education sector by international experts.

Cooperation and communication between the PACA Team and its main counterpart, DIACA has been excellent throughout the reporting period. Communication and cooperation with other beneficiary institutions has also been excellent, with the exception of the Ministry of Justice, which has not communicated with the project in such a way that Activity 1.1.5 could be implemented as originally agreed, and has recently refused to facilitate implementation of Activity 1.1.8 according to the Workplan.

## 6 LIST OF ANNEXES

- Annex 1: PACA Workplan  
Annex 2: PACA Calendar of Activities  
Annex 3: ECD/25/2010: Preliminary Study on risks of Corruption in the Albanian System for Registration of Immovable Property  
Annex 4: ECD/23/2010: Preliminary Analysis on Albanian Health System Financing and Corruption  
Annex 5: ECD/24/2010: Technical Paper on Corruption Risks in the Allocation of Public Housing in Albania  
Annex 6: ECD/26/2010: Corruption Risks in the Process of Administrative Complaints against Judges in Albania  
Annex 7: ECD/27/2010: Thematic Inspections of Courts in Albania and their Potential as an Anti-Corruption Instrument  
Annex 8: ECD/13/2010: Comments on 2010 Anti-corruption Action Plan and Recommendations for Future Action Plans  
Annex 9: ECD/20/2010: The 2010 Anti-Corruption Action Plan, Recommendations for Next Steps and Further Assistance  
Annex 10: ECD/19/2010: Reporting on Implementation of the 2009 Anti-Corruption Action Plan  
Annex 11: ECD/06/2010: Opinion On The Albanian Legal And Institutional Framework For Regulating The Financing Of Political Parties And Electoral Campaigns  
Annex 12: ECD/14/2010: Recommendations for Amendments to the Political Parties Law  
Annex 13: ECD/10/2010: The Compliance of the Relevant Albanian Legislation with Recommendations of 3rd Round GRECO Evaluation concerning Criminal Liability and Incriminations  
Annex 14: ECD/21/2010: Opinion on the Law 'On the Prevention of Conflict of Interest in the Exercise of Public Functions' and Proposed Amendments  
Annex 15: ECD/22/2010: Opinion On The Law 'On the Declaration and Audit of Assets, Financial Obligations of The Elected Officials and Certain Public Officials' of the Republic of Albania and Proposed Amendments  
Annex 16: ECD/08/2010: Review of the Albanian Laws on the Status of a Civil Servant and on Rules of Ethics in Public Administration from the perspective of their efficacy in boosting/preserving the integrity of civil servants and preventing corruption  
Annex 17: ECD/11/2010: Proposed Annex to the Law Drafting Manual: Methodology on Avoiding Corruption Risks in Draft Legislation of Albania  
Annex 18: ECD/12/2010: Methodology for Corruption Screening of Legal Acts and Draft Legal Acts for Albanian Legal Drafters  
Annex 19: ECD/4/2010: Comparative Analysis between the provisions on forfeiture in the Albanian Criminal Code and the new Albanian Anti-Mafia Law provisions on civil forfeiture, and their applicability with regard to offences of money laundering and the financing of terrorism  
Annex 20: ECD/5/2010: Review of the Consistency of the Albanian Legislation in respect of the Confiscation of Criminally Derived Assets in the light of Albania's International and Human Rights Obligations  
Annex 21: ECD/15/2010: Enhancing the Implementation of the Albanian Law "For the Prevention of Money Laundering and Financing of Terrorism"  
Annex 22: ECD/30/2010: Review of Draft Guidelines on Money Laundering Typologies

Annex 23: ECD/28/2010: Findings from Discussions with AASCA and an Abstract Review of the Law on Preventing and Striking at Organised Crime and Trafficking through Preventive Measures against Assets

Annex 24: ECD/31/2010: Preliminary Analysis of Corruption in the Albanian Education System

Annex 25: ECD/16/2010: Recommendations for Integration of Anticorruption Education Principles into the General Education Curriculum of Albania