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Project against Corruption in Albania (PACA)

Fifth Progress Report (March 2012)

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For any additional information please contact:
Economic Crime Unit
Action against Crime Department, Information
Society and Action against Crime Directorate;
Directorate General I - Human Rights and Rule
of Law; Council of Europe
F-67075 Strasbourg Cedex FRANCE
Tel: +33 388 41 29 76/Fax +33 390 21 56 50
Email: lado.lalicic@coe.int
Web: www.coe.int/economiccrime

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Abbreviations

AASCA	Agency for the Administration of Seized and Confiscated Assets
ACA	Albanian Competition Authority
ACAP	Anti-corruption Action Plan
ACS	Anti-corruption Strategy
AKKP	Agency for Restitution and Compensation of Properties
AKShi	National Agency for an Information Society
ALUIZNI	Agency for Legalization, Urbanization and Integration of Informal Zones and Buildings
AML/CFT	Anti-Money Laundering/Counter-Terrorism Financing
ASP	Albanian State Police
BoA	Bank of Albania
CC	Competition Commission
CoE	Council of Europe
CoM	Council of Ministers
DGPML	Directorate General for Prevention of Money Laundering
DIACA	Department of Internal Administrative Control and Anti-corruption
DNFBPs	Designated Non Financial Businesses and Professions
DPA	Department of Public Administration
EU	European Union
EURALIUS	European Assistance Mission to the Albanian Justice System
FATF	Financial Action Task Force
FSA	Financial Surveillance Authority
GDC	General Directorate of Customs
GDTs	General Directorate of Transport Services
GRECO	Group of States Against Corruption
HCJ	High Council of Justice
HIDAA	High Inspectorate for the Declaration and Audit of Assets
HII	Health Insurance Institute
IMWG	Inter-ministerial Working Group responsible for the preparation, drafting and follow-up of the implementation of the Anti-corruption Strategy
IPRO	Immovable Property Registration Office
KNAB	Latvian Bureau for Preventing and Combating Corruption
LPO	Local project Officer
LTA	Long Term Adviser
MoE	Ministry of Education
MoF	Ministry of Finance
MoI	Ministry of Interior
MoJ	Ministry of Justice
MONEYVAL	The Council of Europe's Committee of Experts on the Evaluation of Anti-money laundering Measures and the Financing of Terrorism
MoU	Memorandum of Understanding
MPWT	Ministry of Public Works and Transportation
NIPE	National Inspectorate for Pre-university Education
OLA	Office of Legal Adviser[s]

OPDAT	US Office of Overseas Prosecutorial Development, Assistance and Training
OSCE	Organisation for Security and Cooperation in Europe
PACA	Project against Corruption in Albania
PEPs	Politically Exposed Persons
PG	Prosecutor General
REDs	Regional Education Directorates
SIGMA	Support for Improvement of in Governance and Management
TIPA	Training Institute for Public Administration

1. DESCRIPTION

1.1 Contact person

Ivan Koedjikov, Head of Action against Crime Department, Information Society and Action against Crime Directorate; Directorate General I - Human Rights and Rule of Law , Council of Europe.

1.2 Name of Partners in the Action

Council of Europe and European Union.

1.2 Title of the Action

The Project against Corruption in Albania (PACA).

1.4 Contract number

2009/212-599

1.5 Start Date and End Date of the Reporting Period

1 September 2011 – 31 December 2012

1.6 Target country:

Albania

1.7 Final beneficiaries

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 (DOPA); Training Institute for Public Administration (TIPA).

1 EXECUTIVE SUMMARY

The report summarises information that has been provided in the PACA Project monthly reports, different technical papers and other materials delivered. Moreover, the report seeks to identify key issues and themes concerning the activities implemented and their impact on overall situation with regard to anti-corruption initiatives.

Thus, the report will elaborate the activities and their impact as implemented during the period from 1 September 2011 to 29 February 2012.

Key activities in the period were:

- The completion of assistance concerning the coordination and monitoring of the Anti-corruption Action Plan.
- Follow-up to the recommendations of PACA's five risk assessments on selected institutions, as well as on the recommendations of two assessments of the education system.
- The completion of assistance to the reform of the system of immunities for elected officials in Albania.
- The completion of draft MoUs to facilitate information exchange between the High Inspectorate for the Declaration and Audit of Assets and key institutions.
- The completion of PACA's program of training trainers in the police, prosecution and judiciary on the investigation and prosecution of corruption and economic crime and tracking proceeds of crime.
- The completion of NGO events to encourage more active civil society engagement in monitoring of anti-corruption policy implementation and conducting institutional corruption risk assessments.

Impact of the technical assistance provided:

- PACA assistance to the Technical Secretariat of the Interministerial Working Group has provided tools to further consolidate the coordination and especially monitoring role of the Group.
- The three-year Anti-corruption Action Plan was publicly released, and is of significantly higher quality than previous action plans. However, the authorities had still not publicly released specific item-by-item data of line ministries on their implementation of Action Plan policies, as repeatedly recommended by PACA. At an NGO Forum on the Action Plan organised by PACA on 20 February 2012, the representative of DIACA stated that as soon as the Council of Ministers anti-corruption website is up and running, the individual ministry reports/tables on implementation of the Action Plan will be put online there, as well as the summary report that is already online at the Council of Ministers Department of Strategies and Donor Coordination website.

- The PACA corruption risk assessments, including those of the education system, appear to have had an impact on policies to address corruption in the institutions selected. This is particularly the case for draft amendments to social housing legislation, the pre-university education law, and, to a certain extent, in the case of the on-going reform of immovable property registration. PACA is less sure about the impact of its recommendations concerning the administrative complaints against judges and in the health sector. The implementation of risk assessments' recommendations also directly contributes to the implementation of Recommendation iii) of the First Round GRECO Evaluation, namely 'to systematically collect and process in a coherent way data concerning corruption, in particular in fields where there are particular corruption problems encountered.'
- Concerning the legislative reform, PACA completed its assistance in the area of reform of immunities, a subject of high political sensitivity. The project team believes that this assistance has played a role in the movement of the government towards reform, although it appears highly uncertain whether PACA recommendations specifically will be followed. Concerning assistance to the regulation of political party and election campaign finance, PACA's training activity should enable the main oversight body (the Central Election Commission) to perform its role in implementation and enforcement of the new legislation thus fulfilling relevant recommendation of the GRECO Third Round Evaluation. Moreover, PACA has provided substantial assistance in amending the AML/CFT secondary legislation aimed at improving its compliance with the FATF Recommendation 5.
- Concerning the detection, investigation and prosecution of economic crime, PACA's training of trainers program has left a core of trainers with the knowledge and skills to train peers of all three branches (police, prosecution and judiciary) on best practices in the investigation and prosecution of corruption and economic crime cases, including money laundering. Assistance on the management and scrutiny of politically-exposed persons (PEPs) has provided the General Department for the Prevention of Money Laundering and entities responsible for reporting suspicious transactions with tools enabling them to better detect possible money laundering by important public officials, including the laundering of corruption proceeds. This has contributed directly to the implementation of Recommendation 6 of FATF "to detail in sectoral rules as appropriate, the requirementson politically exposed persons" with a view to securing enhanced due diligence in the dealings of financial institutions and Designated Non-Financial Businesses and Professions with PEPs.

2 PROJECT EXTENSION

Following the preliminary discussions among project partners with regard to no-cost extension, the Steering Committee meeting held on 29 February 2012 formally confirmed the agreement to extend the project until 31 December 2012. During the extension period the project will mainly focus on seven specific areas:

- develop policies to address previous risk assessment findings and recommendations, and assisting the main counterpart to conduct its own risk assessments;
- assistance to the collection and reporting of statistics on investigations, prosecutions and court cases of corruption-related cases;
- improve legislation and its implementation in line with GRECO, MONEYVAL and European Union recommendations;
- support the adoption of the policies which tackle corruption and underpin integrity in the education system;
- support the establishing/improvement of the systems for the submission, processing and follow-up on citizens' complaints concerning corruption;
- provide recommendations and facilitate discussion of proposals to reform the legal and institutional framework for ensuring access to information;
- raise public awareness of corruption issues and government anti-corruption policies;

The Workplan of Activities for the project extension period is attached in Annex 1 to this report.

3 SEPTEMBER 2011-FEBRUARY 2012: ACTIVITIES AND BENCHMARK FULFILLMENT

3.1 Activities implemented

During the reporting period, the following activities were conducted in order to implement the Workplan.

Result 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 0.6/1.1.6	Assistance with an Anti-corruption Visibility Strategy for the Department of Internal Administrative Control and Anti-corruption
Actions	<p>Anti-corruption website</p> <p>As reported in the 4th Progress Report, in May 2011 PACA contracted a web provider to design an anti-corruption portal for DIACA. As of 29 February 2012, however, the provider was still waiting for DIACA to provide some of the documents intended as content on the site. After receiving this information, the site will be built and installed within weeks; the estimate of DIACA is that this activity will be completed in May 2012. This is also especially important as the website is intended to be the location for the publication of individual ministry reports on their implementation of the Anti-corruption Action Plan.</p>
Objectively verifiable	N/A

indicators	
Progress	Most content for site provided to web provider.
Activity 1.1.3/1.1.7	<p>Conduct risk assessments and analyses of the institutions and sectors identified (1.1.3)</p> <p>Assisting DIACA in developing anti-corruption workplans/policies based on the risk assessments and analyses carried out under Activity 1.1.1, Activity 1.1.2 and Activity 1.1.3 (1.1.7)</p>
Actions	<p>Following the completion of all PACA corruption risk assessments, PACA's focus during between September 2011 and February 2012 was on attempting to ensure agreement of the beneficiaries with PACA recommendations and policy commitments to implement them. The results of these efforts are summarised below.</p> <p>Immovable Property Registration</p> <p>At the 11 November 2011 PACA Steering Committee Meeting the Ministry of Justice representative reported that a Working Group drafting the Government Cross-cutting Strategy for the Reform of Property Rights had taken into account PACA recommendations in drafting the Strategy, as well as a draft Law on Registration of Immovable Property. In December 2011 it was reported that a draft Law on Registration of Immovable Property was approved by the Council of Ministers; as of 29 February 2012 PACA had not been provided with the draft. At the SCM the representative of the Immovable Property Registration Office (IPRO) stated that all PACA recommendations were incorporated either into the IPRO Anti-corruption Action Plan for 2011-2013 or in the draft Government Cross-cutting Strategy for the Reform of Property Rights. Following a second request for a copy of the draft Strategy sent by PACA in December 2011, the Ministry representative replied that the draft Strategy for the Reform of Property Rights is currently an 'internal' one and would be discussed and consulted during January-February 2012. As of 29 February 2012 the Ministry had not provided PACA with the draft. Nevertheless, in January 2012 PACA was provided with a copy of the draft Strategy by the EU Delegation. The opinion of the PACA team was that the Strategy contained items that could contribute to implementation of a number of PACA recommendations, for example the establishment of a coordination structure for the institutions involved in property registration; legal and sub-legal framework for property registration; the creation of an electronic registration system and online registration elements; training; establishment of the national land registry. However, many of the items in the Strategy were not sufficiently specific and/or not accompanied by concrete indicators for monitoring implementation. The then-draft Strategy with PACA comments is found in Annex 2.</p>

Complaints against Judges

Following the recommendations of the risk assessment on administrative complaints against judges, at the 11 November 2011 PACA Steering Committee Meeting, the Ministry of Justice (MoJ) representative stated that a Working Group had prepared a Memorandum of Understanding (MoU) between the High Council of Justice (HCJ) and MoJ Inspectorates to clarify competences and avoid overlapping activities, which would fulfil those PACA recommendations which do not necessitate the amendment of the HCJ or MoJ laws or their internal regulations. The MoU was signed on 5 December 2011 for a six-month period by the heads of the departments that deal with judicial inspection at the MoJ and the HCJ. The parties to the MoU pledge to review the results of implementation after six months and assess whether the MoU should be adopted for an indefinite period of time and signed by the Heads of the institutions (the Minister of Justice and the Deputy Chairman of the High Council of Justice).

The MoU could only be seen as a potential solution – and an interim one at that – for 10 of the 12 PACA recommendations: two recommendations (amendments to the Law on the high Council of Justice, and increase in capacities of the HCJ Inspectorate) could not be addressed through an MoU and therefore have not been implemented. Concerning the content of the MoU, two PACA recommendations were implemented (or the regulatory basis provided for implementation): setting up similar registers and procedures for the HCJ and MoJ complaints systems; and adoption of a common standard form for submission of complaints. One recommendation (that an operational manual is issued for the verification of complaints) is partially implemented, since the MoU only contains a pledge to develop such a manual. The other four recommendations are not implemented: to increase the timeline for completion of inspections; to justify in writing all decisions for the termination of verifications; to establish clear rules for archiving cases where a verification has not been initiated; and to implement random assignment of cases to inspectors.

Healthcare System

Following the submission in August 2011 by PACA of responses to the comments of the Ministry of Health on its Risk Assessment report, and proposed limited changes to the report, at the 11 November 2011 PACA Steering Committee Meeting the Ministry confirmed its acceptance of PACA's proposed changes, which are reflected in an amended version of the Risk Assessment. In January 2012 the Ministry provided further feedback (the most detailed so far) on its intentions regarding implementation of PACA recommendations. The amended report with the Ministry's comments on recommendations can be found in Annex 3. On the basis of this document and previous feedback from the Ministry, PACA's assessment is as follows:

- The Ministry clearly agrees and commits to implement four recommendations or sets of recommendations: collaboration with donors to provide more specific anti-corruption training to health system staff; the inclusion of anti-corruption topics into continuing health sector education programmes; conducting a survey on informal payments; steps to strengthen hospital board governance.
- The Ministry expressed agreement with two other recommendations without a clear commitment to implementing them: a survey by the Health Insurance Institute (HII) of public knowledge of insurance benefits, drug prices and governance processes (such as complaints mechanisms); and analysis by the HII of prescription patterns to determine the most frequently prescribed drugs and develop simple fact sheets for pharmacies to publish with information on prices and co-payments for these drugs.
- The Ministry stated that the PACA recommendation on strengthening the Ministry of Health Monitoring and Evaluation Directorate have been implemented, which PACA regards as a satisfactory response on the basis of the information provided on the institutional structure for Monitoring and Evaluation.
- On the basis of the Ministry response, PACA regards three recommendations as not implemented or accepted in the form in which they were presented: the development of a clear plan for development of an annual anti-corruption plan in collaboration with civil society organisations and human rights groups; the establishment of a specific anti-corruption task force/working group by the Ministry.
- The Ministry did not respond to or provide any opinion on several important recommendations, in particular: the coordination of hospitals with the HII to enrol patients in insurance at the time when they seek care (where the Ministry appeared not to misunderstand the recommendation); the HII tying hospital payments on drug availability indicators; approval by the Council of Ministers of the national Essential Medicines List and of clear criteria for membership and decision-making on drug commissions; review by the Government or High Inspectorate for the Declaration and Audit of Assets of drug commissions/committees for financial conflicts of interest and the adequacy of controls in this area.

Social Housing Allocation

Following the receipt in July 2011 of comments from the Ministry of Public Works and Transportation (MPWT) on PACA's Corruption Risk Assessment of the Allocation of Social Housing, on 30 September 2011 the Director of the MPWT Housing Department informed PACA that a

number of the report recommendations are being taken into account and used in the drafting of amendments to the Social Housing Law. On 10 October 2011 PACA received from the Ministry a communication detailing the recommendations that the Ministry accepts or partially accepts, those that the Ministry does not agree with, and those that the Ministry believes lie within the competence of local government (see Annex 4). In particular, the Ministry provided the following feedback:

- Regarding PACA's recommendation that the power of elected Municipal Councils to change the rank of the list of beneficiaries of social housing recommended by the local Housing Committee, draft amendments to the Social Housing Law envisage a limitation of this power.
- Draft amendments to the Social Housing Law have also incorporated PACA's recommendation to ensure that local municipalities are not allocated funds for social housing by the MPWTT unless they have prepared their ten-year social housing strategies as required by the same law.
- The amendments being drafted also in such a way as to reflect PACA's recommendation that 'social rents should be calculated according to a methodology that ensures they are appropriate for the income levels of the intended beneficiaries.'

PACA regards the MPWT's response to PACA's recommendations as positive and cooperative. While correctly arguing that some recommendations are for local rather than central government, Ministry officials have taken into account several of PACA's more important recommendations during the drafting of coming amendments to the Social Housing Law.

Albanian Competition Authority (ACA)

Following the finalisation in June 2011 of PACA's Risk Assessment of the Albanian Competition Authority (see 4th Progress Report), and the receipt of comments on the report in October 2011, PACA sent a response to the comments to the ACA in October 2011; the ACA comments with PACA's responses can be found in Annex 5. Following discussions held with the Chair of the ACA in December 2011, minor modifications were made to the PACA Risk Assessment (see Annex 6); the most important modification was the deletion of comments and recommendations concerning the need to extend civil service conflict of interest regulations to ACA staff, as PACA became aware that this is already the case and that the ACA also has an internal conflict of interest regulation.

Concerning fulfilment/acceptance of PACA recommendations, PACA's assessment is mixed. Key recommendations were the following: that the

	<p>Competition Law should be amended to apply to all undertakings rather than only those that ‘may have an influence on the market’; that merger notification rules should be amended to require at least two parties to each have a turnover exceeding a threshold in Albania; and that the rules for setting fines should be clarified and the potential for leniency restricted to cartel situations. The ACA did not respond to the first recommendation, mistakenly claimed that the second one is already implemented in the Competition Law, and argued that fines are sufficiently regulated by the current Regulation on Fines and Leniency. At the meeting held in December 2011 the Chair of the ACA agreed that some legislative amendments would be desirable, but that this is not currently realistic in light of the fact that the Competition Law was amended in 2010. Concerning PACA’s recommendation that institutions (including the Government of Albania) should respond in a publicly accessible manner to recommendations issued by the ACA, no feedback was received.</p>
Objectively verifiable indicators	<p>Risk assessments completed by month 25</p> <p>Risk assessment recommendations incorporated into relevant sector policies by month 30</p>
Progress	<p>Final versions of risk assessments completed as of December 2011 (month 28).</p> <p>Inconclusive evidence of incorporation of PACA recommendations in sector policies.</p>
Benchmark progress	<p><u>Benchmark (1.1.7)</u>: Specific policy proposals/plans approved by relevant beneficiaries on the completion of risk assessments.</p> <p><u>Timeline</u>: October 2011 (Judicial Complaints, Immovable Property Registration and Social Housing Allocation) February 2012 (Healthcare, Albanian Competition Authority)</p> <p><u>Progress</u>:</p> <p>As of 29 February 2012, the status of benchmark fulfilment for the PACA Risk Assessments was judged by PACA to be as follows.</p> <ul style="list-style-type: none"> • <u>Judicial Complaints</u>. In light of the information presented above, PACA regards the benchmark as fulfilled only to a very limited extent (20-30%), as only 2 out of 12 recommendations have been fulfilled in clear policies and one partially fulfilled. • <u>Social Housing</u>: PACA believes that in the case of the Risk Assessment on Allocation of Social Housing, the Ministry of Public

	<p>Works and Transportation has taken adequate steps to fulfil the benchmark, and that providing the relevant amendments are approved by the Ministry in its final draft amendments the benchmark has been fulfilled.</p> <ul style="list-style-type: none"> • <u>Immovable Property Registration</u>. PACA had still not received any information on the content of the draft Law on Registration of Immovable Property or the draft Strategy for Reform of Property Rights, nor had the project been invited to participate in the relevant Working Group, and the project could not therefore assess the extent to which its recommendations have been taken into account. The benchmark was therefore not fulfilled. • <u>Health System</u>. On the basis of the information provided above, PACA regards the benchmark as fulfilled to a limited extent, in the sense that a small proportion of recommendations have been accepted with a clear commitment to implementation. • <u>Albanian Competition Authority</u>: The ACA appears to view several of PACA's recommendations as desirable. However, since the Competition Law was amended in 2010, it is currently seen as unrealistic to pursue further amendments to the Law in the short-term. PACA therefore judges that the input provided by the Risk Assessment can not be expected to yield to legislative proposals within the lifetime of the project.
<p>Activity 1.1.9-1.1.10</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>On 6 February 2012 PACA provided a training workshop Technical Secretariat of the Inter-ministerial working Group for Monitoring Implementation of the Anti-corruption Strategy (TSIMWG) on coordination and monitoring of implementation of the Anti-corruption Action Plan. At the workshop PACA distributed a consolidated version of its recommended template/guideline for reporting on implementation of the Anti-corruption Action Plan (see Annex 7), according to which reporting will consist of a summary report on the completion of Action Plan measures, completion of objectives, and also the detailed tables of Action Plan implementation by individual line ministries/institutions. The template emphasises the need for the Technical Secretariat to go beyond mere reporting of implementation statistics and provide a more qualitative analysis of implementation.</p> <p>Although PACA had stressed to the main counterpart (DIACA) the</p>

	importance of all members of the TSIMWG attending the training, the workshop was only attended by two members (the representatives of DIACA and the Department for Donors and strategy Coordination of the Council of Ministers); the other institutions (Ministry of Justice, Ministry of Integration and Cabinet of the Chair of the Inter-ministerial Working Group) were represented in absentia by other officials of the said institutions.
Objectively verifiable indicators	Quality of functioning of interagency coordination mechanism
Progress	Agreement of then beneficiary with change in emphasis in Action Plan reporting
Benchmark progress	N/A

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

Activity 1.2.1	Review the situation and applicable legislation of Albania and provide a comparative analysis of options for addressing the lifting of immunities and privileges of elected officials and members of the government in cases of corruption allegations in order to yield recommendations to ensure conformity with international standards and GRECO recommendations.
Actions	<p>Following the first event on reforming (restricting) the immunities of elected officials (MPs and members of the Government) held in April 2011, in September PACA finalised and released a Technical Paper on 'Recommendations for the Future Regulation of Immunities of Elected Officials in Albania'. The paper concluded that attempts to restrict/narrow immunities without changing the Constitution will not be sufficient and recommended the following:</p> <ul style="list-style-type: none"> • To adopt changes to the Constitution according to an already existing proposal from 2008, with some limited but important alterations to the proposal. These changes should in particular: restrict the inviolability (i.e. immunity from criminal prosecution) of Parliamentarians to immunity from arrest/detention and search, with such immunity to be invoked by Parliament only if its functioning is disturbed; abolish the immunity of members of the Council of Ministers, People's Advocate, Head of the High State Control and members of the Central Election Commission; and resolve regulation of the immunities of judges in a manner that is consistent with the above changes and in line with the recommendations of the Consolidation of the Justice System in

Albania (Euralius) project.

- Adopt changes to the Criminal Procedure Code and Parliamentary Rules of Procedure to reflect these changes to the Constitution.

Following the completion of the Technical Paper, on 18 October 2011 PACA organised and held a joint conference on 'Reforming the System of Immunities in Albania: the Path Ahead' with the Euralius project. The aim of the event was to discuss the recommendations of both projects and seek/promote agreement of the counterparts and stakeholders present.

The conference was attended by 80-90 participants, including the President of the Republic of Albania Mr Bamir Topi, Ambassador and Head of the Delegation of the European Union to Albania Head Mr Ettore Sequi, Head of the Council of Europe in Albania Mr Marco Leidekker, and Minister of Justice Mr Eduard Halimi. All relevant Albanian stakeholders were represented: the Parliament (Chair and Deputy Chair of the Legal Commission), Council of Ministers (Chief of Staff of the Office of the Prime Minister, Ministry of Justice (the Minister), Director of the Department for Internal Administrative Control and Anti-corruption), High Council of Justice, High Court and Prosecutor General's Office, five MPs, six members of the High Council of Justice, judges from three district courts (Tirana, Durres and Shkodra). Three ambassadors of EU countries (United Kingdom, Italy and Spain) also attended, together with representatives of five other embassies and three other international organisations/projects (Organisation for Security and Cooperation in Europe, Office for the Overseas Prosecutorial Development, Assistance and Training, and United States Agency for International Development). Four NGOs were represented: the Open Society Foundation Albania, Albanian Helsinki Committee, Institute for Policy and Legal Studies and Centre for Parliamentary Studies.

At the event the recommendations listed above were presented. The reactions of the stakeholders can be summarised as follows:

- President Topi expressed strong support for the recommendations, calling directly for consensus across political parties and a process to draft the necessary Constitutional amendments.
- Minister of Justice, Mr Eduard Halimi expressed the opinion that while Constitutional changes may be desirable, the efforts of the ruling government coalition to restrict the immunity of MPs - through the change in the Parliamentary Rules of Procedure approved on 24 February 2011, according to which MPs may individually waive their immunity against prosecution for corruption-related offences for the four-year term of Parliament - are in line with a Venice Commission Opinion provided to Albania

	<p>in 2006. Minister Halimi appeared to imply that the issue of immunities for MPs is therefore resolved satisfactorily.</p> <ul style="list-style-type: none"> • Prosecutor General Ms Ina Rama expressed the full support of the Prosecutor General's Office for the PACA recommendations. • Chair of the Parliamentary Legal Committee Mr Ilir Rusmali (from the ruling Democratic Party) stated that Constitutional amendments have always been the aim of the now-ruling Democratic Party, but can not be passed due to obstruction by the opposition parties in Parliament. • Deputy Chair of the Parliamentary Legal Committee Mr Fatmir Xhafa (from the main opposition Socialist Party) stated that amendments to the Constitution are the only way to reform the current regime of immunities, and expressed direct support for PACA recommendations. <p>Following the conference, Prime Minister Mr Sali Berisha stated on 21 October 2011 that he is prepared to any of the options that have been suggested or recommended to reform immunities in Albania, including changes to the Constitution.</p>
Objectively verifiable indicators	<p>2 workshops</p> <p>Relevant recommendations submitted and included in revision of immunities regime by month 25;</p>
Progress	<p>2 workshops held, and recommendations submitted.</p>
Benchmark progress	<p><u>Benchmark</u>: After the completion of second workshop/roundtable, Council of Ministers undertakes its policy position with regard to whether it will include legislative changes or policies as concrete steps in resolving the issue of immunities and privileges.</p> <p><u>Timeline</u>: December 2011</p> <ul style="list-style-type: none"> • As of 29 February 2012 the Government had not issued any policy position on immunities in writing, and verbal statements of the Prime Minister and ministers stated only a general commitment to reform immunities. The benchmark was therefore not fulfilled as of 29 February 2012.
Activity 1.2.2	<p>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,</p>

	<i>inter alia</i> in the light of Third Round GRECO Evaluation recommendations, as well as training to the future oversight body for political party finances.
Actions	<p>PACA had already provided extensive assistance to amendments to the legal framework regulating political party financing in Albania (see 4th Progress Report), and in May 2011 provided proposed templates to the CEC for the annual financial reports of political parties, the election campaign finance reports of parties, and guidelines for independent auditors on auditing these financial reports.</p> <p>On 15 December 2011 PACA provided training to the Central Election Commission staff on oversight of political party and election campaign financing. The training, which had been postponed from June 2011 due to the situation following the May municipal elections, was attended by 7 participants – all three staff of the CEC Legal Department, all three staff of the Finance Department, and the Secretary-General. The training provided the CEC staff with guidance on how to perform the various functions of oversight of political party and election campaign finance oversight – from the drafting of sub-legal acts and templates, through training of political parties, to the detection and pursuit of violations. The draft template/guidelines provided by PACA. Subsequent to the training, the CEC finalised templates for political party financial reporting and reporting by independent auditors, and the templates were officially approved on 18 January 2012 by the CEC.</p>
Objectively verifiable indicators	<p>CEC template for audits of political party election campaign finance reports available by month 22</p> <p>2 trainings of CEC staff on training of political parties and independent auditors and on verification of audits of political party accounts, by month 22</p>
Progress	<p>CEC templates for reporting by political parties and electoral subjects, as well as templates for independent auditors, provided in month 22, and officially approved (month 29).</p> <p>1 training provided to CEC staff (month 28)</p>
Benchmark progress	N/A
Activity 1.2.7/1.2.8	Provide training on corruption proofing for officials in institutions of public administration responsible for drafting legal acts
Actions	Following the printing in July 2011 of the 'Addendum to the Albanian Law Drafting Manual: Avoiding Corruption Risks in Draft Legislation', on 15-16 November 2011 a joint training on 'Law Drafting & Indicators of Effectiveness' was provided by PACA and the Consolidation of the

	<p>Albanian Justice System Project (Euralius III). The training was attended by approximately 24 participants from the legal drafting departments of the ministries of: Justice; Public Works and Transportation; Labour, Social Affairs, and Equal Opportunities; Tourism and Culture; Defence; Education and Science. As part of the training PACA provided a module on how to avoid including provisions in draft laws that will encourage or facilitate corruption. An highly interactive session involving practical exercises with real Albanian legal provisions or draft provisions took place, and PACA believes the close involvement of the participants in applying the addendum’s methodology to real-life examples of legislation from their own country provided a good basis for using the addendum in future law drafting.</p> <p>Copies of the Addendum were distributed to all participants from line ministries, in sufficient quantities such that it could be inserted into all existing copies of the Law Drafting Manual held by each ministry.</p>
Objectively verifiable indicators	3 trainings completed by month 28
Progress	1 two-day training provided for all law drafters.

Result 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, and 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	Following discussions with the General Prosecutor’s Office (GPO) from September to December 2011, on 9 January 2012 PACA submitted to the GPO a finalised Draft Guideline of the Prosecutor General “On the gathering and interpretation of evidence in the course of proceedings initiated according to the law on preventing and striking at organised crime and trafficking through preventive measures against assets”. The draft guideline was discussed by the GPO at its meeting on 16 February 2012, at which representatives of the Serious Crimes Prosecution Office raised reservations concerning the formulation of some parts of the draft guideline. However, the GPO representative on the PACA Steering Committee assured the project at the PACA Steering Committee Meeting held on 29 February 2012 that the issue at stake concerns only limited changes and that the Guideline would be approved soon.

Objectively verifiable indicators	Legal amendments or other recommended policy changes proposed/approved by month 20
Progress	Finalised draft guideline completed (month 29)
Benchmark progress	<p>Benchmark (February 2011): 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> <ul style="list-style-type: none"> • PACA has interpreted fulfilment of the benchmark for this activity as formal adoption of the Guideline submitted. The benchmark had not been fulfilled as of 29 February 2012.
Activity 1.3.2	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 reports action plan.
Actions	In response to a request from the General Department for the Prevention of Money Laundering (GDPML), PACA provided analysis and recommendations concerning two Instructions of the Ministry of Finance - Instruction no. 20 of the Ministry of Finance of Albania concerning the reporting methods and procedures of the obliged persons and entities under the Law on Prevention of Money Laundering and Terrorist Financing and Instruction no. 21 of the Ministry of Finance of Albania on reporting methods and procedures of designated non-financial professions. The expert opinion (Annex 8) also provided a number of recommendations which may be used for the follow up revision of the AML/CFT Law and its compliance with FATF Recommendation 5.
Objectively verifiable indicators	2 workshops by month 17 2 legal opinions by month 17 Legal amendments proposed and approved by month 20
Progress	Activity already completed in 2010, and OVIs/benchmark fulfilled as of February 2011.
Activity 1.3.5	Support the development of guidelines on the implementation of Memoranda of Understanding (MoUs) for persons and institutions

	<p>subject to duties to report suspicious transactions and those of PEPs when conducting financial and economic crime investigations, to enable improved implementation of the Memorandum of Understanding between the High Inspectorate for the Declaration and Audit of Assets (HIDAA) and the General Department for the Prevention of Money Laundering (GDPML) and in line with MONEYVAL recommendations.</p>
Actions	<p>In December 2011 PACA submitted to the General Department for the Prevention of Money Laundering (GDPML) a draft Guideline for the Management of PEPs by the Obligated Reporting Entities, which was modified into a final draft submitted in January 2012 following discussions with the GDPML. On 26 January 2012 PACA delivered a one day training on the Implementation of Enhanced Due Diligence Measures for Politically Exposed Persons in the Banking Sector. The training, which was organized in close cooperation with the Bank of Albania, the High Inspectorate for the Declaration and Audit of Assets and the General Department for the Prevention of Money Laundering was attended by 31 participants comprising compliance officers from the commercial banks, officials of the Supervision Department of the Bank of Albania as well as officials from HIDAA and GDPML.</p> <p>During February 2012 PACA reviewed the existing Memorandum of Cooperation between the High Inspectorate for the Declaration and Audit of Assets (HIDAA) and the General Department for the Prevention of Money Laundering (GDPML) on Politically Exposed Persons (see Annex 9) and formulated a number of significant recommendations – notably, to remove any limits on the information that the agencies will exchange, include deadlines for responding to requests, and for HIDAA to inform the GDPML of any suspected corruption-related cases.</p>
Objectively verifiable indicators	<p>1 Study Visit by month 19 1 training by month 24 Guideline/MOU available by month 30</p>
Progress	<p>Study visit and training provided, draft Guideline provided, existing Memorandum of Cooperation reviewed.</p>
Benchmark progress	<p><u>Benchmark (February 2012):</u> Within 5 months of completion of training, Guidelines are adopted by Ministry of Finance Directorate for Prevention of Money Laundering and MOUs are implemented using the guidelines</p> <ul style="list-style-type: none"> • The adoption of the Guideline by the GDPML and its posting on the web will be regarded as fulfilment of the benchmark for this activity. Given that the Guideline was adopted it is expected that the Guideline will be officially published on GDPML web site in March 2012.

Activity 1.3.7	Support the development of guidelines and methodologies for international cooperation relating to cross border confiscation of crime proceeds with regard to specific criminal proceedings
Actions	Following a first workshop organised by PACA on “Cross Border Confiscation of Crime Proceeds” in December 2011, on 6-8 February 2012 a study visit of Albanian judges, prosecutors and Ministry of Justice officials on “Cross Border Confiscation of Crime Proceeds” took place in Rome, Italy. Representatives of the Albanian beneficiary institutions (the Serious Crimes Court, the Serious Crimes Prosecution Office, the Joint Investigative Units, the General Prosecutor’s Office and the Ministry of Justice) were introduced to all agencies of the Italian government that have a role in the prevention and investigation of money laundering, financial and organized crime. The Italian hosts presented numerous case studies involving cross border confiscation of crime proceeds. During February 2012 PACA completed the drafting of a Manual on International Cooperation in Cross-Border Confiscation of Crime Proceeds, and presented it to the beneficiary (the General Prosecutor’s Office) at a workshop held at the GPO on 28 February 2012.
Objectively verifiable indicators	2 workshops by month 25; 1 Study visit by month 22; Guidelines available by month 30
Progress	One workshop and one study visit provided. Guideline (manual) available (month 30).
Benchmark progress	<u>Benchmark (February 2012):</u> Within 5 months of completion of second workshop, Guidelines are adopted by the beneficiaries and used in specific cases) It was agreed that a statement by the office of the Prosecutor General that the manual will be used by the serious and financial crimes prosecutors involved in cross-border cooperation, and that such use will be deemed as fulfilment of the benchmark for this activity. Given the delayed submission of the Manual - caused by difficulties encountered in the organization of the study visit, which according to the project's work plan was to take place before the drafting of the Manual – the benchmark had not been fulfilled as of 29 February 2012.

Result 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 1.4.1/1.4.2	Provide recommendations and facilitate public consultations and debates organized with NGOs on anti-corruption reforms aimed at supporting legal and institutional anticorruption initiatives 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>On 20 February 2012 PACA organised an NGO Forum to discuss the 2011-2013 Anti-corruption Action Plan, which was released in November 2011. The aim of the event was to enable NGOs to provide feedback on the content of the Action Plan, and to discuss possible coordination of monitoring of implementation of the Action Plan by NGOs. The NGO representatives present provided a number of comments on the specific content of the Action Plan, notably regarding insufficient specification of measures (for the Justice System section) and the absence of certain sectors (utilities/natural monopolies such as water and electricity).</p> <p>In addition, on 18 January 2012 PACA held another NGO forum on the findings of PACA assessments on the Albanian education system, and actions by the authorities to address the recommendations. The event is described under reporting on Activities 2.1.4/2.2.1/2.2.3.</p>
Objectively verifiable indicators	Recommendations and Consultations Reports submitted 10 public debates held.
Progress	9 events held as of 29 February 2012 (one event postponed to April 2012) Concrete recommendations yielded by all events.

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 1.5.3	Support HIDAA on elaboration of guidelines which will lead to improvement in the maintenance, management and/or sharing of public databases and enhanced cooperation with the FIU and other relevant agencies and/or databases (including international as appropriate) in 3 areas (Components) selected from the following and other relevant areas: <ol style="list-style-type: none"> 1. Immovable Property database 2. Customs database 3. Tax database 4. Vehicle registration database 5. Database of ALUIZNI (Agency for Legalisation, Urbanisation and Integration of Informal Zones and Buildings)
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Actions	Following three roundtables held with HIDAA and the Immoveable Property Registration Office (IPRO), General Department for Transport Services (GDTS) and ALUIZNI during April-May 2011, in October 2011 PACA finalized proposed Memoranda of Understanding on information exchange between HIDAA and the three institutions, and secured the formal agreement of HIDAA on the documents. Further discussion took place on the content of the MoUs between October and December 2011, and PACA's contribution to this discussion completed the project's assistance. On 23 January 2012 the MoU between HIDAA and ALUIZNI was approved.
Objectively verifiable indicators	3 Working Groups by month 21 Draft Guidelines on at least 3 selected Components by month 23 Guideline available by month 25.
Progress	Working groups active (month 20). Three events completed. Three draft MoUs finalised (month 26).
Benchmark progress	<u>Benchmark (November 2011)</u> : Within 6 months of completion of working groups, Guidelines are adopted by the relevant agencies and applied in practice. <ul style="list-style-type: none"> The benchmark for this Activity was originally moved from September 2011 to November 2011. One MoU was approved in January, but on 20 February 2012 PACA was informed by the HIDAA representative in the PACA Steering Committee that the two remaining MoUs would not be signed before the end of February, and that the delay was caused by HIDAA's plan to draft and sign additional MoUs with several other government agencies. The benchmark was therefore one-third fulfilled as of 29 February 2012.
Activity 1.5.4	Support the School of Magistrates (SoM), the Police Formation Centre (PFC) and other relevant training units in the elaboration and implementation of training plans for the law enforcement agencies, prosecutors and judges on Investigation of Corruption, Investigation of Money Laundering, Tracking Proceeds from Crime - Search and Seizure of Crime Proceeds aspects, and International cooperation on these matters
Actions	Following the cycle of three trainings by international experts (commissioned from the Basel Institute on Governance) of trainers from the police, prosecution office and judiciary, this activity was completed by two trainings provided to their peers by the trained trainers in Vlora on 15-18 and 22-25 November 2011. The November 15-18 training was attended by 20 police officers from

	<p>the asset tracking and investigation of corruption and money laundering sections in the regional police directorates of Vlora, Berat, Fier, Gjirokastra, Durres, Elbasan, Korca, Lezha, Shkodra, Kukes, Diber and Tirana. The five PACA trained trainers displayed a good command of the PACA methodology and training materials, which are highly interactive, constructed around a simulated case and based on the use of automated tools for conducting financial analysis of corruption and money laundering.</p> <p>The November 22-25 training was attended by 14 prosecutors from the prosecutorial offices of Lushnje, Fier, Durres, Elbasan and Shkoder, as well as 4 judges from the judicial district courts of Fier and Durres. The four PACA trained trainers displayed full command of the PACA methodology and training materials and did not need any assistance to complete the training.</p> <p>PACA believes that following the training sessions the trainers will be fully able to conduct the training in the future on their own.</p>
Objectively verifiable indicators	<p>6 training events held by month 28 Training program and set of training materials completed by month 28 Training materials adopted by School of Magistrates by month 30</p>
Progress	<p>The implementation of this activity will contribute directly to further implementation of Recommendation iv) of the GRECO First Round Evaluation – ‘that specialised education and training of police, prosecutors and judicial police on corruption (in particular its typologies and the international dimension) and its links to connected crime be arranged’, as well as 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’ assets... Furthermore, specialisation, resources and training in this area should be increased”.</p>
Benchmark progress	<p><u>Benchmark (February 2012):</u> By end of project Training manuals/modules are adopted for use in future trainings and draft calendar of trainings is prepared</p> <ul style="list-style-type: none"> • The School of Magistrates has adopted the Training manual/modules for use in future trainings and has included them in their three year programme of continuous training which is currently under preparation.
Activity 1.5.5	Support the provision of foreign literature, exchange of information and experiences on pedagogical adult training skills for the School of Magistrates trainers

Actions	<p>Following the approval by the EU Delegation in January 2012 of a list of books on the investigation and prosecution of economic crime, during February 2012 the purchase and delivery of the approved list of books with a local international books distribution company commenced.</p> <p>Concerning the study visit, during January PACA had engaged with the Italian High Council of Magistrates to host a study visit of the instructors of the Albanian School of Magistrates with the aim of exchanging experience on training methodology. However, the Italian High Council did not reply to PACA's communication despite several attempts, and the Study Visit therefore did not take place.</p>
Objectively verifiable indicators	1 study visit organised by month 25
Progress	The literature is expected to be delivered to SoM in March 2012 while the study visit did not take place for the reason above-mentioned.

Output 2: Risk Analysis of the Education System (2.1); Assistance on Mechanisms to raise Integrity and regulate Conflicts of Interest (2.2); Development of anti-corruption education modules for primary and secondary schools (2.3)

Activity 2.1.4, 2.1.2, 2.2.1, 2.2.3	<p>Evaluation/follow up on the issues identified in the risk assessment and human resource management assessment of the Albanian education system</p> <p>Publication and dissemination to public and raising of awareness on the results of analyses and assessment report</p> <p>Assessment of follow-up on PACA assessment of licensing, regulation and control of private education institutions.</p>
Actions	<p>On 29 September 2011 PACA received written feedback from the Ministry of Education and Science on its key 'Risk Analysis of the Albanian Education System (incorporating Analysis of the System for the Recruitment, Appointment and Promotion of Education Teaching Staff in the Compulsory Education System)'. This followed the receipt in August of feedback on the other main PACA assessment, 'Licensing, Regulation and Inspection of Private Education Institutions in Albania'.</p> <p>In December 2011 PACA experts from the General Teaching Council of Scotland provided a detailed response to the Ministry of Education and Science (MoES)'s feedback on PACA's Corruption Risk Assessment and Assessment of the Regulation of Private Education Institutions. The paper assessed the degree to which the MoES response indicated implementation of the recommendations, and provided specific clarification follow-up recommendations for areas in which the MoES feedback was regarded as not sufficient or specific enough.</p> <p>On 17 January 2012 the experts and PACA team held a meeting with</p>

key Ministry of Education and Science officials to discuss the recommendations and ensuing dialogue thereon, with the aim of reaching consensus on where the Ministry's follow up could be strengthened or made more specific. The meeting provided PACA with valuable feedback on the Ministry's updated response to project recommendations, and an opportunity to ensure mutual understanding on a number of outstanding points.

On 18 January 2012 PACA held an NGO forum on 'Strengthening Integrity in the Albanian Education System: Policy Recommendations and Government Policies'. The forum gathered over forty (43) representatives from the Prime Minister's Office, the Ministry of Education and Science, the Education Development Institute, the National Inspectorate of Pre-University Education, Public and Private Universities, Teacher Unions, Students and Parents Associations, World Bank and Open Society Foundation Albania (OSFA). The PACA experts presented the main findings and policy recommendations, and advisors to the Prime Minister on Education and to the Minister of the Education and Science presented the government's reforms to bolster integrity in the education system. Representatives of the World Bank and the Open. Representatives presented their own perspectives – on a World Bank survey conducted in 2009-2010, and on the latest draft reforms respectively. The presentations were followed by an extremely lively discussion among all stakeholders.

Following these activities, PACA completed a final assessment of the Ministry's implementation of/policy response to the recommendations of PACA's 'Risk Analysis Of The Albanian Education System (Incorporating Analysis Of The System For The Recruitment, Appointment And Promotion Of Education Teaching Staff In The Compulsory Education System)' and 'Assessment Of The Licensing, Regulation And Inspection Of Private Educational Institutions in Albania' (see Annex 10).

The conclusions of the assessment may be summarised as follows. There are cases within the assessment where benchmarks are reported as unfulfilled or only partially fulfilled, even where the recommended implementation period or deadline had not been reached at the time of the assessment; such an assessment was made in these cases where the information provided by the authorities justifies the conclusion that there is no intention of implementing the recommendation further than had already been done.

- Of the 15 recommendations in the Risk Assessment Of The Albanian Education System (Incorporating Analysis Of The System For The Recruitment, Appointment And Promotion Of Education Teaching Staff In The Compulsory Education System)', one recommendation is implemented completely (4), two recommendations are implemented to a significant extent (3, 12), two are implemented

	<p>partially (8, 10), two are implemented to a limited extent (1, 2), three are not implemented (7, 11, 13), the extent of implementation of one recommendations is unclear (9), and in the case of four recommendations (5, 6, 14, 15) PACA is satisfied with the Ministry response or the recommendation is not crucial. In general, PACA's assessment is that while the draft Law on Pre-University Education represents a major step forward in the legal framework, important issues or concerns still remain with regard to the Code of Conduct and Standards for Teachers, teacher education, procedures for appointment and dismissal of teachers and principals, private tutoring, and corruption in public universities.</p> <ul style="list-style-type: none"> • Of the 12 recommendations in the Assessment Of The Licensing, Regulation And Inspection Of Private Educational Institutions Within Albania, two recommendations are partially implemented (1, 10), eight recommendations are not implemented but the Ministry has expressed a general commitment to implementation (2-8, 12), and two recommendations are not implemented (9, 11). In general, PACA's assessment is that while important steps are being taken in some areas, major issues remain in need of concrete policy steps, in particular to ensure that procedures for accreditation, licensing and inspection are absolutely clear, and that private education institutions meet their legal and societal obligations, including through effective inspection and enforcement.
<p>Objectively verifiable indicators</p>	<p>2.1.4 Policy recommendations included by Ministry of Education within its proposed legislative changes or policies by month 30</p> <p>2.1.2 2 public events held by month 25</p> <p>2.2.1 Policy Options Paper submitted 2 workshops held Working group meetings held</p> <p>2.2.3 Legal opinion on legislation and guidelines for licensing, regulating and controlling private education institutions available by month 24 Working group meetings held</p>
<p>Progress</p>	<p>Some policy recommendations included in draft Law on Pre-University Education</p>
<p>Benchmark Progress</p>	<p>Benchmarks:</p> <p>2.1.4: Policy recommendations included by Ministry of Education within its proposed legislative changes or policies (February 2012)</p>

	<p>2.2.1: Ministry of Education includes a specific policy option within its proposed legislative changes or policies (October 2011)</p> <p>2.2.3: Ministry of Education includes specific policies based on legal opinions within its proposed legislative changes or policies (February 2012)</p> <ul style="list-style-type: none"> • It has been previously agreed that the benchmark for Activity 2.2.1 would be assessed at the same reporting date as the general risk assessment, as the assessment of human resources management was an integral part of the risk assessment itself. Fulfilment of the benchmarks (as detailed above in the information on implementation of PACA recommendations) has been limited, although the drafting of the Law on Pre-University Education represents a very significant step forward.
Activities 2.3.2/2.3.3	<p>Developing modules of anti-corruption education for inclusion in civics education at primary and secondary schools study programmes (2.3.2)</p> <p>Piloting the use of the anti-corruption education module/s (2.3.3)</p>
Actions	<p>Following the completion in May 2011 of a draft curriculum manual for Albanian secondary school teachers entitled Education Against Corruption, from September to December 2011 the manual underwent further editing. PACA agreed with the Ministry of Education and Science in January 2012 that a limited number of copies of the manual would be used for piloting in schools during the first half of 2012, following which any feedback from teachers would be used to carry out final changes prior to the printing of the manual as a publication.</p>
Objectively verifiable indicators	<p>2.3.2: Manual on anti-corruption education available by month 21</p> <p>2.3.3: Manual approved by Institute for Development of Education and/or Ministry of Education</p>
Progress	<p>Proposed curricula components developed (month 21) and approved by Institute for Development of Education and Ministry of Education (month 24). Schedule for piloting, and a schedule for piloting agreed.</p>
Benchmark progress	<p>Benchmark (February 2012): Modules are piloted in 2012 school year</p> <ul style="list-style-type: none"> • Schedule for piloting agreed with the Ministry of Education and Institute for Development of Education (month 24).

3.2 Benchmark fulfilment

At the end of February 2012 the PACA project reached the end of its originally scheduled implementation period. As of 29 February 2012, the situation regarding the fulfilment by beneficiaries of project benchmarks was as follows – out of 33 project benchmarks (reporting dates), 21 are regarded as fulfilled, 5 partially fulfilled, 6 not fulfilled at all; one benchmark (Activity 1.5.1) became irrelevant due to a change in the Activity.

The unfulfilled benchmarks include those for activities 1.2.1 (the absence of a government policy position on reform of immunities), 1.2.4 (the absence of official draft amendments to the Conflict of Interest and Asset Declaration laws), 1.3.1 (the non-approval of the Prosecutors' Guideline on implementation of the Anti-mafia Law), and 1.3.7 (non-approval of Guidelines on International cooperation in Asset Confiscation), 2.2.2 (non-approval of a Code of Conduct of Teachers), and 2.3.3 (Piloting the use of the anti-corruption education module/s).

A Benchmark Fulfilment table may be found in Annex 11.

4. COOPERATION WITH OTHER STAKEHOLDERS

In general, the cooperation between the PACA Team and the relevant state authorities concerning daily project work, participation and implementation of workplan activities has continued to be excellent in almost all cases. On the other hand, cooperation on the use of PACA assistance (for example the use of risk assessment findings) has been more varied.

4.1 Counterpart and beneficiaries

Cooperation and communication between the PACA Team and its main counterpart, DIACA has been very good during the reporting period.

Cooperation with the Ministry of Education – the other main counterpart has been excellent. The Ministry has cooperated actively in discussion of the PACA assessments of the education system, and in the implementation of certain PACA recommendations.

The level of cooperation from the beneficiaries of PACA Risk Assessments has varied considerably. Cooperation and responsiveness from the Ministry of Public Works and Transportation was very good, and communication with the Albanian Competition Authority was productive. The responsiveness of the Ministry of Health has been limited, while the cooperation of the Ministry of Justice and Immovable Property Registration Office concerning PACA recommendations on immovable property registration has been insufficient.

Cooperation with the General Prosecutor's Office (GPO) and the School of Magistrates remained to be good although the draft guideline on implementation of the Anti-mafia Law had not been approved by the end of February 2012, this was expected to happen in the near future.

Cooperation with the General Department for the Prevention of Money Laundering (GDPML) remains fruitful, with close cooperation on the development of money laundering

guidelines, and technical expertise provided on secondary legislation with regard to its compliance with FATF Recommendation 5.

Cooperation with the High Inspectorate for the Declaration and Audit of Assets (HIDAA) continues to be excellent, with HIDAA participating very actively in PACA efforts to assist the drafting or improvement of memoranda of understanding to improve exchange of information with the databases of other key institutions.

4.2 Other third parties

PACA has remained very active in pursuing cooperation with other donors involved in anti-corruption related work. In particular, PACA and the Consolidation of the Albanian Justice System Project (Euralius) worked together closely on assistance to the Albanian authorities to reform the system of immunities, and PACA and Euralius also organised a joint training on the Law Drafting Manual. Cooperation with NGOs also continued actively during the reporting period, with PACA facilitating discussion and feedback from civil society organisations on government anti-corruption policy measures.

5. PROJECT ACHIEVEMENTS, CONCLUSIONS AND RISKS

5.1 Achievements

Project implementation has proceeded according to the Workplan. As in the previous reporting period, further major progress was made towards the achievement of project results, as elaborated below. However, significant gaps remain in the overall mechanism for coordinating and monitoring the implementation of the Anti-corruption Action Plan, and PACA holds doubts concerning the extent to which the authorities intend to fully use the project's risk assessment findings.

Expected result 1.1: Tools and mechanisms available to ensure the implementation of the anti-corruption strategy and action plan line with GRECO recommendations and good practices

- The completion of the final versions of all PACA risk assessments, and the dialogue conducted with beneficiaries through the reporting period provides an excellent basis for the authorities to develop focused policies to tackle/prevent corruption in these areas.
- Assistance to the main counterpart, DIACA and line ministries resulted in the development of a radically improved multi-year Anti-corruption Action Plan for 2011-13.
- Training and provision of updated templates to the Technical Secretariat of the Interministerial Working Group for Monitoring Implementation of the Anti-corruption Strategy provides the Secretariat with the tools and knowledge it needs to coordinate effective monitoring and reporting of implementation of the Anti-corruption Action Plan, although it remains to be seen to what extent this assistance will be fully used.

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

- PACA's assistance has provided the authorities with very concrete recommendations for reform of the system of immunities of elected officials, reflecting international best practices. However, no concrete follow up has taken place by the authorities during the reporting period.
- The Central Election Commission was provided with templates enabling it to fulfil the one remaining GRECO recommendation Albania had not yet implemented, and provided training on how to use these templates. Training to law drafters has provided them with clear tools enabling them to avoid provisions in draft laws that might facilitate corruption.

Expected Result 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 money laundering and the financing of terrorism

- PACA Guidelines on the implementation of the Anti-mafia Law, management of politically exposed persons and on cross-border asset seizure, and its review of the Memorandum of Understanding on cooperation between HIDAA and the GDPML have provided valuable tools to the beneficiaries for the detection of economic crime and seizure of the proceeds thereof.
- PACA assistance on Ministry of Finance instructions on reporting methods and procedures for reporting entities under the Anti-money Laundering and Counter Terrorism Financing legislation has provided the drafters of amendments to the instructions with clear advice to ensure compliance with the existing AML/CFT Law.

Expected Result 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

- Two NGO fora organised during the reporting period facilitated concrete discussion on government anti-corruption policies (the Action Plan, and specifically education sector reforms) and generated specific recommendations from civil society.

Expected Result 1.5: Human capacities of the of the 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.

- The completion of PACA's training of trainers program has provided police, prosecutors and judges with fundamentally important skills and know-how on the prosecution and investigation of economic crime and tracking of proceeds thereof, which they may use to train their peers. PACA assistance on the exchange of information between HIDAA and other key institutions holding information on the assets of public officials, and on the oversight of politically exposed persons, has provided the beneficiaries concerned with tools that – if implemented fully – will greatly increase the capacity of HIDAA and the General Department for the Prevention of Money Laundering to uncover evidence of corruption of public officials.

Expected Result 2.1: Risk analyses carried out and awareness raised with regard to opportunities of corruption in the education system / Expected Result 2.2: Mechanisms

available to increase integrity and regulate conflicts of interest with regard to the administration of staff in the education system

- Dialogue with the Ministry of Education and Science on the recommendations of PACA's assessments of the education system has provided the Ministry of Education and Science with a considerable source of knowledge based on international expertise, on which to base reform policies both in the area of public education (including human resource management) but also the regulation and oversight of private education.

Expected Result 2.3: Development of anti-corruption education modules for primary and secondary schools

- The completion of a finalised version of a draft anti-corruption curriculum manual has enabled the authorities to pilot the draft before the end of the 2011-2012 school year, prior to full roll-out in the 2012-2013 school year. The manual provides Albanian teachers with tools to raise awareness of and resistance to corruption among pupils of primary and secondary schools.

5.2 Conclusions

To summarise, the project has completed activities that contribute directly and considerably to the achievement of all eight project expected results, and thereby to the two main project purposes, namely 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' (Purpose 1); and 'contribute to the prevention of corruption in the education sector by improving transparency, accountability and social participation in the education system' (Purpose 2).

Project benchmarks as indicated in the Workplan clearly shows the area of project interventions where expected results were reached, partially reached or not reached.

5.2 Risks

Concerning risks to project implementation during the extension period, the election of the President of Albania will take place in July 2012. The President is elected by the Parliament following a procedure that requires up to five rounds of voting. The parties across the political divide have not agreed a consensual candidate, and moreover have been disputing details of the election procedure. Based on the experience of the period prior to the May 2011 local elections, PACA expects the implementation of project activities to become more difficult for 1-2 months prior to the election, and there is an unquantifiable risk of instability following the election if the result is disputed, which could further impact on project activities.

7. VISIBILITY

Project news, upcoming events, and outputs/deliveries (e.g. expert opinions on legislative and other draft regulations and policy advice papers) are reported on a section of the Council of Europe Economic Crime website (www.coe.int/economiccrime) and the section

which is exclusively dedicated to the PACA project (www.coe.int/paca). The website report on project activities and ongoing public events is frequently updated. Furthermore, as the Council of Europe's main partner/counterpart in the PACA Project, the Department of Internal Administrative Audit and Anti-Corruption has created the link to the project web address on its webpage.

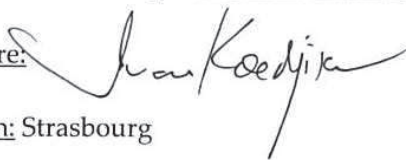
To date, PACA has produced and disseminated five quarterly newsletters with relevant information on the project, its activities and other relevant news. Moreover, the project has continued to disseminate the following publications in Albanian, which were compiled and produced in 2010:

- a compilation of all GRECO evaluations and compliance reports ("Albania in GRECO");
- a compilation of relevant CoE and EU anti-corruption and anti-money laundering treaties and their protocols;
- a compilation of European Standards and Instruments in the fight against Economic Crime, Corruption and Money Laundering;
- a Guidebook on Corruption and Financial Crimes Investigation (jointly drafted and published in Albanian and in English with the US Department of Justice Office of Overseas Prosecutorial Development Assistance and Training).

As part of PACA's continuing assistance to an anti-corruption visibility strategy for Albania, the website provider contracted by the project has provided the main counterpart (DIACA) with the assistance necessary to launch the Council of Ministers anti-corruption website. The provision of final documents by DIACA to the provider is essential for this activity – and key visibility component – to be completed.

Name of the contact person for the Action: Ivan Koedjikov

Signature:



Location: Strasbourg

Date report due: 31 MARCH 2012

Date report sent: 27 APRIL 2012

8 LIST OF ANNEXES

Annex 1: Workplan for project extension period (March – December 2012)

Annex 2: Draft Strategy for the Reform of Property Rights with PACA comments

Annex 3: Risk Assessment on Health Sector with Ministry's comments on PACA recommendations

Annex 4: Risk Assessment on Social Housing Allocation with Ministry of Public Works and Transportation comments

Annex 5: Albanian Competition Authority Risk Assessment with their comments on PACA recommendations

Annex 6: Modified PACA Risk Assessment on Albanian Competition Authority

Annex 7: PACA recommended template/guideline for reporting on implementation of the Anti-corruption Action Plan

Annex 8: Expert opinion on the draft amendments to "Instruction no. 20 of the Ministry of Finance of Albania concerning the reporting methods and procedures of the obliged persons and entities under the Law on Prevention of Money Laundering and Terrorist Financing" and "Instruction no. 21 of the Ministry of Finance of Albania on reporting methods and procedures of designated nonfinancial professions"

Annex 9: Memorandum of Cooperation between the High Inspectorate for the Declaration and Audit of Assets (HIDAA) and the General Department for the Prevention of Money Laundering (GDPML) on Politically Exposed Persons

Annex 10: PACA's 'Risk Analysis Of The Albanian Education System and 'Assessment Of The Licensing, Regulation And Inspection Of Private Educational Institutions in Albania'

Annex 11: Benchmark Fulfilment table